



Interim report – first half 2022

Danish Ship Finance Holding A/S

COMPANY INFORMATION

COMPANY

Danish Ship Finance Holding A/S
Company reg. no. (CVR): 38 03 64 83

Sankt Annæ Plads 3
1250 Copenhagen K
Phone: +45 33 33 93 33
Website: www.shipfinance.dk

Municipality of registered Office: Copenhagen

BOARD OF DIRECTORS

Povl Christian Lütken Frigast (Chairman)
Anders Damgaard
Michael Nellemann Pedersen

EXECUTIVE BOARD

Erik I. Lassen
Lars Jebjerg
Michael Frisch

AUDITORS

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg
Company reg. no. (CVR): 30 70 02 28

Financial highlights

DKK MILLION	HOLDING 1ST HALF 2022	GROUP 1ST HALF 2022	HOLDING FULL YEAR 2021	GROUP FULL YEAR 2021
Net interest income from lending	-	267	(0)	529
Net interest income from investment activities	(87)	(91)	(185)	(222)
Total net interest income	(87)	176	(185)	306
Total net interest and fee income	(87)	183	(185)	338
Market value adjustments	-	(166)	-	(82)
Staff costs and administrative expenses	(2)	(91)	(3)	(170)
Loan impairment charges	-	126	-	39
Income from investments in associated companies	96	-	208	-
Profit before tax	7	51	19	124
Net profit for the period	27	48	67	101
Loans	-	36,859	-	36,293
Issued bonds	-	41,467	-	43,228
Subordinate loan capital	2,000	2,000	2,000	2,000
Equity	1,551	1,486	1,524	1,459
Total assets	3,577	53,791	3,648	54,580

MANAGEMENT'S REPORT

MAIN ACTIVITY

Danish Ship Finance Holding A/S ('DSH') is a financial holding company, the purpose of which is to hold shares in Danish Ship Finance A/S ('DSF'). DSH has no other activities than the ownership of shares in DSF.

The Interim Report has been reviewed by our auditors¹.

INCOME STATEMENT

Net profit in Holding for the period was DKK 27 million and DKK 48 million for the Group.

Net interest and fee income were an expense of DKK 87 million for Holding and income of DKK 183 million for the Group.

Market value adjustments of securities and foreign exchange, exclusively relating to Danish Ship Finance A/S, generated a negative income of DKK 166 million for the Group.

Staff costs and administrative expenses amounted to DKK 91 million for the Group.

Income from equity investments in Holding, corresponding to Holding's share of net profit of DSF for the period was DKK 96 million.

Tax on profit for the year was an income of DKK 20 million in Holding. The Group recorded a total tax expense of DKK 3 million.

BALANCE SHEET AND CAPITAL STRUCTURE

Holding's total assets amounted to DKK 3,577 million at 30 June 2022, compared with DKK 3,648 million at 31 December 2021.

Assets consisted mainly of investments in group enterprises in the amount of DKK 3,435 million, and liabilities were mainly subordinate loan capital of DKK 2,000 million and equity of DKK 1,551 million.

At 30 June 2022, the Group's total assets were DKK 53,791 million, of which loans and receivables represented DKK 36,859 million and bonds DKK 15,008 million. The corresponding figures at the end of 2021 were DKK 54,580 million, DKK 36,293 million and DKK 16,007 million.

The Group's consolidated capital ratio was 17.2% at 30 June 2022, compared with 17.6% at the end of 31 December 2021.

At Group level, adequate own funds were calculated at DKK 5,176 million, corresponding to 11.5% of the total risk exposure amount as of 30 June 2022. This corresponded to excess coverage in the amount of DKK 2,573 million at 30 June 2022, against DKK 2,765 million at the end of 2021.

1) The interim report has been reviewed in accordance with the review standard ISRE 2410 Review Of Interim Financial Information Performed By The Independent Auditor Of The Entity.

Danish Ship Finance Holding A/S (DSH) owns 96,2% of the A-shares in Danish Ship Finance A/S (DSF), the operating company. Since being established in 2016, DSH has been equally owned by Axcel, PFA and PKA, with a small minority stake held by members of the Board and management. The majority owners of DSH intend now to initiate a review of the future ownership of DSH. This process may result in a sale of DSH as a whole. We welcome this process which we believe will allow DSF to further its growth trajectory, building on the strengths of our offering to customers and investors alike.

EVENTS SINCE THE BALANCE SHEET DATE

No events have occurred in the period up to the publication of the Interim Report which materially affect the financial position of the group.

THE SHIPPING MARKET AND COMPETITION

The world economy is experiencing severe challenges. Commodity and financial markets have been greatly affected by the war in Ukraine and global supply chain problems. Inflation concerns have rapidly become a major driver of policy. Growth in major economies has dramatically slowed and some economies may enter a recession.

The Russian invasion of Ukraine and the subsequent sanctions against Russia have created a shortage of various goods, including energy and foodstuffs. In addition, supply chains have not yet recovered from the effects of Covid-19 lockdowns and many manufacturers are still struggling to meet demand. Consequently, inflation rates are surging, keeping a lid on global economic output. The IMF now projects global GDP growth declining to 3.2% in 2022 and 2.9% in 2023.

Inflation rates are projected to stay high throughout 2022 and the first half of 2023. The IMF estimates that consumer prices will increase by 6.6% in advanced economies and 9.5% in developing economies this year. The high inflation rates have forced central banks to raise interest rates, thereby reducing growth and exposing debt vulnerabilities, especially in developing economies.

While Covid-19 restrictions have been lifted in most countries, China continues to enforce a zero-tolerance policy towards Covid-19. This is hampering economic activity, as cities, ports and manufacturing sites are being temporarily closed in the event of nearby outbreaks. In addition, there has been a growing uncertainty related to the Chinese real estate market. Consequently, growth in the world's second-largest economy is being dampened, which is affecting most of Asia as well as commodity trade.

This year, growth in global trade is moderating after strong growth in 2021. The war in Ukraine and a rebalancing of consumption towards services is constraining traded goods volumes. In shipping, the Container and Dry Bulk segments have continued to perform strongly, and other segments have started experiencing positive trends - albeit mostly driven by goods and commodities being

transported on longer voyages due to global supply chain inefficiencies. According to the WTO, world trade volumes are expected to increase by 3% in 2022.

The ClarkSea Index, which measures average earnings across the main shipping segments, increased by approximately USD 12,000 per day to USD 43,000 per day in the first half of 2022, just shy of 40%. The improved freight rate environment has resulted in strong earnings in most shipping segments. The average secondhand price index increased by 15% during the period. Growth rates have recently begun to ease off after 18 months of elevated levels.

The macroeconomic outlook represents a double-edged sword for the shipping industry. Disruptions to the global energy market and logistical bottlenecks are causing travel distances to lengthen, thereby contributing to higher freight rates. Still, the global demand outlook is burdened by the risk of sharply lower or even negative economic growth in Europe, the United States and China, the three markets driving demand across most shipping segments.

The industry a large is well positioned to navigate in a future market with lower demand and freight rates. Earnings have – in some segments – been high for 18 months, asset prices have increased more or less in tandem with earnings, and few older vessels have been scrapped. Shipyards have been largely filled with orders for Container and Gas Carriers until 2025, which has imposed strict capital discipline across other segments. The supply side is therefore expected to show only a small increase during the next three years. Container and Gas Carriers are scheduled for a period of extraordinary fleet expansion that may create freight rate volatility, however, until demolition of older vessels has rebalanced the market. Fleet availability across segments may be reduced by the introduction of new environmental regulation from 2023 that will force older vessels to slow down.

The shipping segments

The Container market stayed extraordinarily high during the first half of 2022, but sentiment is softening, which may indicate that the market has passed its peak. Infrastructural bottlenecks are still sizeable and continue to support the extremely positive market. However, vessel availability has increased, as port congestion on the North American West Coast and closures of ports in China has eased, while demand has stagnated. Consequently, the market has started to show signs of weakening. Freight income and asset prices are likely to deteriorate from 2023 alongside the massive delivery of new vessels ordered during the last two years of high earnings.

The positive trends in the Dry Bulk market have continued in 2022, although macroeconomic challenges and the war in Ukraine calmed demand growth towards the summer. The midsize and small vessels have experienced strong freight rates, while larger vessels have struggled to keep level. Chinese Covid-19 restrictions, uncertainty surrounding the real estate market in China, and years of high fleet growth are keeping a lid on Capesize rates and secondhand prices. Low fleet growth provides cover for the small and midsize vessels despite expectations of very little volume growth in the second half of 2022.

Crude and Product Tanker earnings experienced an increase in the first half of 2022, which primarily favoured Product Tankers and smaller-sized Crude Tankers. The higher earnings have

partly been supported by longer travel distances due to Russian oil increasingly being sanctioned by western countries, as well as a rebound in global oil demand. However, global oil supply has struggled to keep pace, as some OPEC countries have been unable to meet their production targets, while oil output from Russia has gradually declined. Although oil demand and tanker earnings are expected to increase in the short term, the outlook is challenged by the growing risk of a global recession, high inflation and a shortage of oil supply.

Global gas shipping demand increased in the first half of 2022, as disruption in energy markets caused higher trade volumes to be diverted to Europe. Major export countries have seen production fully utilised and investments in infrastructure and liquefaction projects are increasing. The outlook for freight rates and secondhand prices for Gas Carriers is positive in the short term due to tight supply levels. However, the long-term outlook is negative, since supply is expected to run ahead of cargo availability. A large orderbook continues to weigh on the outlook for Gas Carriers, even though freight rates and secondhand prices increased during the first half of 2022.

The Offshore market continued to improve in the first half of 2022, driven by both the offshore oil & gas and wind industries. Earnings have increased across all segments, although they are still at a low level. A rebound in global oil demand and a shift away from Russian oil and gas have encouraged more investment into the Offshore market – especially in the North Sea region. Average fleet utilisation was fairly stable in the first six months of 2022 at around 65%. The outlook is relatively optimistic in the short term, with demand expected to increase for flexible Offshore vessels that can operate in both the wind and oil & gas industries.

The Ro-Ro, Ferry and Car Carrier markets experienced increased freight rates in the first six months of 2022. The supply side looks manageable for these segments, but volume growth could be muted if the current macroeconomic uncertainties lead to a global economic recession, and could bring new challenges as we head into 2023.

Competition

We are continuing to observe strong interest from financial institutions in financing shipowners with strong balance sheets. As major shipping segments are enjoying high earnings currently, many finance providers seemed to increase their appetite for shipping exposure during the first half of 2022. During the first quarter of the year, increased competition led to reduced margins for new loans, but the general spread widening in credit markets during the second quarter started to impact ship finance as well, with widening spreads reflecting lenders' overall increased funding costs.

We expect competition to remain strong during the second half of 2022.

Sustainability-linked loans are increasingly being sought after by shipowners and offered by the financial institutions providing the loans. This trend is set to continue.

OUTLOOK FOR THE SECOND HALF OF 2022

Taking stock at the mid-point of the year, we maintain our positive outlook for 2022. Our expectation continues to be that the full-year financial result will markedly exceed the result realised for 2021.

We maintain our financial outlook for 2022, with a guidance range for full-year net profit of DKK 275 million – DKK 335 million for Danish Ship Finance A/S. The outlook is underpinned by a generally benign shipping environment and our solid portfolio credit quality.

Full-year net profit may come in at the high end of the guidance range if new lending continues at a similar pace to that experienced in the second quarter, credit quality remains benign, and our own funds investments generate a positive return in the second half of the year.

If short-term interest rates increase to the levels the market is expecting, this will provide a very strong earnings uplift from our own funds investment portfolio, which will gradually begin to take effect from the second half of the year.

The full year result could exceed our current expectations if ongoing workout of legacy non-performing loans lead to further reversals of loan impairment charges or reversal of prior-year write-offs in the second half of the year.

We believe the shipping market outlook for most major segments remains supportive. Orderbooks are well balanced in a historical context, which indicates a healthy supply-demand balance.

Our credit outlook for the second half of 2022 remains benign, supported by still-strong overall vessel values and prudent financial management by shipowners. We expect the stock of remaining problem loans to gradually diminish over time.

Our operations remain well capitalised, making us comfortably able to support our clients and continue growing the loan book. We do not foresee any major negative regulatory risks in the medium term.

Our baseline scenario remains benign, founded on our assessment of the current market environment. External factors could yet change this assessment. In the box on the following page, we outline sensitivities in our outlook. This list is not exhaustive.

Overall, we remain optimistic that our strategy, supported by very robust solvency and liquidity, gives us the ability to continue growing in a sustainable manner.

RISKS TO THE FULL-YEAR OUTLOOK:

The business outlook remains subject to market factors and elements beyond our direct control. Uncertainties related to global politics, conflicts, epidemics, macroeconomics and global trade may impact the shipping markets. Unexpected credit or market events could lead to a reassessment of the outlook. Adverse conditions in financial markets, in particular primary and secondary bond markets, interest rate and foreign exchange markets, may affect the financial performance of the company.

Our mostly AAA-rated fixed income investment portfolio is exposed to temporary mark-to-market losses in adverse financial market conditions, as fixed income markets experienced in the first half of 2022 when central banks started to signal an end to very accommodative monetary policies. A significant further deterioration of financial market sentiment, particularly in the Danish and European fixed income markets, would put our expectations for the second half-year at risk.

A continuation of supra-normal profits in major shipping segments could lead clients to further deleverage their balance-sheets, reducing the need for bank funding. This could reduce loan volumes below current expectations, although the impact on current-year net income would likely be relatively muted.

We expect a continued reduction of the remaining legacy non-performing loans. While we believe that the ECL allowance account of DKK 0.9 billion provides adequate coverage for future credit losses, adverse credit performance remains a risk to our outlook for the full-year.

A significant worsening of shipping market credit conditions compared to current expectations could lead us to change our assessment of required impairment charges for performing or non-performing loans.

Sharply increased geopolitical tension or large-scale conflict, an exacerbation of the global pandemic situation, or recessionary financial conditions could challenge our expectations for the second half-year.

Forecast lending volumes and lending income remain subject to fluctuations in currency rates, in particular the USD against the DKK.

STATEMENT BY THE MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Danmarks Skibskredit Holding A/S for the period 1 January – 30 June 2022.

The consolidated financial statements and the parent company financial statements for DSH have been prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

In our opinion, the Management report includes a fair summary of developments in the activities and financial position of the Group and the parent company and fairly describes the principal risks and uncertainties that may affect the Group and the parent company.

Further, in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 June 2022 and of the results of the Group's and the parent company's operations for the period 1 January – 30 June 2022.

Copenhagen, 29 August 2022

EXECUTIVE BOARD

Erik Ingvar Lassen
Chief Executive Officer

Lars Jebjerg
Chief Financial Officer

Michael Frisch
Chief Commercial Officer

BOARD OF DIRECTORS

Povl Christian Lütken Frigast
(Chairman)

Anders Damgaard

Michael Nellemann Pedersen

Independent auditor's report

To the shareholders of Danmarks Skibskredit Holding A/S

We have reviewed the consolidated interim financial statements and the parent company financial statements of Danmarks Skibskredit Holding A/S for the period 1 January – 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity, and notes including accounting policies for the Group and Parent Company. The consolidated interim financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

Management's responsibilities for the interim financial statements

Management is responsible for the preparation of consolidated interim financial statements and the parent company financial statements that give a true and fair view in accordance with the Danish Financial Business Act and for such internal control as Management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the interim financial statements. We conducted our review in accordance with the International Standard on Review Engagement of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements applicable in Denmark.

This requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements and parent company financial statements, taken as a whole, are not prepared, in all material respects, in accordance with the Danish Financial Business Act. This standard also requires us to comply with relevant ethical requirements.

A review conducted in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures primarily consisting of making enquiries of Management and others within the Company, as appropriate, applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those in an audit conducted in accordance with the International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements and parent company financial statements do not give a true and fair view of the financial position of the group and parent Company at 30 June 2022 and of the results of the group's and the parent Company's operations for the period 1 January – 30 June 2022 in accordance with the Danish Financial Business Act.

Frederiksberg, 29 August 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Lars Rhod Søndergaard
State Authorised
Public Accountant
mne28632

Thomas Hjortkjær Petersen
State Authorised
Public Accountant
mne33748

INCOME STATEMENT

NOTE	DKK MILLION	HOLDING 1ST HALF 2022	GROUP 1ST HALF 2022	HOLDING 1ST HALF 2021	GROUP 1ST HALF 2021	HOLDING FULL YEAR 2021	GROUP FULL YEAR 2021
	Interest income	(0)	572	(0)	563	-	1,129
	Interest expenses	(87)	(397)	(92)	(433)	(185)	(822)
	Net interest income	(87)	176	(92)	130	(185)	306
	Fee and commission income	-	7	-	15	-	32
	Net interest and fee income	(87)	183	(92)	145	(185)	338
3	Market value adjustments	-	(166)	-	(69)	-	(82)
	Other operating income	-	0	-	0	-	-
	Staff costs and administrative expenses	(2)	(91)	(2)	(88)	(3)	(170)
	Depreciation and impairment of property, plant and equipment	-	(1)	-	(1)	-	(2)
	Other operating expenses	(1)	0	(0)	0	(1)	-
6	Impairment charges on loans and receivables	-	126	-	(1)	-	39
	Income from investments in associated companies	96	0	55	0	208	-
	Profit before tax	7	51	(39)	(14)	19	124
	Tax	20	(3)	19	(0)	48	(23)
	Net profit for the period	27	48	(21)	(15)	67	101
	Other comprehensive income	-	-	-	-	-	-
	Tax on other comprehensive income	-	-	-	-	-	-
	Other comprehensive income after tax	-	-	-	-	-	-
	Comprehensive income for the period	27	48	(21)	(15)	67	101

BALANCE SHEET

NOTE	DKK MILLION	HOLDING AT 30 JUNE 2022	GROUP AT 30 JUNE 2022	HOLDING AT 31 DEC 2021	GROUP AT 31 DEC 2021
	ASSETS				
	Due from credit institutions and central banks	103	1,196	6	394
4, 5	Loans and other receivables at amortised cost	-	36,859	-	36,293
	Bonds at fair value	-	15,008	-	16,007
	Shares, etc.	-	25	-	-
	Shares in subsidiary undertaking	3,435	-	3,425	-
	Land and buildings				
	Owner-occupied property	-	332	0	332
	Other tangible assets	-	6	0	6
	Current tax assets	-	-	59	7
	Deferred tax assets	39	49	158	217
	Other assets	-	315	0	1,324
	Total assets	3,577	53,791	3,648	54,580
	LIABILITIES AND EQUITY				
	Liabilities				
	Due to credit institutions and central banks	-	1,360	-	758
8	Issued bonds at amortised cost	-	41,467	-	43,228
	Current tax liabilities	-	4	-	168
	Other liabilities	26	1,497	124	986
	Total liabilities	26	44,327	124	45,140
	Provisions				
	Other provisions	-	33	-	16
	Total provisions	-	33	-	16
	Additional Tier 2 capital	2,000	2,000	2,000	2,000
9	Equity				
	Share capital	1,224	1,224	1,224	1,224
	Premium received on issues of shares	1	1	1	1
	Revaluation reserves	46	46	46	46
	Retained earnings	279	215	252	188
	Holding's share of equity	1,551	1,486	1,524	1,459
	Minority interests' share of equity	-	5,944	-	5,964
	Total equity	1,551	7,431	1,524	7,424
	Total liabilities	3,577	53,791	3,648	54,580
	Off-balance sheet items				
	Contingent liabilities	-	93	-	101
	Other contingent liabilities	-	4,395	-	3,356
	Total off-balance sheet items	-	4,488	-	3,457

STATEMENT OF CHANGES IN EQUITY

Group

DKK MILLION	Share capital	Share premium at issue	Revaluation reserves	Retained earnings	Holding's share of Equity	Minority's share of Equity	Total
Equity as at 1 January 2021	1,224	1	46	131	1,403	5,943	7,345
Dividends paid for the financial year 2020	-	-	-	-	-	(19)	(19)
Amount for distribution	-	-	-	(27)	(27)	12	(15)
Purchase of own shares	-	-	-	(0)	(0)	0	(0)
Sale of own shares	-	-	-	2	2	0	2
Equity at 30 June 2021	1,224	1	46	106	1,378	5,936	7,314
Dividends paid for the financial year 2020	-	-	-	0	0	(6)	(6)
Amount for distribution	-	-	-	82	82	34	116
Purchase of own shares	-	-	-	(0)	(0)	0	(0)
Sale of own shares	-	-	-	0	0	0	0
Equity at 31 December 2021	1,224	1	46	188	1,459	5,964	7,424
Dividends paid for the financial year 2021	-	-	-	-	-	(42)	(42)
Amount for distribution	-	-	-	27	27	22	48
Purchase of own shares	-	-	-	(0)	(0)	-	(0)
Sale of own shares	-	-	-	0	0	-	0
Equity at 30 June 2022	1,224	1	46	215	1,486	5,944	7,431

Danish Ship Finance Holding A/S

DKK MILLION	Share capital	Share premium at issue	Revaluation reserves	Retained earnings	Total
Equity as at 1 January 2021	1,224	1	46	183	1,454
Amount for distribution	-	-	-	(21)	(21)
Purchase of own shares	-	-	-	(0)	(0)
Sale of own shares	-	-	-	2	2
Equity at 30 June 2021	1,224	1	46	164	1,436
Amount for distribution	-	-	-	88	88
Purchase of own shares	-	-	-	0	0
Sale of own shares	-	-	-	0	0
Equity at 31 December 2021	1,224	1	46	252	1,524
Revaluation of property	-	-	-	0	0
Amount for distribution	-	-	-	27	27
Purchase of own shares	-	-	-	(0)	(0)
Sale of own shares	-	-	-	0	0
Equity at 30 June 2022	1,224	1	46	279	1,551

Group overview

Affiliated companies	Ownership	Voting share	Assets	Equity	Net profit	Liabilities
Danish Ship Finance A/S	86%	96%	53,564	9,315	118	44,250

Activity: Financing of vessels for Danish and international shipowners, secured on first lien ship mortgages.

LIST OF NOTES

- 1 ACCOUNTING POLICIES
- 2 KEY FIGURES
- 3 MARKET VALUE ADJUSTMENTS
- 4 LOANS AT AMORTISED COST
- 5 NON-PERFORMING LOANS
- 6 LOAN IMPAIRMENT CHARGES
- 7 CREDIT RISK
- 8 ISSUED BONDS AT AMORTISED COST
- 9 EQUITY
- 10 CAPITAL ADEQUACY
- 11 RELATED PARTIES

NOTE 1 ACCOUNTING POLICIES

The Interim Report has been prepared in accordance with the Danish Financial Business Act, including the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (Executive Order on Financial Reports).

Financial statement figures are presented in Danish kroner (DKK) and in millions unless otherwise stated.

The accounting policies are unchanged from the policies applied in the Annual Report 2021. The Annual Report 2021 provides a more detailed description of the accounting policies, including significant accounting estimates and the definitions of the ratios used, which are calculated in accordance with the definitions laid down in the Executive Order on Financial Reports.

The financial statements of DSF are consolidated into the financial statements of Danish Ship Finance Holding A/S ("DSH"), the smallest and largest group entity for which consolidated financial statements are prepared.

	HOLDING 1ST HALF 2022	GROUP 1ST HALF 2022	HOLDING FULL YEAR 2021	GROUP FULL YEAR 2021
DKK MILLION				
NOTE 2				
Net interest income from lending	-	267	(0)	529
Net interest income from investment activities	(87)	(91)	(185)	(222)
Total net interest income	(87)	176	(185)	306
Total net interest and fee income	(87)	183	(185)	338
Market value adjustments	-	(166)	-	(82)
Staff costs and administrative expenses	(2)	(91)	(3)	(170)
Loan impairment charges	-	126	-	39
Income from investments in associated companies	96	0	208	-
Profit before tax	7	51	19	124
Net profit for the period	27	48	67	101
Loans	-	36,859	-	36,293
Bonds	-	15,008	-	16,007
Subordinate loan capital	2,000	2,000	2,000	2,000
Equity	1,551	1,486	1,524	1,459
Total assets	3,577	53,791	3,648	54,580
KEY RATIOS	HOLDING 1ST HALF 2022	GROUP 1ST HALF 2022	HOLDING FULL YEAR 2021	GROUP FULL YEAR 2021
Common Equity Tier 1 capital ratio	-	12.8	-	13.3
Tier 1 capital ratio	-	12.8	-	13.3
Total capital ratio	-	17.2	-	17.6
Return on equity before tax (%)	0.5	3.5	1.2	8.5
Return on equity after tax (%)	1.8	3.3	4.4	6.9
Income/cost ratio ¹	(56.3)	(0.5)	(59.0)	1.9
Income/cost ratio (excluding loan impairment charges)	(56.3)	0.2	(59.0)	1.5
Foreign exchange position (%)	-	6.3	-	3.5
Gearing of loans	-	24.8	-	24.9
Annual growth in lending (%)	-	1.6	-	13.1
Loan impairment charges for the period as % of lending	-	(0.3)	-	(0.1)
Accumulated loan impairment charges as a % of loan book	-	2.4	-	2.6
Rate of return on assets (%)	0.8	0.1	1.8	0.2

The key figures are calculated in accordance with Appendix 5 of the Danish FSA's Executive Order on Financial Reports.

1) In accordance with the instructions, the income/cost ratio must be calculated including loan impairment charges.

DKK MILLION	HOLDING 1ST HALF 2022	GROUP 1ST HALF 2022	HOLDING 1ST HALF 2021	GROUP 1ST HALF 2021	HOLDING FULL YEAR 2021	GROUP FULL YEAR 2021
NOTE 3 MARKET VALUE ADJUSTMENTS						
Market value adjustment of bonds	-	(968)	-	(352)	-	(459)
Market value adjustment of shares	-	0	-	0	-	0
Exchange rate adjustments	-	(4)	-	1	-	1
Market value adjustment of derivative financial instruments	-	807	-	281	-	376
Total market value adjustments	-	(166)	-	(69)	-	(82)

DKK MILLION	HOLDING AT 30 JUNE 2022	GROUP AT 30 JUNE 2022	HOLDING AT 31 DEC 2021	GROUP AT 31 DEC 2021
NOTE 4				
LOANS AT AMORTISED COST				
At 1 January	-	36,293	-	32,078
Additions	-	2,616	-	9,380
Ordinary repayments and redemptions	-	(2,910)	-	(4,962)
Extraordinary repayments	-	(1,854)	-	(3,047)
Net change concerning revolving credit facilities	-	(274)	-	461
Exchange rate adjustment of loans	-	2,898	-	2,152
Other adjustments	-	-	-	(128)
Change in amortised cost for the year	-	14	-	36
Depreciation, amortisation and impairment for the year	-	76	-	323
At 30 June	-	36,859	-	36,293
Total loans				
Loans at fair value	-	37,066	-	37,066
Loans at amortised cost	-	36,859	-	36,293
Loans at fair value is assessed using the market value of fixed-rate loans.				
NOTE 5				
NON-PERFORMING LOANS				
Impaired loans (rating category 11)				
Loans subject to forbearance or otherwise impaired, gross	-	567	-	635
Loan impairment charges	-	(209)	-	(231)
Impaired loans, net	-	357	-	404
Defaulted loans (rating category 12)				
Loans in default, gross	-	1,049	-	1,276
Loan impairment charges	-	(534)	-	(569)
Defaulted loans, net	-	515	-	707
Non-performing loans, gross (NPL)	-	1,616	-	1,911
Non-performing loans, net (net NPL)	-	873	-	1,111
NPL ratio	-	4.3%	-	5.1%
Net NPL ratio	-	2.3%	-	3.0%

NPL ratio definition: NPL divided by loan book.

Net NPL ratio definition: Net NPL divided by loan book after loan impairment charges.

Note 7 provides detailed information on loan-to-value intervals for the total loan book and for non-performing loans.

DKK MILLION	HOLDING AT 30 JUNE 2022	GROUP AT 30 JUNE 2022	HOLDING AT 31 DEC 2021	GROUP AT 31 DEC 2021
NOTE 6 LOAN IMPAIRMENT CHARGES/LOSS ALLOWANCES				
The following impairment charges/loss allowances were made on loans/loan commitments				
Individual impairment charges	-	915	-	991
Loss allowance for loan commitments	-	33	-	16
Total	-	948	-	1,007
Accumulated loan impairment charges as % of the loan book	-	2.4	-	2.6
Reconciliation of total allowance account				
At 1 January	-	1,007	-	1,330
New impairment charges/loss allowances	-	155	-	277
Reversal of loan impairment charges/loss allowances	-	(213)	-	(307)
Gross write-offs debited to the allowance account	-	(2)	-	(293)
Total	-	948	-	1,007
Loan impairment charges for the period				
New impairment charges/loss allowance	-	(155)	-	(277)
Reversal of impairment charges/loss allowance	-	213	-	307
Reclassification of interest	-	0	-	0
Recovery on loans previously written off	-	68	-	9
Loan impairment charges	-	126	-	39
NOTE 7 CREDIT RISK				
Reconciliation of loans and guarantees (loan book)				
Balance sheet				
Loans at amortised cost	-	36,859	-	36,293
Other receivables	-	146	-	160
Loan impairment charges	-	915	-	991
Total balance sheet items	-	37,920	-	37,444
Off-balance sheet items				
Guarantees	-	93	-	101
Total off-balance sheet items	-	93	-	101
Total loans and guarantees	-	38,012	-	37,544
Reconciliation of other contingent liabilities				
Credit commitments	-	4,395	-	3,356
Total other contingent liabilities	-	4,395	-	3,356
Reconciliation of financial exposure				
Due from credit institutions and central banks	103	1,196	6	394
Bonds at fair value	-	15,008	-	16,007
Shares, etc.	-	25	-	0
Derivatives	-	111	-	1,153
Total financial exposure	103	16,340	6	17,554
Total credit risk from loans, guarantees, credit commitments and financial exposures	103	58,748	6	58,454

RATING CATEGORY BREAKDOWN

The internal DSF Rating scale consists of 12 rating categories.

The main objective of the DSF Rating model is to rank the clients according to credit risk and to estimate each client's probability of default (PD). As an integral part of the credit risk management, each client is assigned a DSF Rating, and the DSF Rating is reviewed upon receipt of new information or in case of a risk event, and at least annually.

Clients with non-performing loans are placed in DSF Rating category 11 or 12. This includes clients with loans for which no loan impairment charges have been recognised, for example because adequate collateral has been provided.

DKK MILLION

NOTE 7 Loan book before loan impairment charges broken down by rating category
CONTINUED

DSF RATING	HOLDING	GROUP	HOLDING	GROUP
	LOANS AND GUARANTEES AT 30 JUNE 2022	LOANS AND GUARANTEES AT 30 JUNE 2022	LOANS AND GUARANTEES AT 31 DEC 2021	LOANS AND GUARANTEES AT 31 DEC 2021
1 - 2	-	-	-	-
3 - 4	-	5,170	-	4,659
5 - 6	-	19,194	-	17,188
7 - 8	-	11,770	-	13,188
9 - 10	-	262	-	598
11	-	567	-	635
12	-	1,049	-	1,276
Total	-	38,012	-	37,544

STAGES FOR CHANGES IN CREDIT RISK

Loan book before loan impairment charges broken down by rating category and stages

DSF RATING	STAGE 1	STAGE 2	STAGE 3	LOANS AND GUARANTEES 30 JUNE 2022
1	-	-	-	-
2	-	-	-	-
3	2,131	-	-	2,131
4	3,038	-	-	3,038
5	6,743	-	-	6,743
6	12,451	-	-	12,451
7	8,987	172	-	9,159
8	2,612	-	-	2,612
9	-	-	-	-
10	-	262	-	262
11 (impaired)	-	-	567	567
12 (default)	-	-	1,049	1,049
Total	35,962	434	1,616	38,012

Credit commitments broken down by rating category and stages

DSF RATING	STAGE 1	STAGE 2	STAGE 3	CREDIT COMMITMENTS 30 JUNE 2022
1	-	-	-	-
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	215	-	-	215
6	1,332	-	-	1,332
7	1,718	-	-	1,718
8	1,131	-	-	1,131
9	-	-	-	-
10	-	-	-	-
11 (impaired)	-	-	-	-
12 (default)	-	-	-	-
Total	4,395	-	-	4,395

STAGES FOR CHANGES IN CREDIT RISK

Loan book before loan impairment charges broken down by rating category and stages

DSF RATING	STAGE 1	STAGE 2	STAGE 3	LOANS AND GUARANTEES 31 DEC 2021
1	-	-	-	-
2	-	-	-	-
3	1,953	-	-	1,953
4	2,706	-	-	2,706
5	5,158	-	-	5,158
6	12,030	-	-	12,030
7	7,955	3,228	-	11,183
8	2,005	-	-	2,005
9	-	204	-	204
10	-	394	-	394
11 (impaired)	-	-	635	635
12 (default)	-	-	1,276	1,276
Total	31,807	3,827	1,911	37,544

Credit commitments broken down by rating category and stages

DSF RATING	STAGE 1	STAGE 2	STAGE 3	CREDIT COMMITMENTS 31 DEC 2021
1	-	-	-	-
2	-	-	-	-
3	-	-	-	-
4	741	-	-	741
5	142	-	-	142
6	1,213	-	-	1,213
7	914	-	-	914
8	346	-	-	346
9	-	-	-	-
10	-	-	-	-
11 (impaired)	-	-	-	-
12 (default)	-	-	-	-
Total	3,356	-	-	3,356

Changes in total allowance account broken down by stages

	STAGE 1	STAGE 2	STAGE 3	TOTAL
At 1 January 2022	171	37	800	1,007
Transferred to stage 1 during the period	5	(5)	-	0
Transferred to stage 2 during the period	-	-	-	-
Transferred to stage 3 during the period	-	-	-	-
New impairment charges/loss allowance	69	0	86	155
Reversal of impairment charges/loss allowance	(54)	(18)	(140)	(213)
Gross write-offs for the period	-	-	(2)	(2)
Allowance account at 30 June 2022	191	14	743	948

Of which:

- Loan impairment charges	158	14	743	915
- Loss allowances for credit commitments	33	-	-	33

Classification, stage migration and impairment charges

The classification of loans between stage 1 and 2 for the purpose of calculating loan impairment charges for expected credit losses ("ECL") depends on whether the credit risk has increased significantly since initial recognition and/or is showing significant signs of weakness. All credit-impaired loans are placed in stage 3.

NOTE 7 The stage migration of a loan is closely linked to the development of the client's DSF Rating. The assessment of whether the credit risk has increased significantly since initial recognition and/or is showing significant signs of weakness is supported by an internally developed stage migration model, which is based on a combination of the internal rating model and the rating model used by the Danish FSA according to guidelines set out in the Executive Order on Financial Reports.

CONTINUED

For loans classified in stage 1, loan impairment charges for 12-month ECL are recognised, and for loans in stage 2 and 3, loan impairment charges for lifetime ECL are recognised.

The Risk Report provides more detailed information.

Arrears/Past-due loans

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 the purpose of 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. For all such loans, ECL arising over their remaining lifetime have been recognised.

Credit risk mitigation

All loans are granted against a first line mortgage in vessels, assignment in respect of each vessel's primary insurances and where relevant, supplementary collateral.

The USD market value of mortgaged vessels increased by 4.1% on average in the first half of 2022.

Loan book after loan impairment charges broken down by loan-to-value interval

LTV INTERVAL	HOLDING	GROUP	HOLDING	GROUP
	SHARE OF LOANS 30 JUNE 2022	SHARE OF LOANS 30 JUNE 2022	SHARE OF LOANS 31 DEC 2021	SHARE OF LOANS 31 DEC 2021
0 - 20%	-	51%	-	49%
20 - 40%	-	35%	-	37%
40 - 60%	-	13%	-	13%
60 - 80%	-	1%	-	1%
80 - 90%	-	0%	-	0%
90 - 100%	-	0%	-	0%
Over 100%	-	0%	-	0%

The table above shows that as at 30 June 2022 99% (end-2021: 99%) of all loans were secured within 60% of the market value of the mortgage, and 100% (end-2021: 100%) of all loans were within 80% of the market value of the mortgage.

The weighted loan-to-value ratio on the loan book after loan impairment charges was 44% (end-2021: 44%).

Non-performing loans after loan impairment charges broken down by loan-to-value interval

LTV INTERVAL	HOLDING	GROUP	HOLDING	GROUP
	SHARE OF LOANS 30 JUNE 2022	SHARE OF LOANS 30 JUNE 2022	SHARE OF LOANS 31 DEC 2021	SHARE OF LOANS 31 DEC 2021
0 - 20%	-	52%	-	48%
20 - 40%	-	36%	-	37%
40 - 60%	-	12%	-	15%
60 - 80%	-	0%	-	1%
80 - 90%	-	0%	-	0%
90 - 100%	-	0%	-	0%
Over 100%	-	0%	-	0%

The table above shows that as at 30 June 2022 100% (end-2021: 99%) of non-performing loans were secured within 60% of the market value of the mortgage, and 100% (end-2021: 100%) of non-performing loans were within 80% of the market value of the mortgage.

The weighted average loan-to-value ratio for non-performing loans after loan impairment charges was 42% (end-2021: 47%).

DKK MILLION	HOLDING AT 30 JUNE 2022	GROUP AT 30 JUNE 2022	HOLDING AT 31 DEC 2021	GROUP AT 31 DEC 2021
NOTE 8 ISSUED BONDS AT AMORTISED COST				
At 1 January	-	43,228	-	42,592
Additions in conjunction with pre-issuance	-	1,239	-	9,600
Amortisation of cost	-	(37)	-	(89)
Adjustment for hedge accounting	-	(398)	-	(71)
Exchange rate adjustment	-	3	-	(2)
Own bonds	-	(662)	-	(115)
Other adjustment	-	0	-	(2,300)
Ordinary and extraordinary redemptions	-	(1,907)	-	(6,386)
At 30 June	-	41,467	-	43,228
Specification of issued bonds				
Bonds issued in DKK				
Bullet bonds	-	34,106	-	35,170
Amortising CIRR bonds	-	117	-	161
Total Danish bonds	-	34,223	-	35,330
Bonds issued in foreign currency				
Bullet bonds	-	11,131	-	11,123
Amortising CIRR bonds, at year-end exchange rates	-	0	-	-
Total bonds issued in foreign currency	-	11,131	-	11,123
Own bonds	-	(3,887)	-	(3,225)
Total issued bonds	-	41,467	-	43,228
NOTE 9 EQUITY				
Share capital				
A-shares	1,224	1,224	1,224	1,224
Total share capital	1,224	1,224	1,224	1,224

The share capital is divided into the following denominations:

A-shares 122,389,960,000 shares of 0.01 DKK each

Each A share of DKK 0.01 entitles the holder to one vote.

The company's holding of treasury shares totals 135,903,997 shares and the value has been deducted from the distributable reserves.

The tied-up reserve capital of Danish Ship Finance A/S may be used only to cover losses which cannot be covered by amounts available for dividend distribution. The tied-up reserve capital must as far as possible be restored by advance transfer of profit for the year, if, in prior years, it was wholly or partly used to cover losses. Hence, 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 the same nominal amount as the undistributable reserve had before being used wholly or partly to cover losses.

The tied-up reserve capital of Danish Ship Finance A/S was established in connection with the conversion from a foundation into a limited liability company in 2005 and has represented an unchanged amount of DKK 8,343 million under equity of Danish Ship Finance Holding A/S. The tied-up reserve capital is regarded as non-controlling interests, and the DKK 5,916 million represents the fair value of the tied-up reserve capital at the date of acquisition of 15 November 2016 with the addition of the non-controlling interest shares of profit and dividends for the period.

DKK MILLION	HOLDING AT 30 JUNE 2022	GROUP AT 30 JUNE 2022	HOLDING AT 31 DEC 2021	GROUP AT 31 DEC 2021
NOTE 10 CAPITAL ADEQUACY				
Common Equity Tier 1 capital				
Share capital		1,224		1,224
Tied-up reserve capital		4,634		4,735
Retained earnings		216		189
Revaluation reserves		-		-
Total common equity tier 1 capital before deductions		6,075		6,148
Deductions from Common Equity Tier 1 capital				
Proposed dividends for the financial year		-		-
Deductions for NPE Loss coverage		271		8
Prudent valuation pursuant to Article 105 of the CRR		53		24
Position of own shares		1		1
Total deductions from Common Equity Tier 1 capital		325		34
Common equity tier 1 capital after deductions		5,749		6,115
Additional Tier 2 capital		2,000		2,000
Own funds after deductions		7,749		8,115
Risk exposure amount				
Assets outside the trading book		38,177		38,350
Off-balance sheet items		1,789		1,230
Counterparty risk outside the trading book		1,698		2,267
Market risk		2,542		3,346
Operational risk		829		829
Total risk exposure amount		45,035		46,023
Common Equity Tier 1 capital ratio		12.8		13.3
Tier 1 capital ratio		12.8		13.3
Total capital ratio		17.2		17.6
The risk exposure amount for market risk consists of:				
Position risk related to debt instruments		2,144		3,045
Position risk related to shares		43		18
Total currency position		486		284
Total risk-weighted items involving market risk		2,673		3,346

NOTE 11 RELATED PARTIES

Related parties comprise members of the company's Executive Board and Board of Directors as well as its shareholders.

Related parties furthermore comprise Danish Ship Finance A/S, which became a related party in connection with the acquisition of the majority of the company's shares on 15 November 2016.

Transactions with the Executive Board and the Board of Directors concerned remuneration.

Related-party transactions concerning loans and loan offers totalled a nominal amount of DKK 1.517 million at 30 June 2022 (at 31 December 2021: DKK 1.456 million).

Furthermore, related-party transactions included settlement of administration services provided from Danish Ship Finance A/S and dividends from Danish Ship Finance A/S.

There were no related-party transactions other than as stated above.