

Kalvebod PLC

**Management Report and Condensed Unaudited Interim
Financial Statements**

For the half financial year ended 31 January 2017

Registered number 409286

Kalvebod PLC

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Directors and other information

Directors

Brian Brady (Irish)
Joseph Boyle (Irish)
Bronagh Hardiman (Irish)

Registered Office

Pinnacle 2
Eastpoint Business Park
Dublin 3
Ireland

**Administrator &
Company Secretary**

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

Trustee

Deutsche Trustee Company Limited
Winchester House
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United Kingdom

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

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1 Great Winchester Street
London EC2N 2DB
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Bankers

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Solicitors

Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

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

Interim management report

The Directors present their interim report and unaudited financial statements of Kalvebod Plc (the "Company") for the half financial year ended 31 January 2017.

Principal activities and key events for the first six months

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.

*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.

Business review

During the half financial year,

- the Company's profit was DKK Nil (31 January 2016: DKK Nil);
- the Company did not issue any new series (31 January 2016: none);
- the net change in fair value on investment securities was DKK Nil (31 January 2016: DKK 3,845,452);
- the net change in fair value on debt securities issued was DKK Nil (31 January 2016: DKK 3,140,346); and
- the net gain from derivative financial instruments amounted to DKK Nil (31 January 2016: DKK 705,106).

As at 31 January 2017:

- the carrying value of the Company's total indebtedness was DKK 124,716 (31 July 2016: DKK 323,223)
- the Company's net assets were DKK 315,750 (31 July 2016: DKK 315,750).
- the Company incurred DKK Nil (31 January 2016: DKK 3,166,157) as coupon on the Notes issued and earned DKK Nil (31 January 2016: DKK 4,834,617) as coupon on the investment securities.
- 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 (31 July 2016: DKK 315,750).

Credit events

There was no credit event during the financial period (31 July 2016: Nil).

Future developments

As the Swap Agreement was terminated on 1 May 2016, 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.

Going concern

The Company's financial statements for the half financial year ended 31 January 2017 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.

Results and dividends for the financial period

The results for the half financial year are set out on page 5. No dividends are recommended by the directors for the financial period under review (31 January 2016: Nil).

Changes in directors, secretary and registered office

There was no change in directors, secretary and registered office during the financial period and/or since the financial period end.

Interim management report (continued)**Directors, secretary and their interests**

The directors and secretary, who held office on 31 January 2017, did not hold any share in the Company at that date, or during the half 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 half financial year.

Shares and shareholders

The authorised share capital of the Company is EUR 40,000, which have been fully called for. The principal shareholders in the Company are Registered Shareholder Services No. 1 Company Limited by Guarantee, Registered Shareholder Services No. 2 Company Limited by Guarantee and Registered Shareholder Services No. 3 Company Limited by Guarantee (formerly Eurydice Charitable Trust Limited, MEDB Charitable Trust Limited and BADB Charitable Trust Limited respectively), each holding 13,332 shares. In addition, Mr Anthony Walsh, Mr James Scanlon, Mr Patrick Molloy and Mr Turlough Galvin hold one share each in the Company. All shares are held under the terms of declarations of trust, under which the relevant share trustee holds the issued shares of the Company on trust for a charity. The Share Trustee has no beneficial interest in and derives no benefit from its holding of the shares. There are no other rights that pertain to the shares and the shareholders.

Risk management objectives and policies

The Company is subject to various risks. The key risks facing the Company are outlined in Note 21 to the financial statements.

Principal risks and uncertainties for the remaining six months of the financial year

The underlying business of the Company is expected to continue in an orderly, consistent manner over the remaining six months of the financial year.

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, markets 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.

Political donations

The Company made no political donations or incurred any political expenditure during the half financial year (31 January 2016: DKK Nil).

Subsequent events

There has been no significant subsequent event after the financial period end till the date of signing of this report.

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.

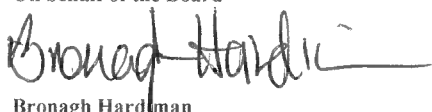
Audit committee

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.

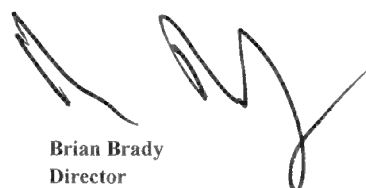
Compliance Statement

The Company does not meet the qualifying conditions under Section 325(2)(b), Section 225 of Companies Act 2014 and as a result, the Company is not required to provide a Compliance Statement.

On behalf of the Board



Bronagh Hardman
Director



Brian Brady
Director

Date: 27 April 2017

Responsibility statement

The Directors are responsible for preparing the management report and the interim financial statements, in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:


- the condensed financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and results of the issuer; and
- the Interim Management Report includes a fair review of:
 - The important events that have occurred during the first six months of the financial year;
 - The impact of those events on the condensed financial statements; and
 - A description of the principal risks and uncertainties for the remaining six months of the financial year.

The directors further indicate that such interim financial statements for the half financial year ended 31 January 2017 have not been audited.

On behalf of the Board



Bronagh Hardiman
Director



Brian Brady
Director

Date: 27 April 2017

Statement of comprehensive income
For the half financial year ended 31 January 2017

		Half financial year ended 31-Jan-17 DKK	Half financial year ended 31-Jan-16 DKK
	Notes		
Net gain on investment securities	4	-	989,165
Net loss on debt securities issued	5	-	(25,811)
Net loss from derivative financial instruments	6	-	(963,354)
Operating results		-	-
Net (loss)/gain on foreign exchange movements	7	(99)	28
Other income	8	241,598	226,859
Other expenses	9	(241,499)	(226,887)
Operating results before income tax		-	-
Income tax expense	10	-	-
Profit for the financial period		-	-
Other comprehensive income		-	-
Total comprehensive income for the financial period		-	-

All items dealt with in arriving at the result for the half financial year ended 31 January 2017 related to continuing operations.

The notes on pages 9 to 13 form an integral part of these interim financial statements.

Statement of financial position
As at 31 January 2017

		31-Jan-17 DKK	31-Jul-16 DKK
Assets	Notes		
Cash and cash equivalents	11	284,688	287,339
Derivative financial assets	14	-	-
Investment securities at fair value through profit or loss	12	-	-
Other receivables	13	155,778	351,634
Total assets		<u>440,466</u>	<u>638,973</u>
Liabilities			
Debt securities issued at fair value through profit or loss	15	-	-
Other payables	16	124,716	323,223
Total liabilities		<u>124,716</u>	<u>323,223</u>
Equity			
Called up share capital presented as equity	17	298,528	298,528
Retained earnings		17,222	17,222
Shareholder's funds - equity		<u>315,750</u>	<u>315,750</u>
Total liabilities and equity		<u>440,466</u>	<u>638,973</u>

On behalf of the board


Bronagh Hardiman
Director

Date: 27 April 2017


Brian Brady
Director

Statement of changes in equity
For the half financial year ended 31 January 2017

	Share capital DKK	Retained earnings DKK	Total equity DKK
Balance as at 1 August 2015	298,528	17,222	315,750
<i>Total comprehensive income for the financial period</i>			
Result for the financial period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the financial period	-	-	-
Balance as at 31 January 2016	298,528	17,222	315,750
<i>Total comprehensive income for the financial period</i>			
Result for the financial period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the financial period	-	-	-
Balance as at 31 July 2016	298,528	17,222	315,750
<i>Total comprehensive income for the financial period</i>			
Result for the financial period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the financial period	-	-	-
Balance at 31 January 2017	298,528	17,222	315,750

Statement of cash flows

For the half financial year ended 31 January 2017

	Half financial year ended 31-Jan-17 DKK	Half financial year ended 31-Jan-16 DKK
Net cash flows from operating activities		
Result after tax	-	-
Adjustments for:		
Decrease/(increase) in other receivables	195,856	(3,823,724)
(Decrease)/increase in other payables	(198,507)	3,823,639
Interest income for the half financial year	-	(4,834,617)
Interest expense for the half financial year	-	3,166,157
Net swap income	-	1,668,460
Net changes in fair value on derivative financial instruments	-	(705,106)
Net changes in fair value on debt securities issued	-	(3,140,346)
Net changes in fair value on investment securities	-	3,845,452
<i>Cash used in operating activities</i>	<u>(2,651)</u>	<u>(85)</u>
Interest paid	-	(3,166,157)
Derivatives paid	-	(1,668,460)
Net cash used in operating activities	<u>(2,651)</u>	<u>(4,834,702)</u>
Cash flows from investing activities		
Interest received	-	4,834,617
Net cash flows from investing activities	<u>-</u>	<u>4,834,617</u>
Net decrease in cash and cash equivalents	<u>(2,651)</u>	<u>(85)</u>

The notes on pages 9 to 13 form an integral part of these interim financial statements.

Notes to the financial statements

For the half financial year ended 31 January 2017

1. General Information

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.

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.

The Company has no direct employees.

The debt securities are listed on the Copenhagen Stock Exchange.

2. Basis of preparation

Statement of compliance

The condensed financial statements for the half financial year ended 31 January 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the financial year ended 31 July 2016.

3. Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these condensed interim financial statements as were applied in the preparation of the Company's financial statements for the financial year ended 31 July 2016.

4. Net gain on investment securities

Designated at fair value through profit or loss

	Half financial year ended 31-Jan-17 DKK	Half financial year ended 31-Jan-16 DKK
Coupon income	-	4,834,617
Net loss on investment securities	-	(3,845,452)
	-	989,165

5. Net loss on debt securities issued

Designated at fair value through profit or loss

	Half financial year ended 31-Jan-17 DKK	Half financial year ended 31-Jan-16 DKK
Coupon expenses	-	(3,166,157)
Net gain on debt securities issued	-	3,140,346
	-	(25,811)

6. Net loss from derivative financial instruments

	Half financial year ended 31-Jan-17 DKK	Half financial year ended 31-Jan-16 DKK
Net swap expense	-	(1,668,460)
Net gain on derivative financial instruments	-	705,106
	-	(963,354)

7. Net (loss)/gain on foreign exchange movements

	Half financial year ended 31-Jan-17 DKK	Half financial year ended 31-Jan-16 DKK
Net (loss)/gain on foreign exchange movements	(99)	28

8. Other income

	Half financial year ended 31-Jan-17 DKK	Half financial year ended 31-Jan-16 DKK
Arranger income	241,598	226,859

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

Notes to the financial statements (continued)
For the half financial year ended 31 January 2017

9. Other expenses

	Half financial year ended 31-Jan-17 DKK	Half financial year ended 31-Jan-16 DKK
Audit fees	(82,321)	(82,613)
Administration expenses	(67,877)	(68,099)
Directors fees	(52,070)	(52,240)
Tax fees	(22,410)	(22,489)
Legal and professional fees	(16,597)	(1,334)
Bank charges	(224)	(112)
	<u>(241,499)</u>	<u>(226,887)</u>

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

	Half financial year ended 31-Jan-17 DKK	Half financial year ended 31-Jan-16 DKK
Auditor's remuneration (VAT exclusive)		
Statutory audit	(82,321)	(82,613)
Other assurance services	-	-
Tax advisory services	(22,410)	(22,489)
Other non-audit services	-	-
	<u>(104,731)</u>	<u>(105,102)</u>

10. Income tax expense

	Half financial year ended 31-Jan-17 DKK	Half financial year ended 31-Jan-16 DKK
Profit before tax	-	-
Current tax at standard rate of 25%	-	-
Current tax charge	-	-
Total tax charge	<u>-</u>	<u>-</u>

The tax assessed for the period is at standard rate of corporation tax in the Republic of Ireland at a rate of 25% (2016: 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.

11. Cash and cash equivalents

	31-Jan-17 DKK	31-Jul-16 DKK
Cash at bank	<u>284,688</u>	<u>287,339</u>

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

12. Investment securities

	31-Jan-17 DKK	31-Jul-16 DKK
Designated as at fair value through profit or loss	-	-
Movement in investment securities		
At beginning of financial period/year	-	204,888,947
Disposals during the financial period/year	-	(180,000,000)
Net changes in fair value during the financial period/year	-	22,986,053
*De-recognition of investment securities	-	(47,875,000)
At end of the financial period/year	<u>-</u>	<u>-</u>

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.

*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.

Notes to the financial statements (continued)

For the half financial year ended 31 January 2017

13. Other receivables

	31-Jan-17	31-Jul-16
	DKK	DKK
Other income receivable	155,778	351,634

14. Derivative financial instruments

	31-Jan-17	31-Jul-16
	DKK	DKK
At beginning of the financial period/year	-	80,882,499
Net changes in fair value during the financial period/year	-	3,152,058
Net swap receipts from disposals	-	(84,034,557)
At end of the financial period/year	-	-
Derivative financial assets	-	-

The swap agreement matured and terminated on 1 May 2016. The Company did not enter into any new derivative financial instrument since 1 May 2016.

15. Debt securities issued

	31-Jan-17	31-Jul-16
	DKK	DKK
Designated at fair value through profit and loss	-	-

The debt securities are listed on the Copenhagen Stock Exchange.

Movement in debt securities issued

	31-Jan-17	31-Jul-16
	DKK	DKK
At beginning of financial period/year	-	285,771,446
Disposals during the financial period/year	-	(264,034,558)
Net changes in fair value during the financial period/year	-	26,138,112
*De-recognition of debt securities	-	(47,875,000)
At end of financial period/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 12. 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.

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 modifies cashflows that otherwise would be required to be separated.

16. Other payables

	31-Jan-17	31-Jul-16
	DKK	DKK
Accrued expenses	124,716	223,261
Other payables	-	99,962
	124,716	323,223

17. Called up share capital presented as equity

	31-Jan-17	31-Jul-16
	DKK	DKK
<i>Authorised:</i>		
40,000 ordinary shares of €1 each	298,528	298,528
<i>Issued and fully paid:</i>		
40,000 ordinary share of €1 each	298,528	298,528

18. Ownership of the Company

The issued shares are held in trust for charitable purposes by Registered Shareholder Services No. 1 Company Limited by Guarantee, Registered Shareholder Services No. 2 Company Limited by Guarantee and Registered Shareholder Services No. 3 Company Limited by Guarantee (formerly Eurydice Charitable Trust Limited, MEDB Charitable Trust Limited and BADB Charitable Trust Limited respectively), 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.

Notes to the financial statements (continued)

For the half financial year ended 31 January 2017

19. Transactions with related and certain other parties

During the financial period the Company incurred a fee of DKK 67,877 (31 January 2016: DKK 68,099) relating to administration services provided by Deutsche International Corporate Services (Ireland) Limited. The services are provided under normal commercial terms. Refer to note 9.

The Company also paid director fees of DKK 52,070 (31 January 2016: DKK 52,240) in relation to services provided by Joseph Boyle and Brian Brady as directors of the Company. Refer to note 9.

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 period end, Arranger income receivables was DKK 155,778 (31 January 2016: DKK 843).

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

20. 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 agreements for each Series in place at the financial period end.

21. 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.

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 has exposure to the following risks from its use of financial instruments:

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

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.

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 has 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 credit risk profile of the portfolio through the use of derivative instruments.

The debt securities 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 risks 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 period end, the Company did not bear any interest rate risk (31 July 2016: Nil).

Notes to the financial statements (continued)
For the half financial year ended 31 January 2017

21. Financial risk management(continued)

(a) Market risk (continued)

(ii) Currency risk

Only the cash and cash equivalents 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.

(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.

The Company is not exposed to any significant price risk at the financial period end as it has derecognised all debt securities in issue and all investments held.

(b) Credit risk

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

(c) Fair values

The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values due to their short term nature.

At the reporting date, the Company did not have any investment securities, derivative financial instruments or debt securities (31 July 2016: None).

(d) 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 acceptable losses or risking damage to the Company's reputation. The Company is not exposed to any significant liquidity risk at the financial period end as it has derecognised all debt securities in issue and investments securities held. Deutsche Bank AG London, as arranger bears all the current and future expenses of the Company.

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.

22. 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.

23. Subsequent events

There has been no significant subsequent event after the financial period end till the date of signing of this report.

24. Comparatives

In line with IAS 34, the comparative information for the Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity is for the financial period from 1 August 2015 to 31 January 2016 and the comparative information for the Statement of Financial Position is as at 31 July 2016.

25. Approval of financial statements

The Board of Directors approved these financial statements on 27 April 2017.