



Risk & Capital Management Report 2025

CVR NO. 27 49 26 49

shipfinance.dk



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LEGAL FRAMEWORK

DSF is governed by the Act on a Ship Finance Institute (the “Act”) and the Executive Order on a Ship Finance Institute (the “Executive Order”).

DSF is inter alia also governed by:

- The Executive Order on the Issue of Bonds, the Specific Balance Principle and Risk Management (the “Executive Order on Bond Issuance”)
- The Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need
- The Executive Order on Management and Control of Banks, etc. (the “Executive Order on Governance”)
- The Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the “Executive Order on Financial Reports”)

Pursuant to the Act and the Executive Order, DSF is subject to parts of the Danish Financial Business Act and parts of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions (CRR).

Scope

Danish Ship Finance A/S (“DSF”) is subject to financial regulation and is under the supervision of the Danish Financial Supervisory Authority (the “Danish FSA”).

This Risk and Capital Management Report is issued to comply with the disclosure requirements contained in Part 8 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions (CRR), cf. Section 9 of the Executive Order.

This report is issued in line with applicable requirements, alongside the presentation of financial statements. Additionally, an annual regulatory capital adequacy assessment is published.

This Risk and Capital Management Report is presented in unaudited form.

Additional Pillar 3 disclosures are included in the annex to this Risk and Capital Management Report, which can be downloaded at www.shipfinance.dk

The year *in summary*

There were no significant changes to our risk and capital management framework in 2025.

Development in key risk figures for DSF

| DKK MILLION / % | 2025 | 2024 |
|--|---------------|---------------|
| Capital | | |
| Own funds (less deductions) | 8,986 | 8,914 |
| Total risk exposure amount | 33,684 | 37,840 |
| Internal capital adequacy requirement, incl. buffers | 13.6% | 13.1% |
| Total capital ratio | 26.7% | 23.6% |
| Excess coverage | 13.1% | 10.5% |
| Leverage ratio | 13.3% | 12.6% |
| Funding and liquidity | | |
| Liquidity coverage ratio (LCR) | 455% | 224% |
| Net stable funding ratio (NSFR) | 137% | 189% |
| Issuer rating – S&P | BBB+ (Stable) | BBB+ (Stable) |
| Covered bond rating – S&P | AA- (Stable) | A (Stable) |
| Asset quality | | |
| Annual loan impairment ratio as % of average loan book | (0.1%) | (0.5%) |
| ECL allowance account, loans as % of loan book (year-end) | 2.2% | 1.9% |
| Total ECL allowance account as % of credit exposure (year-end) | 2.2% | 1.9% |
| NPL ratio | 0.0% | 0.7% |
| Net NPL ratio | 0.0% | 0.6% |

Risk & Capital Management Report

Risk and *capital profile*

Risk and *capital profile*

We are a leading provider of ship financing, both internationally and domestically, and are among the 25 largest lenders to the global shipping industry. Our core business comprises lending to shipowners, secured by first-lien ship mortgages and funded through the issuance of covered bonds in accordance with the Danish Executive Order on Bond Issuance.

Our business model, as governed by the Act and the Executive Order (see Legal framework above), naturally involves foreign exchange mismatches between funding and lending in different currencies. The governing legislation and supplementary regulation, such as the Danish Specific Balance Principle defined in the Executive Order on Bond Issuance (the “balance principle”), set out requirements for managing these mismatches. These activities are integral to our long-standing business model and risk management framework.

Our business activity of lending to shipowners, funded by the issuance of covered bonds, takes place in our two cover pools at the Institute in General and Capital Centre A, which are subject to the balance principle. Loans are issued primarily in USD in accordance with general market practice, with a small proportion in other currencies.

The loans are funded by DKK-denominated ship mortgage bonds (“SMBs”) issued by the

Institute in General, and EUR-denominated, CRR-compliant ship covered bonds (“SCBs”) issued by Capital Centre A. All bonds are issued in accordance with Danish law.

As at 31 December 2025, all issued bonds have been assigned a rating of AA- (Stable outlook) by S&P and are listed on the Nasdaq Copenhagen Stock Exchange. Any currency and interest rate mismatches in the cover pools are hedged with financial counterparties in compliance with the balance principle and additional internal limits.

RISK TYPES

DSF is exposed to credit risk, market risk, liquidity risk and various types of operational risk:

Credit risk is the primary risk related to our business model. Credit risk is the risk of incurring losses because of clients or financial counterparties failing to meet their payment obligations. Credit risk primarily stems from shipowners defaulting on their obligations to us or, more remotely, from defaults by financial counterparties with a credit exposure to us.

Market risk refers to the risk of losses resulting from adverse movements in market prices and rates, including, but not limited to, interest rates, foreign exchange rates, equity prices, commodity prices, credit spreads and implied volatilities. The balance principle prescribes strict limits for such risks in our cover pools. Our main market risks relate to the investment portfolio and the short-term placement of surplus funding liquidity from bond issuance. The most significant market risks are interest rate risk and credit spread risk.

Liquidity risk comprises two key components: funding liquidity risk, which is the risk of being unable to meet financial obligations when they fall due without incurring unacceptable costs, and market liquidity risk, the risk of being unable to sell or liquidate assets quickly at their fair value. Both short-term cash flow mismatches and longer-term structural imbalances contribute to the funding liquidity risk. Our liquidity risk primarily arises from future liquidity mismatches, as loans and issued bonds are not matched on a loan-by-loan basis. Exchange rate movements may create liquidity needs under certain collateralised hedging contracts and trigger market-value resets for certain derivatives.

Operational risk is the risk of losses from inadequate or failed internal processes, people, systems, or external events, including legal risk but excluding strategic and reputational risk.

Risk governance

We have a two-tier management structure where the Board of Directors defines overall policies, while the Executive Board is responsible for day-to-day management.

The Board of Directors is responsible for ensuring that the company has an appropriate organisational structure and sound risk and capital management principles. The Board of Directors ensures that governance, risk policies and limits are established for all important risk categories, including the handling and monitoring of such risks by the credit risk management, risk management, internal control, and compliance functions, which all report to the Executive Board.

The Board of Directors has laid down guidelines for the Executive Board, clearly specifying the areas of responsibility and scope of management's actions. Additionally, all new lending exceeding certain limits must be submitted to the Board of Directors for approval. The Board of Directors furthermore receives detailed client-specific information on credit exposures and the loan book.

The Board of Directors has appointed a Chief Risk Officer, who is responsible for monitoring and reporting on our risk management processes. The Chief Risk Officer is a member of the Executive Board and the Credit Committee. The Executive Board has established a risk management function responsible for identifying, analysing and monitoring all market, liquidity and operational risks. Risk Management also ensures that DSF's overall

risk profile is addressed and reported in collaboration with all other responsible risk areas. This includes financial stress tests, recovery plans, overall risk assessment, and risk reporting to the Executive Board, the Board of Directors, and the Danish FSA. The Credit department is responsible for monitoring and reporting on credit risk arising from lending activities and financial counterparty risk.

The Head of Compliance is responsible for ensuring that DS has appropriate methods

and procedures in place to detect and mitigate the risk of non-compliance with applicable legislation, market standards, and internal guidelines. Compliance is a second-line function and operates independently. Compliance controls are conducted to evaluate the correctness and effectiveness of the implemented methods and procedures.

The Executive Board has appointed a dedicated Money Laundering Reporting Officer ("MLRO"), who is responsible for maintaining

effective measures to prevent money laundering and terrorist financing.

Duties are segregated to secure a robust control environment. However, due to the organisation's size, complete segregation of duties cannot always be achieved. In such cases, the Audit Committee approves mitigation measures and reviews their effectiveness.

In accordance with applicable legislation, the Board of Directors, including the Audit

Overview of risk reports

| Report | Frequency | Applicable legislation |
|--|---------------|---|
| Internal management report | Monthly | The Executive Order on Governance for Credit Institutions The Executive Order on Financial Reports |
| Treasury reporting | Quarterly | The Executive Order on Financial Reports |
| Stress test | Quarterly | The Executive Order on Governance for Credit Institutions |
| Credit risk management reporting | Quarterly | The Executive Order on Governance for Credit Institutions |
| Loan impairment review | Semi-annually | The Executive Order on Governance for Credit Institutions |
| Compliance reporting | Annually | The Executive Order on Governance for Credit Institutions |
| Internal solvency, ICAAP | Annually | Guidelines on Internal Capital Adequacy Assessment Process |
| Internal solvency, ILAAP | Annually | Guidelines on Internal Liquidity Adequacy Assessment Process |
| Recovery plan | Annually | The Danish Financial Business Act |
| Report from the Chief Risk Officer | Annually | The Executive Order on Governance for Credit Institutions |
| Statement to be used for risk assessment | Annually | The Executive Order on Governance for Credit Institutions |
| Annual asset review | Annually | The Executive Order on Governance for Credit Institutions |
| IT risk assessment | Annually | The Executive Order on Governance for Credit Institutions |

Committee, annually assesses the need to establish an internal audit function.

Board committees

The Board of Directors has established an Audit Committee and a Remuneration Committee. The committees review and discuss topics in their respective subject areas and assist the Board of Directors in its decision-making.

The Audit Committee oversees accounting and audit matters and reviews accounting and audit-related topics before the Board of Directors considers them. The Audit Committee comprises two members of the Board of Directors. The Chairman of the Board of Directors is not a member of the Audit Committee.

The Remuneration Committee assists the Board of Directors in preparing the remuneration policy and remuneration proposals. The remuneration policy is adopted at the annual general meeting. The Chairman of the Board of Directors chairs the Remuneration Committee. The remuneration of the Board of Directors, the Executive Board and those employees who are deemed to have a material impact on the company's risk profile is specified in Annex 9.

Internal audit

We are not required to have an internal audit function. Nevertheless, to promote a robust control environment and support our external auditors, we have established an inter-

nal control function. The function reports to the Executive Board and maintains close dialogue with external auditors. In accordance with applicable legislation, the Board of Directors, including the Audit Committee, annually assesses the need for an internal audit function.

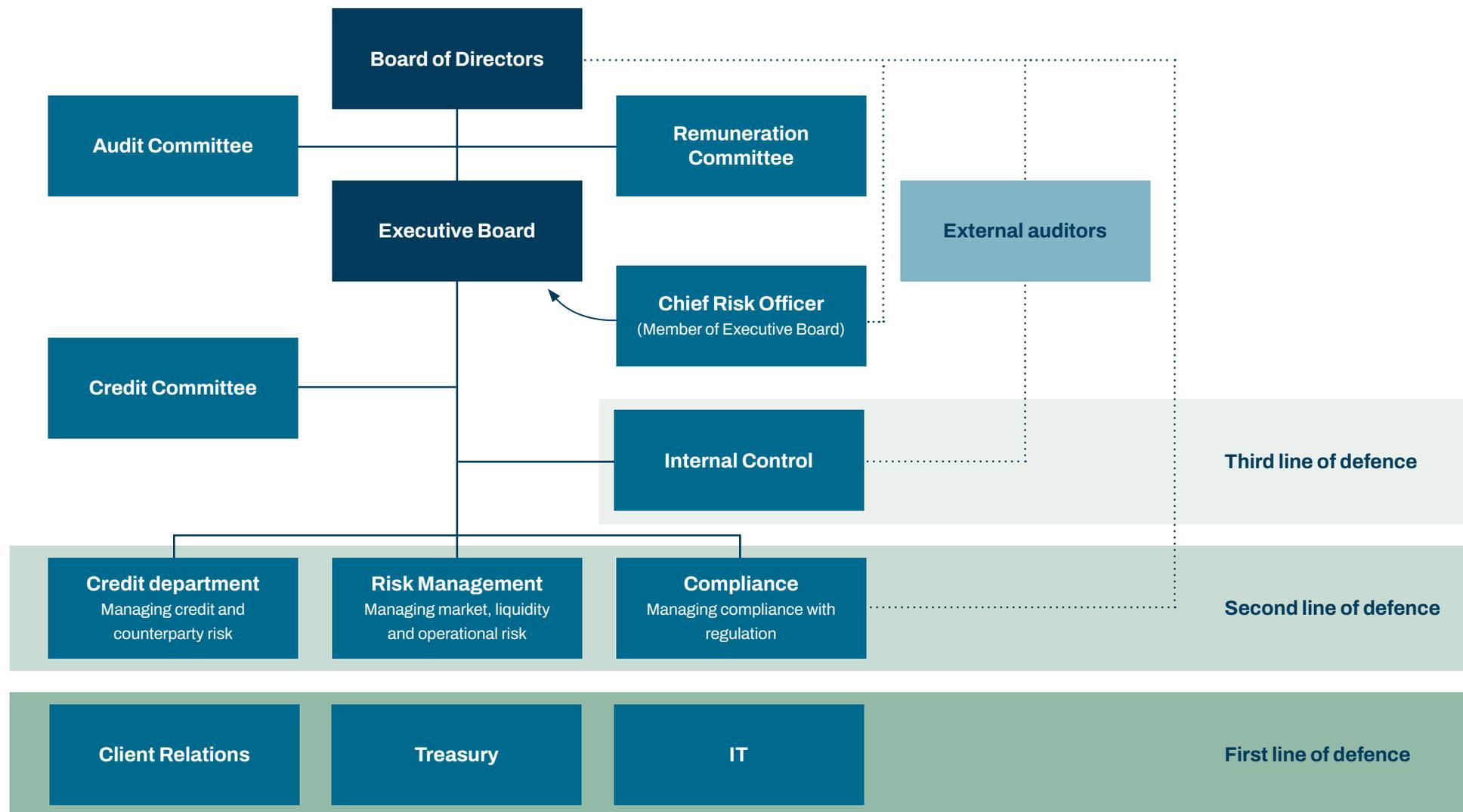
Reporting

The Board of Directors regularly receives reports to ensure that it is adequately informed about the company's performance, risk levels and risk trends.

The Board of Directors assesses the adequacy of relevant policies and the framework and principles for risk and capital management.



Risk governance structure



Capital and risk management framework

We have a strong culture of risk awareness and long-term decision-making coupled with stringent requirements for day-to-day monitoring and management of risks. We maintain strong capital and liquidity buffers well beyond regulatory minimum requirements. Prudent risk management is pivotal to our activities and shall ensure the long-term viability of our highly specialised business model.

The Group's risk limits and risk tolerance are defined in policies and principles established by the Board of Directors and ultimately determined by applicable regulation.

Capital management

We shall at all times maintain sufficient own funds for lending activity in DSF to continue, even in the event of large cyclical fluctuations in the shipping industry and adverse business conditions. Our capital is managed at a level deemed sufficient to underpin the credit rating of the issued bonds.

Credit and counterparty risk

In our credit risk management activities, we distinguish between credit risk relating to lending to clients and credit risk relating to transactions with financial counterparties.

Our efforts are founded on the limits set out in the Credit Policy and Counterparty Credit Policy. The policies build on the provisions of the company's own Act and the Executive Order, stipulating, among other things, that the Board of Directors must lay down risk diversification rules.

Market risk

Market risk is governed by limits laid down in the Bond Executive Order and the Executive Order. Limits specified in our internal policy further mitigate market risk.

The overall objective is to safeguard our capital adequacy, to make sure that interest rate- and foreign exchange risks are managed by hedging subject to pre-defined limits.

Liquidity risk

Liquidity risk is prudently managed under the specific balance principle in accordance with the Executive Order on Bond Issuance. In addition, the liquidity risk policy defines risk limits to ensure adequate liquidity at all times.

Liquidity is managed with the objective of ensuring continued access to funding on adequate terms and to avoid any situation where lack of funding could challenge the business model. Ultimately, the aim of the liquidity management framework is to ensure that we are consistently able to meet our payment obligations even under stressed market conditions.

Operational risk

Operational risk is governed by the operational risk policy issued by the Board of Directors. The policy sets out the overall framework for identifying, evaluating and managing operational risk and is supplemented by operating procedures and internal controls.

On an ongoing basis, we register losses and potential loss events deemed to be attributable to operational risk. The registration is used as a basis for assessing the adequacy of controls, processes, operating procedures, etc. If required, these may from time to time be adjusted to increase the resilience to operational risks.

KEY DEVELOPMENTS IN 2025

Our regulatory solvency ratio was 26.7% at year-end 2025 (23.6% at year-end 2024).

The internal capital adequacy requirement, including buffers, amounted to 13.6% at year-end 2025 (13.1% at year-end 2024).

Capital profile

The Board of Directors has tasked the Executive Board with prudently managing capital to maintain adequate own funds and suitable capital coverage in accordance with regulatory requirements and any other thresholds defined by the Board of Directors.

Adequate own funds are defined as the minimum capital required, in the assessment of the Board of Directors and the Executive Board, to ensure only a remote risk of us becoming distressed or insolvent during the following 12-month period, such that bondholders could be exposed to a potential loss. Bondholders are subject to further protection under the balance principle.

As at 31 December 2025, the total capital ratio of 26.7% is considered adequate to meet these objectives.

Available own funds

Our own funds consist of Common Equity Tier 1 (“CET1”) capital, including share capital, tied-up reserve capital, and accumulated retained earnings.

Our own funds net of statutory deductions amounted to DKK 8,986 million as at 31 December 2025 (against DKK 8,914 million in 2024).

Our available own funds development is primarily determined by our annual net profit and dividend policy.

Calculation of capital ratio

| DKK MILLION | 2025 | 2024 |
|--------------------------------|-------------|-------------|
| Own funds less deductions | 8,986 | 8,914 |
| Total risk exposure amount | 33,684 | 37,840 |
| Total capital ratio (%) | 26.7 | 23.6 |

DEFINITIONS**Own funds**

Own funds may be composed of three different types of capital: Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital. Own funds are subordinated to the claims of ordinary creditors in the event of bankruptcy or other forms of financial restructuring.

The ratio of own funds to total risk exposure is known as the total capital ratio.

Common Equity Tier 1 capital

Common Equity Tier 1 capital ("CET1") is the aggregate of the share capital, other reserves and retained earnings after certain statutory supplements and deductions.

Capital requirements

Our internal capital adequacy requirement, including the combined capital buffer requirement, totalled 13.6% as at 31 December 2025. Own funds after statutory deductions totalled DKK 8,986 million, resulting in a total capital ratio of 26.7%, corresponding to excess capital coverage of DKK 4,396 million, or 13.1 percentage points. The capital base fully comprises CET1 capital.

Our capital requirement is calculated using the 8+ approach and the Danish FSA's guidelines on Adequate Capital Base and Solvency Needs for Credit Institutions (the "ICAAP Guidelines").

Own funds shall be at least equal to the sum of the own funds requirements associated with each of the risk types defined as regulatory Pillar 1 requirements, Pillar 2 requirements and the combined capital buffer requirement.

Adequate own funds and internal capital adequacy requirement

| DKK MILLION | 2025 | 2024 |
|--|--------------|--------------|
| Total capital less deductions | 8,986 | 8,914 |
| Pillar 1 requirements (8% of total risk exposure amount) | 2,695 | 3,027 |
| Pillar 2 requirements | 616 | 533 |
| Capital conservation buffer | 842 | 946 |
| Countercyclical capital buffer | 437 | 446 |
| Excess capital | 4,396 | 3,962 |
| Solvency ratio (%) | 26.7 | 23,6 |
| Internal capital adequacy requirement, including combined capital buffer requirement (%) | 13.6 | 13.1 |
| Excess capital (%) | 13.1 | 10.5 |

Risk & Capital Management Report

Credit risk *management*



Credit risk *management*

KEY DEVELOPMENTS IN 2025

The credit quality of the loan book remained solid, with no defaults recorded during the year, underpinned by healthy freight rates across most shipping segments and a stable average DSF Rating. During the year, the remaining non-performing loan (“NPL”) was resolved, marking the successful culmination of many years of workout efforts. At year-end 2025, the entire loan book was classified as Stage 1, supported by robust collateral coverage. This positive development resulted in a reversal of loan impairment charges of DKK 15 million in 2025.

Credit risk is the risk of incurring losses because of clients (shipping companies) or financial counterparties (financial institutions) failing to meet their payment obligations. We are primarily exposed to the credit risk of clients through loans collateralised by vessels.

Guarantees are obtained from parent companies of clients to which loans are made, when applicable. Guarantees from non-related parties and credit derivatives used as credit protection are not applied as security or to reduce capital requirements.

We are exposed to the credit risk of financial counterparties through the high-quality bonds we hold in our portfolio and the financial contracts we have entered into with them.

Credit risk is managed pursuant to the credit policy approved by the Board of Directors, containing specific guidelines for credit risk appetite, risk-taking, and ongoing credit risk management carried out in relation to lending activities.

The criteria and approach used for defining the credit risk management policy and setting credit risk limits are based on extensive experience of the shipping markets and how the volatility in freight rates and vessel values is best managed.

Credit risk limits are set according to the cred-

itworthiness of clients, including the assigned DSF Rating, and the characteristics of the segment in which the vessels pledged as collateral operate.

Counterparty risk is managed pursuant to the counterparty risk policy approved by the Board of Directors, containing guidelines for credit risk appetite and credit risk management carried out in relation to counterparty risk exposure.

Limits on counterparty risk are set by the Board of Directors based on the creditworthiness of counterparties, which in turn is based on DSF Ratings and external credit ratings.

Governance structure

The credit governance structure rests upon the three lines of defence principle, which ensures organisational separation of loan origination, credit risk management and control functions.

Client relations, comprising our client-facing and loan origination employees, is responsible for interaction with clients, loan and security documentation, and the operational management of loans. Together with the operations, support and development functions, it forms the first line of defence.

The Credit department is the second line of

defence, with day-to-day responsibility for the credit policy, the counterparty risk policy, credit risk monitoring, loan impairment reviews and the reporting of credit risk management. The Compliance department also forms part of the second line of defence.

The third line of defence consists of the internal control function, which reports its findings to the external auditors as a supplement to their audit process.

Standard operating procedures are in place, ensuring a consistent approach to credit assessment and credit risk management.

Client selection and diversification

We strive to maintain a conservative risk profile when structuring and originating loans, focusing on clients' credit quality through the shipping cycle while at the same time ensuring adequate diversification by country and vessel type. Thus, clients' financial standing and robustness, market position, track record in stressed markets, sustainability (ESG) efforts and reputation are criteria we consider when assessing loan requests.

In addition, the distribution of clients in the loan book must be adequately diversified. We have guidelines limiting large credit exposures. Credit exposure to any non-Danish client group may not exceed 25% of eli-

gible capital.

At year-end 2025, the five largest credit exposures were secured by mortgages on 58 vessels split between ten vessel types, and no credit exposure to a single client group exceeded 25% of the eligible capital.

Loan-to-value

We grant loans with an initial loan-to-value (“LTV”) of up to 70%, secured by a first priority mortgage on the financed vessels. The level of initial LTV accepted on a new loan will depend on the client’s credit risk profile (as reflected by its DSF Rating), ESG profile (as reflected by its Sustainability Rating), contract coverage, orderbook, position of each shipping segment in the market cycle, and the characteristics of the financed vessel(s).

We may also grant loans in the LTV range of 70% to 100% against other collateral of particularly high quality and subject to a capital charge for the portion of the loan exceeding the 70% LTV threshold. The additional capital charge is determined in DKK on the date of the loan being offered to the client or at disbursement of the loan at the latest.

The additional capital charge is a deduction

from Tier 1 capital equal to the part of the loan that exceeds 70% of the value of the mortgaged vessel(s) at the time of calculation but not exceeding the maximum defined.

For several years, no new loans have been originated with an initial LTV above 70%, and accordingly, no related capital charge was required in 2025. We did not approve loans to finance clients’ installment payments to shipyards in 2025.

Loans held in Capital Centre A are subject to a maximum LTV of 60% after including any additional collateral posted for the benefit of the bondholders.

The loan book after loan impairment charges was on average secured by mortgages on vessels with a loan-to-value ratio of 40% based on market valuations of the financed vessels.

Loan documentation

The lending activity involves extensive loan and security documentation. The loan documentation sets out the contractual terms of the loan and the rights and obligations of both parties.

If a client defaults on its representations/warranties, undertakings or obligations (payment or otherwise) and workout proceedings fail, the loan documentation provides for legal remedies whereby we can reduce our exposure to the client.

Ultimately, if the client defaults on its payment obligations pursuant to the loan documentation and such default continues, we are entitled to accelerate the loan and take steps to enforce its security, including the first priority mortgages on the vessels.

Our first priority mortgage is generally enforceable worldwide by way of a forced sale at an admiralty auction through the courts in the jurisdiction where the vessel is usually arrested (some jurisdictions allow for a private sale of the vessel, which may in some cases be appropriate). The enforcement of our first priority mortgage should enable us to realise the value of its security within such timeframe as set out in the provisions of the Administration of Justice Act (procedural rules), as may apply in the relevant jurisdiction. Following the realisation of its security, we may use such proceeds for prepayment of the relevant loan together with accrued interest and costs and expenses.

Typically, the mortgagee would need to bear its own legal costs and the costs and expenses of maintaining and preserving the arrested vessel, and the appraisal and sale of the arrested vessel upfront in the enforcement of the mortgage. The quantum of such upfront costs would be dependent on, amongst other factors, the type of vessel subject to the

OBJECTIVE CLAUSE

Our objective is to provide ship financing in Denmark. In addition, we may provide ship financing in the international market if such activities do not unnecessarily limit our Danish operations.

Five largest credit exposures

| DKK MILLION | 2025 | 2024 |
|-------------------------------|--------|--------|
| Five largest credit exposures | 5,161 | 6,941 |
| Loan book | 23,637 | 27,388 |

mortgage, the length of the period of the vessel's arrest, the condition of the vessel, and how vigorously the mortgagee's claim and/or priority is contested. We are not a frequent user of ship arrests and forced sales, the last time being in 2011. Over the past five years, only one loan to a single client group has defaulted, with no defaults occurring in the past four years.

Most of our loan and security documentation incorporates "one-sided exclusive jurisdiction clauses", which allow us to initiate proceedings against clients in any court of competent jurisdiction to ensure that any legal disputes are resolved in an orderly manner and in jurisdictions favourable to our interests.

We also participate in syndicated and club deal loans to shipowners in collaboration with other lenders. These transactions typically utilise adapted versions of the standard documentation provided by the Loan Market Association.

Risk mitigation

In addition to first priority mortgages on the financed vessels and assignment of each vessel's primary insurances, the composition of the loan book adheres to a set of diversification rules. The purpose of the diversification rules is to ensure adequate diversification by client, vessel type and country risk.

Client diversification

In the Danish ship financing segment, the cli-

ent portfolio must be adequately diversified. For large credit exposures, we pursue diversification across vessel types and, where appropriate, within the individual exposure. In the international loan portfolio, lending to connected clients may not exceed 25% of own funds.

Vessel type diversification

The loan book shall be adequately diversified across vessel types. No single vessel type may be provided as security for more than 50% of the loan book. Within any vessel type, no segment may account for more than 33% of the loan book.

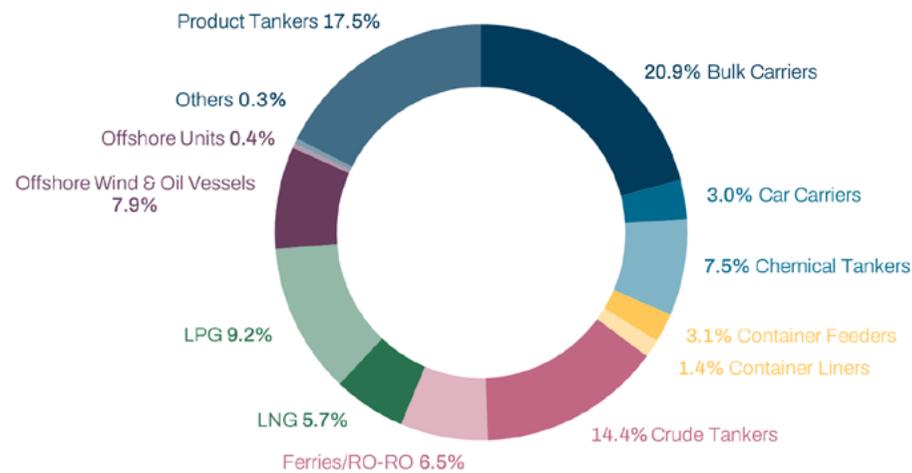
Country risk diversification

The loan book shall be adequately diversified by country risk. The country risk is monitored in terms of both country of ultimate risk and operational head office, and the latter is used for regulatory purposes such as solvency calculations.

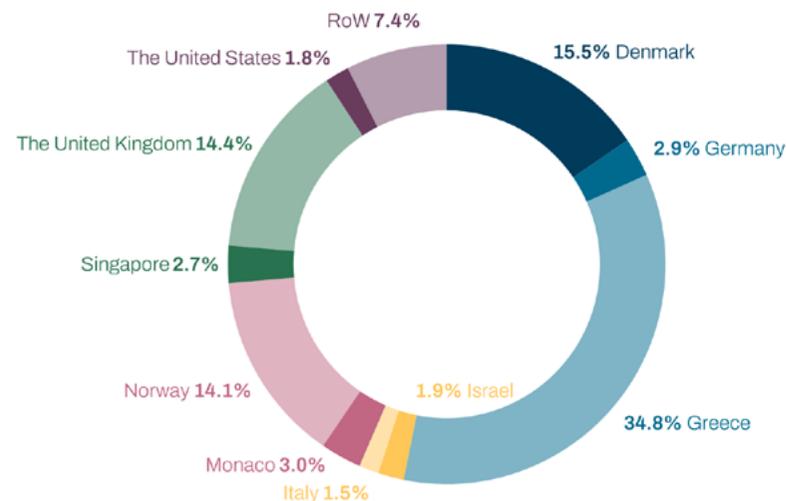
Lending to clients in most EU countries, Norway, the United Kingdom, Switzerland and the United States is not subject to any country risk restrictions. For lending to clients in other countries, we have set an overall limit per country of 25% of the loan book.

Countries accounting for a share of 1.5% or more of the loan book are shown individually. Other countries are grouped into the rest of the world ("RoW").

Loan book broken down by mortgaged vessel type as at 31.12.2025
DKK 23,637 million



Loan book broken down by operational head office as at 31.12.2025





Mitigation of collateral risk on mortgaged vessels

Market value of mortgaged vessels

We obtain fair market valuations for all vessels at least semi-annually. The valuations are carried out by external brokers. In rare cases, we may self-assess the values based on, for example, specific independent market values or external valuations of similar vessels.

We have started using algorithm-based valuations to regularly monitor market developments across the most transparent and standardised vessel types.

Market valuations of vessels are used, among other things, to determine loan LTV ratios and for control purposes when reassessing the collateral value of mortgaged vessels (after haircuts) as part of our semi-annual loan impairment review. The valuations are also used to monitor compliance with the 60% LTV limit in Capital Centre A.

We always use external brokers to determine the initial LTV ratio for new lending.

Inspection of mortgaged vessels

As a supplement to the semi-annual market valuations, physical inspections of the financed vessels are made on a spot-check basis. An inspection may be performed both during the loan maturity period or prior to a loan offer being submitted.

Insurance of mortgaged vessels

All vessels mortgaged as security for a

credit exposure must be insured. The client takes out insurance and assigns it to us.

Generally, the following primary insurances are required:

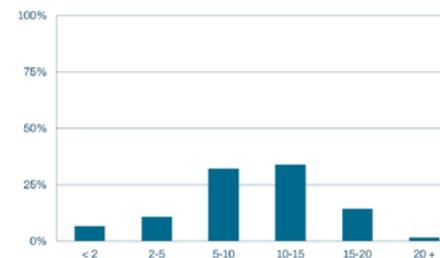
- Hull and machinery insurance, which covers damage to or total loss of the vessel.
- Protection & indemnity insurance (PSI), which covers oil pollution caused by the financed vessel, damage to equipment and injuries to seafarers. This insurance is also a third-party liability insurance covering damage from a collision with another vessel.
- War risk insurance, which covers damage to the vessel, and potential total loss and retention, etc. caused by war or war-like conditions.

In addition, most credit exposures are covered by a mortgagee's interest insurance (MII) and a mortgagee's additional perils pollution insurance (MAPP). These insurances cover our risks in various situations where the primary insurances do not provide coverage, for example, if a vessel is not seaworthy at the time of the claim.

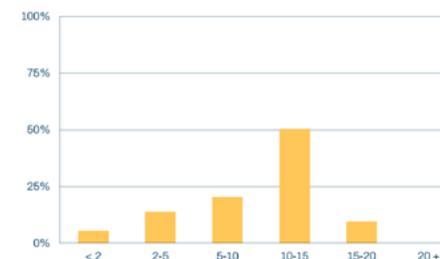
Age distribution of mortgaged vessels

The charts display the age distribution of all mortgaged vessels, as well as the age distribution of the largest vessel types in the loan book.

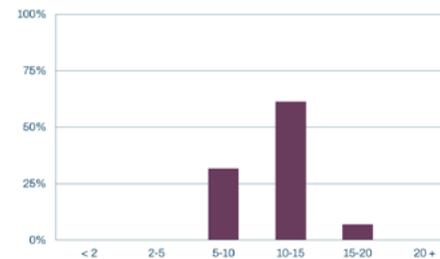
Age distribution of total ship portfolio



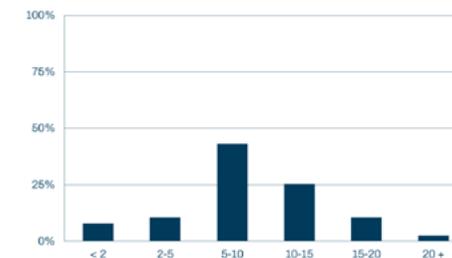
Bulk Carriers



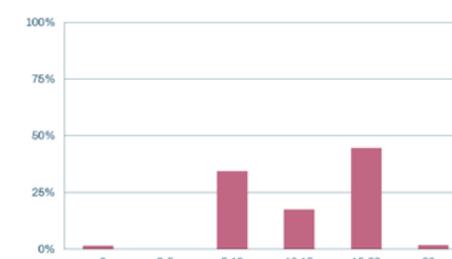
LPG



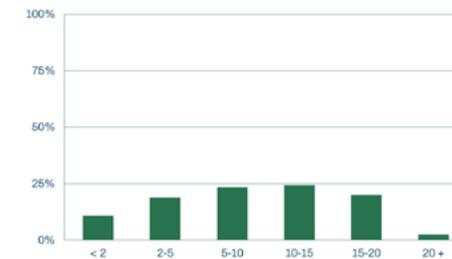
Chemical Tankers / Crude Tankers / Product Tankers



Offshore Wind & Oil Vessels



Others





Loan book developments

At year-end 2025, the loan book amounted to DKK 23,637 million, down from DKK 27,388 million the previous year.

The composition of the loan book adheres to a set of diversification requirements, ensuring adequate diversification by vessel type, client and country risk as outlined in section 4.5 Risk mitigation.

Net LTV intervals

| % | 2025 | 2024 |
|----------|------|------|
| 0-20 | 54 | 59 |
| 20-40 | 37 | 36 |
| 40-60 | 8 | 6 |
| 60-80 | 1 | 0 |
| 80-90 | 0 | 0 |
| 90-100 | 0 | 0 |
| Over 100 | 0 | 0 |

The table shows the loan book after loan impairment charges, broken down by net LTV intervals.

At year-end 2025, 99% of the loan book after loan impairment charges was secured by mortgages within 60% of the market valuation of vessels, and the average weighted LTV ratio after loan impairment charges was 40% (2024: 37%).

The chart illustrates the development in net LTVs over time and during periods of significant changes in the market values of vessels.

It is noteworthy that even significant historical declines in vessel values have not adversely affected the collateral coverage of the loan book.

This is due to the positive effect of regular scheduled loan repayments and the benefit of minimum value clauses included in most loan agreements, where we have the right to demand partial pre-payment and/or additional collateral if the market values of the mortgaged vessels fall below an agreed threshold.

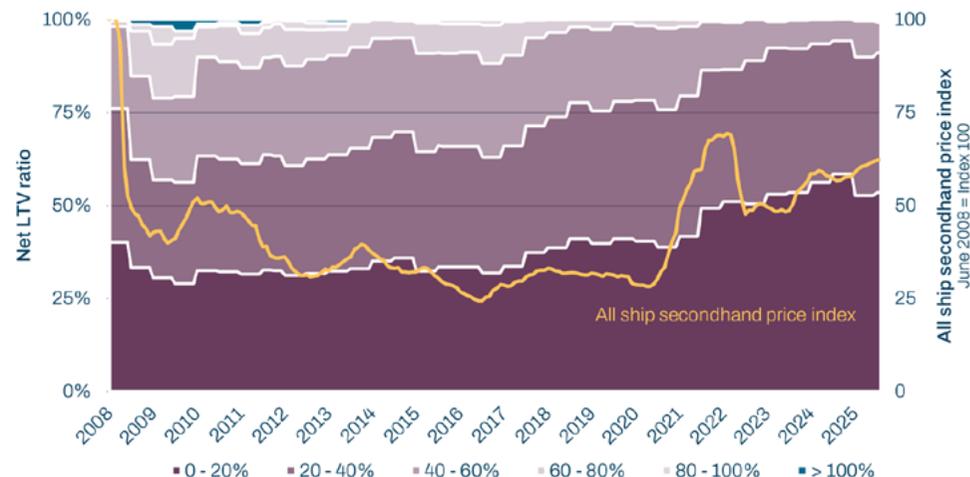
The net LTV intervals are shown together with the development in vessel prices based on a price index for all vessel types (the solid line).

Collateral value of mortgaged vessels (after haircuts)

We have prudent methodologies in place for calculating the expected minimum realisation value of a vessel in a low market net of realisation costs (Sx value).

The Sx value is calculated by discounting the expected earnings per day in a low market for each of the subsegments of the relevant vessel types. The calculation is based on low fixed earnings throughout the estimated residual life of the vessel and an expected sale of the vessel within 12 months. The interest rate originally agreed on the loan is used as the discount rate. Estimated selling costs are deducted from the value.

Net LTV vs price index for all vessel types



Sources: Clarksons, Danish Ship Finance

The estimated earnings per day of a mortgaged vessel are expected to gradually decline throughout the residual life of the vessel due to increasing maintenance costs and decreasing operational performance, etc. Thus, the value of earnings per day in a low market is adjusted over the estimated lifetime.

This method of calculating the collateral value of the mortgaged vessels resulted in an average haircut of 68% to the current market value (ranging from 51% to 85% depending on the vessel type) at year-end 2025. The method is monitored on an ongoing basis and is recalibrated when deemed prudent.

A client's unsecured credit exposure is calculated as the total credit exposure less (i)

the Sx value of mortgaged vessel(s) and (ii) the value of any other collateral. Any such positive amount is applied in the calculation of loan impairment charges.

Rating

A DSF Rating is assigned to all clients. The development in the DSF Rating since initial recognition and the related stage development are monitored using a stage migration matrix. The actual stage depends on the state of the established credit risk.

In the table the DSF Ratings are mapped to the credit risk ratings determined by the Danish FSA and to external ratings determined by the external credit rating agencies S&P and Moody's Corporation ("Moody's").

If the DSF Rating is 1 to 4 based on the mapping, the client or financial counterparty is considered to have low credit risk. Such a DSF Rating is equivalent to an investment grade rating from external credit rating agencies.

The internal rating models incorporate an enhanced focus on sustainability (ESG) and cyclical adjustments related to an economic boom pursuant to guidelines issued by the Danish FSA.

| Rating scale | | | |
|--------------|-----------------|--------------|------------|
| DSF Rating | External rating | | |
| | Moody's | S&P | Danish FSA |
| 1 | Aaa/Aa3 | AAA/AA- | 3 |
| 2 | A1 to A3 | A+ to A- | |
| 3 | Baa1 to Baa3 | BBB+ to BBB- | |
| 4 | | | 2A |
| 5 | Ba1 to Ba3 | BB+ to BB- | |
| 6 | | | 2B |
| 7 | B1 to B3 | B+ to B- | |
| 8 | | | 2C |
| 9 | Caa1 to Caa3 | CCC+ to CCC- | |
| 10 | | | 1 |
| 11 | Ca | CC/C | |
| 12 | C | D | |

Non-performing loans

Non-performing loans (“NPL”) encompass all credit-impaired and defaulted loans. This includes clients with loans for which no loan impairment charges have been recognised, for example if adequate collateral (after haircut) has been provided.

As at 31 December 2025, NPL amounted to DKK 0 million, down from DKK 190 million the year before. NPL after loan impairment charges (net NPL) decreased from DKK 160 million at year-end 2024 to DKK 0 million at year-end 2025. The development in key NPL figures is displayed in the table.

A loan is considered credit-impaired if one of the following events occurs, and hence is assigned a DSF Rating of 11:

- The client is experiencing significant financial difficulty and the risk of incurring a credit loss is larger than not incurring a credit loss; or
- The credit exposure has lenient repayment terms, which could include forbearance measures, which we, for reasons relating to the financial difficulty, would not otherwise have granted.

A loan is in default if the client is subject to one of the following events, and hence is assigned a DSF Rating of 12:

- Bankruptcy or another in-court restructuring;

Non-performing loans

| DKK MILLION / % | 2025 | 2024 |
|-------------------|--------|--------|
| Loan book | 23,637 | 27,388 |
| NPL | 0 | 190 |
| NPL ratio (%) | 0.0 | 0.7 |
| Net NPL | 0 | 160 |
| Net NPL ratio (%) | 0.0 | 0.6 |

- Arrears/past due for 90 days or more, unless the problem is short term and the amount concerned is limited in comparison to the client's financial situation, or if this is due to errors or technical problems;
- A loss is deemed inevitable;
- Non-accrual interest; or
- Foreclosure.

Forbearance measures

We focus on having a credit risk management framework that ensures consistency between the credit risk profile, credit risk appetite and current legislation and guidelines, including definitions of restructured and forborne credit exposures. Risk management should ensure financial solutions that are viable in the short, medium and long-term, supporting a robust capital structure.

Forbearance plans may be adopted to assist clients in temporary financial difficulty. Given the cyclical nature of shipping, tem-

porary forbearance measures are common in ship finance.

Concessions granted to clients include temporary partial payment deferrals, interest-only schedules and term extensions. Forbearance plans are adopted solely in accordance with the credit policy with the aim of reducing the long-term risk of credit losses. As at 31 December 2025, forbearance measures had not been granted to any client.

Loan impairment charges

Loan impairment charges are made subject to the International Financial Reporting Standard 9 (“IFRS 9”), which provides rules for classification and impairment of financial assets, including loans.

We comply with the Executive Order on Financial Reports, according to which the IFRS 9 principles, particularly Annex 10, have been implemented, and guidelines published by the Danish FSA.

This includes stage recognition of all loans in Stages 1, 2 and 3 and provides the over-

NPL PRUDENTIAL BACKSTOP

In our credit risk management systems, we have implemented CRR regulation no. 575/2013 as amended by the European Union (“EU”) as regards minimum loss coverage for non-performing exposures (NPL backstop), aimed at reducing non-performing loans (“NPL”) on balance sheets across the European banking sector. Subject to this, new or modified NPL from 26 April 2019 – after two years – will require a deduction from the CET1 capital if not sufficiently covered by loan impairment charges. As at 1 July 2023, the Executive Order on a Ship Finance Institute has been amended to include specific mechanisms ensuring that the collateral value of ship mortgages (as for real estate) may be included in NPL backstop calculations.

all rules and guidelines for calculating loan impairment charges for expected credit losses (“ECL”), based on a forward-looking approach.

We recognise a 12-month ECL on initial recognition of loans. If a loan is subject to either significantly increased credit risk, significant signs of weakness or credit impairment since initial recognition, lifetime ECL are recognised.

Non-performing loans

All credit exposures are reviewed semi-annually to reassess the applicable stage of loans and the size of loan impairment charges. In addition, defaulted credit exposures are reviewed for partial or full write-off if a credit loss is considered unavoidable.

As part of this process and when obtaining relevant new information, it is evaluated whether the existing DSF Rating still provides the best estimate of the credit risk of the client and the loan. Where this is considered not to be the case, the client and the loan are reclassified accordingly.

Individual loan impairment charges are made based on the ECL impairment model. The size of ECL for individual credit exposures is based on the calculation of ECL, which may be supplemented by management judgments and post-model adjustments (management overlays), as described below in 4.9.8 and 4.9.9, respectively.

Loan impairment charges for 2025 amounted to an income of DKK 15 million compared to an income of DKK 147 million in the previous year.

Stage recognition

All our credit exposures are subject to stage recognition in Stages 1, 2 or 3 based on the principles set out in the table below.

The subsequent calculation of loan impairment charges in the form of ECL includes, depending on the stage of the loan in question, either the 12-month probability of de-

fault (“PD”) or the lifetime PD.

When determining the PD, the remaining duration of a loan is evaluated for credit exposures in Stage 2. Loans in arrears/past due for 30 days or more (but less than 90 days) are generally showing significant signs of weakness, and they are classified as Stage 2 for calculating ECL. Loans in arrears/past due for 90 days or more are in default, and they are classified as Stage 3 for the purpose of calculating ECL.

At year-end 2025, no performing loans were in arrears/past due and no loans were recognised as being in Stage 2 or Stage 3.

ECL impairment model

ECL is calculated as a function of PD, exposure at default (“EAD”) and loss given default (“LGD”), adjusted for forward-looking information using a macroeconomic factor (“MEF”) for each shipping segment.

$$ECL = PD * EAD * LGD * MEF$$

Scenario testing forms part of the ECL calculation, including the MEF, and is based on the following scenarios:

- Base-case scenario
- Worst-case scenario
- Best-case scenario

Macroeconomic factor (MEF)

The MEF, which is used as a parameter in the calculation of ECL, is based on a semi-annual internal assessment.

The model consists of eight market indicators, which are considered for each vessel type.

Scenario testing is carried out based on three scenarios, their probability and an MEF effect. Based on this, a score for each market indicator, which, depending on the characteristics of the market indicator, can range from 0 to 2, is provided and accumulated, with an aggregate score close to 12 indicating elevated risk.

Stage recognition, PD and ECL

| Stage | Recognition | ECL |
|---------|--|-------------|
| Stage 1 | No increase in credit risk since initial recognition | 12-month PD |
| Stage 2 | The credit risk has increased significantly since initial recognition and/or loans are showing significant signs of weakness | Lifetime PD |
| Stage 3 | Credit-impaired and/or defaulted loans (NPL) | Lifetime PD |

For each client, the PD is adjusted for the MEF to reflect the outlook for the segment to which the client is primarily exposed. The PD for each client can thus be below, at or above the standard PD. The MEF parameter ranged from 0.89 to 1.18 as at 31 December 2025.

The accumulated MEF effect is included in the total ECL allowance account. At year-end 2025, the accumulated MEF effect was minus DKK 2.9 million compared to plus DKK 10 million the year before, indicating a short-term improvement in the macroeconomic outlook for most segments across the loan book.

Write-offs

A credit exposure is written off, in whole or in part, when we have exhausted all practical recovery and restructuring efforts and have concluded that there is no reasonable expectation of full recovery.

Indications that there is no reasonable expectation of full recovery include:

- Ceasing of enforcement activity; or
- The value of the collateral is such that there are no reasonable expectations for recovering the loan in full.

We may write off credit exposures that remain subject to enforcement activity. Amounts that are legally owed in full but have been partially written off are still subject to full recovery initiatives. In 2025, we had no no write offs and

Key figures

| DKK MILLION | 2025 | 2024 |
|--|--------|--------|
| Loan book | 23,637 | 27,388 |
| Total ECL allowance account | 585 | 601 |
| Net write-offs (minus = income) | 0 | (76) |
| Loan impairment charges (minus = reversal) | (15) | (147) |

no recovery on previously written off loans, compared to DKK 76 million in 2024. During the past 26 years, we have incurred average annual net write offs of only 14 basis points.

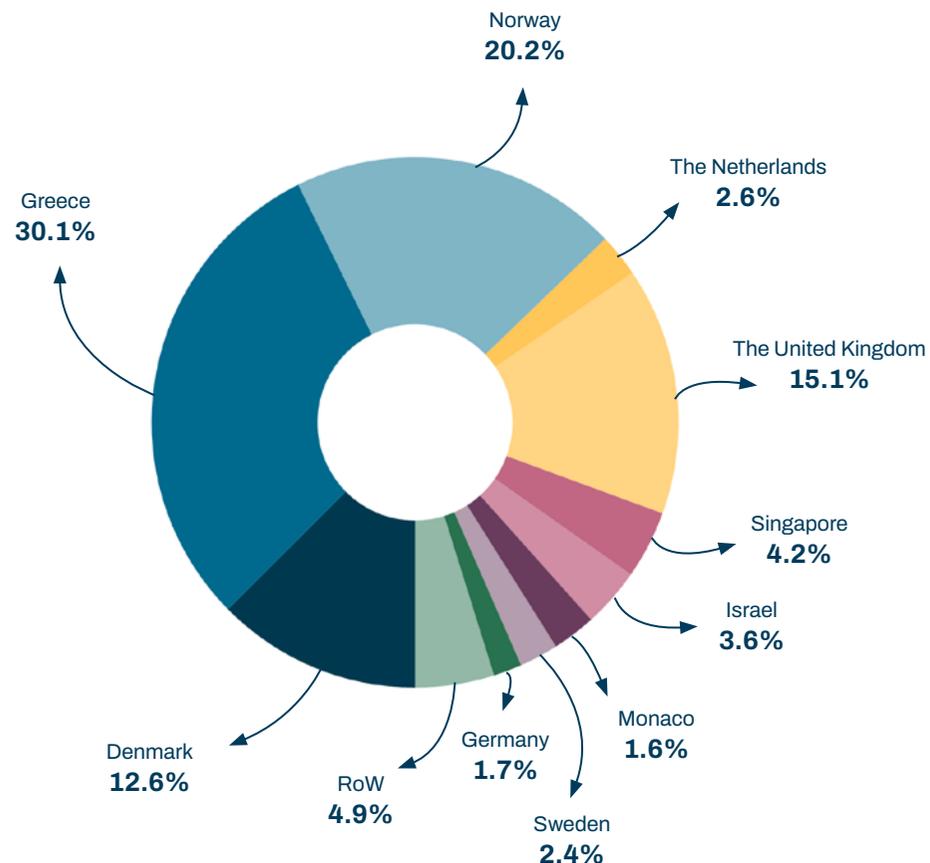
Total ECL allowance account

The total ECL allowance account amounted to DKK 585 million as at 31 December 2025, down from DKK 601 million the year before, primarily driven by solid credit quality and the successful restructuring and reduction of the legacy non-performing loans portfolio.

The table displays key figures related to the total ECL allowance account.

At year-end 2025, the geographical distribution (based on operational head office) of the total ECL allowance account was as shown in the graph.

Total ECL allowance account broken down by operational head office at 31.12.2025



Management judgments

Management judgments are applied against Stage 3 (and potentially Stage 2) credit exposures as adjustments – either add-ons or reductions – to the individual loan impairment charges suggested by the ECL impairment model based on an expert assessment of each case.

At year-end 2025, management judgments of DKK 0 million in add-ons, down from DKK 25 million the previous year, were included in the total ECL allowance account, as the remaining legacy non-performing loan had been recovered during the year.

Post-model adjustments (Management overlays)

Post-model adjustments are applied against Stage 1 credit exposures, further enhancing the robustness of the ECL impairment model.

At year-end 2025, discretionary management overlays of DKK 250 million, up from DKK 200 million in the previous year, were included in the total ECL allowance account to provide an additional buffer to mitigate potential adverse impacts arising from prevailing macro-economic and geopolitical uncertainties, as well as shipping-specific risks that the ECL impairment model may not fully capture.

Sensitivity analysis

The loan impairment charges are sensitive to, among other things, changes to Sx values and the MEF. If Sx values were to decrease by 10% (in addition to the highly conservative 68% average haircut already

applied) across the loan book, loan impairment charges would increase by about DKK 92 million. If the maximum MEF were to be applied across all shipping segments, loan impairment charges would increase by about DKK 139 million.

Loan losses at given default rates

The graph illustrates our strong ability to absorb loan losses (write-offs) in various default scenarios due to the collateral (asset value) obtained on our loans.

In the unlikely event of all clients defaulting, the total ECL allowance account would be sufficient to cover shortfalls if the mortgaged vessels were disposed of with haircuts of 48% to current market values.

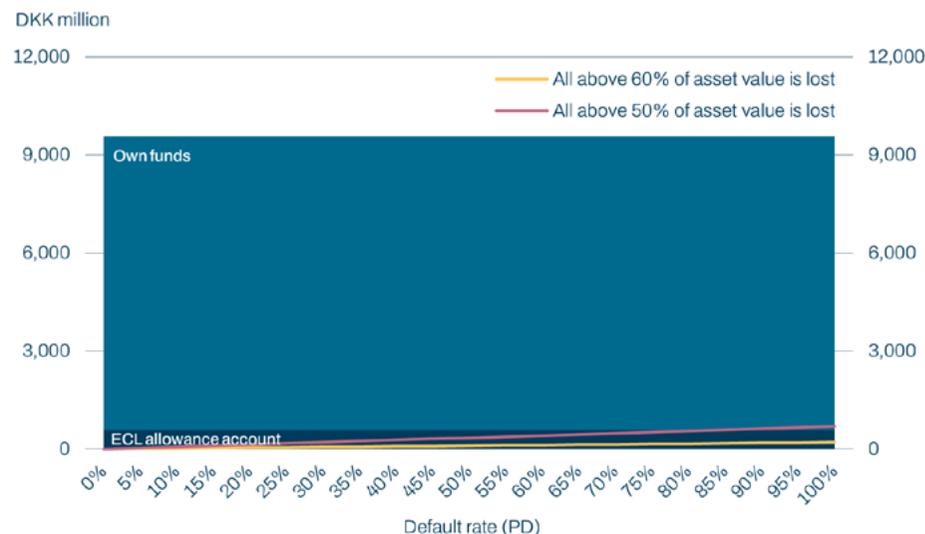
Financial counterparties

Credit exposure to financial counterparties, including major and regional banks, major mortgage banks, brokerage firms, insurance companies and similar financial institutions, is entered into in accordance with the counterparty risk policy.

The counterparty risk policy quantifies and defines the principles for credit exposure to be granted to financial counterparties. The counterparty risk policy is also applied in the management of market and liquidity risks and sets out maximum risk limits for financial counterparties.

Most of our financial counterparties are either systemically important financial institu-

Loan losses at given default rates



Development in the total ECL allowance account

| DKK MILLION | Clients | | Financial counterparties | |
|--|------------|------------|--------------------------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| Total ECL allowance account as at 1 January | 601 | 672 | 0 | 0 |
| New loan impairment charges/management overlays/loss allowances during the year | 188 | 287 | 0 | 0 |
| Reversal of loan impairment charges/management overlays/loss allowances made in previous years | 204 | (358) | 0 | 0 |
| Gross write-offs debited to the ECL allowance account | 0 | 0 | 0 | 0 |
| Total ECL allowance account as at 31 December | 585 | 601 | 0 | 0 |

tions (“SIFI”) or global systemically important banks (“G-SIB”) with an investment grade rating from a recognised external credit assessment institution (“ECAI”).

We carry out transactions, such as the purchase of covered bonds, with financial counterparties when investing our own funds or placing temporary excess liquidity from bond issuances.

Our investment portfolio, consisting of highly rated investment grade government and covered bonds, and occasionally money market deposits and interest-sensitive financial instruments, represents a significant share of our assets. To a limited extent, the investment portfolio may also include investment grade-rated senior non-preferred debt and Tier 2 debt.

Mismatches between the loan book and the funding instruments, for example in the underlying currencies or interest rates, are hedged via derivatives contracts with financial counterparties, meeting certain rating requirements.

Contractual framework

A financial contract may entail the risk of loss if it has a positive market value, and the financial counterparty does not perform on its part of the contract. This type of risk also includes settlement risk.

The contractual framework for transactions with financial counterparties and management of counterparty risk is based on mar-

ket standards such as ISDA agreements provided by the International Swaps and Derivatives Association (“ISDA”) and Global Master Repurchase Agreements (“GMRA”) provided by the International Capital Market Association (“ICMA”). These agreements allow for netting in the event of a financial counterparty’s default. As part of the ISDA agreements, we have Credit Support Annex (“CSA”) agreements in the form of one- or two-sided collateral agreements for derivatives trading with various financial counterparties.

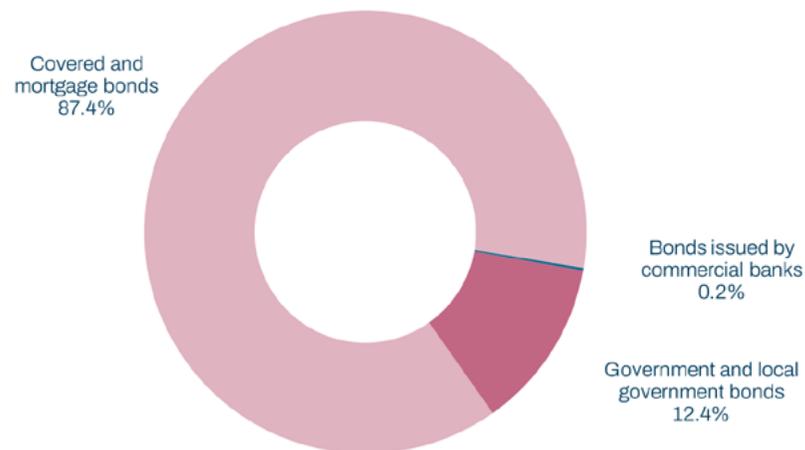
We are subject to the European regulation on OTC derivatives, central counterparties and trade repositories (known as EMIR).

Under EMIR, we are defined as a non-financial counterparty (“NFC”) below the clearing threshold, as the vast majority of our derivatives transactions are hedges to our lending, funding or investment portfolio.

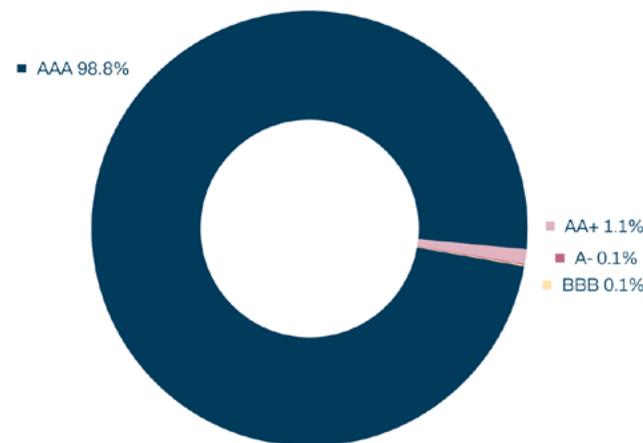
Ongoing monitoring

We continuously monitor our credit exposure to financial counterparties to ensure that they consistently comply with our requirements and to ensure compliance with approved lines. The ongoing monitoring is carried out independently of the executing entities.

Distribution of securities portfolio



Exposure to financial counterparties by credit rating



Risk & Capital Management Report

Market risk *management*

Market risk *management*

KEY DEVELOPMENTS IN 2025

At year-end, actual market risk levels remained well within the boundaries set by the Board of Directors and external limits. We opened our first position in equity exchange-traded funds in the investment portfolio with a maximum investment limit of 7% of our own funds.

We implemented IRRBB calculations as part of the risk assessment.

Market risk refers to the risk of losses resulting from adverse movements in market prices and rates, including, but not limited to, interest rates, foreign exchange rates, equity prices, commodity prices, credit spreads and implied volatilities.

Our primary market risk arises from the investment portfolio, with interest rate and spread risk on bonds being identified as the two most significant risk factors. The Executive Order on Bond Issuance and the balance principle effectively limit market risks in our cover pools.

Our daily operations are conducted in accordance with internal guidelines established by our Board of Directors, which impose more stringent market risk limits than those mandated by regulations.

Risk governance and responsibilities

The Board of Directors establishes the market risk policy, which outlines the risk profile and framework for market risk management.

The market risk policy establishes limits and guidelines for managing risks associated with changes in financial risk factors. It specifies clear and measurable limits on various risks, including interest rate and foreign exchange risks, and is based on the Executive Order

on Bond Issuance, as well as other relevant provisions. Our internal market risk limits are more stringent than those required by external regulations.

Our Treasury department must comply with the market risk policy limits, and our Risk Management department is responsible for monitoring and reporting the adherence to these limits.

In the event that a limit is breached, the Executive Board is notified immediately upon identification of the breach, and the Board of Directors is informed no later than at the next Board of Directors meeting. If necessary, the relevant authorities will also be notified immediately. The Treasury department must document the cause and propose an action plan to address any such breaches. There were no breaches of the market risk policy in 2025.

Our Risk Management department regularly provides a full market risk report to the Board of Directors and the Executive Board members. The department also provides relevant data for internal and external reports, including market risk.

Interest rate risk

Interest rate risk is the risk of incurring a loss resulting from fluctuations in interest rates.

Generally, rising interest rates have a negative impact on the market value of the investment portfolio. Interest rate risk can also be created by mismatches between assets and liabilities, as well as by optionality in the investment portfolio.

In accordance with the Executive Order on Bond Issuance and the balance principle, the interest rate risk must not exceed 1% of own funds. As at 31 December 2025, the interest rate exposure was DKK 22 million, a decrease from DKK 27 million on 31 December 2024. This exposure corresponds to 0.2% of own funds.

In accordance with the Executive Order on Bond Issuance, the interest rate risk on assets, liabilities, and off-balance sheet items in the investment portfolio must not exceed 8% of own funds. In line with the Danish FSA guidelines for calculating interest rate risk, the interest rate exposure was DKK 301 million as at 31 December 2025, corresponding to 3.4% of own funds, compared to DKK 194 million as at December 2024.

According to the Executive Order on Bond Issuance, it is not permitted to offset interest rate risk between currencies. If currency risks were offset in the calculation, interest rate risk exposure would be reduced to DKK 174 million as at 31 December 2025.

Additionally, the interest rate risk appetite is constrained by a market risk policy limit for the option-adjusted duration. The option-adjusted duration of the investment portfolio is currently limited to +/- 1.75 years. The option-adjusted duration in the trading book was calculated at 1.5 years as at 31 December 2025.

Credit spread risk

Credit spread risk is the risk of loss in earnings or economic value arising from changes in the credit spread on credit-sensitive instruments. The credit spread is the difference in yield between a credit instrument and a risk-free bond of similar maturity, reflecting market perceptions of the issuer's creditworthiness as well as liquidity and other risk premia. A widening of credit spreads generally indicates increased perceived risk, leading to higher yields, lower bond prices and potential losses for portfolios exposed to such instruments.

Spread risk is measured as the sensitivity of the market value of credit-sensitive instruments to changes in credit spreads, commonly expressed as the change in value for a specified parallel widening of credit spreads (e.g., 100 basis points). For instruments with embedded options, such as callable bonds, spread risk is measured using the option-adjusted spread and the associated option-adjusted spread duration.

Our market risk policy limits the allowable maximum spread risk in the investment portfolio to DKK 1,604 million. As at 31 December

2025, the credit spread risk was calculated at DKK 1,120 million, compared to DKK 717 million as at December 2024.

Foreign exchange risk

Foreign exchange ("FX") risk is the risk of financial loss due to changes in currency exchange rates. Our business activities, particularly lending, naturally involve various currencies. The balance principle does not permit FX risk between funding and lending activities in the cover pools and thus ensures that FX risks in the cover pools are fully hedged. Small amounts of FX risk may exist in the investment area.

In accordance with the Executive Order on Bond Issuance, the balance principle requires that currency mismatches between assets, liabilities and hedging instruments in the cover pools are limited. We have implemented additional measures to ensure that foreign exchange risk is fully hedged, and no significant open foreign exchange positions are permitted.

The Executive Order on Bond Issuance limits FX risk to 2% of own funds using the Danish Financial Supervisory Authority's ("FSA") Exchange Rate Indicator II. Our market risk policy further limits FX risk in the investment portfolio to a maximum of 0.15% of own funds. Additionally, this currency indicator restricts the use of currencies to those that are specifically included in the Exchange Rate Indicator II.

Our total FX exposure across all balance

sheet items is calculated in accordance with the Executive Order on Bond Issuance for Exchange Rate Indicator 1. As at 31 December 2025, the total foreign exchange risk was DKK 254 million.

Equity price risk

Equity price risk refers to the risk of losses resulting from adverse changes in equity prices or the fair value of equity-linked instruments.

Our market risk policy limits the maximum equity risk exposure in the investment portfolio to DKK 600 million (approximately 7% of own funds). As at 31 December 2025, we held listed equity ETFs in the total amount of DKK 308 million.

Occasionally, small equity positions may arise due to the restructuring of non-performing client exposures, typically loans. As at year-end 2025, we held such equities valued at DKK 0 million in our own funds.

Financial derivatives

In the investment portfolio, financial derivatives are utilised in accordance with the market risk policy, which outlines the permitted instruments, their purposes (primarily hedging and efficient portfolio management) and required risk controls. The market risk policy also allows for limited use of derivatives for tactical positioning, within strict, predefined risk limits on maturity for cross-currency swaps, cross-currency spread risk and notional exposure. These limits ensure that such positions cannot create material market

risk relative to our risk appetite and capital. In the cover pools, financial derivatives are used to hedge funding and lending risks in compliance with the Executive Order on Bond Issuance and the balance principle.

Interest rate risk in the banking book

Interest rate risk in the banking book ("IRRBB") arises from fluctuations in interest rates, which affect the value of assets and liabilities and, in turn, earnings. This calculation helps determine the capital requirements under Pillar II to cover potential changes in interest rates.

The long-term interest rate risk is determined under IRRBB by the regulatory risk measure Economic Value of Equity ("EVE"), and the short-term interest rate risk is determined by the Net Interest Income ("NII").

EVE is calculated as the change in value adjustments (losses) on the balance sheet in different stress scenarios that affect the yield curve in terms of both shifts and changes of slope. NII is calculated as the net interest income impact over the next 12 months in scenarios where the yield curve is shifted by +/- 200 bps.

At the end of 2025, EVE came to a potential loss of DKK 27.3 million, and NII came to a potential loss of DKK 12 million. Therefore, a total capital add-on for IRRBB of DKK 39.3 million has been reserved.

A photograph of a port scene. In the foreground, the red hull of a ship is visible, with yellow safety railings and thick ropes. In the background, a large container ship is docked, with several yellow cranes on its deck. The port is situated in a city, with various buildings and skyscrapers visible in the distance under an overcast sky.

Risk & Capital Management Report

Liquidity risk *management*

Liquidity risk *management*

KEY DEVELOPMENTS IN 2025

In 2025, we issued a new EUR ship covered bond of EUR 500 million, which attracted strong interest from our investors and kept robust excess liquidity coverage. The actual liquidity risk levels at year-end stayed comfortably within the liquidity limits, with excess liquidity remaining high throughout the year. There were no breaches of the liquidity risk policy limits in 2025.

In 2025, we adopted a more conservative approach to calculating pre-funded liquidity for the NSFR, which led to a decrease in NSFR compared to previous years.

Liquidity risk comprises two key components: funding liquidity risk, which is the risk of being unable to meet financial obligations when they fall due without incurring unacceptable costs, and market liquidity risk, the risk of being unable to sell or liquidate assets quickly at their fair value. Both short-term cash flow mismatches and longer-term structural imbalances contribute to the funding liquidity risk.

The composition of liquidity and funding is partly determined by regulatory requirements and rating criteria. Liquidity management is subject to numerous regulatory requirements, including the Liquidity Coverage Ratio (“LCR”), the Net Stable Funding Ratio (“NSFR”), and the minimum own funds requirement as a liquidity buffer for our cover pools.

We issue EUR ship covered bonds and DKK ship mortgage bonds to fund our lending activities, which are primarily denominated in USD. As a result, we regularly convert funds from EUR and DKK to USD using cross-currency swaps. As stipulated in the Executive Order on Bond Issuance, our funding operations must adhere to the balance principle. According to the regulation, any liquidity shortfall must not exceed the amount of own funds. We also manage liquidity risk by setting stricter internal liquidity limits, conducting monthly liquidity stress tests, and ensuring daily compliance with these limits.

Our liquidity risk mainly stems from a mismatch between lending and funding, as these are not matched on a loan-by-loan basis. Additionally, funding requirements may be affected by currency exchange rate fluctuations through hedging agreements with bilateral collateral support agreements and mark-to-market resets on certain derivatives. This risk is partially mitigated by pre-funding all loans and client credit commitments in accordance with the balance principle.

Our daily operations adhere to internal guidelines established by the Board of Directors, which impose even stricter liquidity risk limits than the regulatory requirements.

Risk governance and responsibility

Liquidity risk management is anchored in the Internal Liquidity Adequacy Assessment Process (“ILAAP”), which identifies liquidity risk exposures and determines liquidity targets. Our liquidity risk policy defines our risk profile and framework, establishing our overall liquidity risk appetite and funding structure.

Our Treasury department manages daily liquidity, ensuring that we always meet our financial obligations and sustain our business model. This includes supporting planned lending activities and ensuring that our funding costs remain competitive.

Our Risk Management department monitors and reports daily on compliance with the liquidity risk policy limits.

In the event of a limit breach, our Treasury department is responsible for documenting the cause and submitting an action plan to resolve the breach. The Executive Board is informed immediately, and the Board of Directors is notified no later than the next Board meeting. If necessary, the Danish FSA is informed immediately.

The specific balance principle and funding

The Executive Order on Bond Issuance governs our lending activities and states that, based on the balance principle, the liquidity deficit between issued bonds and loans must not exceed 100% of our own funds. Our internal liquidity risk policy imposes stricter limits than those set out in the Executive Order on Bond Issuance.

The balance principle authorises pre-funding up to the aggregate sum of all loan offers and CET1 capital. Excess liquidity resulting from pre-funding and instalment payments on loans within the cover pool of our EUR ship covered bonds is allocated to assets that comply with Article 129 of the CRR.

All loan commitments are pre-funded before

disbursement, mitigating liquidity risk.

Encumbered assets

Legally, assets in the cover pools are pledged to guarantee the issued covered bonds, giving bondholders a priority claim to those assets in the event of a default. The Act and the Executive Order require covered bond issuers to provide supplementary collateral if falling ship values cause the loan-to-value (“LTV”) ratio to exceed statutory lending limits. Liquid assets meeting this requirement are encumbered for LCR determination purposes.

Derivatives are subject to counterparty credit risk, and to mitigate this risk, most are concluded under a bilateral credit support annex (“CSA”). Assets we pledge as security under such CSA agreements cannot be freely used or liquidated by us, as they secure obligations under the CSA agreement.

Our asset encumbrance is monitored dai-

According to the regulatory technical standards on disclosure of encumbered and unencumbered assets issued by the EBA in March 2017, credit institutions with less than EUR 30 billion in total assets or an encumbrance level below 15% are exempt from the disclosure requirements for high-quality liquid assets (HQLA) and extremely high-quality liquid assets (EHQLA), and thus these are not specified in Annex 7.

ly and reported to the Danish FSA quarterly. Encumbered assets in own funds further reduce the internal liquidity limits set out in the liquidity risk policy.

As at 31 December 2025, encumbered assets accounted for 84.8% of the DKK 63.063 million in total assets plus any collateral received that may be subject to encumbrance.

According to the EBA’s regulatory technical standards on the disclosure of encumbered and unencumbered assets, issued in March 2017, credit institutions with total assets of less than EUR 30 billion or an encumbrance level below 15% are exempt from the disclosure requirements for high-quality liquid assets (“HQLA”) and extremely high-quality liquid assets (“EHQLA”). Accordingly, these are not specified in Annex 7.

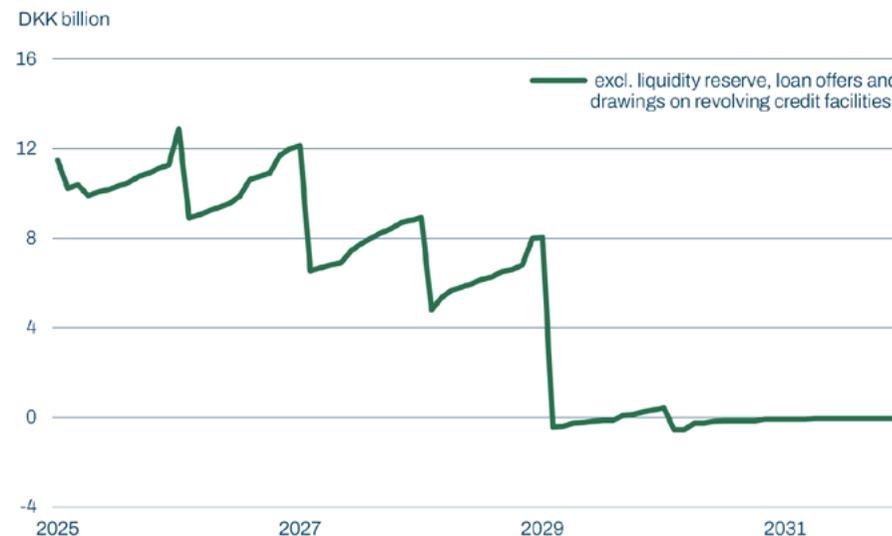
Refinancing risk

Future funding mismatches may arise, as our loans and funding are not matched on a loan-by-loan basis. These mismatches are actively managed and rebalanced on an ongoing basis.

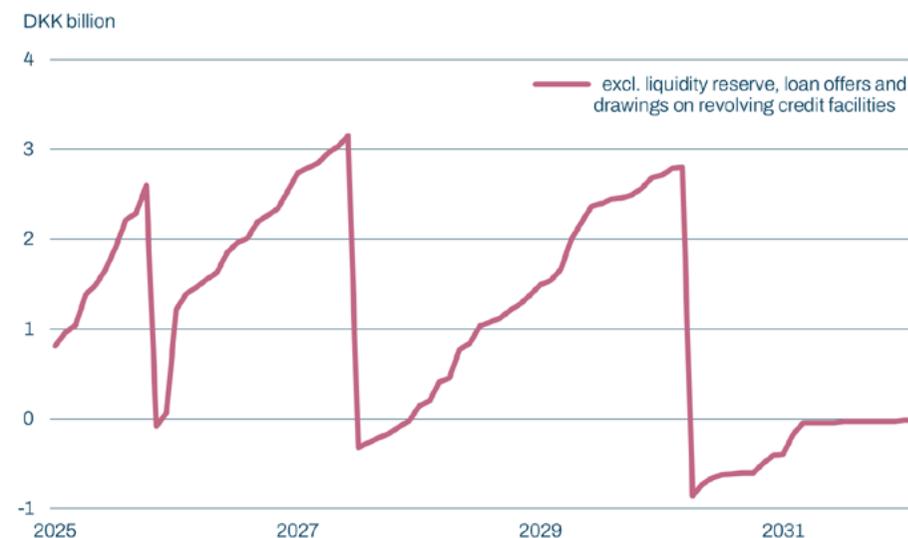
Because loans and funding are not matched on a loan-by-loan basis, structural mismatches arise in the maturity profile, interest rate sensitivity and currency exposure. These gaps are actively managed through ongoing balance sheet rebalancing within predefined tolerance limits.

We ensure sufficient liquidity coverage for all existing loans and credit commitments until

Net liquidity in the cover pool of Institute in General



Net liquidity in the cover pool of Capital Centre A



expiry through the issuance of bonds, derivative contracts and our own available funds.

A potential downgrade of our issuer rating or covered bond rating would primarily increase funding costs for new and rollover unsecured funding through wider credit spreads. Since the market risk policy prohibits swap agreements with rating triggers against us within the cover pools, an acceleration of liquidity needs through higher collateral calls stemming from rating triggers poses no direct liquidity risk; however, it may trigger other market access constraints. Our strong liquidity position and contingency funding plan provide resilience against these effects, although prolonged market disruptions cannot be fully excluded.

The charts illustrate the primary liquidity mismatch between current funding and lending, excluding our DKK 9.0 billion liquidity reserve of own funds. Including this reserve, we observed positive net liquidity in all periods as at 31 December 2025.

Liquidity stress testing

We conduct a regular stress-testing programme in line with EBA guidelines on institutional stress testing. As part of this programme, we perform a monthly liquidity stress test to ensure we have sufficient liquidity coverage to sustain our business model and meet all financial obligations.

The liquidity stress test assesses the resilience of our short-term liquidity under a stressed scenario where we lack access to

our usual funding sources. It examines the impact of simultaneous shocks across inter-related risk factors, including cross-currency rates, interest rates, credit spreads and loan losses. The results are used to manage and adjust internal liquidity limits.

We review the underlying assumptions and parameters of the stress test at least annually. The latest review confirmed that the current framework is adequately conservative and validates that the existing limit structure is robust enough to handle these risk exposures.

Contingency plans

We have established a liquidity contingency plan to adhere to the Executive Order on Governance for Credit Institutions. This plan encompasses a series of potential measures to strengthen our liquidity position in a stressed scenario. The contingency plan will be implemented once predefined triggers are met.

Other liquidity risk indicators

In conjunction with our liquidity stress test, we calculate regulatory liquidity indicators daily, including the 30-day LCR, the NSFR and the 180-day liquidity coverage buffer. These indicators are essential tools for daily asset-liability management.

Our liquidity risk policy, defined by the Board of Directors, establishes minimum limits for the LCR and NSFR ratios that are more stringent than regulatory requirements.

The Treasury department is responsible for managing the LCR on a daily basis, while the Risk Management department oversees monitoring and reporting compliance with the liquidity risk policy. Risk Management submits these reports to the Danish FSA on a monthly basis for the LCR and quarterly for the NSFR and the 180-day liquidity coverage buffer.

The LCR is a key regulatory requirement under the CRR regulation, which requires us to maintain an adequate stock of unencumbered HQLA to cover net cash outflows over a 30-calendar-day liquidity stress scenario (CRR2, LCR regulation).

The NSFR is another key regulatory indicator under the CRR regulation, addressing the

balance between funding needs and the stability of funding sources. This ensures that we use stable medium- and long-term funding to support our lending operations over a full calendar year. Our business model inherently maintains a stable NSFR level.

Under the Covered Bond Act, we are required to maintain a 180-day liquidity coverage buffer in each covered pool, sized to cover the maximum cumulative net liquidity outflow over the next 180 calendar days. Eligible assets must meet HQLA-equivalent quality standards as defined in the LCR regulation.

As at 31 December 2025, the LCR was calculated at 455%, and the NSFR at 137%.

$$\text{Liquidity coverage ratio (LCR)} = \frac{\text{HQLA}}{\text{Net liquidity outflow over a 30-day stress period}} \geq 100\%$$

$$\text{Net stable funding ratio (NSFR)} = \frac{\text{Available amount of stable funding}}{\text{Required amount of stable funding}} \geq 100\%$$

Risk & Capital Management Report

Operational risk *management*

Operational risk *management*

KEY DEVELOPMENTS IN 2025

Our Operational Excellence programme continued to improve the robustness of our operating environment. We had no external IT security incidents in 2025.

Operational risk is the risk of losses from inadequate or failed internal processes, people, systems, or external events, including legal risk but excluding strategic and reputational risk.

Governance and responsibilities

The operational risk policy mandates that operational risk should be kept low overall. We assess operational risk based on the likelihood of an event and the potential loss resulting from it.

Due to its nature and characteristics, operational risk is best mitigated and managed as part of daily business activities. Each business area is responsible for day-to-day operational risk management. The Risk Management department coordinates these activities to ensure coherence, consistency and effectiveness across all our departments.

Our operational risk policy aims to foster a culture where openness and awareness of operational incidents are integral to the daily work of all employees. The Risk Management department ensures that the Executive Board and the Board of Directors are briefed regularly on key risk areas.

As part of our operational risk management, operational risk events are systematically recorded, categorised and reported.

Operational events are divided into three main groups by potential or actual loss:

- Small events (less than DKK 25,000)
- Medium-sized events (less than DKK 5 million)
- Large events (Equal or more than DKK 5 million)

Based on management judgment, events can be reclassified to a more severe category if they pose a higher latent but unrealised risk.

Small events are reported to the relevant department head. Medium- and large-sized events are reported to the Executive Board, and the Board of Directors is notified of large events.

Recording operational risk events must include information about the product type, the process and risk involved, and a plan of action for more severe events.

Compliance

Operational risk includes compliance risk, which is governed by its own set of guidelines. Our Head of Compliance oversees this area. An annual assessment of compliance risk levels is presented to both the Board of Directors and the Executive Board.

Our Compliance department operates inde-

pendently, assessing and reporting on the implementation of applicable legislation, practices and market standards, as well as instances of non-compliance. This helps mitigate the risk of reactions from the Danish FSA, reputational damage, and potential financial losses for our counterparties.

The Compliance department employs a risk-based approach to identifying areas for review.

Money-laundering risk

Medio 2025, to further strengthen the compliance setup, we decided to appoint a new MLRO, who is independent from the compliance function. The former MLRO also serves as the Head of Compliance.

Our MLRO is responsible for the AML framework, including the business-wide risk assessments, policies, internal procedures, controls, approval of high-risk clients, reporting, and employee training.

In light of organisational changes and recent regulatory developments, a full review of the AML setup, with a prioritised focus on risk assessment and operating procedures, has been conducted. A new setup has been prepared and is expected to be implemented in Q1 2026.

The new setup reflects the requirements set out in the upcoming EU AML Regulation (“AMLR”), as well as recent developments in applicable Danish legislation and best practice.

In addition, we are currently hiring a new dedicated AML specialist to further optimise and strengthen the AML environment.

Inherent risk in summary

Several elements of our business model indicate that the company has a lower money-laundering (“ML”) and terrorist-financing (“TF”) risk: we only offer one product, no incoming payments are received other than fees, scheduled payments of interest and repayment of instalments, clients cannot make transfers to third parties, all transactions are routed through regulated financial institutions, and all payment flows are subject to control. Furthermore, we exclusively do business with well-established shipping companies.

Certain characteristics contribute to a higher risk profile. The majority of our clients have entities in offshore jurisdictions. Most operate through complex corporate group structures with activities across multiple countries, and the shipping sector is a target for moving sanctioned goods.

Overall, as at 2025, our inherent risk of misuse for ML/TF is considered medium, primarily attributable to clients’ complexity,

cross-border operations.

Residual risk in summary

We have implemented a comprehensive AML/CTF framework to mitigate inherent risks, introducing clear responsibility allocation, consistent CDD processes, systematic transaction monitoring, ongoing internal control testing, and strengthened training and governance measures. The design and scope of the revised standard operating procedures are assessed as robust and well-aligned with our risk profile.

We assess the overall residual risk of being misused for ML/TF as low to medium.

Risk of sanctions from authorities

Insufficient procedures and inadequate mitigation of residual risk may lead to fines from the Danish FSA or criminal prosecution by the Special Crimes Unit. A robust, enforced AML framework is therefore essential to mitigate legal and financial risks.

Sustainability and ESG risk

Sustainability and ESG risk refer to the environmental, social and governance factors affecting our business activities and financial performance. These include, but are not limited to, evolving regulatory ESG frameworks and ESG risks related to our stakeholders.

The shipping industry is difficult to abate, and

there are no easy decarbonisation strategies. Although transportation by ship is by far the most energy-efficient way to transport goods in global supply chains, shipping does have a high level of absolute emissions, which means that our lending portfolio’s financed emission figures are also high.

The shipping industry continues to advance on its decarbonisation journey, guided by global and regional regulatory efforts to enhance energy efficiency and encourage the adoption of alternative fuels. Multiple decarbonisation strategies are being explored, but no clear pathway for alternative green fuels has been identified.

We are managing the transition by targeting a net-zero emissions portfolio by 2050. To achieve this, we have set near-term targets to align the loan book with the Poseidon Principles trajectories. The Poseidon Principles are a framework for assessing and disclosing the climate alignment of shipping finance portfolios. As signatories, we have committed to annually reporting on the climate alignment of our portfolios and to implementing the Poseidon Principles in our internal policies, procedures, and standards.

The Poseidon Principles framework has provided valuable, data-driven insights into the environmental performance of our shipping portfolio. Leveraging this data has led to concrete actions, such as introducing loans with sustainability incentives. In 2025, the Poseidon Principles’ decarbonisation

framework became aligned with and approved by the Science Based Targets initiative (“SBTi”), strengthening its credibility as a science-based benchmark for assessing and steering climate alignment in shipping finance.

From 2025, we are offering new loans only to clients who are actively engaged in the shipping industry’s transition, according to our internal sustainability rating framework. Sustainability ratings form part of the credit approval process and are an essential tool for managing ESG risks in the portfolio. New and existing clients are rated annually to assess their management of sustainability-related risks and opportunities. We are in the process of revising the framework more extensively to reflect the rapid and wide-ranging improvements in ESG data and reporting.

Further, we participate in industry initiatives such as the Responsible Ship Recycling Standards. Failure to scrap vessels responsibly can result in significant human costs, environmental degradation, and serious reputational risks for shipowners. Thus, responsible ship recycling is key to mitigating environmental, human health, and safety risks.

The EU Omnibus Directive includes legislative proposals that led to amendments to the Corporate Sustainability Reporting Directive (“CSRD”). The Omnibus Directive will entail that Danish Ship Finance no longer falls within the scope of the CSRD. However, in 2024, we conducted our first comprehensive dou-

ble-materiality assessment in preparation for reporting under the CSRD. This assessment has enhanced our understanding of our ESG impacts, risks and opportunities.

Looking ahead, we are further strengthening our ESG risk management framework in response to regulatory developments, including the implementation of the EU's Capital Requirements Directive and Regulation ("CRD VI" and "CRR III"). In 2026, an ESG stress test will be conducted to assess the resilience of our portfolio under a range of the most material sustainability-related risk scenarios, including climate transition and physical risk pathways.

In parallel, we are developing a comprehensive ESG transition plan that will serve as an integral tool for mitigating material ESG risks across our business model. The transition plan will further support strategic decision-making, climate alignment, and client engagement, while ensuring a structured, forward-looking approach to managing ESG-related risks and opportunities.

For further information, please see our Annual Report.

IT security risk

IT security risk refers to the risk of loss or disruption due to vulnerabilities in our IT systems, including unauthorised access, data theft, system failures or cyberattacks. It encompasses hardware, software, networks and data protection risks.

Information and information systems are vital to our business, making IT security essential for ongoing operations and credibility. The IT & Digitalisation department oversees IT security measures and reports on them to the Executive Board and the Board of Directors, who review these.

Due to geopolitical circumstances related to US suppliers, a business contingency plan with regard to potential replacement of US based systems is underway. This will present the possible scenarios in a risk/cost-consideration which the Board of Directors can use for deciding on the risk appetite.

IT & Digitalisation operates within a defined security and risk tolerance level to ensure a secure and reliable IT infrastructure that consistently supports our daily business activities. The Board of Directors sets targets for IT security adequacy. The IT & Digitalisation department is responsible for adhering to the adopted IT security level and contingency plan. It ensures and monitors that our IT activities are well protected against internal and external threats, and that compliance with legislative and internal requirements is maintained.

Our IT security priorities are guided by regulatory requirements and the need for robust daily operations. Automation and continuous capacity adjustments ensure secure and stable operations. Our IT security efforts include developing contingency plans and recovery procedures and periodically testing these measures to ensure satisfactory operation

during extraordinary events.

In our IT risk assessment, we revise and describe all our systems. The description includes support and error-handling requirements for each risk event. System availability and stability levels are regularly determined and revised, and IT security is tested frequently.

We view cybersecurity risk as the most critical aspect of IT security that cannot be entirely eliminated. To minimise exposure, we implement various initiatives to maintain and enhance security while continuously updating our knowledge of cyber threats to prioritise these efforts. This knowledge is also shared with employees to raise awareness of potential threats.

Additionally, we collaborate with external partners to monitor and periodically test our cybersecurity defences, ensuring our infrastructure remains protected against current threat levels.

A large container ship is docked at a port. The ship is white with a red hull. It is surrounded by yellow cranes and stacks of colorful containers (blue, red, orange, green). The water is visible on the left side of the image.

Risk & Capital Management Report

Capital *management*

Capital *management*

KEY DEVELOPMENTS IN 2025

The capital ratio at year-end 2025 was 26.7% (2024: 23.6%), and the internal capital adequacy requirement, including buffers, amounted to 13.6% (2024: 13.1%).

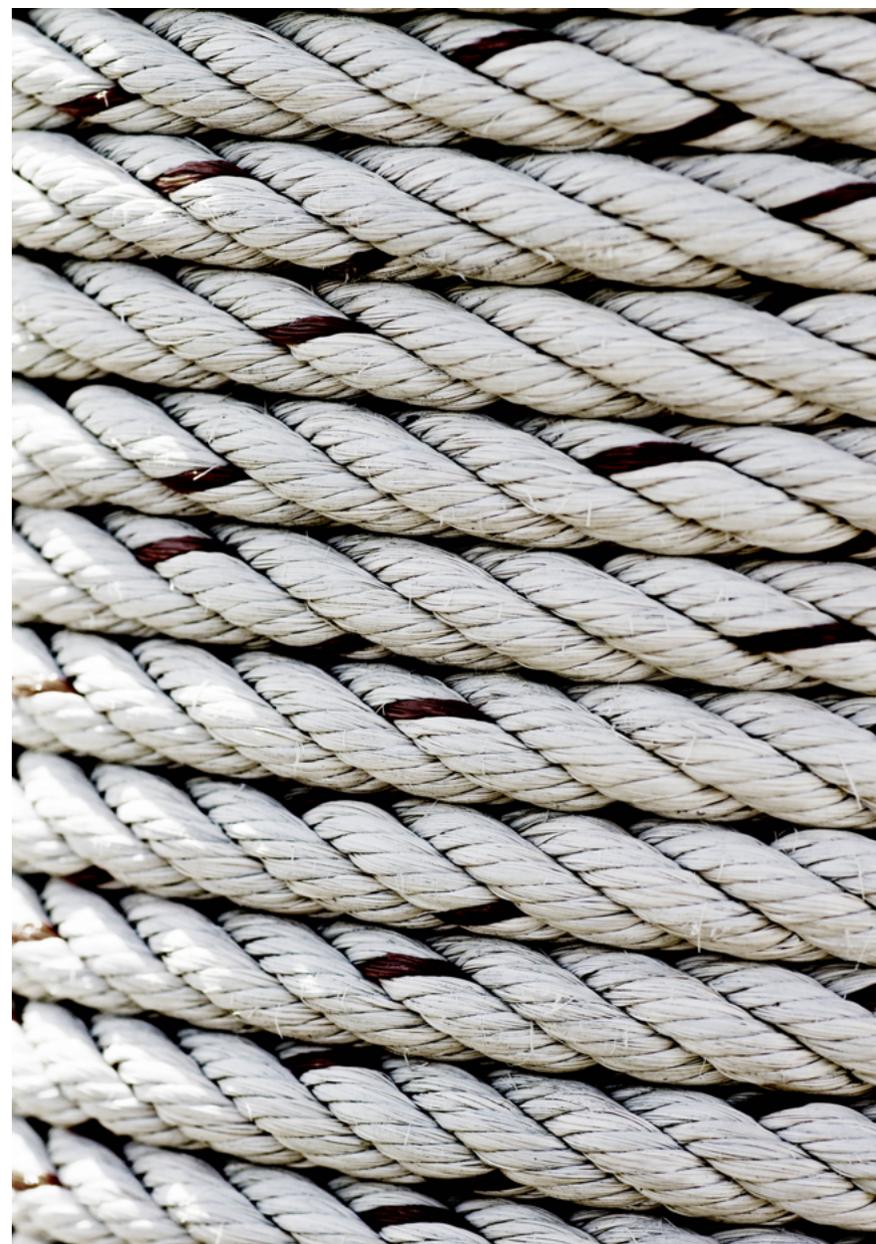
Adequate own funds are defined as the minimum amount of capital required to ensure only a remote risk of us becoming distressed or insolvent during a 12-month period, such that bondholders could be exposed to a potential loss. Bondholders are subject to additional protections under the law, as non-acceleration clauses apply in the event of bankruptcy.

Available own funds

Our own funds amounted to DKK 8,986 million at year-end 2025 (2024: DKK 8,914 million). Own funds consist of Common Equity Tier 1 (“CET1”) capital in the form of share capital, tied-up reserve capital and retained earnings from previous years.

The tied-up reserve capital was established in 2005, when the company was converted from a foundation into a limited liability company. The tied-up reserve capital amount is unchanged at DKK 8,343 million.

The tied-up reserve capital may only be used to cover losses that cannot be covered by the amounts available for dividend distribution. If the tied-up reserve capital is used to cover losses, the tied-up reserve capital must be restored by a priority claim on profit in the subsequent years. No dividends may be paid, and no distributions may be made in connection with capital reductions until the tied-up reserve capital has been restored to its original nominal amount.



Capital requirements



Our capital requirement is calculated based on the 8+ approach and the ICAAP Guidelines.

The Danish FSA has also issued guidelines containing benchmarks for stress tests and related matters. These benchmarks define the limits within which the Danish FSA assesses an institution's risks, with 8% of the total risk exposure amount covered. If these limits are exceeded, the institution must increase its adequate own funds.

We shall have our own funds at least equal to the sum of the own funds requirements associated with each of the risk types defined as Pillar 1 requirements, Pillar 2 requirements and the combined capital buffer requirement.

Adequate own funds and internal capital adequacy requirement

| DKK MILLION / % | 2025 | 2024 |
|--|---------------|---------------|
| Total risk exposure amount | 33,684 | 37,840 |
| Pillar 1 requirements (8% of total risk exposure amount) | 2,695 | 3,027 |
| Pillar 2 requirements | | |
| Earnings | - | - |
| Growth in lending | - | - |
| Credit risks | | |
| - Credit risks for large clients in financial difficulty | 0 | 0 |
| - Other types of credit risk | 30 | - |
| - Concentration risks | 36 | 40 |
| Market and liquidity risks | 550 | 492 |
| Operational and control risks | - | - |
| Leverage risk | - | - |
| Other risks | - | - |
| Total adequate own funds | 3,311 | 3,560 |
| Total capital less deductions | 8,986 | 8,914 |
| Total adequate own funds | 3,311 | 3,560 |
| Capital conservation buffer | 842 | 946 |
| Countercyclical capital buffer | 437 | 446 |
| Excess capital | 4,396 | 3,962 |
| Solvency ratio (%) | 26.7 | 23.6 |
| Internal capital adequacy requirement | 9.8 | 9.4 |
| Capital conservation buffer | 2.5 | 2.5 |
| Countercyclical capital buffer requirement | 1.3 | 1.2 |
| Internal capital adequacy requirement, including combined capital buffer requirement | 13.6 | 13.1 |
| Excess capital | 13.1 | 10.5 |

| Pillar 1 | Pillar 2 | Combined capital buffers |
|---|----------|--------------------------|
| <p>Pillar 1 requirements</p> <p>The Pillar 1 own funds requirement is a regulatory requirement for financial institutions. Own funds must amount to at least 8% of an institution's total risk exposure amount (risk-weighted assets). Non-compliance with the own funds requirement will lead to withdrawal of the institution's licence.</p> | | |

Pillar 1 requirements

We apply the standardised approach to calculate the total risk exposure amount and the own funds requirement for credit and market risks. In the standardised approach, the applicable risk weights to calculate the risk exposure amount are predefined. In addition, we apply the basic indicator approach to calculate the operational risk exposure amount.

Credit risk

We apply the standardised approach for credit risk, and our loans generally carry a 100% risk weight (as shown in the credit risk exposure by risk weight) as ratings from external credit assessment institutions ("ECAIs") are usually not applicable.

The security value of the ship mortgage collateral cannot be deducted from the exposure amount, and for capital adequacy reasons, these loans are considered unsecured.

We rely on S&P and Moody's as our nominated ECAIs to convert long-term credit rating categories into credit quality steps. When calculating risk-weighted exposure amounts under the standardised approach for credit risk, each credit quality step is assigned a specific risk weight that is applied to exposures graded at that level in accordance with the implementing regulation (EU 2016/1799). For split ratings, we apply the most conservative credit quality step when determining risk weights.

As at 31 December 2025, no construction loans were present in the portfolio.

Credit risk exposure by risk weight

| Risk weight | Credit risk exposure (weighted) | Own funds requirement | Credit risk exposure (weighted) | Own funds requirement |
|-----------------------------------|---------------------------------|-----------------------|---------------------------------|-----------------------|
| DKK MILLION | 2025 | 2025 | 2024 | 2024 |
| 0 | - | - | - | - |
| 10 | 1,182 | 95 | 1,279 | 102 |
| 20 | 219 | 18 | 741 | 59 |
| 30 | 13 | 1 | - | - |
| 40 | 330 | 26 | - | - |
| 50 | - | - | 676 | 54 |
| 100 | 24,291 | 1,943 | 28,715 | 2,297 |
| 150 | - | - | 239 | 19 |
| 200 | - | - | - | - |
| 250 | - | - | - | - |
| Total credit risk exposure | 26,035 | 2,083 | 31,650 | 2,532 |

Pursuant to the Executive Order, the following loans or shares of loans each carry a risk weight of more than 100%:

- Pursuant to section 21(3) of the Executive Order, construction loans carry a risk weight of 200%. Total construction loans may not exceed 125% of the excess capital coverage. If total construction loans exceed 125%, the excess amount must be deducted from Tier 1 capital. Construction loans are secured through the client's liability, assignment and subrogation in the construction contract and assignment of the shipyard's collateral for payments according to the construction contract.
- The unsecured part of loans in default, cf. the definition in Article 127 of the CRR (equivalent to internal DSF Ratings 11 and 12), carry a risk weight of either 100% or 150%.
- We may grant loans exceeding 70% of the value against specific types of high quality collateral and against additional reservations of our own funds.
- Where a corporate client has an external rating from a nominated ECAI corresponding to credit quality steps 5 and 6, the loan carries a risk weight of 150% according to Article 122 of CRR.

Counterparty risk on derivatives and calculation of capital

We apply the standard approach, SA-CCR, to calculate derivative exposures. We similarly apply the SA-CCR method to determine the counterparty risk exposure value.

The counterparty credit risk amounted to DKK 231 million as at 31 December 2025.

Pursuant to the CRR, institutions shall calculate a credit valuation adjustment (CVA) charge. The CVA charge is a capital requirement for OTC derivatives to cover the risk of loss due to a value adjustment caused by a deterioration of a counterparty's credit quality.

Credit valuation adjustment (CVA)

We use the standardised approach to calculate the CVA charge, which allows us to use risk mitigation techniques, such as netting and collateral.

Counterparty risk in financial derivatives is minimised through netting agreements, margin calls, and collateralisation, in accordance with ISDA and ICMA standard documentation. Most of our financial counterparties have signed bilateral collateral agreements ("CSAs"), which automatically exchange collateral whenever the positive market value of exposures exceeds a set minimum threshold.

The CVA charge amounted to DKK 430 million as at 31 December 2025.

Collateral and guarantees

We have operating procedures for managing and valuing collateral, which form an integral part of the regular risk-monitoring process.

We may receive the following types of financial collateral and guarantees:

- Debt Securities from our financial counterparties
- Guarantee deposits from our clients (first-class securities)
- Guarantees issued by governments or export credit agencies ("ECAs").

We have operating procedures for managing and valuing collateral, which form an integral part of the regular risk-monitoring process.

We use a simple valuation method for financial collateral in our credit risk mitigation assessment. This means that the capital charge on a credit exposure can be reduced through collateralisation. The CRR specifies the financial collateral eligible for credit risk mitigation purposes.

In accordance with CRR, we use collateral and guarantees to hedge credit and counterparty risk. The table on funded credit protection shows the level of protection in each exposure category, i.e., the fully adjusted collateral size.

CVA charge - standardised approach

| DKK MILLION | 2025 | 2024 |
|-----------------------|-------|-------|
| Exposure – unweighted | 1,153 | 1,669 |
| Exposure – weighted | 430 | 469 |
| Own funds requirement | 34 | 38 |

Funded credit protection

| DKK MILLION | Exposure (weighted) | |
|--|---------------------|-----------|
| | 2025 | 2024 |
| Deposits in cash or cash assimilated instruments | 49 | 40 |
| Debt securities issued by central governments or central banks | - | - |
| Debt securities issued by institutions | - | - |
| Total financial collateral | 940 | 40 |

Market risk

We apply the standardised approach (“FRTB SA”), with full implementation expected to begin on 1 January 2027.

Operational risk

We apply the Business Indicator Component Approach to calculate the own funds requirement for operational risk. As our Business Indicator (“BI”) is below EUR 1 billion, the own funds requirement is set at 12% of the BI. The BI is calculated as the three-year annual average of the sum of the ILDC, SC and FC components.

The operational risk exposure amount is calculated as 12.5 times the own funds requirement, and the resulting capital requirement is 8% of this amount.

We assess our own funds requirement for operational risk quarterly. If the requirement is deemed higher than the level listed below, we adjust the capital reservation accordingly.

Risk exposure amount and own funds requirement

| DKK MILLION | Exposure (weighted) | Own funds requirement |
|---------------------------------------|------------------------|--------------------------|
| | 2025 | 2025 |
| Debt instruments, specific risk | | |
| Total specific risk *) | 2,152 | 172 |
| Debt instruments, general risk | | |
| Total general risk | 3,119 | 250 |
| Shares, etc. | | |
| Total shares, etc. | 307 | 25 |
| Foreign currency positions | | |
| Total long foreign currency positions | 597 | 48 |
| Total amounts for market risk | 6,175 | 494 |

*) Specific risk for debt instruments is calculated for all debt instruments in the trading book, including unweighted and weighted amounts for repo transactions.

| DKK MILLION | 2025 | 2024 | 2023 | Average |
|--|------------|------------|------------|------------|
| Components | | | | |
| Interest, leases and dividend component (ILDC) | 452 | 460 | 602 | 505 |
| Services component (SC) | 18 | 21 | 17 | 18 |
| Financial component (FC) | 202 | 141 | 175 | 173 |
| Business Indicator (BI) | 672 | 622 | 793 | 696 |
| Capital requirement (12% of the BI) | | | | 83 |
| Minimum capital requirement | | | | 8% |
| Risk exposure amount for operational risk | | | | 1,044 |

Summary of Pillar 1 requirements

The following table details the risk exposure amounts and own funds requirement for each exposure category.

Risk exposure amount

| DKK MILLION | Risk exposure amount (weighted) | | Own funds requirement | |
|---|---------------------------------|---------------|-----------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Credit risk | | | | |
| - Central governments or central banks | - | - | - | - |
| - Regional governments or local authorities | - | - | - | - |
| - Public sector entities | - | - | - | - |
| - Institutions | 232 | 1,417 | 19 | 113 |
| - Corporates | 24,152 | 28,355 | 1,932 | 2,268 |
| - Covered bonds and mortgage bonds | 1,512 | 1,279 | 121 | 102 |
| - Exposures in default | - | 239 | - | 19 |
| - High-risk exposures | - | - | - | - |
| - Exposures with short-term credit assessment | - | - | - | - |
| - Equity exposures | - | - | - | - |
| - Other items | 140 | 360 | 11 | 29 |
| Total credit risk | 26,035 | 31,650 | 2,083 | 2,532 |
| Of which, counterparty risk | 231 | 738 | 18 | 59 |
| Market risk | | | | |
| - Debt instruments | 5,271 | 4,210 | 422 | 337 |
| - Shares, etc. | 307 | 0 | 25 | 0 |
| - Foreign exchange risk | 597 | 357 | 48 | 29 |
| - Commodity risk | - | - | - | - |
| Total market risk | 6,175 | 4,567 | 494 | 365 |
| Credit valuation adjustment (CVA) | 430 | 469 | 34 | 38 |
| Total operational risk | 1,044 | 1,154 | 84 | 92 |
| Total risk exposure amount | 33,684 | 37,840 | 2,695 | 3,027 |

| Pillar 1 | Pillar 2 | Combined capital buffers |
|---|----------|--------------------------|
| <p>Pillar 2 requirements</p> <p>While Pillar 1 entails the calculation of risks and capital requirements on the basis of uniform rules for all credit institutions, Pillar 2 considers the individual characteristics of a given institution and covers all relevant risk types, including risks not addressed under Pillar 1.</p> | | |

Pillar 2 requirements

Own funds requirements for specific risk areas

We base our calculations for the Pillar 2 requirements and our total adequate own funds on a number of predefined risk areas and other relevant risk elements:

1. Credit risk, including counterparty risk
2. Market risk
3. Liquidity risk
4. Operational and control risk
5. Leverage risk
6. Earnings
7. Growth in lending
8. Other risks

A capital requirement deemed adequate to cover the underlying risks is determined for each risk area. Institutions must decide whether to consider other risk factors when calculating adequate own funds. Additionally, stress testing is used to determine, among other things, whether they will require additional capital within the next 12 months.

Credit risk

A conservative loss estimate should be made for each loan for large clients in financial difficulty. For this purpose, a large client is defined as one whose total credit risk exposure exceeds 2% of our own funds. Financial difficulty is defined as being either credit-impaired (Stage 3) or showing significant signs of weakness since initial recognition without being credit-impaired (Stage 2), corresponding to rating steps 1 and 2c on the Danish FSA rating scale.

Our large clients comprise clients with a credit exposure exceeding DKK 180 million, corresponding to 2% of own funds.

Danish FSA rating steps 1 and 2c refer to clients with ratings of 9 to 12 on our 12-point internal rating scale, where 12 is the weakest and indicates a client is in default. A detailed description of the Danish FSA rating steps is provided in Annex 5 of the Danish FSA's instructions for financial reports for credit institutions, etc.

Pursuant to the guideline method for calculating capital charges for large clients in financial difficulty, our Pillar 2 add-on amounted to DKK 0 million as at 31 December 2025.

Other credit risk

Other credit risk primarily covers other credit risk in the loan portfolio and other credit risk associated with financial counterparties.

In our assessment of other credit risk in the loan portfolio, we consider areas laid down in the ICAAP Guidelines and sensitivity analyses based on scenarios, and their importance for the need to make loan impairment charges.

Pursuant to the Executive Order on a Ship Finance Institute, capital add-on is required in the event that the loan-to-value is between 60% and 70% at the time a loan is added to Capital Centre A. There were 11 such loans at the end of the year 2025; therefore, a Pillar 2 capital reservation of DKK 5.3 million was made.

When entering new markets, we may encounter heightened market-related uncertainties; consequently, a Pillar 2 add-on of DKK 25 million is allocated for lending activities in these emerging markets.

The assessment of other credit risk associated with financial counterparties is based on an evaluation of their financial standing. The principal risks relate to the investments in the trading book, where the majority is placed in high-rated covered bonds.

The financial positions of counterparties, and thus the credit risk linked to investments in the trading book, interest rate and exchange rate hedging, are continuously monitored. This includes assessing the capital needed to hedge these exposures. Additionally, bilateral collateral agreements ("CSAs") have been established with financial counterparties to mitigate counterparty credit risk.

Based on the current financial positions of our financial counterparties, we conclude that the Pillar 1 requirement adequately covers the capital requirements for other credit risks associated with them.

Credit risk concentration

Concentration risk is calculated with respect to single-name concentration and sector concentration pursuant to the Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need.

In its ICAAP guidelines, the Danish FSA notes that Danish mortgage lenders have a unique profile due to the nature of their

core business. Against this background, the assessment of sector concentration does not apply to mortgage lenders under the guidelines.

However, the guidelines stipulate that institutions exempt from these rules must consider the extent of any concentration risk to be addressed and allocate capital accordingly. Based on the sensitivity analyses used to assess other credit risk in the loan portfolio, we find that there is no material risk of loss from sector concentration not covered by the Pillar 1 requirements.

With respect to single-name concentration, we must consider any imbalances in the distribution of exposure sizes in the loan portfolio, irrespective of credit quality. We apply the calculation method stipulated in the guidelines with adjustments approved by the Danish FSA. The Pillar 2 add-on for client concentration has been calculated at DKK 36 million.

Market risk

According to the ICAAP guidelines, mortgage banks and similar institutions are exempt from Pillar 2 add-ons for market risk. We nonetheless assess our market risk in line with the guidelines and increase the Pillar 2 add-on for interest rate risk, spread risk, foreign exchange risk and equity price risk accordingly.

As at 31 December 2025, the total Pillar 2 add-on for market risk was DKK 550 million.

Liquidity risk

The Executive Order on Bond Issuance restricts the liquidity risk within the cover pools, and our liquidity risk policy further narrows the liquidity risk mandate.

Posting collateral to derivatives counterparties demands liquidity, which is meticulously managed and evaluated through risk management tools such as frequent stress tests.

Mortgage banks and similar institutions are exempt from Pillar 2 liquidity risk add-ons. However, we evaluate our liquidity risk in accordance with the ICAAP Guidelines and determine that the Pillar 1 requirements adequately address the capital needs.

Operational and control risk

Operational risk and control risks under Pillar 2 include business risk, i.e., external factors that negatively influence the business model.

Business risk would most likely arise from lower credit margins following increased competition or from structurally higher funding costs due to, e.g. new regulatory requirements that jeopardise the covered bond status, LCR eligibility or repo access of our bonds. These risks are considered to be adequately monitored and managed.

Reputational risk can affect the size of the risk premium related to bond issuance. We manage this risk by adopting a conservative approach and maintaining substantial capital and liquidity reserves.

No Pillar 2 add-ons for operational and control risk were made at year-end 2025.

Earnings risk

Mortgage lenders with core earnings representing less than 1.0% of loans and guarantees before loan impairment charges and market value adjustments must consider whether this increases the internal capital adequacy requirement. Core earnings relative to loans and guarantees amounted to 1.0% in 2025.

Earnings stability is also part of the internal capital adequacy assessment process, along with earnings levels. Our earnings capacity should be assessed in relation to our dividend policy and access to capital. The stress test results show that we will not require additional capital within the next 12 months, even in a severe stress scenario.

We find that the Pillar 1 requirements are sufficient to cover the risk relating to our earnings.

Risk from growth in lending

The Danish FSA defines total year-on-year lending growth of 10% or more as potentially exposing an institution to higher-than-normal credit risk. Consequently, institutions with lending growth at this level or above must allocate additional capital. Our expected annual lending growth rate from 2025 to 2026 is 27%.

It is expected that lending in 2026 will have returned to the previously realised levels in

2023 and the preceding years, as we saw a temporary reduction in the loan book in 2024 and 2025. Beyond the return to a normalised level, underlying growth is not expected to exceed 10% this year. We do not expect to issue loans to peripheral segments or industries. Hence, no additional capital has been allocated for 2025 to cover risk from growth in lending.

Other risks

Institutions must assess whether a Pillar 2 add-on is needed for strategic, group, and external risk.

No substantial external risks have been identified that may challenge the business model. Therefore, no additional capital has been allocated to cover other risks.

| | | |
|----------|----------|--------------------------|
| Pillar 1 | Pillar 2 | Combined capital buffers |
|----------|----------|--------------------------|

Pursuant to the Danish Financial Business Act, the combined buffer requirement is an addition to the capital adequacy requirements described on the previous pages. Institutions must have sufficient regulatory capital available to cover the sum of the Pillar 1 and Pillar 2 requirements and the combined capital buffer requirement. If a credit institution does not meet this total capital requirement, it will only be permitted to make distributions, disburse variable pay and make payments relating to AT1 capital instruments if certain conditions are met.

The combined capital buffer requirement consists of:

- **Capital conservation buffer**
In 2025, the capital conservation buffer was 2.5% of the total risk exposure amount.
- **Systemic risk buffer**
The systemic risk buffer only applies to SIFI institutions in Denmark.
- **Countercyclical capital buffer**
The institution-specific countercyclical capital buffer may be applied by the authorities if lending growth results in higher macroprudential risk. This buffer may be between 0% and 2.5% of the total risk exposure amount.

Combined capital buffer requirement

Based on the geographical distribution of credit risk exposures, the capital requirement for the countercyclical capital buffer (“CCyB”) was calculated at DKK 437 million as at 31 December 2025. The capital requirement pertains to exposures to clients domiciled in the countries below, which have set the following countercyclical capital buffer rates:

- Belgium: 1.00%
- Chile: 0.50%
- Denmark: 2.50%
- Faroe Islands: 1.00%
- Germany: 0.75%
- Great Britain: 2.00%
- Hong Kong: 1.00%
- Iceland: 2.50%
- Luxembourg: 0.50%
- Netherlands: 2.00%
- Norway: 2.50%

The geographical distribution of credit exposures relevant for the calculation of the CCyB is provided in Annex 10.

All EU member states can implement a systemic risk buffer applying to domestic exposures. The requirement may apply to the entire sector or to individual subsectors.

The systemic risk buffer prevents and mitigates long-term, non-cyclical systemic or macroprudential risks not covered by CRR regulation. Since the Danish systemic risk buffer rate applies only to systemically important financial institutions, it is not relevant for us.

In accordance with the Executive Order on Management and Control of Banks, etc., we have prepared a capital contingency plan as part of the recovery plan, containing a catalogue of possible courses of action to strengthen our capital position in a critical situation.

The capital contingency plan would take effect in the unlikely event of predefined triggers being activated.

Leverage ratio

The leverage ratio is defined as Tier 1 capital relative to total balance sheet assets (including off-balance sheet items). It does not factor in loan collateral or other credit risk mitigants.

As at 31 December 2025, the leverage ratio was calculated at 13% for DSF, which is considered at a comfortable level.

According to the CRR regulation, the leverage ratio should not be lower than 3%. Therefore, there is no need for DSF to increase the internal capital adequacy requirement to reduce leverage. In addition, policies that contain a total leverage ratio target are a

requirement when the leverage ratio is less than 7%. In our market risk policy, the leverage ratio target is more stringent, at a minimum of 10%.

Further information on the leverage ratio is provided in Annex 9.

Supplementary collateral and overcollateralisation

Pursuant to the Executive Order, the issuance of covered bonds in Capital Centre A necessitates us to post supplementary collateral for loans exceeding an LTV limit of 60% in the event of declining ship values. The LTV ratios are closely monitored, and a collateral buffer is maintained should ship values decline.

The general need for supplementary collateral remained low throughout 2025. At its highest, it represented 2.0% of issued bonds. On average, supplementary collateral made up 0.6% of bonds issued during the year. By the end of 2025, the collateral requirement was 1.0% of issued bonds.

Institution-specific countercyclical capital buffer

| DKK MILLION | 2025 | 2024 |
|--|--------|--------|
| Total risk exposure amount | 33,684 | 37,840 |
| Institution-specific countercyclical buffer requirement, DKK million | 437 | 446 |
| Institution-specific countercyclical buffer requirement, % | 1.3 | 1.2 |



The capital requirement for Capital Centre A consists of the mandatory 8% of REA available and capital add-ons under Pillar 2. As at 31 December 2025, Capital Centre A had a cover pool ratio of 25.8%, which is well above the capital requirement.

Risk & Capital Management Report

Management *declaration*



Management *declaration*

On February 27 2026, the Board of Directors of Danish Ship Finance A/S (Danmarks Skibskredit A/S) approved the 2025 Risk and Capital Management Report.

The Board of Directors concludes that the risk management procedures are sufficient and offer confidence that the current risk management systems align with the company's risk profile and strategic objectives.

The risk tolerance defined by the Board of Directors is managed via applicable policies and limits.

Solvency and liquidity are maintained well in excess of the minimum requirements, and we seek to ensure an appropriate and robust capital base to support the business model.

The Board of Directors finds that the overall risk profile, in relation to its business model, business strategy, and key metrics, is compatible with our risk governance and accurately reflects the risk tolerance defined by the Board of Directors.

The Board of Directors made its assessment on the basis of the business model, the strategy report, other relevant materials and reports provided to the Board of Directors by the Executive Board, risk managers, compliance officers, and the internal control officer, as well as any additional information obtained.



Board of *Directors*

Copenhagen, 27 February 2026

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|--|---|--|--|
| <hr/> <p>Eivind Drachmann Kolding (Chairman)</p> | <hr/> <p>Peter Nyegaard (Vice Chairman)</p> | <hr/> <p>Ahmed Mohamed Abdelmonem Omar (Vice Chairman)</p> | <hr/> <p>Marcus Freuchen Christensen</p> |
| <hr/> <p>Omar Elali</p> | <hr/> <p>Henriette Søgaard Fabricius</p> | <hr/> <p>Povl Christian Lütken Frigast</p> | <hr/> <p>Thor Jørgen Guttormsen</p> |
| <hr/> <p>Andreas Hertz-Poulsen</p> | <hr/> <p>Jacob Balslev Meldgaard</p> | <hr/> <p>Christopher Rex</p> | |



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