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Order no. 1513 of 15 December 2010 issued by the Danish Financial Supervisory Authority

Order on a Ship Finance Institute

Pursuant to section 5(1) and (2) and section 14(2) of the Act on a Ship Finance Institute, cf. Consolidation Act no. 1376 of 10 December 2007, the following is laid down:

Chapter 1

Scope and definitions, etc.

Section 1. This Order shall apply to the institute comprised by the Act on a Ship Finance Institute.

Subsection 2. Any reference in this Order to provisions in the Financial Business Act, which shall apply *mutatis mutandis*, shall, unless otherwise provide, only refer to general rules regarding financial businesses and special rules regarding banks in the Financial Business Act. For the purpose of this Order, banks and financial businesses, respectively, in the Financial Business Act shall thus be read as the institute comprised by the Act on A ship Finance Institute.

Subsection 3. For the purpose of this Order mortgage bonds in the Financial Business Act and in orders issued pursuant to that act shall be read as debenture bonds or ship mortgage bonds issued by a ship finance institute, except in sections 14(1)(vi) and 23(2).

Section 2. Chapter 2 of the Financial Business Act concerning definitions shall apply *mutatis mutandis* to this Order.

Section 3. A ship finance institute may, on a temporary basis, carry out other activities with the objective of covering or settling prior commitments. The ship finance institute shall notify the Financial Supervisory Authority to such effect.

Section 4. A ship finance institute wishing to set up a branch or a subsidiary in a country other than Denmark shall obtain authorisation from the Financial Supervisory Authority to do so. The Financial Supervisory Authority only grants such authorisation if it believes there is no reason to doubt that the institute's administrative structure and financial position provide a sufficient basis for the proposed establishment.

Chapter 2

Good practice, ownership and management and disclosure of confidential information, etc.

Section 5. Sections 43-48 of the Financial Business Act concerning good practice, price information and contractual conditions shall apply *mutatis mutandis* to the ship finance institute.

Section 6. Chapter 7 of the Financial Business Act concerning ownership shall apply *mutatis mutandis* to the ship finance institute.

Section 7. Sections 64-80 of chapter 8 of the Financial Business Act concerning management and organisation of the undertaking shall apply *mutatis mutandis* to the ship finance institute.

Section 8. Chapter 9 of the Financial Business Act concerning disclosure of confidential information shall apply *mutatis mutandis* to the ship finance institute.

Chapter 3 *Collateral, valuation and term*

Section 9. A ship finance institute may only grant loans against collateral.

Subsection 2. A ship finance institute shall determine the value of the vessel or vessels for the purpose of deciding the amount of collateral required.

Subsection 3. The valuation for collateral purposes shall be effected on the basis of an appraisal made or approved by the ship finance institute.

Subsection 4. The board of directors shall define guidelines for the valuation, including for the inspection of mortgaged vessels and for the use of independent valuations. These guidelines shall be posted on the ship finance institute's website and stated in the management report.

Subsection 5. The valuation for collateral purposes shall not exceed the amount which an expert purchaser with knowledge of the special price and market conditions for the relevant vessel type would expectedly be willing to pay for the vessel. Circumstances warranting a particularly high price shall not be taken into account. When determining the collateral value, the institute shall take into account any risk of changes in market and structural conditions.

Subsection 6. The value of the vessel for collateral purposes shall be determined no earlier than at the time the institute provides a loan offer and no later than at the time the institute institutes the loan.

Section 10. The ship finance institute may only grant loans against registered mortgage in the financed vessel within 70 per cent of the collateral value of the vessel, cf., however, sections 11-13.

Subsection 2. The mortgage pursuant to subsection 1 hereof may be waived against

- (i) other collateral of particularly high quality, cf. section 14, or
- (ii) additional capital reserved for that purpose when calculating the institute's solvency, cf. section 20(4).

Subsection 3. Moreover, a ship finance institute may grant loans against registered mortgage within 70 per cent of the collateral value of vessels other than the vessel(s) financed.

Subsection 4. A ship finance institute shall take adequate measures to ensure that loans meet the institute's objects clause throughout the term of the loan, cf. section 1a(1) of the Act on a Ship Finance Institute.

Subsection 5. Subsection 2(i) and subsection (4) hereof shall be deemed to be met if a central bank domiciled in a country with country classification 2 or higher, cf. schedule 3, item 1 of the Order on Capital Adequacy, is substituted as borrower throughout the term of the loan.

Section 11. Lending in excess of 70 per cent but within 100 per cent of the collateral value of the financed vessel(s) may only (for this part of the loan) be granted against

- (i) other collateral of particularly high quality, cf. section 14, or
- (ii) additional capital reserved for that purpose when calculating the institute's solvency, cf. section 20(4).

Subsection 2. Subsection 1 hereof shall apply *mutatis mutandis* to loans granted against registered mortgage in vessels other than the financed vessel(s) in excess of 70 per cent but within 100 per cent of the collateral value of the mortgaged vessel(s).

Section 12. Notwithstanding the provisions of sections 10 and 11, a ship finance institute may grant loans against registered mortgage in the financed vessel within 80 per cent of the contract price amount approved by the Danish Enterprise and Construction Authority without other collateral of a particularly high quality or additional capital being reserved by the institute, if

- (i) the loan has been granted in accordance with the conditions laid down in “Agreement between the Danish State represented by the Minister for Economic and Business Affairs and Danish ship Finance” (“*Aftale mellem den danske stat v/økonomi- og erhvervsministeren og Danmarks Skibskreditfond*”) dated 13 June 2003, and
- (ii) the borrower’s creditworthiness is deemed to be particularly high, cf. section 22(2).

Section 13. Notwithstanding the provisions of sections 10-12, a ship finance institute may grant building loans to be used in financing newbuilding or conversion of vessels. Such loans may be granted without a ship mortgage against

- (i) provision of collateral of particularly high quality, cf. section 14,
- (ii) additional capital reserved for that purpose when calculating the institute’s solvency, cf. section 20(4), or
- (iii) provision of collateral as set out in subsections 2 and 3 hereof, which entails the solvency treatment set out in section 21(5).

Subsection 2. Loans comprised by subsection 1(iii) hereof are subject to provisions concerning assignment and subrogation being inserted in the building contract following careful examination and conservative assessment of the contract in each individual case and subject to assignment of the collateral provided for payments under the building contract, cf. subsection 3 hereof. Collateral as set out in (i) shall remain in force until the vessel has been completed, delivered and fully approved, however, not later than until the building loan been repaid.

Subsection 3. In connection with loans comprised by subsection 1(iii) hereof, payments under the building contract shall be secured by

- (i) collateral of particularly high quality granted by the borrower, cf. section 14, or
- (ii) collateral granted by an institute domiciled in a country with country classification 2 or higher, cf. schedule 3, item 11 a) of the Order on Capital Adequacy.

Section 14. Collateral of particularly good quality may only include the following:

- (i) Collateral granted by central banks located in a country with country classification 2 or higher, cf. schedule 3, item 1 of the Order on Capital Adequacy.
- (ii) Guarantees from governments located in a country with country classification 2 or higher, cf. schedule 3, item 1 of the Order on Capital Adequacy.
- (iii) Guarantees from regional authorities located in a country with country classification 2 or higher, cf. schedule 3, item 2 of the Order on Capital Adequacy.
- (iv) Bonds or instruments issued or guaranteed by governments located in a country with a country classification 2 or higher, cf. schedule 3, item 1 of the Order on Capital Adequacy, within 90 per cent of the officially quoted securities price.
- (v) Bonds or instruments of debt issued or guaranteed by regional authorities located in a country with country classification 2 or higher, cf. schedule 3, item 2 of the Order on Capital Adequacy, within 90 per cent of the officially quoted securities price.
- (vi) Covered bonds, mortgage-covered bonds, mortgage bonds and other bonds offering similar collateral issued by a credit institution having obtained permission in a country in the European Union or a country with which the Community has made an agreement for the

financial sector within 90 per cent of the officially quoted securities price. Securities ranking junior to other receivables may not be used.

- (vii) Debenture bonds, ship mortgage bonds or covered bonds issued by the ship finance institute or by a credit institution which is the ship finance institute's parent company or subsidiary.
- (viii) Guarantees issued by or deposits made with a credit institution having obtained permission in a country in the European Union or a country with which the Community has made an agreement for the financial sector, following careful examination and conservative assessment in each individual case.
- (ix) Similar collateral with corresponding particularly high liquidity and corresponding particularly low counterparty risk. This category includes guarantees issued by or deposits made with credit institutions having obtained permission in the USA which have been given the best or second best rating by internationally recognised rating agencies. The category also includes particularly liquid bonds issued by such institutions and listed on a stock exchange or authorised marketplace, approved by a competent authority, within 90 per cent of the officially quoted securities price. Deposits and securities ranking junior to other receivables may not be used.

Subsection 2. Collateral as set out in subsection 1(ix) hereof may not, in aggregate for the institute, exceed an amount equivalent to 25 per cent of the capital base, cf. section 128 of the Financial Business Act, cf. section 21(1).

Section 15. The terms of loans granted by the ship finance institute may not exceed 15 years from the date of disbursement of the loan and, in case of building loans, four years from the date of the first disbursement. The term of a loan shall be determined with due consideration to the average life of the vessel type and the specific vessel's age and condition, etc.

Chapter 4

Covered bonds – collateral, valuation and term

Section 16. This chapter shall apply in situations where a ship finance institute grants loans as collateral against issuance of covered bonds. Chapter 3 shall not apply in such situations.

Subsection 2. A ship finance institute may fund loans against collateral in the asset types specified in section 152c(1)(ii)-(vii) of the Danish Financial Business Act, cf. section 2d(1), first sentence, of the Act on a Ship Finance Institute by issuing covered bonds. Section 152c(3) of the Danish Financial Business Act shall apply *mutatis mutandis*, cf. section 2d(1), second sentence, of the Act on a Ship Finance Institute.

Subsection 3. As stated in subsection 1 hereof, the Order on Valuation of Mortgage and Loans in Vessels Provided as Collateral against Issuance of Covered Bonds shall apply.

Section 17. Lending in excess of 60 per cent but within 100 per cent of the value of the funded vessel(s) assigned for use in granting the collateral may only (for this part of the loan) be granted against collateral in the types of assets specified in section 152c(1)(ii)-(iv) of the Danish Financial Business Act. The institute shall include the part of the loan granted between 60 and 70 per cent in the determination of the institute's solvency need. For the part of the loan exceeding 70 per cent, the institute shall exercise additional straining of the institute's solvency, cf. section 20(4). The second and third sentences shall, however, not apply if the loan has been granted in accordance with the conditions laid down in "Agreement between the Danish State represented by the Minister

for Economic and Business Affairs and Danish Ship Finance” (“*Aftale mellem den danske stat v/økonomi- og erhvervsministeren og Danmarks Skibskreditfond*”) dated 13 June 2003.

Chapter 5 *Fleet mortgage*

Section 18. Fleet mortgage exists if a borrower provides collateral against a loan in the form of a registered mortgage in more than one vessel, or if several borrowers provide collateral against one or more loans in the form of a registered mortgage in more than one vessel. Fleet mortgages comprise types of assets other than registered ship mortgage that the borrower may provide as collateral against the loan.

Subsection 2. It is possible to make a book distribution of a fleet mortgage between several capital centres, cf. section 38, provided that the following has been agreed in the loan agreements:

- (i) Cross-liability, meaning that all borrowers are liable for all loans comprised by the fleet mortgage,
- (ii) Cross-default, meaning that all loans comprised by the fleet mortgage fall due if one of the loans defaults,
- (iii) Cross-mortgage, meaning that all vessels comprised by the fleet mortgage are provided as collateral against all loans comprised by the fleet mortgage, and
- (iv) The borrower shall undertake not to provide collateral against other loans in the vessel(s) comprised by the fleet mortgage (negative pledge cause).

Section 19. To calculate whether the lending limits, cf. section 10(1) and section 3 of the Order on Valuation of Mortgage and Loans in Vessels Provided as Collateral against Issuance of Covered Bonds, cf. section 16(3), have been observed at the time of granting or extending a loan secured through fleet mortgage, the institute may, subject to compliance with section 18(2)(i)-(iv), prepare such calculation by comparing the aggregate value of all vessels comprised by the relevant fleet mortgage with the aggregate value of all loans against which the fleet mortgage has been provided as collateral. The calculation may only include mortgages set out, cf. section 152c(1)(ii), in the Financial Business Act.

Chapter 6 *Capital structure and solvency*

Section 20. The capital base of a ship finance institute shall be at least 8 per cent of the risk-weighted items (solvency requirement). The solvency requirement shall be met by the individual capital centre as well as by the institute.

Subsection 2. The board of directors and management board of the institute shall, on the basis of the institute’s risk profile, calculate the institute’s individual solvency needs. The solvency need shall be expressed as the capital base in percentage terms of the risk-weighted items. The solvency need may not be lower than the solvency requirement set out in subsection 1 hereof.

Subsection 3. The Financial Supervisory Authority may determine a higher individual solvency requirement than the one stipulated in subsection 1 hereof.

Subsection 4. Where the institute’s solvency is subjected to additional straining, the loan will be deducted from the Tier 1 capital of the capital centres or the institute in general when calculating solvency. If the remaining debt on the loan less the realisable value of collateral provided is less

than the additional straining plus the write-down, the deduction stipulated in the first sentence hereof may be reduced by such difference.

Subsection 5. The solvency-related excess cover, cf. section 21(5), is the share of the Tier 1 capital exceeding the capital base requirement, cf. subsections 1 and 3 hereof, less deduction, cf. subsection 4 hereof.

Section 21. Sections 128-143 of the Financial Business Act shall apply *mutatis mutandis* to a ship finance institute.

Subsection 2. A capital centre may raise hybrid Tier 1 capital and subordinated loan capital.

Subsection 3. A ship finance institute shall prepare capital adequacy statements in accordance with subsections 4-6 hereof.

Subsection 4. The Order on Capital Adequacy issued pursuant to section 143(1)(i)-(v), (vii) and (viii) and sections 143(3) and 373(4) of the Financial Business Act shall apply *mutatis mutandis* to a ship finance institute. Section 60(5) of the Order on the obligation to disclose the information in schedule 20, items 5-10 shall apply *mutatis mutandis* to a ship finance institute.

Subsection 5. Building loans comprised by section 13(1)(iii) shall be included in the calculation of capital adequacy, cf. subsection 1 hereof, with a weighting of 2.0 to the extent the institute's subsequent financing of the building loan is comprised by section 10(1) and (2) or section 12. The sum of the building loans pursuant to the first sentence shall not exceed 125 per cent of the solvency-related excess cover, cf. section 20(5).

Subsection 6. The capital adequacy statement shall, cf. the Order on Capital Adequacy, for the institute and the group, be filed with the Financial Supervisory Authority in CS forms not later than 20 business days after the end of the 1st-3rd quarters. The CS forms are available on the Financial Supervisory Authority's website. Filing of the year-end capital adequacy statement shall take place not later than 30 business days after the end of the year.

Subsection 7. A ship finance institute may petition the Financial Supervisory Authority to be fully or partly exempted from preparing a capital adequacy statement in the form stipulated in subsection 6 hereof in view of the special circumstances applying to the institute.

Chapter 7

Investment of funds, liquidity and group regulations, etc.

Section 22. The board of directors of a ship finance institute shall lay down risk diversification rules for the institute.

Subsection 2. The board of directors shall lay down rules for assessing whether the quality of the borrower's creditworthiness is particularly good, cf. section 12(ii).

Section 23. Sections 146 and 147 of the Financial Business Act shall apply *mutatis mutandis* to institutes comprised by this Order.

Subsection 2. Section 153 of the Financial Business Act shall apply *mutatis mutandis* to institutes comprised by this Order. In addition to the assets listed in section 153(1)(i)-(iv), a ship finance institute may, for the purpose of meeting the provision of section 153(1), invest funds in the below assets:

- (i) Unsubordinated deposits made with credit institutions having obtained permission in a country in the European Union a country with which the Community has made an agreement for the financial sector.

- (ii) Unsubordinated deposits made with credit institutions having obtained permission in the USA which have been given the best or second best rating by internationally recognised rating agencies.
- (iii) Unsubordinated, particularly liquid bonds issued by credit institutions as defined in (i) and (ii) hereof and listed on a regulated market approved by a competent authority.

Subsection 3. The assets set out in subsection 2(ii) and (iii) hereof shall in aggregate for the ship finance institute not exceed 25 per cent of the funds to be invested in assets in accordance with section 153(1) of the Financial Business Act.

Section 24. Loans granted by a ship finance institute shall be based on issuance of bonds, loans granted out of the institute's capital base, cf. however section 23, and loans raised in the money and capital markets.

Section 25. Chapter 12 of the Financial Business Act concerning group regulations, consolidation, etc. shall apply *mutatis mutandis* to the ship finance institute.

Chapter 8

Financial statements and auditing

Section 26. Chapter 13 of the Financial Business Act on annual reports, auditing and distribution of the profit for the year shall apply *mutatis mutandis* to the ship finance institute.

Chapter 9

Financial statements for capital centres

Section 27. The ship finance institute shall prepare separate capital centre financial statements, cf. section 2e of the Act on a Ship Finance Institute.

Subsection 2. The capital centre financial statements comprise income statements, balance sheets and notes.

Subsection 3. Aggregate notes of the capital centre financial statements may, unless otherwise determined, be prepared for all capital centre financial statements.

Section 28. The income statement and balance sheet include items that must shall be individualised and allocated directly to the individual capital centre and items allocating specific shares to the capital centre, cf. section 29.

Section 29. Where a specific share is allocated to a capital centre, an allocation key based on the total amount of the loan(s) raised (raising of bonds, etc.) shall be applied, cf. however, subsection 3.

Subsection 2. The total amount of the loan(s) raised shall be the average of opening and closing figures of debt raised pursuant to the lending operations.

Subsection 3. Allocation keys other than the size of the debt may be applied subject to approval by the Financial Supervisory Authority. If other allocation keys are applied, this should be stated in a note.

The income statement

Section 30. The income statement contains the following items:

- (i) Net interest income.
- (ii) Net fees and commissions received.
- (iii) Net interest and fee income.
- (iv) Market value adjustments and dividends from investments.
- (v) Staff costs and administrative expenses, etc.
- (vi) Losses and write-downs on debtors.
- (vii) Profit before tax.
- (viii) Tax.
- (ix) Profit/loss for the year.

Subsection 2. If the individual capital centre has subordinated debt and/or senior debt, the interest related thereto shall be individualised and directly allocated to the relevant capital centre.

Section 31. The item net interest income, cf. section 30(1)(i), includes:

- (i) Interest on balances with credit institutions.
- (ii) Interest on loans.
- (iii) Revaluation (indexation) of loans.
- (iv) Interest on bonds.
- (v) Other interest income.
- (vi) Interest on balances due to credit institutions.
- (vii) Interest on issued bonds.
- (viii) Revaluation (indexation) of issued bonds.
- (ix) Other interest expenses.
- (x) Derivative financial instruments, including interest rate and foreign exchange contracts.
- (xi) Total net interest income.

Subsection 2. The sum of the above items is distributed on the individual capital centres, cf. section 29.

Subsection 3. The individual items, cf. subsection 1, shall be stated in a note.

Section 32. The item market value adjustments and dividends from investments, cf. section 30(1)(iv), includes:

- (i) Value adjustment of bonds, shares, etc., currency translation and financial instruments.
- (ii) Dividends from investments.
- (iii) Market value adjustments and total dividends from investments.

Section 33. The item staff costs and administrative expenses, etc., cf. section 30(1)(v), includes:

- (i) Staff costs and administrative expenses.
- (ii) Other ordinary income.
- (iii) Depreciation of property, plant and equipment.
- (iv) Total staff costs and administrative expenses, etc.

Subsection 2. The sum of the above items is distributed on the individual capital centres, cf. section 29.

Subsection 3. The individual items, cf. subsection 1, shall be stated in a note.

Section 34. Losses and write-downs on debtors, cf. section 30(1)(vi), includes all losses and write-downs on loans in the relevant capital centre. Individualised losses and changes to individual write-downs are allocated directly to the relevant capital centre.

Subsection 2. Changes to other write-downs, including collective write-downs, are distributed on the individual capital centres.

Subsection 3. The item tax, cf. section 30(1)(viii), includes the total amount of tax on the profit for the year, deferred tax and subsequent adjustment of tax charges for previous years. The individual elements are stated in a note.

Subsection 4. The tax owed by the individual capital centre is calculated on the basis of the individual capital centre's contribution to the net profit for the year, using the current tax rate, adjusted for non-taxable income.

The balance sheet

Section 35. The balance sheet contains:

- (i) Assets:
 - (a) Loans.
 - (b) Write-downs of loans.
 - (c) Other assets.
 - (d) Total assets.
- (ii) Liabilities:
 - (a) Issued bonds.
 - (b) Other liabilities.
 - (c) Equity.
 - (d) Total liabilities.

Assets

Section 36. The item loans include loans against ship mortgages provided on the basis of the Act on a Ship Finance Institute.

Subsection 2. The outstanding debt stated in subsection 1 is individualised and allocated directly to the individual capital centre.

Subsection 3. The individual write-downs on loans and past due loans shall be individualised and directly allocated to the relevant capital centre.

Subsection 4. Collective write-downs on loans are distributed on the individual capital centres.

Subsection 5. Loans raised with a view to meeting the supplementary collateral requirement shall be allocated to the capital centre to which the loans belong.

Subsection 6. Accrued interest on loans shall be individualised and allocated directly to the individual capital centre.

Subsection 7. If the sum of the capital centre's individualised liabilities (liability item 4, cf. section 35(2)) exceeds the sum of the capital centre's individualised assets (asset item 4, cf. section 35(1)), the non-individualised assets shall be residually allocated to the capital centre to the extent that the sum of the capital centre's assets is identical with the sum of the capital centre's liabilities and constitutes the capital centre's partial balance sheet.

Liabilities

Section 37. Issued bonds, etc. shall be individualised and allocated directly to the individual capital centres.

Subsection 2. Coupon due is individualised and allocated directly to the relevant capital centre.

Subsection 3. If the individual capital centre has subordinated debt and/or senior debt, the interest related thereto shall be individualised and allocated directly to the relevant capital centre.

Subsection 4. If the sum of the capital centre's individualised assets (asset item 4, cf. section 35(1)) exceeds the sum of the capital centre's individualised liabilities (liability item 4, cf. section 35(2)), the non-individualised liabilities shall be residually allocated to the capital centre to the extent that the sum of the capital centre's assets is identical with the sum of the capital centre's liabilities and constitutes the capital centre's partial balance sheet.

Subsection 5. Subordinated debt and senior debt shall be individualised and allocated directly to the individual capital centre.

Subsection 6. Equity shall be individualised and allocated directly to the individual capital centres in connection with the calculation of the capital base.

Fleet mortgage

Section 38. In relation to fleet mortgage, cf. section 18, the value of the fleet mortgage shall be distributed between the capital centre and the institute in general. It is possible to make a book distribution if the distribution is unambiguous.

Subsection 2. If a ship finance institute, a borrower or several borrowers have provided supplementary collateral, cf. section 2 of the Act on a Ship Finance Institute, it is also possible to make a book distribution of the value of such supplementary collateral between the capital centres and the institute in general on condition that the supplementary collateral has been provided as collateral against all loans comprised by the relevant fleet mortgage.

Section 39. If the ship finance institute makes a distribution of the fleet mortgage and the value of the supplementary collateral, cf. section 38, the ship finance institute shall prepare an electronic statement of each fleet mortgage and the supplementary collateral describing how the fleet mortgage and the value of the supplementary collateral has been distributed between each capital centre and the institute. The list shall be generated in such a way that it is possible at any time within 24 hours to issue a list showing the distribution of the fleet mortgage and the value of the supplementary collateral between each capital centre and the institute in general.

Subsection 2. The management board of the ship finance institute shall define business procedures setting out among other things:

- (i) How the list should be structured;
- (ii) Who has got the day-to-day responsibility for the list;
- (iii) Who is responsible for maintaining the list;
- (iv) Who is responsible for checking the list;
- (v) How the list should be updated on a daily basis and how to take into account any fluctuations of the value of the fleet mortgage to ensure that, at any time, such value corresponds to the value of the issued covered bonds to the extent that the fleet mortgage has been provided as collateral in relation thereto;
- (vi) Control procedures, including current control of the distribution, cf. section 38(1);

- (vii) Adequate measures securing that the rules governing assets provided as collateral against ship mortgage bonds and covered bonds, respectively, are observed; and
- (viii) A description and explanation of the allocation keys applied, cf. section 38(1).

Reporting and publication

Section 40. The approved financial statements for the capital centres shall be filed with the Financial Supervisory Authority together with the approved annual report not later than eight days after approval of the annual report.

Subsection 2. Preliminary financial statements for the capital centres shall be filed with the Financial Supervisory Authority not later than 15 February or on the next working day.

Subsection 3. Summaries of the financial statements for the capital centres shall be included in the ship finance institute's financial report. The complete financial statements for the individual capital centres shall be available on request to the ship finance institute.

Subsection 4. In connection with the release of the ship finance institute's annual report, a note containing the information set out in subsection 5 shall be included.

Subsection 5. The note on capital centre financial statements, cf. section 4, shall contain information on the inflow and outflow of funds (net), including consolidation transfers made during the reporting to or from the individual capital centres forming part of the ship finance institute. Moreover, it shall be stated that complete financial statements for the individual capital centres can be obtained on request to the ship finance institute.

Chapter 10

Amalgamation, cessation and crisis management

Section 41. Section 204(1) of the Financial Business Act shall apply *mutatis mutandis* to the ship finance institute.

Section 42. Except for section 223, chapter 15 of the Financial Business Act concerning cessation shall apply *mutatis mutandis* to the ship finance institute.

Subsection 2. Section 223 of the Financial Business Act shall apply *mutatis mutandis* to the ship finance institute if it is not financially feasible to carry on such business, cf. section 11(1) of the Act on a Ship Finance Institute.

Section 43. Part 16 of the Financial Business Act concerning crisis management shall apply *mutatis mutandis* to the ship finance institute.

Chapter 11

Penalty provisions

Section 44. Violation of the provisions in section 3, second sentence, section 4, first sentence, section 9, section 10(1) and (4), sections 14, 15 and 17, section 18(2), section 19, section 20(1), (2) and (4), section 21(3), (5), second sentence, and (6), section 22, section 23(2), second sentence, and (3), section 24, section 27(1) and (2), section 29(3), first sentence, section 30(2) and (3), sections

32-34 and sections 36-40, is punishable by fine, unless a stricter penalty is prescribed by other legislation.

Subsection 2. A ship finance institute may be held liable in accordance with the provisions of part 5 of the Criminal Code.

Section 45. Violation of provisions in the Financial Business Act, which according to this Order shall apply *mutatis mutandis* to the ship finance institute, is punishable in accordance with the provisions in section 373(1)-(3) of the Financial Business Act. Violation of provisions in rules issued in pursuance of the Financial Business Act, which according to this Order shall apply *mutatis mutandis* to the ship finance institute, is punishable in accordance with the penalty provisions determined by such rules.

Subsection 2. Section 373(5)-(8) and section 374 of the Financial Business Act shall apply *mutatis mutandis* to the ship finance institute and to the persons and bodies of the ship finance institute referred to in these provisions.

Chapter 12

Commencement provisions

Section 46. This Order shall enter into force on 1 January 2011.

Subsection 2. At the same time, Order no. 1202 of 11 December 2008 on a ship finance institute is repealed.

The Danish Financial Supervisory Authority, 15 December 2010

Ulrik Nødgaard / Jørn Andersen