

DANMARKS NATIONALBANK

REPORT AND ACCOUNTS

2015



DANMARKS
NATIONALBANK

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**REPORT
AND ACCOUNTS
2015**

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This report is based on information available up to
9 March 2016.

See also www.nationalbanken.dk

Explanation of symbols:

- Magnitude nil
- 0 Less than one half of unit employed
- Category not applicable
- ... Data not available

Details may not add up because of rounding.

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CONTENTS

7	Foreword
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REPORT OF THE BOARD OF GOVERNORS

	REPORT OF THE BOARD OF GOVERNORS ON THE ACTIVITIES OF DANMARKS NATIONALBANK
11	Monetary Policy, Financial Markets and the Real Economy
14	The Stability of the Financial System
15	Safe Payments
16	Profit of the year 2015

	ORGANISATION
19	Staff
20	Danmarks Nationalbank's Representation on Committees, in International Organisations, etc.
23	Organisation Chart 1 March 2016

	RISK MANAGEMENT
25	Financial Portfolios
25	Risks on Loans to Banks and Mortgage Banks
27	Operational Risk
28	Insurance Strategy

ACCOUNTS OF THE YEAR 2015

31	Accounts
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FOREWORD

Danmarks Nationalbank's overall objective is to contribute to a robust economy in Denmark. Danmarks Nationalbank was established as a private limited liability company in 1818 with a monopoly on issuing banknotes. With the adoption of the Danmarks Nationalbank Act in 1936, Danmarks Nationalbank became a self-governing institution, laying down monetary policy independently of the Government and the Folketing (Parliament).

Danmarks Nationalbank's objective is to maintain a safe and secure currency system to facilitate and regulate money transactions and the extension of

credit. The focus is on three areas: stable prices, safe cash and electronic payments and general monitoring of the stability of the financial system.

In addition to the accounts, Report and Accounts 2015 contains an overall description of Danmarks Nationalbank's general activities within those three areas.

For more detailed descriptions, reference is made to the publications and reports issued during the year and to Danmarks Nationalbank's website.

Copenhagen, 9 March 2016

Lars Rohde
Chairman

Per Callesen

Hugo Frey Jensen

A photograph of a modern interior space. On the left, a large, curved glass structure, possibly a revolving door or a decorative wall, reflects the surrounding environment. The floor is a mix of dark, polished stone tiles and a light-colored, textured carpet. In the background, a person stands in a brightly lit area, silhouetted against the light. The overall atmosphere is clean, modern, and architectural.

REPORT OF THE BOARD OF GOVERNORS

REPORT OF THE BOARD OF GOVERNORS ON THE ACTIVITIES OF DANMARKS NATIONALBANK

MONETARY POLICY, FINANCIAL MARKETS AND THE REAL ECONOMY

The Danish fixed exchange rate policy means that Denmark's monetary policy is aimed at keeping the krone stable against the euro. As the objective of the monetary policy of the euro area is to maintain price stability, a basis is created for stable, low inflation in Denmark. There is a clear division of responsibility for economic policy. Danmarks Nationalbank sets the monetary policy interest rates, which are reserved for managing the exchange rate of the krone. The government ensures that fiscal policy and all other economic policies support a stable economy. This is essential in relation to maintaining the fixed exchange rate policy.

The rate of the Danish krone vis-à-vis the euro came under pressure in early 2015, resulting from massive inflows of foreign exchange. This followed the announcement on 15 January by the Swiss National Bank that it would abandon the minimum exchange rate of the Swiss franc vis-à-vis the euro. One week later, the ECB announced an expansion of its asset purchase programme, which also contributed to increased demand for kroner.

Part of the inflow of capital came from foreign investors who compared Denmark with Switzerland and saw a chance of making a profit if Denmark's fixed exchange rate policy was abandoned and the krone subsequently appreciated. However, the pressure on the krone came primarily from domestic sources via domestic investors and firms. Danish insurance companies and

pension funds taken as one purchased kroner, mainly forward, to hedge part of their exchange rate risk. Purchases in January and February were primarily aimed at hedging the companies' exposures in euro and, to a lesser extent, other currencies.

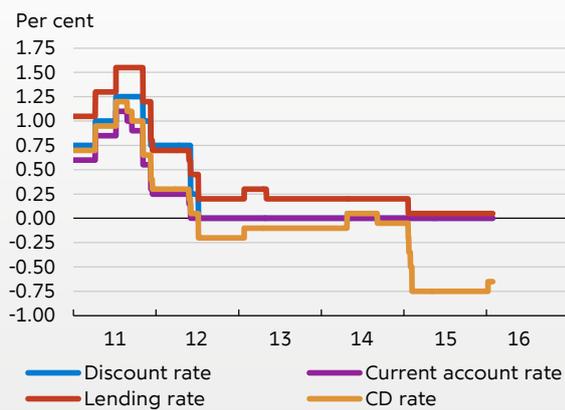
In order to keep the exchange rate of the krone stable, Danmarks Nationalbank intervened in the market for historically large amounts. In January and February, Danmarks Nationalbank purchased foreign exchange for kr. 275 billion in connection with interventions. Furthermore, Danmarks Nationalbank reduced the rate of interest on certificates of deposit (the CD rate), which is the key monetary policy interest rate, on four occasions in the first months of the year, cf. Chart 1. With effect from 20 January, the lending rate and the CD rate were reduced by 0.15 percentage point to 0.05 and -0.20 per cent, respectively. Effective from 23 and 30 January and 6 February, the CD rate was then reduced in increments to 0.75 per cent. This was an all-time low, and Denmark and Switzerland had the world's lowest interest rates.

The exchange rate of the krone vis-à-vis the euro remained close to its central rate in ERM2 throughout 2015, cf. Chart 2 (left).

The interest rate reductions influenced the short-term market rates in particular. In order to stem the continued capital inflow, a decline in long-term interest rates was also needed. On 30 January 2015, the Ministry of Finance, acting on the recommendation of Danmarks Nationalbank,

Danmarks Nationalbank's interest rates

Chart 1



Source: Danmarks Nationalbank.

announced that issuance of government bonds would be suspended. As is the case for asset purchase programmes, e.g. those of the ECB, the suspension of issuance put downward pressure on bond yields.

The inflow of capital ceased in the latter part of February. The tide turned in April, and Danmarks Nationalbank intervened by selling foreign exchange in the remaining months of the year. By August, the inflow of capital from foreign investors seen at the beginning of the year had been largely reversed. The insurance and pension sector also

considerably reduced its total purchases of kroner during the 2nd half of the year. In the period from April up to and including August, Danmarks Nationalbank sold foreign exchange for kr. 191 billion in connection with interventions. As a consequence of the interventions, Danmarks Nationalbank on 26 August announced that the extraordinary measures implemented at the beginning of the year were no longer needed. Government bond issuance was resumed as from October.

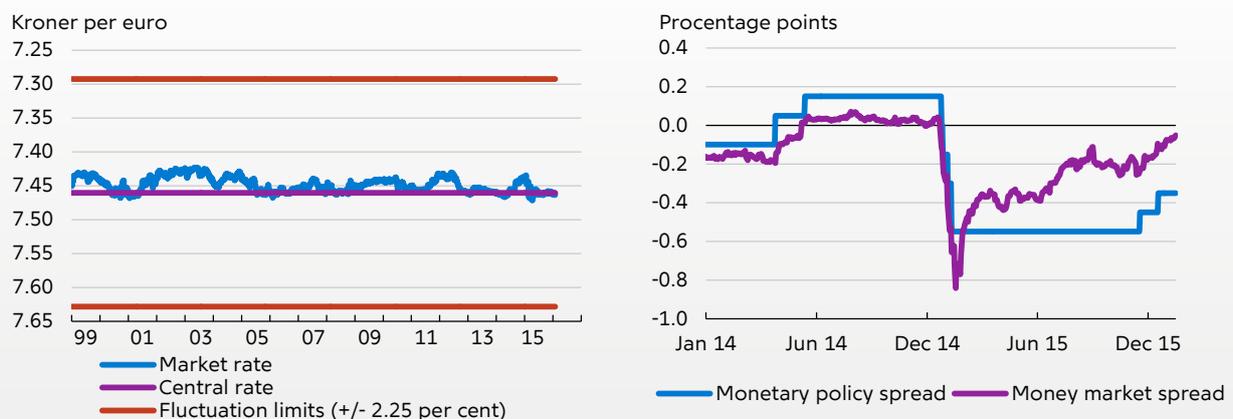
On 3 December, the ECB announced that its deposit rate would be reduced by 0.10 percentage point to -0.30 per cent and that the asset purchase programme would be extended and broadened. Danmarks Nationalbank chose to keep its monetary policy interest rates unchanged. The decision was based on intervention sales of foreign exchange for kroner by Danmarks Nationalbank and the fact that the spread between Danmarks Nationalbank's CD rate and the ECB's deposit rate was still considerable at -0.45 percentage points.

The capital outflow increased in December, and Danmarks Nationalbank sold foreign exchange for kr. 50 billion in connection with interventions. The foreign exchange reserve thus landed at kr. 435 billion, i.e. a little below the level at the beginning of the year.

Against the background of intervention sales of foreign exchange in December, Danmarks Nationalbank raised the CD rate by 0.10 percentage points to 0.65 per cent effective 8 January 2016.

Exchange rate of the krone vis-à-vis the euro and interest rate spread to the euro area

Chart 2



Note: Left-hand chart: Reverse scale. Right-hand chart: The monetary policy spread is the spread between Danmarks Nationalbank's rate of interest on certificates of deposit and the ECB's deposit rate. The money market spread is based on 3-month CITA and EONIA swap rates.

Source: Danmarks Nationalbank.

The monetary policy spread to the euro area narrowed from -0.45 to -0.35 percentage point, cf. Chart 2 (right).

The CD rate was key for money market interest rates throughout the year. The fact that it was in negative territory did not affect Danmarks Nationalbank's ability to manage the exchange rate of the krone, but the large spread between Danmarks Nationalbank's CD rate and current account rate amplified fluctuations in the very short-term overnight money market rate. These fluctuations were essentially technical. The negative rate of interest was reflected in the money market and to some extent in the capital market, but was generally not passed on to ordinary bank deposit rates. The negative rate of interest did not lead to extraordinary increases in the circulation of banknotes and coins.

The interest rate on the deposits of the central government's at Danmarks Nationalbank was changed as of 9 February 2015. As a result, in periods of negative CD rates deposits of up to kr. 100 billion accrue interest at the current account rate, and deposits of more than kr. 100 billion accrue interest at the CD rate. Previously the total balance of the central government's account accrued interest at the current account rate. This change was made in order to comply with the EU Treaty's prohibition against giving sovereigns more favourable financing conditions than other market participants.

Danmarks Nationalbank offered 3-year loans in March and September 2012. These loans were aimed at temporarily providing access to long-term funding for the monetary policy counterparties. Total lending amounted to kr. 56 billion. The loans were repaid on a current basis and when they matured on 25 September 2015 the last repayments, totalling kr. 80 million, fell due.

Like other yields, Danish government bond yields declined at the beginning of the year. Short-term yields were more severely affected than long-term yields, but after the announcement of the suspension of issuance at the end of January, long-term yields also declined substantially, cf. Chart 3. The suspension of issuance of Danish government bonds reduced liquidity in the government bond market, but after resumption of sales in October demand at the auctions was high, and soon there were indications of improved market liquidity in the form of higher turn-

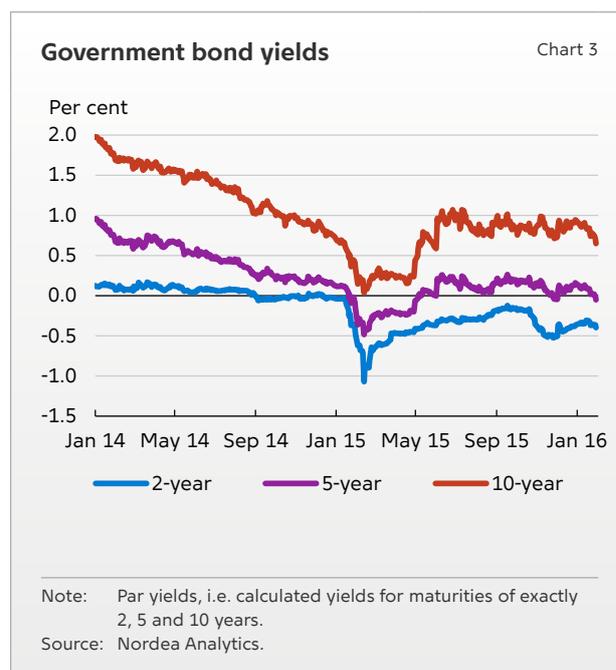
over and a narrowing of the bid-ask spread. The government bond yield increased considerably in the 2nd quarter, reflecting the declining pressure on the krone, but developments in government yields were also consistent with developments in the euro area and in the USA.

Mortgage yields broadly developed in line with government yields. Except for the very short-term fixed bullets, yields rose more in the 2nd quarter than they had declined at the beginning of the year. The yield on 30-year non-callable bonds stood at around 3 per cent at end-December, which was approximately 0.5 percentage point higher than at the beginning of the year.

While growth in the emerging market economies slowed down, the US and euro area economies performed well in 2015. The rate of price increase in the advanced economies remained low, curbed by the fall in oil prices and in commodities in general.

In Denmark, the gross domestic product, GDP, grew by 1.2 per cent in 2015, which was in line with growth in the preceding year. The labour market continued to improve, with spare resources becoming more scarce. Consumer prices rose only slightly.

The upswing in 2015 was attributable to growth in private consumption of more than 2 per cent, among other factors. Business investments also grew substantially, while exports, especially



of sea freight, declined slightly. Furthermore, public consumption increased. In the labour market, employment rose by 30,000 persons from 2014 to 2015, and unemployment fell to 4.5 per cent of the labour force by the end of the year. Wage growth in industry rose to just under 2 per cent, which was in line that of with foreign competitors.

The current account of Denmark's balance of payments showed a surplus of approximately 7 per cent of GDP. This reflected a continued large private sector savings surplus, especially in firms, while a government deficit of 2.1 per cent of GDP is expected. Over the year, Danmarks Nationalbank's policy recommendations stated that fiscal policy should be restored to a neutral level. Specifically, it was recommended that the structural balance should be brought to equilibrium over the next couple of years.

Consumer prices rose by 0.2 per cent. If energy and unprocessed food are disregarded, the rate of price increase was around 1 per cent. Hence, underlying price pressures remained moderate. After signs of dampening throughout the 2nd quarter of 2015, price increases for single-family houses picked up again in the 2nd half of the year in seasonally adjusted terms. Prices of owner-occupied flats are also still rising in the cities, but the rate of increase is lower than in the first part of 2015. Danmarks Nationalbank emphasised that developments in parts of the housing market continued to warrant closer monitoring. The freeze on land tax in 2016 will have a destabilising effect, especially in the areas where price increases are strongest. In its policy recommendations, Danmarks Nationalbank emphasised the urgency of restoring the link between housing taxes and house prices.

THE STABILITY OF THE FINANCIAL SYSTEM

Danmarks Nationalbank contributes to the stability of the financial system by analysing the financial sector, considering and analysing systemic risks and making recommendations. In addition, Danmarks Nationalbank oversees the payments infrastructure and produces financial statistics.

In 2015, Danmarks Nationalbank estimated that the Danish banking sector was robust and that

most credit institutions had put the financial crisis behind them. Loan impairment charges decreased, capitalisation increased and the institutions generally had high liquidity relative to the statutory requirements. Furthermore, Danmarks Nationalbank's semi-annual stress test showed that the five systemic banks had substantial excess capital adequacy relative to the minimum requirements, and that they would be resilient to severe macroeconomic shocks.

In 2015, Denmark implemented the EU's Bank Recovery and Resolution Directive, the BRRD, into Danish law. This gives the resolution authorities a toolbox of measures and instruments enabling resolution of any institution irrespective of its size and functions. The fundamental principle is that it is possible to resolve or restructure an institution without any significant adverse impact on financial stability and without using government funds.

Part of the work on the new framework still remains to be completed, however. This relates to the authorities' resolution plans and determination of a requirement for the institutions to have sufficient liabilities that are eligible for absorbing losses in a resolution situation. Danmarks Nationalbank cooperates closely with the two resolution authorities, the Danish Financial Supervisory Authority and the Financial Stability Company, in the preparation of resolution plans for the SIFIs.

Danmarks Nationalbank chairs the Danish Systemic Risk Council and provides secretariat services. At its meeting in March, the Council adopted an observation stating that the risk of a rapid build-up of systemic financial risks exists due to the extraordinarily low interest rates. This is particularly pronounced if the low interest rates are embedded into the expectations of borrowers and credit institutions. The observation is still relevant. At its meetings, the Council assesses the level of the countercyclical capital buffer rate. At all its four meetings in 2015, the Council recommended that the buffer rate be set at 0 per cent.

Danmarks Nationalbank also oversees that the Danish payments infrastructure is safe and efficient and complies with international standards. Danmarks Nationalbank's oversight comprises the payment systems Kronos, the Sumclearing, the Intradagclearing and the Straksclearing, the VP securities settlement system and the payment solutions Dankort, Betalingsservice and credit transfers. Danmarks Nationalbank published an

updated oversight policy in 2015. The update reflects that oversight of the most important Danish payment solutions, including the Dankort, has been strengthened, and that cooperation with the Danish Financial Supervisory Authority on oversight of operational risk has been expanded.

Operation of the payment and settlement systems subject to oversight was generally satisfactory in 2015. Danmarks Nationalbank keeps up an ongoing dialogue with those responsible for the systems to follow up the incidents that have occurred. Furthermore, extensive work is taking place to assess whether the systems and solutions subject to oversight comply with the requirements of applicable international standards.

In connection with the pressure on the krone at the beginning of 2015, Danmarks Nationalbank established supplementary reporting concerning the insurance and pension companies and the investment associations' foreign exchange exposures and hedging. The new information showed that the upward pressure on the krone came primarily from the increased exchange rate hedging of the Danish pension sector. The supplementary reporting led to a strengthening of Danmarks Nationalbank's oversight of the demand for kroner as part of its fixed exchange rate policy.

In June, Statistics Denmark, in cooperation with Danmarks Nationalbank, published household-based wealth and debt statistics for the first time. Compared with other countries, Danish households have a relatively high level of gross debt as a ratio of income, but they also hold substantial real and financial assets. The new statistics will enable Danmarks Nationalbank and others to assess on an ongoing basis whether the high level of debt presents a problem in relation to financial stability and will also contribute to improved insight into the pension system's significance to the Danes' finances.

In 2015, Danmarks Nationalbank continued its cooperation with the Danish Financial Supervisory Authority and the banks and mortgage banks to set up a Danish credit register. The purpose of the credit register is to improve the statistical basis for Danmarks Nationalbank's oversight of financial stability and to strengthen the basis for the supervisory activities of the Danish Financial Supervisory Authority. The credit register is to contain detailed information on lending by banks and mortgage banks to all types of borrowers.

The establishment of the Danish register will bring oversight and supervisory instruments in Denmark to the same level as in the rest of Europe and thus further underpin confidence in the Danish financial system.

SAFE PAYMENTS

[Danmarks Nationalbank contributes to safe settlement of cash and electronic payments. This is done by issuing banknotes and coins with high protection against counterfeiting and ensuring that payments between banks can be settled safely and efficiently.](#)

In 2015, Danmarks Nationalbank worked on a project to replace the systems that support market participants' mutual payments, monetary policy operations, collateralisation, etc. by a new system, Kronos2. A standard system has been selected, which will be adapted to special Danish requirements in collaboration with market participants.

Danmarks Nationalbank chairs the Payments Council and provides secretariat services. In 2015, the Council published an analysis of business-to-business, B2B, payments. The analysis shows that the functioning of the B2B payments infrastructure is satisfactory, but that Danish firms could benefit from strengthening their knowledge of the instruments available. In addition, the Council has worked on an expansion of the Danish payments statistics. It is expected that the new statistics will be published for the first time in 2016.

The value of banknotes and coins in circulation was kr. 70.2 billion, representing an increase of 4.2 per cent on 2014. The number of banknotes increased from 163.5 million in 2014 to 169.3 million in 2015. The increase was driven mainly by the large denominations.

Counterfeiting of Danish banknotes is very limited. The number of registered counterfeit banknotes rose from 1,271 in 2014 to 1,461 in 2015. Of these, 925 were found in circulation. The remaining counterfeit banknotes are typically found in connection with police searches. As in the preceding years, the number of counterfeits registered in 2015 was higher for the 500-krone banknote than for the other denominations.

The value of coins in circulation rose from kr. 5,878 million at end-2014 to kr. 5,951 million at end-2015. To mark the 75th birthday of Queen Margrethe II on 16 April 2015, a commemorative 500-krone silver coin, a 20-krone coin in proof version¹ and a 20-krone circulation coin were issued.

Danmarks Nationalbank's own production of banknotes and coins will be closed down by the end of 2016. Banknotes and coins are consequently produced for stock in 2015 and 2016 in order to meet demand until external suppliers have been chosen via a tendering procedure. Danmarks Nationalbank will still be the Danish banknote and coin issuing authority after outsourcing of production.

PROFIT FOR THE YEAR 2015

The profit for the year was kr. 3,595 million, down from kr. 6,965 million in 2014.

More than half of the profit for the year related to earnings due to the pressure on the krone. Danmarks Nationalbank obtained substantial exchange rate gains from interventions by buying foreign exchange for kr. 275 billion and subsequently reselling it at a higher exchange rate. To this should be added substantial interest income resulting from the reduction of deposit rates to -0.75 per cent. Overall, the pressure on the krone is estimated to have given Danmarks Nationalbank additional earnings of more than kr. 2 billion.

Besides the additional earnings resulting from the pressure on the krone, the equity exposure and bonds yielded earnings of approximately kr. 2 billion. Total profit from the financial portfolios amounted to kr. 4.0 billion. Costs and other income total kr. 0.4 billion, cf. Chart 4.

Of the kr. 3,595 million profit for the year, kr. 868 million is transferred to the central government.

In 2014, the Board of Directors decided that from 2015 distribution of the result for the year should be based on a new model. This entails that Danmarks Nationalbank transfers a share of the average of the last 5 years' results, excluding value adjustments on gold, to the central government. The share is set at 30 per cent for 2015.

The remaining part of the profit for the year is transferred to Danmarks Nationalbank's General Reserves. The determination of the transfer rate takes into account that, over time, Danmarks Nationalbank's net capital² should grow at the same rate as nominal GDP, unless there is an extraordinary need for consolidation. The Value Adjustment Reserve is discontinued in this connection and its value transferred to the General Reserves.

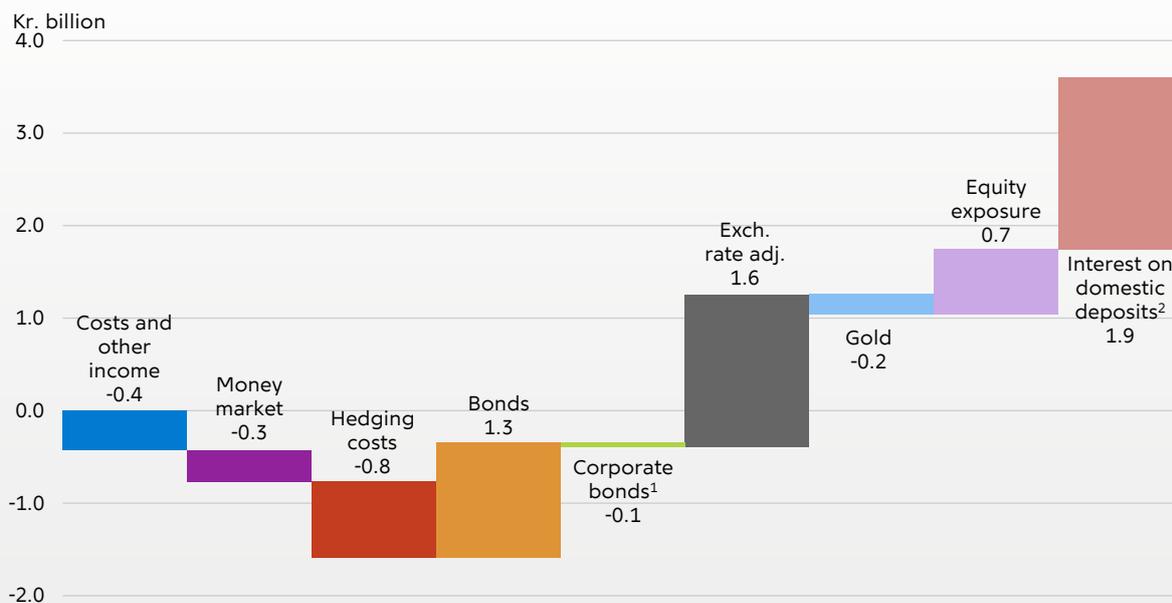
The balance sheet decreased by kr. 55 billion to kr. 482 billion overall in 2015, a change that was especially reflected in the central government's current account, which fell by a total of kr. 57 billion. This was due mainly to the central government's repayments on the government debt and the fact that issuance of Danish government bonds was suspended temporarily. Intervention purchases and sales merely affected the foreign exchange reserve by a net reduction of kr. 4.7 billion. Factors affecting the key balance sheet items are shown in Table 1.

1 The proof version is minted with several strokes and is thus much more clearly embossed than the ordinary coins in circulation.

2 Net capital consists of the General Reserves, Statutory Reserves and General Capital Fund.

Profit for the year 2015

Chart 4



Source: Danmarks Nationalbank.

1. Corporate bonds through ETFs.

2. Interest from banks and central government.

Factors affecting development in key balance sheet items in 2015

Table 1

Kr. billion	Assets		Passiver	
	Foreign exchange	Net position	Net position	Central government's current account
Start of 2015	457.6	120.0		214.9
Intervention – purchases	274.9	279.4		
Intervention – sales	-279.6	-279.6		
Central government's net foreign borrowing	-26.5			-26.5
Central government's net domestic borrowing		30.6		-30.6
Value adjustment	2.6			
Miscellaneous	8.5	-1.1		0.4
End-2015	437.5	144.8		158.2
Change during the year	-20.1	24.8		-56.7

ORGANISATION

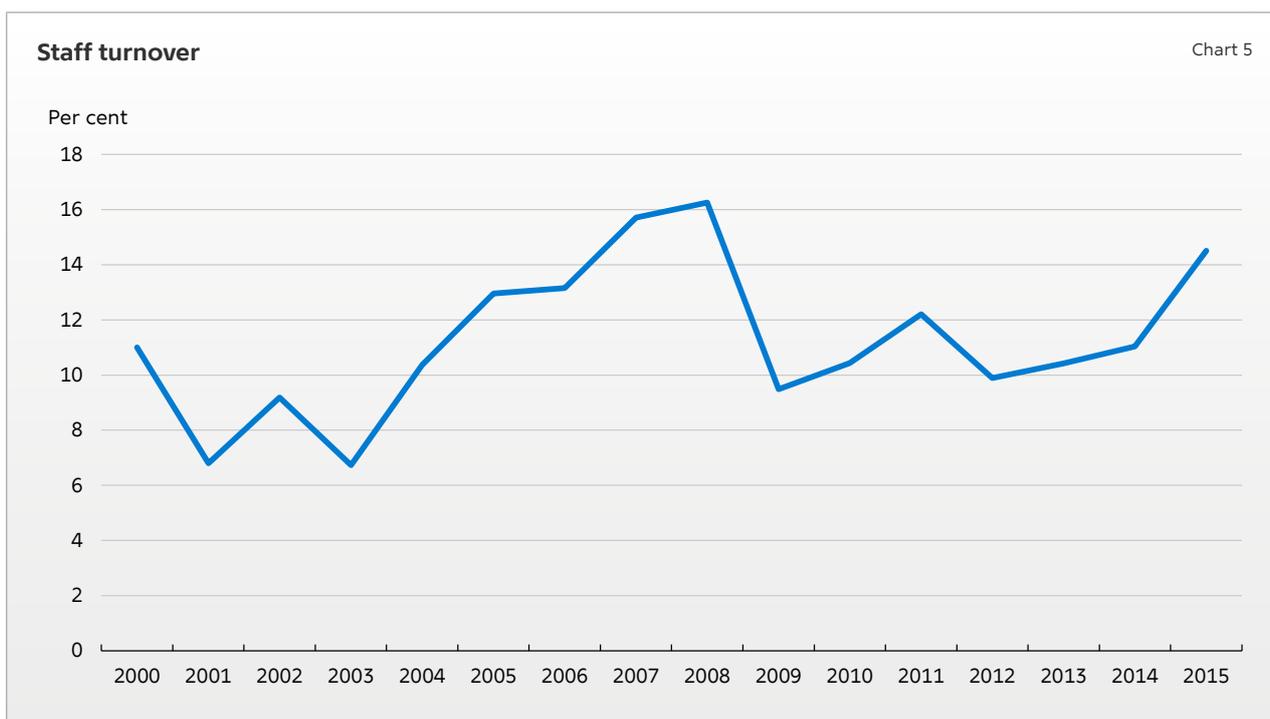
STAFF

The number of employees at Danmarks Nationalbank remained unchanged from 2014 to 2015. At the close of 2015, Danmarks Nationalbank thus had 496 employees, equivalent to 471 full-time positions. The number of employees in part-time positions declined further to a level of 7 per cent in 2015 compared with 8 per cent in 2014 and 12 per cent in 2004.

While a total of 72 employees left Danmarks Nationalbank in the course of 2015, an equivalent number were employed. The staff turnover rate

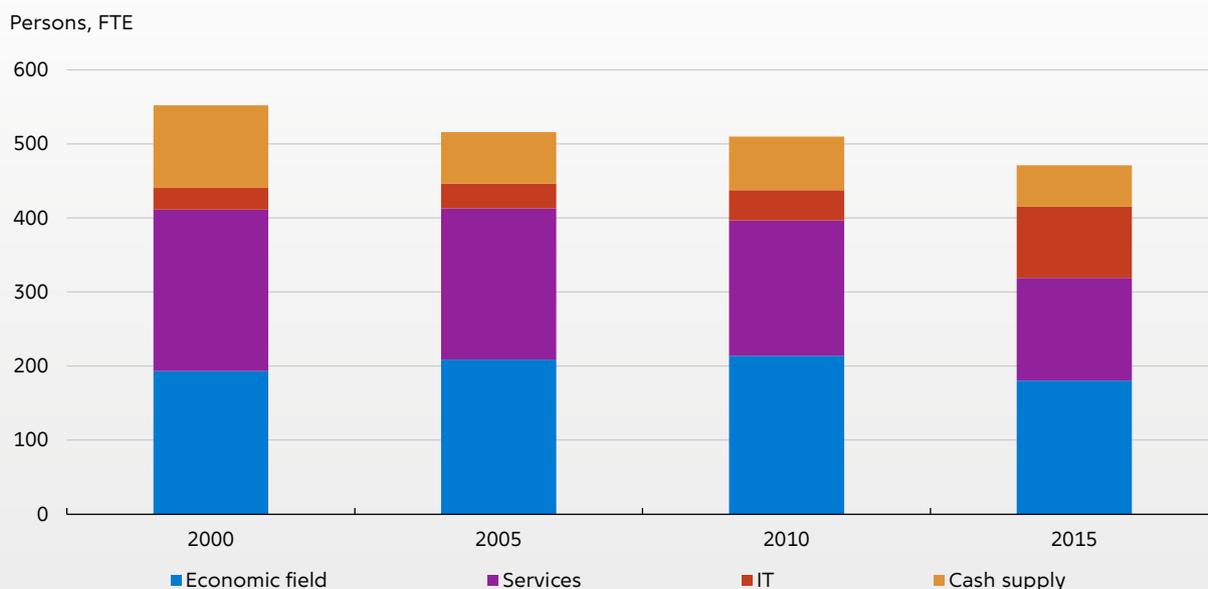
was 14.5 per cent in 2015, which is the highest rate since 2008, cf. Chart 5.

The staffing structure of Danmarks Nationalbank has changed over the past 15 years, with a relatively larger proportion of employees in the field of economics compared with the service and cash supply areas, in particular, cf. Chart 6. The proportion of IT employees has increased significantly in the last couple of years due to the implementation of a number of major IT projects.



Development in the number of employees in various fields

Chart 6



At the end of 2015, 47.5 per cent of the employees had an academic degree.

The average age was 42.3 years and the average seniority was 11.2 years in 2015, compared with 41.7 and 11.3 years, respectively, in 2014. The proportion of women at Danmarks Nationalbank was 37.5 per cent in 2015, which was virtually unchanged from 2014. At 13 per cent, the proportion of women in managerial positions was also practically unchanged in 2015 compared with 2014.

At the end of 2015, Danmarks Nationalbank employed six apprentices within clerical work, IT and nutrition functions. This was one fewer than one year earlier. The number of PhD scholarships also fell by one from 2014, to four at the end of 2015.

A total of 12 employees of Danmarks Nationalbank had leave, for a shorter or longer period of time, to work for international or national institutions in 2015. At the end of 2015, 10 employees were on leave to work for primarily international institutions, including the ECB, the IMF and the European Commission.

Absence due to illness was at the same low level in 2015 as in 2014. Overall absence due to illness was 5.4 days per staff member. Excluding long-term absence, the figure was 4.2 days. The corresponding figures for 2014 were 5.9 and 4.4 days per member of staff.

DANMARKS NATIONALBANK'S REPRESENTATION ON COMMITTEES, IN INTERNATIONAL ORGANISATIONS, ETC.

As of 1 March 2016, Danmarks Nationalbank is represented on or in the following committees, international organisations, etc.:

The European Union, EU

- *European Systemic Risk Board, ESRB, the General Board*
Governor Lars Rohde is a member.
- *The Economic and Financial Committee*
Governor Per Callesen is a member.

The European Central Bank, ECB

- *The General Council*
Governor Lars Rohde is a member.

The International Monetary Fund, IMF

- *Board of Governors*
Governor Lars Rohde is the Danish member.
- *The Nordic-Baltic Monetary and Financial Committee*
Governor Per Callesen is the Chairman.

The Bank for International Settlements, BIS

Governor Lars Rohde represents Danmarks Nationalbank.

The Organisation for Economic Cooperation and Development, OECD

- *The Economic Policy Committee*
Director Niels Lynggård Hansen is a member.

Nordic-Baltic Macroprudential Forum

Governor Lars Rohde is a member.

BEC

Governor Hugo Frey Jensen is an observer on the Board of Directors.

BKS

Governor Hugo Frey Jensen is the Vice Chairman of the Board of Directors.

The Payments Council

Governor Per Callesen is the Chairman.

The Systemic Risk Council

Governor Lars Rohde is the Chairman.
Governor Per Callesen is a member.

The Economic Council

Governor Per Callesen is a member.

The Board of the Danish Financial Supervisory Authority

Assistant Governor Karsten Bilotft is a member.

The Coordination Committee on Financial Stability

Governor Per Callesen is a member.

VP Securities A/S

Governor Hugo Frey Jensen is the Vice Chairman of the Board of Directors.

Board of Directors of Danmarks Nationalbank as at 1 March 2016

Box 1

Chairman: *Søren Bjerre-Nielsen*, Chairman
Deputy Chairman: *Christian Schultz*, Professor

Elected by the Folketing for the period ending 31 March 2016:

Morten Bødskov, MP
Kristian Thulesen Dahl, MP
Pia Olsen Dyhr, MP
Jakob Ellemann-Jensen, MP
Jacob Jensen, MP
Henrik Sass Larsen, MP
Brian Mikkelsen, MP
Morten Østergaard, MP

Appointed by the Minister for Business and Growth for the period ending 31 March 2016:

Anne Kristine Axelsson, Permanent Secretary, Ministry of Ecclesiastical Affairs
Michael Dithmer, Permanent Secretary, Ministry of Business and Growth

Elected by the Board of Directors for the period ending 31 March

<i>Hans Jensen</i> , former President of the Danish Confederation of Trade Unions	2016
<i>Kirsten Nissen</i> , former Trade Union President	2016
<i>Peter Gæmelke</i> , Farmer, former Chairman of Danish Agriculture	2016
<i>Asgar Enggaard</i> , Managing Director	2017
<i>Kjeld Johannesen</i> , CEO	2017
<i>Anja Philip</i> , Chairman of the Danish Consumer Council Tænk	2017
<i>Søren Bjerre-Nielsen</i> , Chairman	2018
<i>Christian Schultz</i> , Professor	2018
<i>Anne Hedensted Steffensen</i> , Managing Director	2018
<i>Bent Jensen</i> , CEO	2019
<i>Michael Møller</i> , Professor	2019
<i>Gitte Pugholm Aabo</i> , Managing Director	2019
<i>Per Bank</i> , Managing Director	2020
<i>Eva Berneke</i> , Managing Director	2020
<i>Bente Sorgenfrey</i> , President of the Confederation of Professionals in Denmark	2020

**The Committee of Directors of Danmarks
Nationalbank as at 1 March 2016** Box 2

Chairman: *Søren Bjerre-Nielsen*, Chairman
Deputy Chairman: *Michael Dithmer*

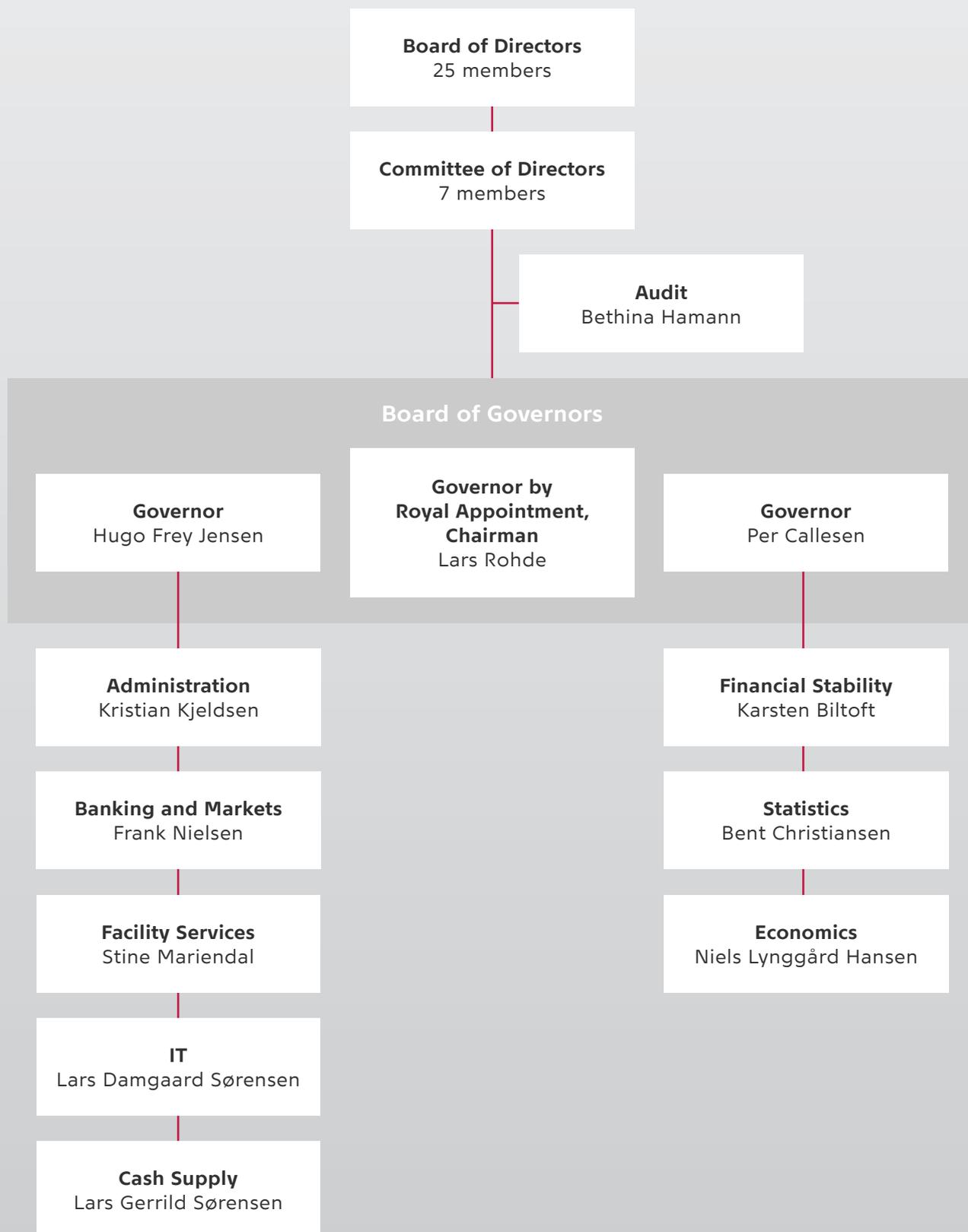
Elected by the Board of Directors
for the period ending 31 March 2016:

Søren Bjerre-Nielsen, Chairman
Kristian Thulesen Dahl, MP
Henrik Sass Larsen, MP
Michael Møller, Professor
Kirsten Nissen, former Trade Union President

Appointed by the Minister for Business and Growth
for the period ending 31 March 2016:

Anne Kristine Axelsson, Permanent Secretary,
Ministry of Ecclesiastical Affairs
Michael Dithmer, Permanent Secretary,
Ministry of Business and Growth

ORGANISATION CHART
1 MARCH 2016



RISK MANAGEMENT

Danmarks Nationalbank is exposed to a number of risks. Such risks can be divided into financial risk on portfolios, risk on lending to banks and mortgage banks, and operational risk. Guidelines, procedures and systems have been set up to monitor and address these risks.

FINANCIAL PORTFOLIOS

Danmarks Nationalbank's financial portfolios comprise the foreign exchange reserve and the holding of domestic bonds.

The primary purpose of the foreign exchange reserve is to ensure that Danmarks Nationalbank will always be able to intervene in the foreign exchange markets to support the fixed exchange rate policy. Moreover, the foreign exchange reserve supports financial stability and finances loans to the IMF. This requires a substantial liquidity reserve. Consequently, most of the foreign exchange reserve is placed in reverse repos with short maturities, in accounts at central banks and in highly rated government bonds that can be sold or pledged as collateral within a short time horizon. A total of kr. 330 billion is placed in these instruments, cf. Table 2.

In addition to the requirement of a sufficient liquid foreign exchange reserve, Danmarks Nationalbank aims to achieve the highest possible

returns, while maintaining a conservative risk level. Part of the portfolio is therefore exposed to equities (through futures equivalent to kr. 16 billion), corporate bonds (kr. 5 billion) and lower-rated sovereigns (kr. 14 billion).

Danmarks Nationalbank's stock of gold and claim on the IMF are included in the foreign exchange reserve. Under the Danmarks Nationalbank Act, Danmarks Nationalbank must hold a stock of gold. The gold stock is 66.5 tonnes and has been virtually constant in size since 1970. It had a value of kr. 15 billion at end-2015.

The total claim on the IMF was kr. 20 billion at end-2015. Danmarks Nationalbank has made commitments for further loans totalling kr. 114 billion, bringing the total commitment to the IMF to kr. 133 billion.

RISKS ON LOANS TO BANKS AND MORTGAGE BANKS

Danmarks Nationalbank provides monetary policy loans with a maturity of one week to monetary policy counterparties and, to facilitate settlement of payments, also intraday credit¹. Finally, Danmarks Nationalbank also provides loans for banknote holdings.

No ceiling has been imposed on the opportunity to borrow from Danmarks Nationalbank, but

¹ Intraday credit is used by the institutions mainly in connection with securities and payment settlement, where Danmarks Nationalbank guarantees the institutions' payment obligations on a fully secured basis.

Danmarks Nationalbank's financial portfolios

Table 2

Kr. billion	2014	2015
Foreign bonds	238	234
Government bonds with a rating of AA- or higher Three largest counterparties 2015: USA (kr. 86 billion), Germany (kr. 23 billion), Netherlands (kr. 20 billion)	171	166
Government bonds with a lower rating (BB+ to A+) Three largest counterparties 2015: Spain (kr. 4 billion), Italy (kr. 4 billion), Ireland (kr. 4 billion)	14	14
Other highly rated bonds (rated AA- or higher) 2015: Government guaranteed (kr. 35 billion), supranational (kr. 14 billion), German and Swedish covered bonds (kr. 4 billion)	53	54
Domestic bonds 2015: Mortgage bonds (kr. 31.4 billion), Ship Finance bonds (kr. 1.4 billion), other bonds (kr. 0.1 billion)	34	33
Money market products	180	166
Reverse repo transactions	124	83
Uncollateralised bank deposits in commercial banks	6	2
Uncollateralised bank deposits in commercial banks	50	81
Other holdings and exposures		
Gold	16	15
Exposure to equities through equity futures	13	16
Corporate bonds through ETFs	5	5
IMF ¹	20	20
Selected risk measures/financial ratios		
Krone duration	5,4	5,9
95 per cent expected shortfall ²	8,8	9,7
Total average rating of the portfolio ³	>AA	>AA
Foreign exchange exposure (before FX swaps in parentheses)		
EUR	425 (283)	403 (247)
USD	0 (134)	0(145)
Others	0(17)	0(21)

Note: The table shows the lowest credit rating given by Fitch, Moody's and Standard & Poor's, respectively. Rounded figures.

Source: Danmarks Nationalbank, Fitch, Moody's and Standard & Poor's.

¹ In addition, there is a counterpart on the liabilities side for Special Drawing Rights of kr. 15 billion allocated by the IMF.

² The 95 per cent expected shortfall has been calculated for a 1-year horizon. The underlying risk factors are assumed to be normally distributed and have been estimated on the basis of observations from 1 January 2001 onwards. All observations are included with the same weight.

³ The average rating has been weighted by the market values of the holdings. Repo transactions and holdings without ratings (primarily BIS) have not been included. At end-2015, the average rating for repo counterparties was around A, while it was AA+ for the underlying collateral

adequate collateral must be pledged. Danmarks Nationalbank can only incur credit losses if two events coincide: a counterparty defaults and the realisation value of the collateral pledged turns out to be lower than the credit granted.

The collateral consists of high-quality assets that are valued on a daily basis. In addition, Danmarks Nationalbank applies haircuts to cover the risk that the market value of the securities declines in the period from the counterparty's default until the securities have been realised. The risk of credit losses is therefore very low.

The use of monetary policy loans was very limited in 2015, as the banks had ample liquid deposits in accounts at Danmarks Nationalbank. Monetary policy loans constituted less than kr. ½ billion, cf. Chart 7.

Every day, Danmarks Nationalbank offers an intraday credit line for the institutions to draw on in connection with the settlement of payments. At end-2015, the credit line was kr. 133 billion for payments with 4 January 2016 as the value date.

The credit line by far exceeded the payment obligations and was used only to a limited extent.²

The collateral base for Danmarks Nationalbank's lending consists of mortgage bonds and securities issued or guaranteed by public authorities. The collateral value, i.e. the market value less the haircut of the assets pledged by the counterparties to Danmarks Nationalbank, amounted to kr. 102 billion. In addition, the institutions can pledge certificates of deposit as collateral for intraday credit. The collateral value of these amounted to kr. 93 billion.³

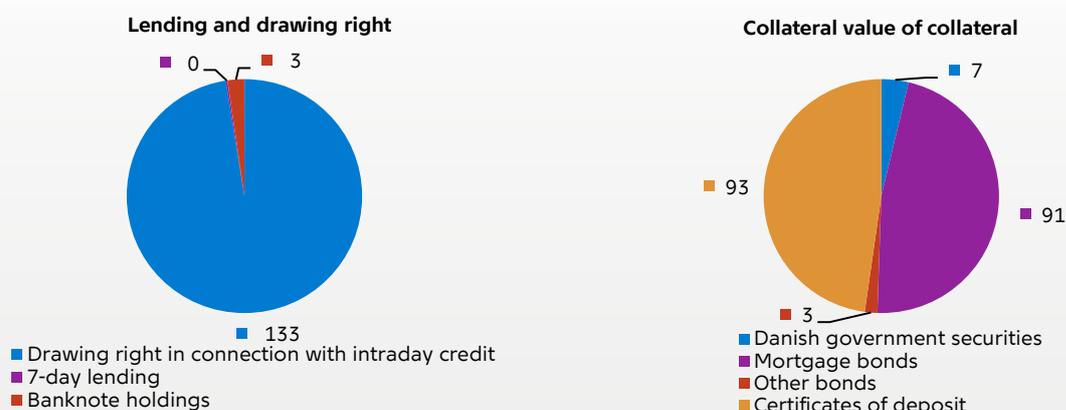
OPERATIONAL RISK

Operational risk is the risk of direct or indirect losses due to inadequate or failed internal processes, human errors and actions, system errors or losses due to external events. Operational risk also comprises business and reputational risks. As indicated by the definition, operational risk is often associated with specific, individual events.

Danmarks Nationalbank continuously seeks to identify, assess, manage and follow up significant operational risks. The purpose of Danmarks

Lending and drawing right for monetary policy counterparties and collateral value of collateral, end 2015, kr. billion

Chart 7



Note: Other bonds consist of bonds guaranteed by the Danish government or issued by KommuneKredit and Føroya Landsstýri. Scandinavian Cash Pool and Automatic collateralisation are not included.

Source: Danmarks Nationalbank.

² As in previous years, the amounts drawn by the institutions intraday were much higher than their payment obligations in the settlement of payments. This is primarily because the new liquidity management tools introduced in September 2013 allow the institutions to reserve "as much as possible", i.e. to reserve their entire available balance for night-time settlement of payments when they have no other need for liquidity anyway.

³ In addition, the institutions can utilise the automatic collateralisation arrangement, which allows them to pledge securities accounts, typically their trading account, as collateral for intraday credit in kroner.

Nationalbank's risk management process is to ensure uniformity and comparability between operational risks, which makes it possible to prioritise initiatives in line with Danmarks Nationalbank's overall objectives.

In 2015, Danmarks Nationalbank strengthened its operational risk management in a number of selected areas; for example, the management of changes and incidents was further formalised, and the reporting of incidents was systematised. Compliance tests were carried out on a quarterly basis. The test results formed the basis for evaluations, updating of risk assessments and processes as well as training of staff.

No internal or external operational incidents in 2015 had any significant impact on the effort to maintain secure, stable and reliable operations. Other incidents were handled in accordance with Danmarks Nationalbank's guidelines and processes.

INSURANCE STRATEGY

Danmarks Nationalbank's insurance policies and insurance strategy are reviewed on an annual basis in collaboration with an external insurance agent. The review in 2015 did not give rise to any major changes to the insurance strategy.

ACCOUNTS
OF THE YEAR 2015



KEY FIGURES AND FINANCIAL RATIOS 2011-15

Profit and loss account (kr. million)	2015	2014	2013	2012	2011
Net income from interest, etc.	1,877	1,144	660	914	2,311
Value adjustment of gold	-217	1,792	-6,234	792	2,418
Other value adjustments	2,345	3,104	-391	2,788	427
Income from financial fixed assets, etc.	263	1,495	152	99	19
Other income	5	5	123	60	165
Expenses, including depreciation	-659	-575	-629	-592	-606
Other expenses	-19	-	-	-19	-
Profit/loss for the year	3,595	6,965	-6,319	4,042	4,733
Allocated as follows:					
Allocation to net capital	2,727	5,196	-7,742	2,339	2,394
Payable to the central government	868	1,769	1,423	1,703	2,339
	3,595	6,965	-6,319	4,042	4,733
Balance sheet (kr. million)	2015	2014	2013	2012	2011
Assets					
Foreign exchange reserve assets	440,593	460,901	477,120	504,329	495,275
Monetary policy lending	325	35,039	23,145	66,401	24,010
Other lending	3,177	2,544	2,475	3,347	4,091
Domestic bonds	32,887	33,687	33,960	34,093	33,669
Other assets	4,705	4,302	10,525	20,379	12,759
Total assets	481,687	536,473	547,225	628,549	569,804
Liabilities					
Banknotes and coins	70,166	67,338	66,491	65,805	62,407
Monetary policy deposits	145,128	155,078	227,358	286,671	173,159
Central government	158,244	214,869	163,376	163,694	225,849
Foreign exchange reserve debt	3,084	3,345	3,125	2,685	3,378
Other liabilities	34,181	27,687	23,915	38,992	36,648
Total creditors	410,803	468,317	484,265	557,847	501,441
Total net capital	70,884	68,156	62,960	70,702	68,363
Total liabilities	481,687	536,473	547,225	628,549	569,804
Financial ratios	2015	2014	2013	2012	2011
Foreign exchange reserve (kr. million)	437,509	457,556	473,995	501,644	491,897
Net position of banks and mortgage banks vis-à-vis Danmarks Nationalbank (kr. million)	144,803	120,039	204,213	220,270	149,149
Growth in banknotes and coins (per cent)	4.2	1.3	1.0	5.4	-0.2
Change in net capital (per cent)	4.0	8.3	-11.0	3.4	3.6
Average no. of staff (full-time equivalents)	468	476	528	518	505

Note: The comparative figures for 2011-2014 have been adapted to reclassifications carried out in 2015.

BOARD OF GOVERNORS' REPORT ON DANMARKS NATIONALBANK'S ACCOUNTS

The profit for the year was kr. 3,595 million, compared with a profit of kr. 6,965 million in 2014. Most of the change is due to a decline in profit from the financial portfolios.

The rate of interest on certificates of deposit reached a historical low of -0.75 per cent on 6 February 2015, resulting in interest income from certificates of deposit of kr. 1,205 million compared with kr. 33 million in 2014. Furthermore, the return on the central government's balance changed so that deposits of more than kr. 100 billion also accrue interest at the rate of interest on certificates of deposit during periods when that rate is negative. This resulted in interest income of kr. 645 million.

Negative interest rates also affected Danmarks Nationalbank's foreign portfolios. Net income from interest on net foreign assets, including dividends, shows a decline of kr. 1,292 million compared with the previous year while value adjustments of net foreign assets were positively affected by developments in the relationship between euro and kroner.

Value adjustment of Danmarks Nationalbank's gold stock resulted in a loss of kr. 217 million, compared with a gain of kr. 1,792 million in 2014.

The profit contribution from the domestic securities portfolio was kr. 69 million, compared with kr. 539 million in 2014. This is mainly attributable to falling prices of mortgage bonds.

No credit losses were registered on Danmarks Nationalbank's commitments to monetary policy counterparties and other external investments in 2015, and it is not deemed to be necessary to make provisions for such losses at year-end.

Danmarks Nationalbank's operating expenses rose by a total of kr. 84 million compared with 2014. The expenses are generally driven by a very strong focus on and investments in resources regarding IT supporting infrastructure. In 2015, the first of a series of new IT systems to support Danmarks Nationalbank's core business was implemented. In this connection, Danmarks Nationalbank chose to establish its own management organisation. This resulted in increases in IT expenses and depreciation of kr. 36 million and kr. 19 million, respectively. New sector-specific systems will be implemented in the coming years.

Danmarks Nationalbank achieved a profit of kr. 8 million in connection with the sale of the property Solmarksvej 5 in Brøndby. The property used to house the activities of the Royal Danish Mint.

Finally, expenses for the production of banknotes and coins rose by a total of kr. 30 million compared with 2014, the reason being that banknotes and coins are produced for the cash supply inventory with a view to the forthcoming outsourcing of production.

BALANCE SHEET

The balance sheet decreased by kr. 55 billion to kr. 482 billion overall in 2015, the decline in the foreign exchange reserve accounting for kr. 20 billion. In net terms, this development is in line with a number of previous years, but covers sizeable shifts within the year. At the end of February, the foreign exchange reserve reached an all-time high of kr. 737 billion. This also affected the net position, which was kr. 354 billion at the end of February.

DISTRIBUTION OF THE RESULT FOR THE YEAR

As of the financial year 2015, Danmarks Nationalbank implemented a new model for distribution of the result for the year, leading to the Value Adjustment Reserve being closed and the value transferred to the General Reserves. The profit for the year of kr. 3,595 million is distributed by kr. 2,727 million, which is transferred to the General Reserves, while kr. 868 million is transferred to the central government. In accordance with the new model for distribution of the result for the year, this amount was calculated as 30 per cent of the average profit for the year, excluding value adjustment of gold in the last five years.

STATEMENT BY THE BOARD OF GOVERNORS

The Board of Governors have today considered and approved the Annual Accounts of Danmarks Nationalbank for 2015.

The Annual Accounts have been prepared in accordance with the Danmarks Nationalbank Act.

In our opinion, the Accounts give a true and fair view of Danmarks Nationalbank's assets, liabilities and financial position at 31 December 2015, and of the result of Danmarks Nationalbank's activities for the financial year 1 January-31 December 2015.

Copenhagen, 23 February 2016

Board of Governors

Lars Rohde
Chairman

Per Callesen

Hugo Frey Jensen

INTERNAL AUDIT'S REPORT

TO THE BOARD OF DIRECTORS

Report on the Annual Accounts

Internal Audit have audited the Accounts of Danmarks Nationalbank for the financial year 1 January-31 December 2015, comprising key figures and financial ratios 2011-2015, Accounting Policies, Profit and Loss Account, Balance Sheet and Notes. The Annual Accounts have been prepared in accordance with the Danmarks Nationalbank Act.

Danmarks Nationalbank's Committee of Directors and Board of Directors' responsibility for the Accounts

The Committee of Directors and Board of Directors are responsible for the preparation and fair presentation of Accounts in accordance with the Danmarks Nationalbank Act. The Committee of Directors and Board of Directors are also responsible for internal controls considered necessary by the Committee of Directors and Board of Directors for preparing Accounts that are free of material misstatement, whether due to fraud or error.

Internal Audit's responsibility

Internal Audit's responsibility is to express an opinion on the Accounts based on our audit.

Basis of opinion

We have conducted the audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Accounts are free of material misstatement.

The audit included an assessment of the Committee of Directors' and the Board of Directors' established procedures and internal controls that are relevant to Danmarks Nationalbank's preparation and fair presentation of the Accounts, including an assessment of the risk of material misstatement. The audit also included evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Committee of Directors and Board of Directors, as well as evaluating the overall presentation of the Accounts.

The audit comprised the most significant areas and risk areas and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The audit has not resulted in any qualification.

Opinion

In our opinion, the Accounts give a true and fair view of Danmarks Nationalbank's assets, liabilities and financial position at 31 December 2015, and of the result of Danmarks Nationalbank's activities for the financial year 1 January-31 December 2015 in accordance with the Danmarks Nationalbank Act. Statement on the Board of Governors' Report on Danmarks

Nationalbank's Accounts

We have read the Board of Governors' Report on Danmarks Nationalbank's Accounts. We have compared the information in the Report with the information provided in the Accounts and also with the knowledge we have obtained and conditions we have become aware of in connection with our audit of the Accounts. In our opinion, the information provided in the Board of Governors' Report on Danmarks Nationalbank is consistent with the Accounts.

Copenhagen, 23 February 2016

Bethina Hamann
Chief Audit Executive

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS

Report on the Annual Accounts

We have audited the Accounts of Danmarks Nationalbank for the financial year 1 January-31 December 2015, comprising Accounting Policies, Profit and Loss Account, Balance Sheet and Notes. The Annual Accounts have been prepared in accordance with the Danmarks Nationalbank Act.

Danmarks Nationalbank's Committee of Directors and Board of Directors' responsibility for the Accounts

The Committee of Directors and Board of Directors are responsible for the preparation and fair presentation of Accounts in accordance with the Danmarks Nationalbank Act. The Committee of Directors and Board of Directors are also responsible for internal controls considered necessary by the Committee of Directors and Board of Directors for preparing Accounts that are free of material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the Accounts based on our audit. We have conducted the audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish auditor legislation. That requires that we comply with ethical codes and that we plan and perform the audit to obtain reasonable assurance that the Accounts are free of material misstatement.

An audit involves performing audit procedures to obtain audit evidence about amounts and disclosures in the Accounts. The audit procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the Accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to Danmarks Nationalbank's preparation and fair presentation of the Accounts. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of Danmarks Nationalbank's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Committee of Directors and Board of Directors, as well as evaluating the overall presentation of the Accounts.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the Accounts give a true and fair view of Danmarks Nationalbank's assets, liabilities and financial position at 31 December 2015, and of the result of Danmarks Nationalbank's activities for the financial year 1 January-31 December 2015 in accordance with the Danmarks Nationalbank Act.

Statement on the Board of Governors' Report on Danmarks Nationalbank's Accounts

We have read the Board of Governors' Report on Danmarks Nationalbank's Accounts. We have not performed any other procedures in addition to the audit of the Accounts. On this basis, it is our opinion that the information provided in the Board of Governors' Report on Danmarks Nationalbank is consistent with the Accounts.

Copenhagen, 23 February 2016

Mona Blønd
State-Authorised Public Accountant

Ernst & Young
Godkendt Revisionspartnerselskab
CVR number 30 70 02 28

Erik Stener Jørgensen
State-Authorised Public Accountant

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR number 33 77 12 31

SIGNATURES

These Accounts, audited in the manner prescribed by the by-laws of Danmarks Nationalbank, are hereby adopted by the Board of Directors at the meeting on 15 March 2016.

As at 1 March 2016 the Board of Directors comprises

Søren Bjerre-Nielsen, Chairman

Christian Schultz, Deputy Chairman

Anne Kristine Axelsson

Per Bank

Eva Berneke

Morten Bødskov

Kristian Thulesen Dahl

Michael Dithmer

Pia Olsen Dyhr

Jakob Ellemann-Jensen

Asger Enggaard

Peter Gæmelke

Bent Jensen

Hans Jensen

Jacob Jensen

Kjeld Johannesen

Henrik Sass Larsen

Brian Mikkelsen

Michael Møller

Kirsten Nissen

Anja Philip

Bente Sorgenfrey

Anne Hedensted Steffensen

Morten Østergaard

Gitte Pugholm Aabo

ACCOUNTING POLICIES

GENERAL

Danmarks Nationalbank's Accounts for the year 2015 are presented in accordance with the Danmarks Nationalbank Act. In all significant respects these accounting policies are in accordance with the sound policies for European central banks in the euro area. The main differences relate to unrealised gains on foreign exchange and securities, which are recognised in the profit and loss account in Danmarks Nationalbank's Accounts.

The basic accounting assumptions are economic reality. The effects of transactions and events are recognised when they occur and stated and presented in the accounts for the year which they concern. The Accounts include all material and relevant circumstances. Revaluations are shown irrespective of their impact on profits and net capital, and calculation and valuation methods are applied consistently within each category of conditions. When initially recognised, assets and liabilities are stated at cost price. Subsequently, assets and liabilities are valued as described under each accounting item.

Transactions in foreign currency are converted to Danish kroner at the exchange rate applying on the transaction date.

On the balance sheet date, all financial assets and liabilities in foreign currency are converted at the exchange rate applying on that date. Both realised and unrealised gains and losses are recognised in the profit and loss account.

A number of reclassifications in 2015 were made with a view to reflecting the net interest relative to the types of assets and liabilities stated in the balance sheet. Furthermore, the names of

a number of profit and loss account items were changed. The most important changes are described below. Apart from this, the principles for presentation and classification of the individual items in the Accounts remain unchanged from the previous year. The comparative figures and 5-year overview of reclassifications have been adjusted.

Reclassification of maturity reductions

As of the financial year 2015, Danmarks Nationalbank decided to recognise maturity reductions of the bond portfolios under "Net income from interest, etc." and no longer as part of "Value adjustments, etc." The purpose of this change is to ensure better consistency with the accounting policies for the European System of Central Banks, and it will provide a more true and fair view of the effective net interest income from the bond portfolios. The maturity reductions amounted to kr. -4.6 billion in 2015 (2014: kr. -2.8 billion).

Reclassification of dividends from Exchange Traded Funds and profits regarding sales of financial fixed assets, etc.

Dividend yield from Exchange Traded Funds was previously included under "Income from shares, etc.", under which dividends from capital investments and equivalent investments as well as equity investments in associated companies are also entered.

In order to provide a more true and fair view of Danmarks Nationalbank's profit/loss from financial portfolios, it has been decided to reclassify dividends from Exchange Traded Funds as a separate item under "Net income from interest, etc."

Dividends from Exchange Traded Funds amounted to kr. 62 million in 2015 compared with kr. 43 million in 2014. Profit regarding sales of fixed assets, etc. was previously included under the item "Value adjustments etc.". In the future this is included in the item "Income from financial fixed assets, etc."

PROFIT AND LOSS ACCOUNT

Net interest, etc.

Besides income on interest-bearing assets and liabilities, interest income and expenses comprise maturity reductions of the bond portfolios, fees, premia and discounts on T-bills and certificates of deposit, income from Exchange Traded Funds as well as premia on forward securities and forward exchange contracts.

Value adjustments, etc.

Value adjustments comprise market value adjustments and exchange rate adjustments on financial assets and liabilities and gold. Both realised and unrealised gains and losses are recognised in the profit and loss account.

Income from financial fixed assets, etc.

Income from financial fixed assets, etc. comprises dividends from shares received, gains from the sale of equity investments, etc., as well as revaluation and write-down.

Income is recognised in the year when the dividend is announced.

Other income

Other income comprises income from Danmarks Nationalbank's sale of coins and medals, as well as other income that is not related to Danmarks Nationalbank's primary activities or that is not annually recurring.

Expenses

Staff expenses comprise salaries and remuneration, including pension contributions and support, etc., training costs and other staff expenses. Other expenses comprise materials for production of banknotes and coins, etc., current expenses for Danmarks Nationalbank's properties, IT expenses and other expenses.

Other expenses

Other expenses comprise expenses that are not related to Danmarks Nationalbank's primary activities or that are not annually recurring.

BALANCE SHEET

Gold

Gold is stated at the fair value on the balance sheet date.

Financial assets and liabilities

Financial assets and liabilities traded in active markets are stated at the fair value on the balance sheet date.

Holdings of Exchange Traded Funds and stock futures, which are included in "Foreign assets", are traded on an active market, so the fair value is based on quoted prices.

For bond portfolios in less active or inactive markets, which are included in "Foreign assets" and "Domestic bonds", the fair value on the balance sheet date has been calculated by a model based on estimation and assessment techniques taking into account recent transactions in similar instruments, the discounted cash flows for the portfolios and the relevant yield curves based on the market conditions existing on the balance sheet date.

Monetary policy accounts, including certificates of deposit and other lending and deposits, are stated at nominal value.

Repurchase agreements and securities lending, etc.

Securities sold in connection with simultaneous repurchase agreements and securities made available for lending are included in Danmarks Nationalbank's respective holdings.

Financial fixed assets, etc.

Capital investments and equivalent investments and equity investments in associated companies (in which the ownership interest or voting rights are 20 per cent or more) are stated at the acquisition value, unless the fair value is lower.

Tangible and intangible fixed assets

Tangible and intangible fixed assets comprise Danmarks Nationalbank's properties, technical building facilities (lifts, electrical installations,

etc.), technical production facilities (for bank-note and coin production), office equipment and vehicles, hardware and software and fixed assets under construction.

Fixed assets are stated on the balance sheet at acquisition prices less accumulated depreciation and write-down.

Assets with an acquisition value of less than kr. 100,000 per unit are carried as expenditure in the year of acquisition.

Depreciation and amortisation on a linear per-annum basis takes place over the expected useful lives of the assets.

The useful lives are assessed as follows:

- Bank properties 100 years
- Other properties 25-50 years
- Building improvements 25 years
- Technical building facilities 10-25 years
- Technical production facilities 5-10 years
- Hardware and software 3-5 years
- Other machinery and equipment 3-5 years

Fixed assets under construction comprise expenses incurred for intangible development projects and tangible fixed assets under construction. Expenses are transferred to the relevant fixed asset groups when the assets are ready for use.

Profit/loss on the sale of fixed assets is recognised in the profit and loss account under depreciation, amortisation and write-down and is stated as the difference between the sales price and the book value at the time of sale.

Other assets

Other assets include, inter alia, interest receivable, positive net value of hedging instruments in the form of unsettled foreign exchange transactions and other financial derivatives by instrument type, and prepaid expenses.

Financial derivatives such as forward securities and forward exchange contracts, interest rate and currency swaps, etc. are stated at fair value on the balance sheet date.

Banknotes and coins

Banknotes and coins in circulation are stated at their nominal value.

Other liabilities

Other liabilities comprise, inter alia, payables, negative net value of hedging instruments in the form of unsettled foreign exchange transactions and other financial derivatives by instrument type, and uncovered pension commitments, commitments by way of support and severance payments and other provisions for guarantees provided.

Financial derivatives such as forward securities and forward exchange contracts, interest rate and currency swaps, etc. are stated at fair value on the balance sheet date.

Contingent liabilities

Other liabilities concerning guarantees provided are stated at the estimated value of the payment obligation.

Pension commitments

For defined contribution pension plans, the current premium payments to the pension companies are carried as expenditure in the profit and loss account, and the pension commitment hereafter passes to the pension companies.

For defined benefit pension plans, provisions are made in the accounts of Danmarks Nationalbank for uncovered pension undertakings compiled according to actuarial principles.

PROFIT AND LOSS ACCOUNT

(kr. 1,000)	Note	2015	2014
Net income from interest, etc.:	1		
Interest on net foreign assets		-157,762	1,153,094
Dividends from Exchange Traded Funds		61,770	42,911
Interest on monetary policy lending and deposits as well as	2	1,207,891	50,745
Interest on domestic bonds		203,468	-25,202
Interest on the central government's deposits		645,253	-
Interest on other domestic loans and deposits		-83,736	-77,843
Commission and other income		215	312
Net income from interest, etc., total		1,877,099	1,144,017
Value adjustments, etc.:			
Value adjustment of gold	3	-216,720	1,792,427
Value adjustment of foreign exchange positions	4	2,479,997	2,539,802
Value adjustment of domestic bonds		-134,745	563,767
Value adjustments, etc., total		2,128,532	4,895,996
Profit/loss from financial portfolios		4,005,631	6,040,013
Income from financial fixed assets, etc.	5	263,118	1,495,023
Other income	6	4,810	4,966
Expenses:			
Staff expenses	7	373,954	362,750
Other expenses	8	236,375	174,351
Total expenses		610,329	537,101
Depreciation, amortisation and write-down of tangible and intangible fixed assets	9	48,935	37,689
Other expenses	10	19,000	-
Profit/loss for the year		3,595,295	6,965,212
Distribution of the result for the year:			
Profit/loss for the year		3,595,295	6,965,212
Allocation to Value Adjustment Reserve		-	-3,427,854
		3,595,295	3,537,358
allocated as follows:			
Allocation to General Reserves		2,727,507	1,768,679
Payable to the central government		867,788	1,768,679
		3,595,295	3,537,358

BALANCE SHEET

(kr. 1,000)	Note	2015	2014
Assets			
Gold	11	15,490,447	15,707,167
Foreign assets	12	405,501,696	425,650,888
Claims on the IMF, etc.	13	19,601,238	19,542,605
Claims re banks' and mortgage banks' TARGET accounts at the ECB		707,075	432,592
Monetary policy lending	14	325,000	35,039,474
Other lending	15	3,177,192	2,543,582
Domestic bonds	16	32,887,130	33,687,354
Financial fixed assets, etc.	17	802,211	802,211
Tangible and intangible fixed assets	18	718,524	759,594
Other assets	19	2,447,970	2,279,889
Accruals		28,026	27,222
Total assets		481,686,509	536,472,578
Liabilities			
Banknotes	20	64,214,945	61,459,517
Coins	20	5,951,206	5,877,858
Monetary policy deposits			
Net current accounts and settlement accounts	21	51,018,229	30,306,317
Certificates of deposit		94,110,000	124,772,000
Other deposits	22	15,800,949	8,467,166
Central government	23	158,243,722	214,868,604
Foreign liabilities	24	3,084,282	3,344,791
Counterpart of Special Drawing Rights allocated by the IMF	25	14,507,188	13,575,439
Other liabilities	26	3,872,059	5,644,464
Total creditors		410,802,580	468,316,156
General Capital Fund		50,000	50,000
Statutory Reserves		250,000	250,000
Value Adjustment Reserve		-	9,099,756
General Reserves		70,583,929	58,756,666
Total net capital	27	70,883,929	68,156,422
Total liabilities		481,686,509	536,472,578
Apportionment of foreign exchange reserve assets	28		
Financial derivatives for conversion of foreign exchange exposure	29		
Other financial derivatives	30		
Contingent liabilities	31		
Loan and purchase commitments to the IMF	32		
Pension commitments	33		

NOTES

Note 1 – Net income from interest, etc.

Overall, 2015 was characterised by very low interest rates. A large proportion of the foreign exchange reserve accrues zero or negative interest, resulting in declining earnings. On the other hand, there is a negative return on the majority of Danmarks Nationalbank's deposits, which makes a positive contribution to profit from the financial portfolios. Since the foreign exchange reserve is placed at a rate of interest higher than the deposit rate, total net interest income rose from kr. 1,144 million to kr. 1,877 million in 2015.

Net income from interest and dividend concerning foreign net assets fell by kr. 1,292 million to kr. -96 million, which is mainly attributable to a negative return on money market products and to negative premia on forward exchange contracts. Negative maturity reduction of kr. 4.2 billion is included in net income from interest.

Monetary policy interest rates were changed several times in the spring of 2015, when pressure on the krone caused

the rate of interest on certificates of deposit to be reduced to a historical low of -0.75 per cent.

Average net deposits from the monetary policy counterparties amounted to kr. 263 billion in 2015. Due to the composition of net deposits as well as interest rate developments, Danmarks Nationalbank posted net interest income of kr. 1,208 million on these deposits. Average net deposits from these institutions amounted to kr. 141 billion in 2014, and Danmarks Nationalbank had net interest income of kr. 51 million on these deposits.

The interest rate on the balance of the central government's account was changed as of 9 February 2015. This resulted in interest income of kr. 645 million. The average deposit was kr. 201 billion in 2015 relative to kr. 197 billion in 2014.

Interest on domestic bonds increased by kr. 229 million to kr. 203 million. Interest income was reduced by kr. 0.4 billion relating to maturity reductions.

Note 2 – Interest on monetary policy lending and deposits as well as certificates of deposit

(kr. 1,000)	2015	2014
Interest on monetary policy lending	2,881	17,430
Interest on certificates of deposit	1,205,010	33,315
	1,207,891	50,745

Note 3 – Value adjustment of gold

Value adjustment of gold stock entailed a loss of kr. 217 million, reflecting a minor drop totalling 1.4 per cent in the price of gold measured in Danish kroner.

NOTES

Note 4 – Value adjustment of foreign exchange positions

(kr. 1,000)	2015	2014
Market value adjustment	834,176	3,485,786
Exchange rate adjustment	1,645,821	-945,984
	2,479,997	2,539,802

Note 5 – Income from financial fixed assets, etc.

(kr. 1,000)	2015	2014
Danish Ship Finance A/S	230,517	70,088
Bank for International Settlements (BIS)	18,069	15,531
VP Securities A/S	14,532	14,532
Nets Holding A/S	-	48,098
	263,118	148,249
Profit on sales of financial fixed assets, etc.	-	1,346,774
	263,118	1,495,023

Note 6 – Other income

(kr. 1,000)	2015	2014
Sale of coins and medals	4,620	4,701
Other income	190	265
	4,810	4,966

NOTES

Note 7 – Staff expenses

(kr. 1,000)	2015	2014
Salaries and remuneration	301,003	294,638
Pension contributions and support	55,807	55,566
Training	6,946	7,295
Other staff expenses	14,515	14,293
	378,271	371,792
Of which used for intangible development projects capitalised under fixed assets	-4,317	-9,042
	373,954	362,750
Of which remuneration of the management:		
Governors, salaries	9,587	9,383
Governors, pension contributions	1,754	1,721
Committee of Directors and Board of Directors	898	904
	12,239	12,008
Salaries to the Governors are as follows:		
Lars Rohde, Chairman	3,403	3,323
Per Callesen	3,092	3,030
Hugo Frey Jensen	3,092	3,030
	9,587	9,383
Remuneration of the Committee of Directors and Board of Directors is as follows:		
Chairman of the Committee of Directors and the Board of Directors	114	112
Deputy Chairman of the Committee of Directors	86	84
Deputy Chairman of the Board of Directors	34	34
Other members of the Committee of Directors, total (kr. 57,000/member/year)	281	281
Other members of the Board of Directors, total (kr. 23,000/member/year)	383	393
	898	904

No bonus schemes exist at Danmarks Nationalbank.

In 2015, the average number of employees was 468 on a full-time basis (2014:

Note 8 – Other expenses

(kr. 1,000)	2015	2014
Materials for banknote production	34,568	11,350
Materials for coin production	13,530	7,096
Real property, current expenses	50,743	51,111
IT expenses	100,850	64,958
Other expenses	36,684	39,836
	236,375	174,351

NOTES

Note 9 – Depreciation, amortisation and write-down of tangible and intangible fixed assets

(kr. 1,000)	2015	2014
Properties	15,895	18,094
Machinery and other operating equipment	13,694	8,199
Hardware and software	27,013	11,396
Profit/loss on sale of fixed assets	-7,667	-
	48,935	37,689

Note 10 – Other expenses

The expense relates to a disbursement in connection with the issue of a commemorative coin to mark the 75th birthday of Her Majesty Queen Margrethe II. The amount of

kr. 19 million was distributed equally between the Danish Business Authority and *Queen Margrethe and Prince Henrik's Foundation* and is used for non-profit purposes.

Note 11 – Gold

The value of the gold stock was kr. 15.5 billion at year-end compared with kr. 15.7 billion at the end of 2014. The reason for the drop is that the price of gold, measured in

kroner, fell by 1.4 per cent in 2015. The gold stock was unchanged at 66,550 kg.

Note 12 – Foreign assets

(kr. 1,000)	2015	2014
Foreign bonds	283,409,814	278,381,170
Exchange Traded Funds in corporate bonds	5,320,082	5,049,054
Claims on central banks and supranational institutions	31,484,288	9,422,517
Claims on foreign commercial banks	489,705	5,741,759
Claims re two-way collateral in cash	596,328	2,652,452
Margin claims re stock futures	1,179,557	728,263
Repo transactions against collateral in foreign bonds	83,020,312	123,673,990
Other foreign assets	1,610	1,683
	405,501,696	425,650,888

Foreign bonds comprise primarily government and government-guaranteed bonds in the euro area and the USA. In addition, there are portfolios with supranational institutions and a number of small portfolios.

Claims on central banks, supranational institutions and foreign commercial banks include demand deposits and uncollateralised deposits.

Claims re two-way collateral in cash relate to collateral pledged in EUR concerning Danmarks Nationalbank's swap lines.

Claims re stock futures include partly margin deposits, partly margin outstandings in the underlying assets. The total exposure to stock futures is kr. 15.6 billion, as appears from Note 30.

Collateralised lending in the form of repo reverse transactions is collateralised against foreign government and government-guaranteed bonds.

Note 13 – Claims on the IMF, etc.

(kr. 1,000)	2015	2014
IMF quota	17,916,665	16,765,937
The IMF's drawing right	15,381,676	13,585,202
Reserve position with the IMF	2,534,989	3,180,735
Holdings of Special Drawing Rights (SDRs) at the IMF	13,746,564	12,613,680
	16,281,553	15,794,415
Loans to the PRG Trust	360,752	343,728
Bilateral loans under the 2009 loan agreement	1,717,400	2,293,765
Loans under New Arrangements to Borrow (NAB)	1,241,533	1,110,697
	19,601,238	19,542,605

Each IMF member country is assigned a *quota* based on its relative position in the world economy. The member countries' quota shares determine their voting power, access to loans from the IMF and contribution to the funding of the IMF. Denmark's quota constitutes SDR 1,891 million and was most recently realigned in 2011 as a result of the IMF's 2008 quota reform. Danmarks Nationalbank has paid up 25 per cent of the Danish IMF quota in foreign exchange, while the remaining 75 per cent has been paid into the IMF's account at Danmarks Nationalbank in Danish kroner. This account is used for the IMF's transactions in Danish kroner, and the balance of the account constitutes the *IMF's drawing right* at Danmarks Nationalbank. The difference between Denmark's membership contribution and the IMF's holding of Danish kroner is called the *reserve position with the IMF*.

Holdings of Special Drawing Rights with the IMF: As part of the SDR cooperation, Danmarks Nationalbank may be asked to purchase SDRs to increase its holdings to up to three times the accumulated allocation of SDR 1,531 million, corresponding to SDR 4,594 million. The current holdings are SDR 1,451 million, so that the maximum further purchase is SDR 3,143 million, equivalent to kr. 29,775 million. An amount corresponding to the IMF's accumulated allocations to Denmark can be found in Note 25 "Counterpart of Special Drawing Rights allocated by the IMF".

Loans to the PRG Trust amount to SDR 38 million. These loans are guaranteed by the Danish government. Redemptions totalled SDR 1 million in 2015. The IMF may exercise drawing rights of up to SDR 200 million, equivalent to kr. 1,895 million, under the PRG Trust loan agreement. The maximum maturity for drawings under this agreement is 10 years.

Bilateral loans under the 2009 loan agreement: Danmarks Nationalbank's bilateral loan agreement from 2009 expired on 31 October 2013. Redemptions in 2015 totalled SDR 128 million. Bilateral loans thus amount to SDR 131 million in total. The maximum maturity for drawings under this agreement is 5 years.

Loans under the NAB agreement amount to SDR 181 million. The amount drawn under this agreement totalled SDR 56 million in 2015. The maximum maturity for drawings under this agreement is 10 years.

The total amounts drawn under the NAB agreement and the 2009 bilateral loan agreement cannot exceed the credit commitment under the NAB agreement of SDR 3,208 million, equivalent to kr. 30,386 million. Since an amount of SDR 131 million has been drawn on the 2009 bilateral loan agreement and SDR 181 million on the NAB agreement, further drawings cannot exceed SDR 2,896 million, equivalent to kr. 27,427 million.

Bilateral loans under the 2012 loan agreement: In 2012, the IMF concluded a bilateral loan agreement with Danmarks Nationalbank. The IMF may borrow up to the equivalent of 5,300 million euro (kr. 39,551 million) under this agreement. The maximum maturity for drawings under this agreement is 10 years. No drawing rights have been exercised under the agreement, and this will not be relevant until the IMF's lending capacity falls below a level determined by the IMF's Executive Board.

Accounts with the IMF are stated in SDR. At 31 December 2015, the exchange rate for SDR was 947.27 (end-2014: 886.43). The SDR exchange rate is calculated on the basis of a basket of currencies, the value of which is determined as a weighted sum of the exchange rates of four currencies: 0.66 US dollar, 0.423 euro, 12.1 Japanese yen and 0.111 pound sterling.

The IMF's 2010 quota reform (the 14th general quota review) will be implemented at the beginning of 2016. This means that Denmark's quota will increase by SDR 1,548 million to SDR 3,439 million. At the same time, Danmarks Nationalbank's credit commitments under NAB will be reduced by SDR 1,578 million.

Reference is made to Note 32 for an overview of loan and purchase commitments to the IMF.

NOTES

Note 14 – Monetary policy lending

(kr. 1,000)	2015	2014
Weekly lending	325,000	33,300,000
3-year lending	-	1,739,474
	325,000	35,039,474

The maturity date for weekly lending is 8 January 2016. The final maturity date for 3-year loans was in September 2015.

Note 15 – Other lending

(kr. 1,000)	2015	2014
Banks and mortgage banks, lending to banknote holdings	3,131,990	2,282,036
Banks, two-way collateral in cash	9,626	221,522
Other loans	35,576	40,024
	3,177,192	2,543,582

Note 16 – Domestic bonds

(kr. 1,000)	2015	2014
Mortgage bonds, etc.	31,531,093	32,271,105
Ship Finance bonds	1,356,037	1,416,249
	32,887,130	33,687,354

NOTES

Note 17 – Financial fixed assets, etc.

(kr. 1,000)	2015	2014
Capital investments and equivalent investments	472,149	472,149
Equity investments in associated companies	330,062	330,062
	802,211	802,211

At 31 December 2015, Danmarks Nationalbank's portfolio of financial fixed assets, etc. had an estimated market value of not less than kr. 3.4 billion. Capital investments and equivalent investments comprise the capital subscription to the ECB and shares in the Bank for International Settlements (BIS), SWIFT, DLR Kredit and MCH Messecenter Herning.

The following special conditions apply to capital investments and equivalent investments: The capital subscription to the ECB amounts to 6 million euro, equivalent to kr. 45 million. As a non-euro area member of the European System of Central Banks (ESCB), Danmarks Nationalbank has paid up 3.75 per cent of its share of 161

million euro (1.4873 per cent) of the ECB's total capital of 10,825 million euro. The purpose of the capital subscription is to contribute to the operation of the ECB. As a non-euro area member of the ESCB, Danmarks Nationalbank neither participates in the distribution of profits nor the allocation of losses in the ECB.

The BIS shares have been paid up at 25 per cent of their nominal value. Danmarks Nationalbank has an obligation to pay up the remaining 75 per cent of the nominal value of its BIS shareholding if asked to do so by the BIS. This payment obligation amounts to SDR 32 million, equivalent to kr. 304 million.

Equity investments in associated companies comprise:

	Equity investment/ voting rights	Share of equity	Share of result
VP Securities A/S	24.2 / 24.2 per cent	kr. 52.3 million	kr. 29.5 million
Danish Ship Finance A/S	18.9 / 20.8 per cent	kr. 403.8 million	kr. 73.1 million
Bankernes Kontantservice A/S	25.0 / 25.0 per cent	kr. 58.3 million	kr. 9.6 million

Note 18 – Tangible and intangible fixed assets

(kr. 1,000)	2015	2014
Properties	566,509	593,744
Machinery and other operating equipment	14,675	26,185
Hardware and software	129,386	34,621
Fixed assets under construction	7,954	105,044
	718,524	759,594

At the most recent official assessment, Danmarks Nationalbank's properties were valued at kr. 1,515 million.

NOTES

Note 19 – Other assets

(kr. 1,000)	2015	2014
Market value of unsettled domestic securities transactions	4,076	-
Accrual of interest	2,309,298	2,171,436
Materials used for production of banknotes and coins	31,549	55,556
Prepaid expenses and other receivables	99,205	50,095
Other minor items	3,842	2,802
	2,447,970	2,279,889

Note 20 – Banknotes and coins

Banknotes increased by kr. 2.8 billion to kr. 64.2 billion, while coins are more or less unchanged relative to 2014. Banknotes include kr. 406 million in Faroese banknotes.

Note 21 – Net current accounts and settlement accounts

(kr. 1,000)	2015	2014
Deposits in current and settlement accounts	183,573,117	266,212,352
Drawing on current accounts	132,554,888	235,906,035
	51,018,229	30,306,317

At 31 December 2015, Danmarks Nationalbank acts on a fully secured basis as guarantor to VP Securities A/S for kr. 23.6 billion (2014: kr. 57.2 billion) and to the Danish Bankers Association (Sumclearing) for kr. 153.1 billion

(2014: kr. 205.0 billion) in connection with the banks' and mortgage banks' payment settlements with 4 January 2016 as the value date.

Note 22 – Other deposits

(kr. 1,000)	2015	2014
Banks and mortgage banks	712,256	432,998
Other deposits	15,088,693	8,034,168
	15,800,949	8,467,166

Banks and mortgage banks includes deposits in current accounts in euro totalling kr. 707 million.

NOTES

Note 23 – Central government

The central government's deposits amounted to kr. 157,376 million at 31 December 2015. This accounting item includes the central government's share of the profit/loss for the year of kr. 868 million.

Note 24 – Foreign liabilities

These liabilities comprise deposits in kroner at Danmarks Nationalbank by supranational institutions and other

central banks. The European Commission's deposit amounts to kr. 2,542 million.

Note 25 – Counterpart of Special Drawing Rights allocated by the IMF

This liability comprises the IMF's original allocation of Special Drawing Rights to Denmark. Total allocations were SDR 1,531 million at 31 December 2015. There were no

changes in the allocation of SDRs in 2015. The current holdings of SDRs are specified in Note 13 "Claims on the IMF, etc."

Note 26 – Other liabilities

(kr. 1,000)	2015	2014
Market value of unsettled foreign exchange transactions	881,901	3,888,666
Market value of other financial derivatives denominated in foreign currency	2,494,333	1,468,403
Market value of unsettled domestic securities transactions	-	580
Accrual of interest	314,765	118,765
Payables	43,537	38,179
Wage-related payables	88,205	81,756
Other liabilities	49,318	48,115
	3,872,059	5,644,464

NOTES

Note 27 – Net capital

(kr. 1,000)	General Capital Fund and Statutory Reserves	Value Adjustment Reserve	General Reserves	Total
Net capital at 1 January 2015	300,000	9,099,756	58,756,666	68,156,422
Closure of the Value Adjustment Reserve	-	-9,099,756	9,099,756	-
Carried forward from the profit/loss for the year	-	-	2,727,507	2,727,507
Net capital at 31 December 2015	300,000	-	70,583,929	70,883,929

At the end of 2014, the Board of Directors of Danmarks Nationalbank adopted a new model for distribution of the result for the year. The change took effect from the financial year 2015 and led to the Value Adjustment

Reserve being closed. In future, Danmarks Nationalbank's share of the profit/loss for the year will be transferred to the General Reserves.

Note 28 – Apportionment of foreign exchange reserve assets

2015 (kr. million)	Total	EUR	USD	GBP	Other
Foreign exchange reserve assets					
Gold	15,490	-	-	-	15,490
Claims on the IMF	19,601	-	-	-	19,601
Foreign assets	405,502	244,089	141,782	16,666	2,965
- Of which AAA	101,878	90,211	1,071	7,796	2,800
- Of which AA+ to AA-	161,049	63,012	89,039	8,870	128
- Of which A+ to A-	75,550	74,467	1,079	-	4
- Of which BBB+ to BBB-	11,660	11,078	582	-	0
- Of which BB+ to BB-	543	-	543	-	-
- Of which non-rated assets	54,822	5,321	49,468	0	33
	440,593	244,089	141,782	16,666	38,056

2014 (kr. million)	Total	EUR	USD	GBP	Other
Foreign exchange reserve assets					
Gold	15,707	-	-	-	15,707
Claims on the IMF	19,543	-	-	-	19,543
Foreign assets	425,651	279,782	130,587	9,874	5,408
- Of which AAA	53,820	41,274	1,452	5,970	5,124
- Of which AA+ to AA-	196,003	117,976	73,875	3,904	248
- Of which A+ to A-	113,128	99,968	13,158	-	2
- Of which BBB+ to BBB-	13,506	11,792	1,714	-	0
- Of which BB+ to BB-	-	-	-	-	-
- Of which non-rated assets	49,194	8,772	40,388	-	34
	460,901	279,782	130,587	9,874	40,658

Exposure is placed according to the lowest credit rating given by Fitch, Moody's and S&P, respectively. Non-

rated assets comprise securities issued by and deposits at the BIS and holdings of Exchange Traded Funds.

NOTES

Note 29 – Financial derivatives for conversion of foreign exchange exposure

2015 (kr. million)	Total	EUR	USD	GBP	Other
Net positions at market value					
Forward exchange contracts:					
Purchase	150,496	147,317	-	-	3,179
Sale	-151,378	-	-130,636	-17,400	-3,342
Unsettled spot currency trades:					
Purchase	2,090	2,090	-	-	0
Sale	-2,090	-2,090	-	-	0
Currency and interest rate swaps:					
Purchase	11,200	11,200	-	-	-
Sale	-13,694	-	-13,694	-	-
	-3,376	158,517	-144,330	-17,400	-163
2014 (kr. million)	Total	EUR	USD	GBP	Other
Net positions at market value					
Forward exchange contracts:					
Purchase	128,280	123,947	803	-	3,530
Sale	-132,169	-856	-114,708	-10,643	-5,962
Unsettled spot currency trades:					
Purchase	84	84	-	-	-
Sale	-84	-	-84	-	-
Currency and interest rate swaps:					
Purchase	18,432	18,432	-	-	-
Sale	-19,900	-	-19,900	-	-
	-5,357	141,607	-133,889	-10,643	-2,432

Note 30 – Other financial derivatives

2015 (kr. million)	Total	DKK	EUR	USD
Principals at market value				
Forward contracts, securities:				
Purchase	3,487	3,487	-	-
Sale	-	-	-	-
Futures, shares:				
Purchase	15,573	-	7,864	7,709
Sale	-	-	-	-
2014 (kr. million)	Total	DKK	EUR	USD
Principals at market value				
Forward contracts, securities:				
Purchase	3,238	3,238	-	-
Sale	-	-	-	-
Futures, shares:				
Purchase	13,202	-	6,461	6,741
Sale	-	-	-	-

NOTES

Note 31 – Contingent liabilities

(kr. 1,000)	2015	2014
VP Securities A/S, share of Guarantee Capital	36,646	45,402
VP Securities A/S, guarantee for errors by other account-holding institutions	16,685	20,621
Other guarantees	500	500
	53,831	66,523

In addition, Danmarks Nationalbank has established an intervention agreement

Note 32 – Loan and purchase commitments to the IMF

(kr. million)	2015	2014
The IMF's drawing right	15,382	13,585
Danmarks Nationalbank's obligation to purchase SDRs	29,775	28,113
Undrawn amount of loan facility for the PRG Trust	1,534	1,429
Undrawn amount of loan facilities for the IMF in connection with the NAB	27,427	25,030
Undrawn amount of loan facilities for the IMF in connection with bilateral loans (2012 agreement)	39,551	39,451
	113,669	107,608

These commitments constitute Danmarks Nationalbank's maximum further loan and purchase commitments to the IMF. The current credit exposure is stated in Note 13, which

also provides details on the loan and purchase commitments.

Note 33 – Pension commitments

Present and former employees of Danmarks Nationalbank have either a defined contribution or a defined benefit pension plan.

For defined contribution pension plans, Danmarks Nationalbank carries the ongoing premium payments to the pension companies as expenditure. Once the pension contributions for these plans have been paid to the pension companies, Danmarks Nationalbank has no further pension commitments to these employees.

With regard to defined benefit pension plans, Danmarks Nationalbank is obliged to ensure the policyholder a defined pension benefit. For these plans, Danmarks Nationalbank bears the risk concerning the future development in interest rates, wages, inflation, mortality,

etc. Danmarks Nationalbank is thus obliged to make the contributions necessary to ensure the fulfilment of the pension undertakings.

Pension commitments for the defined benefit pension plans are calculated as the capital value of the future benefits payable under the plan. The pension undertakings are based primarily on the salary on retirement. The capital value is calculated on the basis of assumptions concerning the future development in e.g. wage levels, interest rates, inflation and mortality.

In principle, the defined benefit pension plans are covered in Danmarks Nationalbank's Pension Fund subject to winding-up.

Key figures for the accounts of the Pension Fund:

Kr. million	2015	2014
Pension commitments and other liabilities	3,311	3,446
Fair value of the assets of the Pension Fund	4,528	4,498
Net capital of the Pension Fund	1,216	1,053
Solvency requirement of the Pension Fund	132	136

Other defined benefit pension plans are covered in a pension company. Provision is made in the Accounts for a plan concerning a former governor.

Pension commitments for defined benefit pension plans and declarations of support covered in a pension company amounted to kr. 36.5 million at 31 December 2015, while the provision on Danmarks Nationalbank's balance sheet amounted to kr. 26.6 million.