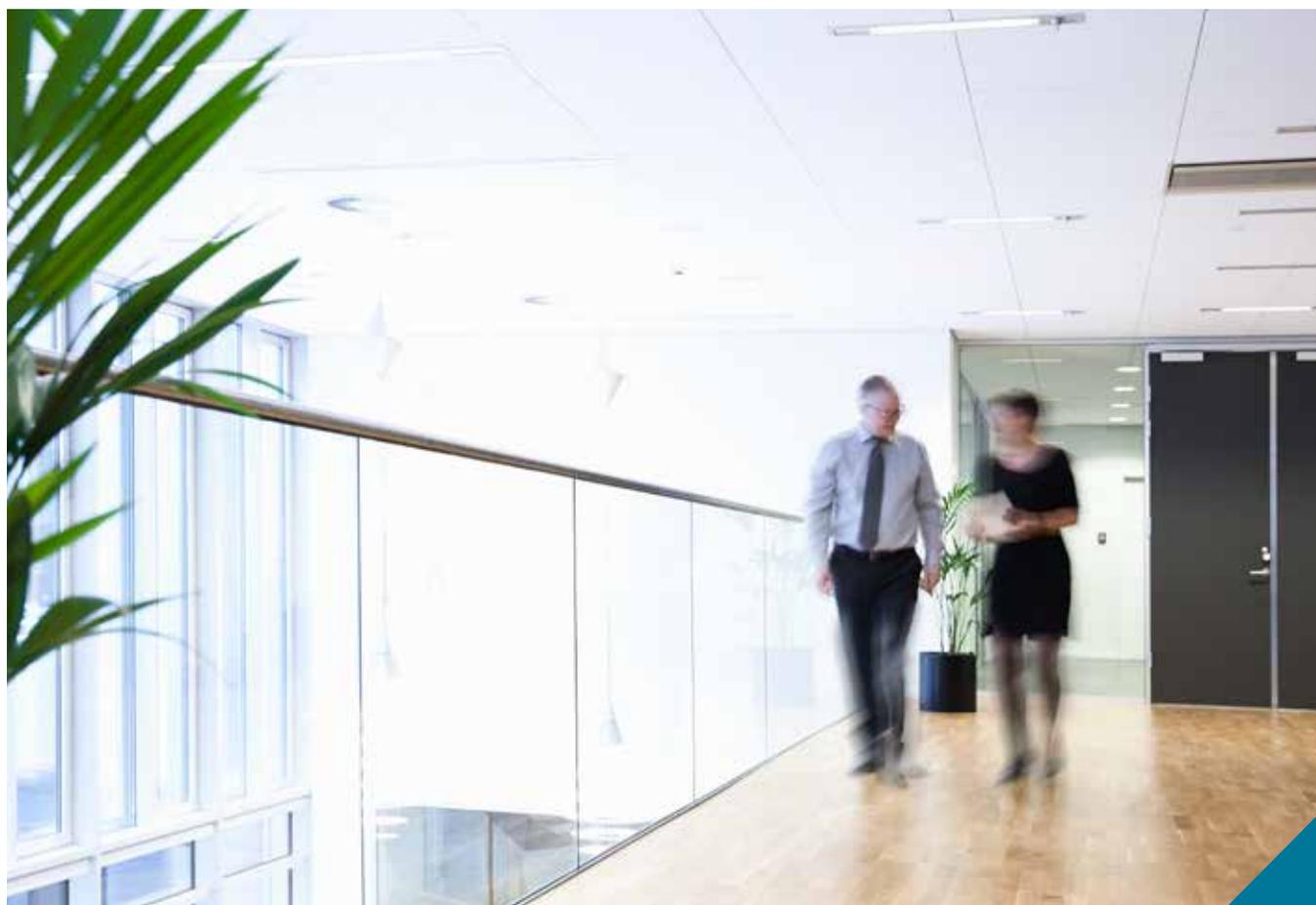


ANNUAL REPORT
VP SECURITIES A/S

2015



VP SECURITIES

300 Kroner

Besty
Pomme

11/13
10/17

CONTENTS

2015 – A Year of Many Changes	4
VP in Brief	5
2015 Highlights	6
Key Figures and Key Ratios	7
<hr/>	
Management's Review	8
CSD & Securities Services	8
Issuer Services	13
Focus Areas in 2016	15
Operating and Financial Review	16
IT and IT Security	18
Risk and Risk Management	20
Legislation and Regulation	22
Corporate Social Responsibility Report	24
Organisation and Employees	26
<hr/>	
Governance	28
Board of Directors, Executive Management and Management Employees	30
Management's Statement	32
The Independent Auditor's Report	33
Accounting Policies Applied	34
<hr/>	
Consolidated Financial Statements and Notes for 2015	38
<hr/>	
Parent Company's Financial Statements and Notes for 2015	48
<hr/>	
Definition of Key Figures and Key Ratios	56
Glossary*	57

*The glossary on page 57 presents definitions of specialised business terms.

2015 – A YEAR OF MANY CHANGES

VP's core activities are changing. This is due to a number of ongoing initiatives at European level, including the implementation of the pan-European legislation under the CSD Regulation, and the development of the TARGET2-Securities (T2S) settlement platform. These initiatives will secure the basis for the future liberalisation of the market for services related to the book-entry, issuance and clearing of securities trades, which today constitute VP's core activity.

In 2015, we have taken a number of important steps in our preparations for these extensive changes, which will lead to increased competition, greater focus on customers' digitisation, European harmonisation of services, and the implementation of T2S.

The result for the year is characterised by a continued increase in revenue compared to 2014, which is related to the sustained positive development in the financial markets, although primarily in the first half of 2015. The increase in costs is due to the costs incurred for various strategic initiatives, and to streamline the organisation in preparation for the future challenges.

CLOSER TO OUR CUSTOMERS

On the transition to new terms of competition, it is important to know our customers' future direction. In connection with its strategic work, VP has been in close dialogue with its customers both in Denmark and abroad, and has reaped considerable benefits from this dialogue. As a supplier of infrastructure and financial services to the financial sector, close cooperation is important – for our customers and for VP. We will therefore have even greater focus on achieving an insight into, and understanding of, our customers' business and requirements. We wish to be viewed as a partner, both in our day-to-day cooperation and in conjunction with more strategic considerations.

EUROPEAN HARMONISATION

Parallel with the implementation of the new joint legislation and the joint settlement platform, work is ongoing to harmonise a number of conditions in the clearing and custodian services market. These harmonisation measures are contributing to creating a basis for further liberalisation of the market for services within VP's core activity.

T2S PREPARATIONS ARE PROCEEDING AS PLANNED

VP has taken part in the European T2S project since 2006 and our connection to the new settlement platform is an

important element in ensuring an attractive future market position for VP, with European-wide distribution for customers. The project is being implemented in several "waves", of which "wave 1" went into production in June 2015. In September 2016, VP will go into production in "wave 3" for securities denominated in euro, and in 2018 for securities denominated in Danish kroner. The project has required a lot of work to keep with the scheduled plan, and VP is now cooperating closely with customers on preparing to test the new functionalities.

CSD REGULATION

– A NEW FRAMEWORK FOR VP'S ACTIVITIES

As from 2017, VP will be regulated by the new pan-European legislation, the CSD Regulation, and before the end of 2016 VP must submit an application to the Danish Financial Supervisory Authority for a licence under this Regulation. The new legislation imposes a number of new requirements on VP, including requirements related to capital adequacy, business processes and the composition of the Board of Directors. Yet, there will also be a number of new opportunities to service customers across Europe's national borders. This presents significant opportunities for cost savings for customers, as well as support for customers' own business plans.

ONGOING STRATEGIC CLARIFICATION

Major changes are taking place in VP's business environment. This presents both opportunities and challenges. We are therefore working to determine VP's future strategy and expect that in 2016 this work will set a clear course for the future VP.

DEVELOPMENT OF VP'S ORGANISATION

The changes also impose new requirements on VP's organisation, which affect both management and employees. In 2015, we have worked on developing the organisation, so that we can continuously meet the new requirements from customers and authorities. A number of new employees were thus recruited during 2015.

In 2015 we also worked intensively to prepare for the future challenges. Again in 2016, I look forward to continuing the positive dialogue with our customers and to offering an even stronger foundation for VP's future business activities.

Niels Olsen
CEO

VP IN BRIEF

VP is the central hub in Denmark for handling Danish securities, which makes it an important element of the financial infrastructure.

In September 2016, VP SECURITIES and VP LUX will join the pan-European settlement platform TARGET2-Securities (T2S), which is fundamentally changing how securities are settled in Europe. VP will also commence the process of achieving a licence as a European CSD (Central Securities Depository), as an element of its adjustment to the coming pan-European legislation for CSDs.

T2S will harmonise securities settlement in Europe, and after joining T2S, VP will also be able to offer cost-effective services for securities issued by other CSDs. Connection to T2S will thereby support cross-border securities trading and VP's business opportunities in a liberalised European market.

VP'S BUSINESS AREAS

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

VP's core business is CSD Services, which support the financial sector and its customers' requirements for secure issuance, clearing and custody of securities.

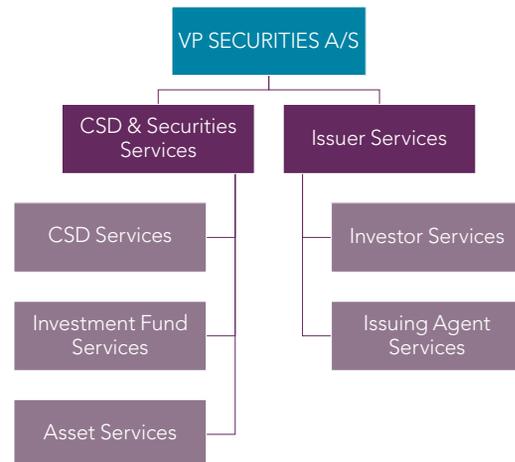
VP ensures that securities transactions are settled between buyer and seller in a stable, secure and swift manner. VP also ensures the effective intermediation of interest, repayments and dividend to investors. These services are also offered for securities issued in euro via VP LUX.

In addition to the CSD activities, a number of services are offered to support customers' internal processes in conjunction with their administration of securities.

These activities include Asset Services and Investment Fund Services.

Issuer Services comprise the Issuing Agent Services and Investor Services activities. The services include issuance services, handling of Corporate Actions, share registers, AGM and meeting services, investor relations solutions and investor analyses, as well as compliance and corporate governance services.

VP'S BUSINESS AREAS



VP'S ROLE AND OWNERSHIP

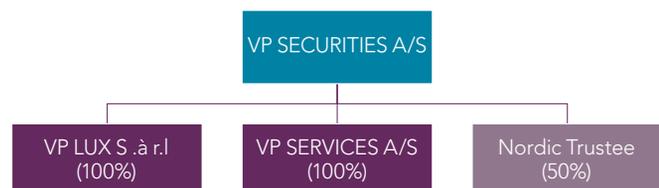
VP is a limited liability company primarily owned by the significant players in the Danish financial market.

VP's IT infrastructure is subject to supervision by the Danish Financial Supervisory Authority, while Danmarks Nationalbank oversees VP's activities.

Going forward, having achieved a licence as a European CSD, VP's role as a CSD and the overall framework for VP's activities will be set out in the CSD Regulation, which is the pan-European legislation for CSDs.

Read more about the CSD Regulation on page 15.

VP'S CORPORATE STRUCTURE



2015 HIGHLIGHTS

VP'S ACTIVITIES

During 2015, increased activity in the financial markets led to a higher 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 book-entered at VP at the end of 2015 amounted to DKK 7,783 billion, which is DKK 479 billion higher than at the end of 2014, corresponding to an increase of 7 per cent.
- The turnover, or market value, of securities traded in 2015 amounted to DKK 53,349 billion, which is DKK 9,144 billion higher than in 2014, corresponding to an increase of 21 per cent.
- The number of settlement transactions completed in VP was 16.7 million in 2015, which is 1.6 million more than in 2014, corresponding to an increase of 11 per cent.
- During the year, considerable resources were devoted to the ongoing system development in preparation for VP's participation in the pan-European settlement platform, TARGET2-Securities (T2S), including successful completion of tests. The project is expected to run as planned up to its implementation.

FINANCIAL DEVELOPMENT

VP's turnover and profit developed satisfactorily in 2015.

- Net turnover amounted to DKK 411 million, which is DKK 13 million higher than in 2014, corresponding to an increase of 3 per cent. This increase is primarily attributable to increased revenue from clearing and settlement as a consequence of the increasing number of transactions.
- Total costs including depreciation and amortisation amounted to DKK 252 million, which is DKK 66 million lower than in 2014. The decrease is due to the capitalisation of IT development costs concerning the T2S project, amounting to DKK 77 million, as from and including 2015. Excluding this, the overall cost base increased by DKK 11 million from 2014, representing an increase of 4 per cent. The cost increase can be attributed to higher strategic consulting costs, increased severance costs and greater use of external IT consultants, in order to meet the deadlines for the T2S project.
- The operating profit was DKK 160 million, which is DKK 79 million higher than in 2014.
- The profit for the year was DKK 123 million, which is DKK 60 million higher than in 2014. The significant increase in the result can be attributed to the capitalisation of IT development costs.
- Equity including the statutory non-distributable reserve was DKK 278 million at the end of 2015, of which the statutory non-distributable reserve amounted to DKK 61 million. The return on equity was thus 50 per cent in 2015, compared to 30 per cent in 2014.

VP has a need for consolidation in order to comply with future new capital requirements. The Board of Directors thus recommends to the annual general meeting that no dividend for 2015 is distributed.

KEY FIGURES AND KEY RATIOS

DKK 1,000	2015	2014	2013	2012	2011
Key figures					
Net turnover	411,276	398,800	366,115	346,905	347,633
Gross profit	284,205	246,179	252,432	222,573	229,037
Operating result	160,498	80,861	90,101	76,418	80,521
Profit/loss on financial items	-407	2,816	1,333	3,858	29
Profit for the year	122,568	63,096	68,518	60,047	60,039
Total assets	347,304	279,836	267,218	259,711	256,953
Investments in property, plant and equipment	795	2,365	1,081	1,108	1,791
Equity including statutory non-distributable reserve	277,849	214,411	210,411	204,717	204,115
Net interest-bearing debt	-174,754	-202,220	-192,734	-187,615	-177,736
Intangible fixed assets	77,289	-	-	-	-
Invested capital, year-end	103,095	7,407	19,981	23,106	30,987
Average invested capital	55,251	13,694	21,544	27,047	34,146
Key ratios					
Gross margin (%)	69	62	69	64	66
Net margin (%)	30	16	19	17	17
Operating profit on average invested capital (%)	225	440	312	208	176
Return on equity (%)	50	30	33	29	29
Solvency ratio (%)	80	77	79	79	79
Profit per share (DKK)	3,064	1,577	1,713	1,501	1,501
Dividend per share (DKK)	-	1,500	1,500	1,500	1,500

16.7
million securities
trades settled in VP

DKK 53,349
billion in market value of
securities traded at VP

DKK 7,783
billion in market value of
securities book-entered at VP

DKK 3.3
million securities accounts
book-entered at VP

MANAGEMENT'S REVIEW

During 2015, increasing activity in the financial markets led to increased turnover for VP's core business activities.

During the year, VP undertook a large number of activities to meet the consequences of the ongoing European liberalisation and harmonisation of VP's business areas. The liberalisation entails that VP is already exposed to competition, and this competition is expected to increase significantly in the coming years. The largest ongoing development project is VP's connection to the pan-European settlement platform.

ORGANISATIONAL CHANGE TO ENSURE GREATER PROXIMITY TO CUSTOMERS

In 2015 there was considerable focus on bringing the organisation even closer to the customers, and meeting their requirements. One consequence is that at the end of 2015, an organisational change was made whereby the activities in the independent area of Securities Services were transferred to other units. The Issuing Agent Services activity has been combined with Investor Services in a new business area, Issuer Services, while Custody Services has been transferred as a unit under CSD Services, and is now called Asset Services.

The organisational change creates a clear division of responsibility, based on the customers and their requirements. Customers which issue securities are now all serviced by Issuer Services via Issuing Agent Services and Investor Services, while VP's institutional customers are serviced by CSD Services.

CSD & SECURITIES SERVICES

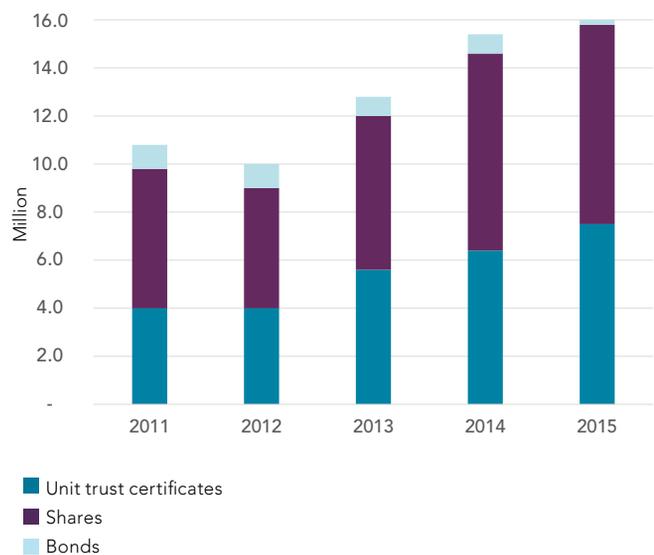
CSD & Securities Services drives VP's core business, which is central securities depositories activities and a number of related services. The CSD activities primarily concern the issuance, book-entry and settlement of securities trades, besides a number of services whereby VP assists customers with the administration of their securities. This includes services whereby VP operates as securities account holder, typically for foreign CCPs (Central Counterparties) and other CSDs with holdings of Danish securities. For selected markets, VP also offers custodian services for foreign securities. Finally, the activities also include a number of services designed especially for unit trusts.

Development in activity

Increasing number of securities trades

The number of securities trades continued the rising trend in 2015. In total, 16.7 million securities trades were settled via VP, an increase of 11 per cent compared to 2014. The trades comprised 8.3 million share transactions (an increase of 4 per cent), 0.9 million bond transactions (an increase of 10 per cent) and 7.5 million unit trust certificate transactions (an increase of 19 per cent). The turnover value increased by 21 per cent to DKK 53,349 billion.

Number of securities trades



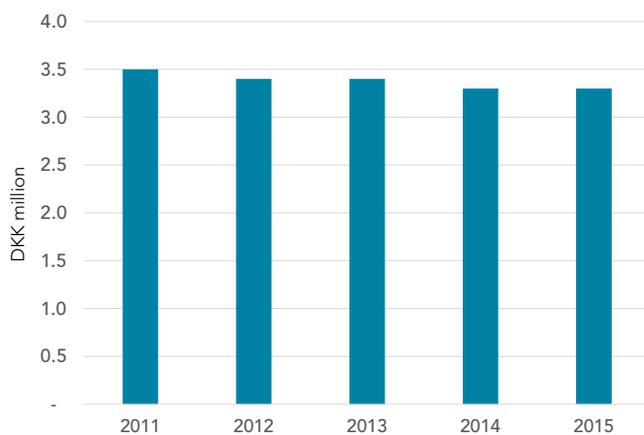
The combined market value of issued bonds amounted to DKK 3,913 billion at the end of the year, which was a decrease of 5 per cent compared to 2014. For shares and unit trust certificates, the market value was DKK 2,624 billion and DKK 1,246 billion, respectively, which for shares is an increase of 29 per cent, and for unit trust certificates an increase of 10 per cent, compared to 2014.

110 account controllers

At the end of 2015, VP had 110 account controllers as customers, which is unchanged from 2014.

In addition, 142 customers, of which 69 were foreign market participants, participated in VP's clearing and settlement. The number of securities accounts was 3.3 million, comprising 1.7 million private investors, 123,000 companies and 71,000 foreign investors. The number of investors is lower than the number of accounts because investors often have more than one securities account.

Number of securities accounts, year-end



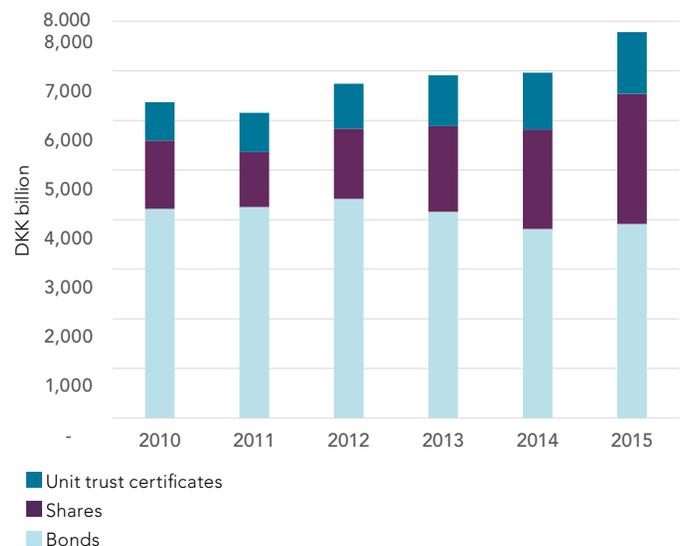
More issues again

After some years of declining numbers of issued securities, the trend flipped in 2015. In the market for shares, warrants and certificates, the number of securities increased by 75 to 555.

This development is driven especially by new issues of certificates, while the number of IPOs has been modest.

The number of securities in the unit trust market increased by 84 compared to the end of 2014, bringing the figure to 854. In the bond market, the number of securities increased by 2 to 2,040 at the end of 2015.

Number of bond, share and unit trust certificate issuances, year-end

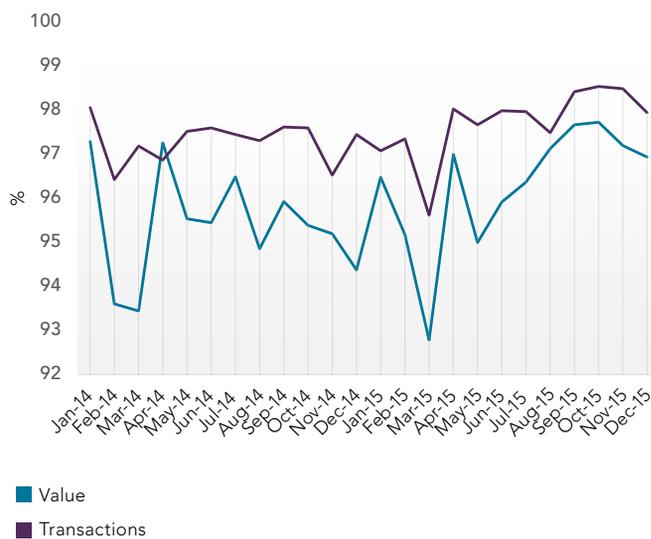


Streamlining securities settlement

As an element of the clearing rules, VP continuously monitors the settlement efficiency in the market. The clearing rules entail that the individual market participant's settlement ratio is measured against a benchmark and is 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. The settlement efficiency for shares showed a sound improvement during 2015 and is now at a satisfactory level of between 97 and 98 per cent.

Despite the general improvement, a number of market participants' performance declined during 2015, causing VP to use financial sanctions for the first time, in order to restore the high level of settlement efficiency. VP is in ongoing dialogue with the market participants with regard to measures to improve their settlement performance.

Settlement efficiency for shares, 2014 and 2015



Business development

ISO strategy

In 2015, VP adopted an ISO strategy that will change the way VP communicates with its customers from the current proprietary format to the international ISO 15022 and 20022 standards. Most of VP's business processes will therefore gradually transition to the new standards, beginning with Corporate Actions and Account Management. In this context, in November 2015 VP launched a new ISO interface to handle Corporate Actions. The intention is that, after the introduction of securities settlement in Danish kroner via T2S in 2018, VP will be able to reduce the number of communication formats and in this way make the processes more cost-effective for the market participants.

Handling negative interest rates

In view of the continuing decline in interest rate levels at the beginning of 2015, and in dialogue with the market participants VP made preparations for handling issues subject to negative interest rates. This took place for the first time in July 2015, and in total three bonds were handled in this way during the year. The negative interest rate is typically intermediated by converting it to a repayment against the bond's principal. VP is also in dialogue with the mortgage-credit issuers on a solution to automate a large element of the issuers' handling of negative interest rates in VP.

Harmonisation of Corporate Actions standards

As an element of the European harmonisation of securities handling processes, in September 2015, VP introduced a harmonised redemption model to handle redeemed bonds. This required a change in the timing of the performance of the redemption's sub-elements, corresponding to equivalent processes in foreign markets. The harmonisation will continue in 2016, with such measures as the introduction of automated handling of Corporate Actions for non-settled trades, also known as Market Claims and transformations.

VP's connection to T2S

In 2015, VP continued the preparations for connection to T2S. VP and VP LUX are maintaining the original plan for connection in September 2016, while settlement in Danish kroner is expected to be possible as from the second half of 2018. VP and VP LUX' upholding of the connection date must be viewed in the light of how a number of other European central securities depositories, which have opted to connect later than originally planned, have notified delays in their implementation. The date has been upheld in dialogue with the market participants. VP is the only Scandinavian CSD to have opted for connection to the T2S platform, and the Danish krone is the only currency, apart from the euro, that will be available for settlement via T2S. With VP's connection to T2S, VP's customers are offered the opportunity to settle their trades in euro via T2S, and they will also be able to have securities issued in other CSDs book-entered to securities accounts at VP.

The T2S accession is VP's largest project since its establishment at the beginning of the 1980s. Together with new EU regulation, this accession will enable VP to offer its services in other European markets and also to offer new services for the benefit of Danish market participants and issuers. Via T2S, VP will be able to support more effective securities settlement across the European markets and contribute to promoting Danish issuances to international investors via links to the other CSDs that are connected to T2S.

Harmonisation of opening days

As an element of the preparations for VP's connection to T2S, as from November 2015 access was given to clearing and settlement on days that are open for payment in euro – called T2S opening days. In the first instance, the change meant that VP was open for clearing and settlement on 24 and 31 December 2015. The expanded opening days ran well, with relatively limited activity.

ABOUT T2S IN BRIEF

In close dialogue with the Danish financial market participants, VP has chosen to connect to a new pan-European clearing and settlement system. The system has been established by the European Central Bank (ECB) under the name of TARGET2-Securities (T2S).

The aim of the implementation of T2S is to harmonise securities settlement across the Eurosystem and to contribute to streamlining the settlement of crossborder transactions. The transition to T2S will fundamentally change how securities are settled in Europe.

On the transition to T2S, it will be possible for the individual CSDs to open accounts with each other via links.

Via these links, CSDs will be able to book enter securities issued by all other connected CSDs and to settle securities across the CSDs. The establishment of T2S is thus an important step in the achievement of the single market for financial services in the EU.

T2S will serve as a technical platform, while the existing national CSDs will continue to function as the point of contact for the market participants.

The first CSDs connected to T2S in 2015, and VP SECURITIES and VP LUX, which operates as a CSD in Luxembourg, will connect in September 2016 for settlement in euro, and in 2018 for settlement in Danish kroner. CSDs from a total of 22 European countries have decided to connect to T2S, which will thus cover most of the European market.

After VP's connection to T2S in September 2016, clearing and settlement will be possible on all T2S opening days and VP will thus be open for clearing and settlement on all business days and public holidays, apart from 1 January and 25 and 26 December.

Links ensuring access to relevant markets

VP offers its customers swift and secure access to other relevant markets via links to other CSDs in Europe.

The transition to T2S marks the introduction of harmonised procedures for cross-border securities settlement. These procedures will be introduced in VP and VP LUX in September 2016, when VP is connected to T2S for settlement in euro.

In September 2015, the link between VP and Euroclear Bank was approved by the Eurosystem for the transfer of pledgeable securities, making it possible to use issues from VP and VP LUX as security for loans. Besides Euroclear Bank, the approved VP links include Clearstream Banking Frankfurt and Luxembourg, while VP LUX has approved links to e.g. the Italian CSD, Monte Titoli. The increased securitisation

opportunities allow for more flexible use of VP and VP LUX issues for VP's customers. Outside the eurozone, VP has links to the Swiss CSD, SIX SIS, and to the Swedish CSD, Euroclear Sweden. Links to these markets ensure that Danish securities can be distributed effectively to key investor markets.

Investment Fund Services

Investment Fund Services offer services targeted at Danish and foreign investment funds. VP offers solutions within the issuance and distribution of unit trust certificates, either in the customary Danish way via the stock exchange, or via the Transfer Agent model used abroad. In this respect, VP offers a product called vp.FUND HUB® which facilitates the international distribution of investment funds. VP can also provide the data to be used for tax reimbursement applications and settlement of intermediation fees. In 2015, VP was in dialogue with investment funds, distributors and other market players to assist partners with streamlining the distribution process and making it more cost effective.

Asset Services

Asset Services primarily services foreign CSDs and clearing participants wishing to hold Danish securities. These include Euroclear, Clearstream, SIX SIS AG and EuroCCP. At the end of 2015 the market value of these securities totalled approximately DKK 650 billion, distributed on shares, bonds and unit trust certificates.

In 2015, Asset Services experienced increasing interest in the Danish share market, and the new regulatory requirements in the post-trade area, included in the CSD Regulation, will gradually take effect in the coming years, as the new standards are implemented. Combined with VP's connection to T2S in 2016, this is expected to have a positive impact on the foreign market participants' interest in VP as a CSD in general, and in the Asset Services business area specifically.

CSD activity in Luxembourg

Via its subsidiary VP LUX in Luxembourg, VP has access to issue euro-denominated securities that can be pledged as security for loans in the Eurosystem. This includes the issue of pledgeable euro-denominated bonds, including EMTN programmes, covered bonds and corporate bonds. VP LUX also supports the issuance of investment funds.

VP LUX has specialised in the issuance of euro-denominated bonds directed at the international market. The bonds can be transferred to other CSDs in line with investors' wishes, as they deem most appropriate.

VP LUX is approved by the Luxembourg financial supervisory authority (CSSF) to operate as a CSD and is also approved in accordance with the standards of the Eurosystem for the issuance and administration of pledgeable securities. In 2016, VP LUX will apply for a licence under the EU's CSD Regulation to operate CSD activities throughout the EU, and together with VP's other CSD activities, VP LUX, will connect to the T2S settlement platform in September 2016.

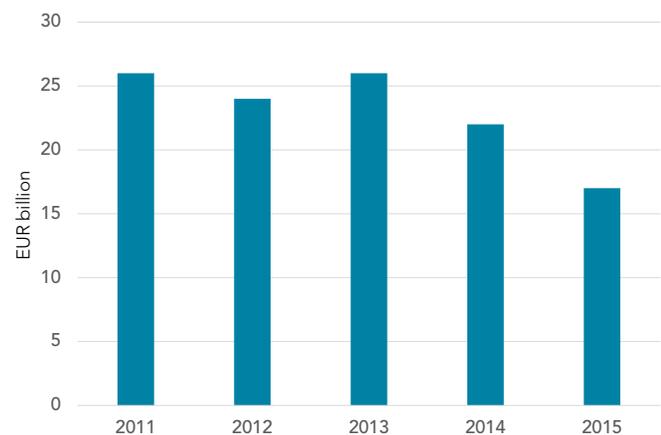
At the end of 2015, the market value of euro-denominated bonds issued via VP LUX was EUR 17 billion. This is a decrease of 34 per cent compared to the end of 2014. The decrease is a consequence of VP SECURITIES A/S' approval in accordance with the Eurosystem's standards in March 2015. This means that Danish issuers can now issue new pledgeable euro-denominated securities via the Eurosystem, rather than via VP LUX.

The business model for VP LUX is to ensure investors easy, secure and cost-effective distribution of securities issued via VP LUX to all relevant European markets. VP LUX has therefore established direct access (links) to Clearstream, Euroclear Bank, the Italian CSD (Monte Titoli) and VP SECURITIES A/S, and indirect access to other markets. All links from VP LUX are approved for the securitisation of bonds up to the best possible pledgeable limit in the Eurosystem.

Furthermore, VP LUX has the approval of the Eurosystem to distribute bonds issued by VP LUX via the link between Clearstream and Euroclear. Securities issued via VP LUX can thus be traded freely in all relevant markets.

VP LUX's activities also include distribution as well as clearing and settlement of investment funds, with special focus on foreign funds directed at Nordic investors. VP LUX has also launched vp.FUND HUB®.

Euro-denominated bonds issued via VP LUX, year-end



Note: The actual volume issued as of 31 December includes redeemed bonds, which are written down as of 2 January.

ISSUER SERVICES

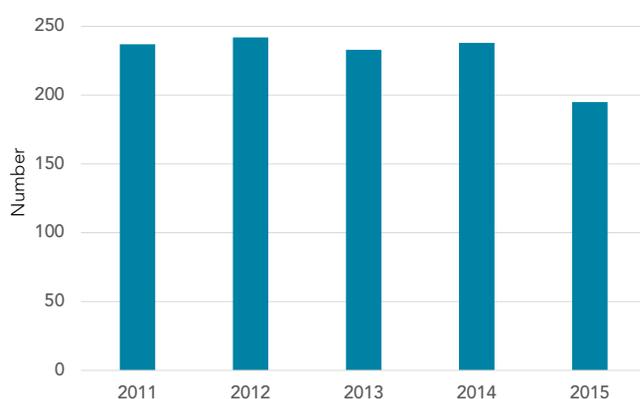
Issuer Services comprises the Investor Services and Issuing Agent Services activities. The services include issuance services, handling of Corporate Actions, share registers, AGM and meeting services, investor relations solutions and investor analyses, as well as compliance and corporate governance services.

Investor Services

Customer development

In 2015 there was a continued influx of new customers to Investor Services, including two companies that became listed on the stock exchange, although some customers were lost. The net decrease in customers (see the Figure below) is related to the expiry of an administration agreement comprising a large group of unit trusts, and the lapse of several customer relationships, due to mergers and discontinuation. VP INVESTOR SERVICES now operates share registers for 195 companies, banks and unit trusts. During 2015, meeting services were provided for 210 general meetings and shareholder meetings, etc., which is a small decrease compared to 2014.

Number of customers, year-end



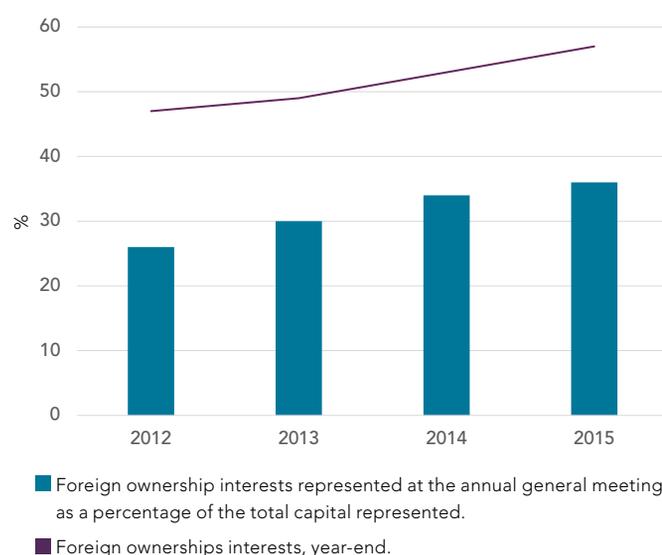
The solution for electronic voting at general meetings (e-voter) was used at 12 general meetings in 2015, of which four were general meetings of C20 companies. In 2015, solutions were also provided for fully electronic general meetings.

General meetings – Trends and tendencies

Based on experience and data from the general meetings held, VP INVESTOR SERVICES publishes an annual analysis of trends and tendencies within the general meeting area.

The analysis for 2015 shows that the number of proposals from shareholders has returned to the normal level after a significant increase in 2014. As a consequence, the number of ballots has also normalised. 92 per cent of the ballots were held using e-voter, while the number of voting instructions (proxy votes) from foreign investors increased by 26 per cent. Foreign investors usually cast their votes on the basis of proxy advisers' recommendations, so that large groups of foreign investors often vote in the same way on central issues. Overall, the foreign investors are still underrepresented in capital terms compared to Danish investors, but they are increasingly exerting an influence. The number of attending Danish shareholders declined in 2015 compared to 2014.

Number of voting instructions from foreign investors and percentage foreign ownership of Danish shares



New services

VP INVESTOR SERVICES is continuously updating and improving its solutions and systems, and in 2015 some were:

- In regard to the launch of the Public Shareholder Register (for companies' registered major shareholders), VP INVESTOR SERVICES launched a new service whereby customers can entrust VP to handle the practical aspects of reporting major shareholder notifications to the Public Shareholder Register.
- The previous proxy-voting reporting has been improved, so that it can now be used as a Shareholder ID report.

Issuing Agent Services

Issuing Agent Services is a separate account controller within VP SECURITIES A/S. The area assists issuers of shares, bonds and unit trust certificates by handling their book entry of the issuance in VP, especially the execution of Corporate Actions such as the payment of interest and dividend, capital augmentations and redemptions, etc.

In 2015, a significant increase in revenue within this business area was achieved, among other things due to involvement in a larger number of Corporate Actions. This positive development is expected to continue in 2016.

In 2015, Issuing Agent Services assisted with approximately 70 issuances, and at the end of 2015 Issuing Agent Services held issuer responsibility for 66 ISIN codes, which is an increase from 2014.

Furthermore, 95 Corporate Actions of varying size were supported and executed, which is a small decline from 2014. On the other hand, more extensive services were provided in conjunction with these Corporate Actions.

OTHER BUSINESS AREAS AND ACTIVITIES

Nordic Trustee

In 2014, VP SECURITIES A/S and Nordic Trustee ASA established a joint venture under the name of Nordic Trustee A/S. Each of the two companies has an ownership interest of 50 per cent.

Nordic Trustee's main activity is to work as a representative, or Trustee, in connection with the issuance of bond loans, and the company also plays an active role in the development of the Danish corporate bond market.

During the year, Nordic Trustee was engaged in creating awareness of the representative role in Denmark, including working to contribute to the standardisation of loan documents, in order to simplify bond issuance. The number of Danish corporate bond issuances in 2015 did not match the preceding years' levels, which is primarily due to the banks' increased lending propensity, as a consequence of the combination of capital accumulation and a negative interest rate on surplus liquidity deposits.

CUSTOMER SATISFACTION SURVEY 2015

In the autumn of 2015, VP undertook a major customer satisfaction survey. The purpose was to achieve a snapshot of how customers experience VP.

High customer satisfaction

The result is at the high end of the satisfaction scale, with a score of 75 out of 100. VP's employees and their business knowledge, and ability to resolve customers' problems, contributed particularly to the high satisfaction rate.

Target – An even higher satisfaction rate in 2016

The survey showed that mainly the "Employees" and "Services" areas influence customer satisfaction. VP has therefore launched a number of initiatives within these areas, and the aim for 2016 is to increase "Satisfaction" from 75 to 80.

FOCUS AREAS IN 2016

During the last few years VP has made a targeted effort to adjust the company to the new conditions that will define the overall framework for VP's core activities going forward. These adjustments are continuing in 2016.

CUSTOMERS AND PARTNERSHIPS

In order to optimise VP's position in this new "landscape", VP is continuing to focus on customers. VP's aim is to attract and retain new customers in a market that is making the transition from local to European. VP wishes customers to continue to choose VP, which requires a professional insight into the customers' business and strategic challenges, in order to see how VP can assist to create more value for the customers.

EMPLOYEES AND LEADERSHIP

It is vital that all employees show personal drive, take initiative and perform as expected. There is also emphasis on achieving high professional standards, with a well-organised, timely and cooperative approach to resolving customers' challenges, enabling VP to deliver high quality and value adding services to the customers.

During the most recent period, VP's management team has been strengthened in order to achieve greater organisational efficiency via continued focus on establishing clearly defined organisational frameworks, clear objectives and subsequent follow-up. This must contribute to provide VP with a competitive advantage in the new "landscape".

OPTIMISATION AND ADJUSTMENT OF THE BUSINESS

The implementation of the CSD Regulation has led to a number of new requirements and standards. It is strategically important that the Regulation is implemented successfully in VP. Our ability to implement the required changes will affect both existing and new stakeholders' assessment of VP, and will thereby also have an impact on future opportunities to form strategic partnerships. It is therefore vital to continue the work of strengthening the internal processes and financial effectiveness, since this is a condition for executing the required strategy and being able to offer competitive terms to VP's customers.

ABOUT THE CSD REGULATION

The Regulation on Settlement and Central Securities Depositories (CSDR) comprises new EU regulations for the securities settlement market and CSDs. The Regulation was adopted in 2014 and will enter into force in 2015-2017. The rules laid down in the Regulation are implemented directly in Danish law.

The implementation of the CSD Regulation achieves the liberalisation and harmonisation of the framework for CSDs and the settlement of securities, and the Regulation is thus a key element of the European Commission's plan to establish a capital markets union in the EU.

The new rules laid down in the CSD Regulation entail *inter alia* that:

- The individual CSD must apply for a licence under the CSD Regulation.
- A European passport has been introduced, so that a CSD with a licence in one EU member state has the right to conduct activities within the entire EU.
- In principle, CSDs will have the sole right to undertake "core activities" and the right to offer "ancillary services" and "bank-like ancillary services".
- CSDs will be able to establish access (links) to all EU/EEA CSDs, including access to market the issuance, settlement and custody of securities in all EU/EEA markets, without local establishment being required.
- Harmonised capital requirements will be introduced for the individual CSDs. The capital requirements are dynamic and are calculated on the basis of the individual CSD's activities.
- A new EU supervisory authority, the European Securities and Markets Authority (ESMA), has been established with access to issue administrative fines (up to 10 per cent of the CSD's turnover).

In addition, a number of common rules are being introduced concerning the actual settlement of securities, including greater freedom of choice for securities issuers, a common settlement cycle in EU on T+2, a requirement for settlement in central bank money, if possible, common rules for settlement discipline and common outsourcing rules.

Furthermore, requirements are being introduced for boards of directors to establish Risk, Remuneration and Audit committees.

OPERATING AND FINANCIAL REVIEW

INCOME STATEMENT

In 2015, net turnover amounted to DKK 411.3 million, which is DKK 12.5 million higher than in 2014, corresponding to an increase of 3 per cent. The increase is primarily attributable to the CSD Services business area, where the number of trade transactions rose by 11 per cent compared to 2014. There was also a general small increase in turnover within VP's other business areas.

Other external costs amounted to DKK 127.1 million, while payroll costs were DKK 121.9 million. This is DKK 25.5 million and DKK 40.6 million, respectively, lower than in 2014. The decrease is related to the capitalisation of IT development costs regarding to the T2S project as from and including 2015. The capitalised costs cover direct and indirect production costs, and total DKK 77.3 million for the year, of which DKK 40.2 million concerns costs of external consultants, and DKK 37.1 million can be attributed to internal payroll costs. The overall cost base thus increased by DKK 11 million from 2014, representing an increase of 4 per cent. The increase is primarily attributable to costs related to strategic assistance.

Depreciation and amortisation amounted to DKK 2.9 million, which is DKK 0.1 million higher than in 2014.

Operating profit was DKK 159.4 million, equivalent to a net profit ratio of 39 per cent. Compared to the operating profit for 2014, which amounted to DKK 80.9 million, the considerable increase can be attributed to the capitalisation of IT development costs. Other operating income concerns the proceeds from the liquidation of VP Mortgages Solutions I and II.

Financial items showed a loss of DKK 0.4 million, compared to a gain of DKK 2.8 million in 2014.

Tax on ordinary profit was DKK 36.4 million, compared to DKK 20.6 million in 2014. Of this amount of DKK 36.4 million, DKK 16.9 million can be attributed to a change in deferred tax. The deferred tax item arose as a consequence of timing differences between the taxable and the accounting depreciations on intangible assets.

The profit for the year was DKK 122.6 million, which is DKK 59.5 million higher than in 2014.

BALANCE SHEET AS AT 31 DECEMBER 2015

As at 31 December 2015 VP's balance sheet total was DKK 347.3 million, compared to DKK 279.8 million as at 31 December 2014.

Intangible assets amounted to DKK 77.3 million, compared to DKK 0 million as at 31 December 2014. The increase can be attributed to the capitalisation of development costs regarding the T2S project.

Property, plant and equipment fell to DKK 8.1 million compared to DKK 10.6 million as at 31 December 2014. The decrease is attributable to the fact that depreciation for the year exceeded investments for the year.

Financial assets amounted to DKK 3.4 million, compared to DKK 0 million as at 31 December 2014. The increase can be attributed to how capital investments in joint ventures are recognised at intrinsic value, in contrast to the previous pro rata recognition.

Current assets fell to DKK 258.6 million, compared to DKK 269.3 million as at 31 December 2014. The decrease of DKK 10.7 million can primarily be attributed to a decrease in liquid funds.

Equity including the statutory non-distributable reserve increased to DKK 277.8 million, compared to DKK 214.4 million as at 31 December 2014.

The statutory non-distributable reserve as at 31 December 2015 was DKK 61.2 million, which was unchanged compared to 31 December 2014. This is because, pursuant to Section 213(2) of the Danish Financial Services Act, the interest rate was 0 per cent throughout 2015.

Provisions amounted to DKK 15.4 million as at 31 December 2015, compared to DKK 0 million as at 31 December 2014. The increase can be attributed to the deferred tax obligation which is recognised as a consequence of timing differences between the taxable and accounting depreciations on intangible assets.

Current liabilities increased to DKK 69.5 million, compared to DKK 65.4 million as at 31 December 2014.

CASH FLOWS

Operating profit was DKK 160.5 million, compared to DKK 80.9 million in 2014. Cash flows concerning operations amounted to DKK 111.4 million, compared to DKK 77.6 million in 2014. The increase can be primarily attributed to a positive change in the operating profit. Cash flows concerning investments were DKK -77.7 million, compared to DKK -2.2 million in 2014, which is primarily due to the capitalisation of IT development costs contributed to the T2S project during the year.

Cash flows concerning financing are unchanged from 2014 and amounted to DKK -59.1 million. The total change in liquidity for 2015 was DKK -25.4 million.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have occurred since the balance sheet date which would alter the assessment of the Annual Report.

EXPECTED DEVELOPMENT

In 2016 the overall level of activity is expected to be equivalent to 2015. Hence the turnover and net profit are expected to be at the 2015 level.

IT AND IT SECURITY

IT DEVELOPMENT

The primary IT production environment at VP is the central mainframe. VP undertakes most of the company's systems development, as well as operations monitoring. Hosting of the central IT production environment is outsourced.

The majority of the development activities in 2015 focused on the extensive implementation of T2S. VP has completed all functionality, so that the test can commence in February 2016, and the subsequent planned connection to T2S can take place in September 2016.

The overall IT costs of the development and implementation of the T2S project are estimated at DKK 295 million, of which the costs defrayed in 2015 amounted to DKK 77 million. The remaining investments up to the project's completion in 2018 are estimated at just over DKK 90 million. Costs as from 2015 are capitalised and depreciated over seven years.

Activities in 2015 related to the implementation of T2S included:

- Transfer of static securities data to T2S;
- Harmonisation of the redemption model for Danish mortgage bonds, for alignment with current standards;
- Reorganisation of Corporate Actions to support current ISO standards; and
- Standardisation of opening days, so that in the future, 24 and 31 December will be normal banking days.

In addition, VP's systems have been adjusted to support negative coupon rates for mortgage bonds.

IT SECURITY

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

In order to continuously improve IT security, a new information and security policy was adopted in 2015, and during the process of determining the new policy, the security of a number of key areas was analysed.

The policy will ensure that VP's overall activities and the assets entrusted to VP are adequately protected, and will help to achieve secure development, secure operation and satisfactory governance structures throughout the IT area. The security policy applies to all persons and systems at VP, and the security work is an integrated element of VP's activities.

Threats and risks in the individual security areas are handled systematically in accordance with the processes described, and measures to avoid threats and risks are decided upon and implemented on the basis of an assessment of probability, 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 changes to production programs, together with tighter security measures related to sensitive data, and particularly extensive access rights.

VP's systems and the technical facilities are designed to be robust towards errors, which is weighed against the consequences of any error and the costs of rectifying the error. Rapid and secure intervention in the event of errors, or indication of errors, in production systems is a cross-organisational task that has high priority.

There are special contingency plans for disaster management which are intended to ensure the re-establishment of normal operations at a rate which reflects the systems' commercial importance. The contingency plans are tested several times a year as a disaster situation, where the affected equipment is disrupted, and it is tested in practice that the secondary environments take over production within

the set time frame of maximum one hour for the most critical systems. In 2015, the tests included complete suspension of the largest of VP's three operating locations, and thereby the restoration of both centralised and decentralised systems and networks. VP's business areas have written emergency procedures which come into force in the event of a disaster situation. The tests proceeded satisfactorily. An overall stress test of VP's most important systems, with five times as many trades as on a normal day, was also performed. The outcome of this test was also satisfactory.

VP's independent internal system audit undertakes auditing of the general IT controls, and the controls in business applications and processes. The external system audit conducts supervision and quality assurance of the internal auditing work. VP's internal and external system audits report directly to VP's Board of Directors.



RISK AND RISK MANAGEMENT

Risk management plays an important role at VP and is an integrated part of the operational activities. By identifying and handling new and existing risks, the best possible basis is created to ensure the activities' continued strengthening and development.

This helps VP to meet the objectives to:

- Achieve secure and stable operation
- Connect markets, for the benefit of our customers
- Base VP's solutions on modern technology and international standards.

The three basic elements of VP's risk work are: **risk policy, risk leadership** and **risk management**.

RISK POLICY

Via the adopted risk policy, it is considered how VP can consistently and effectively identify, assess and manage risks, and also ensure that all employees understand the risks which their work entails. VP's Board of Directors approves the risk policy, the overall risk management framework and the ongoing reporting.

RISK LEADERSHIP

VP's risk organisation is characterised by clearly defined structures, roles and responsibility.

The Board of Directors holds the overall responsibility for VP's risk handling, by setting the strategic targets which lay down the framework for VP's risk management, by setting the level of VP's risk exposure, by approving VP's risk policy, monitoring the risk management and by ensuring that the internal control system is effective.

VP performs an annual overall risk assessment which among other things serves as the basis for any adjustments to the risk policy, security policy and any other policies, where relevant. Risk management and controls are implemented both in VP's systems and in the associated manual processes.

RISK MANAGEMENT

In 2016, a centralised risk system will be established for the ongoing systematic prioritisation of all significant risks, to give an overview of the risk level at VP. As an element of risk management, the employees continuously report new risks and assess existing risks.

There are five phases in VP's risk management process:

1. Risk identification
2. Risk assessment
3. Risk handling
4. Assessment of remaining risk
5. Risk monitoring and reporting

RISK GROUPS

VP categorises all risks within primarily five overall groups. For each of the groups, the Board of Directors adopts acceptable risk levels. With regard to the principal risks at VP, controls and/or management tools have been created as necessary for the selected risk profile.

For example:

- Daily control procedures in relation to IT programs
- Control of investment frameworks
- Contingency plans for re-establishment in the event of disruption or disasters, including detailed IT contingency plans, which are continuously tested.

IDENTIFICATION OF A RISK EVENT

When a risk event is identified, it can be addressed in one of the following four principal ways:

1. Moving or transfer

Transfer of the effect of the risk in question in order to make the effect predictable via, for example, reinsurance, insurance or contractual terms.

Insurance conditions

VP has taken out an insurance agreement to cover professional and crime insurance. The insurance agreement covers both book-entry errors and VP's other business areas. The insurance agreement covers errors by VP as well as by VP's external suppliers. In addition, VP is covered, cf. the Guarantee Scheme, for operational errors.



2. Rectification/reduction

Performance of further alleviation strategies and reduction of the effects and/or probability of risk, if it arises.

Examples of reduction of the effects of risk include:
Contingency planning and firewalls.

Examples of reduction of the probability of risk include:
Segregation of duties and anti-virus software.

3. Avoidance

Avoid or cease the activity that gave rise to the risks in question by, for example, not developing or offering products which are not supported by IT infrastructure in VP.

Acceptance

VP accepts the risk in question, subject to the given conditions. For example, it can be too expensive to alleviate the risk. The risk in question is then monitored to ensure that existing measures to counter the risk continue to function and that the scope or frequency of the risk does not change.

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

SPECIAL RISKS

VP is not exposed to any particular operational risks or risks concerning financial and foreign currency conditions. VP's operational risks are continuously minimised, *inter alia* via a high level of IT security and focus on operational risks.

LEGISLATION AND REGULATION

EUROPEAN REGULATION

Action plan for the capital markets union

In September 2015, the European Commission adopted an action plan to achieve a true single market for capital in Europe before 2019 in all 28 EU member states. The initiatives in the action plan include a proposal for EU harmonisation of securitisation and covered bonds, and proposals for the EU harmonisation of the rules for the legal effects of book-entries to securities accounts.

CSD Regulation

The EU Regulation on improving securities settlement in the European Union and on central securities depositories was adopted in September 2014, but includes a number of transitional provisions which mean that significant elements of the Regulation will not enter into force until the individual CSD receives a licence under the Regulation, which in VP's case is expected to take place at the beginning of 2017. The Regulation entails that significant elements of VP's regulatory basis will be regulated via the EU and the European Securities and Markets Authority, ESMA.

Read more about the CSD Regulation on page 15.

DANISH REGULATIONS AND VP'S RULES

New regulation of the capital markets is on its way

In mid-November 2015, the Danish Financial Supervisory Authority submitted three bills concerning regulation of the capital markets for consultation. The bills are assessed to be the most significant regulation initiatives within the capital market area since the implementation of Stock Exchange Reform II, which formed the basis for the Danish Securities Trading Act in 1995. With the bills, the Danish rules are adapted to the CSD Regulation, the Regulation on market abuse, MiFID II and MiFIR. The new legislation will be of significance to securities issuers, banks, stockbrokers and all other market players in the Danish capital market.

The bills remove a number of the present rules concerning securities settlement and market abuse from Danish legislation, since in future the regulation of these areas will be included in the Regulation on market abuse and the CSD Regulation. The bills also generally rewrite the entire Securities Trading Act, which will change name to the Capital Markets Act.

The bills also ensure the legal basis for the connection in 2016-2018 of VP's settlement activities for the professional market to the Eurosystem's pan-European settlement platform, T2S. For historical reasons, VP settlement is based on common settlement rules for the professional and private markets. In its consultation response, VP has therefore recommended that the Capital Markets Act creates the basis for a distinction between the regulation of the professional and the private markets, respectively.

VP supports the bill's proposal to eliminate the special Danish rules concerning statutory, objective liability for book-entry errors, which will then be subject to the same professional liability norm as other financial enterprises. The bill also proposes the removal of the statutory obligation for a CSD's account controllers to provide guarantees for the CSD's objective liability. This gives VP the opportunity to reform its liability rules, and to replace the participant guarantees with an insurance solution that is equivalent to practice in most other EU countries.

VP also supports the bill's introduction of greater freedom of choice for VP concerning the liability rules in its systems for book-entry of securities. This will make it possible for VP to retain the existing VP system with decentralised book-entry via account controllers acting on VP's behalf; and, as required, also to offer book-entry services subject to other liability rules, equivalent to the standard in the European market after the implementation of T2S and CSDR.

The bills also propose the removal of a number of historical rules and procedures, including the Appeal Board for Central Securities Authorities, rules concerning a special duty of secrecy for VP, and rules for the public approval of a VP shareholder agreement, so that in future VP is subject to the same appeal system and personal data protection rules, and the same general financial duty of secrecy, as the other financial enterprises.

Adjustment of VP's book-entry rules

In 2015, VP completed adjustments to its book-entry rules (Rule Set D) to support the introduction of the new redemption procedures that were introduced in September 2015, as well as the introduction of settlement of securities transactions on all opening days in the Eurosystem (TARGET2 days), including 24 December and 31 December.

SUPERVISION AND OVERSIGHT

VP is subject to both supervision and oversight. While supervision focuses on VP as a company, oversight focuses on VP's systems and their role in the financial system. The Danish FSA conducts supervision of VP as a company, including that VP's IT systems comply with applicable statutory requirements, while Danmarks Nationalbank, as part of its oversight of systemically important payment systems, oversees cash settlement in VP's clearing and settlement system.

In 2015, supervision and oversight focused on such aspects as assessment of VP in relation to the international standards for CSDs (the CPMI-IOSCO FMI recommendations). This work is expected to be completed in 2016 and to confirm that VP complies with the international standards.

APPEALS

Appeals concerning decisions relating to book-entry, amendment or deletion of rights in a CSD can be brought before the Appeal Board for Central Securities Authorities. The Appeal Board has members nominated by the Minister for Business and Growth. The Appeal Board comprises Professor Ulrik Rammeskov Bang-Pedersen, LLD (chairman) and Professor Vibe Garf Ulfbeck, LLD, with VP as the secretariat.

The Appeal Board did not receive any appeals for consideration in 2015.



CORPORATE SOCIAL RESPONSIBILITY REPORT

VP seeks to conduct its activities on a responsible basis.

VP continuously adjusts and strengthens its CSR work in line with its development, and in line with changes in practice and the regulation of the area.

VP emphasises the importance of acting with a high degree of credibility and of delivering high-quality products in the markets and countries in which it operates. VP also wishes to be known as a credible and attractive business partner to all stakeholders.

In terms of CSR, VP's focus is primarily on employee conditions. The guidelines in this area ensure that the interests and rights of employees are protected via the collective agreement (between the Employers' Association for the Financial Sector (FA) and Financial Services Union Denmark), as well as via VP's HR policies and associated systematic procedures. This includes a large number of health promotion activities and personal competence development.

ENVIRONMENT

In the conduct of its business, VP seeks to assess and limit its environmental impacts, 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, wherefore there is no separate policy for this area.

The key environmental impacts in relation to VP's activities concern energy consumption. Emphasis is placed on choosing environmentally sound solutions for the heating and cooling of the company's building, and consumption of electricity and water.

VP has not been involved in any environmental cases.



Environmental initiatives in 2015 included the following:

- **Energy saving project**

In 2015, VP's head office was subject to optimisation, which provided energy savings of approximately 10 per cent. These savings were achieved by replacing inventory and by changing the controlling systems.

- **VP's canteen facilities**

In 2015, VP's canteen undertook a food waste project which reduced the canteen's food waste by more than 50 per cent. After an unannounced inspection in the autumn of 2015, the Danish Veterinary and Food Administration renewed the elite smiley previously given to VP.

CRIME PREVENTION

As an independent account controller, VP Issuing Agent Services acts as issuance administrator and primary cash provider for issuing companies. VP performs money laundering control in accordance with legislation.

VP has drawn up a risk management policy as the basis for a procedure and related work descriptions which must be adhered to on all contact with new and existing customers. This means, for example, that all relevant employees have received the statutory mandatory training, and that VP takes part in the international cooperation to report suspicious cases to SØIK (the Danish State Prosecutor for Serious Economic and International Crime).

WHISTLEBLOWER SCHEME

VP has established a whistleblower scheme whereby VP's employees can report infringements within a specified area via a special, impartial and independent channel. Reports can be filed anonymously and the protection of employees' identity will give plausibility to any reports of suspected infringements of legislation by VP, including employees or members of VP's Board of Directors. The reporting method is approved by the Danish Data Protection Agency.

No reports were made in 2015.



ORGANISATION AND EMPLOYEES

VP's objective is to develop managers and employees in order to create the best possible basis for realising the company's strategy and achieving the commercial objectives. VP continuously develops employees' skills and qualifications in order to ensure that its overall activities are always competitive. Importance is also attached to VP being seen as an attractive workplace and to ensuring the employees' job satisfaction and well-being.

In 2015, a number of activities were conducted with a objective to strengthening the organisation's ability to handle the future challenges.

MANAGEMENT AND INITIATIVES TO SUPPORT THE CHANGE PROCESS

In 2015, the change process for VP's organisation was based on four strategic focus areas:

- Customer proximity
- Performance culture
- Due diligence ("house keeping")
- Improved profitability

Employees have been involved in drawing up action plans and in selecting the concrete initiatives in the individual areas.

In order to establish a common understanding, and to strengthen leadership at VP, in 2015 management seminars, workshops and management evaluations took place. VP has defined a management code that is based on a framework comprising eight managerial principles. Management development activities are based on this management code. In addition, management development takes place according to individual development plans, due to the variation in the organisation's management experience.

STRENGTHENING JOB SATISFACTION

In the spring of 2015, VP undertook an employee climate survey at Group and department level. The climate survey showed that loyalty and job satisfaction at VP correspond to the levels in the Danish labour market. However, VP lies slightly below the benchmark for banks and insurance companies. The aim is to increase job satisfaction at VP to a level above the benchmark for banks and insurance compa-

nies, and the organisational initiatives are therefore monitored closely via quarterly snapshots of selected strategic focus areas. It has furthermore been decided to perform one complete employee climate survey per year.

NEW LANGUAGE POLICY AT VP

As a consequence of customers' wish to communicate in English, and to strengthen VP's international profile, a new corporate language policy was introduced in 2015. In future, external business communication will be in English, and only in Danish when necessary. Internal documents in Danish will gradually be replaced with English versions. Employees with a need to improve their language skills will be offered language classes.

The introduction of a new language policy will widen the recruitment basis, and also support the professionalisation of VP's customer contact, which becomes increasingly international.

JOB APPLICANTS FIND VP INTERESTING

In 2015 VP's employee turnover rate was 13 per cent, which is a decline from the employee turnover rate of 17 per cent in 2014. However, the employee turnover rate did not present a challenge for the organisation, since VP's employer brand is strong. The recruitment of new employees, including for highly specialised job functions, has not presented significant challenges.

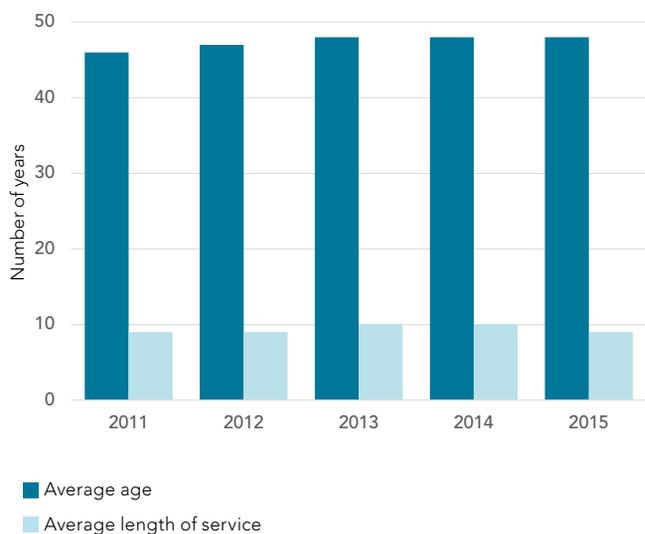
22 per cent of the positions recruited for in 2015 were filled via internal mobility. As an element of VP's retention policy, employees are encouraged to look for new challenges internally. Employees who rotate to new tasks bring knowledge and experience with them and experience the job motivation that often characterises an actual change of job.

As at 31 December 2015, VP had 178 employees (FTE), reflecting a small increase since 2014. The average age was 48 and the average length of terme was nine years.

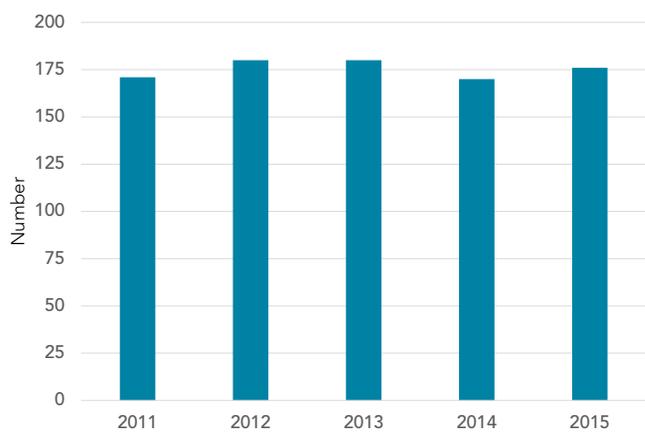
In addition, in 2015 an increasing number of external consultants were used in relation to the T2S project. This was necessary in order to maintain the required momentum in the project. VP is aware that the knowledge which is built up should be anchored in the organisation. This takes place via appropriate documentation, as well as general knowledge

sharing.

Average age and average length of service



Number of employees, year-end



GOVERNANCE

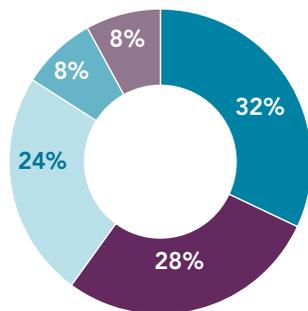
VP's Board of Directors and Executive Management emphasise good corporate governance, and that the company's management systems are continuously developed and adjusted, to reflect changes in statutory requirements, developments at VP and stakeholder expectations.

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 govern the basis and terms for the shareholders' ownership of shares in VP, including any additional shares acquired through subscription, as bonus shares or by transfer of shares.

Ownership



- Banks and securities dealers
- Bond-issuing institutions
- Danmarks Nationalbank
- Limited liability companies
- Institutional investors

GENERAL MEETINGS

The general meeting is the company's ultimate decision-making authority. Representatives of the company's shareholders participate in the annual general meeting.

The issues considered at the annual general meeting include approval of the Annual Report, any amendments to the Articles of Association, and the election of members of the Board of Directors and the appointment of auditors.

A notice convening a general meeting is published and 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 shared members.

The Board of Directors undertakes the overall management of VP on behalf of the shareholders and takes decisions on all matters of significant importance, including the overall organisation of VP's activities. In addition, the Board of Directors exercises general supervision of the company and checks that it is responsibly managed in accordance with legal requirements and the Articles of Association.

The general guidelines for the Board of Directors' work are set out in rules of procedure 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, of whom ten 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 for as long as 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 for as long as 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 for as long as 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 for as long as 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 for as long as 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 concerning employee representation on the Board of Directors.



Members of the Board of Directors elected by the annual general meeting are elected for one year at a time, with the opportunity to stand for re-election.

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

The Board of Directors elects a Chairman and a Vice-Chairman.

Details of the individual members of the Board of Directors can be found in the section entitled "Board of Directors, Executive Management and management employees".

There is no age limit concerning the members of the Board of Directors elected by the annual general meeting.

Five meetings of the Board of Directors were held in 2015.

NEW GUIDELINES FOR THE BOARD OF DIRECTORS IN CONJUNCTION WITH THE CSD REGULATION

In 2015, the Board of Directors appointed a committee to prepare a recommendation to the Board of Directors on how VP can adapt to the requirements concerning the composition of the Board of Directors as a consequence of the upcoming new legislation – including the requirements in the CSD Regulation concerning the independence of the members of the Board of Directors. The work is still ongoing and must be completed prior to VP's application for a CSD licence in 2016.

EXECUTIVE MANAGEMENT AND GROUP MANAGEMENT

The Executive Management is appointed by the Board of Directors, which determines the terms of employment of the Executive Management. The Executive Management, which comprises one person, is responsible for the day-to-day operation of VP, including the company's development of activities and operations, results and internal affairs. The Board of Directors' delegation of responsibility to the Executive Management is laid down in the guidelines for the division of work between the Board of Directors and the Executive Management, and in the rules of the Danish Companies Act.

VP's Group management consists of the CEO and five members with responsibility for the individual business and staff areas.

REMUNERATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

Each member of the Board of Directors receives a fixed annual remuneration. In the 2015 financial year, the remuneration to the Board of Directors amounted to DKK 1.5 million, of which DKK 200,000 to the Chairman, DKK 175,000 to the Vice-Chairman and DKK 85,000 to the other members of the Board of Directors.

The remuneration of the Executive Management is determined by the Board of Directors. In 2015, the remuneration of the Executive Management (one person) comprised a basic salary including customary employee benefits. The total remuneration to the Executive Management in 2015 was DKK 2.6 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
- 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
- VISA Europe

HUGO FREY JENSEN (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

Vice-Chairman of the Board of:

- Bankernes Kontantservice A/S

Observer for the Board of:

- Bankernes EDB Central

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
- The investment funds SEBinvest, Wealth Invest, Alternativ Invest
- Kapitalforeningerne SEBinvest, SEBinvest II, SEB Institutionel, SEB Kontoførende, Wealth Invest, KAB/Lejerbo Invest
- Core Bolig IV Investoraktieselskab nos. 1-4
- Core Bolig IV Investorkommanditaktieselskab
- Core Bolig IV Kommanditaktieselskab

Board member of:

- The Danish Mortgage Banks' Federation (Realkreditforeningen)

CHRISTOFFER MØLLENBACH (born 1972)

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

ERIK GADEBERG (born 1965)

Director of Jyske Bank
Elected to the Board of Directors in 2013

JAN B. KJÆRVIK (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
- Danmarks Skibskredit A/S

JENS KR. A. MØLLER (born 1968)
CEO of DLR Kredit A/S
Elected to the Board of Directors in 2015

Board member of:

- The Association of Danish Mortgage Banks
- e-nettet A/S

JOHN CHRISTIANSEN (born 1964)

CEO of Lån & Spar Bank
Elected to the Board of Directors in 2015

Vice-Chairman of the Board of:

- Skandinavisk Data Center A/S
- Association of Local Banks, Savings Banks and Cooperative Banks in Denmark

Board member of:

- The Danish Bankers Association
- KAB

Member of the Board of Representatives of:

- Det Private Beredskab

PETER OTT (born 1961)

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

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
- The Association of Danish Mortgage Banks

BOARD MEMBERS ELECTED BY THE EMPLOYEES

ANDERS RAI TH LINEMANN (born 1983)
Product Manager
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

BJØRN STENDORPH CREPAZ (born 1979)
Head of Issuance & Safekeeping
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

MERETE FUSSING (born 1960)
Senior Relationship Manager
Elected to the Board of Directors in 2012
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:

- European CSD Association
- 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)
Managing Director of VP SERVICES A/S
Appointed in 2004
Head of Issuer Services

NIELS HJORT ROTENDAHL (born 1976)
Chief Financial Officer
Appointed in 2015

Board member of:

- VP LUX S.à r.l.
- VP SERVICES A/S

HANNE ANDERSEN (born 1963)
Chief Human Resource Officer
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 as of today's date considered and approved the Annual Report of VP SECURITIES A/S for the financial year from 1 January to 31 December 2015.

The Annual Report is prepared and presented in accordance 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 2015 and of the result of the Group's and the company's activities, as well as the Group's cash flows, for the financial year from 1 January to 31 December 2015.

In our opinion, the Management's Review presents a true and fair account of the matters covered by the Review. We recommend the Annual Report for approval by the Annual General Meeting.

Copenhagen, 22 February 2016

EXECUTIVE MANAGEMENT

Niels Olsen

BOARD OF DIRECTORS

Peter Lybecker
Chairman

Hugo Frey Jensen
Vice-Chairman

Carsten Wiggers

Christoffer Møllenbach

Erik Gadeberg

Jan B. Kjærvi

Jens Kr. A. Møller

John Christiansen

Peter Ott

Søren Holm

Bjørn Stendorph Crepaz

Anne-Lise Hansen Emcken

Merete Fussing

Gitte Ina Nielsen

Anders Raith Linemann

THE INDEPENDENT AUDITOR'S REPORT

To the shareholders of VP SECURITIES A/S

ENDORSEMENT OF THE FINANCIAL STATEMENTS

We have audited the financial statements of VP SECURITIES A/S for the financial year from 1 January 2015 to 31 December 2015, comprising the accounting policies applied, the income statement, the balance sheet, the statement of changes in equity and the notes. The financial statements were prepared in accordance with the Danish Financial Statements Act.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management is responsible for preparing financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, it is the responsibility of the Management to exercise the internal controls it deems necessary in the preparation of 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 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 perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit includes performing audit procedures to obtain audit evidence of amounts and information in the 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 financial statements that give a true and fair view. The purpose is thereby 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 fairness of accounting estimates made by the management, and the overall presentation of the 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.

OPINION

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2015 and of the result of the company's activities for the financial year from 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

STATEMENT CONCERNING THE MANAGEMENT'S REVIEW

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

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

Copenhagen, 22 February 2016

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Henrik Wellejus
State-Authorised Public Accountant

Thomas Hjortkjær Petersen
State-Authorised 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 Parent Company Financial Statements for 2015 are presented in accordance with the same accounting policies as in 2014.

GENERAL INFORMATION ON RECOGNITION AND MEASUREMENT

Assets are recognised in the balance sheet when, as a result of a prior event, it is likely that future economic benefits will accrue to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when, as a result of a prior event, the company has a legal or actual obligation and it is likely that future financial benefits will divest from the company, and the value of the liability can be measured reliably.

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

On recognition and measurement, account is taken of foreseeable risks and losses occurring before the Annual Report is presented and which confirm or refute conditions existing on the balance sheet date.

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

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements concern VP SECURITIES A/S (the parent company), the subsidiaries controlled by the parent company, and joint ventures.

CONSOLIDATION POLICIES

The consolidated financial statements are prepared on the basis of the accounts of VP SECURITIES A/S and its subsidiaries and joint ventures.

The consolidated financial statements are prepared by

amalgamating accounting entries of a uniform 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 prepared in accordance with the Group's accounting principles.

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

The Group's share of joint ventures that are deemed to be jointly controlled enterprises is recognised according to the intrinsic value method.

Investments in subsidiaries and joint ventures, and outstanding balances as well as intra-Group transactions, are set off as the proportional share of subsidiaries' or joint ventures' net assets included on the acquisition date, compiled at fair value.

TRANSLATION OF FOREIGN CURRENCIES

On initial recognition, transactions in foreign currencies are translated at the exchange rate prevailing on the transaction date. Receivables, debt commitments and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate prevailing on the balance sheet date. Currency differences arising between the exchange rate on 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.

On the recognition of foreign subsidiaries that are independent entities, the statements of income are translated using average exchange rates for the months in question, if the exchange rates do not deviate significantly from the rates prevailing on the transaction date.

Balance sheet items are translated at the exchange rates on the balance sheet date. Goodwill is considered to belong to the independent foreign entity 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 at the exchange rates prevailing on the balance sheet date, and from the conversion of statements of income from average exchange rates to the exchange rates prevailing on the

balance sheet date, are recognised directly to equity. Exchange rate adjustment of outstandings with independent foreign subsidiaries, which are regarded as part of the overall investment in the subsidiary in question, are recognised directly to equity.

INCOME STATEMENT

Net turnover

Net turnover corresponding to the invoiced sales for the year under review is 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 related to the sale.

Other external costs

Other external costs include activity-dependent costs, costs of IT operations, costs of consulting services, audit and supervisory costs, and building facility management and office costs.

Payroll costs

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

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-down of property, plant and equipment and intangible assets consist of the depreciation and amortisation for the financial year, compiled according to the assets' residual values and the expected economic lifetime. Write-downs as a consequence of impairment tests, or due to gains or losses on the divestment of the assets, are also included here.

Other financial income

Other financial income comprises interest receivable, 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 costs comprise 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 income statement 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 taxed jointly with the Danish subsidiary. The current Danish corporate tax is divided between the jointly taxed companies on a pro rata basis in relation to their taxable incomes (full distribution with reimbursement concerning taxable losses).

BALANCE SHEET

Intellectual property rights, etc.

Other intangible assets comprise ongoing and completed development projects and software.

Development projects are recognised as intangible assets provided that such projects relate to clearly defined, identifiable products and processes, where the degree of technical utilisation, adequate resources and a 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 in the income statement at the time that they are incurred. The cost price of development projects comprises costs, including salaries and depreciation, which are directly or indirectly attributable to the development projects.

Completed development projects are depreciated on a straight-line basis over the anticipated useful life. The depreciation period is seven years.

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

Software is measured at cost after deduction of 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.

Property, plant and equipment

Leasehold improvements, technical plant and machinery and other equipment, operating plant and fixtures and fittings are measured at cost less accumulated depreciation and write-downs. Sites, art objects or other assets of which the value cannot depreciate as a consequence of use and wear are not subject to depreciation.

Cost price includes acquisition price, costs directly associated with the acquisition, as well as costs for preparation of the asset until it is ready to be taken into use.

The basis for depreciation is the cost price less the expected residual value when the asset ceases to be used. Depreciation takes place on a straight-line basis, according to the following expected economic lives:

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

Assets with a cost price below DKK 25,000 are recognised as costs in the income statement as of the acquisition date. Property, plant and equipment are written down to their recovery value where this is below the book value.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the sales prices less sales costs 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 together with depreciation, amortisation and write-downs or under other operating income, should the sales price exceed the original cost price.

Investments in affiliated companies

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

The income statement recognises the parent company's share of the companies' profit following elimination of unrealised intra-Group 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 by the share of the negative intrinsic value, if this is unlikely to be recovered. If the negative intrinsic value exceeds the receivable, 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.

Investments in joint ventures

Investments in joint ventures are recognised and measured according to the intrinsic value method (the equity method). This means that the investments are measured as the proportional share of the companies' intrinsic value with additions or deductions for goodwill and additions or deductions for unrealised gains and losses.

The income statement recognises the parent company's share of the results following the elimination of unrealised intra-Group gains and losses and with additions or deductions for the impairment of positive or negative goodwill.

Joint ventures with a negative intrinsic value are recognised at DKK 0, and any receivables are written down by 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 in question.

On the allocation of profit, the net appreciation of investments in joint ventures is transferred to the net appreciation reserve 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 on 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 the deferred tax liability or as net tax assets.

Receivable and payable corporate tax

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

Prepayments

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

Securities and investments

Securities recognised under current assets include listed shares and bonds measured at their officially listed values on the balance sheet date, as well as investments 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. Gains or losses from sales are thus not included in the income statement. Capital reduction from cancellation of Treasury shares reduces the share capital by an amount corresponding to the face value of the Treasury shares.

Dividend

Dividend is recognised as a debt commitment at the time of its 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.

Leasing obligations

Leasing liabilities relating to operational leasing agreements are recognised in the income statement on a straight-line basis 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 flows 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 flows in respect of operations are calculated as the operating profit adjusted for non-cash operating items and the change in working capital, less corporate tax paid.

Cash flows in respect of investments include payments in connection with the acquisition, disposal and development of intangible assets and property, plant and equipment.

Cash flows concerning financing activities include 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.

CONSOLIDATED INCOME STATEMENT 2015

DKK 1,000	NOTE	2015	2014
Net turnover	1	411,276	398,800
Other external costs		-127,071	-152,621
Gross profit		284,205	246,179
Payroll costs	2	-121,910	-162,476
Depreciation, amortisation and write-downs	3	-2,890	-2,842
Other operating income		1,093	-
Operating result		160,498	80,861
Income from investments in associated companies		-1,085	-
Other financial income	5	2,917	3,352
Other financial costs	6	-3,324	-536
Result from ordinary activities before tax		159,006	83,677
Tax on ordinary profit	7	-36,438	-20,581
Profit for the year		122,568	63,096
Dividend for the financial year recognised under equity		-	60,000
Profit carried forward		122,568	3,096
Proposed appropriation of profit		122,568	63,096

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2015

DKK 1,000	NOTE	2015	2014
Development projects in progress	8	77,289	-
Intangible fixed assets		77,289	-
Production plant and machinery	9	1,643	2,404
Other equipment, process materials, fixtures and fittings	9	3,985	4,974
Leasehold improvements	9	2,457	3,186
Property, plant and equipment		8,085	10,564
Investments in associated companies	10	3,363	-
Financial assets		3,363	-
Fixed assets		88,737	10,564
Receivables from sales and services		43,724	40,794
Receivables from associated companies		6	-
Deferred tax	11	-	1,452
Other receivables		7,860	7,618
Corporation tax receivables		17,876	-
Prepayments	12	14,347	12,404
Receivables		83,813	62,268
Other securities and investments		97,956	95,179
Liquid funds		76,798	111,825
Current assets		258,567	269,272
Assets		347,304	279,836

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2015

DKK 1,000	NOTE	2015	2014
Corporate capital		40,000	40,000
Other statutory reserves		61,176	61,176
Reserve for development costs		77,289	-
Profit or loss carried forward		99,384	53,235
Proposed dividend for the financial year		-	60,000
Equity and non-distributable reserve		277,849	214,411
Deferred tax	11	15,436	-
Provisions		15,436	-
Suppliers of goods and services		13,433	14,422
Corporation tax payable		-	4,784
Other debt commitments		40,586	46,219
Short-term debt commitments		54,019	65,425
Debt		69,455	65,425
Liabilities		347,304	279,836
Other notes			
Fees for auditors elected by the Annual General Meeting	4		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		

CONSOLIDATED EQUITY STATEMENT 2015

DKK 1,000	CORPORATE CAPITAL	OTHER STATUTORY RESERVES	RESERVE FOR DEVELOPMENT COSTS	PROFIT OR LOSS CARRIED FORWARD	PROPOSED DIVIDEND FOR THE FINANCIAL YEAR	TOTAL DKK
Equity at the beginning of the year	40,000	61,176	-	53,235	60,000	214,411
Ordinary dividend paid	-	-	-	-	-60,000	-60,000
Exchange rate adjustments	-	-	-	-75	-	-75
Dividend on Treasury shares	-	-	-	945	-	945
Profit carried forward	-	-	77,289	45,279	-	122,568
Equity at year-end	40,000	61,176	77,289	99,384	-	277,849

STATUTORY ALLOCATION TO NON-DISTRIBUTABLE RESERVE

The conversion of the private foundation Værdipapircentralen into a limited liability company required the establishment of a non-distributable 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 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 non-distributable reserve. This allocation may not, however, exceed the yield on the non-distributable 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 the corporation tax for the year. The latter rule of limitation is to be used for the 2015 financial year. As the interest rate pursuant to Section 213(2) of the Danish Financial Business Act was 0 per cent in both the first and second half of 2015, there is thus no adjustment in respect of 2015.

CONSOLIDATED CASH FLOW STATEMENT FOR 2015

DKK 1,000	NOTE	2015	2014
Operating result		160,498	80,861
Depreciation, amortisation and write-downs		2,890	2,842
Change in working capital	13	-11,547	4,825
Cash flow from ordinary activities		151,841	88,528
Financial income received		1,885	2,796
Financial costs paid		-158	-
Corporation tax paid		-42,210	-13,698
Cash flow from operations		111,358	77,626
Addition of intangible fixed assets		-77,289	-
Purchase, etc., of property, plant and equipment		-795	-2,365
Sale of of property, plant and equipment		368	145
Cash flow from investments		-77,716	-2,220
Dividend paid		-60,000	-60,000
Dividend on Treasury shares		945	945
Cash flow from financing		-59,055	-59,055
Change in cash and cash equivalents		-25,413	16,351
Cash and cash equivalents as at 1 January		207,004	190,430
Reclassification		-4,633	-
Foreign exchange adjustment of cash and cash equivalents		-2,204	223
Cash and cash equivalents as at 31 December		174,754	207,004
Cash and cash equivalents comprise:			
Liquid funds		76,798	111,825
Securities		97,956	95,179
Cash and cash equivalents as at 31 December		174,754	207,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DKK 1,000	NOTE	2015	2014
1. NET TURNOVER			
CSD & Securities Services		371,992	351,844
Issuer Services		39,284	46,956
		411,276	398,800
<i>Of the total net turnover for the Group, sales to foreign customers account for DKK 90,955,000. (2014: DKK 83.066,000).</i>			
2. PAYROLL COSTS			
Wages and salaries		95,493	135,457
Pensions		11,112	12,450
Other social security costs		15,305	14,569
		121,910	162,476
Of which total remuneration paid to the Executive Management and the Board of Directors		4,080	3,975
Average number of full-time employees		176	176
3. DEPRECIATION, AMORTISATION AND WRITE-DOWNS			
Amortisation of intangible fixed assets		-	7
Impairment of intangible fixed assets		-	15
Depreciation of property, plant and equipment		2,949	2,857
Capital loss or gain from sales of intangible fixed assets and property, plant and equipment		-59	-37
		2,890	2,842
4. FEES FOR AUDITORS ELECTED BY THE ANNUAL GENERAL MEETING			
Statutory audit		827	805
Other assurance engagements		3	4
Tax, VAT and duty advice		350	386
Other services		982	276
		2,162	1,320

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DKK 1,000	NOTE	2015	2014
5. OTHER FINANCIAL INCOME			
Other interest receivable		1,800	2,863
Fair value adjustments		45	281
Other financial income		1,072	208
		2,917	3,352
6. OTHER FINANCIAL COSTS			
Other interest receivable		157	-
Fair value adjustments		2,946	70
Other financial costs		211	466
		3,324	536
7. TAX ON ORDINARY PROFIT			
Current tax		19,589	20,544
Change in deferred tax		16,888	37
Adjustments relating to previous years		-39	-
		36,438	20,581

DKK 1,000	DEVELOPMENT PROJECTS IN PROGRESS	COMPLETED DEVELOPMENT PROJECTS	ACQUIRED LICENCES	GOODWILL
8. INTANGIBLE FIXED ASSETS				
Cost, beginning of year	-	26,317	4,100	69,450
Additions	77,289	-	-	-
Cost, end of year	77,289	26,317	4,100	69,450
Depreciation, amortisation and write-downs, beginning of year	-	-26,317	-4,100	-69,450
Depreciation, amortisation and write-downs, end of year	-	-26,317	-4,100	-69,450
Carrying amount, end of year	77,289	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DKK 1,000	PRODUCTION PLANT AND MACHINERY	OTHER EQUIPMENT, PROCESS MATERIALS, FIXTURES AND FITTINGS	LEASEHOLD IMPROVE- MENTS
9. PROPERTY, PLANT AND EQUIPMENT			
Cost, beginning of year	9,456	11,350	7,290
Additions	436	359	-
Disposals	-443	-1,064	-
Cost, end of year	9,449	10,645	7,290
Depreciation, amortisation and write-downs, beginning of year	-7,052	-6,376	-4,104
Depreciation and amortisation for the year	-1,197	-1,024	-729
Returns on disposal	443	740	-
Depreciation, amortisation and write-downs, end of year	-7,806	-6,660	-4,833
Carrying amount, end of year	1,643	3,385	2,457

DKK 1,000	REGISTERED OFFICE	LEGAL FORM	OWNERSHIP SHARE	EQUITY CAPITAL	PROFIT
10. INVESTMENTS IN ASSOCIATED COMPANIES					
Nordic Trustee A/S	Copenhagen	ApS	50	6,726	-2,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DKK 1,000	NOTE	2015	2014
11. DEFERRED TAX			
Intangible fixed assets		-17,000	-
Property, plant and equipment		-220	-333
Securities and investments		456	457
Tax deficit carried forward		1,328	1,328
		-15,436	1,452

12. PREPAYMENTS

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

DKK 1,000	NOTE	2015	2014
13. CHANGE IN WORKING CAPITAL			
Change in receivables		-5,115	991
Change in trade creditors, etc.		-6,432	3,834
		-11,547	4,825

14. UNRECOGNISED RENTAL AND LEASE COMMITMENTS

The company has entered into a mutually non-terminable lease which runs up to 2017. The annual commitment is DKK 16,400,000.

The subsidiary VP LUX has signed a mutually non-terminable lease, which runs up to 2017. The annual commitment is DKK 1,145,000.

15. 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. The total compensation for losses as a consequence of the same error may not exceed DKK 500 million. VP SECURITIES A/S is subject to a similar liability to pay compensation in its capacity as an account controller.

VP LUX S.à r.l., as a company subject to Luxembourg law, is liable for losses arising as a consequence of its own errors in conjunction with its activities. The company's total compensation for losses as a consequence of the same error may not exceed EUR 25 million.

Guarantee coverage

Moreover, VP SECURITIES A/S is liable in its capacity as an account controller for errors on the part of others according to an agreement entered into between Danish account controllers affiliated to VP SECURITIES A/S. Liability for compensation according to this agreement cannot exceed DKK 695,000 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. There is no tax liability for the jointly taxed Group enterprises as at 31 December 2015.

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

The CEO is subject to the ordinary notice of termination of 12 months. If the CEO dies, the company is obliged to pay six months' remuneration to the CEO's next-of-kin.

PARENT COMPANY'S INCOME STATEMENT 2015

DKK 1,000	NOTE	2015	2014
Net turnover	1	371,724	348,372
Other external costs		-103,215	-123,908
Gross profit		268,509	224,464
Payroll costs	2	-107,296	-145,157
Depreciation, amortisation and write-downs	3	-2,809	-2,614
Other operating income		1,093	-
Operating result		159,497	76,693
Income from investments in affiliated companies		1,828	5,715
Income from investments in associated companies		-1,085	-540
Other financial income	5	1,288	523
Other financial costs	6	-3,071	-440
Result from ordinary activities before tax		158,457	81,951
Tax on ordinary profit	7	-35,889	-18,855
Profit for the year		122,568	63,096
Dividend for the financial year recognised under equity		-	60,000
Profit carried forward		122,568	3,096
Proposed appropriation of profit		122,568	63,096

PARENT COMPANY'S BALANCE SHEET AS AT 31 DECEMBER 2015

DKK 1,000	NOTE	2015	2014
Development projects in progress	8	77,289	-
Intangible fixed assets		77,289	-
Production plant and machinery	9	1,643	2,404
Other equipment, process materials, fixtures and fittings	9	3,805	4,734
Leasehold improvements	9	2,345	3,052
Property, plant and equipment		7,793	10,190
Investments in affiliated companies	10	46,013	129,259
Investments in associated companies	10	3,363	4,448
Financial assets		49,376	133,707
Fixed assets		134,458	143,897
Receivables from sales and services		34,595	32,778
Receivables from affiliated companies		2,943	19,446
Receivables from associated companies		6	211
Other receivables		7,855	6,403
Corporation tax receivables	12	19,013	1,878
Prepayments	13	13,188	11,360
Receivables		77,600	72,076
Other securities and investments		75,893	7,878
Liquid funds		57,533	52,537
Current assets		211,026	132,491
Assets		345,484	276,388

PARENT COMPANY'S BALANCE SHEET AS AT 31 DECEMBER 2015

DKK 1,000	NOTE	2015	2014
Corporate capital	14	40,000	40,000
Other statutory reserves		61,176	61,176
Reserve for development costs		77,289	-
Profit or loss carried forward		99,384	53,235
Proposed dividend for the financial year		-	60,000
Equity capital		277,849	214,411
Deferred tax	11	16,945	76
Provisions		16,945	76
Suppliers of goods and services		13,221	14,081
Corporation tax	12	-	4,805
Debt to affiliated companies		-	119
Other debt commitments		37,469	42,896
Short-term debt commitments		50,690	61,901
Debt		67,635	61,977
Liabilities		345,484	276,388
Other notes			
Fees for auditors elected by the Annual General Meeting	4		
Related parties with control	15		
Ownership	16		

PARENT COMPANY'S EQUITY STATEMENT AS AT 31 DECEMBER 2015

DKK 1,000	CORPORATE CAPITAL	OTHER STATUTORY RESERVES	RESERVE FOR DEVELOPMENT COSTS	PROFIT OR LOSS CARRIED FORWARD	PROPOSED DIVIDEND FOR THE FINANCIAL YEAR	TOTAL DKK
Equity at the beginning of the year	40,000	61,176	-	53,235	60,000	214,411
Ordinary dividend paid	-	-	-	-	-60,000	-60,000
Exchange rate adjustments	-	-	-	-75	-	-75
Dividend on Treasury shares	-	-	-	945	-	945
Profit carried forward	-	-	77,289	45,279	-	122,568
Equity at year-end	40,000	61,176	77,289	99,384	-	277,849

STATUTORY ALLOCATION TO NON-DISTRIBUTABLE RESERVE

The conversion of the private foundation Værdipapircentralen into a limited liability company required the establishment of a non-distributable 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 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 non-distributable reserve. This allocation may not, however, exceed the yield on the non-distributable reserve, which corresponds to the interest 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 rule of limitation is to be used for the 2015 financial year. As the interest rate pursuant to Section 213(2) of the Danish Financial Business Act was 0 per cent in both the first and second half of 2015, there is thus no adjustment in respect of 2015.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

DKK 1,000	NOTE	2015	2014
1. NET TURNOVER			
CSD & Securities Services		363,526	341,814
Issuer Services		8,198	6,558
		371,724	348,372
2. PAYROLL COSTS			
Wages and salaries		83,055	120,858
Pensions		10,194	11,236
Other social security costs		14,047	13,063
		107,296	142,157
Of which total remuneration paid to the Executive Management and the Board of Directors		4,080	3,975
Average number of full-time employees		156	156
3. DEPRECIATION, AMORTISATION AND WRITE-DOWNS			
Depreciation of property, plant and equipment		2,868	2,651
Capital loss or gain from sales of intangible fixed assets and property, plant and equipment		-59	-37
		2,809	2,614
4. FEES FOR AUDITORS ELECTED BY THE ANNUAL GENERAL MEETING			
Statutory audit		665	652
Other assurance engagements		3	4
Tax, VAT and duty advice		232	305
Other services		980	260
		1,880	1,221
5. OTHER FINANCIAL INCOME			
Other interest receivable		1,245	523
Other financial income		43	-
		1,288	523

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

DKK 1,000	NOTE	2015	2014
6. OTHER FINANCIAL COSTS			
Other interest costs		138	-
Fair value adjustments		2,712	62
Other financial costs		221	378
		3,071	440
7. TAX ON ORDINARY PROFIT			
Current tax		19,059	18,816
Change in deferred tax		15,714	49
Adjustments relating to previous years		-39	0
Effect of amended tax rate		1,155	-10
		35,889	18,855

DKK 1,000	DEVELOPMENT PROJECTS IN PROGRESS	COMPLETED DEVELOP- MENT PROJECTS
8. INTANGIBLE FIXED ASSETS		
Cost, beginning of year	-	2,283
Additions	77,289	-
Cost, end of year	77,289	2,283
Depreciation, amortisation and write-downs, beginning of year	-	-2,283
Depreciation and amortisation for the year	-	-
Depreciation, amortisation and write-downs, end of year	-	-2,283
Carrying amount, end of year	77,289	-

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

DKK 1,000	PRODUCTION PLANT AND MACHINERY	OTHER EQUIPMENT, PROCESS MATERIALS, FIXTURES AND FITTINGS	LEASEHOLD IMPROVE- MENTS
9. PROPERTY, PLANT AND EQUIPMENT			
Cost, beginning of year	9,456	10,344	7,075
Additions	436	359	-
Disposals	-443	-1,064	-
Cost, end of year	9,449	9,639	7,075
Depreciation, amortisation and write-downs, beginning of year	-7,052	-5,610	-4,023
Depreciation and amortisation for the year	-1,197	-964	-707
Returns on disposal	443	740	-
Depreciation, amortisation and write-downs, end of year	-7,806	-5,834	-4,730
Carrying amount, end of year	1,643	3,805	2,345

DKK 1,000	INVESTMENTS IN AFFILIATED COMPANIES	INVESTMENTS IN ASSOCIATED COMPANIES
10. FINANCIAL ASSETS		
Cost, beginning of year	120,776	5,000
Disposals	-260	-
Cost, end of year	120,516	5,000
Revaluations, beginning of year	8,483	-552
Exchange rate adjustments	-74	-
Share of profit for the year before tax	1,828	-1,085
Dividend	-85,000	-
Returns on disposal	260	-
Revaluations, end of year	-74,503	-1,637
Carrying amount, end of year	46,013	3,363

DKK 1,000	REGISTERED OFFICE	CORPORATION TAX	OWNERSHIP INTEREST	EQUITY CAPITAL	PROFIT
SUBSIDIARIES					
VP SERVICES A/S	Copenhagen	A/S	100	23,365	1,483
VP LUX S.à r.l.	Luxembourg	S.à r.l.	100	13,217	378
VP MEX ApS	Copenhagen	ApS	100	8,103	-33
INVESTMENTS IN ASSOCIATED COMPANIES					
Nordic Trustee A/S	Copenhagen	ApS	50	6,726	-2,170

Equity in subsidiaries is recognised in accordance with local accounting regulations. There is thus a difference in the calculation of deferred tax of DKK 1,328,000.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

DKK 1,000	NOTE	2015	2014
11. DEFERRED TAX			
Intangible fixed assets		-17,000	-
Property, plant and equipment		-245	-369
Securities and investments		300	293
		-16,945	-76

12. CORPORATION TAX

The stated corporation tax receivable totalling DKK 19,013,000 comprises joint taxation contributions of DKK 695,000.

13. PREPAYMENTS

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

DKK 1,000	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 Treasury 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

DEFINITION OF KEY FIGURES AND KEY RATIOS

Key figures and key ratios are defined and calculated in accordance with the Danish Finance Society's "Recommendations and Ratios 2015".

Key ratios	Calculation formula	Ratio expresses
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Net turnover}}$	Operational profitability of the company.
Net margin (%)	$\frac{\text{Profit for the year} \times 100}{\text{Net turnover}}$	The company's earnings.
Return on invested capital (%)	$\frac{\text{NOPAT} \times 100}{\text{Average invested capital}}$	The return the company generates on investors' funds.
Return on equity (%)	$\frac{\text{Profit for the year excluding minority interests} \times 100}{\text{Average equity excluding minority interests}}$	The company's return on the capital invested by the owners of the company.
Solvency ratio (%)	$\frac{\text{Equity excluding minority interests} \times 100}{\text{Total assets}}$	Financial capacity of the company.
Profit per share (DKK)	$\frac{\text{Profit for the year}}{\text{Number of shares}}$	
Dividend per share (DKK)	$\frac{\text{Dividend paid}}{\text{Number of shares}}$	

NOPAT (Net operating profit after tax).

Net interest-bearing debt is defined as interest-bearing liabilities, minus interest-bearing assets, including securities and liquid assets.

GLOSSARY

CENTRAL COUNTERPARTY (CCP)

Central Counterparty. A CCP stands between the buyer and the seller in a securities transaction and thereby guarantees the settlement of the trade to both parties.

CORPORATE ACTIONS

Corporate Actions concern an issuer and the securities issued by the issuer. This might be issuance, capital augmentation or dividend. Corporate Actions not only concern shares, but also bonds and unit trust certificates.

CORPORATE BONDS

Corporate bonds.

COVERED BONDS

Covered bonds issued on the basis of mortgage loans against security in real estate.

CSD

Central Securities Depository.

CSD REGULATION/CSD-R

Regulation no. 909/2014/EU of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories (CSDs)

EMTN PROGRAMME

European Medium Term Note – designation of one type of corporate bond issue.

EUROSYSTEM

The Eurosystem consists of the European Central Bank and the national central banks of the countries that have introduced the euro.

GUARANTEE SCHEME

As laid down by the Danish Securities Trading Act, VP is liable for book-entry 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 guaranteed capital reserves from the account controllers in VP for up to a total of DKK 1.1 billion.

MONEY LAUNDERING

Money laundering is prevented and combated in conjunction with several of VP's business activities, cf. the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism and other measures to prevent money laundering. These measures help to prevent crime by

limiting opportunities to misuse the financial system for money laundering (a criminal act to obtain financial gain which appears to have been acquired legally) and financing of terrorism, and by facilitating the police's investigation of crime, including terrorism.

ISIN CODE

An ISIN code is a unique securities code.

ACCOUNT CONTROLLER

A bank that may create securities accounts in VP and make book entries to these accounts, i.e. transfer securities, report trades for settlement, and register mortgages, outlays or other limitations to a securities account. The account controllers are also allocated a number of roles in the handling of securities, including issuance, payment of interest and dividend, and settlement of trades, etc.

MIFID II

Markets in Financial Instruments Directive II – Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MiFID II).

MIFIR

Markets in Financial Instruments Regulation – Regulation (EU) no. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MiFIR).

ORDER ROUTING

"Order routing" is the process whereby a purchase or sales order is delivered from an investor to an issuer, which then sets a price and thereby transacts a binding trade.

SECURITISATION

Securitisation is a financial method that makes it possible to use financial assets, e.g. loans, as security. In this way, non-liquid assets are converted to negotiable liquid assets, and the credit risk can be sold in the financial markets.

T2S

TARGET2-Securities, the name of the pan-European settlement platform, to which VP will become connected in September 2016 with regard to settlement in EUR and in 2018 with regard to settlement in DKK.

T+2

T indicates the trading day for securities, and settlement with T+2 indicates that settlement takes place two days after the trading day.



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