
Interim Report – Q1-Q3 2016

Sydbank Group

Sydbank

Sydbank's Interim Report – Q1-Q3 2016

Decline in costs and high credit quality ensure satisfactory result

Sydbank has delivered a satisfactory performance for the first nine months of 2016 and continues the positive trend. The Bank's loans and advances have risen by DKK 3.8bn whereas the Bank's impairment charges have dropped by 58% compared with one year ago. Moreover the financial statements show a decline in the Bank's costs (core earnings). In 2016 and 2017 Sydbank will allocate extra resources to develop customer-oriented digital solutions.

CEO Karen Frøsig comments on Sydbank's Q1-Q3 result:

- It is highly satisfactory to note an increase of DKK 196m in profit after tax compared with the same period in 2015. The improvements in costs, impairment charges, investment portfolio earnings and non-recurring items more than make up for the decline in core income and this is what creates the increase in profit. Profit after tax equals a return of 12.0% p.a. on shareholders' equity.

Sydbank's market share of corporate clients has increased. Karen Frøsig comments:

- I am pleased to note that Sydbank is also attracting new strong corporate clients. As a result the Bank is growing into one of the largest corporate banks in Denmark. Given the historically fierce competition in the market place, this tells us that our advisory services and banking products are among the very best in the sector.

Q1-Q3 2016 – highlights

- Profit of DKK 1,028m. This is equal to a return on shareholders' equity of 12.0% p.a. after tax.
- Core income of DKK 3,131m. This is a decline of 5% compared with the same period in 2015 when core income was historically high.
- Total income of DKK 3,319m. This is a drop of 4% compared with the same period in 2015.
- Impairment charges for loans and advances represent DKK 114m and have declined by 58% compared with the same period in 2015.
- Bank loans and advances have risen by DKK 3.8bn, equal to 5.1%.
- The Common Equity Tier 1 capital ratio has climbed by 0.4 percentage points and constitutes 14.9%.
- A share buyback of DKK 350m was commenced on 29 February 2016.

Outlook for 2016

Sydbank projects limited positive economic growth in the Danish economy in 2016. Furthermore we expect:

- a slight decline in core income relative to income for 2015.
- unchanged trading income relative to income for 2015 but dependent on financial market developments.
- a decrease in costs (core earnings) – in spite of the general pay rises agreed for the financial sector of 1.80% and a payroll tax increase of 1.40% – as a result of the measures implemented and the discontinuation of payments to the deposit guarantee scheme.
- lower impairment charges in 2016.

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Group Financial Highlights

	Q1-Q3 2016	Q1-Q3 2015	Index 16/15	Q3 2016	Q3 2015	Full year 2015
Income statement (DKK m)						
Core income	3,131	3,289	95	1,030	1,062	4,329
Trading income	188	167	113	65	15	215
Total income	3,319	3,456	96	1,095	1,077	4,544
Costs, core earnings	1,958	2,009	97	612	635	2,675
Core earnings before impairment	1,361	1,447	94	483	442	1,869
Impairment of loans and advances etc	114	272	42	33	55	316
Core earnings	1,247	1,175	106	450	387	1,553
Investment portfolio earnings	41	(87)	-	49	8	(80)
Profit before non-recurring items	1,288	1,088	118	499	395	1,473
Non-recurring items, net	21	-	-	(5)	-	-
Profit before tax	1,309	1,088	120	494	395	1,473
Tax	281	256	110	109	93	325
Profit for the period	1,028	832	124	385	302	1,148

Balance sheet highlights (DKK bn)

Loans and advances at amortised cost	78.1	72.4	108	78.1	72.4	74.3
Loans and advances at fair value	6.9	6.6	105	6.9	6.6	10.2
Deposits and other debt	78.6	76.9	102	78.6	76.9	79.9
Bonds issued at amortised cost	7.1	3.7	192	7.1	3.7	3.7
Subordinated capital	2.1	2.1	100	2.1	2.1	2.1
Shareholders' equity	11.4	11.2	102	11.4	11.2	11.4
Total assets	146.2	140.9	104	146.2	140.9	142.7

Financial ratios per share (DKK per share of DKK 10)

EPS Basic **	14.6	11.4		5.5	4.2	15.8
EPS Diluted **	14.6	11.4		5.5	4.2	15.8
Share price at end of period	201.4	253.9		201.4	253.9	221.8
Book value	163.0	156.3		163.0	156.3	160.2
Share price/book value	1.24	1.62		1.24	1.62	1.38
Average number of shares outstanding (in millions)	70.6	72.8		69.9	72.1	72.5
Dividend per share	-	-		-	-	11.12

Other financial ratios and key figures

Common Equity Tier 1 capital ratio	14.9	14.4		14.9	14.4	14.5
Tier 1 capital ratio	16.2	15.9		16.2	15.9	15.9
Capital ratio	18.0	17.6		18.0	17.6	17.6
Pre-tax profit as % of average shareholders' equity **	11.5	9.7		4.3	3.5	13.0
Post-tax profit as % of average shareholders' equity **	9.0	7.4		3.4	2.7	10.1
Costs (core earnings) as % of total income	59.0	58.1		55.9	59.0	58.9
Return on assets (%)	0.7	0.6		0.3	0.2	0.8
Interest rate risk	0.6	2.0		0.6	2.0	2.8
Foreign exchange position	1.4	1.3		1.4	1.3	2.2
Foreign exchange risk	0.0	0.0		0.0	0.0	0.0
Loans and advances relative to deposits *	0.8	0.8		0.8	0.8	0.8
Loans and advances relative to shareholders' equity *	6.9	6.5		6.9	6.5	6.5
Growth in loans and advances for the period *	5.1	5.8		(1.0)	1.4	8.5
Excess cover relative to statutory liquidity requirements	209.5	186.2		209.5	186.2	166.8
Total large exposures	35.2	10.2		35.2	10.2	0.0
Accumulated impairment ratio	4.2	4.9		4.2	4.9	4.7
Impairment ratio for the period **	0.12	0.31		0.03	0.06	0.36
Number of full-time staff at end of period	2,048	2,113	97	2,048	2,113	2,044

* Financial ratios are calculated on the basis of loans and advances at amortised cost.

** Ratios have not been converted to a full-year basis.

Highlights

Continued tight rein on costs and credit quality ensures a satisfactory result

Sydbank's financial statements for Q1-Q3 show a profit before tax of DKK 1,309m compared with DKK 1,088m one year ago. The increase is due to a significant decline in impairment charges of 58%, improved investment portfolio earnings, one-off income of DKK 31m from an adjustment of the purchase sum concerning the sale of shares in Nets Holding in 2014 as well as falling costs (core earnings) in spite of the acquisition of Syd Fund Management A/S on 1 April 2015.

Profit before tax equals a return of 15.3% p.a. on average shareholders' equity.

Core income, trading income, costs (core earnings) and impairment charges are in line with the expectations announced in the interim report for 1H 2016.

Net interest etc constitutes DKK 1,749m compared with DKK 1,812m in 2015 – a decrease of DKK 63m.

Core income represents DKK 3,131m compared with DKK 3,289m in 2015 – a decline of DKK 158m.

Total income amounts to DKK 3,319m against DKK 3,456m in 2015.

Core earnings constitute DKK 1,247m compared with DKK 1,175m in 2015 – an increase of DKK 72m.

Profit for the period amounts to DKK 1,028m compared with DKK 832m in 2015 – an increase of DKK 196m.

Follow-up on the 3-year plan – Blue growth

The strategy for the 3-year period 2016-2018 is named "Blue growth".

- Blue growth means high-quality and profitable banking – pure and simple.

Blue growth – targets:

- Realise a return on shareholders' equity of a minimum of 12% after tax or be in the top 3 of the 6 largest banks
- Maintain top 3 ranking among the 6 largest banks in terms of customer satisfaction.

To ensure further automation of processes and utilisation of the possibilities in connection with digitisation, DKK 25m will be allocated annually in 2016 and 2017 to optimise IT systems. The amount will be recognised under "Non-recurring items".

These funds cover two projects implemented in 2016:

- Optimisation of housing loan processes
- Integration of credit processes into existing CRM solution.

Both projects will lead to savings in 2017 and onwards.

Clients and employees alike will experience considerable improvements as a result of both projects. Clients in the form of shorter response times and case processing times. Employees in the form of smoother procedures and qualitative improvements. Both projects will contribute to developing the Bank as well as make it possible to adjust costs – also in the years ahead.



Q1-Q3 performance

Compared with Q1-Q3 2015 core income has dropped by DKK 158m or 5% to DKK 3,131m. The decline is primarily attributable to net interest income etc, remortgaging and loan fees as well as commission and brokerage.

Trading income increased to DKK 188m in Q1-Q3 2016 compared with DKK 167m in the same period in 2015.

Total income represents DKK 3,319m, a decline of 4% compared with the same period in 2015.

Costs (core earnings) are a constant area of focus at Sydbank. Therefore the Bank maintained tight control of costs (core earnings) in Q1-Q3, which constituted DKK 1,958m compared with DKK 2,009m in 2015 – a drop of DKK 51m.

The Group's impairment charges for loans and advances have declined by DKK 158m to DKK 114m compared with Q1-Q3 2015.

Core earnings constitute DKK 1,247m compared with DKK 1,175m in Q1-Q3 2015 – an increase of DKK 72m.

Together the Group's position-taking and liquidity handling recorded investment portfolio earnings of DKK 41m in Q1-Q3 2016 compared with negative earnings of DKK 87m a year ago.

Profit before tax for Q1-Q3 2016 amounts to DKK 1,309m compared with DKK 1,088m in the same period in 2015.

Tax represents DKK 281m. Profit for the period amounts to DKK 1,028m compared with DKK 832m in 2015.

During Q1-Q3 2016 Sydbank recorded an increase in bank loans and advances of DKK 3.8bn. This is satisfactory given the highly competitive market.

Capital

The Group has implemented a share buyback programme of DKK 350m. The share buyback commenced on 29 February 2016 and will be completed by 31 December 2016. At end-September 1,550,725 shares worth DKK 280m, made up at the trade date, had been repurchased. The share buyback is part of the capital adjustment to optimise the capital structure in accordance with the capital targets and capital policy published in the 2015 Annual Report.

Status – targets

Target	Objective	Status at 30 September 2016	Comment
Return on shareholders' equity after tax	Over 12% *	12.0%	Progressing as planned
Customer satisfaction – Corporate	Top 3 **	3rd – Aalund	Met in 2016
Customer satisfaction – Retail	Top 3 **	5th – EPSI	Not met in 2016
Common Equity Tier 1 capital ratio	Around 13.5%	14.9%	Met from Q3 2013
Capital ratio	Around 17.0%	18.0%	Met from Q1 2015
Dividend	30-50% of profit for the year after tax	50%+20% of profit for the year after tax in 2015	Met in 2015

* or top 3 ranking among the 6 largest banks ** among the 6 largest banks

Outlook for 2016

Limited economic growth is projected for the Danish economy in 2016.

Core income is expected to decline slightly relative to income for 2015.

Trading income is projected to remain unchanged relative to income in 2015 but is dependent on financial market developments.

In spite of the general pay rises agreed for the financial sector of 1.80% and a payroll tax increase of 1.40%, costs (core earnings) are expected to decrease as a result of the measures implemented and the discontinuation of payments to the deposit guarantee scheme.

Lower impairment charges are forecast for 2016.

Financial Review – Performance in Q1-Q3 2016

The Sydbank Group has recorded a profit before tax of DKK 1,309m (Q1-Q3 2015: DKK 1,088m).

Profit before tax equals a return of 15.3% p.a. on average shareholders' equity.

Profit for the period after tax amounts to DKK 1,028m compared with DKK 832m in 2015.

Profit after tax equals a return of 12.0% p.a. on average shareholders' equity.

The result is in line with the expectations at the beginning of the year.

The result is characterised by:

Q1-Q3

- A 5% decrease in core income
- A rise in trading income of DKK 21m
- A 3% decrease in costs (core earnings) to DKK 1,958m
- A 58% decline in impairment charges for loans and advances
- A rise in core earnings of DKK 72m to DKK 1,247m
- Investment portfolio earnings of DKK 41m
- Bank loans and advances of DKK 78.1bn (year-end 2015: DKK 74.3bn)
- Bank deposits of DKK 78.6bn (year-end 2015: DKK 79.9bn)
- A capital ratio of 18.0%, including a Common Equity Tier 1 capital ratio of 14.9%
- An individual solvency need of 10.0% (year-end 2015: 9.7%).

Q3

- A decrease in core income of DKK 21m to DKK 1,030m (Q2 2016: DKK 1,051m).

Income statement – Q1-Q3 (DKKm)	2016	2015
Core income	3,131	3,289
Trading income	188	167
Total income	3,319	3,456
Costs, core earnings	1,958	2,009
Core earnings before impairment	1,361	1,447
Impairment of loans and advances etc	114	272
Core earnings	1,247	1,175
Investment portfolio earnings	41	(87)
Profit before non-recurring items	1,288	1,088
Non-recurring items, net	21	-
Profit before tax	1,309	1,088
Tax	281	256
Profit for the period	1,028	832

Core income

Core income has declined by DKK 158m to DKK 3,131m.

Net interest has decreased by DKK 63m to DKK 1,749m.

Net income from the cooperation with Totalkredit represents DKK 208m (2015: DKK 226m) after a set-off of loss of DKK 16m (2015: DKK 24m). The cooperation with DLR Kredit has generated an income of DKK 82m (2015: DKK 62m). Compared to 2015 total mortgage credit income has climbed by DKK 2m to DKK 292m – an increase of 1%. The income of DKK 82m from the cooperation with DLR Kredit includes a positive adjustment of DKK 13m as regards the income for 2015.

Income from remortgaging and loan fees has dropped from DKK 130m to DKK 67m compared with 2015 – a decline of 48%. The decline is a result of the exceptionally high remortgaging activity in 1H 2015 as well as the price adjustments implemented due to the turmoil that arose in connection with the announced increases in administration margins on mortgage loans.

Commission and brokerage income has decreased by DKK 59m to DKK 261m compared with 2015 – a decline of 18%.

The remaining income components have risen by DKK 25m compared to 2015.

Core income – Q1-Q3 (DKKm)	2016	2015
Net interest etc	1,749	1,812
Mortgage credit	292	290
Payment services	149	153
Remortgaging and loan fees	67	130
Commission and brokerage	261	320
Commission etc investment funds and pooled pension plans	286	260
Asset management	143	135
Custody fees	53	57
Other operating income	131	132
Total	3,131	3,289

Trading income

Trading income increased to DKK 188m in Q1-Q3 2016 compared with DKK 167m in the same period in 2015. Trading income is at a normal level.

Costs and depreciation

The Group's costs and depreciation total DKK 1,973m, equal to a decrease of DKK 41m compared to 2015.

Costs and depreciation – Q1-Q3 (DKKm)	2016	2015
Staff costs	1,115	1,152
Other administrative expenses	769	700
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	74	72
Other operating expenses	15	90
Total costs and depreciation	1,973	2,014
Distributed as follows:		
Costs, core earnings	1,958	2,009
Costs, investment portfolio earnings	5	5
Non-recurring costs	10	-

Costs (core earnings) represent DKK 1,958m compared with DKK 2,009m in 2015.

At the end of Q3 2016 the Group's staff numbered 2,048 (full-time equivalent) compared with 2,113 at 30 September 2015.

As a consequence of the Bank's ongoing adjustment of its service concept and its efforts to reduce costs (core earnings), seven branches were closed during the first nine months. This brings the number of branches to 64 in Denmark and three in Germany.

Core earnings before impairment

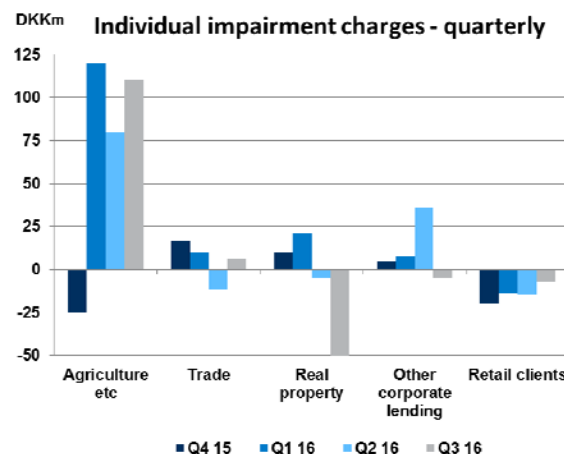
Core earnings before impairment charges for loans and advances represent DKK 1,361m – a decrease of DKK 86m compared with the same period in 2015.

Impairment of loans and advances etc

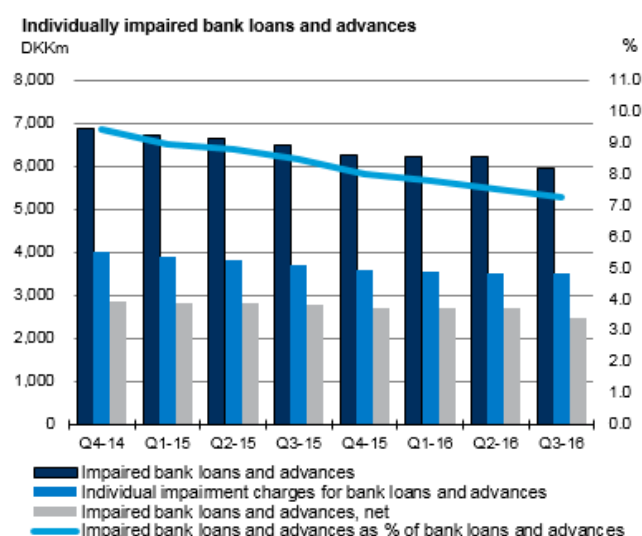
Impairment charges for loans and advances represent DKK 114m compared with DKK 272m in the same period in 2015 – a decrease of DKK 158m or 58%.

In Q1-Q3 2016 individual impairment charges as regards agricultural exposures totalled DKK 310m. Of this amount DKK 110m was written down in Q3 2016. This is a consequence of more cautious impairment principles. Collective impairment charges for agricultural exposures represent DKK 120m at 30 September 2016 – a reduction of DKK 105m compared with year-end 2015. The net effect of impairment charges as regards agriculture constitutes DKK 205m in Q1-Q3 2016.

The chart below shows impairment charges for loans and advances in the last four quarters as regards agriculture etc, trade, real property, other corporate lending as well as retail clients.



At 30 September 2016 the impairment ratio represents 0.14% relative to bank loans and advances and 0.12% relative to bank loans and advances and guarantees. At end-September 2016 accumulated impairment and provisions amount to DKK 3,942m – a decline of DKK 240m compared with the beginning of the year.



Compared with 30 September 2015 impaired bank loans and advances before impairment charges have decreased by DKK 530m to DKK 5,949m, equal to a decline of 8.2%.

DKK 320m of the decrease is attributable to non-defaulted bank loans and advances and DKK 210m is attributable to defaulted bank loans and advances. During the same period individually impaired bank loans and advances after impairment charges dropped by DKK 333m, equal to 11.9%. Impairment charges for individually impaired bank loans and advances represent 58.7% (end-September 2015: 56.9% and year-end 2015: 56.9%).

In Q1-Q3 2016 reported losses amounted to DKK 614m (Q1-Q3 2015: DKK 668m). Of the reported losses DKK 500m has previously been written down.

Individually impaired bank loans and advances (DKK m)	30 Sep 2016	31 Dec 2015	30 Sep 2015
Non-defaulted bank loans and advances	4,346	4,523	4,666
Defaulted bank loans and advances	1,603	1,750	1,813
Impaired bank loans and advances	5,949	6,273	6,479
Impairment charges for bank loans and advances subject to individual impairment	3,490	3,569	3,687
Impaired bank loans and advances after impairment charges	2,459	2,704	2,792
Impaired bank loans and advances as % of bank loans and advances before impairment charges	7.3	8.0	8.5
Impairment charges as % of bank loans and advances before impairment charges	4.3	4.6	4.8
Impairment as % of impaired bank loans and advances	58.7	56.9	56.9
Impairment charges as % of defaulted bank loans and advances	217.7	203.9	203.4

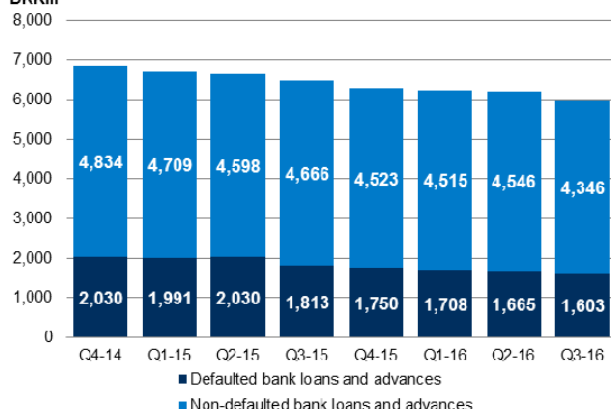
Impairment charges as a percentage of defaulted bank loans and advances at 30 September 2016 stand at 217.7.

The figure below shows the breakdown of impaired bank loans and advances in terms of defaulted bank loans and advances and non-defaulted bank loans and advances. The bulk of impaired bank loans and advances concern non-defaulted bank loans and advances.

Since 30 September 2015 defaulted bank loans and advances have dropped by DKK 210m to DKK 1,603m, equal to a decline of 12%.

Since 30 September 2015 non-defaulted bank loans and advances have dropped by DKK 320m to DKK 4,346m, equal to a decline of 7%.

Breakdown of impaired bank loans and advances
DKK m



Core earnings

Core earnings represent DKK 1,247m – an increase of DKK 72m or 6% compared with one year ago.

Investment portfolio earnings

Together the Group's position-taking and liquidity handling recorded investment portfolio earnings of DKK 41m in Q1-Q3 2016 compared with negative earnings of DKK 87m a year ago.

Investment portfolio earnings – Q1-Q3 (DKK m)	2016	2015
Position-taking	9	(133)
Liquidity generation and liquidity reserves	33	49
Strategic positions	4	2
Costs	(5)	(5)
Total	41	(87)

Margin expenses as regards the Group's senior issues are included under liquidity generation and liquidity reserves and represent DKK 29m in Q1-Q3 2016 compared with DKK 22m in Q1-Q3 2015.

Non-recurring items etc, net

Non-recurring items etc total a net income of DKK 21m (Q1-Q3 2015: DKK 0m). This item includes:

- one-off income of DKK 31m concerning the adjustment of the purchase sum from the sale of the shares in Nets Holding in 2014
- process optimisation costs of DKK 10m related to Blue growth.

Profit for the period (DKKm)	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Core income	1,030	1,051	1,050	1,040	1,062	1,112	1,115
Trading income	65	69	54	48	15	34	118
Total income	1,095	1,120	1,104	1,088	1,077	1,146	1,233
Costs, core earnings	612	665	681	666	635	685	689
Core earnings before impairment	483	455	423	422	442	461	544
Impairment of loans and advances etc	33	43	38	44	55	101	116
Core earnings	450	412	385	378	387	360	428
Investment portfolio earnings	49	14	(22)	7	8	(64)	(31)
Profit before non-recurring items	499	426	363	385	395	296	397
Non-recurring items, net	(5)	26	-	-	-	-	-
Profit before tax	494	452	363	385	395	296	397
Tax	109	92	80	69	93	70	93
Profit for the period	385	360	283	316	302	226	304

Profit for the period

Profit before tax amounts to DKK 1,309m (2015: DKK 1,088m). Tax represents DKK 281m, equal to an effective tax rate of 21.5%. Profit for the period amounts to DKK 1,028m compared with DKK 832m in 2015.

Return

Profit for the period equals a return on average shareholders' equity of 12.0% p.a. after tax against 9.8% p.a. in Q1-Q3 2015. Earnings per share stands at DKK 14.6 compared with DKK 11.4 in 2015.

Subsidiaries

Ejendomsselskabet recorded a profit after tax of DKK 3m compared with DKK 3m in Q1-Q3 2015. Profit after tax in DiBa A/S and Syd Fund Management A/S represents DKK 99m (2015: DKK 2m) and DKK 5m (2015: DKK 4m), respectively.

Q3 2016

Profit before tax for the quarter represents DKK 494m.

Compared with Q2 2016 profit before tax reflects:

- a decline in net interest etc of DKK 9m
- a decrease in core income of DKK 21m
- a drop in trading income of DKK 4m
- a decline in costs (core earnings) of DKK 53m
- a decrease in impairment charges for bank loans and advances of DKK 10m
- a rise in core earnings of DKK 38m to DKK 450m
- investment portfolio earnings of DKK 49m (Q2 2016: DKK 14m).

Total assets

The Group's total assets made up DKK 146.2bn at 30 September 2016 against DKK 142.7bn at year-end 2015.

Assets (DKKbn)	30 Sep 2016	31 Dec 2015
Amounts owed by credit institutions etc	5.8	5.2
Loans and advances at fair value (reverse transactions)	6.9	10.2
Bank loans and advances (at amortised cost)	78.1	74.3
Securities and holdings etc	28.3	28.3
Assets related to pooled plans	13.3	12.0
Other assets etc	13.8	12.7
Total	146.2	142.7

The Group's bank loans and advances made up DKK 78.1bn at end-September 2016 against DKK 74.3bn at year-end 2015 and DKK 72.4bn at end-September 2015.

Shareholders' equity and liabilities (DKKbn)	30 Sep 2016	31 Dec 2015
Amounts owed to credit institutions etc	17.4	17.8
Deposits and other debt	78.6	79.9
Deposits in pooled plans	13.3	12.0
Bonds issued	7.1	3.7
Other liabilities etc	16.3	15.8
Subordinated capital	2.1	2.1
Shareholders' equity	11.4	11.4
Total	146.2	142.7

The Group's deposits amount to DKK 78.6bn, corresponding to the level at the end of 2015.

As of 1 April 2016 the Group initiated the funding of mortgage loans with Totalcredit following the agreement on joint funding. The funding represents

DKK 4.5bn at end-September 2016 and is included in “Amounts owed to credit institutions etc”.

Capital

At 30 September 2016 shareholders' equity constitutes DKK 11,381m – a decline of DKK 46m since year-end 2015. The change comprises an addition from profit for the period of DKK 1,028m less actual distribution of DKK 803m and net purchases of own shares of DKK 271m.

The Group has implemented a share buyback programme of DKK 350m. The share buyback commenced on 29 February 2016 and will be completed by 31 December 2016. At end-September 1,550,725 shares worth DKK 280m, made up at the trade date, had been repurchased.

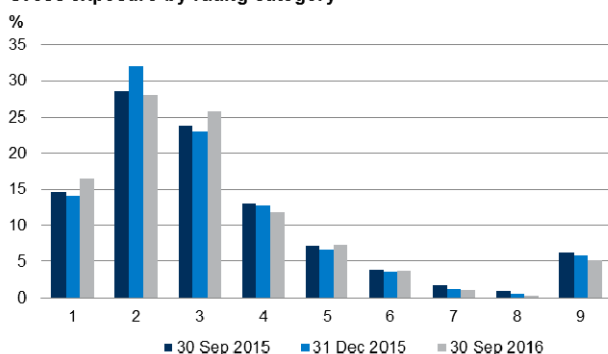
The share buyback is part of the capital adjustment to optimise the capital structure in accordance with the Group's capital policy published in the 2015 Annual Report.

Risk-weighted assets (DKKbn)	30 Sep 2016	31 Dec 2015
Credit risk	44.6	44.9
Market risk	8.2	8.9
Operational risk	8.2	8.2
Other exposures incl credit valuation adjustment	5.7	6.0
Total	66.7	68.0

Risk-weighted assets represent DKK 66.7bn (year-end 2015: DKK 68.0bn). The change is mainly attributable to a decrease in market risk of DKK 0.7bn.

The development in the gross exposure by rating category at 30 September 2015, 31 December 2015 and 30 September 2016 appears below.

Gross exposure by rating category



The gross exposure consists of loans and advances, undrawn credit commitments, interest receivable, guarantees and counterparty risk on derivatives. The graph comprises exposures treated according to IRB. Exposures relating to clients in default are not included in the breakdown of rating categories. Impairment charges for exposures have not been deducted from the exposures.

Compared with 30 September 2015 the gross exposure by rating category shows an overall positive development with an increasing share in the four best rating categories.

The Group's capital ratio stands at 18.0%, of which the Tier 1 capital ratio represents 16.2% compared with 17.6% and 15.9%, respectively, at year-end 2015. The Common Equity Tier 1 capital ratio stands at 14.9% (31 Dec 2015: 14.5%). At 30 September 2016 the individual solvency need represents 10.0%, equal to the level at year-end 2015.

The parent's capital ratio stands at 17.5%, of which the Tier 1 capital ratio represents 15.7% compared with 17.2% and 15.5%, respectively, at year-end 2015. The Common Equity Tier 1 capital ratio stands at 14.5% (31 Dec 2015: 14.1%).

Capital requirements

The Group's capital management is anchored in the Internal Capital Adequacy Assessment Process (ICAAP), a review conducted to identify risks and establish the individual solvency need.

At end-September 2016 the individual solvency need represented 10.0%. The solvency need consists of a minimum capital requirement of 8% under Pillar I and a capital add-on under Pillar II. Approximately 56% of the solvency need must be covered by Common Equity Tier 1 capital, equal to 5.6% of the risk exposure amount.

In addition to the solvency need the Group must meet a combined buffer requirement. The combined buffer requirement for the Group constitutes 1.0% at 30 September 2016. When fully loaded the combined buffer requirement will represent 3.5% bringing the fully loaded CET1 capital ratio requirement to 9.1%.

Capital and solvency and capital requirements (% of risk exposure amount)	30 Sep 2016	Fully loaded*
Capital and solvency		
Common Equity Tier 1 capital ratio	14.9	14.9
Capital ratio	18.0	17.3
Capital requirements (incl buffers)**		
CET1 capital requirement	6.7	9.1
-of which countercyclical capital buffer	0.0	0.0
-of which capital conservation buffer	0.6	2.5
-of which SIFI buffer	0.4	1.0
Total capital requirement	11.0	13.5
Excess capital		
Common Equity Tier 1 capital	8.2	5.8
Total capital	7.0	3.8

* Based on fully loaded CRR/CRD IV rules and requirements.

** The total capital requirement consists of an individual solvency need and a combined buffer requirement. The fully loaded countercyclical capital buffer is based on the national buffer rate as at 30 September 2016.

Advanced IRB – corporate exposures

Today Sydbank applies the advanced IRB approach to calculate the capital requirement as regards retail exposures and the foundation IRB approach to calculate the capital requirement as regards corporate exposures.

It has been decided to implement a project for the purpose of gaining approval to apply the advanced IRB approach to calculate the capital requirement as regards corporate exposures. The objective is to gain approval in 2019.

Analysts, model developers etc will be hired in the course of the second half of 2016.

Market risk

At 30 September 2016 the Group's interest rate risk represents DKK 70m. The Group's exchange rate risk continues to be very low and its equity position modest.

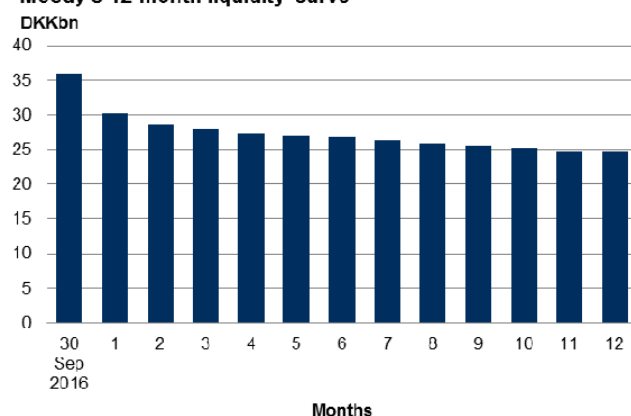
Liquidity

The Group's liquidity measured under the 10% statutory requirement constitutes 30.9% at 30 September 2016.

Sydbank is a systemically important financial institution (SIFI) and must therefore meet the new liquidity coverage ratio (LCR) of a minimum of 100%. Sydbank has made adjustments to its cash resources – increased its portfolio of Level 1A assets as well as expanded the Group's deposit base as regards retail and corporate clients. The Group's LCR constituted 151% at 30 September 2016.

Moody's 12-month liquidity curve shows that the Group is able to withstand a situation in which access to capital markets is cut off for a period of 12 months.

Moody's 12-month liquidity curve



Rating

Moody's most recent rating of Sydbank:

- Outlook: Stable
- Long-term deposit: A3
- Senior unsecured: Baa1
- Short-term deposit: P-2

Supervisory Diamond

The Supervisory Diamond sets up a number of benchmarks to indicate banking activities that initially should be regarded as involving a higher risk. Any breach of the Supervisory Diamond is subject to reactions by the Danish FSA.

Sydbank A/S complies with all the benchmarks of the Supervisory Diamond.

Supervisory Diamond	30 Sep 2016	31 Dec 2015	30 Sep 2015
Sum of large exposures < 125%	35	0	10
Lending growth < 20% annually	5	9	6
Commercial property exposure < 25%	8	8	8
Funding ratio < 1	0.82	0.82	0.81
Excess cover relative to statutory liquidity requirements > 50%	209	167	186

EU Bank Recovery and Resolution Directive

The directive, including the bail-in provisions, was implemented in Danish law on 1 June 2015. According to legislation each credit institution must meet a minimum requirement for eligible liabilities (bail-in-able liabilities). The Danish FSA has been authorised to set the requirement for Sydbank.

It remains uncertain as to when the minimum requirement must be met. The final minimum requirement may affect the Group's capital and funding structure.

Moreover a resolution fund is under establishment. Credit institutions must make contributions to the fund according to their relative size and risk in Denmark. The resolution fund must be established and have assets at its disposal equal to at least 1% of the covered deposits of all Danish credit institutions by 31 December 2024.

The Group's contribution to the resolution fund for 2016 represents DKK 17m.

Leverage ratio

The CRR/CRD IV rules require credit institutions to calculate, report, monitor and disclose their leverage ratio, which is defined as Tier 1 capital as a percentage of total exposure. The Group's leverage ratio represented 6.6% at 30 September 2016 taking into account the transitional rules. Assuming fully loaded Tier 1 capital under CRR/CRD IV without any refinancing of non-eligible Additional Tier 1 capital, the leverage ratio would represent 6.1%.

Basel IV

The Basel Committee on Banking Supervision (BCBS) is conducting a review of the requirements for calculating the risk exposure amount (REA). This review is also known as Basel IV. Among other things, Basel IV proposes to constrain the use of

internal models and introduce a permanent floor for the risk exposure amount. The new requirements are expected to be released at the end of 2016 after which the EU implementation process will begin. The Group is following developments closely but the extent of the final regulatory changes and the timeline for implementation are currently unknown.

Focus on agriculture

A breakdown by industry of bank loans and advances to the agricultural sector is shown below.

Impaired bank loans and advances to agriculture grew by DKK 309m to DKK 2,200m in Q1-Q3 2016, equal to an increase of 5.1% of loans and advances.

Of total loans and advances to agriculture an impairment charge of 22.5% was recorded at 30 September 2016 against 21.2% at end-2015.

30 Sep 2016 (DKKm)	Pig farming	Cattle farming	Crop production	Other agriculture	Total loans and advances
Bank loans and advances before impairment charges	1,790	1,765	1,331	1,140	6,026
Individual impairment charges	381	668	74	111	1,234
Previous events	-	120	-	-	120
Bank loans and advances after impairment charges	1,409	977	1,257	1,029	4,672
Impaired bank loans and advances	726	1,061	208	205	2,200
Impaired as % of bank loans and advances	40.6	60.1	15.6	18.0	36.5
Impairment as % of impaired bank loans and advances	52.5	63.0	35.6	54.1	56.1
Impairment as % of bank loans and advances	21.3	44.6	5.6	9.7	22.5

31 Dec 2015 (DKKm)	Pig farming	Cattle farming	Crop production	Other agriculture	Total loans and advances
Bank loans and advances before impairment charges	1,702	1,712	1,270	1,228	5,912
Individual impairment charges	281	599	50	97	1,027
Previous events	100	125	-	-	225
Bank loans and advances after impairment charges	1,321	988	1,220	1,131	4,660
Impaired bank loans and advances	592	996	103	200	1,891
Impaired as % of bank loans and advances	34.8	58.2	8.1	16.3	32.0
Impairment as % of impaired bank loans and advances	47.5	60.1	48.5	48.5	54.3
Impairment as % of bank loans and advances	22.4	42.3	3.9	7.9	21.2

A large supply combined with a lower demand squeezed the agricultural sector's settlement prices in 2015 and in 1H 2016.

In 2015 earnings were disappointing. The unsatisfactory earnings for milk producers have deteriorated in 2016 as the negative trend in prices has continued. As a result of the absence of milk quotas a growing quantity of milk is being produced in Europe.

According to a forecast published by SEGES on 15 September 2016 the interaction between favourable price developments, the agricultural package and enhanced efficiency will bring about progress in the agricultural sector's economy and it is estimated that the prospects for agriculture are slightly brighter now.

According to SEGES this may be ascribed to a rise in demand from China and other Asian countries together with a fall in agricultural production in several countries. However Russia's import ban on foods from the EU continues to curb developments in agricultural product prices.

The overall financial performance of the Danish agricultural sector for 2016 is expected to be the lowest in many years. In 2015 the operating profit of the agricultural sector totalled a modest DKK 1.6bn before owners' wages and minus DKK 1.9bn after owners' wages. The estimate for 2016 is an overall loss of DKK 0.1bn before owners' wages and DKK 3.8bn after owners' wages.

On average milk producers are projected to record a loss of DKK 577,000 after owners' wages in 2016 compared with a loss of DKK 448,000 in 2015. This projection is based on an average settlement price of milk of DKK 2.12 per kg in 2016. The average settlement price represented DKK 2.35 per kg in 2015. The current settlement price is DKK 2.23 per kg.

The average settlement price is projected to rise to DKK 2.51 per kg in 2017. The highest level is expected in the latter part of 2017.

As a result of the projected favourable trend in settlement prices, an average milk producer is

expected to record a profit of DKK 37,000 after owners' wages in 2017.

Pig producers' income hit bottom in 2015 with an average loss of DKK 395,000 after owners' wages. The quotation for pork has risen in 2016 and an average quotation for pork including supplementary payments is projected to be DKK 10.21 per kg against DKK 9.81 per kg in 2015. As a result of the developments in prices combined with a decline in feed prices, overall pig farming is projected to record a break-even result after owners' wages in 2016.

SEGES' forecast of pig producers' average earnings in 2017 shows a profit of DKK 204,000 after owners' wages. SEGES estimates that pig and feed prices in 2017 will be at the projected long-term level.

Earnings will continue to vary greatly between the best and most efficient farmers and the least efficient group of farmers who will still face significant challenges – also given rising prices.

The best third of milk producers are expected to post a loss of DKK 200,000 after owners' wages in 2016 while the poorest third of milk producers are expected to post a loss of DKK 1,493,000 after owners' wages.

In light of the outlook for 2016, primarily based on forecasts published by SEGES in September 2015, the Bank made an extraordinary increase in its collective impairment charges in 2015 to a total of DKK 225m to meet risks on agricultural exposures.

In the first nine months of 2016 individual impairment charges of DKK 310m were recorded on agricultural exposures. The impairment charge primarily concerns an individualisation of the collective impairment charges of DKK 225m recorded in 2015.

As a result of the deterioration in the agricultural sector in 2016 it is necessary to record new collective impairment charges of DKK 120m.

Consequently collective impairment charges regarding exposures to milk producers constitute DKK 120m at end-September 2016.

Conversion of bank loans and advances to subordinated loan capital as regards selected farmers

During the second half of 2016 the Group will offer selected agricultural clients the option to convert part of their bank debt into subordinated loan capital in a bid to create better prospects and encourage them to continue to work towards increasing earnings – as stated in connection with the release of the Bank's interim report for the first half of 2016. The Bank will record the amount converted as finally written off.

The Bank will continue to have a potential claim in the form of subordinated loan capital which, subject to conditions, may be redeemed by the farmer after a certain number of years at a price to be agreed. The subordinated loan will be interest free during this period.

The selected farms are characterised by for instance:

- negative equity
- high efficiency.

After conversion of the bank debt the assessment should be that the farm in question offers perspectives from the point of view of the farmer as well as Sydbank.

After the conversion OEI will cease to exist for the agricultural exposures concerned. If all selected farmers accept the conversion offer the Group's impaired loans will be reduced by approximately DKK 1.0bn. Bank loans and advances amounting to around DKK 0.5bn are expected to be written off. The amount has already been written down.

It is believed to be highly likely that the farmers will accept the offer but no one can say for sure.

Conversion activity – status

- The plan was released at end-August 2016.
- The legal documents were completed in September 2016 and the first clients were contacted. At end-September no agreements had been signed.
- The first agreements were signed in October.
- It is still expected that the bulk of the selected exposures will be converted in Q4 2016.

Income Statement

DKKm	Note	Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q3 2015
Interest income	2	2,046	2,151	673	695
Interest expense	3	223	265	75	84
Net interest income		1,823	1,886	598	611
Dividends on shares		43	61	4	3
Fee and commission income	4	1,384	1,444	471	469
Fee and commission expense		238	222	90	98
Net interest and fee income		3,012	3,169	983	985
Market value adjustments	5	358	166	149	82
Other operating income		24	34	10	18
Staff costs and administrative expenses	6	1,884	1,852	588	583
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		74	72	25	23
Other operating expenses	8	15	90	6	30
Impairment of loans and advances etc	9	114	272	30	55
Profit on holdings in associates and subsidiaries	10	2	5	1	1
Profit before tax		1,309	1,088	494	395
Tax	11	281	256	109	93
Profit for the period		1,028	832	385	302
EPS Basic (DKK) *		14.6	11.4	5.5	4.2
EPS Diluted (DKK) *		14.6	11.4	5.5	4.2
Dividend per share (DKK)		-	-	-	-
* Calculated on the basis of average number of shares outstanding, see page 19.					

Statement of Comprehensive Income

Profit for the period	1,028	832	385	302
Other comprehensive income				
Items that may be reclassified to the income statement:				
Translation of foreign entities	(2)	23	0	(12)
Hedge of net investment in foreign entities	2	(23)	0	12
Property revaluation	-	-	-	-
Other comprehensive income after tax	0	0	0	0
Comprehensive income for the period	1,028	832	385	302

Balance Sheet

DKKm	Note	30 Sep 2016	31 Dec 2015	30 Sep 2015
Assets				
Cash and balances on demand at central banks		2,036	967	3,059
Amounts owed by credit institutions and central banks	12	3,796	4,274	8,663
Loans and advances at fair value		6,873	10,183	6,600
Loans and advances at amortised cost		78,072	74,275	72,422
Bonds at fair value		26,365	26,362	23,672
Shares etc		1,802	1,736	1,647
Holdings in associates etc		162	163	163
Assets related to pooled plans		13,285	12,000	11,550
Intangible assets		308	324	330
Land and buildings – owner-occupied property		988	1,012	1,025
Other property, plant and equipment		54	68	56
Current tax assets		128	185	150
Deferred tax assets		83	83	104
Assets in temporary possession		3	7	7
Other assets	13	12,206	11,047	11,409
Prepayments		63	56	64
Total assets		146,224	142,742	140,921
Shareholders' equity and liabilities				
Amounts owed to credit institutions and central banks	14	17,402	17,785	20,646
Deposits and other debt	15	78,567	79,900	76,884
Deposits in pooled plans		13,293	12,009	11,560
Bonds issued at amortised cost		7,134	3,727	3,725
Current tax liabilities		0	-	-
Other liabilities	16	15,967	15,440	14,478
Deferred income		6	4	5
Total liabilities		132,369	128,865	127,298
Provisions	17	346	320	268
Subordinated capital	18	2,128	2,130	2,129
Shareholders' equity:				
Share capital		722	742	742
Revaluation reserves		79	79	79
Other reserves:				
Reserves according to articles of association		425	425	425
Other reserves		13	13	10
Retained earnings		10,142	9,355	9,970
Proposed dividend etc		-	813	-
Total shareholders' equity		11,381	11,427	11,226
Total shareholders' equity and liabilities		146,224	142,742	140,921

Financial Highlights – Quarterly

	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Income statement (DKK m)							
Core income	1,030	1,051	1,050	1,040	1,062	1,112	1,115
Trading income	65	69	54	48	15	34	118
Total income	1,095	1,120	1,104	1,088	1,077	1,146	1,233
Costs, core earnings	612	665	681	666	635	685	689
Core earnings before impairment	483	455	423	422	442	461	544
Impairment of loans and advances etc	33	43	38	44	55	101	116
Core earnings	450	412	385	378	387	360	428
Investment portfolio earnings	49	14	(22)	7	8	(64)	(31)
Profit before non-recurring items	499	426	363	385	395	296	397
Non-recurring items, net	(5)	26	-	-	-	-	-
Profit before tax	494	452	363	385	395	296	397
Tax	109	92	80	69	93	70	93
Profit for the period	385	360	283	316	302	226	304

Balance sheet highlights (DKK bn)

Loans and advances at amortised cost	78.1	78.8	76.2	74.3	72.4	71.4	70.6
Loans and advances at fair value	6.9	6.8	7.9	10.2	6.6	9.7	8.0
Deposits and other debt	78.6	79.9	76.8	79.9	76.9	81.2	72.1
Bonds issued at amortised cost	7.1	7.1	3.7	3.7	3.7	3.7	3.7
Subordinated capital	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Shareholders' equity	11.4	11.1	10.9	11.4	11.2	11.1	11.1
Total assets	146.2	148.0	145.1	142.7	140.9	153.1	155.7

Financial ratios per share (DKK per share of DKK 10)

EPS Basic **	5.5	5.1	4.0	4.4	4.2	3.1	4.1
EPS Diluted **	5.5	5.1	4.0	4.4	4.2	3.1	4.1
Share price at end of period	201.4	167.2	187.7	221.8	253.9	255.8	218.1
Book value	163.0	157.6	152.8	160.2	156.3	153.1	151.2
Share price/book value	1.24	1.06	1.23	1.38	1.62	1.67	1.44
Average number of shares outstanding (in millions)	69.9	70.7	71.3	71.5	72.1	73.0	73.4
Dividend per share	-	-	-	11.12	-	-	-

Other financial ratios and key figures

Common Equity Tier 1 capital ratio	14.9	14.8	14.4	14.5	14.4	14.1	14.6
Tier 1 capital ratio	16.2	16.1	15.7	15.9	15.9	15.5	16.0
Capital ratio	18.0	18.0	17.5	17.6	17.6	17.2	17.6
Pre-tax profit as % of average shareholders' equity **	4.3	4.1	3.3	3.4	3.5	2.6	3.5
Post-tax profit as % of average shareholders' equity **	3.4	3.3	2.5	2.8	2.7	2.0	2.7
Costs (core earnings) as % of total income	59.0	59.4	61.7	61.2	59.0	59.8	55.9
Return on assets (%)	0.3	0.2	0.2	0.2	0.2	0.1	0.2
Interest rate risk	0.6	0.6	1.4	2.8	2.0	2.2	0.3
Foreign exchange position	1.4	2.1	1.7	2.2	1.3	3.0	1.5
Foreign exchange risk	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans and advances relative to deposits *	0.8	0.9	0.9	0.8	0.8	0.8	0.8
Loans and advances relative to shareholders' equity *	6.9	7.1	7.0	6.5	6.5	6.4	6.4
Growth in loans and advances for the period *	(1.0)	3.5	2.6	2.6	1.4	1.1	3.2
Excess cover relative to statutory liquidity requirements	209.5	192.7	147.3	166.8	186.2	185.1	141.1
Total large exposures	35.2	0.0	10.6	0.0	10.2	10.2	10.1
Accumulated impairment ratio	4.2	4.2	4.5	4.7	4.9	4.9	4.9
Impairment ratio for the period **	0.03	0.05	0.04	0.05	0.06	0.11	0.13
Number of full-time staff at end of period	2,048	2,032	2,027	2,044	2,113	2,164	2,147

* Financial ratios are calculated on the basis of loans and advances at amortised cost.

** Quarterly ratios have not been converted to a full-year basis.

Financial Highlights – Q1-Q3

	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2013	Q1-Q3 2012
Income statement (DKK m)					
Core income	3,131	3,289	3,225	3,047	3,162
Trading income	188	167	205	192	252
Total income	3,319	3,456	3,430	3,239	3,414
Costs, core earnings	1,958	2,009	1,986	1,914	1,907
Core earnings before impairment	1,361	1,447	1,444	1,325	1,507
Impairment of loans and advances etc	114	272	559	973	1,198
Core earnings	1,247	1,175	885	352	309
Investment portfolio earnings	41	(87)	81	277	265
Profit before non-recurring items	1,288	1,088	966	629	574
Non-recurring items, net	21	-	84	(13)	(10)
Profit before tax	1,309	1,088	1,050	616	564
Tax	281	256	222	147	141
Profit for the period	1,028	832	828	469	423

Balance sheet highlights (DKK bn)

Loans and advances at amortised cost	78.1	72.4	68.0	67.4	67.2
Loans and advances at fair value	6.9	6.6	5.1	4.6	5.9
Deposits and other debt	78.6	76.9	73.0	68.1	63.8
Bonds issued at amortised cost	7.1	3.7	3.7	3.8	3.8
Subordinated capital	2.1	2.1	1.4	1.4	1.4
Shareholders' equity	11.4	11.2	11.1	10.6	10.0
Total assets	146.2	140.9	148.2	144.5	154.0

Financial ratios per share (DKK per share of DKK 10)

EPS Basic **	14.6	11.4	11.3	6.4	5.8
EPS Diluted **	14.6	11.4	11.3	6.4	5.8
Share price at end of period	201.4	253.9	179.6	143.8	109.4
Book value	163.0	156.3	151.0	143.8	136.9
Share price/book value	1.24	1.62	1.19	1.00	0.80
Average number of shares outstanding (in millions)	70.6	72.8	73.3	73.3	73.1
Dividend per share	-	-	-	-	-

Other financial ratios and key figures

Common Equity Tier 1 capital ratio	14.9	14.4	14.8	14.8	13.6
Tier 1 capital ratio	16.2	15.9	16.4	16.5	15.3
Capital ratio	18.0	17.6	17.0	16.9	15.3
Pre-tax profit as % of average shareholders' equity **	11.5	9.7	9.9	6.0	5.8
Post-tax profit as % of average shareholders' equity **	9.0	7.4	7.8	4.6	4.3
Costs (core earnings) as % of total income	59.0	58.1	57.9	59.1	55.9
Return on assets (%)	0.7	0.6	0.6	0.3	0.3
Interest rate risk	0.6	2.0	0.5	0.0	1.1
Foreign exchange position	1.4	1.3	4.5	2.9	3.2
Foreign exchange risk	0.0	0.0	0.0	0.1	0.1
Loans and advances relative to deposits *	0.8	0.8	0.8	0.9	0.9
Loans and advances relative to shareholders' equity *	6.9	6.5	6.1	6.4	6.7
Growth in loans and advances for the period *	5.1	5.8	2.1	(1.1)	(2.4)
Excess cover relative to statutory liquidity requirements	209.5	186.2	177.3	200.3	135.3
Total large exposures	35.2	10.2	37.9	22.2	36.7
Accumulated impairment ratio	4.2	4.9	5.4	4.4	3.4
Impairment ratio for the period **	0.12	0.31	0.68	1.24	1.54
Number of full-time staff at end of period	2,048	2,113	2,142	2,078	2,095

* Financial ratios are calculated on the basis of loans and advances at amortised cost.

** Q1-Q3 ratios have not been converted to a full-year basis.

Capital

DKKkm	Share capital	Re-valuation reserves	Reserves acc to articles of association*	Reserve for net revaluation acc to equity method	Retained earnings	Proposed dividend etc	Total
Shareholders' equity at 1 Jan 2016	742	79	425	13	9,355	813	11,427
Profit for the period	-	-	-	-	1,028	-	1,028
Other comprehensive income							
Translation of foreign entities	-	-	-	-	(2)	-	(2)
Hedge of net investment in foreign entities	-	-	-	-	2	-	2
Property revaluation	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	1,028	-	1,028
Transactions with owners							
Purchase of own shares	-	-	-	-	(1,092)	-	(1,092)
Sale of own shares	-	-	-	-	1,266	-	1,266
Reduction of share capital	(20)	-	-	-	(425)	-	(445)
Dividend etc paid	-	-	-	-	-	(813)	(813)
Dividend, own shares	-	-	-	-	10	-	10
Total transactions with owners	(20)	-	-	-	(241)	(813)	(1,074)
Shareholders' equity at 30 Sep 2016	722	79	425	13	10,142	-	11,381
Shareholders' equity at 1 Jan 2015	742	90	425	10	9,508	536	11,311
Profit for the period	-	-	-	-	832	-	832
Other comprehensive income							
Translation of foreign entities	-	-	-	-	23	-	23
Hedge of net investment in foreign entities	-	-	-	-	(23)	-	(23)
Property revaluation	-	(11)	-	-	11	-	-
Total other comprehensive income	-	(11)	-	-	11	-	-
Comprehensive income for the period	-	(11)	-	-	843	-	832
Transactions with owners							
Purchase of own shares	-	-	-	-	(1,710)	-	(1,710)
Sale of own shares	-	-	-	-	1,322	-	1,322
Dividend etc paid	-	-	-	-	-	(536)	(536)
Dividend, own shares	-	-	-	-	7	-	7
Total transactions with owners	-	-	-	-	(381)	(536)	(917)
Shareholders' equity at 30 Sep 2015	742	79	425	10	9,970	-	11,226

* Reserves according to the Articles of Association are identical to the undistributable savings bank reserve in accordance with Article 4 of the Articles of Association.

The Sydbank share	30 Sep 2016	Full year 2015	30 Sep 2015
Share capital (DKK)	722,401,990	742,499,990	742,499,990
Shares issued (number)	72,240,199	74,249,999	74,249,999
Shares outstanding at end of period (number)	69,829,269	71,334,716	71,821,966
Average number of shares outstanding (number)	70,630,631	72,501,307	72,844,141

The Bank has only one class of shares as all shares carry the same rights.

Capital

DKKm	30 Sep 2016	31 Dec 2015	30 Sep 2015
Solvency			
Common Equity Tier 1 capital ratio	14.9	14.5	14.4
Tier 1 capital ratio	16.2	15.9	15.9
Capital ratio	18.0	17.6	17.6
Total capital:			
Shareholders' equity	11,381	11,427	11,226
Expected maximum dividend based on dividend policy	(514)	-	(416)
Capital deduction based on prudence concept	(64)	-	-
Actual or contingent obligations to purchase own shares	(70)	-	(106)
Proposed dividend etc	-	(813)	-
Intangible assets and capitalised deferred tax assets	(334)	(349)	(366)
Significant investments in financial sector	(433)	(413)	(384)
Common Equity Tier 1 capital	9,966	9,852	9,954
Additional Tier 1 capital	833	973	972
Tier 1 capital	10,799	10,825	10,926
Tier 2 capital	963	908	908
Difference between expected losses and accounting impairment charges	252	251	261
Total capital	12,014	11,984	12,095
Credit risk	44,550	44,931	46,189
Market risk	8,213	8,876	7,961
Operational risk	8,173	8,173	8,575
Other exposures incl credit valuation adjustment	5,738	5,975	6,172
Risk exposure amount	66,674	67,955	68,897
Capital requirement under Pillar I	5,334	5,436	5,512

Cash Flow Statement

DKKm	Q1-Q3 2016	Full year 2015	Q1-Q3 2015
Operating activities			
Pre-tax profit for the period	1,309	1,473	1,088
Taxes paid	(218)	(427)	(367)
Adjustment for non-cash operating items	212	470	333
Cash flows from working capital	(1,774)	998	4,565
Cash flows from operating activities	(471)	2,514	5,619
Investing activities			
Purchase and sale of holdings in associates	3	13	10
Purchase and sale of intangible assets and property, plant and equipment	(21)	(23)	(9)
Cash flows from investing activities	(18)	(10)	1
Financing activities			
Purchase and sale of own holdings	(271)	(503)	(388)
Dividends etc	(803)	(529)	(529)
Raising of subordinated capital	(2)	745	744
Issue of bonds	3,408	(14)	(16)
Cash flows from financing activities	2,332	(301)	(189)
Cash flows for the period	1,843	2,203	5,431
Cash and cash equivalents at 1 Jan	4,488	2,285	2,285
Cash flows for the period	1,843	2,203	5,431
Cash and cash equivalents at end of period	6,331	4,488	7,716

Segment Reporting

DKKm	Banking	Asset Management	Sydbank Markets	Treasury	Other	Total
Operating segments – Q1-Q3 2016						
Core income	2,918	143	70	-	-	3,131
Trading income	-	-	188	-	-	188
Total income	2,918	143	258	-	-	3,319
Costs, core earnings	1,781	48	84	-	45	1,958
Impairment of loans and advances etc	114	-	-	-	-	114
Core earnings	1,023	95	174	-	(45)	1,247
Investment portfolio earnings	4	-	-	37	-	41
Profit before non-recurring items	1,027	95	174	37	(45)	1,288
Non-recurring items, net	-	-	-	-	21	21
Profit before tax	1,027	95	174	37	(24)	1,309

DKKm	Banking	Asset Management	Sydbank Markets	Treasury	Other	Total
Operating segments – Q1-Q3 2015						
Core income	3,068	135	86	-	-	3,289
Trading income	-	-	167	-	-	167
Total income	3,068	135	253	-	-	3,456
Costs, core earnings	1,827	41	95	-	46	2,009
Impairment of loans and advances etc	272	-	-	-	-	272
Core earnings	969	94	158	-	(46)	1,175
Investment portfolio earnings	-	-	-	(89)	2	(87)
Profit before non-recurring items	969	94	158	(89)	(44)	1,088
Non-recurring items, net	-	-	-	-	-	-
Profit before tax	969	94	158	(89)	(44)	1,088

Notes



Note 1

Accounting policies

The Interim Report is prepared in compliance with IAS 34 “Interim Financial Reporting” as adopted by the EU and in compliance with additional Danish disclosure requirements for interim reports. As a result of the use of IAS 34, the presentation is less complete compared with the presentation of an annual report and the recognition and measurement principles are in compliance with IFRS.

The accounting policies are consistent with those adopted in the 2015 Annual Report, to which reference is made.

The 2015 Annual Report provides a comprehensive description of the accounting policies applied.

The measurement of certain assets and liabilities requires managerial estimates as to how future events will affect the value of such assets and liabilities. The significant estimates made by management in the use of the Group’s accounting policies and the inherent considerable uncertainty of such estimates used in the preparation of the condensed interim report are identical to those used in the preparation of the annual report as at 31 December 2015.

The Group’s significant risks and the external elements which may affect the Group are described in greater detail in the 2015 Annual Report.

Notes

DKKm	Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q3 2015
Note 2				
Interest income				
Reverse transactions with credit institutions and central banks	(6)	(28)	(3)	(8)
Amounts owed by credit institutions and central banks	(9)	(4)	(2)	(3)
Reverse loans and advances	(18)	(17)	(6)	(7)
Loans and advances and other amounts owed	1,949	2,057	645	688
Bonds	226	219	70	61
Derivatives	(98)	(84)	(31)	(40)
comprising:				
Foreign exchange contracts	54	72	14	23
Interest rate contracts	(152)	(156)	(45)	(63)
Other contracts	-	0	-	0
Other interest income	2	8	0	4
Total	2,046	2,151	673	695

Note 3

Interest expense				
Repo transactions with credit institutions and central banks	(28)	(30)	(6)	(8)
Credit institutions and central banks	27	17	9	5
Repo deposits	(4)	(2)	(1)	(2)
Deposits and other debt	151	209	46	64
Bonds issued	50	45	19	15
Subordinated capital	26	25	8	10
Other interest expense	1	1	0	0
Total	223	265	75	84

Note 4

Fee and commission income				
Securities trading and custody accounts	727	779	246	267
Payment services	231	217	84	75
Loan fees	89	130	32	30
Guarantee commission	89	81	25	28
Other fees and commission	248	237	84	69
Total	1,384	1,444	471	469

Notes

DKKm	Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q3 2015
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Note 5

Market value adjustments

Other loans and advances and amounts owed at fair value	1	2	0	0
Bonds	393	(175)	97	28
Shares etc	131	88	44	36
Investment property	0	0	0	0
Foreign exchange	140	165	40	47
Total derivatives	(307)	90	(30)	(30)
Assets related to pooled plans	486	(90)	354	(479)
Deposits in pooled plans	(486)	88	(356)	479
Other assets/liabilities	0	(2)	0	1
Total	358	166	149	82

Note 6

Staff costs and administrative expenses

Salaries and remuneration:				
Group Executive Management	11	11	3	4
Board of Directors	4	3	1	1
Shareholders' Committee	3	2	2	1
Total	18	16	6	6

Staff costs:

Wages and salaries	882	922	271	284
Pensions	93	97	33	32
Social security contributions	11	12	3	4
Payroll tax etc	111	105	36	36
Total	1,097	1,136	343	356

Other administrative expenses:

IT	444	408	160	136
Rent etc	85	82	29	28
Marketing and entertainment expenses	47	53	13	15
Other costs	193	157	37	42
Total	769	700	239	221
Total	1,884	1,852	588	583

Note 7

Staff

Average number of staff (full-time equivalent)	2,074	2,169	2,084	2,166
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Notes

DKKm	Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q3 2015
Note 8				
Other operating expenses				
Contributions to the Guarantee Fund for Depositors and Investors	-	90	-	30
Contributions to the Resolution Fund	14	-	5	-
Other expenses	1	0	1	0
Total	15	90	6	30
Note 9				
Impairment of loans and advances recognised in the income statement				
Impairment and provisions	127	201	73	5
Write-offs	114	133	31	80
Recovered from debt previously written off	127	62	74	30
Impairment of loans and advances etc	114	272	30	55
Impairment and provisions at end of period				
Individual impairment and provisions	3,618	3,801	3,618	3,801
Collective impairment and provisions	324	438	324	438
Impairment and provisions at end of period	3,942	4,239	3,942	4,239
Individual impairment of loans and advances and provisions for guarantees				
Impairment and provisions at beginning of period	3,687	4,111	3,589	3,918
Exchange rate adjustment	0	0	0	0
New individual impairment charges	1,219	1,096	342	225
Reversed individual impairment charges	788	871	202	200
Impairment charges previously recorded, now finally written off	500	535	111	142
Impairment and provisions at end of period	3,618	3,801	3,618	3,801
Individual impairment of loans and advances	3,490	3,687	3,490	3,687
Individual provisions for guarantees	128	114	128	114
Impairment and provisions at end of period	3,618	3,801	3,618	3,801
Collective impairment of loans and advances and provisions for guarantees				
Impairment and provisions at beginning of period	495	301	350	389
Impairment and provisions during the period	(171)	137	(26)	49
Impairment and provisions at end of period	324	438	324	438
Sum of loans and advances and amounts owed subject to collective impairment and provisions	6,744	6,809	6,744	6,809
Collective impairment and provisions	324	438	324	438
Loans and advances and amounts owed after collective impairment and provisions	6,420	6,371	6,420	6,371
Individual impairment of loans and advances subject to objective evidence of impairment				
Balance before impairment of individually impaired loans and advances	5,949	6,479	5,949	6,479
Impairment of individually impaired loans and advances	3,490	3,687	3,490	3,687
Balance after impairment of individually impaired loans and advances	2,459	2,792	2,459	2,792
Accrued interest concerning individually and collectively impaired loans and advances	444	401	147	144

Notes

Industry	Loans/advances and guarantees		Impairment and provisions		Impairment of loans and advances etc for the period		Sydbank Group	
	30 Sep	31 Dec	30 Sep	31 Dec	Q1-Q3	Q1-Q3	Loss for the period	
	DKKkm	2016	2015	2016	2015	2016	2015	Q1-Q3
Note 9 – continued								
Loans and advances and guarantees as well as impairment charges for loans and advances etc by industry								
Agriculture, hunting, forestry and fisheries	6,374	6,268	1,234	1,027	310	141	197	122
<i>Pig farming</i>	1,828	1,797	381	281	98	42	15	43
<i>Cattle farming</i>	1,853	1,798	668	599	158	90	153	30
<i>Crop production</i>	1,498	1,386	74	50	19	9	11	8
<i>Other agriculture</i>	1,195	1,287	111	97	35	0	18	41
Manufacturing and extraction of raw materials	8,388	7,835	245	183	(1)	(16)	23	30
Energy supply etc	3,062	3,512	24	32	7	5	31	4
Building and construction	4,054	3,421	79	102	0	12	28	46
Trade	12,760	12,828	297	434	4	(3)	84	67
Transportation, hotels and restaurants	3,646	3,397	125	64	43	0	2	4
Information and communication	311	312	20	20	1	(2)	1	3
Finance and insurance	5,836	6,410	141	216	(19)	(42)	32	81
Real property	7,202	7,467	375	422	(36)	0	99	143
<i>Leasing of commercial property</i>	3,533	3,585	215	201	(17)	(10)	21	48
<i>Leasing of residential property</i>	1,133	1,375	108	122	(15)	1	13	25
<i>Housing associations and cooperative housing associations</i>	1,805	1,789	-	-	-	-	-	-
<i>Purchase, development and sale on own account</i>	574	568	39	75	10	3	64	37
<i>Other related to real property</i>	157	150	13	24	(14)	6	1	33
Other corporate lending	4,090	3,602	164	182	12	14	31	19
Total corporate lending	55,723	55,052	2,704	2,682	321	109	528	519
Public authorities	719	999	-	-	-	-	-	-
Retail clients	37,563	32,786	786	887	(36)	26	86	149
Collective impairment charges			324	495	(171)	137	-	-
Provisions for guarantees			128	118				
Total	94,005	88,837	3,942	4,182	114	272	614	668

Notes

DKKm	Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q3 2015
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Note 10

Profit on holdings in associates and subsidiaries

Profit/(Loss) on holdings in associates etc	2	5	1	1
Total	2	5	1	1

Note 11

Effective tax rate

Current tax rate of Sydbank	22.0	23.5	22.0	23.5
Permanent differences *	(0.6)	-	-	-
Adjustment of prior year tax charges	0.1	-	0.1	-
Effective tax rate	21.5	23.5	22.1	23.5

* Permanent differences comprise a tax-free gain on shares of DKK 31m concerning the adjustment of the purchase sum from the sale of shares in Nets Holding in 2014.

DKKm	30 Sep 2016	31 Dec 2015	30 Sep 2015
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Note 12

Amounts owed by credit institutions and central banks

Amounts owed at notice by central banks	64	-	3,000
Amounts owed by credit institutions	3,732	4,274	5,663
Total	3,796	4,274	8,663
Of which reverse transactions	1,785	1,062	4,398

Note 13

Other assets

Positive market value of derivatives etc	8,463	8,014	8,271
Sundry debtors	442	351	418
Interest and commission receivable	192	196	236
Cash collateral provided, CSA agreements	3,107	2,485	2,483
Other assets	2	1	1
Total	12,206	11,047	11,409

Notes

DKKm	30 Sep 2016	31 Dec 2015	30 Sep 2015
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Note 14

Amounts owed to credit institutions and central banks

Amounts owed to central banks	87	16	75
Amounts owed to credit institutions	17,315	17,769	20,571
Total	17,402	17,785	20,646
Of which repo transactions	7,580	11,607	9,792

Note 15

Deposits and other debt

On demand	65,955	61,628	60,799
At notice	5,150	6,192	344
Time deposits	2,238	6,564	10,074
Special categories of deposits	5,224	5,516	5,667
Total	78,567	79,900	76,884
Of which repo transactions	652	2,909	348

Note 16

Other liabilities

Negative market value of derivatives etc	8,960	8,417	8,596
Sundry creditors etc	3,970	4,192	1,173
Negative portfolio, reverse transactions	1,931	2,033	3,834
Interest and commission etc	96	53	154
Cash collateral received, CSA agreements	1,010	745	721
Total	15,967	15,440	14,478

Note 17

Provisions

Provisions for pensions and similar obligations	3	3	4
Provisions for deferred tax	127	127	80
Provisions for guarantees	128	118	114
Other provisions *	88	72	70
Total	346	320	268

* Other provisions mainly concern provisions for onerous contracts and legal actions.

Notes

DKK m	30 Sep 2016	31 Dec 2015	30 Sep 2015
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Note 18

Subordinated capital

Interest rate	Note		Nominal (m)	Maturity			
2.13 (fixed)	1)	Bond loan	EUR 100	11 Mar 2027	740	740	740
Total Tier 2 capital					740	740	740
0.80 (floating)	2)	Bond loan	EUR 100	Perpetual	744	745	745
0.77 (floating)	3)	Bond loan	EUR 75	Perpetual	559	560	559
6.36 (fixed)	4)	Bond loan	DKK 85	Perpetual	85	85	85
Total Additional Tier 1 capital					1,388	1,390	1,389
Total subordinated capital					2,128	2,130	2,129
1) Optional redemption from 11 March 2022 after which the interest rate will be fixed at 1.72% above 5Y Mid-Swap.							
2) Optional redemption from 25 April 2017 after which the interest rate will be fixed at 2.10% above 3M EURIBOR.							
3) The interest rate follows the 10Y Mid-Swap plus a premium of 0.2%.							
4) Optional redemption from 14 May 2017 after which the interest rate will be fixed at 1.75% above 3M CIBOR.							
Costs relating to the raising and redemption of subordinated capital					0	0	0

Note 19

Contingent liabilities and other obligating agreements

Contingent liabilities

Financial guarantees	3,976	4,011	4,042
Mortgage finance guarantees	2,451	1,781	1,790
Registration and remortgaging guarantees	3,907	3,002	3,059
Other contingent liabilities	1,785	1,704	1,723
Total	12,119	10,498	10,614

Other obligating agreements

Irrevocable credit commitments	838	784	1,403
Other liabilities *	31	37	37
Total	869	821	1,440

Totalkredit loans arranged by Sydbank are subject to an agreed right of set-off against future current commission which Totalkredit may invoke in the event of losses on the loans arranged.

Sydbank does not expect that this set-off will have a significant impact on Sydbank's financial position.

As a result of the Bank's membership of Bankdata, the Bank will be obligated to pay an exit charge in the event of exit.

As a result of the statutory participation in the deposit guarantee scheme the industry has paid an annual contribution of 2.5‰ of covered net deposits until the Banking Department's capital exceeds 1% of total covered net deposits, which was reached at year-end 2015. The Banking Department will cover the direct losses in connection with the winding-up of distressed financial institutions under Bank Package III and Bank Package IV which are attributable to covered net deposits. Any losses as a result of the final winding-up will be covered by the guarantee fund via the Winding-up and Restructuring Department as regards which Sydbank is currently liable for 5.61% of any losses.

Notes

DKKm	30 Sep 2016	31 Dec 2015	30 Sep 2015
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Note 19 – continued

As a result of the statutory participation in the resolution financing arrangement (the Resolution Fund) from 2015 credit institutions will pay annual contributions to reach a target funding level totalling 1% of covered deposits over a 10-year period. Credit institutions must make contributions according to their relative size and risk in Denmark and the first contributions were paid at year-end 2015. Sydbank expects that contributions will total approximately DKK 200m over a 10-year period.

The Group is party to a number of legal actions. These actions are under continuous review and the necessary provisions made are based on an assessment of the risk of loss. Pending legal actions are not expected to have any significant impact on the financial position of the Group.

Note 20

Repo and reverse transactions

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet and consideration received is recognised as a debt. Repo transaction securities are treated as assets provided as collateral for liabilities.

In connection with reverse transactions, which involve purchasing securities to be resold at a later date, the Group is entitled to sell or deposit them as collateral for other loans. The securities are not recognised in the balance sheet and consideration paid is recognised as a receivable.

Assets received as collateral in connection with reverse transactions may be sold to a third party. In such cases a negative portfolio may arise as a result of the accounting rules. This is recognised under “Other liabilities”.

Assets sold as part of repo transactions

Bonds at fair value	8,330	14,712	10,328
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Assets purchased as part of reverse transactions

Bonds at fair value	8,601	11,140	10,932
Shares etc	4	1	3

Note 21

Collateral

At 30 September 2016 the Group had deposited as collateral securities at a market value of DKK 106m with Danish and foreign exchanges and clearing centres etc in connection with margin calls and securities settlements etc.

Notes

DKKm	Q1-Q3 2016	Q1-Q3 2015	Index 16/15	Full year 2015
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Note 22

Related parties

Sydbank is the bank of a number of related parties. Transactions with related parties are settled on an arm's length basis.

No unusual transactions took place with related parties in Q1-Q3 2016. Reference is made to the Group's 2015 Annual Report for a detailed description of related party transactions.

Note 23

Reporting events occurring after the balance sheet date

After the expiry of Q1-Q3, no matters of significant impact on the financial position of the Sydbank Group have occurred.

Note 24

Large shareholders

Silchester International Investors LLP owns more than 5% of Sydbank's share capital.

Note 25

Core income

Net interest etc	1,749	1,812	97	2,404
Mortgage credit *	292	290	101	376
Payment services	149	153	97	207
Remortgaging and loan fees	67	130	52	159
Commission and brokerage	261	320	82	407
Commission etc investment funds and pooled pension plans	286	260	110	341
Asset management	143	135	106	183
Custody fees	53	57	93	75
Other income	131	132	99	177
Total	3,131	3,289	95	4,329

* Mortgage credit

Totalkredit cooperation	224	250	90	326
Totalkredit, set-off of loss	16	24	67	32
Totalkredit cooperation, net	208	226	92	294
DLR Kredit	82	62	132	79
Other mortgage credit income	2	2	-	3
Total	292	290	101	376

Notes

DKKm

Note 26

Financial instruments recognised at fair value

Measurement of financial instruments is based on quoted prices from an active market, on generally accepted valuation models with observable market data or on available data that only to a limited extent are observable market data.

Measurement of financial instruments for which prices are quoted in an active market or which is based on generally accepted valuation models with observable market data is not subject to significant estimates.

As regards financial instruments where measurement is based on available data that only to a limited extent are observable market data, measurement is subject to estimates. Such financial instruments appear from the column unobservable inputs below and include primarily unlisted shares, including shares in DLR Kredit A/S.

The fair value of unlisted shares and other holdings is calculated on the basis of available information on trades etc – including to a very significant extent on shareholders agreements based on book value. To an insignificant extent fair value is calculated on the basis of expected cash flows.

A 10% change in the calculated market value of financial assets measured on the basis of unobservable inputs will affect profit before tax by DKK 154m.

Notes

30 Sep 2016

DKKkm	Quoted prices	Observable inputs	Un-observable inputs	Total fair value	Carrying amount
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Note 26 – continued

Financial assets

Amounts owed by credit institutions and central banks	-	1,785	-	1,785	1,785
Loans and advances at fair value	-	6,873	-	6,873	6,873
Bonds at fair value	-	26,365	-	26,365	26,365
Shares etc	236	28	1,538	1,802	1,802
Assets related to pooled plans	4,652	8,633	-	13,285	13,285
Other assets	47	8,289	-	8,336	8,336
Total	4,935	51,973	1,538	58,446	58,446

Financial liabilities

Amounts owed to credit institutions and central banks	-	7,580	-	7,580	7,580
Deposits and other debt	-	652	-	652	652
Deposits in pooled plans	-	13,293	-	13,293	13,293
Other liabilities	150	10,742	-	10,892	10,892
Total	150	32,267	-	32,417	32,417

DKKkm

30 Sep 2016 30 Sep 2015

Assets measured on the basis of unobservable inputs

Carrying amount at 1 Jan	1,493	1,392
Additions	9	24
Disposals	25	18
Market value adjustment	61	62
Carrying amount at end of period	1,538	1,460

Recognised in profit for the period

Interest income	-	-
Dividend	38	32
Market value adjustment	62	62
Total	100	94

Notes

DKKm	30 Sep 2016	30 Jun 2016
Note 27		
Leverage ratio		
Exposure for computation of leverage ratio:		
Total assets	146,224	148,025
Pooled assets excluded	(13,285)	(12,660)
Impairment charges deducted from loans and advances	3,814	3,846
Correction derivatives etc	3,044	2,149
Guarantees etc	12,119	10,700
Undrawn credit commitments etc	12,330	12,459
Other adjustments	(425)	(251)
Total	163,821	164,268
Tier 1 capital – current	10,799	10,586
Tier 1 capital – fully loaded	9,966	9,755
Leverage ratio (%) – current	6.6	6.4
Leverage ratio (%) – fully loaded	6.1	5.9

30 Sep 2016						
DKKm	Activity	Share capital (m)	Share- holders' equity (DKKm)	Profit/(Loss) (DKKm)	Ownership share (%)	
Note 28						
Group holdings and enterprises						
Sydbank A/S		DKK	722			
Consolidated subsidiaries						
DiBa A/S, Aabenraa	Investment	DKK	66	1,957	(4)	100
Ejendomsselskabet af 1. juni 1986 A/S, Aabenraa	Real property	DKK	10	10	(13)	100
Syd Fund Management A/S, Aabenraa	Administration	DKK	40	40	3	100
Sydbank (Schweiz) AG, in Liquidation, St. Gallen, Switzerland	-	CHF	40	248	(1)	100
Holdings in associates						
Foreningen Bankdata, Fredericia	IT	DKK	544	544	(54)	31
Core Property Management A/S, Copenhagen	Real property	DKK	10	27	12	20

Financial information according to the companies' most recently published annual reports.

Management Statement

We have considered and approved the Interim Report – Q1-Q3 2016 of Sydbank A/S.

The consolidated interim financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting” as approved by the EU. Furthermore the interim financial statements (of the parent company) are prepared in compliance with Danish disclosure requirements for interim reports of listed financial companies.

The Interim Report has not been audited or reviewed.

In our opinion the interim financial statements give a true and fair view of the Group’s and the parent company’s assets, shareholders’ equity and liabilities and financial position at 30 September 2016 and of the results of the Group’s and the parent company’s operations and consolidated cash flows for the period 1 January – 30 September 2016. Moreover it is our opinion that the management’s review includes a fair review of the developments in the Group’s and the parent company’s operations and financial position as well as a description of the most significant risks and elements of uncertainty which may affect the Group and the parent company.

Aabenraa, 2 November 2016

Group Executive Management

Karen Frøsig
CEO

Bjarne Larsen

Jan Svarre

Board of Directors

Torben H. Nielsen
Chairman

Peder Damgaard
Vice-Chairman

Svend Erik Busk

Alex Slot Hansen

Lars Mikkelaard-Jensen

Janne Moltke-Leth

Frank Møller Nielsen

Jacob Chr. Nielsen

Bo Normann Rasmussen

Jarl Oxlund

Margrethe Weber

Supplementary Information

Financial calendar

In 2017 the Group's preliminary announcement of financial statements will be released as follows:

- Announcement of the 2016 Financial Statements
1 March 2017
- Annual General Meeting 2017 *
23 March 2017
- Interim Report – Q1 2017
3 May 2017
- Interim Report – First Half 2017
29 August 2017
- Interim Report – Q1-Q3 2017
31 October 2017

* Motions submitted by shareholders to be discussed at the Annual General Meeting on 23 March 2017 must be received by the Bank no later than 9 February 2017.

Sydbank contacts

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Relevant links

sydbank.dk
sydbank.com

For further information reference is made to Sydbank's 2015 Annual Report at sydbank.com.