

EuroCCP

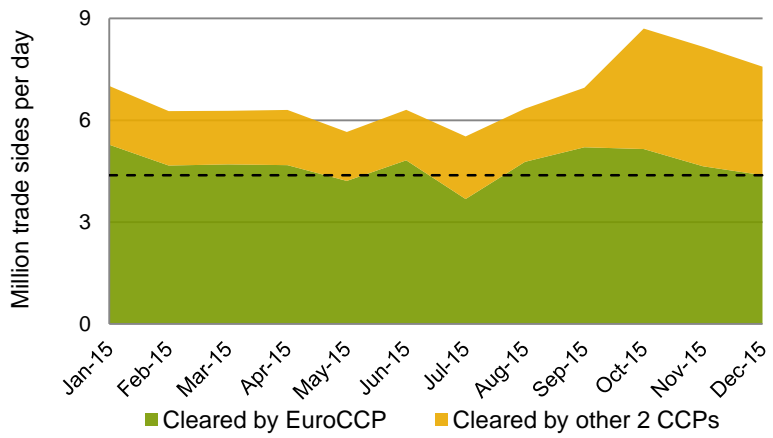
Make a difference

European Central Counterparty N.V. Annual Report 2015

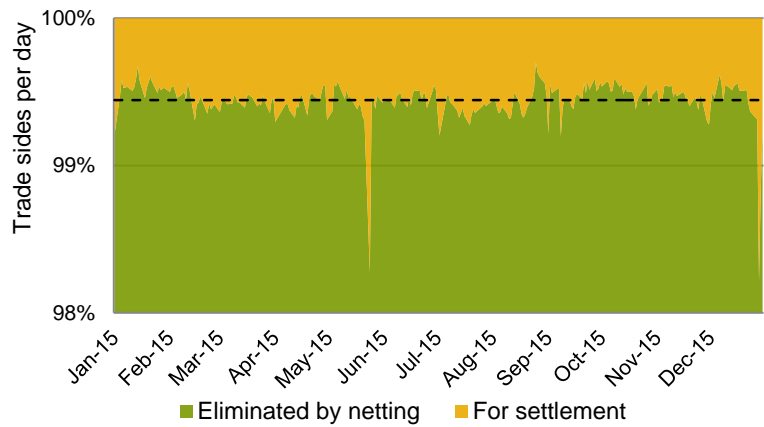


Mission: Be the leading equities CCP in Europe, minimize post-trade costs, maximize netting, increase capital efficiency, and continuously improve risk management.

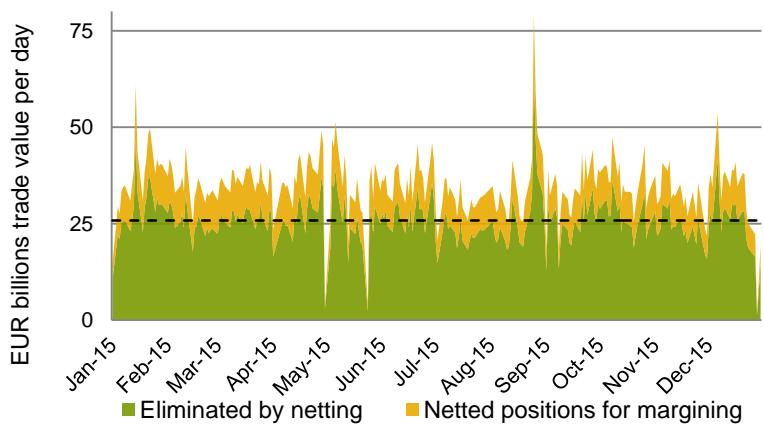
EuroCCP clears 58% of trades on platforms to which it has access, including London Stock Exchange which EuroCCP started clearing in October.



EuroCCP eliminates, through netting, over 99.4% of trades for settlement ...



... and over 74% of trading firms' market risk exposure



Letter from the CEO

2015 saw strong growth in European equities trading. On average 14.4 million trade sides per day were executed on trading platforms, 20% above the 2014 daily average of 12.1 million. Our financial performance improved as a result: our operating margin was 28%, and profit before tax was EUR 6.3 million, representing an increase of 26% over the prior year.

The most significant business development milestone was our entry into clearing for London Stock Exchange (LSE) trades in October. This increased the number of fee-bearing trades EuroCCP was able to access by 12%. EuroCCP clients who choose to consolidate their UK equities clearing with EuroCCP can cut settlement costs by half, and reduce the need to provide collateral, through cross-platform netting of UK shares traded on both LSE and other platforms. By year-end, ten trading firms had already consolidated UK equities clearing with EuroCCP, and there are more firms in the pipeline for this migration during 2016.

Similar, significant contributions to connecting market infrastructures and enabling trading firms to consolidate clearing were made by both Nasdaq and SIX Swiss Exchange. Both exchanges announced that they would increase the number of CCPs with access to their trade feeds, so that trading firms could choose which CCP would clear trades executed on their platforms. By year-end, 70% of all equities trades cleared by CCPs in Europe was either already open to competitive clearing by EuroCCP and the two other interoperating CCPs, or had announced go-live dates in 2016. Our goal of opening up access to all the platforms currently cleared by at least one interoperating CCP to include all three interoperating CCPs is very close to being realised.

EuroCCP will continue to advocate extended access to trade feeds and interoperability in the context of the 27% of CCP-cleared trades that are not yet open to competition. This will materially reduce the all-in cost of cross-border trading, and thus improve conditions for investors.

There was also good progress in improving operational efficiency and reducing operational risk. The first migration wave of Target2 Securities (T2S) in mid 2015 allowed the first implementation of EuroCCP's distinctive strategy, to become a T2S Directly Connected Party (DCP) in as many markets as possible. EuroCCP is now able to increase settlement efficiency through various features in T2S available only to DCPs. This is already benefiting EuroCCP's clients by reducing the costs and operational risks entailed by each failed settlement.

EuroCCP will implement further initiatives in 2016 to increase service levels to clients, to assist clients in cost reduction and efficiency improvements in capital usage, and to engage in market practice harmonisation and regulatory initiatives aimed at improving safety in CCP clearing.

Our clients continue to be 100% satisfied with our service (based on the 60% of clients who responded to our recent survey). We are grateful for our clients' continued support.



Diana Chan
Chief Executive Officer

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About us

European Central Counterparty N.V. (EuroCCP) provides post-trade services to stock exchanges, multilateral trading facilities (MTFs), other equities trading platforms and for OTC equities trades.

EuroCCP centrally manages counterparty risk after a trade has been executed. EuroCCP will deliver securities or make payment to clients at the price agreed at trade execution, even if the original counterparty to the trade has defaulted on its obligations. In the last quarter of 2015, EuroCCP provided central counterparty protection amounting to an average of EUR 33.5 billion of value traded on a daily basis.

EuroCCP also reduces settlement costs and operational complexity for clients. Regardless of how many trades in the same security a client has executed on a given day, EuroCCP nets all the trades into a single settlement obligation. In 2015, over 99.4% of trades were netted into single settlement obligations.

Headquartered in Amsterdam, EuroCCP was formed in December 2013 following the combination of European Multilateral Clearing Facility N.V. (EMCF) and European Central Counterparty Limited (ECCP Limited), both incorporated in 2007. The company's shareholders are ABN AMRO Clearing Bank, Bats Europe, Nasdaq and The Depository Trust & Clearing Corporation (DTCC), each with a 25% shareholding¹.

EuroCCP provides central counterparty (CCP) services for 16 trading platforms in Europe. The securities traded on these platforms and cleared by EuroCCP include equities, depositary receipts and ETFs from 19 national markets including the United States.

The large number of markets serviced by EuroCCP brings operational efficiency and reduces post-trade costs to clients through cross-platform netting of trades executed on multiple platforms.

EuroCCP services 153 firms that trade on platforms it clears for and has 47 active Clearing Participants with headquarters in 14 jurisdictions in Europe, North America and Asia.

CCPs are highly regulated financial market infrastructures. EuroCCP's home regulators are De Nederlandsche Bank (DNB, the Dutch central bank) and Autoriteit Financiële Markten (AFM, the Netherlands Authority for the Financial Markets).

The European Market Infrastructure Regulation (EMIR) requires all CCPs operating in the European Union to meet common risk management, governance and capital adequacy standards and replaces the local regulatory regimes which previously applied in the EU Member States. EuroCCP received regulatory authorisation under EMIR from DNB in April 2014.

¹ The legal entities holding the shares are ABN AMRO Clearing Investments B.V., Bats Trading Limited, Nasdaq AB and DTCC Global Holdings B.V.

EuroCCP at a glance

16 platforms and trade sources cleared

Altnet	Nasdaq Helsinki
Aquis Exchange	Nasdaq Stockholm
Bats Europe	Sigma-X
Equiduct	SmartPool
First North	TOM
GetMatched	Traiana
London Stock Exchange	Turquoise
Nasdaq Copenhagen	UBS MTF

2 platforms pending go-live as of end-2015

Euronext London ETF	SIX Swiss Exchange
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19 markets covered

Austria	Netherlands
Belgium	Norway
Czech Republic	Poland
Denmark	Portugal
Finland	Spain
France	Sweden
Germany	Switzerland
Hungary	United Kingdom
Ireland	United States
Italy	

4 cash accounts with central banks

De Nederlandsche Bank	Euro
Danmarks Nationalbank	Danish krone
Sveriges Riksbank	Swedish krona
Swiss National Bank	Swiss franc

10 accounts with Central Securities Depositories

Austria	OeKB
Belgium	Euroclear Bank
Denmark	VP
Finland	Euroclear Finland
Ireland	Euroclear UK & Ireland
Italy	Monte Titoli
Norway	VPS
Switzerland	SIX SIS
Sweden	Euroclear Sweden
United Kingdom	Euroclear UK & Ireland

Governance and organisation

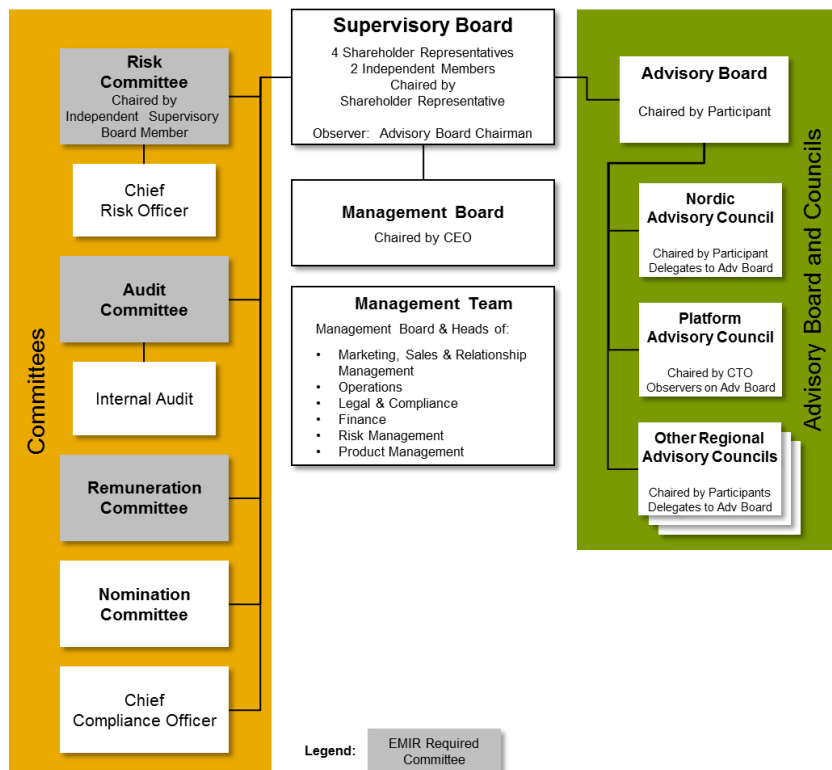
After the completion of the combination of EMCF and ECCP Limited in December 2013, the company is owned by four institutions each with a 25% shareholding and equal voting rights. The three original shareholders from the constituting entities ABN AMRO Clearing Bank, Nasdaq and DTCC own the company together with Bats Europe.

Governance structure

The governance of EuroCCP reflects the requirements of EMIR and the two-tier board structure.

The governance structure is, in addition, designed to enable clients – both Clearing Participants who pay for services and platforms which give EuroCCP access to their trade feeds – to advise management of their service requirements.

EuroCCP governance structure overview



Supervisory Board

The EuroCCP Supervisory Board consists of six members: two independent members and four members nominated by the shareholders. Each shareholder may nominate one Supervisory Board member. The shareholders appoint all members of the Supervisory Board.

During all of 2015 the Supervisory Board had the following members:

- Jan Bart de Boer (1967), Chairman, Chief Commercial Officer of ABN AMRO Clearing Bank.
- Andrew Gray (1965), Managing Director, Group Chief Risk Officer of DTCC and member of the DTCC Management Committee.
- Mark Hemsley (1962), Chief Executive Officer of Bats Europe.

- Lauri Rosendahl (1960), Senior Vice President of Global Trading & Market Services for Nasdaq. He is responsible for equity and equity derivatives trading and products at Nasdaq in Europe.
- Peter Bezemer (1950), former member of the Executive Committee of Euronext; currently a financial services consultant.
- Dr. Iain Saville CBE (1948), founder and former CEO of CRESTCo Ltd; currently Chairman of Block Asset Technologies.

The Supervisory Board has three committees: Audit Committee, Remuneration Committee and Nomination Committee.

Management Board

The Management Board consists of:

- Diana Chan (1954), Chief Executive Officer, was the CEO of ECCP Limited from 2007 and was appointed CEO when the two companies combined. Prior to that, she was with Citi and JP Morgan in regional and global management positions for post-trade services in Europe, Asia and North America.
- Albert-Jan Huizing (1961), Chief Technology Officer, joined the company (then EMCF) during the project phase in 2006. Prior to that, he was with Euronext in management positions for business development and information technology, with a focus on derivatives trading.

Risk Committee

The Risk Committee has four representatives from Clearing Participants, three clients of Clearing Participants, and the two independent members of the Supervisory Board, in compliance with EMIR requirements. Iain Saville chairs the Risk Committee. The Chief Executive Officer, Chief Risk Officer and Chief Compliance Officer attend the committee meetings. The committee held four meetings during 2015 and discussed the following subjects:

- Terms of reference of the committee
- Risk tolerance statements
- Liquidity plan
- Investment policy
- Recovery and resolution
- Review outsourcing of functions
- Changes to the risk framework
- Model validation
- Review stress test scenarios
- Criteria for accepting clearing members
- Review of default handling procedure

At each meeting, reports concerning the performance of the risk framework were reviewed by the committee.

The most material risks faced by EuroCCP are described in the Risk Management section on page 28.

Advisory boards and councils

The Advisory Board was chaired in 2015 by Jeffrey King, Managing Director, Custody Product Development, Markets & Securities Services at Citibank and co-chairman of the Clearing & Settlement Committee of the Association for Financial Markets in Europe (AFME). The Advisory Board has representatives from eleven Clearing Participants and observers from

the three largest trading platforms cleared by EuroCCP. The Advisory Board met three times in 2015. The chairman of the Advisory Board has a standing invitation to be an observer at EuroCCP Supervisory Board meetings on matters relevant to the mandate of the Advisory Board.

Torbjörn Ericsson, Chief Operating Officer, Large Corporates & Institutions at Swedbank chaired the Nordic Advisory Council until May 2015. Björn Svensson, EuroCCP's head of Nordic markets, assumed the role of chairman on a temporary basis for the remainder of the year 2015. The Nordic Advisory Council has representatives from seven Clearing Participants with headquarters in the Nordics and a representative from the Nordic Securities Association. The council met three times in 2015. Two members of the council are also members of the Advisory Board.

In the future, additional regional advisory councils will be set up as required when the business scope of EuroCCP expands.

Albert-Jan Huizing, Chief Technology Officer at EuroCCP, chaired the Platform Advisory Council during 2015. The Platform Advisory Council comprises of representatives from each platform cleared by EuroCCP and serves as a forum for them to discuss post-trade matters of common interest. The council met twice in 2015.

Organisation

At year-end 2015 EuroCCP had 44 employees on its payroll.

The EuroCCP London office has nine employees in client-facing functions. The head of the Nordic region continues to be based in Stockholm. The Operations team is concentrated in Amsterdam, while the Client Services team operates from London.

The critical functions from a regulatory perspective are based in the company headquarters in Amsterdam.

No material changes to current staffing levels are expected.

Report from the Management Board

Service development

The addition of London Stock Exchange brought a further 1.6 million average daily trade sides accessible to EuroCCP for clearing in October. The implementation went smoothly and one of our clients successfully migrated all its UK equities trades to EuroCCP for clearing as early as November. By January 2016, EuroCCP was clearing 4% of trades executed on London Stock Exchange.

In June, both Nasdaq and SIX Swiss Exchange announced they would implement full interoperability by giving trade feed access to all three interoperating CCPs. Preparation for the technical implementation of the SIX Swiss Exchange trade feed by EuroCCP has been completed and activation is expected later in 2016 once all regulatory approvals have been received.

EuroCCP participated in the go-live of TARGET2-Securities (T2S), the most significant pan-European infrastructure project to be introduced this decade. EuroCCP is the only equities CCP to be a Directly Connected Party (DCP) to T2S, and does so via the Italian central securities depository (CSD) Monte Titoli. EuroCCP thus benefits from efficiency-enhancing features only available to a CCP that is a DCP. Settlement efficiency for Italian equities significantly improved as a result, with near-zero overnight unsettled positions post-implementation.

In preparation for further extension of pan-European market access, EuroCCP became a direct member of VPS, the CSD of Norway. EuroCCP's account at Norges Bank, the central bank of Norway, is expected to be activated during the first half of 2016.

Additional and improved services introduced during the year included the start of clearing for Polish equities in October, and the extension to 19:30 CET of our trade capture deadline to facilitate the clearing of OTC equities trades.

Significant effort was invested in implementing changes required by the market reform in Spain, whereby a non-Spanish CCP that clears Spanish equity trades for firms with non-proprietary business is required to report the beneficial owner, as indicated by the relevant trading firm, to the Spanish market regulator CNMV.

Technology

EuroCCP's technology enables straight-through processing of equity transactions. Trade capture, multilateral netting, settlement and risk management applications form the core of EuroCCP's IT infrastructure.

Our intraday processing capacity was increased early in the year to 25 million trade sides. When a new daily peak of 14.4 million trade sides was processed on 24th August, end-of-day reporting for clients was sent on time. This record volume was a 26% increase over the previous record of 11.5 million trade sides processed on 16th October 2014.

A cyber-security self-assessment was performed during 2015. A few areas were identified as requiring strengthening and this is scheduled during 2016.

Financial results

For the year ending 31 December 2015, EuroCCP made a profit before tax of EUR 6.3 million compared with EUR 5.0 million in the prior year. Net

revenues amounted to EUR 22.7 million and expenses amounted to EUR 16.4 million.

During the year, an average of 6.8 million trade sides were cleared per day, of which 1.3 million were interoperable sides (where a trade was executed between a EuroCCP Participant and a counterparty clearing through an interoperating CCP). The number of chargeable cleared sides increased by 41% and the number of interoperable sides increased by 24%. (EuroCCP cleared an average of 4.9 million trade sides per day in 2014, of which 1.0 million were interoperable sides.)

Net commission and fees increased by 16% to EUR 24 million in 2015 from EUR 20.6 million in 2014 due to increased business volume. After net interest expense of EUR 1.4 million, total net revenue was EUR 22.7 million compared with EUR 19.6 million in 2014, or an increase of 15%. Operating and administrative expenses totalled EUR 16.4 million in 2015, compared to EUR 14.6 million in 2014, the increase arising mainly from investment in staffing, and in technology and systems.

The total capital as of year-end 2015 was EUR 38.4 million, well above the capital of EUR 18.9 million required by EMIR. The capital in excess of regulatory requirements provides sizeable headroom for business growth.

Detailed figures are disclosed in the financial statements and in the notes to the financial statements.

Outlook

The systemic importance of CCPs is reflected in legislation that sets out safety standards.

EuroCCP is regulated under the European Market Infrastructure Regulation (EMIR). A review of EMIR was started by the European Commission in mid-2015, as mandated under EMIR (Article 85(1)). The Commission is expected to publish a report in 2016 which might include proposals for further regulatory requirements.

In addition to continuous monitoring, EuroCCP's regulators will perform a full re-assessment in 2016 of its compliance with EMIR provisions, as it is two years since EuroCCP became the first equities CCP to be authorised under EMIR in April 2014.

The next regulatory initiative with the most direct impact on EuroCCP will be legislation on CCP recovery and resolution, which is a natural addition to EMIR requirements. While EMIR contains safety standards for CCPs, situations could still arise that deplete pre-funded financial and liquidity resources of a CCP and threaten its viability as a going concern. Recovery and resolution planning is therefore necessary to ensure financial market stability. The European Commission is expected to make a legislative proposal in the second half of 2016.

EuroCCP continues its own initiatives to improve EuroCCP's robustness and resilience. The company initiated a review of its control framework during 2015, which is scheduled to be completed in 2016.

Of major importance for clients and external parties, we continue to implement our operations strategy, which increases safety and efficiency for the company and its clients. As T2S implementation continues, EuroCCP plans to join each T2S CSD as a direct member and operate its own accounts. This operations strategy is designed to maximise settlement efficiency and remove exposure to agent banks. By 2018, EuroCCP plans to be a direct member of CSDs in 16 of the 19 markets in which it settles securities, or all markets except those with a negligible volume of settlements. The company will also have accounts in five central banks in their respective currency of issue before the end of 2016.

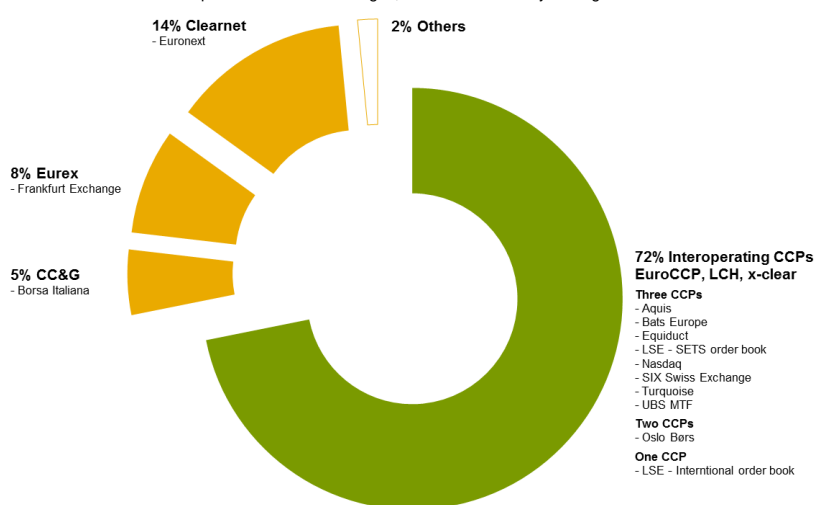
On the business development front, EuroCCP intended in 2015 to achieve equivalent access to all trading platforms cleared by any one of the three interoperating CCPs. This goal has been largely achieved, with Nasdaq and SIX Swiss Exchange both having announced in 2015 to open up to all three interoperating CCPs; implementation is expected to be completed during 2016.

Two platforms still need to open up fully to competitive clearing by giving access to all three interoperating CCPs. EuroCCP will help reduce all-in trading costs for market participants and investors by continuing efforts to obtain access to these two trading platforms.

Of the trades which are not open to competitive clearing, nearly all are cleared on a non-contestable basis by non-interoperating CCPs in the LSE Group and Deutsche Börse Group. The planned merger, if successful, can be expected to have a significant impact on the market structure of equities clearing in Europe.

Equities clearing: competitive and non-contestable sectors

Source: Federation of European Securities Exchanges, based on 2015 daily average



Opportunities for EuroCCP to diversify beyond equities into other asset classes – such as fixed income and various kinds of derivatives including equity-linked derivatives – are assessed as they arise. A strong business case to do so has not yet been identified. EMIR requires CCPs to segregate clearing funds and margin requirements by asset class to confine loss sharing to those Clearing Participants active in the affected market. There is, therefore, no offset benefit to clearing fund or margin requirements between different asset classes, such as equities and fixed income, or equities and interest rate swaps, even though some price correlation might exist in some situations. Margin offset between cash equities and equity derivatives cleared by the same CCP is small in value and in any case is extinguished after the equities obligation settles on T+2.

We will remain focused on maximising the potential to reduce costs to investors, trading firms and their intermediaries through cross-platform netting, and clearing more types of equities transactions to create opportunities to increase capital efficiency for clients.

Amsterdam, 29 April 2016

Diana Chan

Albert-Jan Huizing

Report of the Supervisory Board

The Supervisory Board oversees the Management Board, supervises the general affairs of the company and the associated business, and provides advice to the Management Board.

The Supervisory Board has three standing committees:

The Remuneration Committee oversees the Company's remuneration strategy and principles for members of the Management Board. It reviews the policies and general principles on which the compensation plans of the Company are based. The Remuneration Committee performs its task in preparation for joint decision-making by the Supervisory Board. The Remuneration Committee held four meetings in 2015.

The Audit Committee advises the Supervisory Board on financial accounting, on the workings of the internal risk and control framework, the role and functioning of the internal auditor and the appointment of the external auditor. The Audit Committee held five meetings in 2015.

The Nomination Committee makes recommendations for the appointment of independent members of the Supervisory Board.

An independent member of the Supervisory Board chairs the EuroCCP Risk Committee. The Chief Risk Officer and the Chief Compliance Officer of EuroCCP have a direct reporting line to the Supervisory Board.

We held five board meetings in 2015, all in the presence of the Management Board, and most in the presence of the Management Team. The chairman of the Advisory Board attended our meetings as an observer when matters relevant to the mandate of the Advisory Board were discussed. The Supervisory Board is in contact with the external auditor during the year; the auditor participated in the board meeting where the annual report was submitted for approval.

The Management Board provided the Supervisory Board with information on a regular basis on business operations and on financial and strategic developments. The Supervisory Board was involved in all important decisions. Risk management remained a standing agenda item at every Supervisory Board meeting and the risk tolerance statements of the company were regularly reviewed.

The Supervisory Board is very pleased that important initiatives were taken to enhance operational resilience, significant progress was made in furthering interoperability, and a successful connection to TARGET2-Securities was made.

We are also pleased with the robust financial performance of the company for 2015, delivering a profit before tax of EUR 6.3 million, a steady increase compared to prior years: EUR 5.0 million in 2014, EUR 0.4 million in 2013 and a loss of EUR 1.8 million in 2012. The 2015 improvement resulted from high market volumes, a stable client base and continued efficiency of the company's cost base.

In 2015, no members left or joined the Supervisory Board.

The Supervisory Board would like to thank the Management Board and the employees for their efforts made during 2015.

On behalf of the Supervisory Board,

Jan Bart de Boer, Chairman

Financial statements for the year 2015

Statement of financial position as at 31 December 2015

before proposed profit appropriation (x EUR 1,000)

Assets	Note	2015	2014
Cash and cash equivalents	1	573,128	386,530
Due from banks and due from customers	2	54,719	59,429
Property and equipment	3	644	159
Intangible assets	4	999	327
Other assets	5	5,731	6,750
Total assets		635,221	453,195
Liabilities			
Due to banks	6	273,128	187,275
Due to customers	7	311,687	224,760
Tax payables	8	368	584
Accrued interest, expenses and other liabilities	9	10,906	6,565
Pension provision	16	689	482
Total liabilities		596,778	419,666
Shareholders' equity			
	10		
Share capital		7,500	7,500
Share premium		5,392	5,392
Retained earnings		18,139	14,061
Other reserves (EMIR)		2,770	3,081
Other reserves (re-measurements of defined benefit pension plan)		-272	-28
Other reserves (currency translation)		-	2
Result for the year		4,804	3,765
Other comprehensive income for the year		110	-244
Total shareholders' equity		38,443	33,529
Total liabilities and shareholders' equity		635,221	453,195
Contingent assets			
	11	1,035,913	941,527
Contingent liabilities			
	12	125,800	56,091

Statement of profit or loss for the year 2015

(x EUR 1,000)

Income statement			
Income	Note	2015	2014
Interest income		2,889	765
Interest expense		<u>-4,282</u>	<u>-1,662</u>
Net interest income	13	-1,393	-897
Net fees and commissions	14	23,985	20,596
Other revenue	15	130	-54
Revenue		22,722	19,645
<hr/>			
Personnel expenses	16	-7,267	-6,380
Depreciation and amortisation	17	-476	-480
Other operating and administrative expenses	18	-8,655	-7,776
Total expenses		-16,398	-14,636
Profit before tax		6,324	5,009
Income tax expense	19	-1,520	-1,244
Net profit/(Loss)		4,804	3,765

Statement of total comprehensive income for the year 2015

(x EUR 1,000)

Statement of total comprehensive income	Note	2015	2014
Net profit/(loss)		4,804	3,765
Other comprehensive income			
<i>Items that will not be classified to profit or loss:</i>			
Re-measurements of defined benefit pension plan	16	144	-325
Currency translation reserve		3	-
Income tax relating to other comprehensive income	19	-37	81
Other comprehensive income/(expense)		110	-244
<hr/>			
Total comprehensive income for the year		4,914	3,521

Statement of changes in shareholders' equity (x EUR 1,000)

	Share capital	Share premium	Retained earnings	Other reserves (EMIR)	Other reserves	Result for the year	Total 2015
Opening balance as at 1 January 2015	7,500	5,392	14,061	3,081	-26	3,521	33,529
Total comprehensive income	-	-	-	-	-	4,914	4,914
Profit appropriation	-	-	3,765	-	-	-3,765	-
Mutation other reserves	-	-	313	-311	-2	-	-
Mutation other reserves (re-measurements of defined benefit pension plan)	-	-	-	-	-244	244	-
Issue ordinary shares	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Closing balance as at 31 December 2015	7,500	5,392	18,139	2,770	-272	4,914	38,443

	Share capital	Share premium	Retained earnings	Other reserves (EMIR)	Other reserves	Result for the year	Total 2014
Opening balance as at 1 January 2014	5,000	7,892	16,746	-	-	370	30,008
Total comprehensive income	-	-	-	-	-	3,521	3,521
Profit appropriation	-	-	398	-	-	-398	-
Mutation other reserves	-	-	-3,083	3,081	2	-	-
Mutation other reserves (re-measurements of defined benefit pension plan)	-	-	-	-	-28	28	-
Issue ordinary shares	2,500	-	-	-	-	-	2,500
Share premium	-	-2,500	-	-	-	-	-2,500
Dividends	-	-	-	-	-	-	-
Closing balance as at 31 December 2014	7,500	5,392	14,061	3,081	-26	3,521	33,529

**Cash flow statement for
the year 2015**

(x EUR 1,000)

	2015	2014
Cash flows from operating activities		
Profit before taxation	6,324	5,009
<i>Adjustment to reconcile profit to net cash generated by operating activities:</i>	<i>474</i>	<i>482</i>
Depreciation and amortisation	476	480
Effect of foreign exchange rate upon re-translation of London office	-2	2
<i>Changes in operating assets and liabilities</i>	<i>183,226</i>	<i>100,074</i>
Due from banks and due from customers	4,710	-15,765
Due to banks	85,854	-27,367
Due to customers	86,927	142,902
Net changes in all other operational assets and liabilities	5,735	304
Cash generated by operating activities	190,024	105,565
Income taxes paid(-)/received (+)	-1,791	-202
Net cash from operating activities	188,233	105,363
Cash flows from investing activities		
Acquisition of property and equipment	-691	-126
Acquisition of intangible assets	-944	-313
Net cash flow generated by investing activities	-1,635	-439
Cash flows from financing activities		
Proceeds from issue of share capital	-	2,500
Proceeds from share premium contribution	-	-2,500
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	186,598	104,924
Cash and cash equivalents – as at 1 January	386,530	281,606
Cash and cash equivalents – as at 31 December	573,128	386,530
Supplementary disclosures of operating cash flow information		
Interest income received	2,886	763
Interest expense paid	-4,033	-1,429

EuroCCP's tangible and intangible assets acquired during the year form part of the net cash flow from investing activities. Due to the nature of the activities, the funding is short term and included in the operating activities.

General

These financial statements are prepared by the Management Board of EuroCCP on 29 April 2016, in accordance with IFRS, as adopted by the European Union and with title 9 of book 2 of the Dutch Civil Code.

The annual financial statements are prepared under the going concern assumption. All amounts in the tables of these financial statements are denominated in thousands of euros, unless otherwise stated.

EuroCCP was incorporated on 28 February 2007, with its registered office in Amsterdam, the Netherlands.

Starting January 2014, EuroCCP is registered as a UK establishment of an overseas company at UK Companies House. The UK office is located in London.

During 2015 a change in the ownership took place: on 12 May 2015, ABN AMRO Clearing Bank N.V. transferred its shares in EuroCCP to ABN AMRO Clearing Investments B.V.

As at 31 December 2015 the company was owned as follows:

- ABN AMRO Clearing Investments B.V. (25 %)
- Bats Trading Limited (25%)
- DTCC Global Holdings B.V.(25 %)
- Nasdaq AB (25%)

In the Netherlands, EuroCCP was under the voluntary supervision of the Dutch regulators “Autoriteit Financiële Markten” (herein after AFM) and “De Nederlandsche Bank” (herein after DNB) until 31 March 2014.

On 1 April 2014 EuroCCP was granted authorisation under EMIR by the National Competent Authority, De Nederlandsche Bank N.V. In addition EuroCCP is regulated by the “Autoriteit Financiële Markten”.

EuroCCP provides post-trade services to stock exchanges, multilateral trading facilities (MTFs), other equities trading platforms and for OTC equities trades.

The 2015 assets and liabilities of the London office are denominated in pound sterling; these are translated into the functional currency of EuroCCP, namely euro, and included in these financial statements.

Changes in accounting policies

Amended IFRSs

Amendments resulting from improvements to standards did not have a significant impact on the accounting policies, financial position or performance of EuroCCP during this financial year. The relevant amendments to EuroCCP, effective for annual periods beginning on or after 1 January 2015, are listed below:

IAS 19 Employee Benefits: the amendments relate to contributions from employees or third parties to defined benefit pension plans: entities are allowed to deduct these contributions from service costs in the period in which the service is rendered. An entity is allowed to recognise these contributions as a reduction in the service cost in the period of which the service is rendered if the amount of these contributions is independent of the numbers of years of service. If the amounts of the contributions depend on the number of years of service, these contributions must be attributed to periods of services using the same attribution method used

for the gross benefit. The mandatory effective date was for annual periods on or after 1 July 2014.

New and amended IFRSs not yet effective

EuroCCP is in process of assessing the impact on the financial statements of the following standards, that will become effective for the company for annual periods beginning after 1 January 2015:

Amendments to **IAS 1 Presentation of financial statements** bring clarification on existing requirements of the IAS, emphasising changes in the disclosures with respect to materiality and presentation of aggregated amounts, subtotals, order of notes in the financial statements, significant accounting policies and items of other comprehensive income from investments accounted for under equity method. The amendments clarify that there is no prescribed order in presenting the notes to the financial statements and that aggregating or disaggregating the items in the statement of profit or loss and other comprehensive income and balance sheet should be done if relevant to the users of the financial statements. Guidance is given on the presentation of subtotals, including reconciliation of the items in the statement of profit or loss and other comprehensive income. The mandatory effective date is for annual periods starting on or after 1 January 2016.

Amendments to **IAS 16 Property, Plant and Equipment** and **IAS 38 Intangible Assets**: these clarify that revenue based method reflects a pattern of economic benefits generated from operating the business rather than the operating benefits are consumed through the use of the asset. The revenue based method is not appropriate for depreciating property, plant and equipment but it may be used in very limited circumstances to amortise intangible assets. The mandatory effective date is for annual periods starting on or after 1 January 2016.

IFRS 9 Financial Instruments: Classification and Measurement, incorporates requirements for classification, measurement, impairment, general hedge accounting, de-recognition and disclosure of financial instruments. The new amendments replace the “incurred loss” model (IAS 39) with the “expected credit loss” model, meaning that an impairment allowance is to be recognised before the loss event occurs and expected credit losses are to be recognised in the profit and loss for financial assets not measured not measured at fair value through profit and loss. The mandatory effective date for these amendments is for annual periods on or after 1 January 2018.

IFRS 15 Revenues from Contracts with Customers replaces all current revenue requirements in IFRS, providing a single five step model that is applicable to all revenue from contracts with customers. The standard requires entities to exercise judgement and take into consideration relevant factors when applying the model, stipulating how and when an entity will recognise revenue and requiring more informative disclosures. The standard provides also for the recognition and measurement of some non-financial assets. The mandatory effective date for this standard is for annual periods starting on or after 1 January 2018.

Although these new requirements are still being analysed and the final impact is not yet known, EuroCCP does not expect the adoption of these new or revised standards and interpretations to have a significant effect on equity and result.

Principles

Functional currency

The financial statements are stated in euros, the functional currency of EuroCCP.

Foreign currency translation

Foreign currency transactions are accounted for using the exchange rate at the date of transaction.

Outstanding balances in foreign currencies at year end are translated at year end exchange rates for monetary items.

Translation of non-monetary items depends on whether the non-monetary items are carried at historical cost or at fair value. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items that are carried at fair value are translated using the exchange rate on the date that the fair values are determined.

The resulting exchange differences are recorded in the income statement as foreign currency gains (losses) except for those non-monetary items whose fair value change is recorded as a component of shareholders' equity.

The income statement and cash flow statement of entities whose functional currency is not denominated in euro are translated into the presentation currency (the euro) at exchange rate at the date of the transaction and their balance sheets are translated using the exchange rates prevailing at the balance sheet date. Translation exchange differences are recognised in the currency translation reserves within the shareholders' equity.

Trade date and settlement date accounting

All purchases and sales of financial assets requiring delivery within the period established by regulation or market convention are recognised on the settlement date, which is the date on which the instrument is delivered to or by EuroCCP.

Accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying these accounting principles. Therefore, actual results may differ from these estimates and judgemental decisions. Estimates are reviewed on an ongoing basis.

Judgements and estimates are principally made in the following areas:

- recoverable amounts in case of indebtedness of clients; recoverable amount is based on mark-to-market of client position, vis-à-vis future obligations of EuroCCP in its function as central counterparty and taking into consideration the collateral provided;
- estimation of present obligations resulting from past events in recognition of provisions;
- determination of expected useful life of intangible assets and amortization method applied;
- pension benefit cost, based on actuarial assumptions and calculations; inherent within these calculations are assumptions including: discount rates, salary increases and the expected return on plan assets. Changes in pension and post retirement costs may

occur in the future as a consequence of changes in interest rates, the return on assets or other factors, such as inflation and expected salary increase;

- income taxes for the current year are recognised within the income statement, based on estimations; actual income tax might differ from it, based on the applicable tax/fiscal laws in each jurisdiction and are available upon the tax return forms filed with and accepted by local tax authorities.

Offsetting

Financial assets and liabilities are offset and the net amount reported on the balance sheet if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Assets are recorded net of any accumulated provision for impairment loss.

Cash flow statement

The statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are divided into cash flows from operating activities, investing activities and financing activities.

The net result is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Given the short-term character of the funding, cash flows from funding activities are recognised under cash flows from operating activities and not as cash flows from financing activities.

Investing activities are comprised of acquisitions/disposals of property and equipment and intangibles.

Interest received and interest paid are presented as cash flows from operating activities in the cash flow statement. Dividends received are classified as cash flows from operating activities. Dividends paid are classified as cash flows from financing activities.

Classification and measurement of financial assets and liabilities

EuroCCP classifies financial assets and liabilities based on the business purpose of entering into these transactions.

All maturities were shorter than three months. If this is not the case, they are separately disclosed in the notes to these financial statements.

Financial assets

Financial assets comprise cash and cash equivalents, loans (due from banks and due from customers) and receivables (other assets).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The measurement and income recognition in the income statement depend on the IFRS classification of the financial assets being:

- cash and cash equivalent; or
- loans and receivables

Cash and cash equivalents are recognised and measured at nominal value.

Loans and receivables are recognised on the date at which they are originated and are initially measured at transaction price (being the fair value of the consideration). Subsequently, they are measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

Measurement of impaired assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The carrying amount of impaired assets is reduced to the net present value of its estimated recoverable amount and the change in the current year is recognised in the income statement.

Financial assets are impaired when it can be demonstrated objectively that a loss has occurred after initial recognition and that the loss event has impact (that can be reliably estimated) on future cash flow of the asset.

Financial liabilities

Financial liabilities comprise within the books of EuroCCP of amounts due to banks and amounts due to customers (demand deposits).

Financial liabilities are recognised on the date at which they are originated and are initially measured at transaction price (fair value). They are subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

Balance sheet items

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise freely available balances with central banks and other financial institutions, with original maturity of three months or less, and subject to insignificant risk of changes in value.

Due from banks and due from customers

Due from banks and due from customers includes loans originated by EuroCCP by providing money directly to the borrower or to a sub-participation agent.

Other assets

Other assets arising from the normal course of business and originated by EuroCCP are initially recorded at transaction price and subsequently measured at the amortised cost using the effective interest method, less provisions for impairment.

Non-financial assets

Property and equipment

Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. Depreciation is recognised as expense in income statement account and it is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual value and

the useful life of property and equipment is reviewed at each financial year-end.

At 31 December 2015, EuroCCP's fixed assets include leasehold improvements, equipment and motor vehicles and IT equipment.

Subsequent expenditure on fixed assets is capitalised only when it increases the asset's future economic benefits.

Repairs and maintenance expenses are charged to the income statement when the expenditure is incurred. Expenditures that enhance or extend the benefits of fixed assets beyond their original use are capitalised and subsequently depreciated.

The useful life for EuroCCP's property and equipment is set at either three or five years.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, controlled by the entity as a result of past events and from which future economic benefits are expected to flow. When initially recognised, an intangible asset is measured at cost (reliably measured).

At 31 December 2015, EuroCCP's intangible assets were represented mainly by acquired software. Software for computer hardware that cannot operate without that specific software, such as the operating system, is an integral part of the related hardware and it is treated as property and equipment.

The acquired software is stated at cost less accumulated amortisation and accumulated impairment losses. It is amortised using the straight-line method over the estimated useful life of three years.

Amortisation is recognised as expense in the income statement on a straight-line basis over the estimated useful life, from the date the software is available for use. Amortisation methods, useful lives and residual value are reviewed at each financial year-end.

Subsequent expenditure on software is capitalised only when it increases the asset's future economic benefits.

Impairment of non-financial assets

Property, equipment and intangible assets are assessed at each balance sheet date or more frequently if necessary, in order to determine whether there is any indication of impairment. If such indication exists, the assets are subject to an impairment review. An impairment loss is recognised whenever the carrying amount of an asset that generates largely independent cash flows, exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Impairment losses are recognised in the income statement as a component of depreciation and amortisation expense. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

During 2015, no impairment loss was recognised relevant to non-financial assets.

Financial liabilities

Due to banks and due to customers

Due to banks and due to customers are amounts on demand.

Demand deposits are initially measured at transaction price (fair value) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the income statement.

Balances with clearing members (clearing fund) are included in due to banks and due to customers upon initial recognition.

Other liabilities

Other liabilities arising in the normal course of business are recognised and recorded at cost.

Pension liability

EuroCCP provides a defined benefit (career average) plan, with unconditional indexation for employees and conditional for former employees, to all its employees in Amsterdam. EuroCCP employees in London and Stockholm benefit from defined contribution plans, in accordance with local conditions/industry practices.

A defined contribution plan is a pension plan under which EuroCCP pays fixed contributions. EuroCCP has no legal or constructive obligations to pay further contributions if the assets are not sufficient to pay the employee the benefits relating to employee service in the current and prior periods. The risk that benefits will be less than expected (actuarial risk) and the risk that assets invested will not be sufficient to meet the expected benefits (investment risk) fall on the employee.

EuroCCP's contributions to defined contribution pension plan are charged to the income statement in the year to which they relate.

A defined benefit plan is a post-employment benefit plan that defines an amount of pension benefit an employee will receive on retirement, dependent on more factors such as age and years of service. Actuarial risk (benefits will be less than expected) and investment risk (assets invested will not be sufficient to meet the expected benefits) fall on the entity; in case actuarial or investment experience turn worse than expected, the entity's obligation may increase.

Accounting for defined benefit plan requires actuarial assumptions and techniques in order to measure the obligation and the expense and actuarial gains and losses. The calculation is annually performed by qualified actuaries.

Actuarial techniques are used to make reliable estimates of the amount of the benefit employees earned in return for their services in current and prior periods. The entity determines the benefits for current and prior periods and makes estimates about demographic and financial variables that will influence the cost of the benefit.

The Projected Unit Cost method is used to determine the present value of the defined benefit obligation and the related current service cost. Under this method, the present value of pension commitments is determined on the basis of the number of active years of service up to the balance sheet date and the estimated employee salary at the time of the expected retirement date, discounted using the market rate of interest on high-quality corporate bonds.

Pension costs for the year are established at the beginning of the year based on the expected service and interest costs and the expected return on the plan assets, plus the impact of any current period curtailments or plan changes.

When the benefit formula is based on future compensation and social security levels, they are projected to the age at which the employee is assumed to leave active service using assumptions about the level of growth. In normal circumstances, the projected accrued benefit is based upon the plan's accrual formula. If service in later years leads to a materially higher level of benefit than earlier years, the projected accrued benefit is calculated by attributing benefits on a straight-line basis over the relevant period. The fair value of assets is used to determine the expected investment return during the year.

The pension scheme in Amsterdam is funded through a guaranteed insurance contract. The market value of the assets is determined as the discounted stream of guaranteed benefit payment at the market rate, increased with expected future profit sharing, if any. Plan assets are invested by the insurance company; only positive resulting profits are shared with EuroCCP (i.e. in case where the investment return exceeds the contractual discount rate). The insurance company provides a guarantee that any shortfall is not for the account of EuroCCP.

Due to the nature of the insurance contract of EuroCCP with the insurance company, accrued benefits are insured by the insurance company. The plan assets are therefore assumed to equal the market value of these accrued benefits. For determining this market value, the accrued benefits are discounted with a market rate, that was assumed to be equal to the discount rate used for the defined benefit obligation valuation. In the asset value only benefits that are insured on capital / accrual base are taken into account. Benefits that are insured on a risk basis (like waiver of premium due to disability for active employees) are not included in the asset value since the risk event has not yet occurred (if any). Benefits insured on risk basis therefore have no withdrawal or discontinuance value.

EuroCCP adopted IAS 19R starting 1 January 2013, as it became effective. Actuarial gains and losses that arise in the current fiscal year are recognised in other comprehensive income.

Provisions

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits (such as cash flows), as a result of past events and a reliable estimate can be made at the balance sheet date. Provisions are estimated based on all relevant factors and information existing at the balance sheet date.

Contingent assets and liabilities

Contingent assets and liabilities are those uncertainties where an amount cannot be reasonably estimated or when it is not probable that payment will be required to settle the obligation. Contingent assets and liabilities are not recognised in the financial statements.

Transactions with related parties

In the normal course of business, EuroCCP enters into various transactions with related companies. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Within the context of these financial statements, related parties are ABN AMRO Clearing Bank N.V. in Amsterdam and its group companies, Bats Trading Limited and its group companies, DTCC Global Holdings B.V. and its group companies, Nasdaq AB and its group companies, and the members of the Management Board of EuroCCP.

EuroCCP operates at arm's length from related party companies. EuroCCP's transactions with related party companies are subject to normal market contracts and relate mainly to some of its funding, clearing, settlement and securities borrowing.

The amounts receivable or payable to related companies are disclosed in the notes to the financial statements.

Shareholders' equity

Share capital

Incremental costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes. Other elements recorded in shareholders' equity are related to foreign currency translation effect.

Income statement items

Interest income and expense

Interest income and interest expense are recognised for all interest bearing instruments in the income statement on an accrual basis, using the effective interest method based on the actual purchase price, including direct transaction costs.

Interest income is the result of current balances and settlement funding.

Once a financial asset has been amortised to its estimated recoverable amount, interest income is thereafter recognised based on the effective interest rate that was used to discount future cash flows for measuring the recoverable amount.

Realised and unrealised gains and losses

Realised and unrealised gains and losses represent foreign exchange transaction differences, from translation of monetary and non-monetary items. For further accounting treatment, refer to foreign currency transactions.

Fees, commission income and transaction costs

Fees earned on services provided are generally recognised as revenue at the time when the services are provided. If it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not considered as a derivative, the commitment fee is recognised as revenue on a time proportion basis over the commitment period.

The specific settlement fees charged by settlement agents are passed on to the clients.

Transaction costs are included in the initial measurement of financial assets and liabilities other than those measured at fair value through profit or loss. Transaction costs refer to incremental costs directly attributable to the acquisition or disposal of a financial asset or liability. These include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Expenses

EuroCCP's expenses include staff expenses and other administrative expenses, charged to the income statement in the period in which they arise.

Corporate tax expense

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction, in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which those losses can be utilised.

Risk management

Credit risk

EuroCCP is exposed to credit risk predominantly in the event that a Clearing Participant fails to meet a financial or contractual obligation.

EuroCCP mitigates credit risk through minimum capital requirements for Clearing Participants and by monitoring their financial health. To cover potential loss to EuroCCP in the event of a Clearing Participant default, collateral is required from Clearing Participants.

EuroCCP accepts both cash and non-cash collateral with haircuts as specified in EuroCCP's Regulation Collateral². Clearing Participants must deposit a percentage (currently 70%) of their required collateral directly with EuroCCP. The remaining collateral may be held in an account at a financial institution and pledged to EuroCCP or it may be directly deposited with EuroCCP. As of 31 December 2015, EUR 508 million was directly deposited with EuroCCP and EUR 171 million was pledged to EuroCCP.

The value of the collateral (cash and bonds) held by EuroCCP was EUR 679 million as of 31 December in 2015 and EUR 648 million in 2014.

The cash held by the Clearing Participants in the cash collateral accounts, the own funds of EuroCCP and the cash held in the Clearing Fund account as per Regulation Clearing Fund³, are invested in accordance with the Regulation EuroCCP Investment Policy⁴ (hereinafter REIP). The REIP specifies the approved types of transaction which EuroCCP may use to make investments, the type of securities that may be invested in, the eligible counterparties and the custodians where the securities can be held. Placements of cash made pursuant to the REIP are safeguarded by government securities received as collateral for the cash placements. The collateral received is subject to the concentration limits stipulated in the REIP. EuroCCP receives full title to the collateral. The collateral is used to secure intraday credit from DNB or to support credit arrangements with commercial banks.

Besides potential defaults of Clearing Participants, the main credit risk faced by EuroCCP is exposure to Clearing Participants when a trade fails to settle. To mitigate these risks, EuroCCP charges a fail fee to discourage late settlements. This fee covers not only the cost for EuroCCP but it is also meant to work as a deterrent as required by Regulation (EU) No 236/2012 on short selling and certain aspects of credit default swaps. In the event that a trade still fails to settle after a certain period of time, EuroCCP will start a buy-in process, the costs of which are borne by the failing Clearing Participant. For more detail, refer to EuroCCP's Regulation Buy-in⁵.

² Regulation Collateral is available on our website: www.euroccp.com.

³ Regulation Clearing Fund is available on our website: www.euroccp.com.

⁴ Regulation EuroCCP Investment Policy is available on our website: www.euroccp.com.

⁵ Regulation Buy-in is available on our website: www.euroccp.com.

Offsetting financial assets and liabilities

The financial assets and liabilities of EuroCCP do not meet the criteria for offsetting in the statement of financial position and are shown gross.

The financial assets and liabilities are subject to the agreements in place, as part of the company's day to day activity. The agreements create a right of set-off of recognised amounts, enforceable only following an event of default, insolvency or bankruptcy of the other party to the contract.

The following tables show assets and liabilities and the related amounts not offset in the statement of financial position at 31 December 2015:

Financial assets	Gross amount of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Financial instruments (including non-cash collateral)	Cash collateral received	
Cash and cash equivalents	573,128	-	573,128	-593,440	-	-20,312
Due from bank and due from customers	54,719	-	54,719	-54,719	-	-
Total	627,847	-	627,847	-648,159	-	-20,312

Financial liabilities	Gross amount of recognised financial liability	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial liability presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Financial instruments (including non-cash collateral)	Cash collateral received	
Due to banks	273,128	-	273,128	-54,719	-218,410	-
Due to customers	311,687	-	311,687	-	-311,687	-
Total	584,815	-	584,815	-54,719	-530,097	-

Liquidity risk

EuroCCP is exposed to liquidity risk – the risk that the company is unable to meet its payment obligations at any point in time. EuroCCP operates a liquidity risk framework to identify, measure and monitor its settlement and funding flows.

Liquidity is mainly required for securities settlement. By nature of its role as a counterparty to Clearing Participants, EuroCCP must pay for securities received before it receives payment for securities delivered; this process requires intraday liquidity. If the delivery fails on the settlement date, then the intraday liquidity will turn into an overdraft until the delivery can settle.

EuroCCP continuously manages its payment obligations which are covered through both committed and uncommitted liquidity facilities.

During 2015 the usage of intraday liquidity facilities increased as a result of the increased value of settlements.

A credit facility with DNB is in place for the provision of emergency liquidity under unforeseen circumstances. In this context, EuroCCP has access to Target 2 as an ancillary system in order to obtain very rapid access to the liquidity.

The tables below set out the maturities of the company's financial assets and liabilities, at 31 December 2015:

Financial assets	Less than one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	Between five and ten years	Total
Cash and cash equivalents	573,128	-	-	-	-	-	-	573,128
Due from banks and due from customers	54,719	-	-	-	-	-	-	54,719
Other assets	928	4,050	165	173	27	15	-	5,358
total	628,775	4,050	165	173	27	15	-	633,205

Financial liabilities	Less than one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	Between five and ten years	Total
Due to banks	273,128	-	-	-	-	-	-	273,128
Due to customers	311,687	-	-	-	-	-	-	311,687
Accrued interest, expenses and other liabilities	2,390	4,231	696	883	2,661	45	-	10,906
total	587,205	4,231	696	883	2,661	45	-	595,721

Market risk

EuroCCP is exposed to market risk in the event that a Clearing Participant defaults and the market prices of the securities in its open positions have moved adversely so that EuroCCP can only close out the Participant's obligations at a loss.

To mitigate market risk, EuroCCP collects collateral from Clearing Participants to cover the probable loss during normal market conditions, and EuroCCP also collects contributions to the clearing fund to cover losses if a default occurred during extreme but plausible market conditions. Adverse movements in exchange rates affecting the value of obligations and collateral are factored into the calculation.

After each day's trades have been netted, EuroCCP calculates the maximum theoretical loss of the portfolio of all open net positions based upon a 99.7% confidence level (three standard deviations) and assumes a three-day time horizon would be required for liquidation. In this calculation the dominant factor is the price risk for each security; however, other risk factors such as FX risk are also taken into account. On a daily basis, back tests are performed to assess the adequacy of the margin model. In 2015 this process demonstrated that EuroCCP did not need to make any adjustment to the parameters of the model. The outcome of these back tests is reported to EuroCCP's regulators.

For intraday calculations, EuroCCP recalculates the margin requirement every minute, using the most up to date positions and market prices. EuroCCP has the authority and the operational ability to demand additional collateral at any time, whenever there is a significant intraday collateral deficit.

EuroCCP provides a real time cleared trade feed to Clearing Participants to enable them to also perform intraday or real time risk management in respect of their clients.

During 2015 EuroCCP and the CCPs with which it is interoperable have reviewed their risk management frameworks for the interoperable links they have in common. As a result of this review, all CCPs made amendments to their respective frameworks. In the case of EuroCCP two measures were taken: the introduction of a Buffer Margin Component (BMC) (jointly with X-clear and LCH) to cover for spikes in the margin around quarterly option expiration dates and the Co-CCP Equivalent Clearing Fund Add-on (CECFA) (jointly with LCH) to ensure that interCCP exposures are covered as to the same level as the exposures of Clearing Participants while ensuring that Co-CCPs do not have to contribute to each others default fund. This is in line with the Bank of England standards published in July 2015.

The collateral required to cover for extreme but plausible market conditions is placed in the Clearing Fund. The amounts and percentages of the respective contribution per Clearing Participant are stipulated in the Regulation Clearing Fund, as available on our website. In March 2015 EuroCCP amended the method for the allocation of the contributions of the Clearing Fund over the Clearing Participants. On a daily basis, stress tests are performed where portfolios are stressed along various scenarios. These stress tests can be as extreme as anticipating a market move of 40% across the whole portfolio of equities. The results of the stress tests are used to confirm that the EuroCCP risk framework is adequate at all times. The outcome of these stress tests is reported to EuroCCP's regulators.

EuroCCP is also exposed to FX risk where receipts and payments take place in non-euro currencies, such as invoices received from settlement

agents. This exposure was negligible in 2015 as the vast majority of payments was in euro.

EuroCCP does not take significant interest rate risk on the cash part of the margin and clearing fund deposits it holds since EuroCCP passes on the interest income/charges minus costs. As a result of a commercial decision by EuroCCP in the context of negative euro interest rates, some components of the interest cost were not passed through for some time in 2015, creating a net interest cost within the income statement.

Investment risk is the risk that invested cash is reduced in value upon maturity. This risk is mitigated through the strict application of the investment policy of EuroCCP, as set out in REIP.

EuroCCP does not run other price risk (the risk that fair value of future cash flows of the financial instruments will fluctuate due to changes in the market prices, other than those arising from interest rate risk or currency risk).

The size of the EuroCCP clearing fund as of 31 December 2015 was EUR 262 million.

Operational risk

Operational risk is monitored and controlled by the operational risk and control team within the risk management department (hereinafter OR&C).

OR&C is responsible for the maintenance of the entire control framework, including policies, processes and procedures, business continuity management, operational risk events including operational errors. Within all processes and procedures, (key) risk indicators and (key) performance indicators are defined, being used in daily and monthly monitoring. OR&C reports on a monthly basis to the management team related to the status of the control framework, with separate detailed report sent to all department heads. Additional reporting is sent to the Supervisory Board, Audit Committee and the Risk Governance Board. These reports may include an overview of framework compliance (policies, processes and procedures), business continuity, operational losses, risk tolerance statements, open audit findings, issue and action management.

EuroCCP did not incur any material operational loss in 2015.

Fair value measurement

Fair value reflects the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The transaction is considered to take place either in the principal market for that asset/liability or in the most advantageous market where no principal market exists.

Fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that they act in their own economic best interest.

Fair value of financial assets and liabilities

Financial assets and liabilities are valued using the hierarchy below, to determine their fair value:

- level 1: unadjusted quoted prices for identical assets or liabilities in active markets;
- level 2: inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability; and

- level 3: unobservable inputs for the asset or liability, which include management's own assumption about the assumptions market participants would use in pricing the asset or liability, including assumptions about risk.

The assumption used in the measurement is that the liabilities would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.

When a quoted price for the transfer of an identical (or a similar) liability or entity's own equity instrument is not available, and that identical (or similar) item is held by another party as an asset, the measurement of the fair value is performed from the perspective of a market participant that holds the identical item as an asset at the measurement date, by:

- using the quoted price in an active market for the identical item, or if not available;
- using other observable inputs, or if not available;
- using another valuation technique (i.e. income approach, or market approach).

Financial assets and financial liabilities are recognised on the date at which they are originated and are initially measured at transaction price. Subsequently, they are measured at amortised cost using the effective interest method, with the periodic (monthly) amortisation recorded in the income statement.

As at 31 December 2015, we were not aware of any difference between the carrying value of the financial assets and financial liabilities and their estimated fair value.

Disclosure of the contingent assets at 31 December 2015 is presented below:

Contingent assets	Value (market value)	Quoted market prices in active markets (level 1)	Valuation techniques - observable inputs (level 2)	Valuation techniques - significant unobservable inputs (level 3)	Net amount
Non-cash contribution to clearing fund (bonds)	65,086	65,086	-	-	65,086
Non-cash deposits to interoperability fund (bonds)	50,864	50,864	-	-	50,864
Non-cash mandatory collateral deposits (bonds)	203,379	203,379	-	-	203,379
Collateral received (bonds)	593,440	593,440	-	-	593,440
Total	912,769	912,769	-	-	912,769

EuroCCP does not have any economic interest in the contingent assets. Details of the contingent assets are presented within Note 11.

Notes to the balance sheet as at 31 December 2015

(x EUR 1,000)

ASSETS

	2015	2014
1. Cash and cash equivalents	573,128	386,530
<p>This item comprises cash on hand, freely available balances with central banks and other financial institutions with less than three months maturity from the date of acquisition.</p> <p>From the total balance, EUR 197 million relates to the clearing fund balance of participants available only pursuant to the rules of the clearing fund.</p> <p>The table below shows the components of cash and cash equivalents at 31 December.</p>		
Cash and cash equivalents with central banks	3,989	7,205
Cash and cash equivalents with related party companies	543,186	325,661
Cash and cash equivalents with third party companies	25,953	53,664
Closing balance as at 31 December	573,128	386,530
<p>Components of cash and cash equivalents:</p>		
Own cash	41,324	33,400
Cash and cash equivalents, available for use in EuroCCP, day-to-day operations	531,804	353,130
Closing balance as at 31 December	573,128	386,530
2. Due from banks and due from customers	54,719	59,429
<p>This item consists of accounts receivables from participants, both credit and non-credit institutions, that relate to business operations. Due from banks and due from customers are fully collateralised by securities and do not belong to cash and cash equivalents. They reflect the value of transactions for which securities are delivered to EuroCCP in exchange for cash compensation. The securities are to be further delivered by EuroCCP to participants versus agreed cash compensation.</p>		

	2015	2014
3. Property and equipment	644	159

The property and equipment consist of equipment and motor vehicles, leasehold improvements and IT equipment.

			2015	2014	
	Leasehold improvement	Equipment and motor vehicles	IT equipment	Total	Total
Cost as at 1 January	160	195	1,403	1,758	1,632
Additions/disposals	427	164	100	691	126
Closing balance as at 31 December	587	359	1,503	2,449	1,758
Accumulated depreciation at 1 January	-151	-184	-1,264	-1,599	-1,394
Depreciation expense	-73	-37	-97	-207	-205
Accumulated depreciation as at 31 December	-224	-221	-1,361	-1,806	-1,599
Closing balance as at 31 December	363	138	142	643	159

Leasehold improvement is depreciated over 5 years and IT equipment over 3 years. Most of the equipment and motor vehicles are depreciated over 5 years. For year ended 31 December 2015, EuroCCP has no impaired assets.

	2015	2014
4. Intangible assets	999	327

The intangible assets consist mostly of acquired software that is not an integral part of the hardware and it is amortised in 3 years.

For year ended 31 December 2015, EuroCCP has no impaired assets.

The tables below show the components of intangible assets at 31 December.

Software at cost as at 1 January	2,008	1,695
Acquired software at cost – additions	944	313
Closing balance as at 31 December	2,952	2,008
Accumulated amortisation as at 1 January	-1,681	-1,406
Amortisation expense	-272	-275
Accumulated amortisation as at 31 December	-1,953	-1,681
Closing balance as at 31 December	999	327

	2015	2014
5. Other assets	5,731	6,750
The table below shows the components of other assets at 31 December:		
Fees receivable from clients	700	1,724
Prepayments and Accruals	4,556	4,622
Deferred tax asset	374	352
Other	101	52
Closing balance as at December 31	5,731	6,750

Prepayments and accruals consists of payments made in advance to providers of services and goods (according to commercial agreements in place) and fees to be charged to clients for the month of December 2015, as the invoicing process takes place after the end of the month.

Components of other assets:		
Other assets (accruals) related parties	221	188
Other assets third parties	5,510	6,562
Closing balance as at 31 December	5,731	6,750

LIABILITIES

	2015	2014
6. Due to banks	273,128	187,275
The table below shows the components of due to banks at 31 December:		
Demand deposits due to banks	273,128	187,275
Closing balance as at 31 December	273,128	187,275

This item includes, among others, balances of those clearing participants which are banks in the Clearing Fund (EUR 85 million) and mandatory collateral deposits (EUR 105 million).

The due to banks item can be split up as follows:

Demand deposits due to related party banks	123,808	48,421
Demand deposits due to third party banks	149,320	138,854
Closing balance as at 31 December	273,128	187,275

	2015	2014
7. Due to customers	311,687	224,760

The components of due to customers at 31 December are as follows:

Demand deposits due to customers	311,687	224,760
Closing balance as at 31 December	311,687	224,760

This item comprises balances of non-bank clearing participants (customers) in the clearing fund (EUR 112 million) and mandatory collateral deposits (EUR 200 million).

The demand deposits are all due to third party customers.

8. Tax payable	368	584
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EuroCCP settles its tax obligations directly with the tax authorities in the relevant jurisdiction (the Netherlands and the UK).

As at 31 December the composition of tax payables is as follows:

Corporate tax payable	332	548
VAT payable	36	36
Closing balance as at 31 December	368	584

9. Accrued interest, expenses and other liabilities	10,906	6,565
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As at 31 December the composition of accrued interest and other liabilities is as follows:

Accrued interest charges	513	265
Payables	610	592
Accruals	3,398	2,131
Salary related payables	1,337	1,788
Other	5,048	1,789
Closing balance as at 31 December	10,906	6,565

The accruals item consists of cost reservations for services performed by providers to EuroCCP, services for which invoices are not yet received. Most of the reservations relate to costs incurred in December 2015, relevant to both core business and administrative activities of EuroCCP.

“Other” includes mainly the Settlement Efficiency Improvement Fund (SEIF), as described in our Regulation Fees and Penalties⁶, whose disbursements are made upon consultation of the Advisory Board of EuroCCP.

⁶ Regulation Fees and Penalties is available on our website: www.euroccp.com.

Components of accrued interest, expense and other liabilities:		
Accrued interest, expense and other liabilities related parties	1,289	754
Accrued interest, expense and other liabilities third parties	9,617	5,811
Closing balance as at 31 December	10,906	6,565

	2015	2014
10. Shareholders' equity	38,443	33,529

At year-end 2015, EuroCCP has 7,500 ordinary shares in issue. The authorised share capital amounts to EUR 15 million distributed over 15,000 ordinary shares, each having a nominal value of EUR 1,000.

Share capital	7,500	7,500
Share premium	5,392	5,392
Retained earnings	18,139	14,033
Other reserves (EMIR)	2,770	3,081
Other reserves (re-measurements of defined benefit pension plan)	-272	-28
Other reserves (currency translation)	-	2
Proposed result of the year	4,804	3,765
Other comprehensive income for the year	110	-244
Shareholders' equity	38,443	33,529

Other reserves (EMIR) mainly consist of dedicated own resources, as are required by Regulation (EU) no. 648/2012 and Regulation (EU) no.153/2013. Other comprehensive income for the year comprises re-measurement effects arising from the defined benefit pension plan and the impact of the currency translation differences arising on consolidation of the London Branch, both items net of tax.

11. Contingent assets	1,035,913	941,527
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The details of contingent assets at 31 December are presented below.

Non-cash contribution to clearing fund (bonds)	65,086	31,700
Non-cash contribution to clearing fund (letters of credit)	-	-
Non-cash deposits to interoperability fund (bonds)	53,869	36,831
Cash deposits to interoperability fund	120,139	75,469
Non-cash mandatory collateral deposits (bonds)	203,379	205,314
Collateral received	593,440	592,213
Total contingent assets	1,035,913	941,527

The non-cash contribution to the clearing fund is governed by the rules of the Regulation Clearing Fund⁷. Interoperability fund deposits are comprised of cash and non-cash deposited by clearing participants of EuroCCP, according to the Regulation Interoperability Fund⁸. Mandatory collateral deposits are subject to the Regulation Collateral. The collateral received is relevant for and subject to REIP, that safeguards the cash provided by the clearing participants as clearing fund contributions and mandatory collateral deposits. EuroCCP does not have any economic interest in the collateral.

12. Contingent liabilities	125,800	56,091
Commitments (rental of premises)	1,214	1,058
Guarantee given	124,586	55,033

In December 2014, EuroCCP entered into a new premises rental agreement for the Amsterdam office. The minimum rental term is 5 years, starting April 1, 2015.

The “guarantee given” item is the collateral pledged by EuroCCP on 31 December to the other interoperable CCPs, to cover margin calls EuroCCP received from other interoperable CCPs under reciprocal collateral arrangements in place with Clearstream Banking, which allow the co-operating CCPs to provide collateral to each other to meet the inter CCPs margin obligations.

For EuroCCP, the assets used to provide collateral are deposited by the Clearing Participants in the interoperability fund designated account.

There are no contingent liabilities arising from post-employment obligations.

⁷ Regulation Clearing Fund is available on our website: www.euroccp.com.

⁸ Regulation Interoperability Fund is available on our website: www.euroccp.com.

Notes to the income statement for the year 2015

(x EUR 1,000)

	2015	2014
13. Net interest income	-1,393	-897
This item includes interest income and interest expense from banks and customers.		
Interest income	2,889	765
Interest expense	-4,282	-1,662
Net interest income	-1,393	-897
The interest income item can be split as follows:		
Interest income related party companies	157	188
Interest income third party banks	2,732	577
Total interest income	2,889	765
The interest expense item can be split as follows:		
Interest expense related party companies	-2,336	-1,066
Interest expense third party customers/banks	-1,946	-596
Total interest expense	-4,282	-1,662
	2015	2014
14. Net fees and commissions	23,985	20,596
The Commissions and fees item can be split as follows:		
Commission and fee income	45,151	37,704
Commission and fee expense	-21,166	-17,108
Net commissions and fees	23,985	20,596
The components of fee and commission are:		
Net commissions securities	24,114	20,688
Net commissions - other	-129	-92
Net commissions and fees	23,985	20,596

The breakdown of the net commissions and fees item is:

Net commissions and fees related party companies	-75	-255
Net commissions and fees third party customers/banks	24,060	20,851
Net commissions and fees	23,985	20,596

15. Other revenue	130	54
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This item consists mainly of foreign exchange differences on monetary items and cost recovery items related to settlement process enhancement.

	2015	2014
16. Personnel expenses	7,267	6,380

Details are presented below:

Salaries and wages	4,494	4,411
Social security charges	676	576
Contributions to defined contribution pension plans	129	89
Expenses related to defined benefit pension plans	676	164
Bonus expenses	1,160	1,001
Other	132	139
Total staff expenses	7,267	6,380

The remuneration of the Management Board in 2015 was EUR 1.2 million, composed of salary and bonus, comparable with EUR 1.2 million in 2014. The contributions made for the defined pension plan amounted to EUR 35 thousand (2014: EUR 73 thousand).

The amount paid to defined contribution pension plans of employees in Stockholm and London amounted to EUR 129 thousand in the income statement; the amount for 2014 was EUR 89 thousand.

The amount expensed into the income statement relevant to the defined benefit plan in Amsterdam totalled EUR 676 thousand; the corresponding figure for 2014 was EUR 164 thousand.

The average number of full time equivalent employees in 2015 was 41.4 (2014: 38.3).

The remuneration to the Supervisory Board was EUR 118 thousand in 2015 (including VAT) relevant to 2 members (2014: EUR 139 thousand).

Employee benefits

EuroCCP provides a defined benefit pension plan for its employees in Amsterdam. This pension plan is a career average pension plan with unconditional indexation of accrued benefits for employees and it is fully insured with the insurance company Zwitterleven (a trading name of SRLEV N.V.). The insurance contract is a guarantee contract whereby accrued benefits are insured and covers a five year period ending on 31 March 2016. Within this period the assumption for the pension accrual is fixed at a rate of 3%. Due to the nature of the indexation, annual lump sums are currently paid by EuroCCP for the indexation of accrued active pension benefits. In early 2016, the contract was extended by two months, ending on 31 May 2016.

During 2015 the company continued to consider alternatives to the current pension plan in order to manage pension costs increases. Changes in the market and legislation were taken into consideration. It is expected that a defined contribution plan will replace the defined benefit plan in June 2016.

Currently, the plan assets of EuroCCP participate in the annual profit of the insurance company Zwitterleven (a return of 3% is guaranteed). At the end of each year, the profits are determined based on the results of Zwitterleven.

The plan assets are invested by Zwitterleven and profits are shared with EuroCCP if the investment return exceeds the contractual Zwitterleven discount rate of 3%. A guarantee is provided by Zwitterleven that any negative profits are not charged to the account of EuroCCP. The fair value of the plan assets is defined as the net present value of the insured cash flow (possible profit sharing included).

Benefit expense represents the amount recognised in income statement as the cost of a benefit plan for the period. The components are service cost and net interest on the net defined benefit liability/(asset).

Re-measurements of the net defined benefit liability, comprising actuarial gains and losses, return on plan assets and the effect of the asset ceiling (excluding interest) are immediately recognised in other comprehensive income. Net interest on the defined benefit liability/(asset) is determined by multiplying the net defined benefit liability/(asset) by the discount rate at the start of the accounting period, taking into account changes in the net defined benefit liability/(asset) as a result of contributions and benefit payments. Net interest on the defined benefit liability/(asset) comprises interest income on plan assets, interest costs on defined benefit obligation and interest on the effect of the asset ceiling. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment. A plan amendment occurs when an entity introduces or withdraws a defined benefit plan or changes the benefits payables under an existing defined benefit plan. A curtailment occurs when an entity reduces significantly the number of employees covered by the plan. The changes are immediately recognised in profit or loss. Gains and losses on the settlement of a defined benefit plan are recognised when the settlement occurs.

The net defined benefit asset/liability is the deficit or the surplus adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The deficit/surplus is the present value of the defined benefit obligation less the fair value of plan assets. The interest rate applied by the insurance company to determine the premium equals 3%, which is higher than the discount rate.

An assumption has been made for an allowance for the plan expenses: they are estimated at 4.5% of the contribution to the plan and are part of administration costs (service cost). Other plan administration costs are a separate component of the service cost. Past service costs are recognised immediately in income statement.

Pension obligations are determined by demographic assumptions (such as mortality, wage) and economic assumptions (such as inflation, value of plan assets and discount rate).

The economic assumptions currently used are as follows:

- annual discount rate of 2.4% at the beginning of 2015 and 2.5% at the end of 2015 is based upon the yields available on high-quality corporate bonds at the accounting date with a term that matches that of the liabilities. Generally AA credit rated corporate bonds are considered to satisfy the quality criteria. Using Bloomberg data, a yield curve was derived from it to determine the appropriate discount rate on the cash flows of the liabilities;
- price inflation assumed is 2%, based in the long term expectation for inflation in the EURO zone;
- general wage increase and career increases assumed an annual general increase of 2.5% and an age-related scale reflecting promotional increase;
- cost of living adjustments for active participants: accrued benefits of active participants will be increased annually at a rate of 2.5%; this indexation is unconditional based on the general wage increase;
- cost of living adjustments for non-active participants: current and future pension payments will increase at an average rate of 0,50% per year; this indexation is conditional dependent on the excess return as agreed with Zwitterleven;
- expected return on plan assets is 2.5% and it is equal to the discount rate.

The demographic assumptions used are as follows:

- mortality rates used are based on “AG Prognosetafel 2014” and Towers Watson mortality experience factors, as published;
- disability rates are based on an adjustments of 60% of the standard table of “Verbond van Verzekeraars”.

During fiscal year 2015, no settlements of the pension benefits took place. A settlement occurs when the entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under the defined benefit plan, other than a payment of benefits to or on behalf of employees, in accordance with the terms of the plan and included in the actuarial assumptions.

Social partners agreed to adapt the current pension system in the Netherlands, leading to plan amendments from 1 January 2015: notably, a change of the retirement age from 65 to 67 and a maximum pensionable salary of EUR 100 thousand as basis for the calculation of the premiums. Since the amounts were known to EuroCCP in December 2014, a gain of EUR 286 thousands was accounted for in the 2014 Financial Statements.

Post-employment benefit	2015	2014
Current service cost	639	411
Interest cost	24	22
Administrative expenses paid	13	17
Past services on amendments and curtailments	-	-286
Defined benefit plans	676	164
Defined contribution plans	129	89
Healthcare contributions	-	-
Total costs	805	253

The amounts recognised in the balance sheet are as follows:

	2015	2014
Present value of funded obligations	3,000	2,390
Fair value of plan assets	-2,311	-1,908
Present value of net obligations/(assets)	-	-
Unrecognised past service cost	-	-
Unrecognised actuarial (losses)/gains	-	-
Net liability/(asset) for defined benefit obligations	689	482
Provision for pension commitments	-	-
Pension assets	-	-
Net recognized liability/(asset) for defined benefit obligations	689	482

Movements in defined benefit obligations are as follows:

	2015	2014
Balance as at 1 January	2,390	1,356
Current service cost	652	428
Interest cost	73	65
Employee contributions	-	-
Actuarial gains/(losses)	-99	844
- Experience adjustment	1	-64
- Financial assumptions adjustment	-100	873
- Demographic assumption adjustment		35
Administrative expenses paid	-15	-17
Benefits paid	-1	-

Acquisitions/(disposals)	-	-
Past service on plan amendments and curtailments	-	-286
Balance as at 31 December	3,000	2,390

Movements in the fair value of plan assets are as follows:

	2015	2014
Balance as at 1 January	1,908	990
Return on plan assets	45	518
Financial gains/(losses)	50	43
Employers contribution	324	374
Employee contributions/refunds	-	-
Benefits paid	-1	-
Administrative expenses paid	-15	-17
Acquisitions/(disposals)	-	-
Recognised settlement and curtailment	-	-
Other	-	-
Balance as at 31 December	2,311	1,908

As year end 2014 and 2015 there is a net balance sheet liability, hence no net asset applies as well as no asset ceiling.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, while other assumptions remain constant, might have affected the defined benefit obligation as shown below:

	Defined benefit obligation	Fair value of plan assets	Funded status
as per 31 December	3,000	2,311	690
Discount rate (movement +0,1%)	-94	-70	24
Price inflation (movement +0,1%)	-5	-	53
Wage, inflation and indexation (movement +0,1%)	37	-	37

The sensitivity analysis covers the change of the wage inflation from 2.5% to 2.6% as well as the corresponding indexation of accrued benefits of only actives, hence indexation parameter for non actives remains unchanged as this does not follow the wage inflation.

Additional disclosure information

Weighted average duration of defined benefit obligation 32,9 years

Additional cash flow information:

2015	timing	
Actual contributions by the employer	Mid-period	324
Actual contributions by plan participants	Mid-period	-
Actual benefit payments	Mid-period	-
Actual administrative expenses	Period start	15
Actual balance of transfer values (incoming/outgoing)	Mid-period	-
2016	timing	
Expected contributions by the employer	Mid-period	332
Expected contributions by plan participants	Mid-period	-
Expected benefit payments	Mid-period	-
Actual administrative expenses	Period start	15

	2015	2014
17. Depreciation and amortisation	476	480
Details of depreciation and amortisation expense are presented below:		
Depreciation expense	204	205
Amortisation expense	<u>272</u>	<u>275</u>
Total depreciation and amortisation	476	480

	2015	2014
18. Other operating and administrative expenses	8,655	7,776
Details of other operating and administrative expenses are presented below:		
Technology and system costs	5,091	4,834
External staff	878	986
Audit, legal and compliance expenses	504	220
Consultancy	681	291
Travel and representation expenses	238	209
Rental expenses	531	568
Other	732	668
Total other operating and administrative expenses	8,655	7,776

The allocation of total operating and administrative expenses was as follows:

Expenses related parties	3,109	3,109
Expenses third parties	5,546	4,667
Total other operating and administrative expenses	8,655	7,776

Operating and administrative expenses increased by EUR 0.9 million compared with previous year, mainly due to market development projects, with impact on technology and system costs but also on consultancy, audit, legal and compliance expenses.

The remuneration paid to the external auditor amounted to EUR 116 thousand for the audit of financial statements and EUR 12 thousand for non-assurance engagements related to the REIP (2014: EUR 111 thousand and EUR 12 thousand respectively).

	2015	2014
19. Income tax	1,556	1,163
The details of the corporate income tax are presented below ("-" is profit in this particular note):		
Current tax expenses for the current period	1,576	1,251
Adjustment recognised in the period for current tax of prior periods	22	-7
Deferred tax expense arising from previous period	-78	-
Total income tax expenses	1,520	1,244
Income tax relating to other comprehensive income	37	-81
Total income tax	1,557	1,163

The effective tax rate was 24%, close to the corporate income tax of 25% in the Netherlands. For the previous year, the effective tax rate was 24.8%.

Legal procedures

EuroCCP is not involved in court procedures.

Amsterdam, 29 April 2016

Management Board:

Diana Chan

Albert-Jan Huizing

Supervisory Board:

Jan Bart de Boer

Andrew Gray

Mark Hemsley

Lauri Rosendahl

Peter Bezemer

Iain Saville

Distribution of profit

Provisions on profit appropriation of the company are set out in article 23 of the Articles of Association.

Article 23.1

‘The authority to decide over the allocation of profits determined by the adoption of the annual accounts and to make distributions is vested in the General Meeting, with due observance of the limitations prescribed by the law.’

Article 23.2

‘Distributions may be made only up to an amount which does not exceed the amount of Distributable Equity and, if it concerns an interim distribution, the compliance with the requirement is evidenced by an interim statement of assets and liabilities as referred in Section 2:105, subsection 4, of the Dutch Civil Code. The Company must deposit the statement of assets and liabilities at the office of the Commercial Register within eight days after the day of which the resolution to make the distribution is published.’

Article 23.3

‘The authority of the General Meeting to make distributions applies to both distributions at the expense of non-appropriated profits and distributions at the expense of any reserves, and to both distributions on the occasion of the adoption of the annual accounts and interim distributions.’

Article 23.4

‘A resolution to make a distribution will not be effective until approved by the Management Board. The Management Board may only refuse to grant such approval if it knows or reasonably should foresee that after the distribution the Company would not be able to continue to pay its debts as they fall due.’

The Management Board proposes to the General Meeting, that the net profit for 2015 will be added to retained earnings.

Other information

Independent auditor's report

To: the General Meeting of European Central Counterparty N.V.

Report on the financial statements

We have audited the accompanying financial statements 2015 of European Central Counterparty N.V., Amsterdam, which comprise the statement of financial position as at 31 December 2015, the statements of profit and loss, total comprehensive income, changes in shareholders' equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

The Management Board's responsibility

The Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Management Board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of European Central Counterparty N.V. as at 31 December 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the Management Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b – h has been annexed. Further, we report that the Management Board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 29 April 2016

KPMG Accountants N.V.

N.C. Paping RA

