



**DANMARKS  
SKIBSKREDIT**

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## **Solvency need and solvency need ratio of Danish Ship Finance at 30 September 2016**

Pursuant to the executive order on calculation of risk exposure, total capital and solvency need, Danish Ship Finance must publish its solvency need on a quarterly basis.

The calculation is made on the basis of the 8+ approach and the Danish FSA's "Guidelines on Adequate Capital Base and Solvency Needs for Credit Institutions".

The guidelines issued by the FSA contain benchmarks for a number of stress tests etc. These benchmarks define the limits within which the FSA assesses the institution's risks as being covered by 8 per cent of the total risk exposure. If these limits are exceeded, the institution is required to increase its solvency need.

Danish Ship Finance has determined the solvency need and the solvency need ratio on the basis of the FSA's guidelines. Only one modification has been made to adapt the guidelines to Danish Ship Finance.

Against this background, Danish Ship Finance has calculated the solvency need and the solvency need ratio as follows:

*Solvency need and solvency need ratio at 30 September 2016*

<b>Total weighted items, DKKm</b>	<b>50,863</b>
Pillar I requirement (8 per cent of weighted items), DKKm	4,069
Earnings, DKKm	-
Growth in lending, DKKm	-
Credit risks, DKKm	
- Credit risks for large customers in financial difficulty	75
- Other types of credit risk	125
- Concentration risks	49
Market and liquidity risks, DKKm	-
Operational risks, DKKm	-
Other risks, DKKm	-
<b>Total solvency need, DKKm</b>	<b>4,318</b>
<b>Solvency need ratio</b>	<b>8.5</b>

*Key figures and financial ratios at 30 September 2016*

Total capital less deductions, DKKm	9,832
Solvency need, DKKm	4,318
Capital conservation buffer, DKKm	311
Countercyclical capital buffer, DKKm	144
<b>Excess capital, DKKm</b>	<b>5,052</b>
Solvency ratio, per cent	19.3
Solvency need ratio, per cent	8.5
Capital conservation buffer, per cent	0.6
Countercyclical capital buffer, per cent	0.3
<b>Excess capital, percentage points</b>	<b>9.9</b>

Danish Ship Finance has calculated its excess cover relative to the solvency need ratio and the combined capital buffer requirement at 9.9 percentage points, equivalent to DKK 5,052 million at 30 September 2016. See table above.

For additional information pursuant to Schedule 2 to the Danish executive order on risk exposure, total capital and solvency need, see Danish Ship Finance's risk report, which is available at [www.shipfinance.dk](http://www.shipfinance.dk).

Yours sincerely

Danish Ship Finance



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