

Kalvebod PLC

Directors' report and audited financial statements

For the financial year ended 31 July 2016

Registered number 409286

Kalvebod PLC

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Directors and other information

Directors

Brian Brady (Irish)
Joseph Boyle (Irish)
Bronagh Hardiman (Irish) - (Appointed on 15 March 2016)
Rhys Owens (Irish) - (Resigned on 15 March 2016)

Registered Office

Pinnacle 2
Eastpoint Business Park
Dublin 3
Ireland

**Administrator &
Company Secretary**

Deutsche International Corporate Services (Ireland) Limited
Pinnacle 2
Eastpoint Business Park
Dublin 3
Ireland

Trustee

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

**Paying Agent, Agent Bank,
Swap Counterparty and
Custodian**

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Bankers

Deutsche Bank AG PO Box 12797 NL-1100 at Amsterdam	Bank of Ireland Corporate Banking 2 Burlington Plaza Burlington Road Dublin 4 Ireland
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Independent Auditor

KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Solicitors

Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Gide Loyrette Nouel MNP
Citypoint
One Ropemaker Street
London EC2Y 9HT
United Kingdom

Directors' report

The Directors present their annual report together with the audited financial statements of Kalvebod Plc (the "Company") for the financial year ended 31 July 2016.

Principal activities

The Company has established a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes or Alternative Investments are used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

Notes pay interest at a fixed or floating percentage rate. The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information was set out in the relevant Prospectus.

The Company entered into Swap Agreements with Swap counterparties and any swap or repurchase entered into in connection with Notes of any Series by the Company are limited recourse obligations of the Issuer and the terms are set out in the relevant Prospectus.

*During the financial year, following the swap maturity in May 2016, the directors re-assessed the debt securities issued and investment securities in accordance with IAS 39. As such, financial assets relating to Series 2 collaterals and the related Notes DKK 50,000,000 Fixed/Floating Rate Secured Notes due in May 2106 has been derecognised since May 2016. The nominal amounts of the financial assets relating to the series derecognised were DKK50,000,000.

Business review

During the financial year:

- the Company's profit was DKK Nil (2015: DKK Nil);
- the Company did not issue any new series;
- the net change in fair value on investment securities was DKK 22,986,053 (2015: DKK 35,221,493)
- the net change in fair value on debt securities issued was DKK 26,138,112 (2015: DKK 39,918,802)
- the net gain from derivative financial instruments amounted to DKK 669,056 (2015: DKK 1,156,123); and
- the Company partly disposed DKK 180,000,000 nominal amount of Series 2 collaterals and its related Notes DKK 264,034,559 Fixed/Floating Rate Secured Notes due May 2106;

As at 31 July 2016:

- the carrying value of the Company's total indebtedness was DKK 323,223 (2015: DKK 288,334,125)
- the Company had the following Notes in issue:

*Series 2 DKK 50,000,000 Fixed/Floating Rate Secured Notes due 2106

- the Company had the following collaterals in issue:

*Series 2 DKK 50,000,000 bearing fixed/floating interest rates

The Company's net assets were DKK 315,750 (2015: DKK 315,750).

The Company incurred DKK 4,732,028 (2015: DKK 7,967,287) as coupon on the Notes issued and earned DKK 7,215,031 (2015: DKK 11,508,473) as coupon on the investment securities.

Credit events

There was no credit event during the financial year.

Future developments

On 1 May 2016, the Swap Agreement terminated and the Company disposed of all its collateral and related Notes with the exception of DKK 50,000,000 Fixed/Floating Rate Secured Notes due May 2106. The Company will remain dormant and will continue to be in existence for the foreseeable future and as such the financial statements have been prepared on a going concern basis. All the expenses will continue to be borne by Deutsche Bank, AG London, the arranger.

Results and dividends for the financial year

The results for the financial year are set out on page 8. No dividends are recommended by the directors for the financial year under review (2015: DKK

Changes in directors, secretary and registered office

On 15 March 2016, Rhys Owens resigned as director of the Company and was replaced by Bronagh Hardiman on the same date. There were no other change in directors, secretary or registered office during the financial year and /or since the financial year end.

Directors, secretary and their interests

The directors who held office on 31 July 2016 did not hold any shares in the Company at that date, or during the financial year. With the exception of directors' fees, there were no contracts of any significance in relation to the business of the company in which the directors had any interest, as defined in section 309 of the Companies Act 2014, at any time during the financial year.

Principal risks and uncertainties

The Company is subject to various risks. The key risks facing the Company are outlined in Note 22 to the financial statements.

Directors' report (continued)**Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behaviour.

Operational risks arise from all of the Company's operations. All management and administration functions are outsourced to Deutsche International Corporate Services (Ireland) Limited.

Subsequent events

There has been no significant subsequent event after the financial year end.

Going concern

The Company's financial statements for the financial year ended 31 July 2016 have been prepared on a going concern basis. The Company will be dormant and the directors do not have any intention to liquidate the Company at present. For these reasons, the directors believe that the going concern basis is appropriate.

Corporate Governance Statement*Introduction*

The Company is subject to and complies with Irish Statute comprising the Companies Act 2014 and the Listing Rules of the Copenhagen Stock Exchange. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator, Deutsche International Corporate Services (Ireland) Limited, to maintain the accounting records of the Company independently of the Arranger and the Custodian. The Administrator is contractually obliged to maintain adequate accounting records as required by the Corporate Administration agreement. To that end the Administrator performs reconciliations of its records to those of the Arranger and the Custodian. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator's report to the Board.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

Control Activities

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

Capital Structure

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish Statute comprising the Companies Act 2014 and the Listing Rules of the Copenhagen Stock Exchange. The Articles of Association themselves may be amended by special resolution of the shareholders.

Directors' report (continued)

Powers of Directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day to day administration of the Company to the Administrator.

Audit committee

Statutory audits in Ireland are regulated by the European Communities Regulations S1 312 of 2016. According to the regulations, if the sole business of the Company relates to the issuing of asset backed securities, the Company is exempt from the requirement to establish an audit committee (under Regulation 115(10) (c) of S1 312 of 2016. In this respect, the Company is not required to establish an audit committee.

Accounting records

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014, adequate accounting records are kept by employing accounting personnel with the appropriate expertise by providing adequate resources to the financial function. The accounting records of the Company are maintained at Deutsche International Corporate Services (Ireland) Limited, Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland.

Statement of relevant audit information

In the case of the persons who are directors at the time this report is approved in accordance with section 332 of the Companies Act 2014:


- (a) so far as each director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- (b) each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Independent auditor

In accordance with Section 383(2) of the Companies Act 2014, KPMG, Chartered Accountants, Statutory Audit Firm have signified their willingness to continue in office.

On behalf of the board


Bronagh Hardiman
Director


Brian Brady
Director

Date: 29/4/2016

Statement of directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the Director's Report and financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and applicable

Under company law the directors must not approve the Company's financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 (the "Transparency Regulations"), to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

Responsibility Statement, in accordance with the Transparency Regulations

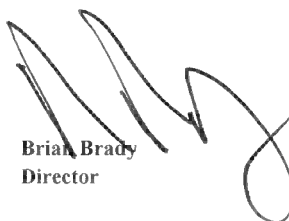
Each of the Directors, whose names and functions are listed on page 1 of these Financial Statements confirm that, to the best of each person's knowledge and belief;

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Company at 31 July 2016 and its result for the year then ended; and
- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the board



Bronagh Hardiman
Director



Brian Brady
Director

Date: 29/11/2016



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent Auditor's Report to the Members of Kalvebod Plc

We have audited the financial statements ("financial statements") of Kalvebod Plc ("the Company") for the year ended 31 July 2016 which comprise the Statement of financial position, Statement of comprehensive income, Statement of changes in equity, Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements

- gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 July 2016 and of its result for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the financial statements is consistent with the financial statements.

In addition we report, in relation to information given in the Corporate Governance Statement on pages 3 and 4 that:

- based on knowledge and understanding of the company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention;
- based on the work undertaken in the course of our audit, in our opinion
 - the description of the main features of the internal control and risk management systems in relation to the process for preparing the financial statements, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and specified by the Companies Act 2014 for our consideration, are consistent with the financial statements and have been prepared in accordance with the Companies Act 2014, and
 - the Corporate Governance Statement contains the information required by the Companies Act 2014.



Independent Auditor's Report to the Members of Kalvebod Plc (continued)

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Garrett O'Neill
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

29 November 2016

Statement of comprehensive income
For the financial year ended 31 July 2016

	Notes	Year ended 31-Jul-16 DKK	Year ended 31-Jul-15 DKK
Net (loss)/gain on investment securities	5	30,201,084	46,729,966
Net gain/(loss) on debt securities issued	6	(30,870,140)	(47,886,089)
Net gain from derivative financial instruments	7	669,056	1,156,123
Operating results		-	-
Net loss on foreign exchange movements	8	(902)	(78)
Other income	9	469,730	467,138
Other expenses	10	(468,828)	(467,060)
Operating results before taxation		-	-
Income tax expense	11	-	-
Result for the financial year		-	-
Other comprehensive income		-	-
Total comprehensive income for the financial year		-	-

All items dealt with in arriving at the result for the financial year ended 31 July 2016 related to continuing operations.

The notes on pages 12 to 25 form an integral part of these financial statements.

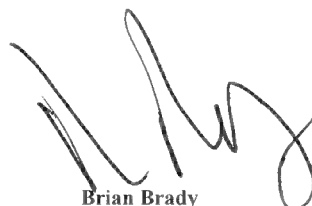
Statement of financial position
As at 31 July 2016

		31-Jul-16 DKK	31-Jul-15 DKK
Assets			
Cash and cash equivalents	12	287,339	290,807
Derivative financial assets	15	-	80,882,499
Investment securities at fair value through profit or loss	13	-	204,888,947
Other receivables	14	351,634	2,587,622
Total assets		<u>638,973</u>	<u>288,649,875</u>
Liabilities			
Debt securities issued at fair value through profit or loss	16	-	285,771,446
Other payables	17	323,223	2,562,679
Total liabilities		<u>323,223</u>	<u>288,334,125</u>
Equity			
Called up share capital	18	298,528	298,528
Retained earnings		17,222	17,222
Shareholders' funds – equity		<u>315,750</u>	<u>315,750</u>
Total liabilities and equity		<u>638,973</u>	<u>288,649,875</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

On behalf of the board


Bronagh Hardiman
Director


Brian Brady
Director

Date: 29/7/2016

Statement of changes in equity
For the financial year ended 31 July 2016

	Share capital DKK	Retained earnings DKK	Total equity DKK
Balance as at 1 August 2014	298,528	17,222	315,750
<i>Comprehensive income for the financial year</i>			
Result for the financial year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	-	-
Balance as at 31 July 2015	298,528	17,222	315,750
<i>Comprehensive income for the financial year</i>			
Result for the financial year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	-	-	-
Balance as at 31 July 2016	298,528	17,222	315,750

Statement of cash flows
For the financial year ended 31 July 2016

	Year ended 31-Jul-16 DKK	Year ended 31-Jul-15 DKK
Cash flows from operating activities		
Profit before income tax	-	-
<i>Adjustments for:</i>		
Decrease in receivables	2,235,988	2,407,236
Decrease in payables	(2,239,456)	(2,423,523)
Interest income received during the financial year	(7,215,031)	(11,508,473)
Interest paid during the financial year	4,732,028	7,967,287
Net changes in fair value on investment securities	(22,986,053)	(35,221,493)
Net changes in fair value on debt securities issued	26,138,112	39,918,802
Net changes in fair value on derivative financial instruments	(3,152,059)	(4,697,309)
Interest paid	(4,732,028)	(7,967,287)
Net cash used in operating activities	<u>(7,218,499)</u>	<u>(11,524,760)</u>
Cash flows from investing activities		
Disposal of investment securities	180,000,000	215,000,000
Interest received	7,215,031	11,508,473
Net cash generated from investing activities	<u>187,215,031</u>	<u>226,508,473</u>
Cash flows from financing activities		
Redemption of debt securities issued	(264,034,558)	(215,000,000)
Net swap receipts from disposals	84,034,557	-
Net cash used in financing activities	<u>(180,000,001)</u>	<u>(215,000,000)</u>
Net decrease in cash and cash equivalents	(3,469)	(16,286)
Cash and cash equivalents at start of the financial year	290,808	307,094
Cash and cash equivalents at end of the financial year	<u>287,339</u>	<u>290,808</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

Notes to the financial statements**For the financial year ended 31 July 2016****1. General Information**

Kalvebod PLC is a special purpose Company incorporated and registered in Ireland with limited liability on 12 October 2005 under registered number 409286. The Company has established a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes (or Alternative Investments) are used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

Notes pay interest at a fixed or floating percentage rate. The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information was set out in the relevant Prospectus.

The Company entered into Swap Agreements with Swap counterparties and any swap or repurchase entered into in connection with Notes of any Series by the Company are limited recourse obligations of the Issuer and the terms are set out in the relevant Prospectus.

*During the financial year, following the swap maturity in May 2016, the directors re-assessed the debt securities issued and investment securities in accordance with IAS 39. As such, financial assets relating to Series 2 collaterals and the related Notes DKK 50,000,000 Fixed/Floating Rate Secured Notes due in May 2106 has been derecognised since May 2016. The nominal amounts of the financial assets relating to the series derecognised were DKK50,000,000.

The Company has no direct employees.

The debt securities issued are listed on the Copenhagen Stock Exchange.

2. Basis of preparation**(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"s) as adopted by the European Union (EU) and as applied in accordance with the Companies Act 2014.

The accounting policies set out below have been applied in preparing the financial statements for the financial year ended 31 July 2016. The comparative information presented in these financial statements is for the financial year ended 31 July 2015.

The Company's financial statements for the financial year ended 31 July 2016 have been prepared on a going concern basis. The Company will be dormant and the directors do not have any intention to liquidate the Company at present. For these reasons, the directors believe that the going concern basis is appropriate.

(b) New standards, amendments or interpretations

The directors have considered all the upcoming IASB standards including those not yet endorsed by the EU. The below standards are those deemed to have relevance to the Company and will be adopted from their EU effective dates:

IFRS 9 "Financial Instruments"

IFRS 9, published in July 2014, will replace the existing guidance in IAS 39 Financial Instruments - Recognition and Measurement ("IAS 39"). It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Based on initial assessment, this standard is not expected to have a material impact on the Company.

Investment Entities: Applying the Consolidation Exemption (Amendments to IFRS 10, IFRS 12 and IAS 28)

These amendments, inter alia, clarify that an investment entity may provide investment-related services to third parties - even if those activities are substantial to the entity - as long as the entity continues to meet the definition of an investment entity. The amendments are effective for annual periods beginning on or after 1st January 2016. Based on the initial assessment, these amendments are not expected to have a material impact on the Company as the Company does not have any subsidiaries.

(c) Changes in accounting policies

There were no changes to accounting policies which had a financial impact on the Company's financial statements during the financial year.

(d) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Investment securities designated at fair value through profit or loss are measured at fair value; and
- Debt securities issued designated at fair value through profit or loss are measured at fair value.
- Derivative financial instruments are measured at fair value.

The methods used to measure the fair values are discussed further in Note 3(f).

(e) Functional and presentation currency

These financial statements are presented in Danish Kroner (DKK) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. Debt securities issued and investment securities of the Company are primarily denominated in DKK. The Directors of the Company believe that DKK most faithfully represents the economic effects of the underlying transactions, events and conditions.

Notes to the financial statements (continued)
For the financial year ended 31 July 2016

2. Basis of preparation (continued)

(f) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimates are revised and any future financial years affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in notes 3(f) and 22(d).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Net (loss)/gain on investment securities

Net (loss)/gain on investment securities designated at fair value through profit or loss relates to investments in corporate bonds and includes all realised and unrealised fair value changes, re-measurement of investment securities and coupon income.

(b) Net gain from derivative financial instruments

Net loss from derivative financial instruments relates to the swaps held by the Company, and includes swap income, swap expense, and all realised and unrealised fair value changes.

(c) Net gain/(loss) on debt securities issued

Net gain/(loss) on debt securities issued relates to debt securities issued designated at fair value through profit or loss and includes all realised and unrealised fair value changes, re-measurement of debt securities issued and coupon payments.

(d) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates applicable to the Company's activities enacted or substantively enacted at the financial year end date, and adjustment to tax payable in respect of previous financial years.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

There are no restrictions on cash and cash equivalents.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(f) Financial instruments

The financial instruments held by the Company include the following

- Investment securities;
- Debt securities issued; and
- Derivative financial instruments

Categorisation

A financial asset or financial liability at fair value through profit or loss is a financial asset or liability that is classified as held-for-trading or designated as at fair value through profit or loss upon initial recognition.

The Company has designated the investment securities and debt securities issued at fair value through profit or loss.

Derivative financial instruments are carried at fair value through profit or loss.

Notes to the financial statements (continued)
For the financial year ended 31 July 2016

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

Investment securities

All investment securities held by the Company are designated at fair value through profit and loss at initial recognition when they eliminate or significantly reduce an accounting mismatch, which would otherwise arise in relation to derivatives and debt securities issued.

Derivative financial instruments

Derivative financial instruments include all derivative assets and liabilities that are not classified as trading assets or liabilities. When a derivative is not held for trading and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss in the Statement of comprehensive income.

Debt securities issued

The debt securities issued are initially measured at fair value and are designated as liabilities at fair value through profit or loss when they either eliminate or significantly reduce an accounting mismatch or contain an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Financial assets and liabilities that are not at fair value through profit or loss

Financial assets that are not fair value through profit or loss and are not quoted in an active market include cash at bank and other receivables. These are measured at amortised cost.

Financial liabilities that are not fair value through profit or loss include other payables, and are categorised as other liabilities for measurement purposes.

Recognition and measurement

The Company initially recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instruments. From trade date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded in profit or loss in the Statement of comprehensive income.

Financial assets and liabilities not at fair value through profit or loss are subsequently measured at amortised cost.

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments designated at fair value through profit or loss are recognised directly in profit or loss in the Statement of comprehensive income. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty, in the case of non-exchange traded instruments, at the reporting date without any deduction for estimated future selling costs.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Pass-through arrangements

The Company derecognises pass through arrangements when the following conditions are met:

When the Company retains the contractual right to the cash flows of a financial asset, but also assumes a contractual obligation to pay those cash flows to the eventual recipient (sometimes called a "pass-through arrangement"), the transaction is considered as a transfer and derecognised if, and only if, all of the following conditions are met:

- There is no obligation to pay amounts to the eventual recipient unless the Company collects equivalent amounts from the original financial assets;
- The Company is prohibited from selling or pledging the original financial asset under the terms of the pass through arrangement; and
- The Company is obliged to remit all cash flows it collects without material delay.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Fair value measurement principles

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Company measures instruments quoted in an active market at a mid price, because this price provides a reasonable approximation of the exit price.

Notes to the financial statements (continued)

For the financial year ended 31 July 2016

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

Fair value measurement principles (continued)

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

(g) Share capital

Share capital is issued in Euro. Dividends are recognised as a liability in the period in which they are approved.

(h) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of comprehensive income.

(i) Other income and expenses

All income and expenses are accounted for on an accruals basis.

(j) Other receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances.

(k) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Company's business involves the repackaging of bonds and other debt instruments, on behalf of investors, which are bought in the market and subsequently securitised to avail of potential market opportunities and risk return asymmetries. The Company has only one business unit and all administrating and operating functions are carried out and reviewed by the Administrator and Corporate Secretary, Deutsche International Company Services Ireland Limited. The investments were based in Denmark.

(l) Structured entities

The Company does not consider its investment securities to be investments in unconsolidated structured entities as the issuers of those investment securities do not meet the definition of structured entities. As defined by IFRS 12, a structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

4. Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 22 to the financial statements. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

For more complex instruments, the Company uses proprietary models, which usually are developed from recognised valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

Critical accounting judgements in applying the Company's accounting policies

Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments are further described in note 22(d).

Fair value measurement principles

The determination of fair values of financial liabilities at fair value through profit or loss is based on quoted market prices from the Copenhagen Stock Exchange.

The fair value of derivative financial instruments is obtained from the Swap counterparty which uses its proprietary valuation model that takes into accounts the notional amount, maturity date and any early redemption clause.

Because of limited recourse, the fair value of investment securities at fair value through profit or loss of the Company is determined by reference to the fair value of the associated debt securities at fair value through profit or loss and the fair value of derivative financial instruments.

Notes to the financial statements (continued)
For the financial year ended 31 July 2016

5. Net (loss)/gain on investment securities

Designated at fair value through profit or loss

	Year ended 31-Jul-16	Year ended 31-Jul-15
	DKK	DKK
Coupon income	7,215,031	11,508,473
Net gain on investment securities	22,986,053	35,221,493
	<u>30,201,084</u>	<u>46,729,966</u>

6. Net gain/(loss) on debt securities issued

Designated at fair value through profit or loss

	Year ended 31-Jul-16	Year ended 31-Jul-15
	DKK	DKK
Coupon expenses including accruals	(4,732,028)	(7,967,287)
Net loss on debt securities issued	(26,138,112)	(39,918,802)
	<u>(30,870,140)</u>	<u>(47,886,089)</u>

7. Net gain from derivative financial instruments

	Year ended 31-Jul-16	Year ended 31-Jul-15
	DKK	DKK
Net swap expense	(2,483,003)	(3,541,186)
Net gain from derivative financial instruments	3,152,059	4,697,309
	<u>669,056</u>	<u>1,156,123</u>

8. Net loss on foreign exchange movements

	Year ended 31-Jul-16	Year ended 31-Jul-15
	DKK	DKK
Net loss on foreign exchange movements	(902)	(78)
	<u>(902)</u>	<u>(78)</u>

9. Other income

	Year ended 31-Jul-16	Year ended 31-Jul-15
	DKK	DKK
Arranger income	469,730	467,138
	<u>469,730</u>	<u>467,138</u>

Deutsche Bank, AG London, as arranger bears all the expenses of the Company. Arranger income is received in respect of total expenses incurred by the Company during the financial year. All future expenses will continue to be borne by the arranger.

10. Other expenses

	Year ended 31-Jul-16	Year ended 31-Jul-15
	DKK	DKK
Administration expenses	(135,762)	(136,184)
Audit fees	(164,699)	(165,212)
Tax fees	(44,835)	(44,974)
Directors fees	(104,146)	(104,470)
Legal and professional fees	(19,051)	(16,004)
Bank Charges	(335)	(216)
	<u>(468,828)</u>	<u>(467,060)</u>

The Company is administered by Deutsche International Corporate Services (Ireland) Limited and has no employees.

	Year ended 31-Jul-16	Year ended 31-Jul-15
	DKK	DKK
Auditor's remuneration (VAT exclusive)		
Statutory audit	133,902	134,318
Other assurance services	-	-
Tax advisory services	36,451	36,564
Other non-audit services	-	-
	<u>170,353</u>	<u>170,882</u>

Notes to the financial statements (continued)
For the financial year ended 31 July 2016

11. Income tax expense

	Year ended 31-Jul-16 DKK	Year ended 31-Jul-15 DKK
Profit before taxation	-	-
Current tax at standard rate of 25%		
Current tax charge	-	-
Total tax charge	-	-

The Company is charged to corporation tax at a rate of 25% (2015: 25%). The Company will continue to be actively taxed at 25% in accordance with Section 110 of the Taxes Consolidation Act, 1997.

Deferred tax

Any temporary differences arising on the assets will be offset by a corresponding difference in liabilities. Therefore, the Company does not have any deferred tax expense.

12. Cash and cash equivalents

	31-Jul-16 DKK	31-Jul-15 DKK
Cash at bank	287,339	290,807

The cash balances are held with Deutsche Bank Amsterdam and Bank of Ireland.

Refer to note 22 for credit risk, currency risk and interest rate risk disclosures relating to cash and cash equivalents.

13. Investment securities

	31-Jul-16 DKK	31-Jul-15 DKK
<i>Designated as at fair value through profit or loss</i>	-	204,888,947
Maturity analysis of investment securities		
Within 1 financial year	-	204,888,947
More than 1 financial year and less than 2 financial years	-	-
More than 2 financial years and less than 5 financial years	-	-
More than 5 financial years	-	-
	-	204,888,947
Movement in investment securities		
At beginning of the financial year	204,888,947	384,667,454
Additions during the financial year	-	-
Maturities during the financial year	(180,000,000)	(215,000,000)
Net changes in fair value during the financial year	22,986,053	35,221,493
*De-recognition of investment securities	(47,875,000)	-
At end of the financial year	-	204,888,947

The carrying value of the assets of the Company represents the maximum exposure to credit risk. The credit risk is eventually transferred to the Noteholders. The investment securities are held as collateral for debt securities issued by the Company.

*During the financial year, following the swap maturity in May 2016, the directors re-assessed the debt securities issued and investment securities in accordance with IAS 39. As such, financial assets relating to Series 2 collaterals and the related Notes DKK 50,000,000 Fixed/Floating Rate Secured Notes due in May 2106 has been derecognised since May 2016. The nominal amounts of the financial assets relating to the series derecognised were DKK 50,000,000.

Series	Description	Interest rate	Maturity date	DKK	
				31-Jul-15 Nominal (DKK)	31-Jul-15 Fair value
Series 2	Forstædernes Bank A/S	3 months Cibur + 1.70%	01-May-16	100,000,000	89,082,150
Series 2	Gjerlev-Enslev Sparekasse	5.87%	01-May-16	10,000,000	8,908,215
Series 2	Vestjysk Bank A/S	6.24%	01-May-16	50,000,000	44,541,076
Series 2	Skjern Bank A/S	6.09%	01-May-16	70,000,000	62,357,506
				230,000,000	204,888,947

During the financial year, no disposal of investment securities was settled on a net basis against payments for debt securities being redeemed (2015: DKK Nil).

Refer to note 22 for credit risk, currency risk and interest rate risk disclosures relating to investing activities.

Notes to the financial statements (continued)
For the financial year ended 31 July 2016

14. Other receivables

	31-Jul-16	31-Jul-15
	DKK	DKK
Coupon receivable on investment securities	-	2,356,097
Other income receivable	351,634	231,525
	<u>351,634</u>	<u>2,587,622</u>

All other receivables are current.

Refer to note 22 for credit risk, currency risk and interest rate risk disclosures relating to other receivables.

15. Derivative financial instruments

	31-Jul-16	31-Jul-15
	DKK	DKK
At beginning of the financial year	80,882,499	76,185,190
Net changes in fair value during the financial year	3,152,058	4,697,309
Net swap receipts from disposals	(84,034,557)	-
At end of the financial year	<u>-</u>	<u>80,882,499</u>

Derivative financial assets

	<u>-</u>	<u>80,882,499</u>
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The Swap Agreement matured and terminated on 1 May 2016. The Company did not enter into any new derivative financial instruments during the financial year.

The derivative financial instruments for 2015 relates to Series 2 only.

Assets swap	Notional (DKK) 31-Jul-16	Notional (DKK) 31-Jul-15	Maturity date	Fair value	Fair value
				DKK 31-Jul-16	DKK 31-Jul-15
Series 2	-	314,034,559	01-May-16	-	80,882,499

Asset swap

On the date of each Note issuance, the Company entered into an Asset Swap Agreement, the effect of which is that the Swap Counterparty will pay to the Company sums equal to the interest payable to the Noteholders under the Notes issued and the Company will pay to the Swap Counterparty sums equal to the scheduled interest receivable in respect of the Investment Securities acquired out of the issue proceeds of the Notes. The principal will be repaid on maturity. Under the terms of the Asset Swaps, currency risk is also transferred to the Swap Counterparty, where applicable.

The Company enters into such Swap Agreements for risk management purposes (i) to reduce or eliminate the mismatch between the amounts payable in respect of interest payable on the debt securities issued and the interest receivable from the investment securities held as collateral and (ii) to eliminate currency risks.

The effect of the Asset Swaps is that interest rate risk and currency risk is transferred to the Swap Counterparty leaving Noteholders exposed to market price risk with respect to changes in the value of the investment securities held on each Noteholders behalf.

16. Debt securities issued

	31-Jul-16	31-Jul-15
	DKK	DKK
Designated at fair value through profit or loss	<u>-</u>	<u>285,771,446</u>

The debt securities are listed on the Copenhagen Stock Exchange.

Movement in debt securities issued

	31-Jul-16	31-Jul-15
	DKK	DKK
At beginning of financial year	285,771,446	460,852,644
Debt securities issued during the financial year	-	-
Debt securities redeemed during the financial year	(264,034,558)	(215,000,000)
Net changes in fair value during the financial year due to market risk	26,138,112	39,918,802
*De-recognition of debt securities	(47,875,000)	-
	<u>-</u>	<u>285,771,446</u>

*During the financial year, following the swap maturity in May 2016, the directors re-assessed the debt securities issued and investment securities in accordance with IAS 39. As such, financial assets relating to Series 2 collaterals and the related Notes DKK 50,000,000 Fixed/Floating Rate Secured Notes due in May 2106 has been derecognised since May 2016. The nominal amounts of the financial assets relating to the series derecognised were DKK50,000,000.

The Company's obligations under the debt securities issued are secured by investment securities purchased as per Note 13. The investors' recourse per series is limited to the assets of that particular series. In the event that accumulated losses prove not to be recoverable during the life of the Company, then this will reduce the obligation to the holders of the debt securities by an equivalent amount.

During the financial year, no disposal of investment securities was settled on a net basis against payments for debt securities being redeemed (2015: DKK Nil).

Notes to the financial statements (continued)
For the financial year ended 31 July 2016

16. Debt securities issued (continued)

Debt securities issued for a particular series are designated at fair value through profit or loss when the related investment securities and derivatives are fair valued or when they contain embedded derivatives that significantly modify cashflows that otherwise would be required to be separated.

Maturity analysis of the debt securities issued	31-Jul-16	31-Jul-15
	DKK	DKK
Within 1 financial year	-	285,771,446
1 to 2 financial years	-	-
2 to 5 financial years	-	-
Greater than 5 financial years	-	-
	<u>-</u>	<u>285,771,446</u>

The carrying value of debt securities issued at financial year end 2015 was DKK 28,263,113 less than the contractual amount at maturity.

17. Other payables

	31-Jul-16	31-Jul-15
	DKK	DKK
Coupon payable on debt securities issued	-	1,565,871
Net swap amounts payable	-	786,620
Bank overdraft	-	-
Accrued expenses	223,261	210,188
Other payables	99,962	-
	<u>323,223</u>	<u>2,562,679</u>

All other payables are current.

Refer to note 22 for risk disclosures relating to other payables.

18. Called up share Capital presented as equity

	31-Jul-16	31-Jul-15
	DKK	DKK
<i>Authorised:</i>		
40,000 ordinary shares of €1 each	<u>298,528</u>	<u>298,528</u>
<i>Issued and fully paid:</i>		
40,000 ordinary share of €1 each	<u>298,528</u>	<u>298,528</u>

19. Ownership of the Company

The issued shares are held in trust for charitable purposes by BADB Charitable Trust Limited, Eurydice Charitable Trust Limited and MEDB Charitable Trust Limited each holding 13,332 shares (the "Share Trustees") and Mr Anthony Walsh, Mr James Scanlon, Mr Patrick Molloy and Mr Turlough Galvin each holding one share. The shareholders act solely as share trustees and have no beneficial ownership in the Company. All shares are held on trust for a charity.

The trustee has appointed a Board of Directors to run the day to day activities of the Company. The Board have considered the issue as to who is the ultimate controlling party of the Company. It has determined that the control of the day to day activities rests with the Board.

20. Transactions with related and certain other parties

During the financial year the Company incurred a fee of DKK 135,762 (2015: DKK 136,184) relating to administration services provided by Deutsche International Corporate Services (Ireland) Limited (DICSIL). Rhys Owens, until his resignation, as a director of the Company had an interest in this fee in his capacity as employee of DICSIL.

The Company also paid director fees of DKK 104,146 (2015: DKK 104,470) in relation to services provided by Joseph Boyle and Brian Brady as directors of the Company.

Deutsche Bank, AG London, as Arranger for each Series on issue of each series held, shall pay the Company \$1,000 per Series and agrees to reimburse the Company for any costs, fees, expenses, or out-goings incurred. As at the financial year end, arranger income receivables were DKK 351,634 (2015: DKK 231,525).

The directors are of the view that there were no other related party transactions requiring disclosure.

21. Charges

The debt securities issued by the Company under each Series are secured by way of mortgage over the collateral purchased in respect of that Series, and by the assignment of a fixed first charge of the Company's rights, title and interest under respective Swap Agreements for each Series.

22. Financial risk management

Introduction and overview

The Company has established a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes or Alternative Investments will be used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

Notes to the financial statements (continued)
For the financial year ended 31 July 2016

22. Financial risk management (continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk profile of the Company is such that market, credit, liquidity and other risks of the investment securities and derivatives held for risk management are borne fully by the holders of debt securities issued.

The Company had exposure to the following risks from its use of financial instruments:

- (a) Market risk;
- (b) Credit risk;
- (c) Liquidity risk; and
- (d) Fair values.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating defined in the documentation of the relevant series. The risk of default on these assets is borne by the holders of the debt securities of the relevant series.

The Company entered into a number of Series in the Programme. Each Series is governed by a separate Supplemental Programme Memorandum. Each Series consists of an investment in collateral from the proceeds of the issuance of debt securities and/or Alternative Investments.

The Programme offers investors the opportunity to invest in a portfolio of investments, the "investment securities", and alter the interest rate risk and currency risk profile of the portfolio through the use of derivative instruments.

The debt securities issued are recorded at the value of the net proceeds received in DKK and are carried at fair value through profit or loss. The ultimate amount repaid to the Note holders will depend on the proceeds from the collateral and any payments the Swap counterparty is obliged to make under the terms of the swap agreement. The Company is obliged to provide for the payment or physical delivery of the deliverable obligations to the Swap counterparty and to the Note holders.

All substantial risks and rewards associated with the investment securities are ultimately borne by the Noteholders.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments.

Market risk embodies the potential for both loss and gains and includes interest rate risk, currency risk and price risk.

The objective of market risk management is to manage and control market risk exposures with acceptable parameters while optimizing the returns on risk.

i) Interest rate risk

In May 2016, the Company derecognised all investment securities and all the debt securities in issue as at that date. As such, at the financial year end, the Company did not have any recognised debt securities in issue nor any recognised investment securities. For the financial year 2015, the Company had entered into Asset Swaps in respect of series 2, which fully swaps the interest payable on the Notes with the interest receivable on the collateral. Under the terms of the Asset Swap, the interest receivable on the collateral is payable to the Swap Counterparty and the interest payable to the Noteholders is receivable from the Swap Counterparty.

At the reporting date, the interest rate profile of the Company's financial assets and liabilities was:

Investment securities at fair value through profit or loss

Fixed rate

Class of notes

Asset backed securities notes

Fair values	
31-Jul-16	31-Jul-15
DKK	DKK
-	115,806,797

Floating rate

Class of notes

Asset backed securities notes

31-Jul-16	31-Jul-15
DKK	DKK
-	89,082,150

Debt securities issued at fair value through profit or loss

Fixed rate

Class of notes

Asset backed securities notes

Fair values	
31-Jul-16	31-Jul-15
DKK	DKK
-	285,771,446

Floating rate

Class of notes

Asset backed securities notes

31-Jul-16	31-Jul-15
DKK	DKK
-	-

Notes to the financial statements (continued)
For the financial year ended 31 July 2016

22. Financial risk management (continued)

(a) Market risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure tables above) at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting financial year in the case of instruments that have floating rates.

A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the interest income on the financial assets would have increased by DKK Nil (2015: DKK 62,157) and the interest expense on the financial liabilities would have remained constant given the fixed nature of the interest applicable.

Any such change in income generated from the financial assets and expense incurred from the financial liabilities will result in an equivalent and opposite net change in interest on derivatives.

The Company does not bear any interest rate risk as at the financial year end, the Company did not have any debt securities in issue and neither held any investment securities.

The Company has designated the majority of its financial assets and liabilities at fair value through profit or loss. Any changes in interest rates would also affect the fair value of the fixed rate financial assets and liabilities which in turn would impact on the profit or loss and the equity of the Company. However, the Company has neutralised any risk by entering into swap agreements whereby all fair value changes are borne by the swap counterparty.

(ii) *Currency risk*

Only the cash and cash equivalents and other payables are partially denominated in EUR with all other assets and liabilities denominated in DKK. Therefore, the Company has limited exposure to fluctuation in exchange rates between Euro and its functional currency, i.e. DKK. The risk has been mitigated by the Company receiving arranger income for all foreign exchange transactions.

The Company's exposure to foreign currency risk as at reporting date is as follows:

	31 July 2016		
	EUR DKK	DKK DKK	Total DKK
Cash and cash equivalents	287,339	-	287,339
Investment securities	-	-	-
Derivative financial assets	-	-	-
Other receivables	-	351,634	351,634
	287,339	351,634	638,973
Debt securities issued	-	-	-
Other payables	223,261	99,962	323,223
	223,261	99,962	323,223
Net position	64,078	251,672	315,750

	31 July 2015		
	EUR DKK	DKK DKK	Total DKK
Cash and cash equivalents	290,807	-	290,807
Investment securities	-	204,888,947	204,888,947
Derivative financial assets	-	80,882,499	80,882,499
Other receivables	-	2,587,622	2,587,622
	290,807	288,359,068	288,649,875
Debt securities issued	-	285,771,446	285,771,446
Other payables	210,188	2,352,491	2,562,679
	210,188	288,123,937	288,334,125
Net position	80,619	235,131	315,750

The following significant exchange rates were applied at the financial year end.

	31-Jul-16		31-Jul-15	
	Average rate	Closing rate	Average rate	Closing rate
EUR:DKK	7.4336	7.4390	7.4521	7.4621

Sensitivity analysis

The Company has limited exposure to foreign exchange risks. Any foreign exchange transaction is netted off against arranger income receivable by the Company and thus has no net impact on equity profit or loss of the Company.

Notes to the financial statements (continued)
For the financial year ended 31 July 2016

22. Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected), and residual value risk.

In relation to the Company's portfolio, it is not subject to equity price risk, commodity price risk, prepayment risk or residual value risk.

The following is the breakdown of the Company's investment securities at the reporting date:

Investment securities	31 July 2016	31 July 2015
Corporate bonds	DKK	DKK
Unlisted	-	204,888,947
	<u>-</u>	<u>204,888,947</u>

Sensitivity analysis

The Company is not exposed to any significant price risk as at the financial year end, the Company did not have any debt securities in issue and neither held any investment securities.

(b) Credit risk

The Company is not exposed to any significant credit risk as at the financial year end as it derecognised all debt securities in issue and investment securities held.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

	2016	2015
	DKK	DKK
Cash and cash equivalents	287,339	290,807
Investment securities	-	204,888,947
Derivative financial assets	-	80,882,499
Other receivables	351,634	2,587,622
	<u>638,973</u>	<u>288,649,875</u>

At each reporting date, the Company's investment securities comprises bonds which are not rated by any rating agency. None of the investment securities were defaulted or past due.

Concentration risk

As at the financial year end, the Company derecognised all debt securities in issue and investment securities held. For the financial year 2015, the financial instruments held by the Company and concentration risk of each is outlined below:

i) *Collateral*: 100% of the investment securities held by the Company relates to subordinated debt of Danish banks.

The Company had invested across a wide range of Danish Banks. The highest investment in any particular institution represents 43% of the Company's investment portfolio. The highest individual investment in any particular institution represents 43%.

ii) *Derivatives*: 100% of the derivatives held by the Company represent asset swaps, the counterparty for which was Deutsche Bank AG London. The credit rating of the counterparty was A3.

Other receivables

Other receivables mainly include income receivable from investments securities held by the company at the financial year end. The credit rating and concentration of these investment securities at the reporting date are disclosed above.

Cash and cash equivalents

The Company's cash and cash equivalents are held with Bank of Ireland and Deutsche Bank Amsterdam which are rated Baa2 (2015: Baa2) and A3 (2015: A3) respectively by Moody's.

Notes to the financial statements (continued)

For the financial year ended 31 July 2016

22. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or that such obligations will have to be settled in a manner disadvantageous to the Company. The Company's approach is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's obligation to the Noteholders of a particular series is limited to the net proceeds upon realisation of the collateral of that series. Should the net proceeds be insufficient to make all payments due in respect of a particular series of Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders and/or the swap counterparty according to the established priorities.

The derivative liability balances (if any) in the table below represent the present value of all future cash flows. The directors believe that this best represents the cash flow that would have to be paid if these positions had to be closed out. Derivatives balances are shown within 'carrying value' which management believes most accurately reflects the short-term nature of these activities. The contractual maturity of the instruments may however extend over significantly longer periods.

	Carrying amount DKK	Gross contractual cash flows DKK	Less than one financial year DKK	Between one to two financial years DKK	Between two to five financial years DKK	More than five financial years DKK
31 July 2016						
Liabilities						
Other payables	323,223	323,223	323,223	-	-	-
	323,223	323,223	323,223	-	-	-
31 July 2015						
Liabilities						
Other payables	2,562,679	2,562,679	2,562,679	-	-	-
Debt securities issued	285,771,446	318,832,309	318,832,309	-	-	-
	288,334,125	321,394,988	321,394,988	-	-	-

(d) Fair values

The Company's investment securities, debt securities issued and derivative financial instruments are carried at fair value on the Statement of Financial Position. Usually, the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The carrying amounts of all the Company's short term financial assets and financial liabilities at the reporting date approximated their fair values.

The major methods and assumptions used in estimating the fair values of financial instruments are disclosed below:

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 3(f) under the subheading "Fair value measurement principles". For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

The Company's accounting policy on fair values measurements is disclosed under note 3(f) under the subheading "Fair value measurement principles".

Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments are as follows:

Valuation of financial instruments

The Company's accounting policy on fair value measurements is discussed in Note 3(f). The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Fair values of financial assets and financial liabilities that are traded in active markets, level 1, are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Notes to the financial statements (continued)

For the financial year ended 31 July 2016

22. Financial risk management (continued)

(d) Fair values (continued)

Valuation of financial instruments (continued)

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Level 2 prices use widely recognised valuation models for determining the fair value of common and more simple financial instruments such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives, e.g. interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex level 3 instruments proprietary valuation models are used which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over the counter derivatives and certain securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

The determination of fair values of financial liabilities at fair value through profit or loss is based on quoted market prices from the Copenhagen Stock Exchange. Given the low level of trading for these financial liabilities, they have been classified as level 2.

The fair value of derivative financial instruments is obtained from the Swap counterparty which uses its proprietary valuation model that takes into accounts the notional amount, maturity date and any early redemption clause.

Because on limited recourse, the fair value of the investment securities at fair value through profit or loss of the Company is determined by reference to the fair value of the associated debt securities at fair value through profit or loss and the fair value of derivative financial instruments. Any future change in the fair value of financial liabilities and derivatives will have an equal but opposite impact on the fair value of financial assets.

At the reporting date, the Company did not have any investment securities, derivative financial instruments or debt securities. At as 31 July 2015, the carrying amounts of investment securities, derivative financial instruments and debt securities issued by the Company which fair values were determined directly, in full or in part, by reference to published price quotations and determined using valuation techniques are as follows:

31-Jul-15	Level 1	Level 2	Level 3	#REF!
	DKK	DKK	DKK	DKK
Investment securities	-	204,888,947	-	204,888,947
Derivative financial assets	-	80,882,499	-	80,882,499
Debt securities issued at fair value through profit or loss	-	(285,771,446)	-	(285,771,446)
	-	-	-	-

Although the directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement e.g. interest rates, volatility, credit spreads, probability of defaults, estimates cashflows etc and therefore, cannot be determined with precision.

For recognised fair values measured using significant unobservable inputs, changing one or more assumptions used to reasonably possible alternative assumptions would not have any effect on the profit or loss or on equity as any change in fair value will be borne by the noteholders due to the limited recourse nature of the debt issued by the Company.

Notes to the financial statements (continued)
For the financial year ended 31 July 2016

22. Financial risk management (continued)
(d) Fair values (continued)

Accounting categorisation and fair values of financial assets and liabilities:

	2016		2015	
	Fair value 31-Jul-16 DKK	Carrying value 31-Jul-16 DKK	Fair value 31-Jul-15 DKK	Carrying value 31-Jul-15 DKK
Assets				
Cash and cash equivalents	287,339	287,339	290,807	290,807
Investment securities	-	-	204,888,947	204,888,947
Derivative financial assets	-	-	80,882,499	80,882,499
Other receivables	351,634	351,634	2,587,622	2,587,622
	<u>638,973</u>	<u>638,973</u>	<u>288,649,875</u>	<u>288,649,875</u>
Liabilities				
Debt securities issued	-	-	285,771,446	285,771,446
Other payables	323,223	323,223	2,562,679	2,562,679
	<u>323,223</u>	<u>323,223</u>	<u>288,334,125</u>	<u>288,334,125</u>

Financial assets and liabilities not measured at fair value but for which fair value is disclosed

All the financial instruments not measured at fair value through profit or loss are classified as level 2 within the fair value hierarchy due to their short term nature.

23. Capital risk management

The Company view the share capital as its capital. Share capital of € 40,000 was issued in line with Irish Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

24. Subsequent event

There has been no significant subsequent event after the financial year end.

25. Credit events

There was no further credit event during the financial year.

26. Approval of financial statements

The Board of Directors approved these financial statements on 29 November 2016 .