Sund & Bælt Holding A/S

Vester Søgade 10
1601 Copenhagen V

CVR no. 15694688

Annual Report 2016

Chairman of the Annual General Meeting: Kristina Jæger

Approved at the Annual General Meeting on 18 April 2017

Contents

High traffic levels and operational efficiency deliver profits to Sund & Bælt

For the first time in the history of the Storebælt fixed link, over 50,000 vehicles drove over the link in one day. The figure is consistent with a number of other records being set during the summer: both traffic on our facilities and on Danish roads in general. More than 12 million customers passed through the toll station in 2016 without significant inconvenience to traffic flow. This shows that our focus on efficient operations and new technology supports the objective of ensuring high mobility at our facility. The over 400,000 more trips that were paid for by BroBizz® in 2016 show that technology development is relevant to enable us to continue to offer our customers the fastest way through the toll station.

The traffic growth and continued low interest rates gave us a good result for the year with a profit before value adjustments and tax of DKK 1.8 billion. The strong result also stems from a deliberate strategy to keep costs and quality at a suitable level. As the facilities age, they require increasing maintenance and reinvestment. Therefore, it becomes increasingly important to be able to take the necessary actions at the correct time. This is so that we maintain high accessibility while ensuring that we do not invest before it is necessary. This gives us the right balance between quality and economy.

In 2016, we repaired sections of the East Bridge's road surface for the first time since its opening in 1998. The decision was based on data from our advanced asset management system that makes it possible to plan the optimum time for replacing the asphalt and our reinvestments. The same approach underlies the 3.9 km of railway tracks we have replaced on the Øresund railway since we assumed responsibility for maintenance and reinvestment in 2015. And the result is clear; by the year end, there had been a noticeable improvement in punctuality. Now there is a full focus on maintaining this and capitalising on investments in the best possible way.

The Øresund motorway continues to have a central role in the development of Amager and is an indispensable link between Copenhagen and the Øresund Region via the airport and Øresund Bridge.This plays very much into the daily management of the critical infrastructure facilities that have a very high traffic density. We are beginning to see the future need for capacity improvements on both the railway and the roads so that we can meet the growing demand that, among other things, the development of Copenhagen Airport will cause.

We continue to work to stay abreast of technological developments in the toll-charging sector. As part of this, evaluation of four European issuers' OBEs is ongoing at Storebælt toll station. The ultimate goal is to enable citizens across Europe to use the same OBE at all toll stations, independent of the facilities' technology and systems.

BroBizz A/S is also participating in the project as an issuer of OBEs (BroBizz®) and achieved a distinguished quality mark as the first Scandinavian company to be registered as an EETS issuer in September. This means that we can now engage in discussions with other European countries on the use of BroBizz® as a means of payment on their infrastructure. It is an important step for the future to offer BroBizz as a competitive and natural choice for our customers. Danish customers can now pay for crossings on Scandlines ferry routes with BroBizz after BroBizz A/S took over the contract administration in 2016. The company also launched a partnership with the German fuel card company, UTA with a view to covering the foreign commercial vehicles that run on toll roads in Scandinavia.

On May 2016, Femern A/S signed construction contracts with international consortia for almost DKK 30 billion. The consortia will be responsible for construction of the 18km long Fehmarnbelt tunnel between Rødbyhavn and Puttgarden. The submission of the project application in Germany followed in July with a subsequent consultation period where there was a focus on environmental aspects in the local area and in the Fehmarnbelt. During the rest of the year, Femern A/S worked to respond comprehensively to all the objections. The final approval of the project before construction work can begin is now awaited.

The political parties behind the Fehmarnbelt project decided on 4 March 2016 to initiate the Danish construction works at A/S Femern Landanlæg. This was based on a broad political agreement on the way forward for the Fehmarnbelt project. The Fehmarnbelt link, as with the Group's other infrastructure facilities, is based on the state guarantee model, and will not just result in a significant boost for Danish and Scandinavian infrastructure to the continent; the upgrade of the Danish land facilities will also mean a reduction in the rail journey between Copenhagen and Nykøbing Falster. This, in itself, will bring entirely new development opportunities to South Zealand and Lolland-Falster.

At the end of the year, an amendment to the Act on Sund & Bælt was adopted in the Danish parliament. The Act, among other things, is about being more responsive in relation to the opportunities to exploit and utilise the skills and experience built up in the Group, including in the BroBizz A/S and Sund & Bælt Partner A/S subsidiaries. The Act also authorises the Group to create a new company that can bid on the installation, operation and maintenance of toll stations on new infrastructure facilities. Against this background, we are well on the way to preparing our bid on a new toll station on the upcoming Fjordforbindelsen Frederikssund (Frederikssund Fjord Link) across Roskilde Fjord, which is expected to open in 2019.

The new opportunities are included in a new business strategy that Sund & Bælt's board and management have just launched for the Group. This will enhance the efficiency of the work to operate and develop the Group's infrastructure facilities and set the direction for future activities. The strategy is based on the vision that Sund & Bælt should be best placed to construct, operate and fund user-paid infrastructure that strengthens mobility in Denmark and Europe.

The strategy means that we will focus on optimising our skills and utilise these optimally to streamline our operations and we will continue to work to increase Sund & Bælt's value creation in the coming year and, at the same time, begin discussions with our partners through our Partner company to find the optimal formula for long-term maintenance. All for the benefit of our business, the industry and Danish society.

Sund & Bælt: making travelling easier

Peter Frederiksen
Chairman
Sund & Bælt Holding A/S

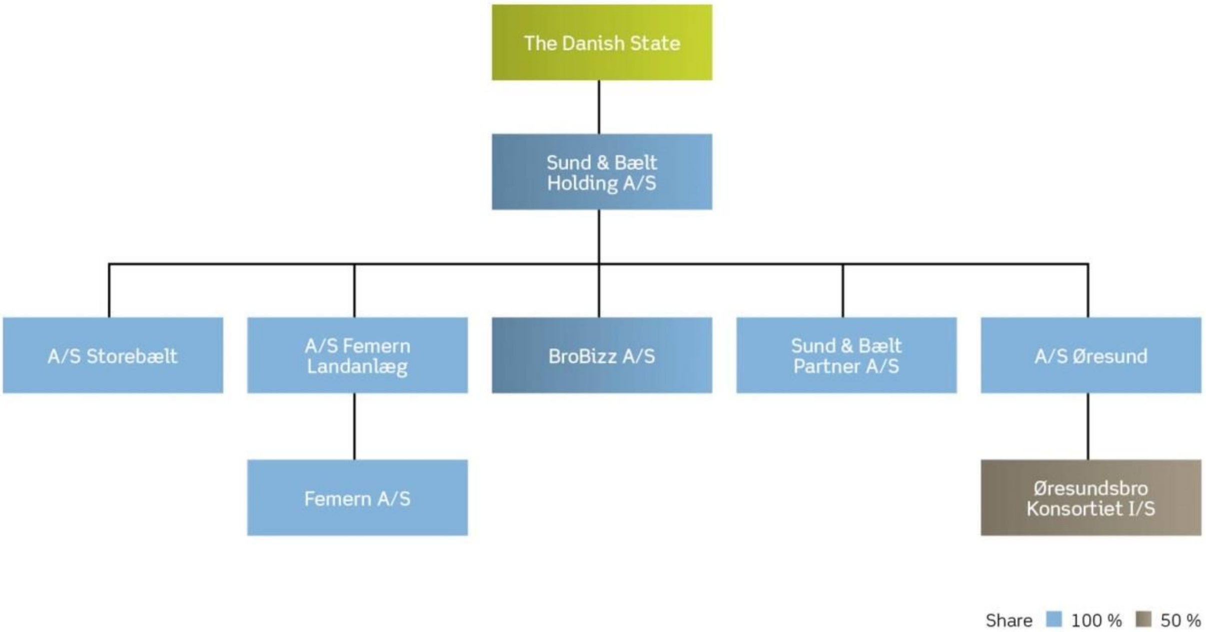
Mikkel Hemmingsen
CEO
Sund & Bælt Holding A/S

About Sund & Bælt

The Sund & Bælt Group's primary responsibility is to own and operate the fixed links across Storebælt and Øresund and, in time, also the Fehmarnbelt. These responsibilities are carried out with due regard for maintaining high levels of accessibility and safety on the links. Moreover, repayment of the loans raised to finance the facilities will take place within a reasonable time frame.

The Sund & Bælt Group is tasked with:

- Operating and maintaining the road link across the Storebælt Bridge
- Collecting payment from motorists using the Storebælt Bridge.
- Monitoring and maintaining Storebælt's rail section
- Operating and maintaining the Øresund motorway
- Monitoring and maintaining the Øresund railway
- Collecting fees from Banedanmark for the right to use the Øresund railway on Amager and the rail link across Storebælt.
- Managing and ensuring repayment of A/S Storebælt's and A/S Øresund's debt portfolio
- Managing the part ownership of Øresundsbro Konsortiet I/S
- Operating and maintaining the port facilities at Odden, Ebeltoft, Spodsbjerg and Tårs
- Operating and maintaining Sprogø offshore wind farm
- Being responsible for the planning, feasibility studies and construction works for the coast-to-coast link for the fixed link across Fehmarnbelt
- Being responsible for the ownership and financing of the Danish landworks in connection with the Fehmarnbelt fixed link
- Being responsible for the co-ordination of the planning and construction works for the fixed link across the Fehmarnbelt comprising the coast-to-coast link and the Danish landworks
- Providing client consultancy in relation to major and primarily international infrastructure projects on a commercial basis
- Operating as an issuer of BroBizz® for use at user-paid infrastructure via BroBizz A/S



Highlights of the year

Traffic
Road traffic on the Storebælt Bridge totalled 12.4 million vehicles in 2016, which is a new annual record. Traffic grew by 4.4 per cent compared to 2015. Passenger car traffic rose by 4.4 per cent and lorry traffic rose by 4.3 per cent. Train traffic totalled 47,700 trains, a decline of 1.7 per cent compared to 2015.

On the Øresund Bridge, road traffic increased by 5.1 per cent in 2016, with a total of 7.0 million vehicles. Lorry traffic rose by 3.2 per cent compared to 2015 while passenger car traffic rose by 5.1 per cent. Leisure traffic rose by 6.6 per cent, commuter traffic by 5.0 per cent and other passenger car traffic by 5.2 per cent. Of the total traffic increase, it is estimated that 1-2 per cent is due to the border control between Sweden and Denmark. Train traffic fell by 1.7 per cent compared to 2015 and now accounts for 11.7 million passengers.

Financial position
The result before fair value adjustments and tax, including the share from Øresundsbro Konsortiet I/S, is a profit of DKK 1,798 million and is thus DKK 360 million less than in 2015.

The result was affected by higher turnover of 5.7 per cent from road revenue at Storebælt, corresponding to approximately DKK 165 million; lower rail fees for A/S Storebælt and A/S Øresund of approximately DKK 280 million, increased operating expenses in connection with the assumption of responsibility for maintenance of the Øresund railway of approximately DKK 40 million, provision for loss in value of wind turbines and buildings for A/S Storebælt of approximately DKK 307 million, lower net interest expenses of around DKK 45 million and an improved result for Øresundsbro Konsortiet I/S of some DKK 60 million.

Profits after tax amount to DKK 933 million. Fair value adjustments are an expense of DKK 617 million against a profit of DKK 1,031 million in 2015. Compared to 2015, profits are negatively affected by expensed fair value adjustments of DKK 1,648 million corresponding to DKK 1,285 million after tax.

Based on a proposed dividend from A/S Storebælt, Sund & Bælt Holding A/S expects to pay an extraordinary dividend of DKK 1,200 million in 2017.

Profitability
For A/S Storebælt, the repayment period is 30 years, which is a reduction of one year compared to last year. For Øresundsbro Konsortiet I/S, the repayment period remains unchanged at 34 years. The repayment period for A/S Øresund is estimated at 51 years, which is one year less than last year, largely as a result of the increased interest rate hedging for low rates.

Management of Sund & Bælt Holding A/S
Henning Kruse Pedersen relinquished his post as Chairman at the Annual General Meeting in April and was replaced by Peter Frederiksen. David P. Meyer (Vice-Chairman), Ruth Schade and Lene Lange have joined the Board of Directors.

Mikkel Hemmingsen took up the position as CEO on 15 September 2016.

Turnover from the road link across Storebælt totals DKK 3,069 million and increased by 5.7 per cent compared to 2015.

In 2016, DKK 1.2 billion was repaid on A/S Storebælt's interest-bearing net debt, which totalled DKK 21.3 billion at the end of the year.

The effect of value adjustments on the results

	Consolidated income statement according to the Annual Report	**Fair value adjustment**	**Proforma Income statement**
Operating profit (EBIT)	1,998.8		1,998.8
Total financial income and expenses	-1,221.7	511.5	-710.2
Profit before share of jointly managed company	777.1		1,288.6
Profit from jointly managed company	404.6	105.2	509.8
Profit before fair value adjustment and tax			**1,798.4**
Fair value adjustment		-616.7	-616.7
Profit before tax	**1,181.7**		**1,181.7**
Tax	-249,0		-249,0
Profit for the year	**932,7**		**932,7**

CSR – Corporate Social Responsibility

Sund & Bælt helps to create growth and cohesion in Denmark by operating a responsible company whose aim is to bring people and regions together and balances respect for the economy, people and the environment in its daily operations. A safe and efficient traffic flow is the foundation of the Group and the safety of both customers and employees is paramount. CSR is thus not an isolated activity, but a basic tenet that is integrated into daily work.

Sund & Bælt has joined the UN Global Compact and through its membership is required to respect, comply and work with the 10 principles of the Global Compact. Sund & Bælt does this through its CSR policy and risk assessment with related activities. For example, respect for and observance of human rights are incorporated as part of its human resources policy and a clear environmental and climate policy has been drawn up.

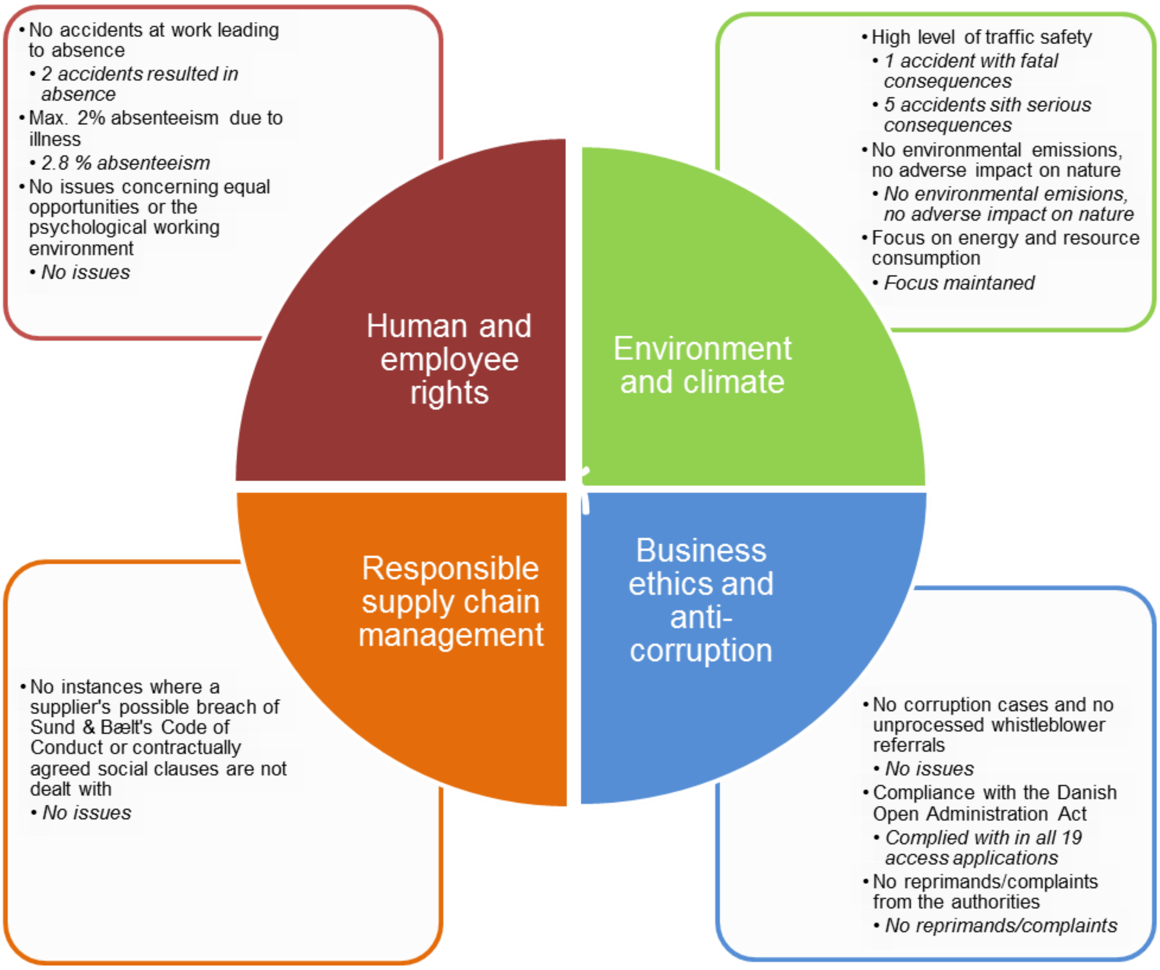
This is the statutory report on Corporate Social Responsibility c.f. ÅRL §99a and § 99b.

Read more about Sund & Bælt's Corporate Social Responsibility at www.sundogbaelt.dk/en/our-social-responsibility.

CSR targets and results for 2016

The targets for 2016 were almost met. Absence due to illness was, however, 2.8 per cent against a target of 2.0 per cent c.f. page 27. In addition, there were two industrial accidents which resulted in 77 days of absence. Finally, there was one traffic accident with one fatality.

The Group actively participates in "Engineer of the Future" and has undertaken eight visits to or from schools. Six engineers are involved in the project, which aims to increase interest in technical subjects among school-aged children. The target group, therefore, is young people who have not yet decided on their future career path but could be interested in a technical education.



Traffic

12,437,748 vehicles crossed Storebælt in 2016, which is a rise of 4.7 per cent compared to 2015. Adjusted for the leap year day, the rise is 4.4 per cent, i.e. a rise for passenger cars of 4.4 per cent, 4.3 per cent for lorries and 10.5 per cent for coaches.

Growth in the number of passenger cars is particularly linked to the third quarter and the holiday period. The last Sunday of the school summer holidays was the first time in the history of Storebælt that traffic exceeded 50,000 vehicles in one day. As regards lorries, the monthly traffic record was broken in June - 124,457 lorries. Thus the previous record from October 2007 was finally surpassed. Following a significant rise that began in Q4 2014, coach numbers began to decline and in the final quarter of the year, showed a fall of 3.3 per cent.

Despite the rise for all types of vehicles, Storebælt still has good capacity. This is because an increasing number of drivers are using BroBizz® and can drive through the toll station much more quickly. The percentage of vehicles using a BroBizz or similar device increased from 63.8 per cent in 2015 to 64.3 per cent in 2016, corresponding to over 400,000 more vehicles with BroBizz.

Sund & Bælt endeavours to ensure that the operation and maintenance of its facilities results in minimum disruption to traffic as this reduces fuel consumption and thereby CO_2 emissions into the atmosphere. In 2016, traffic on the roads emitted over 94,600 tonnes CO_2 while passenger and freight trains emitted over 8,300 tonnes CO_2.

Traffic records on Storebælt - top 5

Year	Number of passengers per year
2016	12,437,748
2015	11,880,022
2014	11,361,421
2008	11,025,788
2012	10,894,082

Annual percentage traffic growth on Storebælt

	2015-2016	2014-2015	2013-2014
Passenger cars	4.4	4.8	4.1
Lorries	4.3	1.6	7.0
Coaches	10.5	49.3	2.2
Total	**4.4**	**4.6**	**4.4**

Daily traffic on Storebælt

	2016	2015	2014
Passenger cars	30,126	28,857	27,529
Lorries	3,736	3,581	3,525
Coaches	121	110	74
Total	**33,983**	**32,548**	**31,128**

Quarterly traffic growth in 2016 compared to the same quarter in 2015

	Q1	Q2	Q3	Q4
Passenger cars	4.7	4.1	5.0	4.0
Lorries	0.2	8.5	3.5	5.0
Coaches	27.3	15.2	8.5	-3.3
Total	**4.2**	**4.6**	**4.9**	**4.1**

Financial position

Despite a moderate trend in the economic cycle and the impact of the Danish Parliament's decision to reduce the fees for the rail operators' use of the railways across Øresund and Storebælt, the result for the year was satisfactory. The result before financial value adjustments and tax, including the share from Øresundsbro Konsortiet I/S, thus amounted to a profit of DKK 1,798 million against a profit of DKK 2,158 million in 2015. The result was positively affected by an improved performance from Øresundsbro Konsortiet I/S of around DKK 60 million whereas A/S Storebælt had a negative impact at around DKK 345 million, Sund & Bælt Holding A/S at around DKK 50 million, A/S Øresund at around DKK 15 million and BroBizz A/S at around DKK 5 million.

Group turnover fell by 3.1 per cent and totalled DKK 3,570 million. Turnover from the Storebælt road link showed a net increase of 5.7 per cent, equivalent to DKK 165 million and totalled DKK 3,069 million hereafter. This increase comes primarily from traffic growth of 4.4 per cent. The reason for the decline in turnover was primarily due to a net reduction of DKK 280 million in rail fees that Banedanmark must pay to use the sections. The amount is divided as follows: DKK 268 million for Storebælt and DKK 12 million for the Øresund line.

Costs amounted to DKK 502 million and increased by DKK 35 million compared to 2015. This increase was due to higher operating expenses at A/S Øresund following the taking over of responsibility for maintenance and reinvestments on the Øresund line. This was counterbalanced by lower operating expenses for A/S Storebælt.

Depreciation and impairment losses increased by DKK 323 million compared to 2015 and totalled DKK 1,069 million. This is primarily because A/S Storebælt has made a provision for a loss in value of Sprogø Offshore Wind Farm at DKK 287 million and of the administration building at the port of Ebeltoft of DKK 20 million.

Core inflation in the US and Europe struggled to reach the central banks' target of 2 per cent, which meant that both short and long-term rates remain at historically low levels. The development has benefitted Sund & Bælt and led to a lower inflation indexation on the real rate debt than anticipated in the budget. For A/S Storebælt, the portfolio's duration was reduced slightly compared with end-2015, while the duration for A/S Øresund increased further.

Net interest expenses were DKK 48 million lower than in 2015 and stood at DKK 710 million, which is owing to a lower interest rate level and lower debt.

Fair value adjustments (including adjustments at Øresundsbro Konsortiet I/S) amounted to an expense of DKK 617 million in 2016 against an income of DKK 1,032 million in 2015. The value adjustments consist in part of an expense relating to fair value adjustments of financial assets and liabilities of net DKK 541 million, and partly of an income from foreign exchange adjustments totalling DKK 29 million.

Fair value adjustments are an accounting item that do not affect the repayment period of the Group's debt as the debt is paid off at nominal value.

Net financing expenses including fair value adjustments (excluding adjustments for Øresundsbro Konsortiet I/S) were an expense of DKK 1,122 million against an income of DKK 156 million in 2015.

The profit share from Øresundsbro Konsortiet I/S was an income of DKK 405 million, which contained negative fair value adjustments totalling DKK 105 million. The share of the result before fair value adjustments was thus positive at DKK 510 million, and DKK 60 million higher than 2015. The share was affected by an increase in road revenues of 5.9 per cent as well as lower interest expenses.

Tax on the Group's results amounted to an expense of DKK 249 million.

The Group's profit after tax was DKK 933 million.

In the interim financial statement for Q3, the outlook for the year's results before financial value adjustments and tax ranged between DKK 1,570-1,640 million, which is in line with the outlook at the start of the year. The actual profit before fair value adjustments and tax is thus approximately DKK 180 million better than expected, which is mainly because of higher traffic revenues, lower interest expenses and a provision for loss in value of Sprogø Offshore Wind Farm.

Group equity at 31 December 2016 was negative at DKK 3,210 million. Against the background of estimated operating results for the subsidiaries and the Group's dividend policy, it is expected that Group equity will be restored within a time frame of 5-6 years from the end of 2016.

Sund & Bælt Holding A/S received a dividend of DKK 1,200 million from A/S Storebælt in 2016 and subsequently paid an extraordinary dividend of DKK 1,200 million to the shareholder.

After the distribution of the expected extraordinary dividend in 2017 of DKK 1.200 million, Sund & Bælt Holding A/S will have paid out DKK 4.200 million in total.

Future operating results are estimated on the basis of the Ministry of Transport, Building and Housing's fixed fees from Banedanmark for use of the rail links and on the basis of traffic forecasts for A/S Storebælt and Øresundsbro Konsortiet I/S. The latter is recognised at 50 per cent, which corresponds to the ownership.

It should be noted that under the terms of *the Act on Sund & Bælt Holding A/S f*or A/S Storebælt and A/S Øresund, and against a guarantee commission of 0.15 per cent, the Danish state has extended separate guarantees for interest and repayments and other ongoing liabilities associated with the companies' borrowings. In addition, and without further notification of each individual case, the Danish state guarantees the companies' other financial obligations. Øresundsbro Konsortiet A/S' liabilities are guaranteed jointly and severally by the Danish and Swedish states.

Moreover, it should be noted that under the terms of *the Planning Act for the fixed link across the Fehmarnbelt with associated landworks in Denmark* for A/S Femern Landanlæg and Femern A/S, and the Act on Construction and Operation of a Fixed Link across the Fehmarnbelt with associated landworks in Denmark, the Danish state has extended separate guarantees for interest and repayments and other ongoing liabilities relating to the companies' borrowings against payment of a guarantee commission of 0.15 per cent. In addition, and without further notification of each individual case, the Danish state guarantees the companies' other financial liabilities.

Cash flow for the Group's operations amounted to DKK 838 million, which is DKK 657 million more than in 2015. The difference is primarily due to changes in working capital.

Cash flow from investing activities totalled DKK 168 million, due mainly to investments in road and rail facilities.

The free cash flow arises from operations less capital expenditure and constituted DKK 1,670 million. Free cash flow expresses the Group's ability to generate liquidity for financing of interest and repayment of liabilities.

Financing activities include borrowing, repayments, interest expenses and dividend payments, which amounted to DKK 1,645 million net.

In total, the Group's cash at bank and in hand increased by DKK 26 million, so that cash at bank and in hand at the end of 2016 was positive at DKK 65 million.

Finance

2016 was characterised by moderate growth in the world economy. Oil prices and hence inflation were once again the focus on both sides of the Atlantic. Oil started the year with a dip below USD 30 per barrel, but stabilised during the spring and summer at around USD 45 per barrel. OPEC agreed a production ceiling at the end of the year, which pushed the price up further and meant that oil closed the year at approximately USD 57 per barrel.

Core inflation has had difficulty reaching the central banks' target of approximately 2 per cent on both sides of the Atlantic. In the US, core inflation rose slightly and was just under 1.8 per cent at the end of 2016. In Europe, it was around 1 per cent lower at 0.8 per cent.

A worrying trend is falling world trade – a development that escalated after the financial crisis, including through increased protectionism and exchange rate adjustments. Another current trend is the generally weak productivity growth and the low level of investment. Both factors might be influenced by – somewhat surprisingly for the markets – the US presidential election that ended with the Republican, Donald Trump as the new president. A key element of his economic policy is expected to be significantly increased investment, including in infrastructure. On the other hand, he has a somewhat protectionist attitude, which could harm world trade further.

Another surprise in 2016 was the British decision to leave the European Union. The actual execution of the referendum result and the negotiations about the future cooperation between the UK and the EU are expected to take several years.

Interest rates tested new lows over the summer and, although the surprising US presidential election result led to rising rates, they are still at very low levels.

Loan repayments were DKK1.2 billion at A/S Storebælt in 2016, while A/S Øresund's debt increased by DKK 0.2 billion.

At year end 2016, interest-bearing net debt at A/S Storebælt stood at DKK 21.3 billion. At A/S Øresund interest-bearing net debt was DKK 11.2 billion.

Financial strategy

Sund & Bælt's objective is to maintain active and comprehensive financial management that minimises the long-term financial costs with due regard for financial risks. Among other things, financial risks are minimised by having exposure to DKK and EUR, while optimisation of the loan portfolio is achieved through the use of swaps and other derivative financial instruments.

In the spring 2016, the Danish Parliament decided to initiate the Danish construction works for A/S Femern Landanlæg. The company subsequently initiated the funding of these activities and in 2016 raised loans of DKK 800 million in nominal terms.

A/S Storebælt, A/S Øresund A/S Femern Landanlæg and Femern A/S raised loans via the Nationalbanken throughout 2016. Such on-lending continues to remains very attractive compared to alternative funding sources.

The Group's cautious approach to credit risk meant that the companies did not lose money in 2016 because of financial counterparties' insolvency.

The companies' real interest rate exposure of approximately 1/3 of the total net debt also gave rise to inflation indexation for both A/S Storebælt and A/S Øresund in 2016, which was marginally below the result for 2015. The reason is that Danish inflation also remained at a very low level in 2016 as a result of further declines in energy prices, falling food prices and continued low wage pressure in the economy. Inflation is expected to rise in 2017 – not least because the decline in oil prices of recent years will fall out of the calculations.

The debt duration for A/S Storebælt reduced slightly in line with the shorter, expected repayment period, while it increased further for A/S Øresund. The benchmark for 2017 is 3.25 years for A/S Storebælt and 9.0 years for A/S Øresund – as it was in 2016.

Following the Danish Parliament's decision to initiate the activities of A/S Femern Landanlæg, the Board decided to hedge part of the interest rate risk on the expected maximum debt. The Company subsequently entered into interest rate hedging of DKK 6 billion in nominal and real interest rate swaps with forward start and maturity adapted to the expected debt profile of the project.

A/S Storebælt – financial ratios 2016

	DKK million	% per annum
Borrowing 2016	600	
- of which on-lending from Nationalbanken	600	
Gross debt (fair value)	24,728	
Net debt (fair value)	23,599	
Interest-bearing net debt	21,281	
Real rate (before value adjustment)		1,70
Interest expenses	453	2.04
Value adjustment	47	0.22
Total financing expenses[1)]	500	2.26

[1)] Note: The amount excludes the guarantee commission, which totals DKK 33,0 million

A/S Øresund - financial ratios 2016

	DKK million	% per annum
Borrowing 2016	2,364	
- of which on-lending from Nationalbanken	2,364	
Gross debt (fair value)	13,562	
Net debt (fair value)	12,957	
Interest-bearing net debt	11,190	
Real rate (before value adjustment)		1.60
Interest expenses	210	1.91
Value adjustment	460	4.19
Total financing expenses[1)]	670	6.10

[1)] Note: The amount excludes the guarantee commission, which totals DKK 15,8 million

A/S Femern Landanlæg - financial ratios 2016

	DKK million	% per annum
Borrowing 2015	884	
- of which on-lending from Nationalbanken	884	
Gross debt (fair value)	1,448	
Net debt (fair value)	1,034	
Interest-bearing net debt	1,026	
Real rate (before value adjustment)		0.40
Interest expenses	-1	-0.12
Value adjustment	2	0.24
Total financing expenses[1)]	1	0.12

[1)] Note: The amount excludes the guarantee commission, which totals DKK 1,2 million

Femern A/S - financial ratios 2016

	DKK million	% per annum
Borrowing 2016	1,815	
- of which on-lending from Nationalbanken	1,815	
Gross debt (fair value)	2,526	
Net debt (fair value)	2,526	
Interest-bearing net debt	2,511	
Real rate (before value adjustment)		0.30
Interest expenses	-1	-0.05
Value adjustment	5	0.24
Total financing expenses[1)]	4	0.19

[1)] Note: The amount excludes the guarantee commission, which totals DKK 3,4 million

A/S Storebælt profitability
A/S Storebælt's debt will be repaid from the revenue from road and rail traffic. As a basis for the calculation of the repayment period for the long-term profitability calculations, the company uses a real rate of 3 per cent.

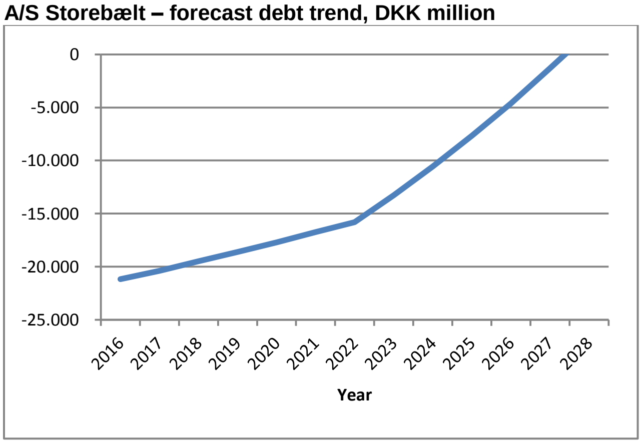
As part of the Finance Act 2016, the annual fee payable by the rail companies for their use of the fixed links across Storebælt and Øresund was revised downwards. For A/S Storebælt this was a reduction in the order of DKK 270 million in 2016. From and including 2016, the amount depends on actual train traffic where it was previously a fixed amount set aside in the Finance Act. The reduction has a negative impact on the repayment period. This year, however, it is offset by lower financing costs and increased traffic.

Overall, the repayment period is one year less than last year and amounts to 30 years according to the latest updated profitability calculation. Calculated from the opening year, this means that the company will be debt-free in 2028.

Co-financing of the political agreement, "A Green Transport Policy", from 29 January 2009 is included in the repayment period calculation. With this, the company pays dividends to the State of DKK 9.0 billion (in 2008 prices) up to the financial year 2022 and ceases to do so after fulfilment of the agreement. After distribution of the dividend for the 2016 financial year, the company will have distributed total dividends of DKK 4.2 billion to the State.

The main uncertainties in the profitability calculations relate to the long-term traffic growth and the real rate. Traffic growth is expected to average 1 per cent and 1.5 per cent for lorries and passenger cars respectively. Operating expenses are expected to rise in line with inflation. Moreover, there is some uncertainty as regards the size and timing of reinvestments in the rail link.

A/S Storebælt – forecast debt trend, DKK million



A/S Øresund profitability
The investment in the Øresund fixed link's landworks will be repaid partly through payment from Banedanmark for use of the Øresund rail line and partly through dividend payments from Øresundsbro Konsortiet I/S of which A/S Øresund owns 50 per cent.

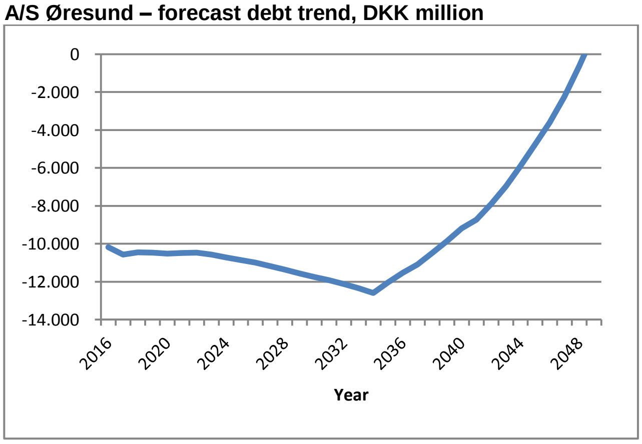
A/S Øresund has also been affected by the above-mentioned changes in the 2016 Budget where the annual fee for the railway companies' use of the fixed links will be gradually reduced over the coming years. In addition, A/S Øresund is obliged to pay the Danish state's rail contribution to Øresundsbro Konsortiet I/S until 2024 on a gradual basis. As a basis for the calculation of the repayment period for the long-term profitability calculations, the company uses a real rate of 3.0 per cent.

Moreover, as a consequence of the joint taxation with the Group's other companies, A/S Øresund obtains a cash flow advantage. This is because joint taxation with A/S Storebælt means that A/S Storebælt can immediately offset A/S Øresund's tax loss against paying the proceeds of the tax savings to A/S Øresund. A/S Øresund can thus forward the application of its tax loss over time.

The repayment period for A/S Øresund is now assessed be 51 years, which is 1 year less than last year due to increased interest rate hedging based on low interest rates.

The repayment period for A/S Øresund is sensitive to the changes in the economy, including joint taxation and the Group's dividend policy.

A/S Øresund – forecast debt trend, DKK million

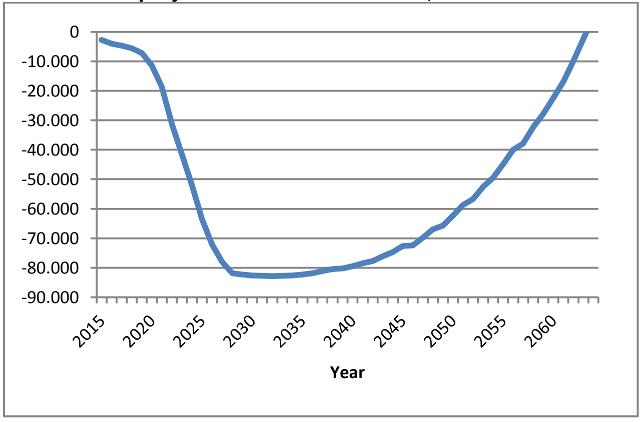


See more about Øresundsbro Konsortiet I/S' repayment period on page 24.

Profitability of the Fehmarnbelt project
On 11 February 2016, Femern A/S published a new financial analysis of the Fehmarnbelt project's overall economy (coast-to-coast link and the Danish landworks). The analysis shows that the total construction budget amounts to DKK 62.1 billion (2015 prices) which includes total reserves of DKK 9.5 billion. The budget is divided as follows: the coast-to-coast link DKK 52.6 billion of which reserves of DKK 7.3 billion and the Danish landworks of DKK 9.5 billion of which reserves of DKK 2.2 billion. The repayment period is calculated at 36 years from the date of commissioning.

An analysis of the reserves and risk apportionment on the Fehmarnbelt link undertaken by the consulting company EY, published on 8 February 2016, states that the size and proportion of the reserves are deemed appropriate.

Fehmarnbelt project – forecast debt trend, DKK million



Events after the balance sheet date

There are no events after the balance sheet date that are of significance to the Annual Report for 2016.

Outlook for 2017

Economic and financial developments in 2017, and thus the Group's expectations for the financial result for the year, are subject to some uncertainty.

Projections for the Danish economy point towards a modest increase in the level of growth through 2017, along with a similarly moderate rise in inflation. This affects projections for revenue development. Against this background and because of traffic growth in 2016, it is estimated that traffic will develop positively in 2017. Interest rates in 2017 are expected to increase slightly compared to 2016.

According to the budget for 2017, drawn up at the end of 2016, the result before financial value adjustments and tax is expected to be a profit of DKK 1,800-1,950 million.

Targets for CSR work in 2017

The CSR targets for 2017 are a continuation of those for 2016.

Read more about Sund & Bælt's CSR targets for 2017 at www.sundogbaelt.dk/samfundsansvar.

Road

Storebælt

Maintenance and reinvestments

The company's maintenance strategy is based on long-term profitability, proactive preventive maintenance of all critical systems and structures and maximum possible accessibility, availability and safety for the road users. This will become more apparent as the infrastructure ages and wears, new technology allows for optimisations and new environmental requirements require adjustments.

It is increasingly necessary to implement reinvestment in infrastructure facilities, designed back in the late 1980s and early 1990s, and which have now been in operation for 18 years.

Examples of major maintenance work in 2016 include replacing the sliding surfaces of the East Bridge bearings and repair of the East Bridge road surface in the right-hand lane of the westbound direction. The East Bridge hydraulic dampers will be renovated within the next few years. Planning for the work started in 2016 and included 3D simulations of how the approximately 7 m long and 15 tonne dampers are to be lifted out of the bridge.

Øresund motorway

Traffic on the Øresund motorway

The Øresund motorway continues to play a central role in the development of Amager and is an indispensable link between Copenhagen and the wider world via the airport and Øresund Bridge. It plays very much into the daily management of the critical infrastructure facilities that have a very high traffic density.

As a result, accessibility, convenience and safety for motorists is continually in focus when carrying out maintenance and reinvestments on this stretch of road. This includes activities being transferred to low-traffic times of day wherever possible. Extensive upgrades may, however, also be carried out in the daytime to make the impact as brief as possible. Such activities are always based on thorough analyses of traffic flow and clear communication to neighbours, road users and other partners.

In 2017, work starts on an analysis of the need for capacity improvements on the landworks. The plan will be prepared on the basis of a traffic development forecast for the Øresund motorway. The projection has to take into account general traffic developments, but will, for example, also include urban development plans and the expansion of Copenhagen’s airport.

Traffic on the Øresund motorway increased by approximately 3.4 per cent in 2016 compared to 2015. This means that some 82,350 vehicles per day travel west of Ørestad and about 68,140 vehicles per day east of Ørestad.

Climate protection

In 2012, the coastal dyke between Kalvebod Bridge and Kongelunden on West Amager was raised. Vestamager Pumpediglag’s board, of which Sund & Bælt is part, has initiated work to finalise the last part of the dyke around south/western Amager at Ullerup, so that this part of Amager and Sund & Bælt's facilities will be better protected from flooding in storm situations.

Partnership with the Nature Agency on extreme rainfall

An agreement has been reached with the Nature Agency that A/S Øresund, in normal situations, brings water from its drainage systems to that part of West Amager located on the south side of the Øresund motorway. The objective is a desired improvement in the natural habitat. The system was also designed so that it can function as a relief for A/S Øresund’s drainage system in extreme rainfall situations. The project will be implemented with funding from The Danish Nature Agency in spring 2017.

Key figures, DKK million

Road – Storebælt	**2016**	**2015**
Operating income	3,073.9	2,906.1
Operating expenses	-258.3	-248.2
Depreciation	-241.6	-227.0
Operating profit (EBIT)	2,574.0	2,430.9
Net financials	12.5	-0.1
Profit before financial value adjustments	**2,586.5**	**2,430.8**

Road – Øresund	**2016**	**2015**
Operating income	2.0	2.0
Operating expenses	-26.5	-25.4
Depreciation	-1.1	-28.2
Operating profit (EBIT)	-25.6	-51.6
Net financials	-78.9	-86.3
Loss before financial value adjustments	**-104.5**	**-137.9**

Railway

Storebælt
Traffic on the Storebælt railway fell by 1.7 per cent compared to 2015 and amounted to a total of 47,698 trains. The fall in the number of rail passengers is mainly due to Banedanmark's problems with the execution of planned track work on Funen in the spring and summer. Freight traffic increased by 5.0 per cent in 2016 compared to 2015 and amounted to 10,591 freight trains.

The Storebælt railway comprises an approximately 25 km dual track line between the stations at Nyborg and Korsør. This includes, through the use of a SCADA system (Supervisory Control And Data Acquisition), 24 hour a day monitoring of all railway technical facilities. The SCADA system ensures that these systems continue to function optimally and that rail traffic runs without restrictions. This contributes to the railway being one of the safest in the country with good punctuality and a line speed of 180 km/h for rail traffic.

Tenders were invited in 2016 for the maintenance of the mechanical and rail technical installations on Storebælt. The contracts were awarded to Bravida, which has responsibility for maintenance of the mechanical installations on the Storebælt railway and to Eltel Networks, which has responsibility for the maintenance of rail technical installations on the Storebælt railway and the Øresund railway.

Punctuality
The framework conditions for the operational impact on trains on the Storebælt railway line were set at a maximum of 576 delayed trains in 2016. At year end, 623 delayed trains were recorded, which corresponds to approximately 108 per cent of the maximum permitted number of delayed trains. An analysis of errors identified is ongoing with a view to improvement and prevention in this regard.

In this case, it was found that the exceedance was related to a single event, which was the deployment of part of the safety system on Sprogø. The consequence is that, in future, there will be a special focus on risk assessment for long-term reinvestment tasks, which can result in a greater impact on train punctuality.

Testing the Storebælt catenary system
Banedanmark's upgrade of the Ringsted-Odense railway line, with a reduction in transport time from Copenhagen to Odense and an increase in capacity, includes the upgrading of the Storebælt railway section to 200 km/h. As a result, simulations and tests of the catenary system for running at 200 km/h were conducted in 2016. The results were positive. An EC Declaration of Verification Document will be issued to authorise the catenary system to be used for a speed of 200 km/h.

Internet in trains
In the light of its ambition to make it easier to be a traveller, the company has been in discussions with telecommunications companies in 2016 to improve mobile and internet connections on the Group's rail lines, including the Storebælt tunnel.

A technical solution has been found that is based on an upgrade of the existing antenna system used for communications with the trains. The result is that the Group will invest in the upgrade of the infrastructural element of the antenna system and offer telecommunications companies the option to connect to it.

Øresund line
The Øresund railway's takeover, maintenance and reinvestments
Total traffic on the Øresund railway fell by 23.7 per cent compared to 2015 and amounted to 89,189 trains. Freight traffic increased by 8.0 per cent in 2016 compared to 2015 and amounted to 8,521 freight trains. The decline in the number of passenger trains can be attributed to border controls between Sweden and Denmark.

The Øresund railway comprises both an 18km railway line from Copenhagen Central Station to and including Kastrup Station at Copenhagen Airport, and a 6km freight line from Ny Ellebjerg to Kalvebod Bridge. As part of the Act on Sund & Bælt Holding A/S and the Railway Act, responsibility for maintenance and reinvestments of the Øresund railway was transferred to A/S Øresund on 1 September 2015. In conjunction with the acquisition of the Øresund railway, work went ahead on a comprehensive overview of the state of the rail technical insatllations. The large volume of traffic contributes to increased wear on the track and catenary systems. During 2016 replacement of rails and track parts was completed and this has contributed to improving the maintenance level.

A comprehensive 50-year reinvestment plan for all railway technical installations on the Øresund railway has been prepared. In this context, there is an established need for major reinvestment in a range of mechanical installations as well as track and catenary systems.

Storebælt's Technical Monitoring took over the monitoring of the SCADA system on the Øresund railway as from 1 December 2016. Joint monitoring of the Storebælt rail section and the Øresund railway will benefit from accumulated experience.

Punctuality
The framework conditions for the operational impact on trains on the Øresund railway in 2016 were set at a maximum of 1,800 delayed passenger trains and 139 delayed freight trains. At year end 1,553 delayed passenger trains were recorded, which corresponds to approximately 86 per cent of the maximum permitted number of delayed passenger trains, and 26 delayed freight trains were recorded, which corresponds to approximately 19 per cent of the maximum permitted number of delayed freight trains.

Punctuality thus improved significantly during 2016, with the improvement being attributed to the fact that all track closures due to maintenance work were set out in an annual plan in accordance with Banedanmark's planning process. Analyses of the cause of the recorded errors are ongoing on the Øresund railway for improvement and prevention.

The capacity situation on the Øresund railway

The decision to introduce ID checks at Kastrup Station for travellers to Sweden affected train traffic on the Øresund railway. This resulted in a change from 10-minute to 20-minute operations.

The company participated in discussions with Banedanmark and Denmark's Ministry of Transport, Building and Housing to explore ways to increase capacity on selected sections of the line. This should be seen in the context of the establishment of the Fehmarnbelt link.

Passenger facilities at Ørestad Station are owned by CPH City & Port Development I/S. Discussions were held with the company in 2016 to transfer passenger facilities to A/S Øresund.

Key figures, DKK million

Railway – Storebælt	**2016**	**2015**
Operating income	326.7	593.0
Operating expenses	-118.9	-125.5
Depreciation	-289.3	-278.2
Operating profit (EBIT)	-81.5	189.3
Net financials	-477.5	-492.5
Loss before financial value adjustments	**-559.0**	**-303.2**

Railway – Øresund	**2016**	**2015**
Operating income	99.0	110.7
Operating expenses	-56.3	-22.3
Depreciation	-192.2	-175.8
Operating profit (EBIT)	-149.5	-87.4
Net financials	-146.8	-159.6
Loss before financial value adjustments	**-296.3**	**-247.0**

Ports and ferry services

A/S Storebælt owns four ferry ports north and south of the Storebælt link. They are Odden and Ebeltoft, Spodsbjerg and Tårs.

The ports are operated on standard commercial terms under which port revenues from users finance investments, operations and maintenance. Two shipping companies, Molslinjen A/S and Danske Færger A/S, are currently customers of A/S Storebælt.

Traffic on the ferry services run by Molslinjen A/S and Danske Færger A/S saw excellent growth in 2016. Compared to 2015, Molslinjen A/S delivered a 7.8 per cent increase in the number of passenger cars on the Odden-Aarhus and Odden-Ebeltoft service, while Danske Færger A/S on the Spodsbjerg-Tårs service delivered a 7.6 per cent increase for passenger cars and 6.7 per cent for lorries during the year under review.

The operating subsidy for Spodsbjerg-Tars amounted to DKK 29.3 million in 2016 against DKK 34.1 million in 2015.

In 2016, the service on the Spodsbjerg-Tårs route was put out for tender. Danske Færger A/S won the tender and thus continues as the operator of the Spodsbjerg-Tårs service after the current contract has expired. The signed contract will take effect from 1 May 2018 and will be valid for 10 years with an option for another two years.

Key figures, DKK million

Ports	**2016**	**2015**
Operating income	28.8	28.6
Operating expenses	-6.8	-4.3
Depreciation	-34.0	-13.9
Operating profit (EBIT)	-12.0	10.4
Net financials	-6.0	-6.3
Profit/loss before financial value adjustments	**-18.0**	**4.1**

Ferries	**2016**	**2015**
Operating income	0.0	0.0
Operating expenses	-29.3	-34.1
Depreciation	0.0	0.0
Operating profit (EBIT)	-29.3	-34.1
Net financials	0.0	0.0
Loss before financial value adjustments	**-29.3**	**-34.1**

Wind turbines

Sales prices for electricity were below expectations on the Nordic Electricity Exchange in 2016. This is partly due to large amounts of rainfall in the Nordic region and hence high electricity production from Norwegian hydropower. The negative electricity prices, as well as imbalances in the Danish and the German power grid halted Storebælt's wind turbines under an agreement on a temporary halt to the turbines. In these situations, A/S Storebælt receives compensation for the lost power generation.

Power generated by Sprogø Offshore Wind Farm was 55.1 GWh in 2016. The wind farm stopped production in 2016 as a result of the agreement concerning a halt to turbine production in periods in which about 3.6 GWh in total could have been produced. Total potential production was 58.7 GWh in 2016, which is about 7.3 GWh less than expected in a normal year. This is due to the fact that the wind's energy content was below normal in 2016.

Total income from the sale of power from Sprogø Wind Farm was DKK 24.2 million, of which DKK 0.6 million arose from compensation for stopping the turbines. The state subsidy for Offshore Sprogø Wind Farm is 25 øre/kWh will terminate by the end of January 2017. The reason is that the wind turbines will have been in operation for 22,000 full load hours by this time.

The availability of the wind turbines, which is an expression of their technical quality, remains high. In 2016, the availability amounted to 98.8 per cent, which means that they are still among the best performing turbines in Vestas' entire stock of offshore wind turbines of this type in the world. An excellent result.

The electricity produced by the wind turbines does not discharge particles and greenhouse gases, e.g. CO_2. The energy generated by the wind turbines is sold on the Nordic Electricity Exchange, Nordpool, by NRGi. A contract has been signed with NRGi in conjunction with Vindenergi Danmark to manage the balance of production from the wind turbines in relation to Energinet.dk.

In 2016, provision of DKK 287 million for a loss in value of Sprogø Offshore Wind Farm was made. This was mainly due to the continuing very low transfer prices for electricity.

Key figures, DKK million

Wind turbines	2016	2015
Operating income	24.2	28.7
Operating expenses	-9.0	-8.1
Depreciation	-299.4	-16.2
Operating profit (EBIT)	-284.2	4.4
Net financials	-15.8	-15.8
Loss before financial value adjustments	**-300.0**	**-11.4**

Consultancy

Sund & Bælt Partner A/S, Sund & Bælt's consulting company, offers consultancy services to developers and operators in Denmark and abroad. The consultancy services are based on the bridge companies' significant experience and knowledge from the construction and operation of the major infrastructure projects that have been undertaken over the past decades.

Sund & Bælt Partner A/S has a close partnership with Danish consulting companies among others. Through the contacts that Sund & Bælt Partner A/S establishes through its consultancy services for foreign companies, the company acts as a bridgehead between foreign clients and Danish companies for the benefit of Danish industry.

Similarly, Danish consulting companies' involvement in foreign projects is supplemented by the special know-how that Sund & Bælt Partner A/S possesses as client and operator, which thereby strengthens the competitiveness of these consulting companies.

The consultancy includes financing, where the state guaranteed financing model with user-paid repayment is of particular interest. Other services include planning, preparation and implementation of client-related projects in close partnership with the authorities, as well as operation and maintenance of infrastructure facilities. Among other things, the latter concerns optimisation based on long-term profitability and optimum handling of the environment, the working environment and safety. It also relates to ensuring the best possible conditions for robust, efficient and safe traffic flow and communication with road users.

Sund & Bælt Partner A/S updated its strategy at year end 2015 and, on the basis of this, initiated a business development process in 2016 aimed at raising the skills profiles for client and operator consultancy. This will form the basis of improved communication material for the company's customers and business partners.

Sund & Belt Partner signed an agreement on financial management and consultancy for the Frederikssund Fjord link in 2016, in addition to the ongoing financial advisory work for Metroselskabet I/S and CPH City & Port Development I/S, as well as the Letbane/Ring 3.

Assistance was also given to Banedanmark's Copenhagen-Ringsted and Signal Programme projects. Lectures were delivered both in Denmark and abroad on the major Danish infrastructure projects' design, planning, execution and management.

There is an increasing interest in the company's capabilities as a partner by, among other things, OPP, on major infrastructure projects. In this regard, the company participated in the ministry's workshop on the subject in the autumn, and pension funds have shown interest in the major client and operator competence that exists in Sund & Bælt companies.

The Company is not covered by a state guarantee.

Key figures, DKK million

Partner	2016	2015
Operating income	4.8	3.5
Operating expenses	-4.6	-3.4
Depreciation	0.0	0.0
Operating profit (EBIT)	0.2	0.1
Net financials	0.0	0.2
Profit before financial value adjustments	**0.2**	**0.3**

Issuer company BroBizz A/S

BroBizz A/S develops and manages the BroBizz® concept that ensures automatic payment at bridges, ferries, toll roads, car parking etc.

BroBizz A/S has, through its participation in the Scandinavian EasyGo partnership, excellent experience of payment services across national borders. BroBizz® currently works on over 55 toll roads, bridges and ferries in Denmark, the rest of Scandinavia and Austria. In addition, the BroBizz solution is used in certain parking areas and access control.

In 2016, the company based its business development activities on a two-part business strategy, which consists on the one hand of expanding the number of locations for use for a BroBizz, and becoming an EETS issuer (the European Electronic Toll Service) on the other.

The company has also been focusing on creating more opportunities for BroBizz customers in 2016. The main initiatives included the company launching a partnership in early 2016 with Scandlines' Danish/German routes in relation to the contract administration of BroBizz. In the autumn, an agreement was signed with Scandlines' Elsinore-Helsingborg route to handle the administration and invoicing of contract customers, who use all types of On Board Equipment when crossing. In addition, the BroBizz concept was rolled out in all the car parks at Copenhagen Airport as well as being an integrated solution for the airport's Taxi Management System.

These collaborations are essential to the objective of continuously developing services for the benefit of customers and simplifying both their and business partners' situations.

In addition, the company worked to achieve recruitment channels outside Scandinavia in 2016 with regard persuading foreign commercial vehicles to pass through toll roads in Scandinavia. As part of this, a partnership was launched with the German fuel card company, UTA, in the summer. Similar partnerships are expected to be signed in 2017.

On the European front, 2016 also saw an exciting development. The company was the first from Scandinavia to achieve EETS registration. Registration is a quality mark for the company and also an important step for BroBizz A/S to be able to offer a service in future that is an attractive and natural choice for regional customers who want to venture into Europe. The company is now formally authorised to engage in discussions with all EU countries to allow BroBizz payment on infrastructure covered by EETS provisions.

At the end of 2016, Sund & Bælt adopted a new overall strategy. The effect of this is an intensification of business development activity at BroBizz A/S in 2017, including optimisation and further development of the concepts and solutions the company offers.

The company had revenue growth of approximately 15 per cent in 2016, which is considered satisfactory. This favourable growth is also seen in customer numbers in that there were approximately

888,000 BroBizz units by year-end. This represents a growth of 10 per cent in 2016.

BroBizz A/S is a 100 per cent owned subsidiary of Sund & Bælt Holding A/S. BroBizz A/S is not covered by the state guarantee.

Key figures, DKK million

BroBizz	2016	2015
Operating income	71.8	62.4
Operating expenses	-45.9	-43.7
Depreciation	-13.7	-12.9
Operating profit (EBIT)	12.2	5.7
Net financials	2.4	2.4
Profit before financial value adjustments	**14.6**	**8.1**

Partnerships for the collection of tolls

Partnerships on road tolls
Sund & Bælt wishes to enter into partnerships on the collection of road tolls, in part to promote efficiency in the flow of traffic on the companies' own infrastructure and partly to help to extend the use of BroBizz® to other infrastructure operators and operators of transport-related services.

Sund & Bælt participates in the EU REETS project
The project stems from the joint European Electronic Toll Service (EETS), which is regulated by an EU directive of 2004 and a subsequent EU Commission decision from 2009. This aims to establish a common platform for electronic payment of tolls for the use of roads, tunnels and bridges. The fulfilment of the EU directive implies that it will be possible to pay with the same OBE (equivalent to a BroBizz®) on all toll roads, bridges and tunnels across the EU, and only receive one invoice and hence one payment demand.

In order to kick-start the implementation of EETS, the EU Commission decided to grant TEN-T funding to a project, which, to begin with, would be able to demonstrate joint solutions over a limited area. The REETS project was established in 2013 and comprises eight countries: France, Italy, Spain, Germany, Austria, Poland, Switzerland and Denmark. Each of the countries has experience with various technologies to register traffic and collect tolls. The objective, however, is a single technical and contractual partnership for the benefit of Europe's motorists. REETS stands for Regional European Electronic Toll System.

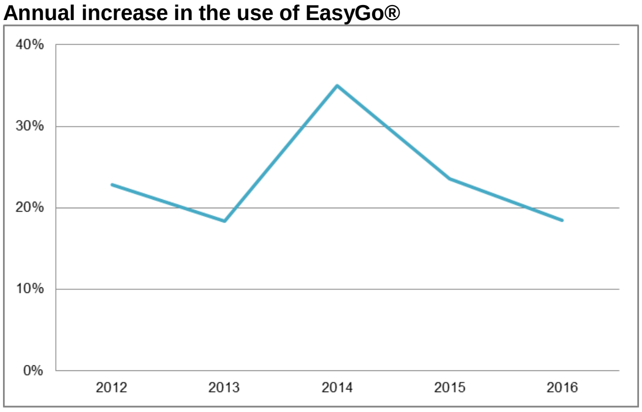
In 2016, the involved countries conducted a pilot test that will become fully operative in the first half of 2017. From Sund & Bælt, A/S Storebælt and Øresundsbro Konsortiet I/S are involved as operators while BroBizz A/S is involved in the project as issuer.

A/S Storebælt and Øresundsbro Konsortiet I/S have signed contracts with four foreign issuers that are about to complete the pilot test. Actual operation is expected to commence before the end of the first half of 2017.

EasyGo®
EasyGo® is a regional partnership involving Denmark, Norway, Sweden and Austria, where motorists can use on-board vehicle equipment (OBE) to pay for the use of roads, bridges, tunnels and ferries in Scandinavia and Austria. The partnership was established in 2007 and was the first project in Europe to offer a cross-border payment service, which was based on the requirements set out in the EETS directive.

The partnership has been very successful with good growth rates year on year, as well as the addition of new operators. Revenue from EasyGo® was approximately DKK 1,065 million in 2016.

Annual increase in the use of EasyGo®



As a result of the EasyGo® collaboration, OBE from other issuers was used 713,000 times on Storebælt in 2016, corresponding to a decline of 0.6 per cent compared to 2015. BroBizz® was used 3,144,000 times for payment at other facilities. This represents an annual increase of 19 per cent**.**

Sund & Bælt implements GNSS project
Sund & Bælt has implemented the testing and analysis component of the GNSS project, *Test of GNSS Tolling Systems*, the purpose of which is to gather knowledge and experience about GNSS technology and thus prepare Sund & Bælt's business for the use of GNSS technology.

Between October 2015 and February 2016, the test trial was completed by means of more than 500 journeys divided into 10 different test routes and "payment borders" in Copenhagen and on the Storebælt and Øresund Bridges. All routes were travelled by three test vehicles containing GNSS equipment (OBE) from two suppliers – Siemens and Kapsch and the position data was recorded and thereafter converted to a price for each trip driven. Over the rest of 2016, the trial's collected data was processed and quality checked and then analysed to obtain knowledge about the GNSS registration's continuity and challenges and the toll calculation's robustness and reliability based on the large number of trips. The test trial's overall conclusion is expected to be made available in the first quarter of 2017.

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Fehmarnbelt

Coast-to-coast link
Femern A/S is responsible for planning and providing the basis for regulatory approval of the coast-to-coast link across the Fehmarnbelt on behalf of the Danish state.

The overall framework for the company's work follows from the Treaty that was signed in September 2008 between Denmark and Germany on regulatory approval, financing, construction and operation of a fixed link across the Fehmarnbelt between Rødbyhavn and Puttgarden.

In Germany, the Treaty was approved by a law passed in the Bundestag and Bundesrat while, in Denmark, the Danish parliament approved the treaty through planning legislation (*Act on planning a fixed link across the Fehmarnbelt with associated landworks, April 2009*).

On 28 April 2015, the Danish Parliament adopted the *Act on construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark*. The Construction Act is the final Danish environmental approval of the project. With the Construction Act coming into force, the Danish EIA report, which was published for public consultation in 2013, was approved.

Regulatory approval in Denmark
With the Construction Act coming into force, the company was required to pay compensation on acquisition (expropriation) of a number of land areas for the establishment of production facilities and acquisition of wind turbines in accordance with previous agreements.

The implementation of the Construction Act also resulted in the company incurring a number of costs for the commencement of activities that had awaited its adoption. This was mainly about preparing sites on Lolland, archaeological surveys and removal of identified contaminated soil. The aim of the activities was to ensure that Femern A/S is able to make these sites available for contractors at the right time. These include the ramp and portal areas, the alignment corridor and for the construction of the tunnel element factory. The Construction Act also ensured that uncertainties surrounding the project's economics and the German regulatory approval process had to be settled before signing the major tunnel contracts.

EY, the audit and consultancy firm, conducted an external quality assurance of reserves and risks to the Fehmarnbelt link in order to aid the decision making. This included a review of the company's risk register and was carried out between November 2015 and February 2016 on behalf of the Ministry of Transport, Building and Housing.

With regard to the quality assurance, EY estimated the project reserve requirements to be DKK 7.3 billion, which formed the basis for the updated financial analysis that Femern A/S published on 11 February 2016. In the analysis, the construction budget for the coast-to-coast link came to DKK 52.6 billion including that DKK 7.3

billion reserve. The updated financial analysis demonstrates that the project economics are sound and robust.

The tender process
On 15 September 2015, Femern A/S received final and binding offer prices for the four major coast-to-coast tunnel contracts from the tendering contractor consortia.

Based on the tenders received and in light of the status of the German regulatory approval process, the political parties behind Fehmarnbelt link (Liberal Party; Social Democrats, the Danish People's Party, Liberal Alliance, Social Liberals, Socialist People's Party and the Conservative People's Party) entered into a political agreement on the way forward for the project on 4 March 2016. The agreement authorised Femern A/S to seek to enter into conditional contracts with the preferred contractors.

On 30 May 2016, the four major construction contracts were signed on the condition that construction work could only begin when the final German regulatory approval is obtained. The conditional contracts run until 2019. If the German regulatory approval is not obtained at the time, a renegotiation mechanism has been incorporated with a view to a possible extension of the contracts beyond 2019, provided that it is considered to be the best solution at that time.

In the spring of 2016 the company received complaints about the implementation of the tenders for three of the four major tunnel contracts from JV Salini Impregilo-Samsung-Bunte and Hochtief & Züblin.

Femern A/S was able to announce that the complainants had withdrawn the appeals on 22 December 2016. There are no more ongoing complaints and the appeal period has expired.

Regulatory approval in Germany
The German regulatory approval process is a core function of the company's work, since it is a prerequisite for the commencement of construction work. In Germany, the Fehmarnbelt project was approved by the German authorities on the basis of a comprehensive project application. The application was submitted to the German approval authority in Kiel in October 2013 and the first public consultation was launched in Germany on 5 May 2014.

Femern A/S and the German co-applicant LBV Lübeck expanded and updated the project application from about 11,000 pages to about 14,000 pages based on the results of the comprehensive initial consultation in 2014-15 and as a result of legal developments.

After a quality inspection of the updated application, the independent consultation and approval authority, LBV Kiel, launched a new public consultation on 12 July 2016. This ran until 26 August 2016 and gave private individuals, companies, environmental organisations and authorities in Germany the opportunity to submit objections and opinions on the updated application. LBV Kiel received some 12,600 objections and opinions as a result of the consultation and, in autumn 2016, these were passed on to Femern A/S on an ongoing basis. As with the first round of consultation, Femern A/S and co-applicant, LBV Lübeck, have to respond to all incoming comments and opinions in writing.

Following the submission of responses to the objections, LBV Kiel is conducting the further consultation and approval process, including the holding of consultation meetings with stakeholders in Schleswig-Holstein. Once the consultation process is finally completed, LBV Kiel will issue the regulatory approval itself.

The Transport Ministry in Schleswig-Holstein submitted a report on the status of work on the German regulatory approval of the Fehmarnbelt project on 31 October 2016. It emerged from this that the objective of achieving regulatory approval by the end of 2017 is very ambitious in light of the many objections raised during the public consultation. The Transport Minister of Schleswig-Holstein announced at a meeting with his Danish colleague on 12 December 2016 that there was a risk of a six-month delay.

Now that Femern A/S submitted its response to all the objections in February 2017, the Ministry of Transport in Schleswig-Holstein, following consultation with LBV Kiel, will review the timetable of the German regulatory approval process.

The timetable for the Fehmarnbelt project has until now been subject to a potential lawsuit at the Federal Administrative Court in Leipzig that would be a two-year process and finished by the end of 2019 for construction to start in early 2020.

Read more about the company's CSR policy and social responsibility at: www.femern.com/da/About-us/CSR.

Over the course of 2016, the Femern A/S organisation adapted to developments in the Danish and German authorities' approval processes and by year end there were 87 permanent employees.

The company's total expenditure in 2016 amounted to DKK 591 million and was offset by EU support of DKK 43 million. On this background, DKK 548 million was capitalised under fixed assets.

Key figures, DKK million

Femern	2016	2015
Operating expenses	-2.0	-2.0
Depreciation	0.0	0.0
Operating profit (EBIT)	-2.0	-2.0
Net financials	0.0	0.0
Loss before financial value adjustments	**-2.0**	**-2.0**

Femern Landanlæg
A/S Femern Landanlæg is a 100 per cent owned subsidiary of Sund & Bælt Holding A/S and is the parent company of Femern A/S.

The company was established in order to administer the ownership and financing of the Danish landworks in connection with the fixed link across the Fehmarnbelt. The planning work for the railway facilities is undertaken by Banedanmark while planning work for the road facilities is undertaken by the Danish Road Directorate. Banedanmark receives EU support with regard to the railway element of the project.

Sund & Bælt Holding A/S is responsible for coordinating the planning and construction activities in the various sub-projects that make up the overall Fehmarnbelt project. Among other things, this work consists of coordinating the planning and construction work for the coast-to-coast link plus the Danish road and railway facilities. It covers the interfaces between the coast-to-coast link and the Danish landworks for both the road and railway engineering solutions, progress in project planning and resource consumption. Furthermore, the company also deals with budget control and quarterly reporting to the Ministry of Transport, Building and Housing.

With the adoption of the *Act on the construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark* in April 2015, A/S Femern Landanlæg was authorised to build and operate the Danish landworks associated with a fixed link across the Fehmarnbelt. In issuing the executive order on the delegation of certain tasks and powers for the construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark, the role of client was given to Banedanmark on 17 September 2015, while A/S Femern Landanlæg remained responsible for the ownership and financing of the landworks.

Before construction work could begin, the overall economics of the project, including an updated risk assessment, were subject to a review, which had to be submitted to the political parties behind the Fehmarnbelt project. Based on an updated financial analysis, the parties behind Fehmarnbelt link reached a political agreement on 4 March 2016 on the way forward for the project. The financial analysis included the total cost of the upgrading of the Danish landworks. This was DKK 9.5 billion (2015 prices).

At the meeting of the political parties, a decision on the overall timetable for the Danish landworks was reached and so the framework for the project to proceed was established. The decision gives the green light for full expansion and upgrading of rail facilities down to Nykøbing Falster. Completion is due in 2021, apart from electrification, which is to be finished in 2024. In addition, the life of the section from Nykøbing Falster to Holeby on Lolland is to be extended until it needs to be developed and adapted for the opening of the coast-coast link.

Based on the decision, Banedanmark signed a number of contracts in 2016. MT Højgaard was awarded the work to renew and expand a number of bridges along the section on Zealand and Falster in a contract worth DKK 417 million. MJ Eriksson was awarded the DKK 516 million contract for extensive land and construction works in Zealand and Falster. Finally, the contract for the construction of a new Masnedsund bridge was awarded to Aarsleff and is worth DKK 201 million.

The political decision also meant that the tender, which included works on the rail section from Nykøbing to Rødbyhavn, had to be cancelled and offered again. This was the case with both the track and station contracts. Other tenders were also cancelled and will be put out again when the final timetable for the second phase of expansion is known. These include the expansion of Frederik d. IX's bridge over Guldborgsund and the land and construction works on Lolland.

In the first half of 2016, a new shipping channel south and east of Masnedø was dug as preparatory work for the new Masnedsund bridge. The new waterway means that the existing one, which previously operated as a bascule bridge, is now locked because ships and boats now have a second access road to Vordingborg Havn. The new waterway has been transferred to Vordingborg Municipality.

The company’s capitalised construction costs amount to DKK 1,138 million. This sum comprises the project costs of DKK 1,395 million, offset by EU subsidies of DKK 257 million.

Key figures, DKK million

Femern Landanlæg	2016	2015
Operating expenses	-0.2	-0.2
Depreciation	0.0	0.0
Operating profit (EBIT)	-0.2	-0.2
Net financials	0.0	0.0
Loss before financial value adjustments	**-0.2**	**-0.2**

Øresundsbro Konsortiet I/S

In 2016, Øresundsbro Konsortiet I/S posted a profit before value adjustment of DKK 1,020 million, which is an increase of DKK 121 million over the previous year. The improvement reflects an increase in turnover of DKK 69 million, lower expenses and depreciation of DKK 11 million net and lower interest expenses of DKK 41 million.

Road revenue increased by DKK 75 million compared to 2015 and amounts to DKK 1,346 million.

Total vehicle traffic rose by 5.1 per cent compared to 2015. It is estimated that 1-2 per cent of the rise is due to the border control between Denmark and Sweden. July proved to be a record month in respect of the number of vehicles in one day and the number of vehicles in one month. On average, 20,283 vehicles drove across the Øresund Bridge per day. A total of 7,424,000 vehicles crossed the bridge in 2016, which surpasses the previous record from 2009.

Lorry traffic rose by 3.2 per cent compared to 2015. The market share for lorry traffic across Øresund remains at 53 per cent.

Passenger car traffic rose by 5.1 per cent compared to 2015. Commuter traffic rose by 5.3 per cent compared to 2015. Leisure traffic rose by 6.6 per cent and other passenger traffic rose by 5.2 per cent. The number of BroPas contracts increased by approximately 34,550 compared to 2015 and now stands at 400,550.

Train traffic fell by 1.7 per cent per cent compared to 2015 and now totals 11.1 million passengers.

EBIT came in at a profit of DKK 1,306 million, which is an improvement of DKK 80 million over 2015. After value adjustment, the result for the year was a profit of DKK 809 million.

Equity at 31 December 2016 was positive at DKK 51 million.

The repayment period is unchanged at 34 years from the opening in 2000. Thus, the debt on the Øresund Bridge will be repaid in 2034.

The EU Commission's ruling on the complaint on State aid to Øresundsbro Konsortiet I/S has been brought before the General Count of the European Union by the plaintiff.

Øresundsbro Konsortiet I/S publishes an independent report on corporate social responsibility and sustainable development, which is found at www.oresundsbron.com/samfundsansvar (Danish only).

Further details about the Øresund Bridge are available from Øresundsbro Konsortiet I/S' Annual Report at www.oresundsbron.com

Through A/S Øresund, Sund & Bælt owns 50 per cent of Øresundsbro Konsortiet I/S, which is responsible for the Øresund Bridge's operations

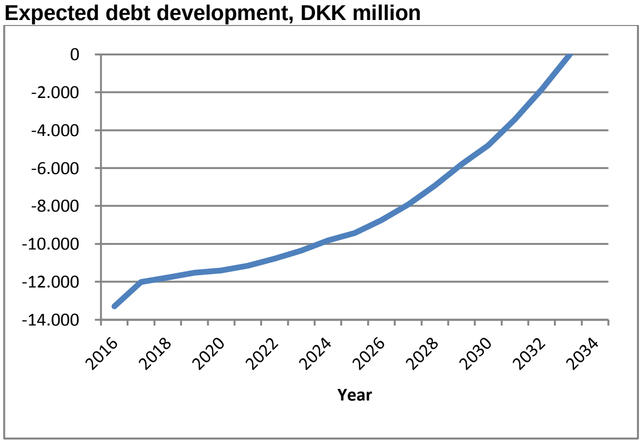
Key figures, DKK million

Øresundsbro Konsortiet	**2016**	**2015**
Operating income	1,866.0	1,797.4
Operating expenses	-279.4	-296.8
Depreciation	-280.3	-274.2
Operating profit (EBIT)	1,306.3	1,226.4
Net financials	-286.6	-327.2
Profit before financial value adjustments	1,019.7	899.2
Value adjustments	-210.5	234.8
Profit for the year	**809.2**	**1,134.0**
Group share of profits	**404.6**	**567.0**

Percentage traffic growth

	2016	**2015**	**2014**
Øresund Bridge	5,1	1,8	3,4

Expected debt development, DKK million



Corporate Governance

Sund & Bælt Holding A/S is a state-owned public limited company. The shareholder – the Danish state – has supreme authority over the company within the framework laid down in legislation and exercises its ownership in accordance with the guidelines set out in the publication, *"The State as Shareholder*".

The two-tier management structure consists of a Board of Directors and a Management Board, which are independent of each other. No individual is a member of both boards.

Sund & Bælt endeavours to ensure that the company is managed in accordance with the principles of sound corporate governance at all times.

NASDAQ Copenhagen's corporate governance recommendations correspond to the recommendations from the Committee for Corporate Governance updated in November 2014. Sund & Bælt generally complies with NASDAQ Copenhagen's corporate governance recommendations. Exceptions to the recommendations are owing to the Group's special ownership structure where the Danish state is the sole shareholder. The exceptions to the recommendations are:

- In connection with elections to the Board of Directors, the shareholder assesses the necessary expertise that the Board should possess. There is no nomination committee.
- No formal rules exist regarding board members' age and number of board positions a member of the board may hold. This, however, is considered by the shareholder in connection with the elections of new members.
- The shareholder determines the remuneration of the Board of Directors while the Board of Directors decides the salaries of the Management Board. Performance-related remuneration or bonuses for the Management Board and Board of Directors are not employed. No remuneration committee has, therefore, been established.
- Members of the Board of Directors elected by the Annual General Meeting stand for election every second year. According to the recommendations, members should stand for election every year.
- The Board of Directors has not carried out an evaluation of the work of the Board of Directors and Management Board.

Sund & Bælt meets the diversity requirements at senior management levels. There is a 44/56 per cent distribution between the sexes among board members.

The company has set up an Audit Committee which, as a minimum, meets half-yearly. The members of the Audit Committee comprise the entire Board of Directors and the Vice-Chairman of the Board of Directors is Chairman of the Audit Committee.

The Board of Directors held four meetings during the year and was deemed to be independent.

In relation to significant concurrent positions held by the senior management outside the company, please refer to the section *Board of Directors, Board of Management and Senior Executives.*

The recommendations from the Committee for Corporate Governance are available at www.corporategovernance.dk

Risk management and control environment

Certain events may prevent the Group from achieving its objectives in whole or in part. The consequences and likelihood of such events occurring is an element of risk of which the Group is well aware. Some risks can be managed and/or reduced by the Group itself while others are external events over which the companies have no control. The Group has identified and prioritised a number of risks based on a holistic approach. As part of the work with these issues, the Board of Directors receives a report on an annual basis.

The greatest risk to accessibility is a prolonged interruption to a traffic link caused by a ship colliding with a bridge, terrorist activity or the like. The likelihood of such incidents is remote, but the potential consequences are significant. The potential financial losses for the Group from such events, including operating losses for up to two years, are, however, covered by insurances.

Sund & Bælt's objective is to ensure that safety on the links should be high and at least as high as on similar Danish facilities. So far, this objective has been met and the proactive safety work continues. The work is supported by regularly updated risk analyses.

In partnership with the relevant authorities, Sund & Bælt maintains a comprehensive contingency plan, including an internal crisis management programme for handling accidents etc. on the company's traffic facilities. The programme is tested regularly through exercises.

Long-term traffic development is a significant factor in the repayment period for the companies' debts, c.f. notes 23 and 24, where the calculations and uncertainty factors are described. In addition to the general uncertainties that are inherent in such long-term forecasts, there is a special risk related to adjustment to prices introduced by the authorities, e.g. in the form of EU directives. The introduction of road taxes may also impact on the bridges' market position.

Development in long-term maintenance and reinvestment costs is subject to some uncertainty too. Sund & Bælt works proactively and systematically to reduce such factors and it is unlikely that these risks will have a major effect on the repayment period.

Work on holistic risk management has defined and systemised a number of risks linked to the company's general operations. These include the risk of computer breakdowns or a failure of other technical systems, unauthorised access to computer systems, delays to, and cost increases for, maintenance work etc. These risks are handled by day-to-day management and the line organisation.

The Sund & Bælt Group's risk management and internal controls in connection with the accounts and financial reporting are intended to minimise the risk of material error. The internal control system contains clearly defined roles and areas of responsibility, reporting requirements and procedures for attestation and approval. Internal controls are examined by the auditors and reviewed by the Board of Directors through the Audit Committee.

Environment and climate

One of Sund & Bælt's fundamental values is to support sustainable development and to contribute to meeting the objectives that society has set out with regard to the climate and the environment. This is achieved through a proactive approach to preventing and minimising the impact from the Group's activities on the surrounding world. The work is based on an environmental and climate policy, annual environmental targets and selected focus areas.

Key figures for selected environmental indicators

	2016	2015[1)]	Trend
Waste volumes (tonnes)	580	513	↗
Water consumption (m^3)	11,320	16,017	↘
Water discharge (m^3)	2.5 million	2.7 million	→
Electricity consumption (kWh)	9.5 million	10.0 million	→
Electricity roduction, Sprogø Offshore Wind Farm (kWh)	57.1 million	66.6 million	↘

1) Note: Values have been adjusted in relation to the 2015 Annual Report

A detailed description of Sund & Bælt's environmental work and its impact is available from the Green Accounts for 2016 and can be read at www.sundogbaelt.dk/samfundsansvar.

A good working environment
Sund & Bælt works proactively to be an attractive workplace that takes care of the safety, health and well-being of its employees. Our objective is to maintain a healthy and safe working environment free from industrial accidents. Our efforts are founded upon a working environment policy and a working environment management system that supports continuous improvement. Working conditions on the road and rail facilities and at the toll station at Storebælt are of critical importance.

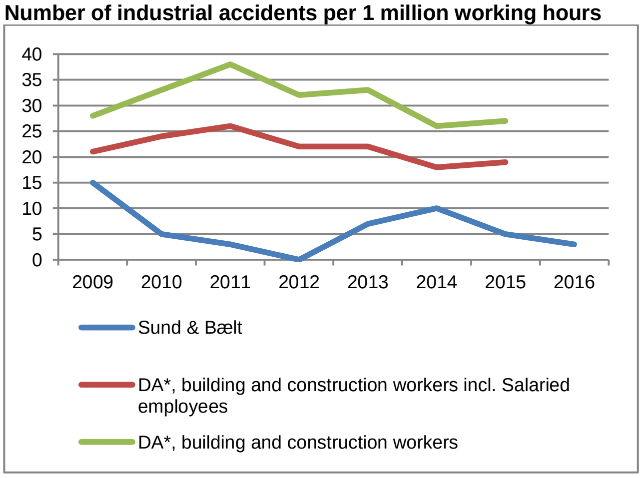
We conduct mandatory safety courses for all employees and contractors. On an annual basis, around 60 safety courses were held for new employees and follow-up courses are held every other year. In total, about 750 employees are trained every year.

Sund & Bælt is certified in accordance with DS/OHSAS 18001, which is part of the targeted effort in this area.

All incidents with or without absence from work as well as "near misses" are analysed to prevent recurrences and make improvements. All contractors are obliged to report accidents and near-misses to Sund & Bælt. In 2016, specific focus was trained on monitoring and the reporting of near-misses, which could have resulted in personal injury.

In 2016, contractors and Sund & Bælt employees spent almost 575,500 working hours on the road and rail facilities, at Sprogø Offshore Wind Farm, at workshops and in offices - and have managed to maintain a low number of accidents.

Number of industrial accidents per 1 million working hours



- Confederation of Danish Employers, manual workers and salaried employees

Traffic safety on the road link
One of Sund & Bælt's objectives is that it must be at least as safe to drive on the motorway across Storebælt and on the Øresund motorway as it is on other motorways in Denmark. Sund & Bælt takes a proactive approach to traffic safety, i.e. by preventing accidents through analysis and screening all incidents. In 2016, there were six traffic accidents involving personal injury; three on the Storebælt fixed link and three on the Øresund motorway. In addition, there was one traffic accident with one fatality on the Øresund motorway.

In 2016, the Storebælt Bridge was closed to traffic for 11½ hours in both directions. The closures were mainly caused by traffic accidents and the need to protect traffic.

Nature conservation on Sprogø
Sund & Bælt policy is to maintain green areas by taking nature into account and pursuing an active management of natural areas, which includes Sprogø being preserved as a unique natural area that also gives drivers a good visual experience when crossing the Storebælt fixed link.

Sprogø is located in Natura 2000 area 116, which includes the bird protection area 98. Consequently, particular account has to be taken of the area's designated protected birds. The Little Tern has been added to the Natura 2000 plan 2010-2021, which means that the eider, the sandwich tern and the little tern have now been designated as protected species on Sprogø.

As a result of nature conservation projects in recent years, sandwich tern are now nesting in large numbers on Sprogø. In 2016, there were more than 1,000 breeding pairs on Sprogø, which is the second largest population of breeding sandwich terns in Denmark. By contrast, until 2008, there were fewer than 25 breeding pairs.

As part of the regular nature monitoring on Sprogø, the first part of an inventory of the green toad began in 2015 and will be concluded in 2017. The green toad is a rare species and historically, there has been a large population of Sprogø.

Read more about Sund & Bælt's nature conservation at www.sundogbaelt.dk/samfundsansvar

Employees

The Sund & Bælt Group has 245 full-time employees who perform tasks in the parent company and its 100 per cent-owned subsidiaries. The majority of operational tasks are outsourced and are carried out by approximately 200 employees from private service companies and contractors.

Employees in the operating organisation

Fundamental values

Sund & Bælt seeks to attract, develop and retain employees with the qualifications and skills necessary for the effective fulfilment of Sund & Bælt's objectives.

The Group offers its employees attractive conditions for perfoming their jobs and is receptive to the wishes and needs of its employees and managers. Sund & Bælt wishes to provide a workplace where people wish to work irrespective of age and experience.

The framework for creating a good working life is defined in Sund & Bælt's human resources policy which comprises policies for the family, senior employees, health and well-being, alcohol and smoking, pay conditions, harassment, trainees/placements/flex jobs and equal rights as well as in Sund & Bælt's values and internal guidelines.

Key figures 2016

At the end of 2016, the percentage of female managers was 39 per cent, which is a rise of 2 percentage points from 2015. The percentage of female directors is 20 per cent and is the same as 2015. As there is equal gender distribution on Sund & Bælt's Board of Directors, no targets have been set up.

Sund & Bælt remains committed to appointing more females to managerial positions and the equal opportunities policy for the Group helps to ensure a higher proportion of females. The aim is that within an 8 year period, an even more balanced composition of male and female for senior positions will have been achieved.

The key figures for 2016 continue to show a low rate of absenteeism due to illness albeit the figure increased slightly from 2.2 per cent in 2015 to 2.8 per cent in 2016. Staff turnover increased from 8.6 per cent in 2015 to 13.8 per cent in 2016. This figure was affected by organisational changes, but also by a generational change in connection with retirement.

Sund & Bælt Holding A/S	**2016**	**2015**
Number of employees	127	129
Male/female ratio		
- Females	40%	40%
- Males	60%	60%
Gender distribution, Top management level		
- Females	20%	20%
- Males	80%	80%
Gender distribution, other management levels		
- Females	39%	37%
- Males	61%	63%
Educational background		
- Higher	42%	43%
- Intermediate	32%	32%
- Basic	26%	25%
Staff turnover	13.8%	8.6%
Average age	50	51
Training per employee	DKK 8,900	DKK 9,800
Absence due to sickness (incl. long-term sickness)	2.8%	2.2%

Employees in the BroBizz issuer organisation

BroBizz A/S is an issuer organisation established on 1 June 2013.

BroBizz A/S	2016	2015
Number of employees	30[1)]	24[1)]
Male/female ratio		
- Females	63%	62%
- Males	37%	38%
Gender representation, top management level		
- Females	100%	100%
- Males	0%	0%
Gender representation, managers		
- Females	67%	67%
- Males	33%	33%
Educational background		
- Higher	13%	8%
- Intermediate	13%	16%
- Basic	74%	76%
Staff turnover	19.0%	17.3%
Average age	40	41
Training per employee	DKK 8,200	DKK 10,200
Absence due to sickness (incl. long-term sick)	3,2 %	5,5 %

1) Note: In addition, a varying number of student placements.

Employees in the Femern construction organisation

Femern A/S is a project-based organisation under continuing development. In addition to its own employees, Femern A/S employs a number of permanent consultants.

The organisation includes employees of Danish, Swedish, German and British nationalities. The management team comprises individuals with experience from the construction of the fixed links across Storebælt and Øresund as well as other international projects.

Femern A/S	2016	2015
Number of employees	87	117
Male/female ratio		
- Females	41%	41%
- Males	59%	59%
Gender representatiion, top management level		
- Females	36%	29%
- Males	64%	71%
Gender representation, other management levels		
- Females	13%	25%
- Males	87%	75%
Educational background		
- Higher	63%	60%
- Intermediate	24%	22%
- Basic	13%	18%
Staff turnover	38%	16%
Average age	47	47
Training per employee	DKK 13,182	DKK 7,580
Absence due to sickness (incl. long-term sickness)	2.0 %	1.5 %

Main items in the consolidated results apportioned across the Group's companies

DKK million	Sund & Bælt Holding A/S	A/S Storebælt	A/S Øresund	Sund & Bælt Partner A/S	A/S Femern Land-anlæg	Femern A/S	BroBizz A/S	2016 Total*	2015 Total
Operating profit/loss (EBIT)	-33	2,204	-169	0.2	-1.6	-2.4	2.4	1,999	2,470
Financing expenses excl. value adjustment	1,199	-486	-226	-	-	-	2.4	-710	-758
Profit/loss before value adjustment	**1,166**	**1,718**	**-395**	**0.2**	**-1.6**	**-2.4**	**4.8**	**1,289**	**1,712**
Value adjustments, net	-4	-47	-460	-	-	-	-0.8	-512	914
Profit/loss before inclusion of share of jointly managed company and tax	1,162	1,671	-855	0.2	-1.6	-2.4	4.0	777	2,626
Profit from jointly managed company	-	-	405	-	-	-	-	405	567
Profit/loss before tax	**1,162**	**1,671**	**-450**	**0.2**	**-1.6**	**-2.4**	**4.0**	**1,182**	**3,193**
Tax	8	-368	99	-	8.8	3.6	-0.9	-249	-718
Profit for the year	**1,170**	**1,303**	**-351**	**0.2**	**7.2**	**1.2**	**3.1**	**933**	**2,475**

*) Note: There is a difference between the sum of the individual companies and the consolidated results (column: 2016 total) of approx. DKK 1,250 million related to inter-company trading and dividend payment.

Key figures and financial ratios for the Sund & Bælt Group

DKK million	2012	2013	2014	2015	2016
Operating income, road	2,572	2,637	2,785	2,904	3,069
Operating income, rail	877	888	892	703	423
Other income incl. ports and wind turbines	82	79	77	76	78
Operating expenses	-434	-459	-464	-467	-502
Depreciation	-668	-619	-628	-746	-1,069
Operating profit (EBIT)	2,428	2,526	2,662	2,470	1,999
Net financials before value adjustment	-1,540	-1,095	-813	-758	-710
Profit before value adjustment	888	1,431	1,849	1,712	1,289
Value adjustments, net	-762	1,763	-1,691	914	-512
Profit/loss before inclusion of share of jointly managed company and tax	126	3,194	158	2,626	777
Profit/loss from jointly managed company (Øresundsbro Konsortiet I/S) *)	39	1,039	56	567	405
Profit before tax	166	4,233	214	3,193	1,182
Tax	-42	-1,235	-48	-718	-249
Profit for the year	124	2,998	166	2,475	933
Capital investment in the year	686	605	874	1,210	1,134
Capital investment at the end of the year	36,205	36,068	36,150	36,592	36,612
Bond loans and bank loans	45,031	42,027	42,023	40,763	41,227
Net debt (fair value)	43,600	40,605	41,253	39,862	40,479
Interest-bearing net debt	38,486	37,391	36,630	36,187	36,363
Equity	-6,847	-3,850	-4,584	-2,943	-3,210
Balance sheet total	46,863	43,892	44,458	43,464	43,873

Financial ratios, per cent					
Profit ratio (EBIT)	68.8	70.1	70.9	66.9	56,0
Rate of return (EBIT)	5.2	5.8	6.0	5.7	4,5
Return on facilities(EBIT)	6.7	7.0	7.4	6.8	5,5

NB: The financial ratios have been stated in accordance with the Society of Financial Analysts' "Recommendations and Financial Ratios 2015". Please refer to definitions and concepts in note 1 Accounting Policies.

*) Øresundsbro Konsortiet I/S' share of the results for 2016 includes an expense of DKK 105 million (income of DKK 117 million in 2015) relating to value adjustments. The result before value adjustments amounts to profits of DKK 405 million (DKK 405 million in 2015).

Accounts

Comprehensive income statement 1 January – 31 December

(DKK million)

Sund & Bælt Holding A/S				Sund & Bælt Group	
2015	**2016**	**Note**		**2016**	**2015**
			Income		
148.9	122.9	4	Operating income	3,569.6	3,683.4
148.9	**122.9**		**Total income**	**3,569.6**	**3,683.4**
			Expenses		
-38.1	-55.9	5	Other operating expenses	-390.5	-363.8
-87.0	-92.2	6	Staff expenses	-111.3	-103.3
-4.6	-7.5	8-12	Depreciation and amortisation of intangible fixed assets and property, plant and equipment	-1,069.0	-745.9
-129.7	**-155.6**		**Total expenses**	**-1,570.8**	**-1,213.0**
19.2	**-32.7**		**Operating profit (EBIT)**	**1,998.8**	**2,470.4**
		16	**Financial income and expenses**		
900.0	1,200.0		Received dividend from participating interests	0.0	0.0
0.1	0.1		Financial income	266.9	385.9
-1.2	-1.0		Financial expenses	-977.1	-1,143.8
-2.8	-4.0		Value adjustments, net	-511.5	914.2
896.1	**1,195.1**		**Total financial income and expenses**	**-1,221.7**	**156.3**
915.3	**1,162.4**		**Profit before inclusion of share of results in jointly managed company and tax**	**777.1**	**2,626.7**
0.0	0.0	15	Share of results in jointly managed company	404.6	567.0
915.3	**1,162.4**		**Profit before tax**	**1,181.7**	**3,193.7**
-3.8	8.2	7	Tax	-249.0	-718.3
911.5	**1,170.6**		**Profit for the year**	**932.7**	**2,475.4**
0.0	0.0		Other comprehensive income	0.0	0.0
0.0	0.0		Tax on other comprehensive income	0.0	0.0
911.5	**1,170.6**		**Comprehensive income**	**932.7**	**2,475.4**
			Appropriated as follows:		
911.5	**1,170.6**		Retained earnings	**932.7**	**2,475.4**

Balance sheet 31 December 2015 – Assets

(DKK million)

Sund & Bælt Holding A/S				Sund & Bælt Group	
2015	**2016**	**Note**	**Assets**	**2016**	**2015**
			Non-current assets		
			Intangible assets		
0.0	7.0	8	Software	28.6	28.3
0.0	**7.0**		**Total intangible assets**	**28.6**	**28.3**
			Property, plant and equipment		
0.0	0.0	9	Road and rail links	36,402.3	36,049.8
0.0	0.0	10	Port facilities	204.4	237.5
0.0	0.0	11	Wind turbine facilities	5.6	304.8
0.0	0.0	12	Land and buildings	94.8	96.3
20.3	26.9	12	Other fixtures and fittings, plant and equipment	61.5	51.8
20.3	**26.9**		**Total property, plant and equipment**	**36,768.6**	**36,740.2**
			Other non-current assets		
976.0	976.0	13	Participating interest in subsidiaries	0.0	0.0
0.0	0.0	14	Participating interest in affiliated companies	25.4	0.0
7.7	140.1	15	Deferred tax	301.8	524.4
983.7	**1,116.1**		**Total other non-current assets**	**327.2**	**524.4**
1,004.0	**1,150.0**		**Total non-current assets**	**37,124.4**	**37,292.9**
			Current assets		
			Receivables		
0.0	0.0		Inventory	1.5	1.5
88.9	249.0	17	Receivables	1,020.9	816.5
0.0	0.0		Securities	2,023.2	2,011.2
0.0	0.0	18	Derivatives	3,273.3	2,994.8
7.2	6.6	19	Prepayments and accrued income	137.8	16.1
96.1	**255.6**		**Total receivables**	**6,456.7**	**5,840.1**
0.0	**0.0**	**20**	**Cash at bank and in hand**	**305.0**	**384.8**
96.1	**255.6**		**Total current assets**	**6,761.7**	**6,224.9**
1,100.1	**1,405.6**		**Total assets**	**43,886.1**	**43,517.8**

Balance sheet 31 December 2015 – Equity and liabilities

(DKK million)

Sund & Bælt Holding A/S 2015	Sund & Bælt Holding A/S 2016	Note	Equity and liabilities	Sund & Bælt Group 2016	Sund & Bælt Group 2015
			Equity		
355.0	355.0	21	Share capital	355.0	355.0
157.3	127.9	21	Retained earnings	-3,565.0	-3,297.7
512.3	**482.9**		**Total equity**	**-3,210.0**	**-2,942.7**
			Liabilities		
			Non-current liabilities		
0.0	0.0	15	Provisions	0.0	379.1
448.8	542.5	22	Bond loans and amounts owed to credit institutions	31,224.8	35,149.7
448.8	**542.5**		**Total non-current liabilities**	**31,224.8**	**35,528.8**
			Current liabilities		
0.0	0.0	22	Current portion of non-current liabilities	9,761.6	5,267.3
28.3	3.7		Credit institutions	240.4	345.8
110.7	376.5	25	Trade and other payables	1,046.2	1,003.7
0.0	0.0	18	Derivatives	4,787.4	4,283.5
0.0	0.0	26	Accruals and deferred income	35.7	31.4
139.0	**380.2**		**Total current liabilities**	**15,871.3**	**10,931.7**
587.8	**922.7**		**Total liabilities**	**47,096.1**	**46,460.5**
1,100.1	**1,405.6**		**Total equity and liabilities**	**43,886.1**	**43,517.8**

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Statement of changes in equity 1 January – 31 December

(DKK million)

Sund & Bælt Holding A/S Share capital	Retained earnings	Total		Sund & Bælt Group Share capital	Retained earnings	Total
355.0	145.8	500.8	Balance at 1 January 2015	355.0	-4,873.1	-4,518.1
0.0	-900.0	-900.0	Payment of extraordinary dividend	0.0	-900.0	-900.0
0.0	911.5	911.5	Profit for the year and comprehensive income	0.0	2,475.4	2,475.4
355.0	**157.3**	**512.3**	**Balance at 1 January 2015**	**355.0**	**-3,297.7**	**-2,942.7**
355.0	157.3	512.3	Balance at 1 January 2016	355.0	-3,297.7	-2,942.7
0.0	-1,200.0	-1,200.0	Payment of extraordinary dividend	0.0	-1,200.0	-1,200.0
0.0	1,170.6	1,170.6	Profit for the year and comprehensive income	0.0	932.7	932.7
355.0	**127.9**	**482.9**	**Balance at 1 January 2016**	**355.0**	**-3,565.0**	**-3,210.0**

Cash flow statement 1 January – 31 December

(DKK million)

Sund & Bælt Holding A/S 2015	Sund & Bælt Holding A/S 2016	Note		Sund & Bælt Group 2016	Sund & Bælt Group 2015
			Cash flow from operating activity		
19.2	-32.7		Profit before net financial	1,998.8	2,470.4
			Adjustments		
4.6	7.5	8-12	Amortisation, depreciation and write-downs	1,069.0	745.9
-5.1	109.7		Joint taxation contribution	-173.6	-86.8
0.1	-0.3		Adjustment for other non-cash items	41.5	-11.4
18.8	**84.2**		**Cash flow from operations (operating activities) before change in working capital**	**2,935.7**	**3,118.1**
			Change in working capital		
398.0	-393.4	17, 19	Receivables, prepayments and accrued income	-869.9	-354.6
-401.3	266.1	25, 26	Trade and other payables	772.2	-582.1
15.5	**-43.1**		**Total cash flow from operating acitivity**	**2,838.0**	**2,181.4**
			Cash flow from investing activity		
900.0	1,200.0		Dividend from subsidiaries and associated companies	0.0	0.0
-6.6	-21.2	8-12	Purchase of intangible assets and property, plant and equipment	-1,182.9	-1,228.9
0.0	0.0	14	Capital investment in subsidiaries	0.0	0.0
0.0	0.0		Purchase of securities	14.9	0.0
893.4	**1,178.8**		**Total cash flow from investing acitivity**	**-1,168.0**	**-1,228.9**
908.9	**1,135.7**		**Free cash flow**	**1,670.0**	**952.5**
			Cash flow from financing activity		
101.1	102.0		Rasing of loans	7,571.6	5,183.9
-100.0	0.0		Reduction of liabilities	-7,145.9	-6,007.4
0.1	0.1		Interest received	3.7	3.0
-17.0	-13.2		Interest paid	-916.8	-925.7
0.0	0.0		Received EU subsidy	42.9	119.2
-900.0	-1,200.0		Paid dividend to shareholder	-1,200.0	-900.0
-915.8	**-1,111.1**		**Total cash flow from financing activity**	**-1,644.5**	**-2,527.0**
-6.9	**24.6**		**Change for the period in cash at bank and in hand**	**25.5**	**-1,574.5**
-21.4	-28.3		Cash at bank and in hand at 1 January	39.1	1,613.6
-28.3	**-3.7**		**Cash at bank and in hand at 31 December**	**64.6**	**39.1**
-28.3	-3.7		Cash at bank and in hand	64.6	**39.1**
-28.3	**-3.7**	20	**Cash at bank and in hand at 31 December**	**64.6**	**39.1**

The cash flow statement cannot be deduced from the accounts only.

Sund & Bælt Holding A/S' liquid assets comprise bank loans and overdrafts.

Notes

Note 1 Accounting policies

General
The annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of companies with listed debt instruments. Additional Danish disclosure requirements for annual reports are laid down in the IFRS order issued pursuant to the Danish Financial Statements Act and NASDAQ Copenhagen.

The accounting policies are in accordance with those applied in the Annual Report 2015.

The companies have elected to use the so-called Fair Value Option under IAS 39. Consequently, all financial assets and liabilities (loans, placements and derivatives) are measured at fair value and changes in the fair value are recognised in the comprehensive income statement. Loans and cash at bank and in hand are measured at fair value on initial recognition in the balance sheet whereas derivative financial instruments are always measured at fair value, c.f. IAS 39.

The rationale for using the Fair Value Option is that the companies consistently apply a portfolio approach to financial management, which means that the anticipated exposure to financial risks is managed through different financial instruments, both primary and derivative financial instruments. Accordingly, when managing financial market risks, the companies do not distinguish between, for example, loans and derivatives, but solely focus on the total exposure. Using financial instruments to manage financial risks could, therefore, result in accounting inconsistencies were the Fair Value Option not used. Hence this is the reason for exercising it.

It is the companies' opinion that the Fair Value Option is the only principle under IFRS that reflects this approach as the other principles lead to inappropriate inconsistencies between otherwise identical exposures depending on whether the exposure relates to loans or derivative financial instruments or requires comprehensive documentation as in the case of hedge accounting. As derivative financial instruments, financial assets and loans are measured at fair value, recognition in the financial statements will produce the same results for loans and related derivatives when hedging is effective. Thus, the company will achieve accounting consistency. Loans without related derivative financial instruments are also measured at fair value in contrast to the main rule laid down in IAS 39 pursuant to which loans are measured at amortised cost. This will naturally lead to volatility in the profit/loss for the year as a result of value adjustments.

The consolidated accounts and the parent company accounts are presented in DKK, which is also the Group's functional currency. Unless otherwise stated, all amounts are disclosed in DKK million.

In order to assist users of the Annual Report, some of the disclosures required under IFRS are also included in the Management's Report. Similarly, information that is not considered material to the financial reader is omitted.

New accounts adjustment
The new and revised IFRS standards and interpretations implemented in 2016 have not resulted in any changes in accounting policies.

The following amendments to existing and new standards and interpretations have not yet come into force and are not applicable in connection with the preparation of the Annual Report for 2016: IAS 7 and 12 and IFRS 9, 15 and 16. The new standards and interpretations will be implemented when they become effective.

The implementation of IFRS 9 changes, among other things, the classification and measurement of financial assets and liabilities. The implementation of this standard is expected to have an impact, but the overall effect has not yet been calculated.

The effect of IFRS 15 is expected to be insignificant as revenue from road traffic and issuer fees are included when passage has been undertaken.

The implementation of the other standards and interpretations are not expected to have any financial effect on the Sund & Bælt Group's results, assets and liabilities or equity in connection with financial reporting.

Consolidation
The consolidated accounts cover the parent company Sund & Bælt Holding A/S and the wholly-owned subsidiaries A/S Storebælt, A/S Øresund, Sund & Bælt Partner A/S, Femern A/S, BroBizz A/S and A/S Femern Landanlæg. Øresundsbro Konsortiet I/S is recognised in the consolidated accounts according to the equity method whereafter the Group's share of the annual results and equity, corresponding to 50 per cent, are included in the consolidated accounts. Any negative equity is recognised as a provision since Øresundsbro Konsortiet I/S is structured as a partnership with joint and several liability..

The consolidated accounts have been prepared on the basis of the accounts for Sund & Bælt Holding A/S and the subsidiaries by the addition of items of a uniform nature.

The accounts on which the consolidation is based are submitted in accordance with the Group's accounting policies.

On consolidation, elimination is made of internal income and expenses and internal balances. The parent company's participating interests in the subsidiaries are offset against the corresponding equity.

Newly established companies are included in the consolidated accounts from the time of establishment.

Operating income
Income from sales of services is included as the services are supplied and if the income can be reliably calculated and is expected to be received.

Income is measured excluding VAT, taxes and discounts relating to the sale.

Other income comprises accounting items of a secondary nature in relation to the company's activities, including income from the use of fibre optic and telephone cables.

Public subsidies
Public subsidies are recognised when it is reasonably probable that the subsidy conditions have been fulfilled and that the subsidy will be received.

Subsidies to cover expenses are recognised in the comprehensive income statement proportionally over the periods in which the associated expenses are recognised in the comprehensive income statement. The subsidies are offset in the costs incurred.

Public subsidies related to the settlement of the road and rail links are deducted from the asset's cost.

Impairment of assets
Property, plant and equipment, investments and intangible fixed assets are subject to an impairment test when there is an indication that the carrying amount may not be recoverable (other assets are covered under IAS 39). Impairment losses are recognised by the amount by which the carrying amount of the asset exceeds the recoverable amount, i.e. the higher of an asset's net selling price or its value in use. Value in use is the present value of expected future cash flows from the asset using a pre-tax discount rate that reflects the current market return. In determining impairment, assets are grouped in the smallest group of assets that generate separate identifiable cash flows (cash-generating units). See also note 24: Profitability.

Impairment losses are recognised in the comprehensive income statement.

Tax on the year's result
The company is covered by the Danish regulations concerning compulsory group taxation of the Sund & Bælt Group's companies. The subsidiaries are included in the Group taxation from the time they are included in the consolidation in the consolidated accounts and until such time when they may be omitted from the consolidation. With effect from 1 January 2016, the subsidiaries Sund & Bælt Partner A/S and BroBizz A/S, are included in the compulsory joint taxation with the other companies in the Sund & Bælt Group following the abolition of the special legislation for the infrastructure companies in the Sund & Bælt group.

Sund & Bælt Holding A/S is the administrating company for joint taxation and therefore settles all corporation tax payments with the tax authorities.

Balances under corporation tax legislation's interest deduction limitation rules are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to these balances are recognised in the balance sheet while deferred tax assets are recognised only if the criteria for recognition of deferred tax assets are met.

Current Danish corporation tax is duly apportioned through payment of the joint taxation contribution between the jointly taxed companies in relation to their taxable incomes. In conjunction with this, companies with tax losses receive joint taxation contribution from companies that have been able to use such losses against their own taxable profits.

Tax for the year, which comprises the year's current corporation tax, the year's joint taxation contribution and changes to deferred tax – including the change in the tax rate - is included in the comprehensive income statement with the proportion attributable to the year's results and directly in the equity with the proportion attributable to the items directly in the equity.

Current tax and deferred tax
Sund & Bælt Holding A/S and the jointly taxed companies are liable for income taxes, etc. for the jointly taxed companies and for any obligations for withholding tax on interest, royalties and dividends for the jointly taxed companies.

Current tax liabilities and tax receivable are recognised in the balance sheet as computed tax on the year's taxable income, adjusted for tax on previous year's taxable income as well as for paid taxation on account.

Tax owed and joint tax contribution receivable are included in the balance sheet under balances with affiliated companies.

Deferred tax is measured in accordance with the balance-sheet oriented liability method of all interim differences between the carrying value and the tax value of assets and liabilities. In cases where the computation of the tax value can be carried out on the basis of the various taxation rules, the deferred tax is measured on the basis of the management's planned utilisation of the asset or the disposal of the liability.

Deferred tax assets, including the tax value of tax losses entitled to be carried forward are recognised under other non-current assets at the value at which they are expected to be used, either through the setting-off of tax on future earnings or by the offsetting of deferred tax liabilities, within the same legal tax entity and jurisdiction.

Balances under corporation tax legislation's interest deduction limitation rules are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to these balances are recognised in the balance sheet while tax assets are recognised only if the criteria for deferred tax assets are met.

Adjustment of deferred tax is carried out relating to eliminations made of unrealised intra-group profits and losses.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, realised inflation indexation, foreign exchange gains and losses on cash at bank and in hand, securities, payables, derivatives and transactions in foreign currencies as well as realised gains and losses relating to derivative financial instruments.

The fair value adjustment at the balance sheet date equals total net financials which, in the comprehensive income statement, are split into financial income, financial expenses and value adjustment. Financial income and expenses comprise interest income, interest expenses and realised inflation indexation from payables and derivatives. Foreign exchange gains and losses and foreign currency translation for financial assets and liabilities are included in the value adjustment.

Financial expenses for financing assets in progress are recognised in the cost of the assets.

Financial assets and liabilities
Initial recognition of financial assets and liabilities takes place on the trading date.

Cash at bank and in hand, which includes bank deposits, are recognised at fair value on initial recognition in the balance sheet as well as on subsequent recognition. Differences in the fair value between balance sheet dates are included in the income statement under Financial income and expenses. On initial recognition, all cash at bank and in hand items is classified as assets measured at fair value.

Holdings and returns on treasury shares are set off against equivalent bond loans issued and are therefore not recognised in the consolidated accounts' comprehensive income statement and balance sheet.

Loans are initially and subsequently measured at fair value in the balance sheet. On recognition, all loans are classified as financial liabilities at fair value through comprehensive income. Irrespective of the scope of interest rate hedging, all loans are measured at fair value with value adjustments being recognised regularly in the income statement, calculated as the difference in fair value between the balance sheet dates.

The fair value of loans is calculated as the market value of future known and expected cash flows discounted at relevant rates, as there are no quotations available for unlisted bond issuers and bilateral loans. The discounting rates used are based on current market rates considered to apply to the Group as a borrower.

Real rate loans consist of a real rate plus an allowance for inflation indexation. The expected inflation is recognised in the determination of the fair value on the real rate loans and is determined from the equilibrium inflation from the so-called "break-even" inflation swaps where a fixed inflation rate payment is exchanged against realised inflation, which is unknown at that time. Danish equilibrium inflation is calculated by a spread to Europe's "break-even" inflation swaps with HICPxT as reference index. Discounting follows from the general principles referred to above.

The fair value of loans with related structured financial instruments is determined collectively and the market value of any options for payment of interest or instalments on the loans are measured using generally accepted standard valuation methods (locked formulas) with the volatility of reference rates and foreign currencies being included.

Loans that contractually fall due after more than one year are recognised as non-current liabilities.

Derivative financial instruments are recognised and measured at fair value in the balance sheet and on initial recognition in the balance sheet, they are measured at cost. Positive and negative fair values are included in Financial Assets and Liabilities respectively, and positive and negative values on derivatives are only set off when the Group has the right and intention to settle several financial instruments collectively.

Derivative financial instruments are actively used to manage the debt portfolio and are therefore included in the balance sheet as current assets and current liabilities respectively.

Derivative financial instruments include instruments where the value depends on the underlying value of the financial parameters, primarily reference rates and currencies. All derivative financial instruments are OTC derivatives with financial counterparties. There are no listed quotations for such transactions. Derivative financial instruments typically comprise interest rate swaps and currency swaps, forward exchange contracts, currency options, FRAs and interest rate guarantees and swaptions. The market value is determined by discounting known and expected future cash flows using relevant discount rates. The discounting rate is determined in the same way as loans and cash at bank and in hand, i.e. based on current market interest rates that are expected to be available to the Group as borrower.

As with real rate loans, inflation swaps contain an allowance for inflation indexation. The expected inflation is recognised in the determination of the fair value on the inflation swaps and is determined from the equilibrium inflation from the so-called "break-even" inflation swaps, where a fixed inflation rate payment is exchanged against realised inflation, which is unknown at that time. Danish equilibrium inflation is calculated by a spread to Europe's "break even" inflation swaps with HICPxT as reference index. Discounting follows from the general principles referred to above.

For derivative financial instruments with an option for cash flows, e.g. currency options, interest rate guarantees and swaptions, fair value is determined using generally accepted valuation methods (locked formulas) where the volatility of the underlying reference rates and currencies are included. Where derivative financial instruments are tied to several financial instruments, total fair value is calculated as the sum of the individual financial instruments.

According to IFRS 13, financial assets and liabilities, which are recognised at fair value, should be classified in a 3-layer hierarchy for valuation methodology. Level 1 of the fair value hierarchy includes assets and liabilities recognised at quoted prices in active markets. At level 2 assets and liabilities are valued using active quoted market data as input to generally accepted valuation methods and formulas. Finally, level 3 includes assets and liabilities in the balance sheet that are not based on observable market data, and therefore require separate comment.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the rates at the date of payment are recognised in the comprehensive income statement as financial income and financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the rates at the date at which the receivable or payable arose is recognised in the comprehensive income statement as financial income and financial expenses.

Non-monetary assets and liabilities in foreign currencies, which have not been revalued to fair value, are translated at the time of transaction to the rate of exchange at the transaction date.

Translation of financial assets and liabilities are recognised in value adjustments and translation of receivables, payables etc. are assigned to financial income and expenses.

Intangible fixed assets

On initial recognition, intangible fixed assets are measured at cost. Subsequently, the assets are measured at cost less depreciation, amortisation and impairment losses.

Intangible assets are depreciated on a straight-line basis over the expected useful life, not exceeding more than 5 years.

Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost. Cost comprises the purchase price and any expenses directly attributable to the acquisition until the date when the asset is available for use. Subsequently, the assets are measured at cost less depreciation and impairment losses.

During the construction period, the value of the road and rail links was determined using the following principles:

- Expenses related to the links are based on concluded contracts, and contracts are capitalised directly
- Other direct expenses are capitalised as the value of own work
- Net finance expenses are capitalised as construction loan interest
- EU subsidies received are set off against the cost price

Significant future one-off replacements/maintenance work are regarded as separate elements and depreciated over the expected useful life. Ongoing maintenance work is recognised in the comprehensive income statement as the costs are incurred.

Depreciation

Depreciation on the road and rail links commences when the construction work is finalised and the facilities are ready for use. The facilities are depreciated on a straight-line basis over the expected useful lives. For the road and rail links across Storebælt and Øresund, the facilities are divided into components with similar useful lives.

- The main part of the links comprises structures designed with minimum expected useful lives of 100 years. The depreciation period for this part is 100 years.
- Mechanical installations, crash barriers and road surfaces are depreciated over useful lives of 20-50 years.
- Software and electrical installations are depreciated over useful lives of 10-20 years
- Technical rail installations are depreciated over 25 years

Other assets are recognised at cost and depreciated on a straight-line basis over the assets' expected useful life:

Administrative IT systems and programmes (software)	0-5 years
Leasehold improvements, the lease period, but max.	5 years
Acquired rights	7 years
Other plant, machinery, fixtures and fittings	5-10 years
Port facilities and buildings at the ports	25 years
Buildings for operational use	25 years
Wind turbine facilities	25 years

Amortisation and depreciation are recognised as a separate item in the income statement

The depreciation method and the expected useful lives are reassessed annually and are changed if there has been a major change in the conditions or expectations. If there is a change to the depreciation method, the effect on depreciation going forward will be recognised as a change of accounting estimates and judgements.

The basis of depreciation is calculated on the basis of residual value less any impairment losses. The residual value is determined at the time of acquisition and is reassessed annually. If the residual value exceeds the carrying amount, depreciation will be discontinued.

Profits and losses in respect of disposal of property, plant and equipment are stated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profits and losses are recognised in the comprehensive income statement under other operating expenses.

Other operating expenses
Other operating expenses include expenses relating to technical, traffic-related and commercial operations of the links. These comprise, inter alia, expenses for operation and maintenance of technical plant, marketing, insurance, IT, external services, office expenses and expenses for office premises.

Staff expenses
Staff expenses comprise overall expenses for employees, the Management Board and the Board of Directors. Total expenses include direct payroll costs, pension contributions, training expenses and other direct staff-related expenses.

Staff expenses as well as payroll taxes, holiday allowance and similar costs are expensed in the period in which the services are performed by the employee.

Operating leases
Operating leases are recognised in the comprehensive income statement on a straight-line basis over the leasing contract’s leasing term unless another systematic method would give a better view of the leases during their term. Leasing contracts have been entered into with a leasing period of 1-9 years. Operating leasing comprises office premises and vehicles.

Participating interests in subsidiaries
Participating interests in subsidiaries are measured at cost or lower recovery value.

Participating interests in jointly managed company
Participating interests in the jointly managed company are measured in the balance sheet according to the equity method after which the proportion of the company’s carrying value is recognised. Any losses on the participating interest are recognised under provisions in the balance sheet.

Securities
Listed securities are recognised under current assets and measured at fair value at the balance sheet date. Holdings of treasury shares are set off against equivalent issued bond loans.

Inventories
Inventories are measured at cost determined by the FIFO method or net realisable value, whichever is lower.

Cost of merchandise, raw materials and consumables includes cost plus delivery costs.

Net realisable value of inventories is calculated as the sales price less costs of completion and costs incurred to effectuate the sale, and determined with regard to marketability, obsolescence and development in the estimated sales price.

Trade receivables
Trade receivables are measured at the amortised cost. Trade receivables comprise amounts owed by customers and balances with payment card companies. Write-down is made for expected bad debt. Receivables also comprise accrued interest in respect of assets and costs paid concerning subsequent financial years.

Other receivables
Other receivables are measured at the current value of the amounts expected to be received.

Prepayments and accrued income
Prepayments and accrued income comprise expenses paid concerning subsequent financial years.

Cash at bank and in hand
Cash at bank and in hand comprise cash holdings and short-term bank deposits and securities which have a term of less than three months at the acquisition date, and which can readily be converted to cash and which only involve an insignificant risk of changes in value.

Other financial liabilities
Other financial liabilities are measured at amortised cost which usually corresponds to the nominal value.

Pension obligations
The Group has established defined contribution schemes and similar agreements for its employees.

Defined contribution schemes are recognised in the comprehensive income statement in the period to which they relate, and any contributions outstanding are recognised in the balance sheet as Trade and other payables. Any prepayments are recognised in the balance sheet under Receivables.

Deferred income and accruals
Deferred income and accruals comprise payments received concerning income in subsequent years.

Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of events in the financial year or previous years, and it is probable that the obligation will require drawing on the Group's financial resources.

Provisions are measured as the best estimate of the expenses necessary to settle the liabilities on the balance sheet date. Provisions with an expected maturity later than one year from the balance sheet date are measured at present value.

With planned restructuring of the Group's operations, provision is made solely for the liabilities relating to the restructurings, which, on the balance sheet date, have been decided in accordance with a specific plan, and where the parties concerned have been informed about the overall plan.

Cash flow statement
The consolidated cash flow statement has been prepared in accordance with the indirect method based on the comprehensive income statement items. The Group's cash flow statement shows the cash flow for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is calculated as the profit/loss for the year before net financials adjusted for non-cash income statement items, computed corporation taxes and changes in working capital. The working capital comprises the operating balance sheet items recognised in current assets and current liabilities.

Cash flow from investing activities comprises the acquisition and disposal of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities comprises the raising of loans, repayment of debt and financial income and expenses.

Cash at bank and in hand comprises cash and short-term marketable securities with a term of three months or less at the acquisition date less short-term bank loans. Unused credit lines are not included in the cash flow statement.

Information on operations
The Group's operations are divided into Road, Railway, Ports and Ferry Services, Wind Turbines, Consultancy and Issuer Operations as shown in the Management's Report.

Reporting-based operations disclosure is prepared in accordance with the Group's accounting policies.

Income and expenses from operations comprise those items that are directly attributable to each operation as well as items that can be allocated to each operation on a reliable basis. Allocated income and expenses primarily comprise the Group's administrative functions, tax on income, etc.

Financial ratios
The financial ratios have been prepared in accordance with the Society of Financial Analysts' "Recommendations and Financial Ratios 2015".

The following financial ratios provided under financial highlights are calculated as follows:

Profit ratio:	Operating profit (EBIT) in percentage of turnover.
Rate of return:	Operating profit (EBIT) in percentage of total assets
Return on facilities:	Operating profit (EBIT) in percentage of investment in road and rail link

Note *2* Significant accounting estimates and judgements

Determining the carrying amount of certain assets and liabilities requires an estimate on how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates which are significant for financial reporting are, for instance, made by computing depreciation of, and impairment losses on, road and rail links and by computing the fair value of certain financial assets and liabilities.

Depreciation of the road and rail links is based on an assessment of the main components and their useful lives. An ongoing estimate of the assets' useful life is undertaken. Any change in these assessments will significantly affect the profit/loss for the year, but will not affect cash flows and repayment periods. For certain financial assets and liabilities, an estimate is made of the expected future rate of inflation when calculating the fair value.

The calculation of fair value on financial instruments is based on estimates of the relevant discounting rate for the Group, volatility of reference rates and currency for financial instruments with an option for cash flows and estimates of future inflation for real rate loans and swaps. Estimates for determining fair values and the need for impairment are, as far as possible, based on observable market data and continuously adjusted to actual price indications, see note. 1.

With regard to the calculation of deferred tax, an estimate is made of the future utilisation of tax losses carried forward, which is based on the projected future earnings of the Group and the projected lifetime of the assets. In addition, an estimate is made of gains on financial items that can be used for recovery of the interest rate cap constraints within a 3 year period. As far as possible, the estimates are based on observable market continuously adjusted in line with inflation indexation and current price indications. See note 13.

A/S Øresund and Øresundsbro Konsortiet I/S' facilities are deemed to be cash generating units in that the companies' road and rail link function as one overall unit.

A/S Storebælt's Offshore Wind Farms is calculated as a separate cash generating unit (CGU). An impairment test was carried out on the wind farm since the subsidy period of 22,000 full load hours at the end of 2016 was almost exhausted, whereby the subsidy of 25 øre/kWh terminates and sales prices for electricity remain low. The impairment test determines the recoverable amount based on a calculation of the capital value of the wind farm, which is based on an estimate of the future free cash flows discounted at a market-based yield requirement before tax (WACC). Critical assumptions in the calculation of the capital value of the wind farm relate to the future income from electricity sales and WACC. Based on continued low electricity prices (15 øre/kWh) and a WACC of 6.9 per cent before tax, the capital value of the wind farm amounts to DKK 6 million. The impairment test resulted in impairment of DKK 287 million.

Note 3 Segment information

Segment information is based on the Group's internal reporting, and thus reflects the basis that senior management uses to monitor and evaluate the segments' financial performance, including making financial decisions on allocating resources to operating activities. Reporting-based segment information is prepared in accordance with the Group's accounting policies.

The Group reports internally as one segment, but specifies operating activities: Road, Rail, Ports and Ferry Services, Wind Turbines, Consultancy and Issuer Activities. The operating activities are reviewed in the Management Report. A specification of turnover is part of the segment reporting, which corresponds to the specification in note 4, Operating income.

Income and costs from operating activities comprise those items that are directly attributed to the individual activity as well as those items that can be allocated to the individual activity on a reliable basis. Allocated income and costs primarily comprise the Group's administrative functions, tax on income, etc.

Note 4 Operating income

Operating income comprises revenue from the road and rail links, charges for use of port facilities and sale of electricity generated by the wind turbines. Revenue is measured excluding VAT, charges and discounts in connection with sale.

Revenue from the road links comprises tolls collected in cash at the point of passage or by subsequent invoice as well as income from the sale of pre-paid journeys. Pre-paid journeys are recognised as they are undertaken.

Income from the rail links comprises fees from Banedanmark for use of the rail facilities.

Toll charges on the Storebælt link and the rail fees are set by the Minister of Transport, Building and Housing.

Other income comprises items secondary to the Group's activities, including income from the use of fibre optic and telephone cables.

Operating income is specified as follows:

Sund & Bælt Group

Specification of income in 2016	A/S Storebælt	A/S Øresund	Other companies	Total
Income from road links	3,069.4	0.0	0.0	3,069.4
Income from rail links	324.3	98.9	0.0	423.2
Income from port facilities	28.8	0.0	0.0	28.8
Income from wind turbines	24.2	0.0	0.0	24.2
Other income	3.2	2.1	18.7	24.0
Total income	**3,449.9**	**101.0**	**18.7**	**3,569.6**

Sund & Bælt Group

Specification of income in 2015	A/S Storebælt	A/S Øresund	Other companies	Total
Income from road links	2,903.6	0.0	0.0	2,903.6
Income from rail links	592.4	110.6	0.0	703.0
Income from port facilities	28.6	0.0	0.0	28.6
Income from wind turbines	28.7	0.0	0.0	28.7
Other income	2.9	2.0	14.6	19.5
Total income	**3,556.2**	**112.6**	**14.6**	**3,683.4**

Operating income in respect of Sund & Bælt Holding A/S constitutes fees received from subsidiaries.

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Note 5 Other operating expenses

Other operating expenses comprise expenses related to the technical, transport and commercial operations of the links and wind turbine operations. This includes, for instance, operation and maintenance of technical plant, marketing expenses, insurances, external services, IT, cost of office space and office supplies.

Audit fees are specified as follows:

Sund & Bælt Group

Audit fees for 2016 are specified as follows	Statutory audit	Other assurance state-ments	Tax advice	Other	Total
PwC	0.8	0.2	0.5	0.4	1.9
Audit fees, total	**0.8**	**0.2**	**0.5**	**0.4**	**1.9**

Audit fees for 2015 are specified as follows	Statutory audit	Other assurance state-ments	Tax advice	Other	Total
Deloitte	1.2	0.2	0.8	0.9	3.1
Audit fees, total	**1.2**	**0.2**	**0.8**	**0.9**	**3.1**

Sund & Bælt Holding A/S

Audit fees for 2016 are specified as follows	Statutory audit	Other assurance state-ments	Tax advice	Other	Total
PwC	0.2	0.0	0.5	0.1	0.8
Audit fees, total	**0.2**	**0.0**	**0.5**	**0.1**	**0.8**

Audit fees for 2015 are specified as follows	Statutory audit	Other assurance state-ments	Tax advice	Other	Total
Deloitte	0.3	0.0	0.3	0.7	1.3
Audit fees, total	**0.3**	**0.0**	**0.3**	**0.7**	**1.3**

Rented premises and vehicle leasing are recognised in the income statement and are regarded as operating leasing. The notice periods for operating leasing payments are as follows:

Sund & Bælt Holding A/S			Sund & Bælt Group	
2015	**2016**		**2016**	**2015**
31.5	31.9	0-1 years	34.6	32.3
120.4	123.8	1-5 years	136.5	120.6
37.7	27.6	After 5 years	32.6	37.7
189.6	**183.3**	**Leasing payments total**	**203.7**	**190.6**
7.6	11.6	Minimum leasing payments recognised in profit/loss for the year	29.2	30.7

Note 6 Staff expenses

Staff expenses include total expenses for employees, management and the Board of Directors. Staff expenses comprise direct payroll costs, defined contribution pension schemes, training and other direct staff expenses.

Sund & Bælt Holding A/S			Sund & Bælt Group	
2015	**2016**		**2016**	**2015**
75.2	80.3	Wages and salaries, remuneration and emoluments	171.1	184.2
7.8	7.9	Pension contributions	11.4	11.7
1.4	1.5	Social security expenses	3.1	2.8
2.6	2.5	Other staff expenses	10.1	8.8
87.0	**92.2**	**Total staff expenses**	**195.7**	**207.5**
0.0	0.0	Recognised in property, plant and equipment in progress	-84.4	-104.2
87.0	**92.2**	**Staff expenses as per comprehensive income stateme**	**111.3**	**103.3**
132	133	Average number of emplyees	252	268
129	127	Number of employees at 31 December	245	270

The remuneration covers a member of the Management Board who is employed in both the parent company and in A/S Storebælt, A/S Øresund and A/S Femern Landanlæg.

Fees to Management Board (DKK 1,000)

	Fixed salary	Pensions	Non-monetary benefits	Total
2016				
Mikkel Hemmingsen	669	112	1	782
Mogens Hansen	607	37	23	667
Leo Larsen	1,969	327	2	2,298
Other members of the Management Board (4 people)	4,355	635	366	5,356
Total	**7,600**	**1,111**	**392**	**9,103**
2015				
Leo Larsen	2,359	392	3	2,754
Other members of the Management Board (4 people)	4,578	455	333	5,366
Total	**6,937**	**847**	**336**	**8,120**

Fees to the Board of Directors (DKK 1,000)

Fees 2016		**Fees 2015**	
Henning Kruse Petersen (Chairman), (1/1-26/4)	80	Henning Kruse Petersen (Chairman)	250
Peter Frederiksen (Chairman), (26/4-31/12)	203	Carsten Koch (Vice-Chariman)	125
Carsten Koch (Vice-Chairman)	204	Pernille Sams	125
David P. Meyer (Vice-Chairman), (26/4-31/12)	149	Mette Boye	125
Pernille Sams	142	Walter Christophersen	125
Mette Boye	142	Claus Jensen	125
Walter Christophersen	142	Jesper Brink	125
Claus Jensen	142	Martin Duus Hansen	125
Ruth Schade (11/5-31/12)	96	Christian Hein	125
Lene Lange (11/5-31/12)	96		
Jesper Brink	142		
Martin Duus Hansen	142		
Christian Hein	142		
Total	**1,822**	**Total**	**1,250**

If the company terminates the employment of the CEO, a contract has been agreed for the payment of severance pay corresponding to 12 months' salary, excluding pension.

One of the members of the Management Board is employed in the jointly managed company. As a result, half the remuneration is included in the amount.

There are no incentive payments or bonus schemes for the Management Board and Board of Directors.

Key management personnel, comprising the Board of Management and the Management Board, are remunerated as shown above.

Note 7 Tax

Sund & Bælt Holding A/S			**Sund & Bælt Group**	
2015	**2016**		**2016**	**2015**
-5.1	109.7	Tax paid	-134.1	-25.5
1.5	-101.5	Change in deferred tax	-126.5	-724.7
0.0	0.0	Adjustment tax paid, previous year	-0.1	23.9
-0.1	0.0	Adjustment deferred tax, previous year	11.7	-38.2
-0.1	0.0	Effect of change in tax rate	0.0	46.2
-3.8	**8.2**	**Total tax**	**-249.0**	**-718.3**
		Tax on the year's results is specified as follows:		
-215.1	-255.7	Computed 22.0 per cent tax on annual results	-260.0	-750.5
-0.1	0.0	Effect of change in tax rate	0.0	46.2
211.4	263.9	Other adjustments[1)]	10.9	-14.0
-3.8	**8.2**	**Total**	**-249.0**	**-718.3**
24.8	21.8	**Effective tax rate**	21.1	22.5

[1)] Note: The adjustment for Sund & Bælt Holding A/S relates to the dividend received from the subsidiary.

Note 8 Software

Sund & Bælt Holding A/S 2015	2016		Sund & Bælt Group 2016	2015
1.0	1.0	Original cost at 1 January	97.7	91.6
0.0	7.8	Additions for the year	18.3	6.3
0.0	0.0	Disposals for the year	-51.6	-0.1
1.0	**8.8**	**Original cost at 31 December**	**64.3**	**97.7**
1.0	1.0	Depreciation at 1 January	69.4	57.9
0.0	0.8	Additions for the year	11.8	11.6
1.0	**1.8**	**Depreciation at 31 December**	**36.1**	**69.4**
0.0	**7.0**	**Balance at 31 December**	**28.3**	**28.3**
0.0	0.0	Depreciation is recognised in Projects in progress	1.4	1.4

Note 9 Road and rail facilities

Projects in progress comprise the road and rail facilities in connection with the Fehmarnbelt link.

Sund & Bælt Group	Directly capitalised expenses	Value of own work	Financing expenses (net)	Projects in progress	Total 2016	Total 2015
Original cost at 1 January	31,688.9	1,563.0	10,085.1	3,272.4	46,609.4	45,818.1
Additions for the year	93.3	0.0	0.0	1,005.5	1,098.8	1,208.7
Received EU subsidy	0.0	0.0	0.0	-42.9	-42.9	-119.2
Disposals for the year	-25.8	0.0	0.0	0.0	-25.8	-298.2
Original cost at 31 Decembe	**31,756.4**	**1,563.0**	**10,085.1**	**4,235.0**	**47,639.5**	**46,609.4**
Depreciation at 1 January	7,777.0	350.5	2,432.0	0.0	10,559.5	10,239.4
Opening adjustment	0.0	0.0	0.0	0.0	0.0	-69.5
Additions for the year	551.9	18.1	133.5	0.0	703.5	687.9
Disposals for the year	-25.8	0.0	0.0	0.0	-25.8	-298.2
Depreciation at 31 Decembe	**8,303.1**	**368.6**	**2,565.5**	**0.0**	**11,237.2**	**10,559.6**
Balance at 31 December	**23,453.3**	**1,194.4**	**7,519.6**	**4,235.0**	**36,402.3**	**36,049.8**

With regard to projects in progress, financing expenses for the year are recognised at DKK 2.3 million (2015: financing expenses DKK 10.9 million). All financing expenses in the companies with projects in progress are used for the asset and therefore capitalised.

Femern A/S receives EU subsidies to cover expenses, which is recognised in the balance sheet. Femern A/S recognised DKK 43 million in 2016 (2015: DKK 119 million).

Banedanmark receives EU subsidies in connection with the project. With regard to A/S Femern Landanlæg, expenses of DKK 1,395 million (2015: DKK 969 million) were offset by EU subsidies of DKK 257 million (2015: DKK 257 million).

A legislative amendment meant that there was a further breakdown of the road and rail links into their individual components in 2016. This has allowed for a more precise estimate of the useful life of the facilities and hence the depreciation of the individual components of the assets. The effect of this further breakdown of the assets is an increase in the depreciation in 2016 of DKK 3.7 million and a decrease in tax on the annual profits in 2016 of DKK 0.8 million.

These changes to the estimate of the useful lives will affect depreciation over the next 81 years, after which depreciation falls. The total depreciation of the road and rail links' useful life is, of course, unchanged. The further breakdown of the road and rail links has also resulted in certain adjustments relating to previous years. The adjustment affects the year's depreciation by DKK 4.0 million in 2015 and DKK 3.4 million in 2016 as well as tax on the years' profits of DKK 0.9 million in 2015 and DKK 0.7 million in 2016. Overall, this results in a net adjustment on the annual profits, which represents an income of DKK 3.1 million in 2015 and DKK 2.6 million in 2016. Furthermore, the adjustment also means an overall increase in the carrying amount at the beginning of 2015 on the road and rail links at DKK 69.5 million, deferred tax at DKK 15.3 million and equity at DKK 54.2 milllion net.

Note 10 Port facilities

Sund & Bælt Group	2016	2015
Original cost at 1 January	342.6	341.4
Additions for the year	35.2	1.2
Disposals for the year	-34.5	0.0
Original cost at 31 December	**343.3**	**342.6**
Depreciation at 1 January	105.1	91.3
Additions for the year inclusive of depreciation	33.8	13.8
Depreciation at 31 December	**138.9**	**105.1**
Balance at 31 December	**204.4**	**237.5**

For A/S Storebælt, the year's depreciation contains a provision for loss in value of DKK 20 million on the administration building in Ebeltoft Harbour.

Note 11 Wind turbine facilities

Sund & Bælt Group	Directly capitalised expenses	Financing expenses (net)	Total 2016	Total 2015
Original cost at 1 January	401.2	1.5	402.7	402.7
Original cost at 31 December	**401.2**	**1.5**	**402.7**	**402.7**
Depreciation at 1 January	97.5	0.4	97.9	81.8
Additions for the year inclusive of depreciation	298.1	1.1	299.2	16.1
Depreciation at 31 December	**395.6**	**1.5**	**397.1**	**97.9**
Balance at 31 December	**5.6**	**0.0**	**5.6**	**304.8**

The year's depreciation contains a provision for loss in value of DKK 287 million on A/S Storebælt's Sprogø Offshore Wind Farm.

Note 12 Land, buildings and other plant

Sund & Bælt Group	Land and buildings	Machinery, fixtures and fittings	Leasehold improve-ments	Total 2016
Original cost at 1 January	162.5	153.9	57.2	211.1
Additions for the year	4.9	17.9	11.2	29.1
Disposals for the year	0.0	-1.0	0.0	-1.0
Original cost at 31 December	**167.4**	**170.8**	**68.4**	**239.2**
Depreciation at 1 January	66.2	124.9	34.3	159.2
Additions for the year	6.4	11.7	7.7	19.4
Disposals for the year	0.0	-0.9	0.0	-0.9
Depreciation at 31 December	**72.6**	**135.7**	**42.0**	**177.7**
Balance at 31 December	**94.8**	**35.1**	**26.4**	**61.5**
Depreciation is recognised in Projects in progress	0.4	1.6	1.8	3.4

Sund & Bælt Group	Land and buildings	Machinery, fixtures and fittings	Leasehold improve-ments	Total 2015
Original cost at 1 January	162.5	144.0	51.3	195.3
Additions for the year	0.0	14.2	6.1	20.3
Disposals for the year	0.0	-4.3	-0.2	-4.5
Original cost at 31 December	**162.5**	**153.9**	**57.2**	**211.1**
Depreciation at 1 January	59.7	115.3	28.2	143.5
Additions for the year	6.5	12.7	6.3	19.0
Disposals for the year	0.0	-3.1	-0.2	-3.3
Depreciation at 31 December	**66.2**	**124.9**	**34.3**	**159.2**
Balance at 31 December	**96.3**	**29.0**	**22.9**	**51.9**
Depreciation is recognised in Projects in progress	0.4	1.5	1.7	3.2

Sund & Bælt Holding A/S	Machinery, fixtures and fittings	Leasehold improve-ments	Total 2016
Original cost at 1 January	1.5	26.4	27.9
Additions for the year	2.1	11.2	13.3
Original cost at 31 December	**3.6**	**37.6**	**41.2**
Depreciation at 1 January	0.6	7.0	7.6
Additions for the year	0.8	5.9	6.7
Depreciation at 31 December	**1.4**	**12.9**	**14.3**
Balance at 31 December	**2.2**	**24.7**	**26.9**

Sund & Bælt Holding A/S	Machinery, fixtures and fittings	Leasehold improve-ments	Total 2015
Original cost at 1 January	0.6	20.7	21.3
Additions for the year	0.9	5.7	6.6
Disposals for the year	0.0	0.0	0.0
Original cost at 31 December	**1.5**	**26.4**	**27.9**
Depreciation at 1 January	0.6	2.4	3.0
Additions for the year	0.0	4.6	4.6
Depreciation at 31 December	**0.6**	**7.0**	**7.6**
Balance at 31 December	**0.9**	**19.4**	**20.3**

Note 13 Deferred tax

As a result of accounting capitalisation of financing expenses during the construction period for A/S Storebælt and A/S Øresund, the carrying value of the facility is higher than the tax value.

Deferred tax will be offset as the underlying assets and liabilities are realised, including that the companies in the joint taxation under Sund & Bælt Holding A/S achieve positive taxable income. The Group managed the construction of the fixed links across Storebælt and Øresund and during the construction phase, the companies realised tax losses in that the income base could only be realised when the links were ready for use. The use of the companies' losses carried forward extends over a period longer than five years, but since the main components of the companies' property, plant and equipment have an estimated service life of 100 years, it is deemed prudent to recognise the tax value of the losses carried forward without impairment.

The Group recognises interest deduction restrictions under interest rate cap and EBIT rules in deferred tax. Management believes that the restrictions under the cap can be recovered within 3 years.

Sund & Bælt Holding A/S 2015	2016		Sund & Bælt Group 2016	2015
6.4	7.7	Balance at 1 January	524.4	1,240.1
1.5	-101.5	Deferred tax for the year	-126.7	-724.7
-0.1	0.0	Adjustment deferred tax, previous year	11.6	-38.2
-0.1	0.0	Effect of change in tax rate	0.0	46.2
0.0	233.9	Other adjustments	-107.5	1.0
7.7	**140.1**	**Balance at 31 December**	**301.8**	**524.4**
		Deferred tax relates to:		
5.2	3.6	Intangible fixed assets and property, plant and equipment	-862.2	-751.8
0.0	0.0	Property, plant and equipment, Øresundsbro Konsortiet I/S	-42.0	101.6
2.5	132.1	Reduced net financing expenses	701.5	708.5
0.0	4.4	Tax loss	504.5	466.1
7.7	**140.1**	**Total**	**301.8**	**524.4**

Differences during the year

Sund & Bælt Group	**1 Jan 2015**	**Recog-nised in annual results 2015**	**31 Dec 2015**	**Recog-nised in annual results 2016**	**31 Dec 2016**
Intangible fixed assets and property, plant and equipment	-355.8	-396.0	-751.8	-110.4	-862.2
Property, plant and equipment, Øresundsbro Konsortiet I/S	81.0	20.6	101.6	-143.6	-42.0
Reduced net financing expenses	903.8	-195.3	708.5	-7.0	701.5
Tax loss	611.1	-145.0	466.1	38.4	504.5
Total	**1,240.1**	**-715.7**	**524.4**	**-222.6**	**301.8**

Differences during the year

Sund & Bælt Holding A/S	**1 Jan 2015**	**Recog-nised in annual results 2015**	**31 Dec 2015**	**Recog-nised in annual results 2016**	**31 Dec 2016**
Intangible fixed assets and property, plant and equipment	3.8	1.4	5.2	-1.6	3.6
Reduced net financing expenses	2.6	-0.1	2.5	129.6	132.1
Skattemæssigt underskud	0.0	0.0	0.0	4.4	4.4
Total	**6.4**	**1.3**	**7.7**	**132.4**	**140.1**

Note 14 Participating interests in subsidiaries

Participating interests in subsidiaries are valued at cost.

	Sund & Bælt Holding A/S	
	2016	**2015**
Original cost at 1 January	976.0	976.0
Capital contribution for the year	0.0	0.0
Orginal cost at 31 December	**976.0**	**976.0**
Book value at 31 December	**976.0**	**976.0**

	Registered office	Owner-ship	Share capital	Equity 1 Jan	Profit/ loss	Dividend paid	Equity 31 Dec
A/S Storebælt	Copenhagen	100 per cent	355.0	3,130.7	1,303.4	-1,200.0	3,234.1
A/S Øresund	Copenhagen	100 per cent	5.0	-6,257.1	-351.2	0.0	-6,608.3
A/S Femern Landanlæg	Copenhagen	100 per cent	500.0	511.5	7.2	0.0	518.7
Sund & Bælt Partner A/S	Copenhagen	100 per cent	5.0	11.1	0.1	0.0	11.2
BroBizz A/S	Copenhagen	100 per cent	30.0	113.6	3.2	0.0	116.8
Total			**895.0**	**-2,490.2**	**962.7**	**-1,200.0**	**-2,727.5**

Subsidiaries’ activities	
A/S Storebælt	The main responsibility is to own and operate the fixed link across Storebælt.
A/S Øresund	The main responsibility is to own and operate the fixed link across Øresund with related landworks.
A/S Femern Landanlæg	The main objective is to own and co-ordinate the planning and construction works, including other necessary actions relating to the expansion and upgrading of the related landworks for the fixed link across the Fehmarnbelt. In addition, the company’s objective is to own all shares in Femern A/S.
Sund & Bælt Partner A/S	The main task is to provide client consultancy relating to infrastructure projects in Denmark and abroad. The company also provides consultancy in respect of both transport and financial planning.
BroBizz A/S	The objective is to be the issuer of BroBizz®, which can be used as a means of identification for a number of transport-related payment services, such as toll roads, bridges, ferries, parking etc. BroBizz A/S manages customer relations, including contract administration, charging for usage between the operators and the customer etc.

Note 15 Participating interest in jointly managed company

Øresundsbro Konsortiet I/S is a jointly managed company by A/S Øresund and SVEDAB AB. It is a shared ownership both legally and in terms of voting rights. Furthermore, the two owners are jointly and severally liable for the jointly managed company's liabilities, and the owners are not able to transfer rights or liabilities between each other without the prior consent of the other party.

Øresundsbro Konsortiet I/S is based in Copenhagen/Malmö and the Sund & Bælt Group's ownership interest is 50 per cent.

	Sund & Bælt Group	
	2016	**2015**
Value of participating interest at 1 January	-379.1	-946.1
Share of annual profits	404.6	567.0
Participating interest at 31 December	**25.5**	**-379.1**
Carried forward to provisions at 1 January	379.1	946.1
Amount carried forward for the year	-379.1	-567.0
Carried forward to provisions at 31 December	**0.0**	**379.1**
Value of participating interest at 31 December	**25.5**	**0.0**

Key figures from the jointly managed company		
Operating income	1,866.0	1,797.4
Operating expenses	-296.8	-284.2
Depreciation	-274.2	-270.8
Financial income and expenses	-286.6	-327.2
Value adjustment	-210.5	234.8
Profit and comprehensive income	809.2	1,134.0
Current assents	1,878.4	1,183.3
- Of which cash and cash equivalents	98.3	650.5
Non-current assets	15,462.9	15,681.6
Equity	50.9	-758.3
Current liabilities	4,128.7	4,290.9
- Of which short-term financial liabilities	4,036.9	5,129.4
Non-current liabilities	13,161.7	13,332.4
- Of which non-current financial liabilities	13,332.4	14,358.7
Contingent liabilities	103.6	106.6

Øresundsbro Konsortiet I/S' result for the year amounts to a profit of DKK 809 million (2015: DKK 1,134 million).

The Group's share of Øresundsbro Konsortiet I/S' results for the year of DKK 404.6 million (2015: DKK 567.0 million) is recognised in the income statement as Share of result in jointly managed company.

Note 16 Financial income and expenses

The Group recognises adjustments in the fair value of financial assets and liabilities through the income statement, c.f. accounting policies. The difference in the fair value between the balance sheet dates constitutes the total financial income and expenses distributed on value adjustments and net financing expenses where the latter comprises interest income and expenses.

Net financing expenses comprise accrued nominal/real coupon rates, realised inflation indexation and amortisation of premiums/discounts while premiums and expected inflation indexation are included in the value adjustments.

Value adjustments comprise realised and unrealised gains and losses on financial assets and liabilities and foreign exchange gains and losses.

Sund & Bælt Holding A/S			**Sund & Bælt Group**	
2015	**2016**		**2016**	**2015**
		Financial income		
900.0	1,200.0	Income from participating interests	0.0	0.0
0.1	0.1	Interest income, securities, banks etc.	3.4	3.6
0.0	0.0	Interest income, financial instruments	263.5	382.3
900.1	**1,200.1**	**Total financial instruments**	**266.9**	**385.9**
		Financial expenses		
-1.2	-1.0	Interest expenses, loans	-975.5	-1,141.5
0.0	0.0	Other financial income and expenses, net	-1.6	-2.3
-1.2	**-1.0**	**Total financial expenses**	**-977.1**	**-1,143.8**
898.9	**1,199.1**	**Net financing expenses**	**-710.2**	**-757.9**
		Value adjustments, net		
0.0	0.0	- Securities	-5.3	8.1
-2.8	-4.0	- Loans	-97.7	768.6
0.0	0.0	- Currency and interest rate swaps	-407.9	132.4
0.0	0.0	- Currency options	-2.4	4.6
0.0	0.0	- Other value adjustments	1.8	0.5
-2.8	**-4.0**	**Value adjustments, net**	**-511.5**	**914.2**
896.1	**1,195.1**	**Total financial income and expenses**	**-1,221.7**	**156.3**
0.0	**0.0**	**Of which financial instruments**	**-146.8**	**519.3**

Commission to the Danish state of DKK 54,0 million (2015: 57.1 million) is included in interest expenses.

Net financing expenses for the Group are DKK 47.7 million lower in 2016 compared to 2015, which is primarily related to the impact of a lower inflation level.

Note 17 Receivables

Trade receivables and services comprise amounts owed by customers, balances with payment card companies and receivables relating to the rail fee (DKK 37 million). As at 31 December 2016, payment card companies represent approximately 7 per cent of total trade receivables. As at 31 December 2016, of the total amount owed by customers of DKK 403 million, there is a provision for unsecured receivables of DKK 5 million, which constitutes the calculated risk from customer losses. The book value of receivables thus represents the expected realisable value.

There are no significant receivables due that are not impaired.

Receivables also comprise accrued interest in respect of assets, receivables in respect of affiliated companies and other receivables.

Sund & Bælt Holding A/S			**Sund & Bælt Group**	
2015	**2016**		**2016**	**2015**
1.3	1.7	Sales and services	402.7	296.5
86.6	308.9	Group enterprises	0.0	0.0
0.8	1.0	Affiliated company, Øresundsbro Konsortiet I/S	0.0	0.0
0.0	0.0	Accrued interest, financial instruments [1)]	448.1	375.4
0.2	0.1	Other receivables	170.1	144.6
88.9	**311.7**	**Total receivables**	**1,020.9**	**816.5**
		Accrued interest:		
0.0	0.0	Investments	4.2	4.7
0.0	0.0	Payables	0.3	0.1
0.0	0.0	Interest rate swaps	355.4	276.9
0.0	0.0	Currency swaps	88.2	93.7
0.0	0.0	Forward exchange contracts	0.0	0.0
0.0	**0.0**	**Total accrued interest**	**448.1**	**375.4**

[1)] Note: See note 22.

Note 18 Derivatives

The fair value adjustment of financial assets and liabilities is recognised in the comprehensive income statement.

	2016		**2015**	
Sund & Bælt Group	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps	2,029.5	-4,524.6	1,710.5	-3,894.1
Currency swaps	1,243.6	-255.3	1,280.4	-389.4
Forward exchange contracts	0.2	-2.2	3.9	0.0
Currency option	0.0	-5.3	0.0	0.0
Total derivatives	**3,273.3**	**-4,787.4**	**2,994.8**	**-4,283.5**

	2016		**2015**	
A/S Storebælt	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Gross value derivatives	1,452.1	-2,811.9	1,613.8	-2,941.3
Accrued interest	223.1	-204.1	213.1	-202.6
Offsetting, c.f. IAS 32	0.0	0.0	0.0	0.0
Gross value, total	**1,675.2**	**-3,016.0**	**1,826.9**	**-3,143.9**
Offsetting options by default [1)]	-1,077.4	1,077.4	-1,146.1	1,146.1
Collateral	-244.1	675.3	-336.1	1,101.9
Net value, total	**353.7**	**-1,263.3**	**344.7**	**-895.9**

[1)] Note: Offsetting options include netting of derivative contracts that allow for the offsetting of positive and negative market values into one overall net settlement amount.

A/S Øresund	2016 Aktiver	2016 Passiver	2015 Aktiver	2015 Passiver
Gross value derivatives	1,231.6	-1,430.5	1,380.9	-1,342.3
Accrued interest	202.5	-65.5	157.6	-65.4
Offsetting, c.f. IAS 32	0.0	0.0	0.0	0.0
Gross value, total	**1,434.1**	**-1,496.0**	**1,538.5**	**-1,407.7**
Offsetting options by default [1)]	-291.9	291.9	-106.1	106.1
Collateral	-1,142.1	381.4	-1,378.3	149.4
Net value, total	**0.1**	**-822.7**	**54.1**	**-1,152.2**

[1)] Note: Offsetting options include netting of derivative contracts that allow for the offsetting of positive and negative market values into one overall net settlement amount.

Note 19 Prepayments and accrued income

Prepayments and accrued income comprise paid expenses relating to subsequent financial years

Sund & Bælt Holding A/S 2015	Sund & Bælt Holding A/S 2016		Sund & Bælt Group 2016	Sund & Bælt Group 2015
0.0	0.0	Prepaid rent	0.3	0.4
7.2	5.9	Prepaid insurance premiums	119.0	9.5
0.0	0.7	Prepaid expenses	18.5	6.2
7.2	**6.6**	**Total prepayments and accrued income**	**137.8**	**16.1**

Note 20 Cash at bank and in hand

Sund & Bælt Holding A/S 2015	Sund & Bælt Holding A/S 2016		Sund & Bælt Group 2016	Sund & Bælt Group 2015
0.0	0.0	Cash at bank and in hand	305.0	384.8
0.0	0.0	Fixed term deposit accounts	0.0	0.0
0.0	**0.0**	**Total cash at bank and in hand**	**305.0**	**384.8**

Note 21 Equity

Sund & Bælt Holding A/S' share capital comprises 3,550,000 shares at a nominal value of DKK 100.

The entire share capital is owned by the Danish state. The share capital has remained unchanged since 1992.

Sund & Bælt Holding A/S 2015	Sund & Bælt Holding A/S 2016		Sund & Bælt Group 2016	Sund & Bælt Group 2015
355.0	**355.0**	**Share capital**	**355.0**	**355.0**
145.8	157.3	Retained earnings at 1 January	-3,297.7	-4,938.7
911.5	1,170.6	Profit for the year	932.7	2,486.8
0.0	0.0	Opening adjustment	0.0	54.2
-900.0	-1,200.0	Paid dividend	-1,200.0	-900.0
157.3	**127.9**	**Retained earnings at 31 December**	**-3,565.0**	**-3,297.7**
512.3	**482.9**	**Equity at 31 December**	**-3,210.0**	**-2,942.7**

Capital management

The Board of Directors regularly evaluates the need to adjust the capital structure, including the need for cash funds, credit facilities and equity.

The Group expects negative equity for some years to come. For further details, please refer to "Financial Position" in the Management Report.

Without special notification of each individual case, the Danish state guarantees A/S Storebælt's, A/S Øresund's, A/S Femern Landanlæg's and Femern A/S' other financial liabilities. Øresundsbro Konsortiet I/S' debt is guaranteed jointly and severally by the Danish and Swedish states.

In relation to the adjustment as at the start of 2015, please refer to the comments in Note 9, Road and rail facilities.

Note 22 Net debt

Sund & Bælt Group

2016 Fair value hierarchy	Level 1	Level 2	Level 3	2015 Fair value hierarchy	Level 1	Level 2	Level 3
Bonds	2,023.0	0.0	0.0	Bonds	2,010.9	0.0	0.0
Cash at bank and in hand	0.0	0.0	0.0	Cash at bank and in hand	0.0	0.0	0.0
Derivatives, assets	0.0	3,273.3	0.0	Derivatives, assets	0.0	2,994.7	0.0
Financial assets	**2,023.0**	**3,273.3**	**0.0**	**Financial assets**	**2,010.9**	**2,994.7**	**0.0**
Bond loans and debt	32,256.3	8,187.6	0.0	Bond loans and debt	31,252.5	8,715.9	0.0
Derivatives, liabilities	0.0	4,787.4	0.0	Derivatives, liabilities	0.0	4,283.6	0.0
Financial liabilities	**32,256.3**	**12,975.0**	**0.0**	**Financial liabilities**	**31,252.5**	**12,999.5**	**0.0**

Sund & Bælt Group

2016

Net debt spread across currencies	EUR	DKK	Other currencies	Net debt
Cash at bank and in hand	2,068.5	283.3	8.7	2,360.5
Bond loans and amounts owed to credit institutions	-2,062.4	-35,185.2	-4,011.4	-41,259.0
Currency and interest rate swaps	-9,171.6	3,637.4	4,027.4	-1,506.8
Currency exchange contracts	348.0	-410.5	60.5	-2.0
Currency swaps	143.0	-148.3	0.0	-5.3
Accrued interest	-283.9	217.1	0.0	-66.8
Total (notes 17, 18, 20, 25)	**-8,958.4**	**-31,606.2**	**85.2**	**-40,479.4**

Other currencies comprise	AUD	GBP	JPY	NOK	SEK	USD	Total
Cash at bank and in hand	0.0	0.6	1.1	0.5	6.4	0.1	8.7
Bond loans and amounts owed to credit institutions	-20.4	0.0	-1,097.7	-2,068.8	-685.5	-139.0	-4,011.4
Currency and interest rate swaps	20.6	0.0	1,069.0	2,090.9	706.2	140.7	4,027.4
Currency exchange contracts	0.0	0.0	60.5	0.0	0.0	0.0	60.5
Total	**0.2**	**0.6**	**32.9**	**22.6**	**27.1**	**1.8**	**85.2**

The above items are included in the following accounting items

	Derivatives assets	Derivatives liabilities	Total
Interest rate swaps	2,029.5	-4,524.6	-2,495.1
Currency swaps	1,243.6	-255.3	988.3
Forward exchange swaps	0.2	-2.2	-2.0
Total (note 18)	**3,273.3**	**-4,787.4**	**-1,514.1**

Accrued interest	Receiv-ables	Other payables	Total
Deposits and securities	4.2	-2.9	1.3
Debt	0.3	-225.6	-225.3
Interest rate swaps	355.4	-286.3	69.1
Currency swaps	88.2	-0.1	88.1
Total (notes 17, 25)	**448.1**	**-514.9**	**-66.8**

Sund & Bælt Group
2015

Net debt spread across currencies	EUR	DKK	Other currencies	Net debt
Cash at bank and in hand	8.3	377.7	-1.2	384.8
Investments	1,924.6	86.6	0.0	2,011.2
Bond loans and amounts owed to credit institutions	-2,040.6	-34,157.4	-4,564.8	-40,762.8
Currency and interest rate swaps	-11,497.6	5,615.5	4,589.5	-1,292.6
Currency exchange contracts	1,781.9	-1,834.9	56.9	3.9
Accrued interest	-283.2	158.0	0.0	-125.2
Total (notes 17, 18, 20, 25)	**-10,106.6**	**-29,754.5**	**80.4**	**-39,780.7**

Other currencies comprise	AUD	GBP	JPY	NOK	SEK	USD	Total
Cash at bank and in hand	0.0	-0.1	0.0	0.0	-0.1	-1.0	-1.2
Bond loans and amounts owed to credit institutions	-26.1	0.0	-1,432.9	-2,251.6	-687.9	-166.3	-4,564.8
Currency and interest rate swaps	26.4	0.0	1,410.3	2,277.7	706.6	168.5	4,589.5
Currency exchange contracts	0.0	0.0	56.9	0.0	0.0	0.0	56.9
Total	**0.3**	**-0.1**	**34.3**	**26.1**	**18.6**	**1.2**	**80.4**

The above items are included in the following accounting items

	Derivatives assets	Derivatives liabilities	Total
Interest rate swaps	1,710.5	-3,894.1	-2,183.6
Currency swaps	1,280.4	-389.4	891.0
Currency options	3.9	0.0	3.9
Total (note 18)	**2,994.8**	**-4,283.5**	**-1,288.7**

Accrued interest	Receiv-ables	Other payables	Total
Deposits and securities	4.7	-2.1	2.6
Debt	0.1	-230.5	-230.4
Interest rate swaps	276.9	-267.8	9.1
Currency swaps	93.7	-0.2	93.5
Total (notes 17, 25)	**375.4**	**-500.6**	**-125.2**

Note 23 Financial risk management

Financing

The companies' financial management is conducted within the framework determined by the companies' Boards of Directors and guidelines from the guarantor, the Danish Ministry of Finance/Danmarks Nationalbank.

The Board of Directors determines an overall financial policy and an annual financing strategy, which regulates borrowing and liquidity reserves for specific years and sets the framework for the companies' credit, foreign exchange, inflation and interest rate exposure. Financial risk management is also supported by operational procedures.

The overall objective is to achieve the lowest possible financing expenses for the infrastructure facilities over their useful lives with due regard for an acceptable risk level as acknowledged by the Board of Directors. A long-term perspective has been applied in the balancing of economic performance and the risks associated with financial management.

The following describes the companies' funding in 2016 as well as the key risks.

Funding

All loans and other financial instruments employed by the companies are underwritten by the Danish state. In general, this means that the companies can achieve capital market terms equivalent to those available to the State, even if the companies do not have an explicit rating from the international credit rating agencies.

The adopted financial strategy seeks to maximise funding flexibility in order to take advantage of developments in the capital markets. However, all loan types must adhere to certain criteria partly because of the demands from the guarantor and partly because of internal guidelines set out in the companies' financial policy. In general, the companies' loan transactions should consist of common and standardised loan constructions that, as far as possible, limit the credit risk. The loan transactions do not contain any special terms that require disclosure with reference to IFRS 7.

In certain cases, lending itself can profitably occur in currencies in which the companies cannot expose themselves to currency risks (see below). In such cases, the loans are translated through currency swaps into acceptable currencies. Thus, there is no direct link between the original loan currencies and the companies' currency risk.

A/S Storebælt has established a standardised MTN (Medium Term Note) loan programme in the European bond market with a maximum borrowing limit of USD 5 billion of which USD 0.7 billion has been utilised. Thus, an available credit limit of USD 4.3 billion remains. In addition, the company has a Swedish MTN programme of SEK 5 billion of which SEK 0.6 billion has been utilised.

A/S Øresund has also established a standardised MTN (Medium Term Note) loan programme in the European bond market with a maximum borrowing limit of USD 1 billion of which USD 37 million has been utilised. Thus, an available credit limit of USD 963 million remains.

Since 2002, the companies have had access to on-lending, which is a direct loan from Danmarks Nationalbank on behalf of the State to the companies based on a specific government bond, and subject to the same conditions under which the bond is traded in the market.

In 2016, funding requirements were mainly covered by on-lending from Danmarks Nationalbank, which was a particularly attractive source of funding. A/S Storebælt raised on-lending with a principal nominal value of DKK 0.6 billion and A/S Øresund with a principal nominal value of DKK 2.4 billion.

The extent of A/S Storebælt's funding in any individual year is largely decided by the size of the repayments on the existing debt (refinancing) and the impact from operations. In 2017, such refinancing will amount to approx. DKK 6.7 billion, and the expected net borrowing requirements will be around DKK 7.2 billion. This is beyond what is needed for the financing of any extraordinary repurchase of existing loans and debt issued to cover collateral demands.

The extent of A/S Øresund's funding in any individual year is largely decided by the size of the repayments on the existing debt (refinancing) and the impact from operations. In 2017, such refinancing will amount to approx. DKK 2.5 billion and the expected net borrowing requirements will be around DKK 3.8 billion. This is beyond what is needed for the financing of any extraordinary repurchase of existing loans and debt issued to cover collateral demands.

The companies have the flexibility to maintain a liquidity reserve of up to 6 months' liquidity consumption with the objective of reducing the risk of borrowing at times when the general loan terms in the capital markets are temporarily unattractive.

Financial risk exposure

The companies are exposed to financial risks inherent in the funding of the infrastructures and linked to financial management as well as operational decisions, including bond issuance and loans from credit institutions, the use of derivatives and deposit of liquid funds for liquidity reserve, receivables from customers and trade payables.

Risks relating to these financial risk exposures primarily comprise:

- Currency risks
- Interest rate risks
- Inflation risks
- Credit risks
- Liquidity risks

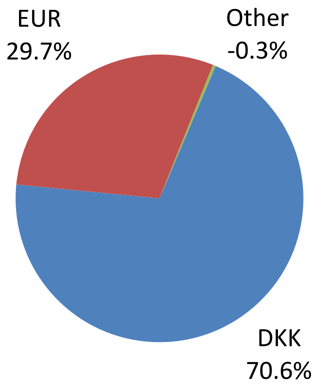
Financial risks are identified, monitored and controlled within the framework approved by the Board of Directors as determined in the companies' financial policy and strategy, operational procedures and in accordance with the guidelines from the Danish Ministry of Finance/Danmarks Nationalbank, which has issued guarantees for the companies' liabilities.

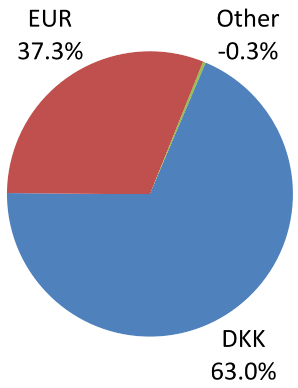
Currency risks

The companies' exposure to currency risks primarily relates to the part of the net debt denominated in currencies other than the base currency (DKK). Financial derivatives and liquid funds are recognised in the disclosure of the currency risk measured at fair value.

A/S Storebælt's currency exposure at fair value in DKK million 2016 and 2015

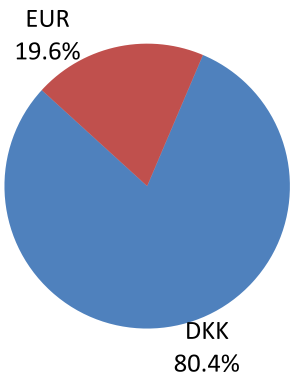
Currency	Fair value 2016	Currency	Fair value 2015
DKK	-16,665	DKK	-17,093
EUR	-7,012	EUR	-7,711
Other	78	Other	81
Total 2016	**-23,599**	**Total 2015**	**-24,723**

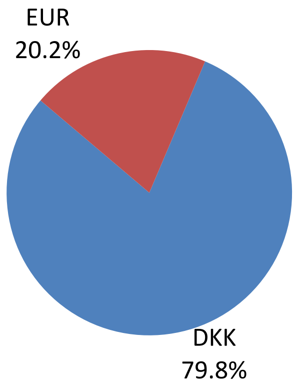




A/S Øresund's currency exposure at fair value in DKK million 2016 and 2015

Currency	Fair value 2016	Currency	Fair value 2015
DKK	-10,415	DKK	-9,818
EUR	-2,542	EUR	-2,484
Total 2016	**-12,957**	**Total 2015**	**-12,302**





The Danish Ministry of Finance has stipulated that the companies may have currency exposures to DKK and EUR. The companies' currency risks are managed within the limits of the composition of the currency allocation and can be distributed with no constraint between DKK and EUR.

Based on the stable Danish fixed exchange rate policy and the relatively narrow fluctuation band vis-a-vis EUR +/- 2.25 per cent in the ERM2 agreement, exposure to EUR is not considered to represent any substantial risk. The currency distribution between DKK and EUR will, over the coming years, depend on the exchange rate and interest rate relationship between the two currencies.

The proportion of other currencies comprise JPY and USD, and are attributed to the hedging of bond loans in these currencies where premium/discounts in the currency swap result in an exposure based on market-to-market values although the cash flows are completely hedged.

Foreign exchange sensitivity for A/S Storebælt amounted to DKK 46 million in 2016 (DKK 70 million in 2015) calculated as Value-at-Risk.

Foreign exchange sensitivity for A/S Øresund amounted to DKK 16 million in 2016 (DKK 22 million in 2015) calculated as Value-at-Risk.

Value-at-Risk for foreign exchange exposure expresses the maximum loss as a result of an unfavourable development in the exchange rate within one year, with a 95 per cent probability. Value-at-Risk has been calculated based on historical volatility and correlations within one year in the currencies that pose a risk.

Interest rate and inflation risks

The companies' financing expenses are exposed to interest rate risks because of the ongoing refinancing of debts maturing, refixing of interest rates on floating rate debt and deposit of liquidity from operations and investments. The uncertainty arises as a consequence of fluctuations in market interest rates.

The companies' interest rate risk is actively managed by several lines and limits, and the combination of these limits the interest rate risk on the net debt.

For A/S Storebælt, the following framework for 2016 was applied in the interest rate risk management:

- Interest rate refixing risk may not exceed 40 per cent of the net debt
- Duration target on net debt is 3.25 years (variation limit: 2.5-4.0 years)
- Limits for interest rate exposure with fluctuation bands.

For A/S Øresund, the following framework for 2016 was applied in the interest rate risk management:

- Interest rate refixing risk may not exceed 45 per cent of the net debt
- Duration target on net debt is 9.0 years (variation limit: 8.0-10.0 years)
- Limits for interest rate exposure with fluctuation bands.

The companies' interest rate risk is actively managed through the use of interest rate and currency swaps and other derivatives.

Floating rate debt or debt with a short remaining maturity imply that the loan must have the interest rate reset at market interest rates within a given time frame, which typically involves higher risks than fixed rate debts with long maturity when fluctuations in the current interest expenses form the basis of the risk management.

By contrast, financing expenses are usually a rising function of the maturity, and the choice of debt allocation is thus a question of balancing financing expenses and risk tolerance.

The debt allocation between fixed and floating rate nominal debt and real rate debt in conjunction with the maturity profile (maturity on the fixed rate debt) and the currency distribution comprise the uncertainty on the financing expenses.

Besides representing an isolated balancing of financing expenses and interest refixing risk on the net debt, the companies' risk profile is also affected by linkages to the operations. This means that a balancing of risk occurs across assets and liabilities with the aim of achieving a lower risk by choosing debt distribution so that there is a positive correlation between operating revenue and financing expenses. This relationship was evident in the downturn that followed the financial crisis, when a sluggish trend in traffic revenues was offset by lower financing expenses.

Typically, floating rate debt and real rate debt have a positive correlation with general economic growth because monetary policy will often seek to balance the economic cycle by hiking interest rates when economic growth and inflation are high – and vice versa.

The economic relationship between operating revenue and financing expenses justifies a relatively large proportion of floating rate debt. Developments in road traffic revenue, which is the primary income source, are particularly dependent on economic conditions and low economic growth typically entails low traffic growth, and thus a less favourable development in revenue. This revenue risk can, to a certain extent, be offset by a high proportion of floating rate debt in that adverse economic trends normally lead to lower interest rates, notably at the short end of the maturity spectrum.

Fixed rate debt may, on the other hand, serve as a hedge against stagflation, with low growth and high inflation, which cannot be passed on to the tolls for crossing the bridge.

Furthermore, the companies have a strategic interest in real rate debt where the financing expenses comprise a fixed real rate plus indexation dependent upon general inflation. The reason is that operating income, by and large, can be expected to follow inflation developments as both road tolls and rail revenue are normally indexed. Real rate debt, therefore, represents a very low risk and functions as a hedge of operating revenue and the companies' long-term project risk.

Based on the overall financial management objective - to attain the lowest possible financing expenses within a risk level approved by the Board of Directors – the companies have established a strategic benchmark for the debt portfolio's interest rate allocation and the nominal duration.

This benchmark serves as an overall guideline and a financial framework for the debt management and implies that the companies target a real rate debt allocation of 25-45 per cent and for 2016, the duration on the nominal debt was set at 3.25 years for A/S Storebælt and 9.0 years for A/S Øresund.The duration was calculated without discounting.

Maximum variation limits for the interest rate allocation and duration target are established.

The basis for determining the strategic benchmark in the debt management is economic model simulations that estimate the outcome and expected earnings development of the companies' assets and liabilities on a large number of relevant portfolio combinations with different interest rate allocations and maturity profiles, and consists of a balancing of financing expenses and revenue risk.

Besides the above-mentioned strategic elements, the interest rate risk is also managed on the basis of the expectations for short-term interest rate developments and an isolated balancing of financing expenses and interest rate refixing risk on the nominal debt.

For A/S Storebælt, the target for the duration on the nominal debt was 3.25 years for 2016 and the actual duration was between 3.4 years and 4.0 years and was predominately overweighted in relation to the benchmark. The existing nominal interest rate hedging was extended in line with the debt refinancing and maturing fixed rate exposure.

For A/S Storebælt, the duration on the strategic benchmark for 2017 is kept at 3.25 years and the target for the real rate debt ratio remains unchanged.

For A/S Øresund, the target for the duration on the nominal debt was 9 years in 2016 and the actual duration was between 9.0 years and 10.0 years and was predominately overweighted in relation to the benchmark. The existing nominal interest rate hedging on the nominal debt was extended in line with debt refinancing and the maturing fixed rate exposure.

For A/S Øresund, the duration on the strategic benchmark for 2017 is maintained at 9.0 years and the target for the real rate debt ratio remains unchanged.

There were significant fluctuations in market rates in the preceeding year, but viewed over the year as a whole, interest rates fell by around 0.3-0.4 percentage points on long maturities.

The development in interest rates has led to an unrealised loss of DKK 68 million for A/S Storebælt.

The development in interest rates has led to an unrealised loss of DKK 467 million for A/S Øresund.

The management of the interest rate risk aims at attaining the lowest possible longer-term financing expenses with no specific regard for the annual fluctuations in the fair value adjustment. The fair value adjustment has, however, no impact on the companies' economy, including the repayment period.

The yield exposure on the net debt is based on the nominal value (the notional) split in time buckets at the earliest of the time to maturity or the time to the next interest rate refixing. Thus, the floating rate debt is included in the next financial year and shows the cash flow exposure to the interest refixing risk.

The companies use derivatives to adjust the allocation between floating and fixed rate nominal debt and real rate debt, including, primarily, interest rate and currency swaps, FRAs, swaptions and interest rate guarantees.

Yield exposure disclosed in nominal notional amounts 2016, A/S Storebælt

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Cash at bank and in hand	558	371	0	0	0	0	929	936
Bond loans and other loans	-6,774	-3,245	-4,559	-1,273	-1,522	-3,985	-21,358	-23,387
Interest rate and currency swaps	-489	2,501	1,686	-214	232	-4,458	-742	-1,333
Forward exchange contracts	0	0	0	0	0	0	0	-2
Other derivatives	0	0	0	0	0	0	0	-5
Credit institutions	192	0	0	0	0	0	192	192
Net debt	**-6,513**	**-373**	**-2,873**	**-1,487**	**-1,290**	**-8,443**	**-20,979**	**-23,599**
Of this, real rate instruments:								
Real rate debt	0	0	-1,609	-555	0	-1,557	-3,721	-4,114
Real rate swaps	0	0	-3,264	555	0	-2,708	-5,417	-6,364
Real rate instruments total	**0**	**0**	**-4,873**	**0**	**0**	**-4,265**	**-9,138**	**-10,478**

Yield exposure > 5 years is allocated as follows:

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-7,928	-515	0	0
Of which real rate instruments	-3,922	-343	0	0

Yield exposure disclosed in nominal notional amounts 2015, A/S Storebælt

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Cash at bank and in hand	1,082	313	0	0	0	0	1,395	1,403
Bond loans and other loans	-1,784	-6,611	-3,183	-4,581	-1,271	-4,902	-22,332	-24,515
Interest rate and currency swaps	-2,889	2,947	2,437	1,702	-221	-4,847	-871	-1,321
Forward exchange contracts	0	0	0	0	0	0	0	4
Other derivatives	0	0	0	0	0	0	0	0
Credit institutions	-294	0	0	0	0	0	-294	-294
Net debt	**-3,885**	**-3,351**	**-746**	**-2,879**	**-1,492**	**-9,749**	**-22,102**	**-24,723**
Of this, real rate instruments:								
Real rate debt	0	0	0	-1,610	-572	-1,553	-3,735	-4,169
Real rate swaps	0	0	0	-3,269	572	-2,710	-5,407	-6,348
Real rate instruments	**0**	**0**	**0**	**-4,879**	**0**	**-4,263**	**-9,142**	**-10,517**

Yield exposure > 5 years is allocated as follows:

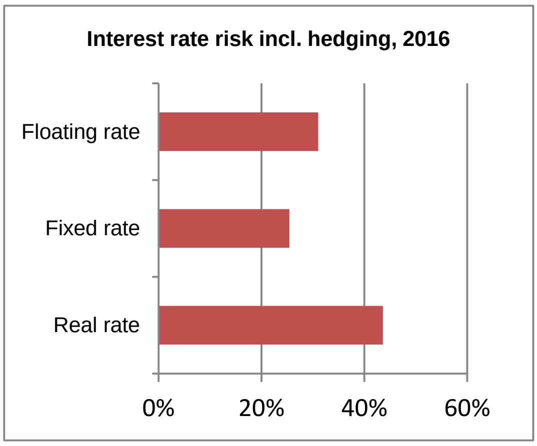
Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-8,875	-874	0	0
Of which real rate instruments	-3,921	-342	0	0

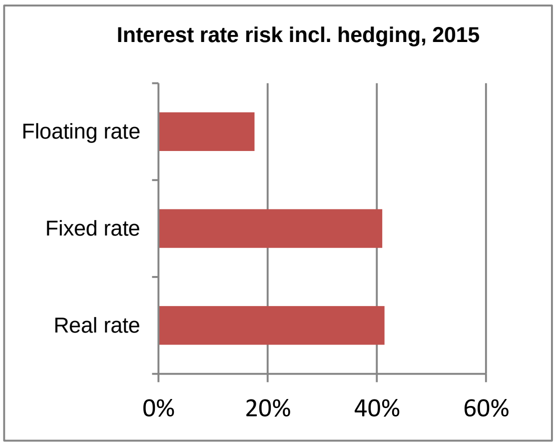
The fixed-rate nominal debt beyond five years is primarily exposed to yield exposure in the 7 to 10-year yield segment.

Interest rate allocation, A/S Storebælt

Interest rate allocation

2016	Interest rate allocation in per cent	2015
31.0	Floating rate	17.6
25.4	Fixed rate	41.0
43.6	Real rate	41.4
100.0	**Total**	**100.0**





The yield exposure is distributed with an allocation of 109.8 per cent to interest rates in DKK and -9.8 per cent in EUR. As regards real rate debt, this is exposed to the Danish Consumer Price Index (CPI).

The financing expenses' sensitivity to an interest or inflation rate change of 1 percentage point can be estimated at DKK 60 million and DKK 91 million respectively and the impact will be symmetrical since there is no optionality in either the interest rate or inflation exposure.

Yield exposure disclosed in nominal notional amounts 2016, A/S Øresund

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Cash at bank and in hand	0	595	0	0	0	0	595	603
Bond loans and other loans	-2,723	-1,730	-600	0	-450	-5,062	-10,565	-13,336
Interest rate and currency swaps	1,326	0	80	0	0	-1,539	-133	-62
Forward exchange contracts	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Credit institutions	-162	0	0	0	0	0	-162	-162
Net debt	**-1,559**	**-1,135**	**-520**	**0**	**-450**	**-6,601**	**-10,265**	**-12,957**
Of this, real rate instruments:								
Real rate debt	0	0	0	0	0	0	0	0
Real rate swaps	0	0	0	0	0	-4,493	-4,493	-5,585
Real rate instruments total	**0**	**0**	**0**	**0**	**0**	**-4,493**	**-4,493**	**-5,585**

Yield exposure > 5 years is allocated as follows:

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-1,133	-601	-2,891	-1,976
Of which real rate instruments	-1,413	-1,898	-677	-505

Yield exposure disclosed in nominal notional amounts 2015, A/S Øresund

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Cash at bank and in hand	522	0	0	0	0	0	522	524
Bond loans and other loans	-2,331	-2,500	0	-600	0	-4,912	-10,343	-12,932
Interest rate and currency swaps	-245	2,163	0	78	0	-2,146	-150	131
Forward exchange contracts	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Credit institutions	-25	0	0	0	0	0	-25	-25
Net debt	**-2,079**	**-337**	**0**	**-522**	**0**	**-7,058**	**-9,996**	**-12,302**
Of this, real rate instruments:								
Real rate debt	0	0	0	0	0	0	0	0
Real rate swaps	0	0	0	0	0	-4,496	-4,496	-5,305
Real rate instruments total	**0**	**0**	**0**	**0**	**0**	**-4,496**	**-4,496**	**-5,305**

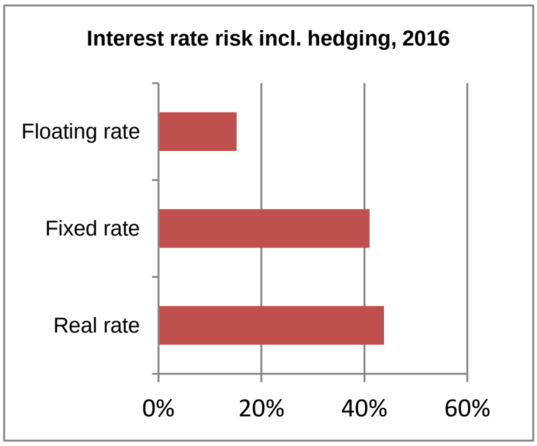
Yield exposure > 5 years is allocated as follows:

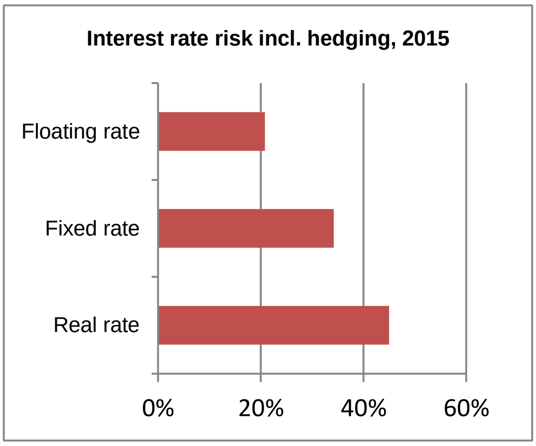
Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-1,957	-100	-1,433	-3,568
Of which real rate instruments	-1,418	-846	-1,052	-1,180

The fixed-rate nominal debt beyond five years is primarily exposed to yield exposure in the 10, 15 and 20 year yield segment.

Interest rate allocation, A/S Øresund

Interest rate allocation 2016	Interest rate allocation in per cent	2015
15.2	Floating rate	20.8
41.0	Fixed rate	34.2
43.8	Real rate	45.0
100.0	**Total**	**100.0**





The yield exposure is distributed with an allocation of 111.3 per cent to interest rates in DKK and -11.3 per cent in EUR. As regards real rate debt, this is exposed to the Danish Consumer Price Index (CPI).

The financing expenses' sensitivity to an interest rate change of 1 percentage point can be estimated at DKK 30 million and the impact will be symmetrical since there is no optionality in the interest rate exposure. With the current inflation level of close to 0 per cent, sensitivity to a change in inflation will be asymmetrical as a "floor" has been sold for inflation below 0 per cent on a principal of EUR 190 million. An increase in inflation of 1 percentage point will increase financing costs by DKK 45 million while a corresponding fall in inflation would reduce financing costs by DKK 35 million.

When interest rates change, this affects the market value (fair value) of the net debt and, in this respect, the impact and risk are greater on fixed rate debt with long maturities. This is primarily owing to the discounting effect and offsets the alternative cost or gain relating to fixed rate debt obligations in comparison to financing at current market interest rates.

The duration denotes the average remaining maturity on the net debt. A long duration implies a low interest rate refixing risk since a relatively small proportion of the net debt needs to be reset to the current interest rate.

The duration also expresses the interest rate sensitivity on the net debt to market value fluctuations.

Duration, A/S Storebælt

2016 Duration (years)	BPV	Fair value		2015 Duration (years)	BVP	Fair value
3.8	4.9	-13,121	Nominal debt	4.1	6.2	-14,206
5.0	5.3	-10,478	Real interest debt	5.8	5.8	-10,517
4.3	10.2	-23,599	Net debt	4.8	12.0	-24,723

Basis point value (BPV) udtrykker kursfølsomhed, når rentekurven parallelforskydes med 1 bp.

A/S Storebælt's duration totalled 4.3 years at the end of 2016, of which 3.8 years relates to the nominal debt and 5.0 years to the real rate debt. Interest rate sensitivity can be calculated at DKK 10.2 million, when the yield curve is shifted in parallel by 1bp. This will imply a positive fair value adjustment in the income statement and balance sheet when interest rates rise by 1bp, and vice versa.

As regards A/S Storebælt, the fair value adjustment's sensitivity to an interest rate change of 1 percentage point can be calculated as a fair value loss of DKK 1,061 million with an interest rate fall and a fair value gain of DKK 980 million with an interet rate rise.

Duration A/S Øresund

2016 Duration (years)	BPV	Fair value		2015 Duration (years)	BVP	Fair value
8.5	6.3	-7,372	Nominal debt	7.6	5.4	-6,997
13.1	7.3	-5,585	Real interest debt	13.7	7.3	-5,305
10.5	13.6	-12,957	Net debt	10.2	12.7	-12,302

Basis point value (BPV) expresses the rate sensitivity to a parallel shift in the yield curve of 1 bp.

A/S Øresund's duration totalled 10.5 years at the end of 2016 of which 8.5 years relate to the nominal debt and 13.1 years to the real rate debt. Interest rate sensitivity can be calculated at DKK 13.6 million, when the yield curve is shifted in parallel by 1bp. This will imply a positive fair value adjustment in the income statement and balance sheet when interest rates rise by 1bp, and vice versa.

As regards A/S Øresund, the fair value adjustment's sensitivity to an interest rate change of 1 percentage point can be calculated as a fair value loss of DKK 1,543 million with an interest rate fall and a fair value gain of DKK 1,292 million with an interest rate rise.

The calculated sensitivity to interest rate changes on the fair value adjustment takes account of the convexity of the debt portfolio.

The sensitivity calculations have been made on the basis of the net debt on the balance sheet date, and the impact is similar in result and balance sheet as a result of the accounting policies where financial assets and liabilities are recognised at fair value.

Credit risks

Credit risks are defined as the risk of losses arising as a result of a counterparty not meeting its payment obligations. Credit risks arise in connection with the deposit of excess liquidity, receivables from derivative transactions and trade receivables.

The credit policy for the deposit of excess liquidity has continuously been tightened with increased requirements for rating, credit limits and maximum duration.

The companies have, to the greatest possible extent, limited excess liquidity and have only had deposits in banks with high credit ratings or invested liquidity in German government bonds sourced for pledging of collateral. There have been no incidents of overdue payments as a result of credit events.

Companies' derivative transactions are regulated by an ISDA master agreement with each counterparty, and it is explicitly set out that netting of positive and negative balances will apply.

The credit risk on financial counterparties is managed and monitored on a daily basis through a specific line and limit system which has been approved by the Board of Directors in respect of the companies' financial policy and determines the principles for calculating these risks and limits for acceptable risks. The allocation of limits for acceptable credit exposures is determined on the basis of the counterparty's long-term rating by either Standard and Poor's (S&P), Moody's Investor Service (Moody's) or Fitch Ratings.

The credit risk is limited to the greatest possible extent by diversifying the counterparty exposure and reducing the risk exposure to individual counterparties. The financial counterparties must adhere to high standards for credit quality and agreements are only entered into with counterparties that have a long-term rating above A3/A-.

The companies have entered into collateral agreements (CSA agreements) with the majority of the financial counterparties and since 2005 have only entered into derivative contracts that are regulated by such agreements. The CSA agreements are two-way and imply that both the company and the counterparty must pledge collateral in the form of government bonds or mortgage bonds with high credit quality when the balance is in favour of one of the parties. The parties have title of right to the collateral with mandatory return of income and securities in the absence of bankruptcy.

Credit exposure is effectively limited by low threshold values for unhedged positive exposure and greater collateral is required for counterparties with lower credit quality, i.e. with a requirement for supplementary collateral for lower ratings.

The bonds, provided as collateral, must have a minimum rating of Aa3/AA-.

The companies are not covered by EMIR's central clearing obligation for derivative transactions.

The IFRS accounting standard stipulates that the credit risk is calculated on a gross basis excluding netting (the offsetting of positive and negative balances for each counterparty), even though such agreements exist. Net exposure is given as additional information and constitutes a better measure of the companies' actual credit risk.

Credit risks on financial assets recognised at fair value distributed on credit quality 2016, A/S Storebælt

Total counterparty exposure (market value)

Rating	Deposits	Deriva-tives without netting	Deriva-tives with netting	Collateral	Number of counter-parties
AAA	936	23	23	0	2
AA	0	811	106	95	4
A	0	742	409	149	5
BBB	0	40	10	0	3
Total	**936**	**1,616**	**548**	**244**	**14**

Credit risks on financial assets recognised at fair value distributed on credit quality 2015, A/S Storebælt

Total counterparty exposure (market value)

Rating	Deposits	Deriva-tives without netting	Deriva-tives with netting	Collateral	Number of counter-parties
AAA	1,401	17	16	0	2
AA	0	821	201	129	4
A	0	835	376	177	7
BBB	0	96	0	30	2
Total	**1,401**	**1,769**	**593**	**336**	**15**

A/S Storebælt has 14 financial counterparties, including Germany as bond issuer, while the business volume with the remaining 13 counterparties is related to derivative transactions of which 9 counterparties are covered by collateral agreements.

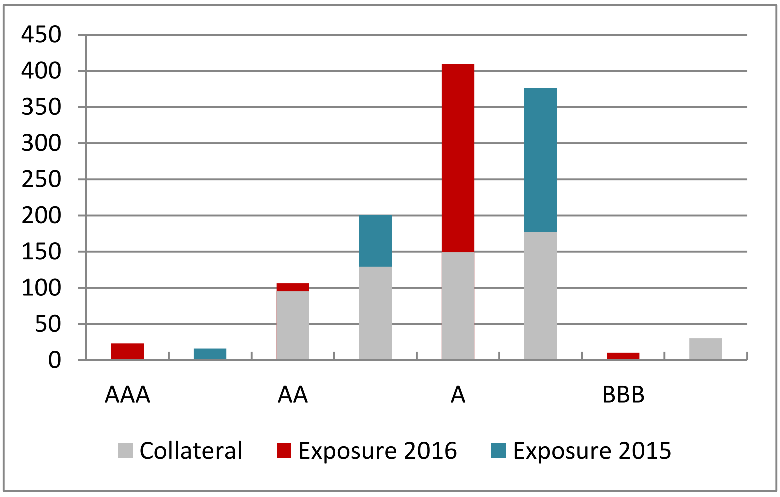
The credit exposure is primarily exposed against the AA and A rating category and is largely covered by collateral agreements.

Counterparty exposure to counterparties with collateral agreements totals DKK 269 million and collateral amounts to DKK 244 million. Counterparty exposure without collateral agreements totals DKK 279 million, primarily in the A rating category.

A/S Storebælt has pledged collateral for DKK 675 million to cover outstanding exposure from derivative transactions in favour of three counterparties.

The amounts related to credit risks and collateral are stated at market value at the balance sheet date.

Distribution of counterparty exposure on rating categories 2016 and 2015, A/S Storebælt



Credit risks on financial assets recognised at fair value distributed on credit quality 2016, A/S Øresund

Total counterparty exposure (market value)

Rating	Deposits	Derivatives without netting	Derivatives with netting	Collateral	Number of counterparties
AAA	603	0	0	0	1
AA	0	195	105	92	3
A	0	1,211	1,102	1,076	3
BBB	0	0	0	0	1
Total	**603**	**1,406**	**1,207**	**1,168**	**8**

Credit risks on financial assets recognised at fair value distributed on credit quality 2015, A/S Øresund

Total counterparty exposure (market value)

Rating	Deposits	Derivatives without netting	Derivatives with netting	Collateral	Number of counterparties
AAA	524	0	0	0	2
AA	0	243	206	136	3
A	0	1,291	1,220	1,242	4
BBB	0	0	0	0	1
Total	**524**	**1,534**	**1,426**	**1,378**	**10**

A/S Øresund has 8 financial counterparties, including Germany as bond issuer, while the business volume with the remaining 7 counterparties is related to derivative transactions of which all counterparties are covered by collateral agreements.

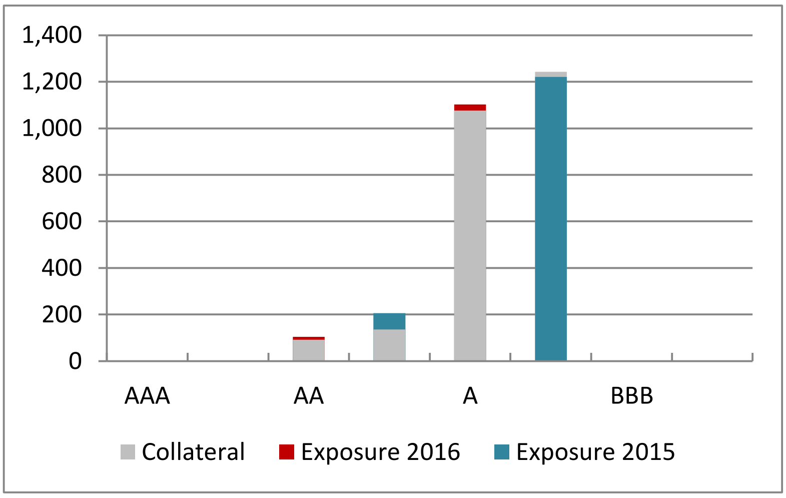
The credit exposure is primarily concentrated in the A rating category and largely covered by collateral agreements.

Counterparty exposure to counterparties with collateral agreements totals DKK 1,207 million and collateral amounts to DKK 1,168 million. There is no exposure to counterparties without collateral.

A/S Øresund has pledged collateral for DKK 381 million to cover outstanding exposure from derivative transactions in favour of two counterparties.

The amounts related to credit risks and collateral are stated at market value at the balance sheet date.

Distribution of counterparty exposure on rating categories 2016 and 2015, A/S Øresund



Liquidity risk

Liquidity risk is the risk of losses arising if the companies have difficulties meeting their financial liabilities, both in terms of debt and derivatives.

The guarantee provided by the Danish state, and the flexibility to maintain a liquidity reserve of up to 6 months' liquidity consumption imply a limited liquidity risk for the companies. In order to avoid significant fluctuations in the refinancing for individual years, the objective is for the principal payments to be evenly dispersed. Unexpected cash outflow can arise from demands for collateral as a result of market value changes on derivative transactions.

Maturity on debt as well as liabilities and receivables from financial derivatives, A/S Storebælt, 2016

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-6,621	-3,257	-4,572	-1,285	-1,534	-4,089	-21,358
Derivative liabilities	-987	-1,883	-1,642	-1,633	-279	-401	-6,825
Derivative receivables	910	1,663	1,590	1,673	247	0	6,083
Assets	557	372	0	0	0	0	929
Total	**-6,141**	**-3,105**	**-4,624**	**-1,245**	**-1,566**	**-4,490**	**-21,171**
Interest payments							
Debt	-648	-389	-346	-185	-90	-289	-1,947
Derivative liabilities	-249	-255	-331	-198	-125	-673	-1,831
Derivative receivables	404	296	226	139	20	86	1,171
Assets	0	0	0	0	0	0	0
Total	**-493**	**-348**	**-451**	**-244**	**-195**	**-876**	**-2,607**

Maturity on debt as well as liabilities and receivables from financial derivatives, A/S Storebælt, 2015

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-1,607	-6,600	-3,172	-4,564	-1,259	-5,000	-22,202
Derivative liabilities	-2,298	-510	-1,888	-1,660	-1,625	-668	-8,649
Derivative receivables	2,175	412	1,577	1,618	1,634	232	7,648
Assets	1,082	313	0	0	0	0	1,395
Total	**-648**	**-6,385**	**-3,483**	**-4,606**	**-1,250**	**-5,436**	**-21,808**
Interest payments							
Debt	-670	-631	-374	-334	-158	-336	-2,503
Derivative liabilities	-156	-160	-191	-245	-177	-674	-1,603
Derivative receivables	308	283	211	137	120	103	1,162
Assets	1	0	0	0	0	0	1
Total	**-517**	**-508**	**-354**	**-442**	**-215**	**-907**	**-2,943**

Maturity on debt as well as liabilities and receivables from financial derivatives, A/S Øresund, 2016

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-2,500	-1,730	-600	0	-450	-5,285	-10,565
Derivative liabilities	-6	0	0	0	0	-1,544	-1,550
Derivative receivables	5	0	0	0	0	1,412	1,417
Assets	0	595	0	0	0	0	595
Total	**-2,501**	**-1,135**	**-600**	**0**	**-450**	**-5,417**	**-10,103**
Interest payments							
Debt	-367	-279	-275	-251	-252	-1,822	-3,246
Derivative liabilities	-110	-111	-109	-109	-108	-561	-1,108
Derivative receivables	182	100	99	99	99	606	1,185
Total	**-295**	**-290**	**-285**	**-261**	**-261**	**-1,777**	**-3,169**

Maturity on debt as well as liabilities and receivables from financial derivatives, A/S Øresund, 2015

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-2,107	-2,500	0	-600	0	-5,136	-10,343
Derivative liabilities	-1,654	0	0	0	0	-1,536	-3,190
Derivative receivables	1,628	0	0	0	0	1,412	3,040
Assets	522	0	0	0	0	0	522
Total	**-1,611**	**-2,500**	**0**	**-600**	**0**	**-5,260**	**-9,971**
Interest payments							
Debt	-392	-352	-266	-267	-244	-2,065	-3,586
Derivative liabilities	-76	-76	-109	-106	-103	-504	-974
Derivative receivables	151	142	99	99	99	718	1,308
Total	**-317**	**-286**	**-276**	**-274**	**-248**	**-1,851**	**-3,252**

Debt, derivative liabilities and receivables, as well as financial assets, are recognised in the liquidity projection and repayments and principal amounts are projected at the earliest due date. Interest payments are recognised at agreed terms and implicit forward interest rates and inflation uplift form the basis for the variable interest payments and inflation indexation. Repayments, principal amounts and interest payments are disclosed for the net debt and neither refinancing nor cash flows from operating activities are included, c.f. IFRS 7.

Note 24 Profitability

A/S Storebælt

A/S Storebælt's debt will be repaid from the revenue from road and rail traffic. As a basis for the calculation of the repayment period in the long-term profitability calculations, the company uses a real rate of 3.0 per cent.

As part of the Finance Act 2016, the annual fee payable by the rail companies for their use of the fixed links across Storebælt and Øresund was revised downwards. For A/S Storebælt this was a reduction in the order of DKK 270 million in 2016. From and including 2016, the amount depends on actual train traffic where it was previously a fixed amount set aside in the Finance Act. The reduction has a negative impact on the repayment period. This year, however, it is offset by lower financing costs and increased traffic.

Overall, the repayment period is one year less than last year's projecjtion and amounts to 30 years according to the latest updated profitability calculation. Calculated from the opening year, this means that the company will be debt-free in 2028.

Co-financing of the political agreement, "A Green Transport Policy", from 29 January 2009 is included in the repayment period calculation. With this, the company pays dividends to the State of DKK 9.0 billion (in 2008 prices) up to the financial year 2022 and ceases to do so after fulfilment of the agreement. After distribution of the proposed DKK 1,200 million dividend for the 2016 financial year, the company will have distributed total dividends of DKK 4,200 million.

The main uncertainties in the profitability calculations relate to the long-term traffic development and the real rate. Traffic growth is expected to average 1 and 1.5 per cent for lorries and passenger cars respectively. Operating expenses are expected to rise in line with inflation. Moreover, there is some uncertainty in relation to the size and timing of reinvestments in the rail link.

A/S Øresund

The investment in the Øresund fixed link's landworks will be repaid partly through payment from Banedanmark for use of the Øresund rail line and partly through dividend payments from Øresundsbro Konsortiet I/S of which A/S Øresund owns 50 per cent. A/S Øresund has also been affected by the above-mentioned changes in the 2016 Budget where the annual fee for the railway companies' use of the fixed links will be gradually reduced over the coming years. In addition, A/S Øresund is obliged to pay the Danish state's rail contribution to Øresundsbro Konsortiet I/S until 2024 on a gradual basis. As a basis for calculating the repayment period in the long-term profitability calculations, the company applies a real rate of 3.0 per cent.

Moreover, as a consequence of the joint taxation with the Group's other companies, A/S Øresund obtains a cash flow advantage. This is because joint taxation with A/S Storebælt means that A/S Storebælt can immediately offset A/S Øresund's tax loss against paying the proceeds of the tax savings for A/S Øresund. A/S Øresund can thus forward the application of its tax loss over time.

The repayment period for A/S Øresund is now assessed be 51 years, which is 1 year less than last year's projection due to increased interest rate hedging based on low interest rates.

The repayment period for A/S Øresund is sensitive to the changes in the economy of the two above-mentioned companies.

Fehmarnbelt project

On 11 February 2016, Femern A/S published a new financial analysis of the Fehmarnbelt project's overall economy (coast-to-coast link and the Danish landworks). The analysis shows that the total construction budget amounts to DKK 62.1 billion (2015 prices) which includes total reserves of DKK 9.5 billion. The budget is divided as follows: the coast-to-coast link DKK 52.6 billion of which reserves of DKK 7.3 billion and the Danish landworks of DKK 9.5 billion of which reserves of DKK 2.2 billion. The repayment period is calculated at 36 years from the date of commissioning.

An analysis of reserves and risk apportionment for the Fehmarnbelt link, which was carried out by EY, the audit and consultancy firm, was published on 8 February 2016. It demonstrates that the size and proportion of the reserves are appropriate.

Note 25 Trade and other payables

Sund & Bælt Holding A/S			Sund & Bælt Group	
2015	**2016**		**2016**	**2015**
4.0	0.2	Trade payables	284.8	204.2
84.9	313.4	Debt group enterprises - group companies	0.0	0.0
0.0	0.0	Debt, Øresundsbro Konsortiet I/S	20.0	16.1
0.8	0.7	Guarantee commission payable	53.2	54.8
1.6	1.6	Accrued interest, financial instruments [1)]	514.9	500.6
19.4	60.6	Other payables	173.3	228.0
110.7	**376.5**	**Total**	**1,046.2**	**1,003.7**
		Accrued interest		
0.0	0.0	Deposits and securities	2.9	2.1
1.6	1.6	Loans	225.6	230.5
0.0	0.0	Interest rate swaps	286.3	267.8
0.0	0.0	Currency swaps	0.1	0.2
1.6	**1.6**	**Total**	**514.9**	**500.6**

[1)] Note: See note 22.

Note 26 Accruals and deferred income

Accruals and deferred income comprise payments received relating to income in subsequent years.

Sund & Bælt Holding A/S			Sund & Bælt Group	
2015	**2016**		**2016**	**2015**
0.0	0.0	Prepaid income	33.5	29.7
0.0	0.0	Other accruals	2.2	1.7
0.0	**0.0**	**Accruals and deferred income, total**	**35.7**	**31.4**

Note 27 Contractual obligations, contingent liabilities and collateral

The Group’s contractual obligations comprise construction, operation and maintenance contracts with expiry dates up to 2019 at an overall balance of DKK 362 million (DKK 361 million in 2015). At year end, work under contracts amounted to DKK 384 million (DKK 381 million in 2015).

With regard to the fact that Femern A/S has entered into conditional contracts on the construction of the Fehmarnbelt tunnel, the company has a contingent liability of DKK 85 million as a proportion of the maximum DKK 342 million liability related to the conditional contracts.

The Act on construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark was adopted by the Danish Parliament on 28 April 2015. The Act authorised A/S Femern Landanlæg to build and operate the Danish landworks associated with a fixed link across the Fehmarnbelt. In issuing the statutory order on the delegation of certain tasks and authority on the construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark, client responsibility was given to Banedanmark on 17 September 2015, while A/S Femern Landanlæg remained responsible for the ownership and financing of the landworks. The notes to the Construction Act indicated that a reassessment of the overall economics of the project, including an updated risk assessment were to be submitted to the political parties behind the Fehmarnbelt project before construction work could begin. The total cost of the upgrading of the Danish landworks was budgeted at DKK 9.5 billion (2015 prices). Based on the political agreement by the political parties behind the Fehmarnbelt link of 4 March 2016, the company was authorised to begin work on the Ringsted-Nykøbing Falster railway line so that the section will be upgraded to dual track with new signalling systems in 2021 and electrified in 2024. The section between Nykøbing Falster and Holeby near Rødby will be extended, so that the facility will be complete before the opening of the coast-to-coast link. These works are budgeted at DKK 7.5 billion (2015 prices) and contractual obligations are primarily attributable to Banedanmark.

Operating leasing comprises contracts with a maturity of between 1-9 years. The leasing liability totals DKK 203.7 million (DKK 190.6 million in 2015) of which DKK 34.6 million falls due in 2017.

In accordance with the Act on Ferry Operations, A/S Storebælt is required, within a defined scope, to maintain car ferry operations between Zealand and Jutland across Kattegat and between Spodsbjerg and Tårs. For the Spodsbjerg and Tårs service, this means that the company has signed a contract with Danske Færger A/S concerning the operation of the service until 30 April 2018. In 2016, the Spodsbjerg-Tårs service was put up for tender. Danske Færger A/S won the tender and will thus remain as the operator of the Spodsbjerg-Tårs service after expiry of the current contract. The contract becomes effective from 1 May 2018 and applies for 10 years with the option of a further two. In 2017, costs are expected to amount to DKK 39 million.

In connection with the authorities' approval of Sprogø Offshore Wind Farm, A/S Storebælt is obliged to dismantle the wind turbines 25 years from the date of establishment. At the present time, considerable uncertainty is attached to estimating the financial implications.

In October 2014, the EU Commission ruled on the complaint concerning state aid to Øresundsbro Konsortiet I/S. The Commission found that Øresundsbro Konsortiet I/S is covered by the rules on state aid, and that the specific state aid in the form of state guarantees and, in Denmark's case, the special tax rules, are compatible with the EU Treaty. In February 2015, Scandlines Øresund etc. took the EU Commission's decision on Danish state aid to Øresundsbro Konsortiet I/S to the General Court of the European Union. The case also includes the tax regulations that the Sund & Bælt Group is subject to. At present, it is not possible to estimate the economic consequences.

As previously announced, Scandlines etc. filed a complaint with the European Commission concerning alleged unlawful state aid for the Fehmarnbelt project, primarily because of the state guarantees for the Fehmarnbelt project's borrowing, etc. In July 2015, the EU Commission rejected the complaint and declared that the guarantees etc. are fully compatible with EU state aid rules. In the event that the Fehmarnbelt project needs to raise state-guaranteed loans more than 55 years after the opening of the fixed link, the Commission will be notified accordingly. Scandlines and others have challenged this decision before the European Court of the First Instance. Scandlines has subsequently filed two additional cases against the Commission before the Court partly concerning annulment of a ruling of September 2016 relating to a a number of other objections, partly concerning alleged inactivity relating to lack of evaluation of other objections. The Fehmarnbelt project is not aware of when the Court will rule on the cases. The Court's decisions may be appealed to the European Court of Justice. At present, it is not possible to estimate the economic consequences.

A/S Storebælt and A/S Øresund have entered into two-way collateral agreements (CSA agreements) with a number of financial counterparties and are, as a result, obliged to provide collateral by way of depositing bonds for balances on derivative contracts in the counterparty's favour. A/S Storebælt has currently provided collateral of DKK 675 million for balances with three different financial counterparties in their favour. A/S Øresund has currently provided collateral of DKK 381 million for outstandings with two financial counterparties in their favour.

Sund & Bælt Holding A/S is the management company in a Danish joint taxation agreement. According to corporate tax legislation, the company is jointly and severally liable, from and including 2013, with the other jointly taxed companies for overall corporation tax of DKK 29 million and from and including 1 July 2012 for any liabilities for holding tax on interest, royalties and dividend for the jointly taxed companies.

Otherwise, the Group's companies have not pledged any collateral.

Note 28 Related parties

Related parties comprise the Danish state, companies and institutions owned by it. Transactions concerning the Group's senior executives are shown in note 6.

Related party	Registered Office	Affiliation	Transactions	Pricing
The Danish State	Copenhagen	100 per cent ownership of Sund & Bælt Holding A/S	Guarantee for the company's debt. Guarantee Commission	Determined by legislation. Accounts for 0.15 per cent of the nominal debt.
Ministry of Transport, Building and Housing	Copenhagen	100 per cent ownership of Sund & Bælt Holding A/S	Purchase of consultancy	Market price
Danish Road Directorate	Copenhagen	Part of the Ministry of Transport, Building and Housing	Purchase of consultancy	Market price
A/S Storebælt	Copenhagen	100 per cent owned subsidiary. Partly common board members. Common Management Board	Management of subsidiary's operational tasks. Joint taxation contribution	Market price
A/S Øresund	Copenhagen	100 per cent owned subsidiary. Partly common board members. Common Management Board.	Management of subsidiary's operational tasks. Joint taxation contribution	Market price
Femern A/S	Copenhagen	100 per cent owned subsidiary via A/S Femern Landanlæg	Purchase of consultancy. Joint taxation contribution	Market price
A/S Femern Landanlæg	Copenhagen	100 per cent owned subsidiary. Partly common board members. Common Management Board	Management of subsidiary's operational tasks. Joint taxation contribution	Market price
Sund & Bælt Partner A/S	Copenhagen	100 per cent owned subsidiary	Management of common functions Joint taxation contribution	Market price
BroBizz A/S	Copenhagen	100 per cent owned subsidiary	Management of shared functions Joint taxation contribution	Market price
Øresundsbro Konsortiet I/S	Copenhagen/Malmø	50 per cent ownership via A/S Øresund. Partly common board members. Common CFO	Purchase of financial management	Market price
Banedanmark		Owned by the Danish State	Payments for use of subsidiaries' rail links	Determined by the Minister of Transport, Building and Housing
Metroselskabet I/S	Copenhagen	Partly owned by the Danish State	Purchase of consultancy	Market price

In addition, the company's senior management are considered to be related parties, c.f. Note 6.

Related party	Description	Amount 2016	Amount 2015	Balance at 31 Dec 2016	Balance at 31 Dec 2015
The Danish State	Guarantee commission	-54.0	-57.1	-54.0	-57.8
Ministry of Transport, Building and Housing	Purchase of consultancy	0.0	-0.7	0.0	0.0
Danish Road Directorate	Purchase of consultancy	-1.9	-1.9	1.2	-0.3
A/S Storebælt	Management of subsidiary's operational tasks	95.3	145.4	8.5	7.3
	Common functions	-8.6	-1.0	0.0	-1.0
	Joint taxation contribution	233.5	80.5	233.5	80.5
A/S Øresund	Management of subsidiary's operational tasks	15.8	7.4	2.9	0.3
	Joint taxation contribution	-276.1	-24.2	-276.1	-24.2
Sund & Bælt Partner A/S	Management of subsidiary's operational tasks	0.0	0.0	0.0	0.0
	Joint taxation contribution	0.0	0.0	0.0	0.0
Femern A/S	Management of subsidiary's operational tasks	18.0	25.5	0.7	0.9
	Joint taxation contribution	-40.9	-61.3	-40.9	-61.3
A/S Femern Landanlæg	Management of subsidiary's operational tasks	4.2	1.4	0.6	0.1
	Joint taxation contribution	-0.5	-0.1	-0.5	-0.1
BroBizz A/S	Management of subsidiary's operational tasks	13.1	5.0	2.9	-0.6
	Joint taxation contribution	1.2	0.0	1.2	0.0
Øresundsbro konsortiet I/S	Management of subsidiary's operational tasks	7.8	8.6	1.0	0.8
	Purchase of operational tasks	-0.5	-0.5	0.0	0.0
Banedanmark	Payment for use of rail links in subsidiaries	424	704.9	44.9	12.6
	Consultancy	31.2	48.3	39.0	0.7
	Maintenance work	-439.7	-321.3	-162.2	-68.4
Metroselskabet I/S	Consultancy	2.0	1.5	0.6	0.5

Note 29 Events after the balance sheet date

No events occurred after the balance sheet date that are of significance to the Annual Report for 2016.

Note 30 Approval of the Annual Report for publication

At the meeting of the Board of Directors on 17 March 2017, the Board of Directors approved the Annual Report for publication.
The Annual Report will be presented to the shareholders of Sund & Bælt Holding A/S for approval at the Annual General Meeting on 18 April 2017.

Statement by the Board of Directors and Management Board

The Board of Directors and Management Board have today considered and approved the annual report for the financial year 1 January – 31 December 2016 for Sund & Bælt Holding A/S.

The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports of issuers of listed bonds.

It is our view that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group and parent company's assets, liabilities and financial position at 31 December 2016, as well as the results of the Group and parent company's activities and cash flow for the financial year 1 January – 31 December 2016.

It is also our view that the Management's Report gives a true and fair view of developments in the Group and parent company's activities and financial conditions, the annual results and the Group and parent company's overall financial position and a description of the significant risks and uncertainty factors to which the Group and the parent company are exposed.

It is recommended that the annual report be approved at the Annual General Meeting.

Copenhagen, 17 March 2017

Management Board

Mikkel Hemmingsen, CEO

Board of Directors

Peter Frederiksen, Chairman

Carsten Koch, Vice-Chairman

David P. Meyer, Vice-Chairman

Pernille Sams

Mette Boye

Walter Christophersen

Claus Jensen

Ruth Schade

Lene Lange

Jesper Brink

Christian Hein

Martin Duus Hansen

Independent auditors' report

To the shareholder of Sund & Bælt Holding A/S

Our opinion

In our opinion, the Financial Statements give a true and fair view of the Group and parent company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group and parent company's operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the consolidated and parent company accounts for Sund & Bælt Holding A/S for the financial year 1 January – 31 December 2016, which comprise the income statement, comprehensive income, the balance sheet, statement of changes in equity, cash flow and notes, including the accounting policies for the Group and Company.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilites in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management Report

The Management is responsible for the Management's Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, the Management Report is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management Report.

Management responsibility for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 17 March 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Christian Fredensborg Jakobsen
State Authorised Public Accountant

Jens Otto Damgaard
State Authorised Public Accountant

Board of Directors, Management Board and Senior Executives

Management Board

Peter Frederiksen, Chairman (Born: 1963)
Director

Chairman since 2016
Joined the Board of Directors in 2016
Election period expires 2018
Areas of expertise: Many years' managerial experience in transport and logistics companies in the private sector, including A. P. Møller-Mærsk. Member of the Executive Board of Hamburg-Sued. Has particular competence within management, strategy and analysis.

Board member of
- Sund & Bælt Holding A/S (Chairman)
- A/S Storebælt (Chairman)
- A/S Øresund (Chairman)
- Femern A/S (Chairman)
- A/S Femern Landanlæg (Chairman)
- A/S United Shipping & Trading Company
- Bunker Holding A/S
- Uni-Tankers A/S

Carsten Koch, Vice-Chairman (Born: 1945)
Director

Vice-Chairman since 2009
Joined the Board of Directors in 2004
Election period expires in 2016

Areas of expertise: Many years of management experience in the private and public sector. Also has many years' experience of board positions, including as chairman of public sector companies. Has particular competence within strategy, management, economics and financing.

Board member of
- CPH City & Port Development (Chairman)
- Copenhagens Havns Pensionskasse (Chairman)
- Forca A/S (Chairman)
- FredericiaC P/S (Chairman)
- NærHeden P/S (Chairman)
- The Danish Growth Fund (Chairman)
- Metropolitan University College UCC (Chairman)
- Sund & Bælt Holding A/S (Vice-Chairman)
- A/S Storebælt (Vice-Chairman)
- A/S Øresund (Vice-Chairman)
- Femern A/S (Vice-Chairman)
- A/S Femern Landanlæg (Vice-Chairman)
- AS3 A/S (Vice-Chairman)
- Øresundsbro Konsortiet I/S
- CMP A/B
- Investeringsforeningen Maj Invest

Chairman of the Employment Council under the Ministry of Employment.

David P. Meyer, Vice-Chairman (Born: 1957)
Director

Vice-Chairman since 2016
Joined the Board of Directors in 2016
Election period expires 2018
Areas of expertise: Many years' experience as director in the private sector. Many years' experience of board positions, including chairmanships. Has particular competence within strategy, international management, organisation, economics, finance, production and value chain optimisation.

Board member of
- Dansani A/S (Chairman)
- C&H System A/S (Chairman)
- KD Group A/S (Chairman)
- Damasec ApS (Chairman)
- Sund & Bælt Holding A/S (Vice-Chairman)
- A/S Storebælt (Vice-Chairman)
- A/S Øresund (Vice-Chairman)
- Femern A/S (Vice-Chairman)
- A/S Femern Landanlæg (Vice-Chairman)
- Øresundsbro Konsortiet I/S (Vice-Chairman)
- Pressalit A/S (Vice-Chairman)
- Atrium Partners A/S
- Dameca A/S
- Kohsel Elektronik A/S

Pernille Sams (Born: 1959)
Director, State authorised estate agent, LLM

Joined the Board of Directors in 2004
Election period expires in 2017
Areas of expertise: Many years of experience of board positions as well as legal, business and political experience. Special expertise within communications, risk management, analysis and strategy as well as social and nature-related issues.

Board member of
- Danske Selvstændige Ejendomsmæglere (Chair)
- Pernille Sams Ejendomsmæglerfirma ApS
- Foreningen Nordea Liv og Pension
- World Animal Protection
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- Femern A/S
- A/S Femern Landanlæg
- Øresundsbro Konsortiet I/S

Mette Boye (Born: 1974)
Director, Danish Ethical Trading Initiative

Joined the Board of Directors in 2011

Election period expires in 2017
Areas of expertise: Many years' experience of political organisations and board positions. Has particular competence within public transport, environmental and consumer policies, management, CSR and social and environmental matters.

Board member of:
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- Femern A/S
- A/S Femern Landanlæg
- Institute for Human Rights

Walter Christophersen (Born 1951)
Independent businessman

Joined the Board of Directors in 2011
Election period expires in 2017
Areas of expertise: Many years' experience from the private sector and with political work. Has particular competence within business, traffic and societal issues.

Board member of:
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- Femern A/S
- A/S Femern Landanlæg

Claus Jensen (Born: 1964)
Union President, the Danish Metal Workers' Union

Joined the Board of Directors in 2014
Election period expires in 2017
Areas of expertise: Management experience gained through various managerial positions at the Danish Metal Workers' Union. In-depth social and international understanding, thorough knowledge of labour market conditions and the collective bargaining system, strong negotiation skills, experience of management systems, staffing and organisational issues, in-depth knowledge of budgeting, accounting, insurance and pensions

Board member of
- CO-industri (Chairman)
- EUROPA Think Tank (Chairman)
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- Femern A/S
- A/S Femern Landanlæg
- Danish Confederation of Trade Unions, LO
- European Workers Participation Fund, EWPF
- IndustriALL – European Trade Union
- IndustriALL - Global
- Industrianställda i Norden, IN
- A/S A-Pressen
- Danish Academy of Technical Sciences, ATV
- The Economic Council of the Labour Movement, AE
- Arbejderbevægelsens Kooperative Finansieringsfond, AKF
- Arbejdernes Landsbank
- Arbejdsmarkeds Tillægspension, ATP
- CPH Vækstkomité
- Danmarks Nationalbank
- The Danish Growth Council
- The Danish Economic Council
- Det Blå Danmark
- Folk & Sikkerhed
- Fonden Peder Skram
- Industriens Kompetenceudviklingsfond, IKUF
- Industriens Pensionsforsikring A/S
- Industriens Pension Service A/S
- Industriens Uddannelse- og Samarbejdsfond, IUS
- IndustriPension Holding A/S
- InnovationsFonden
- Interforcekomitéen
- Markedsmodningsfonden
- Innovationsfonden
- Olympisk Idrætsforum
- Produktionspanel 4.0
- Ulandssekretariatet
- Young Enterprise/Fonden for Entreprenørskab

Ruth Schade (Born: 1951)
Group Director

Joined the Board of Directors in 2016
Election period expires in 2018
Areas of expertise: Director of the Harboe Group with responsibility for business strategy, finance and corporate and contractual matters as well as investor relations.

Board member of
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg
- Femern A/S
- Maj Invest Holding A/S
- Fondsmæglerselskabet Maj Invest A/S
- Ma Dansk Retursystem A/S
- Harboe Ejendomme A/S
- Skælskør Bryghus A/S
- Vejrmøllegård ApS
- Buskysminde A/S
- Lundegård A/S
- Rugbjerggård A/S
- Keldernæs A/S
- Visbjerggården A/S
- Danfrugt Skælskør A/S
- BG af 31. december 2010 A/S

Lene Lange (Born 1973)
Lawyer, Partner in LETT legal partnership

Joined the Board of Directors in 2016
Election period expires in 2018

Areas of expertise: Legal advice and project management, primarily in public-private partnerships, infrastructure projects, and production and processing plants. Management experience from position as VP Legal and Human Resources at Terma A/S, Director of Delacour Law Firm and Head of Department at LETT Law Firm.

Board member of
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg
- Femern A/S
- Øresundsbro Konsortiet I/S
- Compositelligence ApS
- PatentCo ApS

Jesper Brink (Born: 1964)
Manager, Electrical Power Engineer (elected by employees)
- Joined the Board of Directors in 2009
- Election period expires in 2017

Martin Duus Hansen (Born: 1964)
Manager, Construction and Installations (elected by employees)
- Joined the Board of Directors in 2013
- Election period expires in 2017

Christian Hein (Born: 1977)
Operations assistant, Toll station (elected by employees)
- Joined the Board of Directors in 2013
- Election period expires in 2017

Management Board

Mikkel Hemmingsen
CEO

CEO of
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg

Board member of
- BroBizz A/S (Chairman)
- Sund & Bælt Partner A/S (Chairman)
- Femern A/S

Senior Executives

Technical Department
Technical Director Lars Fuhr Pedersen

Board member of
Sund & Bælt Partner A/S

Finance Department
CFO Mogens Hansen

Board member of
- Sund & Bælt Partner A/S (Vice-Chairman)
- BroBizz A/S (Vice-Chairman)

Treasury Department
Treasury Director Kaj V. Holm
Vice CEO and CFO Øresundsbro Konsortiet I/S

Board member of
- KommuneKredit
- Rønne Havn A/S

BroBizz A/S
CEO Helle Bech

Sund & Bælt Partner A/S
CEO Kim Smedegaard Andersen

Femern A/S
CEO Claus F. Baunkjær

Board member of
Sund & Bælt Partner A/S

Key figures and financial ratios

NB: The financial ratios have been stated in accordance with the Society of Financial Analysts' "Recommendations and Financial Ratios 2015". Please refer to definitions and concepts in note 1 Accounting Policies.

Sund & Bælt Holding A/S

Key figures, DKK million	2016	2015
Operating income	123	149
Operating expenses	-147	-125
Depreciation	-8	-5
EBIT	-32	19
Net financials before value adjustment	1,199	899
Profit before value adjustment	1,167	918
Value adjustments, net	-4	-3
Profit before tax	1,163	915
Tax	8	-4
Profit for the year	1,171	912
Capital investment at year end	976	976
Equity	483	512
Balance sheet total	1,405	1,100
Financial ratios, per cent		
Profit ratio (EBIT)	-26.6	12.8
Rate of return (EBIT)	-1.7	1.7

A/S Storebælt

Key figures, DKK million	2016	2015
Operating income	3,450	3,556
Operating expenses	-388	-449
Depreciation	-858	-531
EBIT	2,204	2,576
Net financials before value adjustment	-486	-513
Profit before value adjustment	1,718	2,063
Value adjustments, net	-47	363
Profit before tax	1,671	2,426
Tax	-368	-539
Profit for the year	1,303	1,887
Capital investment at year end	26,798	27,562
Bond loans and bank loans	23,221	24,637
Net debt (fair value)	23,599	24,723
Interest-bearing net debt	21,281	22,472
Equity	3,234	3,131
Balance sheet total	30,382	31,324
Financial ratios, per cent		
Profit ratio (EBIT)	63.9	72.4
Rate of return (EBIT)	7.3	8.2
Return on facilities(EBIT)	8.2	9.4

A/S Øresund

Key figures, DKK million	2016	2015
Operating income	101	113
Operating expenses	-78	-42
Depreciation	-192	-204
EBIT	-169	-133
Net financials before value adjustment	-226	-246
Loss before value adjustment	-395	-379
Value adjustments, net	-460	555
Profit from jointly managed company	405	567
Profit/loss before tax	-450	743
Tax	99	-163
Profit/loss for the year	-351	580
Capital investment at year end	5,579	5,688
Bond loans and bank loans	13,449	12,905
Net debt (fair value)	13,133	12,302
Interest-bearing net debt	11,190	10,956
Equity	-6,608	-6,311
Balance sheet total	8,416	8,470
Financial ratios, per cent		
Profit ratio (EBIT)	-167.1	-117.7
Rate of return (EBIT)	-2.0	-1.6
Return on facilities (EBIT)	-3.1	-2.3

Sund & Bælt Partner A/S

Key figures, DKK 1,000	2016	2015
Operating income	4,849	3,507
Operating expenses	-4,653	-3,397
Depreciation	0	0
EBIT	196	110
Net financials	-52	-2
Tax	-32	-184
Loss for the year	112	-76
Capital investment	0	0
Equity	11,237	11,125
Balance sheet total	13,122	13,751
Financial ratios, per cent		
Profit ratio (EBIT)	4.0	3.1
Rate of return (EBIT)	1.5	0.8

Femern A/S

Key figures, DKK 1,000	2016	2015
Income	0	0
Operating expenses	-2,374	-2,028
EBIT	-2,374	-2,028
Net financials	0	0
Tax	3,595	4,209
Profit for the year	1,221	2,181
Capital investment	3,100,104	2,560,351
Equity	525,194	523,973
Balance sheet total	3,402,404	2,938,910
Financial ratios, per cent		
Profit ratio (EBIT)	0.0	0.0
Rate of return (EBIT)	-0.1	0.0

A/S Femern Landanlæg

Key figures, DKK 1,000	2016	2015
Income	0	0
Operating expenses	-1,588	-227
EBIT	-1,588	-227
Net financials	0	0
Tax	-8,776	53
Loss for the year	7,188	-174
Capital investment	1,137,822	712,145
Equity	518.718	511,530
Balance sheet total	2,735,749	1,349,457
Financial ratios, per cent		
Profit ratio (EBIT)	0.0	0.0
Rate of return (EBIT)	0.1	0.0

BroBizz A/S

Key figures, DKK million	2016	2015
Operating income	71.8	62.4
Operating expenses	-55.7	-43.7
Depreciation	-13.7	-12.9
EBIT	2.4	5.7
Net financials	1.7	1.1
Tax	-0.9	-1.6
Profit for the year	3.2	5.2
Capital investment	38.2	40.1
Equity	116.8	113.3
Balance sheet total	525.9	483.2
Financial ratios, per cent		
Profit ratio (EBIT)	3.3	9.1
Rate of return (EBIT)	0.5	1.2

Financial glossary

Swaps
The exchange of payments between two counterparties – typically a company and a bank. A company may, for example, raise a fixed interest loan and subsequently enter a swap with the bank by which the company receives fixed interest corresponding to the interest on the loan and pays variable interest +/- a premium. The company's net obligation will be the payment of the variable interest +/- the premium. Such transactions are called swaps. In a currency swap, payments in two different currencies are exchanged. Interest rate and currency swaps may also be combined.

Denominated
... issued in ... A bond can be issued (denominated) in EUR, but carry interest related to an amount in DKK.

Cap/floor structure
A cap is an agreement that allows a borrower to choose the maximum interest rate payable over a set period. A floor is the opposite of a cap. A floor restricts the interest rates from falling below a certain level. Accordingly, if a cap/floor has been entered into, the maximum and minimum interest to be paid has been fixed (interest can only fluctuate within a certain interval).

Collar structure
Another term for a cap/floor structure. A zero-cost collar, for example, is purchase of a cap financed by the sale of a floor. If the market rates increase, a cap has been set for the amount of interest to be paid. By contrast, there is no benefit if interest rates fall below the floor.

Cap hedge
Hedging of significant interest rate increases on the variable rate debt against payment of a premium. Is used as an alternative to entering a fixed rate for the entire loan period.

Interest-bearing net debt
The interest-bearing net debt comprises financial assets and liabilities measured at amortised cost, excluding interest due and receivable under accruals and deferred income.

Fair value
Fair value is the accounting term for market value and expresses current purchase and selling rates on financial assets and liabilities. Changes in the fair value can be primarily attributed to developments in the level of interest rate, exchange rates and inflation.

Fair value adjustment
An accounting principle in financial reporting requiring the value of assets/liabilities to be determined at their market value (fair value) - i.e. the value at which an asset could be sold or a liability settled in the market. In the period between the raising and repayment of loans the fair value will change as interest rates change.

AAA or AA rating
International credit rating agencies rate companies according to their creditworthiness. Companies are usually rated with a short and a long rating that expresses the company's ability to settle its liabilities in the short-term and the long-term respectively. The rating follows a scale, with AAA being the best rating, AA the second best etc. The Danish State, which guarantees the liabilities of Storebælt and the Øresund fixed link, has the highest credit rating: AAA. The largest credit rating agencies are Moody's and Standard & Poor's.

Real rate
The nominal interest rate minus inflation.