



ANNUAL REPORT
VP SECURITIES A/S

2014

CVR nr. 21 59 93 36

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Ready for future challenges

2014 has been a year with many activities which have all been carried out with a view to make VP SECURITIES (VP) ready for future challenges. Work has been done to determine the future strategic direction of VP's business and as a part of this we have been in close dialogue with our customers and other market participants. Internally we have focused on developing and adjusting our organisation in order for us to be able to handle future tasks.

VP's results for 2014 has seen a positive influence by a turnover increase compared to 2013 as a result of the continuing positive development in the financial markets. However, costs have also increased due to strategic work, development of the IT platform in connection with the transition to TARGET2-Securities (T2S) and improvements in the effectiveness of the organisation.

Business development

VP's core business is changing due to a number of initiatives at European level. The most significant initiatives comprise changes in legislation related to the implementation of common rules for the CSDs (CSD-R) and development of the joint European settlement platform, T2S. Harmonisation of legislation combined with the joint European settlement platform will provide basis for a future liberalisation of the market for services related to registration, issuance and clearing of securities trades, which today represent VP's core business.

VP has decided to join T2S as the only CSD in Scandinavia. In 2014, many resources have been invested in making VP's existing IT platform ready to take part in this joint European solution, and we were thus ready for the first major test on 1 October 2014. The European platform will go "live" in June 2015, while VP and the Danish financial sector will join in September 2016.

In 2014, VP has worked intensively on identifying opportunities with the new market conditions, including identification of the correct service platform and product range for our customers. To a large extent this work has been based on dialogue with our customers and other market participants. This process is still running, with clarification expected in the first half of 2015.

Closer to the customers

With the transition into a new competitive situation it is important to know the customers' future direction. In connection with the strategic work, VP has benefited from a close dialogue with its customers. As a supplier of infrastructure to both the financial sector and services to issuers, it is important with a close cooperation – both for VP and our customers. We will therefore continue our work to get closer to our

customers in order to help developing the best and most efficient solutions.

Development of VP's organisation

The many changes we are facing in future years set high requirements for VP's organisation which must be both competent, efficient and ready for changes. The work to strengthen the organisation, both in terms of management and qualifications, have continued in 2014.

It is also a clear objective to ensure that VP continues to be an attractive place to work. Employment of new, qualified employees during the year has confirmed that VP has a good brand and is able to attract the right profiles.

Focus on Risk Management

VP is a central part of the financial infrastructure in Denmark, and accordingly security is paramount. This involves both data security and the assurance of system availability. In 2014, VP has set up an independent Risk Management and Compliance function in order to strengthen the focus on the work done in this area.

In 2014, the Danish FSA carried out an inspection of VP's IT systems and concluded that VP's IT security management and overall risk management is at a satisfactory level and in all material respects comply with the IT security requirements specified in the Danish FSA's executive order on management and governance.

In 2014 we have done much work to prepare for future changes and to provide a good basis for continuing to provide our customers with the best possible services. I look forward to continuing the positive dialogue with our customers in 2015 and to creating an even stronger foundation for VP's future business activities.

Niels Olsen

CEO

VP in brief

VP is the central place in Denmark for trading in Danish securities.

VP is a private limited liability company owned by significant players in the Danish financial market. The relationship between the shareholders is regulated by a shareholders' agreement.

VP's business areas are CSD & Securities Services and Investor Services, undertaken by parent company VP SECURITIES A/S and subsidiaries VP LUX S.à r.l. (VP LUX) and VP SERVICES A/S.

VP's role

The role as a CSD is defined in the Danish Securities Trading Consolidated Act, and VP's activities are thus subject to the provisions of this Act. VP is approved by the Danish FSA to operate a CSD business, and VP comes under the supervision of the Danish FSA. Nationalbanken (Denmark's central bank) also monitors VP's activities.

Business areas

VP's core business is CSD Services, to support both the financial services sector and its customers in their need for the issuance and custody of securities.

VP also ensures that securities transactions are settled in a stable, reliable and prompt manner between the buyer and the seller, and takes care of effective brokering of interest, instalments and dividend for investors.

These services are also offered for securities issued in euros via VP LUX.

In connection with VP's core activities, a number of services are offered within the Securities Services business area. These support customers' internal processes in the course of their administration of securities, and include Custody Services, Investment Fund Services and Issuing Agent Services, among others.

VP INVESTOR SERVICES is the leading provider of investor services in Denmark and supports companies and unit trusts in their need for holding AGMs and effective investor management.

2014 highlights

VP's activities

During 2014, increasing activity in the financial markets led to an increased number of transactions with Danish shares and unit trust certificates as well as an increase in their market value.

- The total market value of securities registered with VP at the end of 2014 was DKK 7,304 billion, an increase of DKK 394 billion compared to the end of 2013, corresponding to a rise of 6 per cent.
- Turnover or the market value of securities traded in 2014 amounted to DKK 44,205 billion, an increase of DKK 1,216 billion compared to 2013, corresponding to a rise of 3 per cent.
- The number of settlement transactions completed in VP in 2014 was 15.1 million, up 2.3 million compared to 2013, corresponding to a rise of 18 per cent.
- The main part of the systems development to take part in the joint European settlement platform, Target2-Securities, has been completed, and VP has successfully completed the first tests. The remaining systems development is proceeding as planned.

Financial development

VP's turnover and profit developed satisfactorily in 2014.

- Net turnover was DKK 398.8 million, which is DKK 32.7 million higher than in 2013, corresponding to an increase of 9 per cent. This increase is primarily attributable to higher earnings from clearing and settlement as a result of the increase in the number of transactions.
- Total costs including depreciation were DKK 317.9 million, which is DKK 41.9 million higher than in 2013, corresponding to an increase of 15 per cent, which mainly represents costs for strategic work, severance pay and increased development costs.
- Operating profit was DKK 80.9 million, which is DKK 9.2 million lower than in 2013, corresponding to a decrease of 10 per cent.
- Profit for the year was DKK 63.1 million, which is DKK 5.4 million lower than in 2013, corresponding to a decrease of 8 per cent.
- Accordingly, in 2014, equity including non-distributable securities reserve was DKK 214.4 million, with non-distributable reserve accounting for DKK 61.2 million of this. The return on equity was thus 30 per cent in 2014 compared to 33 per cent in 2013.

The Board of Directors proposes to the AGM that for 2014 a dividend of DKK 1,500 per share be paid, corresponding to DKK 60.0 million.

Key figures and ratios

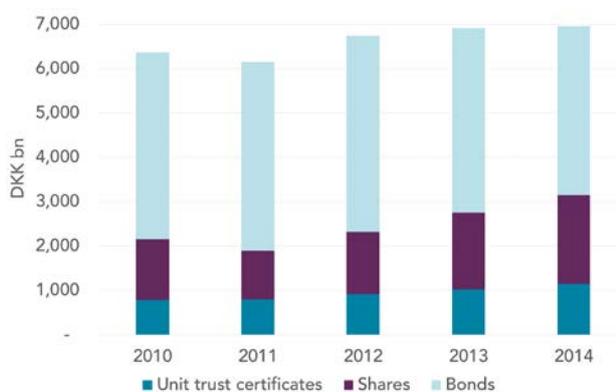
DKK '000	2014	2013	2012	2011	2010
Key figures					
Net turnover	398,800	366,115	346,905	347,633	365,144
Gross profit	246,179	252,432	222,573	229,037	254,226
Operating result	80,861	90,101	76,418	80,521	90,840
Profit (loss) on financial items	2,816	1,333	3,858	29	(718)
Profit for the year	63,096	68,518	60,047	60,039	67,482
Total assets	279,836	267,218	259,711	256,953	253,271
Investments in tangible fixed assets	2,365	1,081	1,108	1,791	372
Equity including non-distributable securities reserve	214,411	210,411	204,717	204,115	204,346
Average invested capital including goodwill	84,384	86,840	91,191	100,633	108,689
Net interest-bearing debt	(202,220)	(192,734)	(187,615)	(177,736)	(157,003)
Ratios					
Gross margin (per cent)	62	69	64	66	70
Net margin (per cent)	16	19	17	17	18
Return on invested capital including goodwill (per cent)	96	104	88	86	96
Net turnover/invested capital including goodwill	4.73	4.22	3.80	3.45	3.36
Return on equity (per cent)	30	33	29	29	32
Equity ratio (per cent)	77	79	79	79	81
Profit per share	1,577	1,713	1,501	1,501	1,687
Dividend per share	1,500	1,500	1,500	1,500	1,500

Management Review

During 2014, increasing activity in the financial markets led to increased turnover in VP's core business and related areas. In all business areas, work has been done in 2014 to develop new services and strengthen customer relationships. The largest ongoing development project is the joining of the joint European settlement platform, T2S, and this project is developing as planned.

CSD Services

CSD Services drive VP's core business within Central Securities Depository (CSD) business. Activities within this area primarily include the issuing, custodian services and settling of transactions for securities. It also includes a number of services designed for unit trusts.

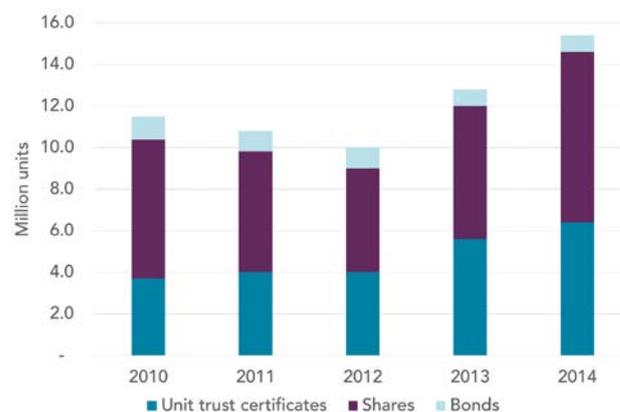


Total amount issued, end of year

Increase in the number of securities trades and their market value

In 2014, 15.1 million securities trades were settled via VP – an increase of 18 per cent compared to 2013. The breakdown of the 15.1 million transactions was 8.0 million share transactions (an increase of 26 per cent compared to 2013), 0.8 million bond transactions (a decrease of 5 per cent) and 6.3 million unit trust transactions (an increase of 14 per cent). The value of turnover increased by 3 per cent to DKK 44,205 billion.

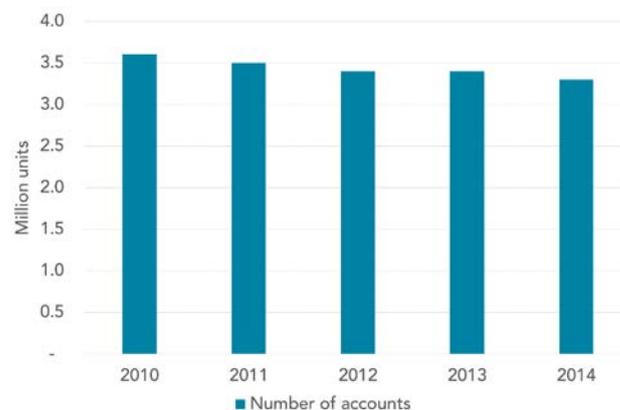
The combined market value of bonds issued amounted to DKK 4,137 billion at the end of the year – unchanged compared to 2013. The combined market value of shares amounted to DKK 2,033 billion – an increase of 18 per cent compared to 2013. The value of unit trust certificates at the end of the year was DKK 1,134 billion, a rise of 11 per cent.



Number of trade transactions for the year

Fewer custodian institutions

At the end of 2014, VP had 110 custodian institutions as clients, a decrease of 6 compared to 2013. This development is a result of ongoing consolidation among Danish banks. In addition, 141 customers participated in VP's clearing & settlement, 67 of which were foreign market participants. The number of custody accounts was 3.3 million, with 1.6 million private investors, 120,000 businesses and 68,000 investors from abroad. The reason for there being fewer investors than accounts is that investors often have more than one custody account.

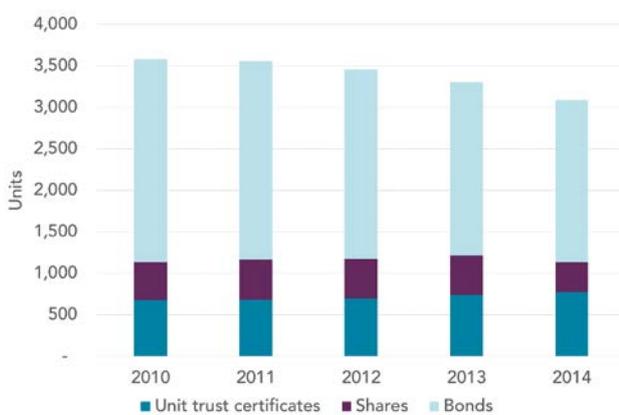


Number of custody accounts, end of year

Fewer issuances

At the end of 2014, a total of 1,056 mortgage bond series, 301 covered bonds, 254 covered mortgage-credit bonds, 318 commercial loans, 7 asset backed securities and 18 government loans had been issued. Furthermore, 364 share series, 116 warrant series and 770 sub-funds were issued. Accordingly, by the end of 2014, a total of 1,954 bond series had been issued compared to 2,094 at the end of 2013. The drop is attributable to a higher concentration of products offered by mortgage credit institutions.

In 2013, it was possible to issue sub-funds with certificates that can be traded in amounts including decimal points. By the end of 2014, 24 such sub-funds had been issued.



Number of bond, share and sub-fund issuances, end of year

Focus on improving the efficiency of settlements of securities

As part of VP's clearing rules, the market's settlement efficiency is monitored. Under these regulations, the individual market participant's settlement ratio is benchmarked and made visible to the other participants. The primary focus is on the settlement efficiency for shares, as the settlement efficiency for bonds and unit trust certificates is approximately 99 per cent. Settlement efficiency for shares has slightly decreased in 2014. A number of settlement participants has showed declining performance, and VP is in an ongoing dialogue with these participants regarding initiatives to improve their settlement performance.



Settlement efficiency of shares.

The CSD business in Luxembourg

Via its subsidiary VP LUX, VP is able to issue euro bonds in Luxembourg which can be used as security for loans in the Eurosystem. This includes the issuance of mortgageable euro bonds, including EMTN programmes, covered bonds and corporate bonds. VP LUX also supports the issuance of investment funds.

VP LUX has specialised in issuing of euro bonds or bonds aimed at the international market. Bonds can be transferred to other CSDs in line with investors' wishes, as they see fit, with a view to mortgaging within the Eurosystem.

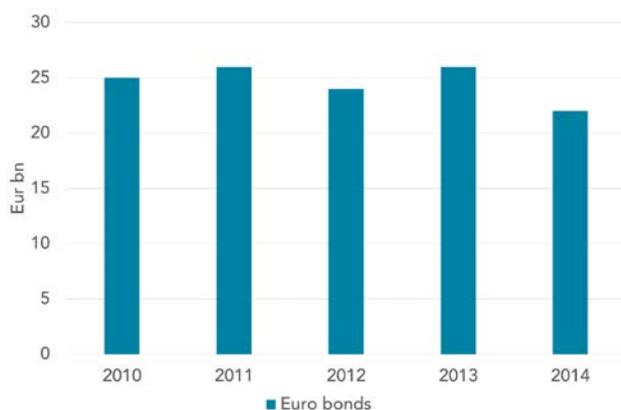
At the end of 2014, the market value of euro bonds issued via VP LUX was EUR 33.2 billion. This is a decrease of EUR 6.8 billion compared to the end of 2013 and may be ascribed to the fact that more issuers choose Danish kroner over euros as the issuing currency due to the still limited interest differential between Danish kroner and euros.

VP LUX has established access to the majority of the European market for the benefit of investors. In order to strengthen the distribution of bonds issued via VP LUX, VP LUX in 2014 established a link to the Italian market via the Italian CSD Monte Titoli. This link was reported to the Eurosystem in 2014 and is expected to be approved as an eligible link by the Eurosystem in 2015.

VP LUX was approved by the Luxembourg financial supervisory authority (CSSF) to operate a CSD business and was also approved, in accordance with the standards of the Eurosystem, for the issuance and administration of securities eligible for use as security.

VP LUX's activities also include distribution as well as clearing and settlement of investment funds with a special focus on foreign funds designed to appeal to Nordic investors. In September 2014, VP LUX introduced the vp.FUND HUB®, which assists unit trusts and their Transfer Agents in "order routing"

and clearing and settlement in other currencies than euros.



VP LUX – Euro bonds issued, end of year.
The amount actually issued as at 31 December includes drawn bonds, which are written down as at 2 January.

Securities Services

The Securities Services business area offers a number of services, connected to the CSD activities, that customers need in conjunction with the administration of securities. This includes services where VP is able to operate as a custodian institution, e.g. in connection with the activities of foreign clearing participants in the Danish market, responsibility as an issuer and custody of foreign securities.

Custody Services

In 2014, VP's Custody Services has experienced increased activities and increased market interest. The business area mainly services foreign CSDs and foreign clearing participants who request to hold Danish securities.

The implementation of the many new regulatory requirements in the post trade area is currently intensified as well as the introduction of T2S is approaching. These matters has a positive influence on the interest of foreign market participants in VP's services generally and VP's Custody Services specifically.

As a Direct Clearing Participant with VP, the foreign customers are approaching the Danish infrastructure and thereby minimize their commercial risk. This is important to many of the large international market participants. Additionally, VP may, via VP's Custody Services, offer Asset Servicing to the market participants who do not request to build up this competency. VP expects that the interest in services in this area will increase further in future years.

Issuing Agent Services

In 2014, the Issuing Agent Services business area has experienced a significant growth in turnover and the area is an independent account controller with VP SECURITIES A/S. The area assists issuers of shares, bonds and unit trust certificates with the handling of registration of the issuance with VP and especially with Corporate Actions like payment of interest and dividend, capital increases, redemptions etc. In 2014, Issuing Agent Services has assisted with 61 issuances.

Investment Fund Services

In 2013, VP launched a new service to unit trusts under the name of vp.FUNDHUB®. The solution supports the distribution of Danish unit trusts abroad and allows trade in decimal points. In other countries, it is common practice to buy unit trust certificates for a given amount, unlike in Denmark, where a whole number of certificates is purchased. Consequently, it has become necessary to trade in decimal points and to use settlement at net equity value (NAV) instead of a transacted price.

At the same time, a separate settlement platform was introduced to handle the issuing and redemption of unit trust certificates in decimal points. Monetary settlement on this platform is possible via a commercial bank, including in a different currency. The solution is also supported by an order routing system that automates and improves the efficiency of taking and settling orders. By the end of 2014, issues of EUR 1 billion and SEK 8.7 billion, corresponding to a total of DKK 14.5 billion, had been made via vp.FUNDHUB®.

Communication with our customers

A close and involving dialogue with our customers is crucial to the continued development of VP's business.

Clients & Relations is responsible for establishing a close dialogue and for ensuring that customers can consider VP as a partner in their own business development.

As the centre of the dialogue with the market, VP has set up a customer forum, where representatives of major customers, trade organisations and Danmarks Nationalbank are represented. In this customer forum, VP may discuss new market initiatives, inform customers of new market conditions and new regulation and obtain the customers' reactions to products and services.

VP also informs the customers on an ongoing basis via VP's web-based Customer Centre and newsletters. In 2014, a new newsletter was introduced, T2S Update, to inform the customers about the ongoing development against the transition to T2S. Other newsletters are aimed at the customers of Custody Services (mainly international customers) and VP LUX.

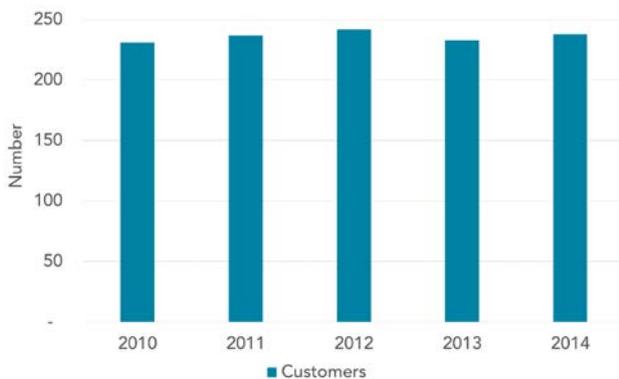
Customers with large portfolios have been given a dedicated Client Manager, who assists the customer in connection with the daily use of VP's services.

Investor Services

VP INVESTOR SERVICES is the leading supplier of investor services in Denmark and services 235 of Denmark's largest companies and unit trusts. The services include operating share registers, AGM and meeting services, solutions for investor management, investor analysis as well as compliance and corporate governance.

Customer development

VP INVESTOR SERVICES's influx of new customers continued in 2014, yet, the number of customers decreased as a result of mergers or winding-ups. Accordingly, VP INVESTOR SERVICES now operates share registers for 235 companies, banks and unit trusts. During 2014, VP INVESTOR SERVICES rendered meeting services to 221 general meetings and meetings of shareholders, etc., which is a decrease of 14 per cent compared to 2013. This decrease is caused by the fact that the increased activity level following from the financial crisis has been reduced and that the number of extraordinary AGMs is now considered to be back to normal.



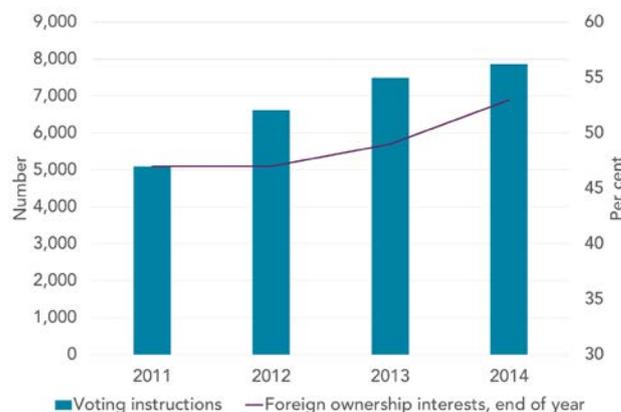
Number of customers, end of year

The solution for electronic voting in general meetings (e-voter) was used at ten general meetings in 2014; four of them in C20 companies. In 2014, VP INVESTOR SERVICES also provided solutions for holding fully electronic general meetings.

General meetings - Trends and tendencies

Based on experience and data from general meetings conducted, VP INVESTOR SERVICES publishes a yearly analysis of trends and tendencies in the area of general meetings. It appears from the 2014 analysis, among others, that the shareholders have submitted more proposals, more proposals have come to a vote and that the foreign shareholders have increased

influence by way of proxy voting. The number of proxy votes from foreign investors continued to increase in 2014, however, at a reduced pace compared to previous years. While foreign shareholders exert their influence to an increased extent, 2014 saw a small drop in the number of attending Danish shareholders.



Number of proxy votes from foreign investors and the development of foreign ownership of Danish shares.

Source: Number of proxy votes: VP INVESTOR SERVICES, 2014 analysis of Annual General Meetings. Foreign ownership interests: vp.INDIKATOR, VP SECURITIES.

Launching new services

VP INVESTOR SERVICES launched several new services and products during 2014. Among others, vp.INSIDER has been developed in order to allow for automatic exchange of information with the customers' HR systems.

Furthermore, a new service has been introduced for bond issuers, vp.BONDHOLDER, which gives issuers online access to information about ownership and amendments thereto. Access to this information also means that issuers can communicate directly with bond holders and that this information may be used as a basis for meetings between bond holders.

Finally, VP INVESTOR SERVICES' qualifications as regards handling of complex processes in connection with a specific customer task have been conceptualised to a new service where large tasks including complex administrative processes are handled on behalf of the customers.

Communication with our customers

It is an important activity in VP INVESTOR SERVICES to have an ongoing dialogue with the customers about changes in regulatory matters and the development of "best practice" in this area. Thus, VP INVESTOR SERVICES operates as a natural knowledge centre in a number of areas.

As part of the ongoing communication with customers, a number of theme meetings are held as well as electronic newsletters discuss matters related to investor services.

Other business areas and activities

New joint venture - Nordic Trustee

In March 2014, VP SECURITIES A/S and Norsk Tillitmann (now Nordic Trustee ASA) set up a joint venture with the name Nordic Trustee A/S. Each of the two companies has an ownership share of 50 per cent.

Nordic Trustee's main activity is to work as a representative, a so-called Trustee, in connection with the issuance of bonds, and the company will play an active role in the development of the Danish commercial bond market.

Phasing out of activities in the Absalon Project

VP has previously cooperated with Soros Fund Management regarding systems export of the Danish mortgage-credit model internationally, but it has been agreed to end the cooperation in 2014. The activities have ceased and the companies VP Mortgage Solutions and VP Mortgage Solutions II are expected to be liquidated during the first half of 2015.

Focus areas

New European settlement platform

The purpose of TARGET2-Securities (T2S) is to establish a joint European securities settlement system where transnational securities transactions are handled just as efficiently as national transactions. Thus, the establishment of T2S is an important step in the direction of realising the Single Market for financial services in the EU. Together with a joint European regulation, T2S will create the basis for real competition between CSDs in the EU.

In close dialogue with the Danish market participants, VP has decided to join the new joint European settlement platform for securities transactions.

The T2S accession is VP's largest project since the establishment in the 1980s. Together with a new EU regulation, this accession enables VP to offer its services in other European markets and to offer new services for the benefit of Danish market participants and issuers. Via T2S, VP will be able to support securities settlement across the European markets and help to promote Danish issuances to international investors via links to the other CSDs that have joined T2S.

The T2S system is being established by the European Central Bank (ECB) and goes live in June 2015, after

which the majority of European CSDs will join in four waves of accession in the run-up to February 2017. VP is the only Scandinavian CSD to have opted to sign up to the T2S platform, and the Danish krone is the only currency that will be available for settlement in T2S apart from the euro.

Danish preparations for T2S will be undertaken in close collaboration with the market participants. VP has appointed a number of working parties to establish the functionality of the new system in collaboration with the customers. The central coordination of joining T2S will be managed by Danmarks Nationalbank during their presidency of the National User Group, which will also be responsible for the market's adaptation in relation to the ECB. VP is also participating in a large number of task groups organised by the ECB in conjunction with the development and implementation of T2S.

With a view to give both Danish and foreign market participants an insight on VP's necessary preparations for T2S and its implementing specifically in the Danish and Luxembourg market, VP has prepared an implementation guide that will be continually updated as the work progresses.

Danish accession to T2S will be in two phases. Both VP and VP LUX are transitioning to T2S in the third wave of accession in September 2016 as far as settlement in euros is concerned, while settlement in Danish kroner via T2S will be possible from the second half of 2018.

The first T2S system changes have already been incorporated into VP's systems and parts of the production. The major part of VP's independent and direct tests of T2S will take place in the first half of 2015 and the joint European test of the T2S system is commenced by the end of the first half year.

The first will be launched in T2S on 22 June 2015. Although VP is not part of the first launch, VP's production data will be available in T2S from that time.

VP's accession to T2S progresses according to the project plan.

Find out more about the implementation of T2S in the section "Development activities" on page 12.

IT security

The IT Services unit undertakes VP's IT development and IT operations. The primary IT production environment in VP is the central mainframe, where VP benefits from the inherent high level of operational reliability and efficient contingency procedures. The total central environment was completely technologically updated in 2014 as well as the capacity has been increased in order to handle the link-up with T2S in ECB. The central physical units as well as VP's external network and printing tasks are outsourced to external suppliers.

The critical system areas are subject to a number of more stringent conditions, helping to ensure a high level of operational stability and operational reliability. These conditions include extensive use of automated processes, contingency procedures, redundancy in the technological environment, access to extra capacity, internal operations, monitoring and follow-up as well as internal tests and sector testing of changes and new systems prior to commissioning in a dedicated test environment solely for that purpose. VP furthermore makes this test environment available to its customers in order for them to test their own systems in relation to VP's system.

Operating and Financial Review

Income statement

In 2014, net turnover was DKK 398.8 million, which is DKK 32.7 million higher than in 2013, corresponding to an increase of 9 per cent. The increase is primarily attributable to the CSD Services business unit, where the number of securities transactions rose by 18 per cent compared to 2013. There were also a number of minor increases in turnover from VP's other business units.

Other external costs amounted to DKK 152.6 million, which is DKK 38.9 million higher than in 2013, corresponding to an increase of 34 per cent. The increase is attributable to increased IT consultancy costs and other consultancy costs.

Payroll costs were DKK 162.5 million, which is DKK 2.6 million higher than in 2013, corresponding to an increase of 2 per cent. The increase is primarily attributable to an increase in payroll tax, general salary increases in accordance with collective agreements, and holiday pay, retirement costs, etc., to employees who have left.

Costs of IT development in respect of T2S are charged to the income statement as and when incurred. These costs amounted to DKK 59 million in 2014 compared to DKK 31 million in 2013.

Depreciation and amortisation was DKK 2.8 million, which is DKK 0.4 million higher than in 2013. Most of the depreciation is attributable to amortisation on improvements to VP's headquarters office, as well as depreciation on IT equipment.

Operating profit was DKK 80.9 million, corresponding to a net profit ratio of 20 per cent. The operating profit was DKK 9.2 lower than in 2013, when the net profit ratio was 25 per cent. The decrease is primarily attributable to increased costs for the T2S project and other consultancy costs.

Financial items were DKK 2.8 million, compared to DKK 1.3 million in 2013. The increase is primarily attributable to capital gains on holdings of bonds in 2014.

Tax on ordinary profit was DKK 20.6 million, compared to DKK 22.9 million in 2013.

Profit for the year was DKK 63.1 million, which is DKK 5.4 million lower than in 2013, corresponding to a decrease of 8 per cent.

Balance sheet as at 31 December 2014

VP's balance sheet total as at 31 December 2014 was DKK 279.8 million compared to DKK 267.2 million as at 31 December 2013.

Fixed assets fell to DKK 10.6 million compared to DKK 11.2 million as at 31 December 2013. The decrease is attributable to the fact that depreciation for the year exceeded investments for the year.

Current assets rose to DKK 269.3 million compared to DKK 256.0 million as at 31 December 2013. The increase of DKK 13.3 million is primarily attributable to a net increase of other securities and investments and liquid funds of DKK 16.6 million.

Equity including statutory non-distributable reserve increased to DKK 214.4 million compared to DKK 210.4 million as at 31 December 2013. The increase is attributable to the fact that, at DKK 63.1 million, profit for the year 2014 exceeds the payment of dividend for 2013 of DKK 60 million less dividend on treasury shares of DKK 0.9 million.

The dividend on treasury shares are recognised directly as equity under profit carried forward.

The statutory non-distributable reserve as at 31 December 2014 was DKK 61.2 million – unchanged compared to 31 December 2013. This is because, pursuant to Section 213(2) of the Financial Services Act, interest was 0 per cent throughout 2014.

Current liabilities rose to DKK 65.4 million compared to DKK 56.8 million as at 31 December 2013.

Cash flow

Operating profit was DKK 80.9 million, compared to DKK 90.1 million in 2013. Cash flows from operation amounted to DKK 77.6 million, compared to DKK 73.8 million in 2013. The increase is primarily attributable to a positive change in working capital with DKK 9.9 million and a decrease in corporate tax paid of DKK 5.0 million. Cash flow from investments amounted to DKK -2.2 million, compared to DKK -1.0 million in 2013, while cash flow from financing was improved by DKK 3.7 million.

Events since the balance sheet date

No circumstances have occurred since the balance sheet date to alter the assessment of the financial statements.

Expected development

In 2015, confidence in a positive trend in the financial markets is expected to continue, leading to increased activity among VP's customers. The total net turnover and operating profit for 2015 is expected to be at the same level as in 2014.

Development activities

IT systems and IT development

VP undertakes the majority of its own system development, while operation of the central mainframe IT production environment is outsourced.

In 2013, the major restructuring of the central systems to a new, modern and efficient development environment was completed. The new development environment allows increased optimization of development resources and makes it possible to develop several platforms in the same development environment and for several user solutions. The new development environment is furthermore more cost-efficient and scalable.

In 2014, elements in the VP system were also modernized, including among others in relation to the customers' use of the system. In 2015, the last traditional mainframe user interfaces will consequently be converted to more modern and user-friendly interfaces, after which VP's CSD customers will have access to VP's functionality via one graphics based system.

Further modernization initiatives have been planned in order for the total platform to currently support new business functions and the customers' work situation in the best possible way.

VP's modern and efficient systems have in 2014 obtained international recognition. IBM has given VP an award for "Best Enterprise Modernization Story", and VP has been invited to speak at several conferences and several Danish and international businesses have visited VP.

Implementation of T2S

In connection with the extensive implementation of the T2S system in VP's systems, in 2014 the spotlight has primarily been on completing the development parts which are to be used for the transition into settlement in euros in 2016. A joint European deadline had been fixed for 1 October 2014 where VP commenced the testing as planned. This functionality test between VP and T2S will continue until Summer 2015.

By the end of 2014, VP has completed and obtained approval of the connectivity test (link-up) and the SME test (Security Maintenance Entity), which ensures that VP as planned can maintain master data on the T2S platform from 2015.

Overall IT costs for the development and implementation of the T2S project are estimated at more than DKK 200 million, including the DKK 59 million already spent in 2014. IT development costs are charged to the income statement and thus not recognised as assets as a development project to be

followed by subsequent depreciation in the future. Costs over the next four years – through to the conclusion of the project in 2018 – are estimated at more than DKK 80 million.

Risk and risk management

Risk management plays an important role with VP and is an integrated part of internal controls and corporate governance. VP has a number of policies and procedures in place with a view to maximising the effectiveness of risk management for identified risks, and VP's management focuses on obtaining satisfactory levels of information on the risks to the company at any time. These policies includes the general risk management policy, the security policy and the anti-money laundering policy.

Risk assessment is a natural part of VP's decision-making processes and operational activities, and effective risk management is considered an important part of ensuring satisfactory operation and development of the company. Thus, risk management contributes to protect VP's business, customers, employees, assets and reputation.

Risk management structure

VP's risk management structure is based on a systematic process for risk identification, risk assessment and risk handling. This structure gives a detailed overview of the most significant risks related to VP's activities and makes it possible to take the necessary action to address them.

VP's central risk management processes are as follows:



Risk management comprises the following risk types

- Strategic risk
- Operational risk
- Compliance risk
- Financial risk

Management structure

The Board of Directors has the overall responsibility for VP's risk handling, including the setting of strategic targets which lay down the framework for VP's risk management, for determining the level of VP's risk exposure, for approving VP's risk policy, for

supervising the risk management and for ensuring that the internal control system is efficient.

Each year, VP implements an overarching risk assessment to serve as the basis for any adjustments of its security policy, etc. Risk management and controls are implemented both in VP's systems and in the associated manual processes.

In 2014, VP has established a central Risk & Compliance function reporting to VP's Management.

The Board of Directors and Management receive ongoing briefings concerning VP's risk management, including compliance with the rules in the areas covered by VP's compliance programme, which among others include current legislation, market standards and internal regulations. 2014 saw various activities relating to reporting to authorities as well as overseeing adherence to VP's rules concerning employee handling of internal knowledge in connection with securities transactions.

As at 1 September 2014, VP has established a whistleblower scheme with a view to providing the opportunity for appropriate, confidential reporting of any suspicions of violations of applicable legislation and internal rules.

Efficient risk management

In connection with the ongoing work related to VP's risk management, three "lines of defence" have been established:

- The first "line of defence" comprises all business and staff units and subsidiaries, which are responsible for own procedures, risk identification, risk assessment and internal controls within their responsibility areas.
- The second "line of defence" comprises the day-to-day management, HR, Finance and the Risk Management & Compliance function, which are responsible for the overall risk situation, measurement and analysis and advice.
- The third "line of defence" comprises VP's systems audit and the external audit, which are responsible for the overall risk situation, audit of activities in the second line of defence and critical business practices and internal controls.

This organisation of the work related to VP's risk management ensures an efficient planning and realization of the work in this area.

Risk factors

A number of the company's risk factors are described below. The description is not necessarily exhaustive and the list is not in order of priority.

Security

VP is part of the critical infrastructure in the financial sector, and secure and stable operations is the cornerstone of VP's business. It is furthermore decisive that the outside world can unconditionally trust VP's systems and routines.

VP has drafted a security policy in order to ensure that VP's entire business and the assets with which VP has been entrusted are protected in a safe way. The security policy applies to all persons and systems with VP, and security work is an integrated part of VP's activities.

Threats and risks in each security area are handled systematically according to written processes, and decisions to take action to avoid threats and risks are based on likelihood, consequences and costs to VP and VP's customers.

VP's security and control measures are well-documented and automated where appropriate. All significant areas have audit trails, including logging of access to production data and amendments of production programmes, as well as there is increased security related to sensitive data and very far-reaching access rights.

VP's systems and the technical equipment are constructed with a robustness to errors, which have been weighed against the consequences of an error and the costs of remedying the error. Fast and secure intervention in case of errors or indication of errors in production systems is an interorganisational task with a high priority.

Special contingency plans have been made to counter catastrophes, which are aimed at reestablishing normal operations at a pace reflecting the systems' commercial importance. The contingency plans are tested several times per year as a real emergency, where the affected equipment is suspended, and it is demonstrated in practice that the secondary environments take over production within the set timeframe of a maximum of one hour for the most critical systems. In 2014, the test included complete suspension of the largest of VP's three operating locations, and hence reconstruction of both central and decentralised systems and networks. VP's business areas have written contingency procedures which come into force in case of an emergency.

VP's independent and internal system audits audit the IT controls generally and the controls in business applications and processes. The external system audits conduct supervision of and quality assures the

internal audits. VP's internal and external system audits report directly to VP's Board of Directors.

Risk cover

Guarantee scheme

As laid down by the Danish Securities Trading Act, VP is liable for registration errors, etc., on an objective liability basis. Under the current guarantee scheme, enshrined in legislation and the articles of association, this liability is covered by a guaranteed capital resources from the custodian institutions in VP up to a total of DKK 1.1 billion.

Insurance

VP signed an agreement in relation to professional indemnity insurance and crime insurance. The insurance agreement covers both registration errors and VP's other business areas, including clearing and settlement activities, other VP activities as well as activities in VP's subsidiaries. The insurance agreement covers mistakes by VP as well as by VP's external suppliers. This covers VP in respect of operational errors; cf. the Guarantee Scheme.

Special risks and uncertainty surrounding recognition and measurement

VP is not exposed to any particular operational risks or financial or foreign currency risks.

VP's operational risks are continually being minimised, inter alia by means of a high level of IT security and focus on operation risk, and financial or foreign exchange risks are limited.

VP's credit risks are extremely limited, and are primarily associated with receivables and the placement of financial assets.

There are no special uncertainties associated with recognition and measurement.

Legislation and regulation

European regulation

In these years, the framework of VP's business is significantly changing due to increased harmonization of legislation across the European countries. The joint legislation is to serve as the basis for a liberalization of the services offered by the CSDs, and VP is actively pursuing the opportunities following from the liberalization.

The EU Regulation on settlement activities and CSDs came into force on 17 September 2014, but it includes a number of transitional provisions, which means that significant parts of the regulation do not come into force until 2016. The regulation introduces common rules on the settlement of securities, including a T+2 settlement cycle and new rules on sanctions, as well as rules governing the authorisation of CSD operations, capital adequacy, risk management as well as access to "EU passports" for certain activities, and also rules on access to certain types of credit business. The implication of the proposal is that significant parts of VP's regulatory basis will in future be regulated via the EU and the European Securities and Markets Authority, ESMA.

In April 2014, the European Commission presented a proposal to amend the existing directive on shareholders' rights. With this proposal, the Commission seeks to promote active cross-border ownership in Europe and ensure higher standards of corporate management in the European publicly listed companies. The overall aim of these amendments is to increase shareholders' rights and to enable them to better exercise these rights. The proposal is currently being negotiated in the Council and is due to be adopted in 2015.

VP participates in the work of European harmonization both through its participation in the global standardisation work under the auspices of ISO and SWIFT as well as via the European Central Securities Depositories Association (ECSDA). In dialogue with customers, VP continuously analyses the consequences that the work of harmonisation will have for the Danish securities market and for VP's customers in general.

Danish regulations and VP's rules

As a consequence of the regulation on settlement activities and CSDs, cf. above, the Danish Government presented a proposal on 14 November 2014 introducing the required amendments of the rules in the Danish Securities Trading Act concerning authorisation and supervision of CSDs. The bill also introduces new requirements for VP's management

and the management of the other Danish financial businesses regarding fit and proper requirements and an obligation for the Board of Directors to present a diversity policy to the Board of Directors.

In 2014, VP has participated in a work group of the Danish Financial Supervisory Authority where the necessary adaptations to the Danish Securities Trading Act as a result of European regulation were discussed.

Supervision and monitoring

VP is subject to both supervision and monitoring. Whereas supervision focuses on VP as a company, monitoring focuses more on VP's systems and their role in the financial system. The Danish FSA supervises to ensure that VP as a company, including VP's IT systems, complies with applicable legal requirements on book-entry activities and on clearing and settlement activities, whereas Danmarks Nationalbank, as part of its monitoring of systemically important payment systems, monitors aspects such as monetary settlement in VP's clearing and settlement system.

In February/March 2014, the Danish FSA carried out an ordinary inspection of VP's IT systems. On the basis of this inspection, the Danish FSA concluded that VP's IT security management and overall risk management is at a satisfactory level and in all material respects comply with the IT security requirements specified in the Danish FSA's executive order on management and governance. The inspection carried out by the Danish FSA resulted in two notices. Both notices are being implemented by amending some administrative processes.

Appeals

Complaints about decisions relating to book-entry, alteration or deletion of rights in a CSD can be brought before the complaints board for CSDs. The complaints board is operated by individuals appointed by the Minister for Business and Growth. The complaints board comprises Professor Ulrik Rammeskov Bank-Pedersen, Doctor of Laws. VP acts as the secretariat for the Complaints Board for CSDs.

No complaints were received in 2014.

Statement on corporate social responsibility

VP endeavours to operate its business responsibly and seeks to comply with legislation.

VP has not adopted a cohesive overall policy for integrating social responsibility into the company's strategy and activities, but continually adapts and reinforces its CSR work concomitant with the development of the company and changes in practice and regulation in this area.

VP emphasises the importance of acting with a high level of reliability and of delivering high-quality products in the markets and countries in which it operates. VP also wishes to be known as a reliable, attractive business partner to all stakeholders. Accordingly, VP focuses strongly on attaining that position.

In terms of CSR, VP's focus is primarily on employee aspects. The guidelines in this area ensure that the interests and rights of employees are protected by the collective agreement (between FA and the Danish Financial Services Union) as well as through VP's HR policies and associated systematic procedures. This includes a number of health preventive measures and personal competence development.

Natural environment

In the conduct of its business, VP seeks to consider and limit environmental impact, and contributes both directly and indirectly to a sustainable environment.

Due to the nature of VP's business, the company's environmental and climate impact is limited; for this reason, no separate policy exists for this area.

The key environmental impacts in relation to VP's activities relate to the use of energy. Emphasis is placed on choosing environmentally aware solutions when it comes to heating and cooling the company's building, and the consumption of electricity and water.

VP has not been involved in any environmental cases.

Organisation and knowledge resources

VP works hard to develop managers and employees in order to create the best possible basis for realizing the company's strategy and obtaining the commercial objectives. VP continuously develops the employees' qualifications in order to ensure that the business continues to be competitive and is able to make use of the development opportunities. Furthermore, it is very important that VP is considered an attractive work place and to ensure job satisfaction and well-being among the employees.

In 2014, a number of activities were conducted with a view to strengthen the organisation's ability to handle future challenges. Management was the major theme in 2014 with a special focus on management development as well as a number of organisational adjustments have been made.

Evaluation of management group

In cooperation with external consultants, an evaluation was made of VP's management group in 2014. The purpose was to evaluate the qualifications and the managerial capacity. The evaluation has provided a solid basis for the continued development of the managerial qualifications and VP's management model.

In continuance of the management evaluation, VP's managers have gone through a development program. In this connection, a number of management principles have been developed to establish the framework of expected management behaviour. Managers will be evaluated on an on-going basis as regards their ability to apply these principles.

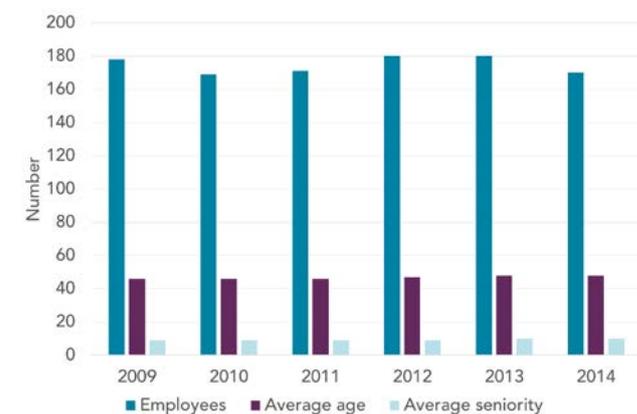
Introduction of a new management layer

As part of the development of the organisation, a new layer was introduced to the management structure in July 2014 as well as departments was sub-divided into teams. The purpose of introducing team managers with VP is to move more decisions and more liability down the organisation and at the same time enforce the management efforts in connection with the current strategic and structural changes. The team managers were mainly recruited internally, and consequently VP has been able to offer these positions to the employees as a new career opportunity.

On-going efficiency improvement

It is vital for VP continuously to work with knowledge management and efficient work processes. As part of the ongoing improvement of the internal processes and procedures, 10 positions were cut in 2014.

As at 31 December 2014, 170 employees (FTE) are employed with VP SECURITIES.



By the end of 2014, average age is 48 and average seniority is 10 years.

Governance

The management of VP emphasises the need for good governance, and for the company's systems of governance to be continually developed and kept up to date to reflect changes in statutory requirements, developments at VP and stakeholder expectations.

VP SECURITIES is owned by significant players in the Danish financial market. Shareholder agreements have been entered into with five groups of shareholders:

- Shareholder group I – banks
- Shareholder group II – mortgage credit institutions
- Shareholder group III – Danmarks Nationalbank
- Shareholder group IV – share issuers
- Shareholder group V – investors

The shareholder agreements regulate the basis and terms for the shareholders' holding of shares in VP, including any additional shares acquired through subscription, as bonus shares or by transfer of shares.

General meetings

The AGM is the company's ultimate decision-making authority. Representatives of the company's shareholders participate in the ordinary AGM.

The matters transacted at the ordinary AGM include adoption of the annual report, any changes to the articles of association as well as the election of board members and appointment of auditors.

The general meeting is summoned publicly, with the notice convening the AGM being sent to the company's shareholders at least three and no more than four weeks before the meeting takes place.

The Board of Directors

VP has a dual management structure comprising the Board of Directors and the Executive Management. The two bodies are independent of each other, and have no personnel in common.

The Board takes care of the overall management of VP on behalf of the shareholders and rules on all matters of material importance, including the overall organisation of VP's activities. In addition, the Board exercises general supervision of the company and checks that it is being properly managed in accordance with legal requirements and the articles of association.

The general guidelines for the Board's work are set out in terms of business which are adjusted on an ongoing basis as and when required.

According to VP's articles of association, the Board of Directors must comprise 15 members, 10 of whom are elected by the annual general meeting. According to the shareholder agreements, the following applies:

- Shareholder group I (banks) is entitled to appoint four board members provided that this shareholder group holds more than 40 per cent of the shares in the company.
- Shareholder group II (mortgage credit institutions) is entitled to appoint three board members provided that this shareholder group holds more than 25 per cent of the shares in the company.
- Shareholder group III (Danmarks Nationalbank) is entitled to appoint one board member provided that this shareholder group holds more than 10 per cent of the shares in the company.
- Shareholder group IV (share issuers) is entitled to appoint one board member provided that this shareholder group holds more than 5 per cent of the shares in the company.
- Shareholder group V (investors) is entitled to appoint one board member provided that this shareholder group holds more than 5 per cent of the shares in the company.

The other five members are elected by the employees in accordance with the rules of Danish legislation with regard to employee representation on the Board. Board members elected by the annual general meeting are elected for one year at a time with the option of standing for re-election.

The employee representatives' term of office is established in accordance with the rules of the Danish Companies Act, and is a four-year term.

The Board elects a chairman and a vice-chairman.

Details of the individual board members can be found in the section entitled "Board of directors, executive management and management employees".

There is no age limit in respect of board members elected by the AGM.

Six board meetings were held in 2014.

Executive Management and Group Management

The Executive Management is appointed by the Board of Directors, which sets the terms of employment of the Executive Management. The Executive Management, which comprises one individual, is responsible for the day-to-day management of VP, including the company's development of activities and operations, profit and internal affairs. The Board's delegation of responsibility to the Executive Management is established in the guidelines for the division of labour between the Board and the

Executive Management as well as in the rules of the Danish Companies Act.

VP's corporate management comprises the CEO and five executives with responsibility for the individual business and staff units.

Emoluments to the Board of Directors and the Executive Management

Each Board member receives fixed annual remuneration. In the financial year 2014, remuneration to the Board of Directors amounted to DKK 1.5 million, with DKK 200,000 of this paid to the chairman, DKK 170,000 to the vice-chairman and DKK 85,000 to board members.

Remuneration of the Executive Management is determined by the Board of Directors. In 2014, remuneration to the Executive Management (one individual) comprised a basic salary including customary employee benefits. Total remuneration to the Executive Management in 2014 was DKK 2.5 million.

Board of directors, executive management and management employees

Board members elected by the annual general meeting

Peter Lybecker (born 1953)

Chairman of the Board
CEO Nordea Bank Danmark A/S
Elected to the Board of Directors in 2013

Chairman of the Board of:

- Nordea Kredit Realkreditaktieselskab A/S
- Bluegarden Holding A/S
- Bankernes Kontantservice A/S
- Danmarks Skibskredit A/S
- Fionia Asset Company A/S

Vice-chairman of the Board of:

- The Danish Bankers Association

Board member of:

- Nordea Finans Danmark A/S
- Nordea Finance Sweden Plc.
- Nordea Finance Finland Ltd.
- LR Realkredit A/S

Hugo Frey (born 1958)

Vice-chairman of the Board
Governor of Danmarks Nationalbank
Elected to the Board of Directors in 2014

Chairman of the Board of:

- Nationalbankens Pensionskasse
- Danish Payments Council

Vice-chairman of the Board of:

- Bankernes Kontantservice
- Danmarks Skibskredit

Observer for the board of:

- Bankernes EDB Central

Bent Andersen (born 1948)

CEO of DLR Kredit A/S
Elected to the Board of Directors in 2006

Board member of:

- E-nettet
- The Association of Danish Mortgage Banks

Erik Gadeberg (born 1965)

Director of Jyske Bank

Elected to the Board of Directors in 2013

Board member of:

- Garanti Invest A/S

Søren Holm (born 1956)

Group CEO of Nykredit Realkredit
Director of Nykredit Holding
Elected to the Board of Directors in 2013

Chairman of the Board of:

- Ejendomsselskabet Kalvebod A/S
- Nykredit Administration V A/S

Vice-chairman of the Board of:
Nykredit Bank A/S

Board member of:

- Totalkredit A/S
- JN Data A/S
- The Association of Danish Mortgage Banks
- E-nettet (Alternate)

Jan B. Kjærviik (born 1957)

Head of Group Finance & Risk Management, A.P. Møller Mærsk A/S
Elected to the Board of Directors in 2010

Chairman of the Board of:

- Maersk Insurance A/S

Vice-chairman of the Board of:

- Höegh Autoliners AS

Board member of:

- Britannia P&I Club
- Maersk A/S

Christoffer Møllenbach (born 1972)

Head of Group Treasury of Danske Bank
Elected to the Board of Directors in 2014

Peter Ott (born 1961)

Banking Executive of PFA Bank A/S
Elected to the Board of Directors in 2012

Board member of:

- PFA Asset Management A/S
- The Danish Investment Fund Association (IFB)

Klaus Skjødt (born 1965)

CEO of Sparekassen Kronjylland
Elected to the Board of Directors in 2012

Chairman of the Board of:

- SparInvest Holdings SE
- Skandinavisk Data Center A/S (SDC)

Vice-chairman of the Board of:

- EgnsINVEST Holding A/S
- EgnsINVEST Management A/S
- EgnsINVEST Ejendomme A/S

Board member of:

- Local banks

Carsten Wiggers (born 1955)

CEO of LR Realkredit A/S
Elected to the Board of Directors in 2010

Chairman of the Board of:

- Investeringsforvaltningsselskabet SEBInvest A/S
- Investeringsforeningerne SEBinvest, Wealth Invest, Alternativ Invest
- Kapitalforeningerne SEBinvest, SEBinvest II, SEB Institutionel, SEB Kontoførende, Wealth Invest, KAB/Lejerbo Invest
- Core Bolig IV og V Investoraktieselskab Nr. 1-4
- Core Bolig IV og V Investorkommanditaktieselskab
- Core Bolig IV Kommanditaktieselskab
- Core Bolig V Projekt Kommanditaktieselskab

Board member of:

- The Danish Mortgage Banks' Federation (Realkreditforeningen)

Board members elected by the employees

Bjørn Stendorph Crepaz (born 1979)
 Head of Business Development, Issuance & Safekeeping
 Elected to the Board of Directors in 2012
 Term expires 2016

Anne-Lise Hansen Emcken (born 1954)
 Head of Technical Development
 Elected to the Board of Directors in 2000
 Term expires 2016

Merete Fussing (born 1960)
 Senior Relationship Manager
 Elected to the Board of Directors in 2012
 Term expires 2016

Anders Raith Linemann (born 1983)
 Product Manager
 Elected to the Board of Directors in 2012
 Term expires 2016

Gitte Ina Nielsen (born 1955)
 Systems Developer
 Elected to the Board of Directors in 1999
 Term expires 2016

Executive Management

Niels Olsen (born 1962)
 CEO
 Appointed in 2013

Chairman of the Board of:

- VP SERVICES A/S
- VP LUX S.à r.l.

Board member of:

- ECSDA
- The Architects' Pension Fund (AP)
- Arkitekternes Ejendomsselskab A/S
- The Pension Fund for Agricultural Academics and Veterinary Surgeons (PJD)
- Nordic Trustee A/S

Management employees

Birger Schmidt (born 1960)
 Chief Commercial Officer
 Appointed in 1999
 Head of CSD & Securities Services

Board member of:

- VP LUX S.à r.l.
- VP SERVICES A/S
- Nordic Trustee A/S

Morten Kierkegaard (born 1970)
 Director of VP SERVICES A/S
 Appointed in 2004
 Head of VP INVESTOR SERVICES

Carsten Nørgaard (born 1967)
 CIO
 Appointed in 2002

Chairman of the Board of:

- Dansk IT

Niels Hjort Rotendahl (born 1976)
 CFO
 Appointed in February 2015

Hanne Andersen (born 1963)
 HR Director
 Appointed in 2008

Arne Joensen (born 1962)
 System Audits Manager
 Appointed in 2013

Board member of:

- P/F Smyril Line

Management's Statement

The Board of Directors and the Executive Management have this day discussed and approved the Annual Report VP SECURITIES A/S for the 1 January – 31 December 2014 financial year.

The Annual Report is prepared and presented in compliance with the provisions of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company's financial statements give a true and fair view of the Group's and the company's assets, liabilities and financial position as at 31 December 2014 and of the result of the Group's and the company's activities as well as the Group's cash flow for the financial year 1 January – 31 December 2014.

In our opinion, the Management Review includes a true and fair account of the factors covered by the review.

We recommend that the Annual Report be approved by the Annual General Meeting.

Copenhagen, 23 February 2015

Executive Management

Niels Olsen

Board of Directors

Peter Lybecker
Chairman

Hugo Frey Jensen
Vice-Chairman

Bent Andersen

Erik Gadeberg

Søren Holm

Jan B. Kjærviik

Christoffer Møllenbach

Peter Ott

Klaus Skjødt

Carsten Wiggers

Bjørn Stendorph Crepaz

Anne-Lise Hansen Emcken

Merete Fussing

Gitte Ina Nielsen

Anders Raith Linemann

Independent auditor's report

To the shareholders of VP SECURITIES A/S

Endorsement of the consolidated financial statements and of the company financial statements

We have audited the consolidated financial statements and the financial statements of VP SECURITIES A/S for the 1 January – 31 December 2014 financial year, which comprise the accounting policies, Income Statement, Balance Sheet, equity statement and notes for both the Group and the company, as well as the cash flow statement for the Group. The consolidated financial statements and the financial statements were prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the company financial statements

The Management is responsible for preparing consolidated financial statements and company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Further, it is the responsibility of Management to exercise the internal controls it deems necessary in the preparation of consolidated financial statements and company financial statements that are free from material misstatement, whether due to fraud or error.

The auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the company financial statements based on our audit. We have performed our audit in accordance with international auditing standards and the additional requirements of Danish audit legislation. This requires that we comply with ethical requirements and that we plan and execute the audit to obtain reasonable assurance that the consolidated financial statements and the company financial statements are free from material misstatement.

An audit includes performing audit procedures to obtain audit evidence of amounts and information in the consolidated financial statements and the company financial statements.

The audit procedures selected depend on the auditors' judgement, including assessment of risks of material misstatement in the financial statements,

whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation of the consolidated financial statements and company financial statements that give a true and fair view. The purpose here is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the company's internal control. An audit furthermore includes an evaluation of the appropriateness of the management's choice of accounting policies, the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements and the company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not given rise to any qualifications.

Conclusion

In our opinion, the consolidated financial statements and the company financial statements give a true and fair view of the Group's and the company's assets, liabilities and financial position as at 31 December 2014 and of the result of the Group's and the company's activities as well as the Group's cash flow for the financial year 1 January – 31 December 2014 in compliance with the Danish Financial Statements Act.

Statement on the Management Review

Pursuant to the Danish Financial Statements Act, we have read the Management Review. We have not taken other measures in addition to our audit of the consolidated financial statements and the company financial statements.

On this basis, it is our opinion that the information given in the Management Review is consistent with the consolidated financial statements and the company financial statements.

Copenhagen, 23 February 2015

Deloitte

Statsautoriseret Revisionspartnerselskab

Henrik Wellejus
Petersen
State-authorized
Public Accountant

Thomas Hjortkjær
State-authorized
Public Accountant

Accounting policies applied

The Annual Report is presented in compliance with the provisions of the Danish Financial Statements Act for accounting class C (large).

The consolidated financial statements and company financial statements are presented in accordance with the same accounting policies as in 2013.

General information on recognition and measurement

Assets are recognised in the balance sheet where, as a result of a prior event, there is a likelihood that the Group stands to benefit from future financial advantages and where the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet where, because of a previous event, the company has a legal or actual liability and it is unlikely that future financial advantages will be removed from the company and where the value of the liability can be measured reliably.

At the initial recognition, assets and liabilities are measured at cost. Measurement after the initial recognition is as described under each accounting item below.

At recognition and measurement, due regard is given to foreseeable risks and losses occurring before the financial statements are presented and serving to confirm or refute conditions existing at the balance sheet date.

Income is recognised in the income statement as and when earned, while costs are recognised in the amounts pertinent to the financial year.

Consolidated Financial Statements

The Consolidated Financial Statements cover VP SECURITIES A/S (the parent company) and the subsidiaries controlled by the parent company and associated undertakings.

Consolidation policies

The Consolidated Financial Statements are prepared on the basis of the accounts for VP SECURITIES A/S and its subsidiaries and associated undertakings.

The Consolidated Financial Statements are drawn up by amalgamating accounting entries of a common nature. As a result of consolidation, intra-group income and expenses, internal balances and dividends, and gains or losses on intra-group transactions are eliminated. The financial statements used for consolidation are drawn up in accordance with the Group's accounting principles.

The accounting items of the subsidiaries are recognised in the consolidated financial statements line by line for full consolidation.

The Group's share in joint ventures, which are considered jointly controlled companies, are consolidated pursuant to the pro rata allocation method by recognising the proportionate share of the joint venture's assets, liabilities, income and costs line by line.

Investment in subsidiary companies and associated companies and intermediate balances as well as intragroup transactions are set off against the parent company's proportional share of subsidiaries' or associated companies' market value of net assets included at the time of acquisition.

Translation of foreign currencies

At initial recognition, foreign exchange transactions are translated at the exchange rate prevailing on the transaction date. Receivables, debt commitments and other foreign exchange monetary items not settled by the balance sheet date are translated at the exchange rate prevailing on the balance sheet date. Currency differences arising between the exchange rate at the transaction date and the rate prevailing on the date of payment or on the balance sheet date, respectively, are recognised in the income statement as financial items.

For recognition, the income statements of foreign subsidiaries that are independent units are translated using average exchange rates for the months in question, if exchange rates are significantly different from the rates prevailing on the day of the transaction.

Balance sheet items are translated at the exchange rate on the balance sheet date. Goodwill is considered to belong to the independent foreign unit and is translated at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising from the conversion of the equity of foreign subsidiaries at the beginning of the year to the exchange rates prevailing on the balance sheet date and from the conversion of income statements from average exchange rates to the exchange rates prevailing at the balance sheet date are recognised directly in equity. Exchange rate adjustments of intra-group balances for independent foreign subsidiaries, which are regarded as part of the overall investment in the subsidiary in question, are recognised directly in equity.

Income Statement

Net turnover

Net turnover corresponding to the invoiced sales in the year under review are recognised in the income statement, once services have been rendered to the buyer. Net turnover is recognised exclusive of VAT, excise duty and any discounts connected with sales.

Other external costs

Other external costs are activity-dependent costs, the costs of IT operations, costs of consulting services, audit, financial supervisory authority, building facility management, office supplies, training, etc.

Payroll costs

Payroll costs comprise wages and salaries plus social costs, pensions, etc., for the Group's staff.

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs of tangible and intangible fixed assets consist on the one hand of depreciation and write-downs for the financial year calculated on the basis of the established residual values and useful life of the individual assets and completed write-down tests and, on the other, of gains and losses from sales of tangible and intangible fixed assets.

Other financial income

Other financial income comprises interest receivables, net capital gains in respect of securities, debt commitments and foreign exchange transactions, as well as refunds under the tax prepayment scheme, etc.

Other financial costs

Other financial expenditure comprises interest payable, net capital losses in respect of securities, debt commitments and foreign exchange transactions, as well as additions under the tax prepayment scheme, etc.

Tax

Tax for the year (comprising actual tax for the year and change in deferred tax for the year) is recognised in the statement of income to the extent that it is directly attributable to profit for the year, or recognised directly in equity to the extent that it is attributable to items pertaining directly to equity.

The parent company is jointly taxed with all the Danish subsidiaries. The current Danish corporate tax is divided between the jointly taxed companies on a pro rata basis in relation to their taxable incomes (full division with refund concerning tax losses).

Balance Sheet

Intellectual property rights, etc.

Other intangible fixed assets consist of completed development projects and software.

Development projects are recognised as intangible fixed assets provided that such projects relate to clearly defined, identifiable products and processes, where the degree of technical exploitation, adequate resources and potential future market or development opportunity within the business can be demonstrated and where the intention is to produce, market or use the product or process in question. Other development costs are recognised as costs on the income statement at the time they are incurred.

The cost price of development projects covers costs, including salaries and depreciation directly or indirectly attributable to development projects.

Completed development projects are depreciated using the straight-line method over the anticipated period of use. The depreciation period is five years.

Development projects, including current projects, are written down to their recovery value where this is below the balance-sheet value.

Software is measured at cost with a deduction for accumulated depreciation, amortisation and write-downs. Software is depreciated over three years.

Software is written down to the recovery value where this is below the book value.

Tangible fixed assets

Leasehold improvements, technical equipment and machinery, other equipment, operating plant and fixtures are measured at cost less accumulated depreciation and write-downs. Land is not depreciated.

Cost price includes acquisition price, costs directly associated with the acquisition as well as costs involved in preparing the asset until it is ready for use.

The basis for depreciation is cost price less expected residual value when the asset ceases to be used. Depreciation is calculated on a straight-line basis over the expected useful life of the asset concerned:

- Production plant and machinery - 3-10 years
- Other equipment, process materials, fixtures and fittings - 3-10 years
- Leasehold improvements - 10 years

Assets having a unit cost price of less than DKK 25,000 are recognised as costs in the income statement at the time of acquisition.

Tangible fixed assets are written down to their recovery value where this is below the balance-sheet value.

Gains and losses from disposals of tangible fixed assets are calculated as the difference between the sales prices less cost of sales on the one hand, and the accounting value at the time of the sale on the other. Gains or losses are recognised in the income statement along with depreciation, amortisation and write-downs or under other operating income, should the sales price exceed the original cost price.

Investment in subsidiaries

Investment in subsidiaries is recognised and measured using the intrinsic value method (the equity method), which means that the investment is measured as the proportional share of the companies' intrinsic accounting value with additions or deductions for unimpaired positive or negative goodwill and additions or deductions of unrealised intra-group gains and losses.

The income statement recognises the parent company's share of the subsidiaries' profit following elimination of unrealised intragroup gains and losses with additions or deductions for the impairment of positive or negative goodwill.

Subsidiaries with a negative intrinsic value are recognised at DKK 0, and any receivables from these companies are written down with the share of the negative intrinsic value, if this is unlikely to be recovered. If the negative intrinsic value exceeds the receivables, the remaining amount is recognised under provisions if there is a legal or actual obligation to cover the liabilities of the associated company in question.

Net appreciation of investment in subsidiaries is transferred to the net appreciation reserve in relation to the appropriation of profit using the intrinsic value method under equity.

Investment in associated companies

Investment in associated companies is recognised and measured using the intrinsic value method (the equity method). This means that the investment is measured as the proportional share of the companies' intrinsic accounting value with additions or deductions for unimpaired positive or negative goodwill and additions or deductions of unrealised intra-group gains and losses.

The income statement recognises the parent company's share of the subsidiaries' profit following elimination of unrealised intragroup gains and losses with additions or deductions for the impairment of positive or negative goodwill.

Associated companies with a negative intrinsic value are recognised at DKK 0, and any receivables from these companies are written down with the share of the negative intrinsic value, if this is unlikely to be recovered. If the negative intrinsic value exceeds the receivables, the remaining amount is recognised under provisions if there is a legal or actual obligation to cover the liabilities of the associated company in question.

Net appreciation of investment in associated companies is transferred to the net appreciation reserve in relation to the appropriation of profit using the intrinsic value method under equity.

Receivables

Receivables are recognised at amortised cost price, which usually corresponds to face value, less write-downs to compensate for anticipated losses.

Deferred tax

Deferred tax is calculated from all provisional differences between the values of assets and liabilities in the internal accounts and tax accounts respectively, whereby the value for tax purposes of the assets is obtained based on the planned use of the individual asset.

Deferred tax assets, including the tax value of deductible losses that can be carried forward, are recognised in the balance sheet at the anticipated realisable value of the asset, either by being offset against deferred tax liability or as net tax assets.

Corporation tax receivables and liability

The present tax liability or tax refund is recognised in the balance sheet as tax calculated on the taxable profit for the year, adjusted for tax paid on account.

Prepayments and accruals

Prepayments recognised under assets include defrayed costs relating to the subsequent financial year. Prepayments and accruals are measured at cost.

Securities and investment

Securities recognised under current assets include listed shares and bonds measured at their officially listed values on the balance sheet date, as well as investment measured using the intrinsic value method (the equity method) or lower estimated market value. Both realised and unrealised capital gains and losses are recognised in the income statement under financial items.

Liquid funds

Liquid funds include cash holdings and bank deposits.

Treasury shares

Acquisition and selling prices of treasury shares and dividends from the same are recognised directly in profit carried forward under equity. Thus, gains or losses from sales are not included in the income statement. Capital reduction from cancellation of treasury shares reduces share capital by an amount corresponding to the face value of the treasury shares.

Dividend

Dividends are recognised as a debt commitment at the time of their adoption by the annual general meeting. The proposed dividend for the financial year under review is shown as a separate item under equity.

Liabilities

Liabilities are measured at amortised cost price, which usually corresponds to face value.

Lease liabilities

Lease liabilities relating to operational leases are recognised in the income statement according to the straight-line method during the term of the lease.

Cash flow statement

The cash flow statement for the Group is presented using the indirect method and shows the cash flow in respect of operations, investments and financing combined with the Group's cash and cash equivalents at the beginning and end of the year. No separate cash flow statement is drawn up for the parent company, as this is included in the cash flow statement for the Group. Cash flow in respect of operations is calculated as the operating profit adjusted for non-cash operating items and the change in working capital, less corporate tax paid.

Cash flow in respect of investments includes payments in connection with the acquisition, disposal and development of intangible and tangible fixed assets.

Cash flow concerning financing activities includes changes in the size or composition of the parent company's share capital and associated costs as well as the raising of loans, repayment of debts attracting interest, purchase of treasury shares and payment of dividends.

Cash and cash equivalents comprise liquid funds and short-term securities with an insignificant price exposure.

Definition of key figures and ratios

Key figures and ratios are defined and calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2010".

Ratios	Calculation formula	Ratio expresses
Gross margin (per cent)	$\frac{\text{Gross profit} \times 100}{\text{Net turnover}}$	Operational gearing of the company.
Net margin (per cent)	$\frac{\text{Profit for the year} \times 100}{\text{Net turnover}}$	Operational profitability of the company.
Return on invested capital, including goodwill (per cent)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital including goodwill}}$	The return the company generates on investors' funds.
Net turnover/invested capital including goodwill	$\frac{\text{Net turnover}}{\text{Average invested capital including goodwill}}$	Capital turnover of the company's invested capital
Return on equity (per cent)	$\frac{\text{Profit for the year excluding minorities} \times 100}{\text{Average equity excluding minorities}}$	The company's return on the capital invested by the owners of the company.
Equity ratio (per cent)	$\frac{\text{Equity excluding minorities} \times 100}{\text{Total assets}}$	Financial capacity of the company.
Profit per share	$\frac{\text{Profit for the year}}{\text{Number of shares}}$	
Dividend per share	$\frac{\text{Dividend paid}}{\text{Number of shares}}$	

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as the operating result plus the year's depreciation on goodwill.

Net interest-bearing debt is defined as interest-bearing liabilities, including due corporate tax, minus interest-bearing assets, including securities, liquid assets and corporation tax receivable.

Consolidated Income Statement 2014

DKK '000	NOTE	2014	2013
Net turnover	1	398,800	366,115
Other external costs		(152,621)	(113,683)
Gross profit		246,179	252,432
Payroll costs	2	(162,476)	(159,946)
Depreciation, amortisation and write-downs	3	(2,842)	(2,385)
Operating result		80,861	90,101
Other financial income	5	3,352	3,332
Other financial costs	6	(536)	(1,999)
Result from ordinary activities before tax		83,677	91,434
Tax on ordinary profit	7	(20,581)	(22,916)
Profit for the year		63,096	68,518
Proposed appropriation of profit			
Dividend for the financial year recognised under equity		60,000	60,000
Profit carried forward		3,096	8,518
		63,096	68,518

Consolidated balance sheet as at 31 December 2014

DKK '000	NOTE	2014	2013
Acquired licences	8	0	22
Intangible fixed assets		0	22
Production plant and machinery	9	2,404	922
Other equipment, process materials, fixtures and fittings	9	4,974	6,329
Leasehold improvements	9	3,186	3,915
Tangible fixed assets		10,564	11,166
Fixed assets		10,564	11,188
Receivables from sales and services		40,794	43,131
Deferred tax	12	1,452	1,489
Other receivables		7,618	7,311
Corporation tax receivables		0	2,304
Prepayments	13	12,404	11,365
Receivables		62,268	65,600
Other securities and investments		95,179	68,916
Liquid funds		111,825	121,514
Current assets		269,272	256,030
Assets		279,836	267,218

Consolidated balance sheet as at 31 December 2014

DKK '000	NOTE	2014	2013
Corporate capital		40,000	40,000
Other statutory reserves		61,176	61,176
Profit or loss carried forward		53,235	49,235
Proposed dividend for the financial year		60,000	60,000
Equity and non-distributable reserve		214,411	210,411
Suppliers of goods and services		14,422	9,462
Corporation tax payable		4,784	0
Other debt commitments		46,219	47,345
Short-term debt commitments		65,425	56,807
Liabilities		65,425	56,807
Liabilities		279,836	267,218
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		

Consolidated equity statement 2014

DKK '000	Corporate capital	Other statutory reserves	Profit or loss carried forward	Proposed dividend for the financial year
Equity at the beginning of the year	40,000	61,176	49,235	60,000
Ordinary dividend paid	0	0	0	(60,000)
Proposed dividend	0	0	0	60,000
Currency translation adjustments	0	0	(29)	0
Other value adjustments	0	0	(12)	0
Dividend on treasury shares	0	0	945	0
Profit carried forward	0	0	3,096	0
Equity at the end of the year	40,000	61,176	53,235	60,000
				Total DKK
Equity at the beginning of the year				210,411
Ordinary dividend paid				(60,000)
Proposed dividend				60,000
Currency translation adjustments				(29)
Other value adjustments				(12)
Dividend on treasury shares				945
Profit carried forward				3,096
Equity at the end of the year				214,411

Statutory allocation to non-distributable reserve

The conversion of the private foundation Værdipapircentralen into a public company included the establishment of a non-distributable securities reserve corresponding to the value of the assets contributed by the private foundation after deduction of the contributed liabilities. Pursuant to the Danish Securities Trading Consolidated Act, VP SECURITIES A/S must allocate 10 per cent of the profit for the year which has not been used to cover any losses from previous years to the securities reserve. This allocation may not, however, exceed the yield on the securities reserve, which corresponds to the interest rate calculated in accordance with Section 213(2) of the Danish Financial Business Act, less a pro rata share of corporation tax for the year. The latter limitation is to be used for the financial year 2014. As the interest, pursuant to Section 213(2) of the Danish Financial Services Act, was 0 per cent in both the first and second half of 2014, there is thus no adjustment in respect of 2014.

Consolidated cash flow statement for 2014

DKK '000	NOTE	2014	2013
Operating result		80,861	90,101
Depreciation, amortisation and write-downs		2,842	2,385
Change in working capital	14	4,825	(2,529)
Cash flow from ordinary activities		88,528	89,957
Financial income received		2,796	2,499
Corporation tax paid		(13,698)	(18,663)
Cash flow from operations		77,626	73,793
Purchase, etc., of tangible fixed assets		(2,365)	(1,081)
Sale of tangible fixed assets		145	95
Cash flow from investments		(2,220)	(986)
Dividend paid		(60,000)	(60,000)
Purchase of treasury shares		0	(3,707)
Dividend on treasury shares		945	945
Cash flow from financing		(59,055)	(62,762)
Change in cash and cash equivalents		16,351	10,045
Cash and cash equivalents as at 1 January		190,430	181,611
Foreign exchange adjustment of cash and cash equivalents		223	(1,226)
Cash and cash equivalents as at 31 December		207,004	190,430
Cash and cash equivalents comprises:			
Liquid funds		111,825	121,514
Stocks and shares		95,179	68,916
Cash and cash equivalents as at 31 December		207,004	190,430

Notes to the consolidated financial statements

DKK '000	2014	2013
1. Net turnover		
CSD Services	322,971	300,320
Securities Services	34,595	32,815
Investor Services	41,234	32,980
	398,800	366,115
Of the total net turnover for the Group, sales to foreign customers account for DKK 83,066,000. (2013: DKK 68,762,000).		
2. Payroll costs		
Wages and salaries	135,457	133,454
Pensions	12,450	13,448
Other social security costs	14,569	13,044
	162,476	159,946
Of which: total emoluments paid to the Executive Management and the Board of Directors	3,975	8,226
Average no. of FTEs	176	182
3. Depreciation, amortisation and write-downs		
Amortisation on intangible fixed assets	7	7
Write-down on intangible fixed assets	15	0
Depreciation on tangible fixed assets	2,857	2,363
Capital loss or gain from sales of intangible and tangible fixed assets	(37)	15
	2,842	2,385
4. Fees for auditors elected by the Annual General Meeting		
Statutory audit	708	879
Other assurance engagements	4	4
Tax, VAT and duty advice	332	139
Other services	276	369
	1,320	1,391

Notes to the consolidated financial statements

DKK '000	2014	2013
5. Other financial income		
Other interest receivable	2,863	2,819
Fair value adjustments	281	0
Other financial income	208	513
	3,352	3,332
6. Other financial costs		
Fair value adjustments	70	1,464
Other financial costs	466	535
	536	1,999
7. Tax on ordinary profit		
Current tax	20,544	22,683
Change in deferred tax	37	250
Adjustments relating to previous years	0	(17)
	20,581	22,916

DKK '000	Completed development projects	Acquired licences	Goodwill
8. Intangible fixed assets			
Cost, beginning of year	26,317	4,100	69,450
Cost, end of year	26,317	4,100	69,450
Depreciation, amortisation and write-downs, beginning of year	(26,317)	(4,078)	(69,450)
Depreciation and amortisation for the year	0	(7)	0
Write-downs for the year	0	(15)	0
Depreciation, amortisation and write-downs, end of year	(26,317)	(4,100)	(69,450)
Carrying amount, end of year	0	0	0

Notes to the consolidated financial statements

DKK '000	Production plant and machinery	Other equipment, process materials, fixtures and fittings	Leasehold improvements
9. Tangible fixed assets			
Cost, beginning of year	7,091	11,817	7,290
Additions	2,365	0	0
Disposals	0	(467)	0
Cost, end of year	9,456	11,350	7,290
Depreciation, amortisation and write-downs, beginning of year	(6,169)	(5,488)	(3,375)
Depreciation and amortisation for the year	(883)	(1,245)	(729)
Returns on disposal	0	357	0
Depreciation, amortisation and write-downs, end of year	(7,052)	(6,376)	(4,104)
Carrying amount, end of year	2,404	4,974	3,186

	Registered office	Legal form	Ownership share	Equity DKK '000	Profit DKK '000
10. Subsidiaries					
VP Services A/S	Copenhagen	A/S	100	106,882	5,354
VP LUX S.à r.l.	Luxembourg	S.à r.l.	100	12,913	561
VP MEX	Copenhagen	ApS	100	8,135	27
VP Mortgage Solutions ApS in liquidation	Copenhagen	ApS	100	(80)	(131)
VP Mortgage Solutions II ApS in liquidation	Copenhagen	ApS	100	(940)	(97)

	Registered office	Legal form	Ownership share	Equity DKK '000	Profit DKK '000
11. Equity interest in associated companies					
Nordic Trustee A/S	Copenhagen	A/S	50	8,896	(1,079)

Notes to the consolidated financial statements

DKK '000	2014	2013
12. Deferred tax		
Tangible fixed assets	(333)	(361)
Securities and investment	457	522
Tax deficit carried forward	1,328	1,328
	1,452	1,489

13. Prepayments and accruals

The Group's prepayments and accruals primarily comprise accrued prepaid costs relating to multi-year contracts with suppliers.

DKK '000	2014	2013
14. Change in working capital		
Change in receivables	991	(4,342)
Change in trade creditors, etc.	3,834	1,813
	4,825	(2,529)

15. Unrecognised rental and lease commitments

The company has entered into an operational lease agreement relating to photocopiers, which runs until 31 December 2016. The remaining lease commitments amount to DKK 186,000.

The company has entered into a mutually interminable lease through to 2017. The annual commitment is DKK 16,096,000.

The subsidiary VP LUX has signed a mutually interminable lease, which runs until 2017. The annual commitment is DKK 1,104,000.

16. Contingent liabilities

Liability to pay compensation

As a book-entry company, VP SECURITIES A/S is strictly liable pursuant to the Danish Securities Trading Act for losses that arise because of errors on its part in connection with book-entry, alteration or deletion of rights in respect of accounts with VP SECURITIES A/S or payments from them. Total compensation for losses arising from the same error cannot exceed DKK 500 million. VP SECURITIES A/S is subject to a similar liability to pay compensation in its capacity as a custodian institution.

Guarantee coverage

Moreover, VP SECURITIES A/S is liable in its capacity as a custodian institution for errors on the part of others according to an agreement entered into between Danish account-holding institutions affiliated to VP SECURITIES A/S. Liability for compensation according to this agreement cannot exceed DKK 687,000 per error at the current level of activity.

Notes to the consolidated financial statements

Joint taxation

The parent company has joint and several liability with the jointly taxed group enterprises in respect of the total tax liability. The tax liability for jointly taxed group enterprises amounts to DKK 20,537,000.

Value-added tax liability

The parent company has joint and several liability with the jointly registered group enterprises in respect of the total value-added tax liability. Value-added tax liability in jointly registered group enterprises amounts to DKK 466,000.

Severance commitments

For a CEO, in the event of termination at the instigation of the company within the first 24 months of the period of employment, there is an agreement in place relating to severance pay corresponding to 6 months' salary over and above the ordinary period of notice of 12 months. If the CEO dies, the company is obliged to pay 6 months' remuneration to the CEO's heirs.

Parent company income statement 2014

DKK '000	NOTE	2014	2013
Net turnover	1	348,372	325,411
Other external costs		(123,908)	(93,041)
Gross profit		224,464	232,370
Payroll costs	2	(145,157)	(146,975)
Depreciation, amortisation and write-downs	3	(2,614)	(2,133)
Operating result		76,693	83,262
Income from holdings in subsidiaries		5,715	5,843
Income from holdings in associated companies		(540)	0
Other financial income	5	523	505
Other financial costs	6	(440)	(252)
Result from ordinary activities before tax		81,951	89,358
Tax on ordinary profit	7	(18,855)	(20,840)
Profit for the year		63,096	68,518
Proposed appropriation of profit			
Dividend for the financial year recognised under equity		60,000	60,000
Profit carried forward		3,096	8,518
		63,096	68,518

Parent company balance sheet as at 31 December 2014

DKK '000	NOTE	2014	2013
Completed development projects	8	0	0
Intangible fixed assets		0	0
Production plant and machinery	9	2,404	922
Other equipment, process materials, fixtures and fittings	9	4,734	5,902
Leasehold improvements	9	3,052	3,760
Tangible fixed assets		10,190	10,584
Investment in subsidiaries	10	129,259	123,396
Investment in associated companies	10	4,448	0
Investments		133,707	123,396
Fixed assets		143,897	133,980
Receivables from sales and services		32,778	31,609
Receivables from subsidiaries		19,446	1,221
Receivables from associated companies		211	0
Other receivables		6,403	6,312
Corporation tax receivables	12	1,878	4,719
Prepayments	13	11,360	10,606
Receivables		72,076	54,467
Other securities and investments		7,878	0
Liquid funds		52,537	75,867
Current assets		132,491	130,334
Assets		276,388	264,314

Parent company balance sheet as at 31 December 2014

DKK '000	NOTE	2014	2013
Corporate capital	14	40,000	40,000
Other statutory reserves		61,176	61,176
Profit or loss carried forward		53,235	49,235
Proposed dividend for the financial year		60,000	60,000
Equity		214,411	210,411
Deferred tax	11	76	37
Provisions		76	37
Suppliers of goods and services		14,081	9,083
Corporation tax	12	4,805	304
Debt to subsidiaries		119	231
Other debt commitments		42,896	44,248
Short-term debt commitments		61,901	53,866
Liabilities		61,977	53,903
Liabilities		276,388	264,314
Related parties with control	15		
Ownership	16		

Parent company equity statement as at 31 December 2014

DKK '000	Corporate capital	Other statutory reserves	Profit or loss carried forward	Proposed dividend for the financial year
Equity at the beginning of the year	40,000	61,176	49,235	60,000
Ordinary dividend paid	0	0	0	(60,000)
Proposed dividend	0	0	0	60,000
Currency translation adjustments	0	0	(29)	0
Other value adjustments	0	0	(12)	0
Dividend on treasury shares	0	0	945	0
Profit carried forward	0	0	3,096	0
Equity at the end of the year	40,000	61,176	53,235	60,000
				Total DKK
Equity at the beginning of the year				210,411
Ordinary dividend paid				(60,000)
Proposed dividend				60,000
Currency translation adjustments				(29)
Other value adjustments				(12)
Dividend on treasury shares				945
Profit carried forward				3,096
Equity at the end of the year				214,411

Statutory allocation to non-distributable reserve

The conversion of the private foundation Værdipapircentralen into a public company included the establishment of a non-distributable securities reserve corresponding to the value of the assets contributed by the private foundation after deduction of the contributed liabilities. Pursuant to the Danish Securities Trading Consolidated Act, VP SECURITIES A/S must allocate 10 per cent of the profit for the year which has not been used to cover any losses from previous years to the securities reserve. This allocation may not, however, exceed the yield on the securities reserve, which corresponds to the interest rate calculated in accordance with Section 213(2) of the Danish Financial Business Act, less a pro rata share of corporation tax for the year. The latter limitation is to be used for the financial year 2014. As the interest, pursuant to Section 213(2) of the Danish Financial Services Act, was 0 per cent in both the first and second half of 2014, there is thus no adjustment in respect of 2014.

Notes on the parent company

DKK '000	2014	2013
1. Net turnover		
CSD Services	312,948	291,812
Securities Services	34,588	32,799
Investor Services	836	800
	348,372	325,411
2. Payroll costs		
Wages and salaries	120,858	122,516
Pensions	11,236	12,418
Other social security costs	13,063	12,041
	145,157	146,975
Of which: total emoluments paid to the Executive Management and the Board of Directors	3,975	8,176
Average no. of FTEs	156	165
3. Depreciation, amortisation and write-downs		
Depreciation on tangible fixed assets	2,651	2,117
Capital loss or gain from sales of intangible and tangible fixed assets	(37)	16
	2,614	2,133
4. Fees for auditors elected by the Annual General Meeting		
Statutory audit	652	789
Other assurance engagements	4	4
Tax, VAT and duty advice	305	98
Other services	260	364
	1,221	1,255
5. Other financial income		
Other interest receivable	523	303
Other financial income	0	202
	523	505

Notes on the parent company

DKK '000	2014	2013
6. Other financial costs		
Fair value adjustments	62	73
Other financial costs	378	179
	440	252
7. Tax on ordinary profit		
Current tax	18,816	20,282
Change in deferred tax	49	575
Adjustments relating to previous years	0	(17)
Effect of amended tax rate	(10)	0
	18,855	20,840

DKK '000	Completed development projects
8. Intangible fixed assets	
Cost, beginning of year	2,283
Cost, end of year	2,283
Depreciation, amortisation and write-downs, beginning of year	(2,283)
Depreciation, amortisation and write-downs, end of year	(2,283)
Carrying amount, end of year	0

Notes on the parent company

DKK '000	Production plant and machinery	Other equipment, process materials, fixtures and fittings	Leasehold improvements
9. Tangible fixed assets			
Cost, beginning of year	7,091	10,811	7,075
Additions	2,365	0	0
Disposals	0	(467)	0
Cost, end of year	9,456	10,344	7,075
Depreciation, amortisation and write-downs, beginning of year	(6,169)	(4,909)	(3,315)
Depreciation and amortisation for the year	(883)	(1,060)	(708)
Returns on disposal	0	359	0
Depreciation, amortisation and write-downs, end of year	(7,052)	(5,610)	(4,023)
Carrying amount, end of year	2,404	4,734	3,052

DKK '000	Investment in subsidiaries	Investment in associated companies
10. Investments		
Cost, beginning of year	120,776	0
Additions	0	5,000
Cost, end of year	120,776	5,000
Revaluations, beginning of year	2,620	0
Foreign currency translation adjustments	(29)	0
Share of profit for the year before tax	5,715	(540)
Other adjustments	177	(12)
Revaluations, end of year	8,483	(552)
Carrying amount, end of year	129,259	4,448

Notes on the parent company

DKK '000	2014	2013
11. Deferred tax		
Tangible fixed assets	(369)	(382)
Securities and investment	293	345
	(76)	(37)

12. Corporation tax

The stated corporation tax receivable totalling DKK 1,878,000 comprises solely joint taxation contributions. Of the stated corporation tax payable totalling DKK 4,805,000, joint taxation accounts for DKK 74,000.

13. Prepayments and accruals

The parent company's prepayments and accruals primarily comprise accrued prepaid costs relating to multi-year contracts with suppliers.

DKK '000	Number	Face value	Nominal value
14. Corporate capital			
Share capital	40,000	1	40,000
	40,000	1	40,000

The shares are not divided into classes, and there have been no changes in the share capital in the last five financial years.

15. Related parties with control

Related parties with control: none.

16. Ownership

VP owns 630 shares, corresponding to 1.6 per cent of the share capital.

The company has registered the following shareholders with more than 5 per cent of the share capital voting rights or face value:

- Danmarks Nationalbank, Copenhagen
- Danske Bank A/S, Copenhagen
- Nykredit A/S, Copenhagen
- Nordea A/S, Copenhagen

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