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Change of rating

On 16 February, Moody's Investors Service placed 114 financial institutions in 16 European countries under review for possible downgrade. The list included nine Danish institutions, including Danish Ship Finance A/S.

Danish Ship Finance was placed under review for possible downgrade by up to five notches. The company has subsequently held a number of discussions with Moody's, and as a result hereof the downgrade was reduced to three notches to a Baa2 rating, against our previous rating of A2. The outlook remains negative. The company still only has an Issuer Rating. The reason for the downgrade is primarily a generally negative view of the shipping industry, the company's debtor concentration and the fact that the company only funds its operations through bond issuance.

Danish Ship Finance has designed its lending, capital structure and cash resources to reflect the cyclical nature of the shipping industry. The current economic downturn therefore does not change the company's robustness, and we can only take note of the downgrade.

The company's buffer to accommodate any losses (accumulated impairment ratio) was at a comfortable level before the crisis began in 2008, and it has been increased since Moody's downgrade in 2009. Since 2009, the company's losses have averaged 0.1% of total lending per year, whilst the current impairment ratio stands at 4.7% of lending. During the same period, we have also strengthened our earnings before impairment losses and our solvency ratio. The latter amounted to 16.8% at the end of March 2012, as compared with the minimum requirement of 8%.

The company complies with the specific balance principle and maintains a substantial liquid portfolio of secure Danish bonds. This means that all loans are funded until expiry and that any refinancing risks are eliminated.

Reference is made to the attached press release from Moody's. An updated Credit Opinion on Danish Ship Finance is expected to be published within the next few days. This will be available on the company's website.

Med venlig hilsen

Danish Ship Finance

Erik I. Lassen

Appendix: Press release from Moody's

Rating Action: Moody's downgrades Danish financial institutions, outlooks stable for most banks, negative for specialist lenders

Global Credit Research - 30 May 2012

Actions conclude review announcements from 15 February 2012

London, 30 May 2012 – Moody's Investors Service has today downgraded the ratings for nine Danish financial institutions and for one foreign subsidiary of a Danish group by one to three notches. The short-term ratings declined by one notch for six of these institutions.

The rating outlooks for five banks affected by today's rating actions are stable, whereas the rating outlooks for two banks and for all three specialised lenders affected by today's rating actions are negative

Please click on this http://www.moodys.com/viewresearchdoc.aspx?docid=PBC_142303 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

The magnitude of some of today's downgrades reflects a range of concerns, including the risk that some institutions' concentrated loan books deteriorate amidst difficult domestic and European conditions, with adverse consequences on their ability to refinance maturing debt. The latter concern is exacerbated by structural changes in the terms of Danish covered bonds and the mix of underlying assets that lead to increased refinancing risk. While Moody's central scenario remains that financial institutions show some resilience to what will likely be a prolonged difficult environment - and the revised rating levels for most Danish financial institutions continue to reflect low risks to creditors - today's rating actions reflect the view that these risks have increased.

Today's rating actions reflect two key sets of drivers:

1. A difficult operating environment, weakening asset quality and low profitability. Danish financial institutions face sluggish domestic economic growth, weakening real estate prices and higher levels of unemployment, as well as the risk of external shocks from the ongoing euro area debt crisis. Asset quality is deteriorating, and these pressures are expected to continue, exacerbated by (i) the junior-lien status of most mortgages in the loan books of Danish banks, and (ii) for specialised lenders, their concentrated exposure to certain sectors which leave them vulnerable to sector downturns. Further, Danish financial institutions' weak profitability limits their ability to absorb losses in this environment.
2. Substantial market-funding reliance of most financial institutions increases vulnerability. Most market funds are in the form of covered bonds which have historically been a stable funding source. But structural changes to that market have increased refinancing risk, posing a particular concern for mortgage credit institutions whose access to alternative funding is limited.

Additional drivers specific to individual rated institutions are detailed below.

Moody's recognises several mitigating factors that have limited the extent of today's downgrades, but they do not fully offset the above-mentioned concerns. These mitigating factors include (i) the still-moderate level of problem loans at many institutions, and their relatively good levels of capitalisation; (ii) sound government finances (as reflected in Denmark's Aaa government bond rating, with a stable outlook), (iii) the considerable (though not necessarily liquid) wealth of Danish households; and (iv) the high level of social security, which provides a level of support for borrowers and the economy.

OUTLOOKS MOSTLY STABLE FOR BANKS, NEGATIVE FOR SPECIALISED LENDERS

The rating outlooks are stable for most banks affected by today's actions. Stable rating outlooks reflect Moody's view that currently-foreseen risks are incorporated in the revised rating levels. The negative rating outlooks for two banks incorporate issuer-specific factors. The negative outlooks for Danish mortgage credit institutions and for Denmark's Skibskredit reflect their near-exclusive reliance on covered bond funding, and for mortgage institutions also increased refinancing risk as a result of growth in covered bonds that fund adjustable-rate mortgages.

AVERAGE RATINGS FOR DANISH FINANCIAL INSTITUTIONS DECLINED TO Baa1

The average senior long-term ratings for Danish financial institutions are now at Baa1, on an asset-weighted basis. This average reflects the impact of the above-described downside risks on standalone financial profiles and limited support-driven ratings uplift. Moody's believes that Danish banks and credit institutions are in a weaker position relative to their Nordic peers to manage the credit risks emanating from the challenging domestic operating environment.

Moody's has published a Special Comment today titled "Key Drivers of Rating Actions on Danish Financial Institutions," (http://www.moody's.com/viewresearchdoc.aspx?docid=PBC_142284) which provides more detail on the rationales for these rating actions. For more information on bank ratings, please refer to the webpage containing Moody's related announcements: <http://www.moody's.com/bankratings2012>.

OVERVIEW OF RATING ACTIONS

Today's changes to issuers' senior ratings can be summarized as follows:

- BANKS

1. Danske Bank (deposit rating Baa1, standalone bank financial strength rating (BFSR) C- / baseline credit assessment (BCA) baa2) was downgraded by two notches, and its short-term rating downgraded to P-2 from P-1. Danske's Finnish subsidiary Sampo Bank (deposits A2; BFSR C- / BCA baa1) was downgraded by one notch.
2. Jyske Bank (deposits Baa1; BFSR C- / BCA baa2) was downgraded by two notches, and its short-term rating downgraded to P-2 from P-1.
3. Sydbank (deposits Baa1; BFSR C- / BCA baa2) was downgraded by two notches, and its short-term rating downgraded to P-2 from P-1.
4. Spar Nord Bank (deposits Baa3; BFSR D+ / BCA baa3) was downgraded by one notch. The bank's short-term rating was downgraded to P-3 from P-2.
5. Ringkjøbing Landbobank (deposits Baa1; BFSR C- / BCA baa1) was downgraded by one notch. The bank's P-2 short-term rating was affirmed.

- SPECIALISED CREDIT INSTITUTIONS

1. Nykredit Realkredit (issuer rating Baa2) was downgraded by three notches. Its subsidiary Nykredit Bank (deposits Baa2; BFSR D+ / BCA baa3) was downgraded by three notches. Short-term ratings for both institutions were downgraded to P-2 from P-1.
2. DLR Kredit (issuer rating Ba1) was downgraded by three notches.
3. Danmarks Skibskredit (issuer rating Baa2) was downgraded by three notches.

The Aaa ratings on government guaranteed debt issued by these institutions are not affected by today's rating actions.

RATIONALE -- STANDALONE CREDIT STRENGTH

FIRST DRIVER -- DIFFICULT OPERATING ENVIRONMENT, WEAKENING ASSET QUALITY AND LOW PROFITABILITY

The operating environment in Denmark is characterized by weak economic growth, weakening real estate prices and higher levels of unemployment. The International Monetary Fund (IMF) projects Denmark's gross domestic product (GDP) growth for 2012 at a low 0.5%. Low economic growth constrains credit demand, whilst prolonged stagnation strains debtors' ability to repay their loans. Both trends will likely affect loan performance. Unemployment has risen, albeit from very low levels. Another factor weighing on the Danish economy is the weakened real estate market.

In addition, Danish households are susceptible to adverse conditions because of their high debt burden. Total financial liabilities of households amounted to 142% of GDP at year-end 2010, about twice as high as the 79%

European Union average. Furthermore, the large size of the Danish financial sector increases the risk of negative feedback effects between a weakening economy and the health of financial institutions.

Further shocks may also emanate from the ongoing euro area debt crisis. While not a euro member, Denmark's small, open economy and its financial markets are integrated into the EU, and neither would be immune from further external shocks.

The above-described adverse conditions have already led to moderately higher problem loans, contained in part by historically-low interest rates which reduce debt service costs. Moody's expects further asset quality deterioration, particularly if real estate prices fall further and/or interest rates increase.

These asset quality concerns are exacerbated by Danish banks' providing either second or sequential-lien loans, given the practice of banks to transfer originated first-lien loans to mortgage credit institutions. Moody's believes that in a stress scenario this junior position leads to many Danish banks being at risk of higher levels of losses than similar institutions in other markets.

Meanwhile, Danish mortgage and shipping credit institutions tend to focus on specific sectors, for example commercial and household mortgages, agriculture, or shipping. As such, they are particularly exposed to a downturn in these sectors.

Finally, Danish financial institutions' low profitability limits their ability to absorb losses. Low and even negative credit growth, paired with the low interest environment, has negatively affected banks' interest and fee income, even as institutions have increased lending margins. Accordingly, pre-provision earnings of Danish financial institutions are limited and have in 2011 been largely absorbed by provisioning costs. Danish banks have improved capital, but low profitability means there is limited capacity to absorb additional losses without eroding capital.

SECOND DRIVER -- MARKET FUNDING RELIANCE

Moody's views the reliance of many Danish financial institutions on wholesale market funding as a weakness, because it leaves them vulnerable to potential sudden changes in investor sentiment. Moody's recognises the historical stability of the Danish covered bond market, on which many domestic financial institutions rely, directly or indirectly, for large parts of their funding. However, Moody's is increasingly concerned by the dependence of Danish institutions on the uninterrupted functioning of that market, particularly given changes to its structure that increase refinancing risk.

The Danish covered bond market has shifted from long-term issuance that matched mortgage duration, to covered bonds of shorter maturities (funding adjustable-rate mortgages, ARMs, with annual rate adjustments). The maturity mismatch between long-term mortgages and the covered bonds funding them raises issuers' exposure to refinancing risk very significantly. This is a credit negative, as refinancing risk has materialised repeatedly in global funding markets over the course of the financial crisis, even for ostensibly reliable and resilient sectors.

Our ratings downgrades on specialised mortgage lenders are larger than for Danish banks. Given their near-complete reliance on covered bonds, specialised lenders would likely struggle to access alternative funding sources in a funding stress scenario. Furthermore, most Danish covered bonds require additional collateral to be provided if the market value of existing collateral falls. However, specialised issuers possess limited unpledged assets and may need recourse to unsecured markets or to support from Denmark's Nationalbank in a stress scenario.

In addition, we recognise that covered bonds play a central role in Denmark, amounting to DKK2.4 trillion, or approximately 135% of GDP, at year-end 2011. They are widely issued by financial institutions who also hold them as liquid assets. Any issuer-specific problem would therefore likely spread and affect other institutions.

For Denmark's Skibskredit, we recognise that their market funding, via shipping bonds, continues to operate on a matched maturity basis that reduces refinancing risk, assuming continued asset performance. However, our rating downgrade reflects the risks associated with the institution's concentrated asset portfolio, combined with the reliance on this single market funding instrument.

SYSTEMIC SUPPORT UPLIFT REMAINS LIMITED

Moody's has not changed its support assumptions for Danish financial institutions with respect to local or national governments. The senior long-term ratings for several institutions continue to be positioned one notch above their standalone credit assessments, as Moody's expects them to benefit from a degree of government support, if needed.

Support-driven ratings uplift is, however, limited compared with other European systems, given that the Danish authorities have created a legislative and institutional structure which allows them to impose losses on banks' senior creditors, and have used this structure in the resolution of two small institutions.

Moody's recognises that large, more complex institutions are inherently harder to resolve without disruption to markets, and that the incentive for the government to provide support to bondholders is commensurately greater. Nevertheless, the clear desire of the Danish government to protect taxpayers by ensuring that bondholders bear losses, clear statements of intent to that effect and the legislative framework put in place argue for limiting systemic support uplift.

The subordinated debt and preferred stock ratings for seven of the affected financial institutions have been downgraded today by the same number of notches as their senior ratings. Subordinated debt at Danske Bank's Finnish subsidiary, Sampo Bank, was downgraded by three notches, following the removal of systemic support for these securities. The removal of support for this debt class reflects Moody's view that in Finland, systemic support for subordinated debt may no longer be sufficiently predictable or reliable to be a sound basis for incorporating uplift into Moody's ratings.

ACTIONS FOLLOW REVIEW ANNOUNCEMENTS ON 15 FEBRUARY 2012 AND PREVIOUSLY

Today's rating actions follow Moody's decision to review for downgrade the ratings for 114 European financial institutions, including Danish banks, see "Moody's reviews ratings for European Banks", 15 February 2012 (http://www.moodys.com/research/Moodys-Reviews-Ratings-for-European-Banks-PR_237914). The ratings of Danmarks Skibskredit had previously been placed on review for downgrade, see press release "Moody's reviews Danmarks Skibskredit's A2 ratings for downgrade, 25 November 2011 (http://www.moodys.com/research/Moodys-reviews-Danmarks-Skibskredits-A2-ratings-for-downgrade-PR_231802).

WHAT COULD MOVE THE RATINGS UP/DOWN

Rating upgrades are unlikely in the near future for banks affected by today's actions, for the reasons cited above. A limited amount of upward rating momentum could develop for some banks if a bank substantially improves its credit profile and resilience to the prevailing conditions. This may occur through increased standalone strength, e.g. bolstered capital and liquidity buffers, work-out of asset quality challenges or improved earnings. Improved credit strength could also result from external support, e.g. via a change in ownership or improved systemic support.

While the current rating levels and outlooks incorporate a degree of expected further deterioration, ratings may decline further if (i) operating conditions worsen beyond current expectations, notably if Denmark's sovereign creditworthiness and economic environment encounter material negative pressure, leading to asset quality deterioration exceeding current expectations, and (ii) Danish banks' market funding access, via covered bonds or wholesale markets, experiences a sharp decline.

RESEARCH REFERENCES

For further detail please refer to:

- List of Affected Issuers (http://www.moodys.com/viewresearchdoc.aspx?docid=PBC_142303), 30 May 2012
- Special Comment: Key Drivers of Danish Bank Rating Actions, 30 May 2012
- Press release "Moody's takes rating actions on five Swedish banking groups; outlooks now stable", 24 May 2012
- Press release "Moody's downgrades DNB to A1/C- from Aa3/C; outlook stable", 24 May 2012
- Special comment: Key Drivers of Swedish Bank Rating Actions, 24 May 2012
- Press Release: Moody's Reviews Ratings for European Banks, 15 Feb 2012
- Special Comment: Euro Area Debt Crisis Weakens Bank Credit Profiles, 19 Jan 2012
- Special Comment: European Banks: How Moody's Analytic Approach Reflects Evolving Challenges, 19 Jan 2012

Moody's webpages with additional information:

- <http://www.moodys.com/bankratings2012>

- <http://www.moodys.com/eusovereign>

BANK-SPECIFIC RATING CONSIDERATIONS

DANSKE BANK: The downgrade reflects continued pressure on Danske Bank's asset quality, especially regarding its exposures to Ireland, which we expect will continue to undermine the bank's ability to build a solid base for earnings in the short to medium term. In addition, amidst weak economic growth, deflating real estate prices and increasing unemployment, we believe the operating environment in Denmark remains difficult and expect it will be challenging for Danske Bank to manage its domestic exposures. We also caution that low interest-rate levels have thus far supported borrowers' ability to repay their debts but loans with variable rates are vulnerable to interest-rate hikes. Another key driver for the rating action is Danske Bank's substantial reliance on market funding, which renders it susceptible to changes in investor sentiment. Even though we recognise that covered bonds have historically been a stable funding source, we note the shift to shorter term instruments has increased refinancing risk.

SAMPO BANK: While we recognise the macro-economic environment in Finland is more supportive than in many other European countries, in our view the ongoing crisis in the Euro area will likely negatively affect economic growth - and thereof Sampo Bank's earnings opportunities in Finland. Furthermore, even though we positively note that Sampo Bank has had good access to capital markets so far, we view its high usage of market funds as a key credit risk, due to the confidence sensitivity that such funding relies on.

The rating action also captures Moody's view that asset quality will remain under pressure and that the bank's corporate exposures may give rise to increased need for provisions. We also caution that low interest-rate levels have thus far supported borrowers' ability to repay their debts and that loans with variable rates are vulnerable to interest-rate hikes.

JYSKE BANK: The downgrade reflects the difficult operating environment for Danish banks, and specifically Jyske Bank's relatively high exposure to agricultural and commercial real estate lending, as well as the bank's reliance on second and sequential lien mortgages in household and corporate lending. The latter factor is in line with other Danish banks and results from the stronger funding position of mortgage credit institutions that fund the first lien mortgage loans, but compared to the bank's international peers we view this position as credit negative, particularly in the current environment of weakening asset quality. Moody's positively notes that Jyske Bank maintains a strong position in the Danish market with an estimated market share of approximately 10% for bank loans and with a good national presence, Jyske Bank has also proved that it still has access to funding markets and has a sizeable liquidity portfolio, substantially consisting of other Danish institutions' covered bonds. Jyske Bank also successfully completed a DKK1.2 billion share issue in Q1 2012.

The rating action also captures Moody's view that exposures to more volatile sectors such as agriculture and commercial real estate may give rise to increased need for provisions. We also caution that low interest-rate levels have thus far supported borrowers' ability to repay their debts but loans with variable rates are vulnerable to interest-rate hikes.

SYDBANK: The downgrade reflects the difficult operating environment for Danish banks, and more specifically Sydbank's relatively high exposure to agricultural and commercial real estate lending, as well as the bank's reliance on second and sequential lien mortgages in household and corporate lending. The latter factor is in line with other Danish banks and results from the stronger funding position of mortgage credit institutions that fund the first lien mortgage loans. However compared to the bank's international peers we view this position as credit negative, particularly in the current environment of weakening asset quality. Moody's positively notes that Sydbank maintains a relatively strong position in the Danish market with an estimated market share of approximately 6% for bank loans with a good national presence. Sydbank's reported asset quality is also better than domestic peers, with problem loans/ gross loans at end 2011 of 4%, among the lowest of the rated Danish banks. Sydbank has also proven access to funding markets, albeit at higher interest rates, and has a sizeable liquidity portfolio, much of it consisting of other Danish institutions' highly rated covered bonds.

The rating action also captures Moody's view that exposures to more volatile sectors such as agriculture and commercial real estate may give rise to increased need for provisions. We also caution that low interest-rate levels have thus far supported borrowers' ability to repay their debts but loans with variable rates are vulnerable to interest-rate hikes.

SPAR NORD BANK: The downgrade reflects the difficult operating environment for Danish banks and Spar Nord's relatively high exposure to agricultural and commercial real estate lending, combined with the challenges the bank faces in refinancing its outstanding government guaranteed debt maturing in 2012 and 2013 (DKK 3.7bn and DKK2.5bn respectively). The bank also relies on second and sequential lien mortgages in household and corporate lending, in line with other Danish banks, as a result of the stronger funding position of mortgage credit institutions that generally fund the first lien mortgage loans. However compared to the bank's international peers we view this position as credit negative, particularly in the current environment of weakening asset quality .

The rating action also captures Moody's view that exposures to more volatile sectors such as agriculture and commercial real estate may give rise to increased need for provisions. We also caution that low interest-rate levels have thus far supported borrowers' ability to repay their debts but loans with variable rates are vulnerable to interest-rate hikes.

RINGKJOBING LANDBOBANK: The downgrade reflects the difficult operating environment for Danish banks, as well as the bank's relatively limited regional franchise in the West of Jutland, which makes the bank more vulnerable to region-specific developments. The bank is characterised by relatively high exposure to agricultural lending, which has led to elevated provisioning needs, and wind turbine financing. Moreover, the bank relies on second and sequential lien mortgages in household lending, whereas the corporate lending comprises a mix of first and second lien financing. In particular the wind turbines financing benefits from first lien mortgages. This results from the stronger funding position of mortgage credit institutions that generally fund Danish households' and corporates' first lien mortgage loans, but compared to the bank's international peers we view this position as credit negative, particularly in the current environment of weakening asset quality.

The rating action captures Moody's view that exposures to more volatile sectors may give rise to increased need for provisions. We also caution that low interest-rate levels have thus far supported borrowers' ability to repay their debts but loans with variable rates are vulnerable to interest-rate hikes. The one-notch downgrade of the standalone credit assessment for Ringkjøbing Landbobank to baa1 means we view the bank as the strongest rated Danish financial institution on a standalone basis. This assessment reflects Ringkjøbing's solid recent performance with high levels of profitability and capital.

NYKDREDIT REALKREDIT: The downgrade reflects our view that the challenges Nykredit Realkredit faces have increased, notably regarding the operating environment in Denmark, exposures to more volatile sectors, and wholesale funding reliance. The Danish operating environment continues to be characterised by weak economic growth, deflating real estate prices, and increased unemployment. Nykredit Realkredit has relatively high exposure to more vulnerable sectors such as agriculture and commercial real estate. We caution that low interest-rate levels have thus far supported borrowers' ability to repay their debts but loans with variable rates are vulnerable to interest-rate hikes. With regards to Nykredit Realkredit's reliance on covered bond funding, we have recognised the historically strong structural features of the Danish covered bond system. However, we are increasingly concerned by the dependence of Danish institutions on the uninterrupted functioning of that market, particularly given changes to its structure that increase refinancing risk.

NYKREDIT BANK: The downgrade of Nykredit Bank's BFSR reflects our view that the challenges the bank faces have increased, notably regarding the operating environment and asset quality concerns. The downgrade of Nykredit Bank's senior debt to Baa2 reflects the downgrade of its parent Nykredit Realkredit (issuer rating to Baa2 from A2). The bank is characterised by relatively high exposures to commercial real estate, which has led to elevated provisioning needs. Moreover, in line with other Danish banks, the bank relies on second and sequential lien mortgages in household and corporate lending. This results from the stronger funding position of mortgage credit institutions, including its parent Nykredit Realkredit, that generally fund Danish households' and corporates' first lien mortgage loans. Compared to the bank's international peers we view this position as credit negative, particularly in the current environment of weakening asset quality. Moody's positively recognises Nykredit Bank's franchise strength as part of the Nykredit Realkredit Group: at year-end 2011 Moody's estimated the bank's loan and deposit market share at 5%. The bank maintains healthy capital ratios and benefits from Group support, though we deem the group's ability to generate additional capital in case of need as more limited. The rating action also captures Moody's view that exposures to more volatile sectors such as agriculture and commercial real estate may give rise to increased need for provisions. We caution that low interest-rate levels have thus far supported borrowers' ability to repay their debts but loans with variable rates are vulnerable to interest-rate hikes.

DLR KREDIT: The downgrade reflects DLR Kredit's sole reliance on one funding instrument, covered bond funding. We consider concentrated reliance on one form of funding as a weakness, as it reduces the funding flexibility under

stress. Although we recognise the strong historic features of the Danish covered bond system, we note the shift to shorter term instruments has increased refinancing risk. We regard continued funding access as a key aspect of the creditworthiness of any financial institution, and consequently generally regard a concentrated funding profile as a credit weakness. In the event of any name-specific or system-specific investor concerns with respect to covered bonds, we view Danish mortgage institutions' access to alternative market funding as extremely limited.

The rating action also captures the difficult operating environment for Danish financial institutions, as well as Moody's view that DLR Kredit's focus on more volatile sectors such as agriculture and commercial real estate may give rise to increased need for provisions. We caution that low interest-rate levels have thus far supported borrowers' ability to repay their debts but loans with variable rates are vulnerable to interest-rate hikes. The rating decision also takes into account that the creditworthiness of DLR Kredit's shareholding banks, that provide asset quality guarantees, has declined in recent years.

DANMARKS SKIBSKREDIT: The downgrade reflects our view that the challenges DSF faces have increased, notably regarding (i) the continued vulnerable operating environment for shipping, on which DSF's lending is fully focused, (ii) high borrower concentration, and (iii) reliance on wholesale funding. As for other Danish specialised lenders, we view DSF's reliance on wholesale market funding as a weakness, because it renders the institution vulnerable to potential sudden market movements and changes in investor sentiment. We recognise that DSF's market funding, via shipping bonds, continues to operate on a matched maturity basis that reduces refinancing risk, assuming continued asset performance. However, the turmoil in shipping markets and the institutions' highly concentrated asset portfolio have increased the risk of DSF's market funding reliance.

Mitigating factors that have limited the extent of the downgrade include (i) DSF's well established franchise, (ii) its good capital position and liquidity cushion, and (iii) its proven track record in maintaining asset quality over a volatile period in shipping.

The principle methodologies used in these ratings were Bank Financial Strength Ratings: Global Methodology, published in February 2007, and Incorporation of Joint-Default Analysis into Moody's Bank Ratings: Global Methodology, published in March 2012. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies

REGULATORY DISCLOSURES

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Please see Moody's Rating Symbols and Definitions on the Rating Process page on www.moodys.com for further information on the meaning of each rating category and the definition of default and recovery.

Please see ratings tab on the issuer/entity page on www.moodys.com for the last rating action and the rating history.

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