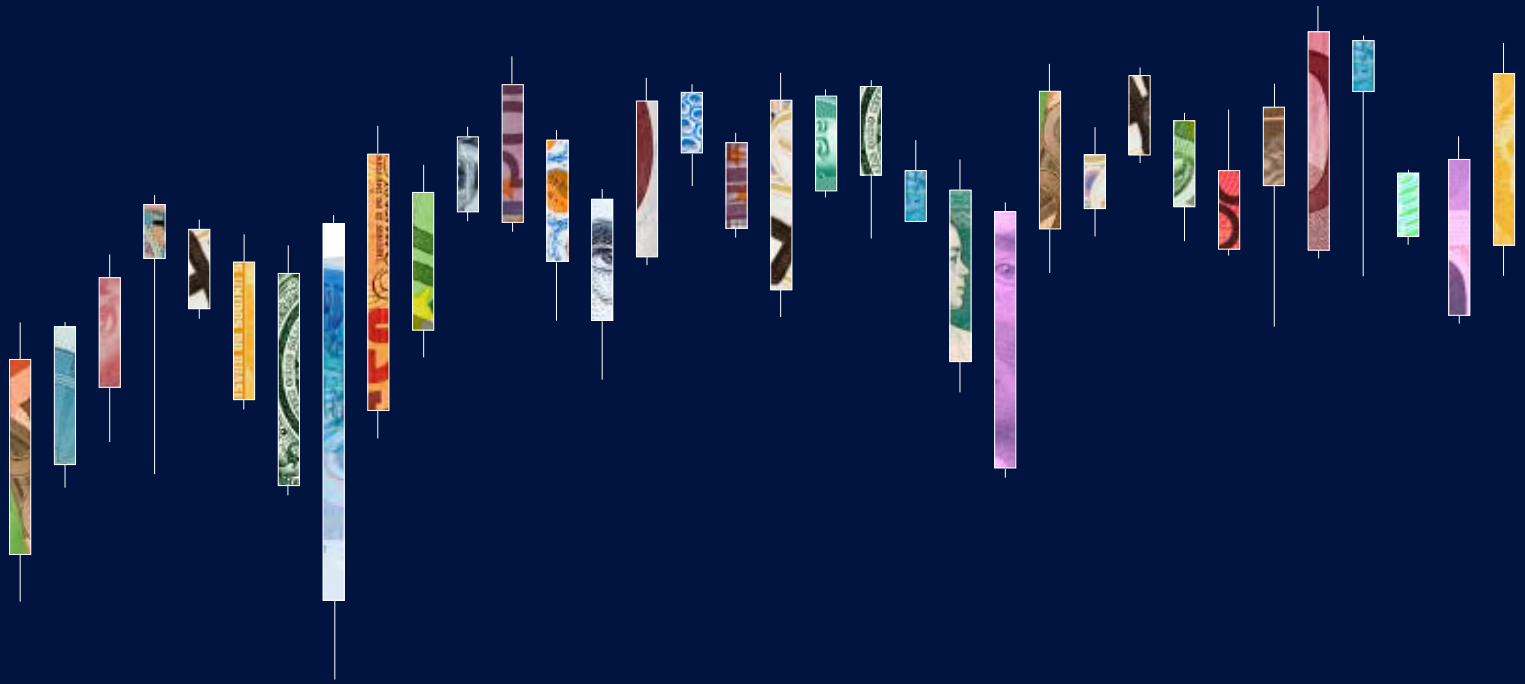


SAXO BANK ANNUAL REPORT 2007



SAXO BANK ANNUAL REPORT 2007



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**SAXO BANK**

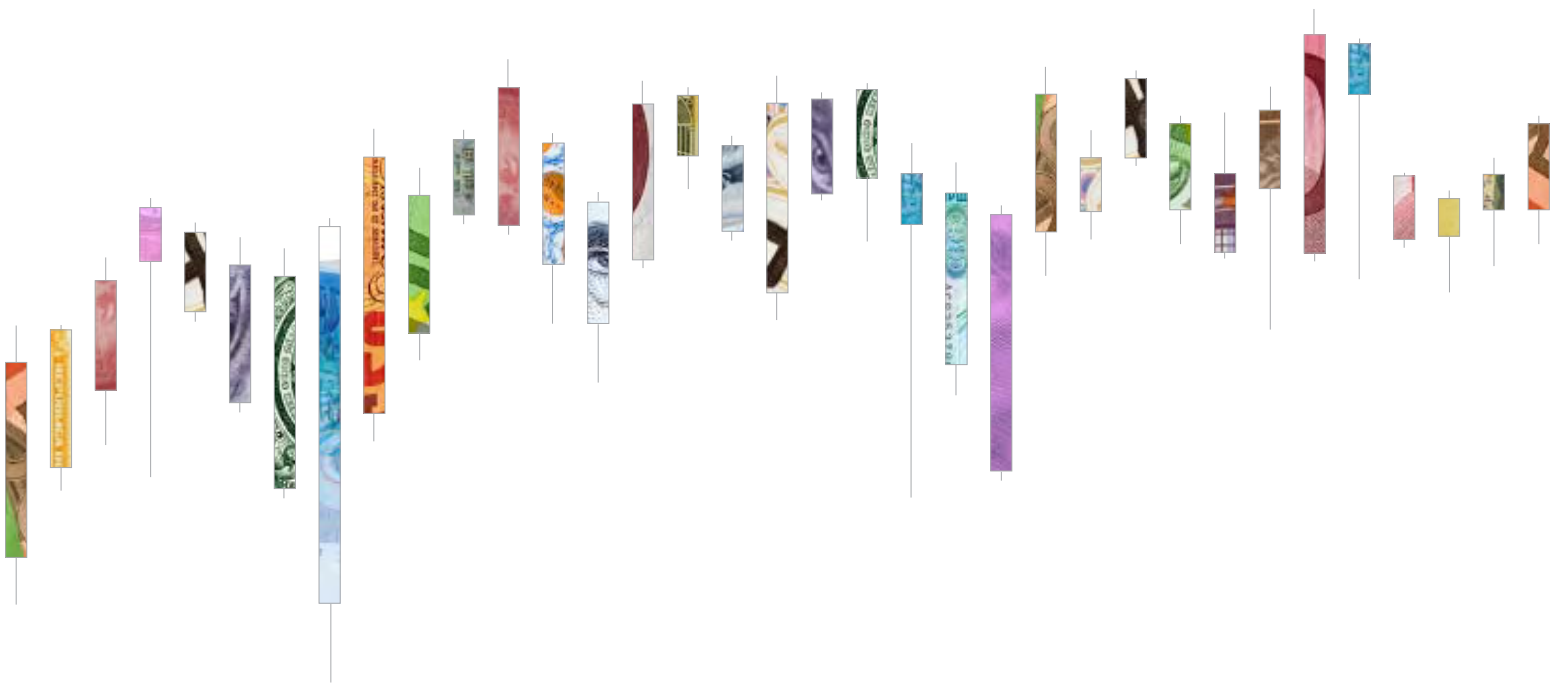
**ART DIRECTOR MARIE HENRYSON**

**SØREN RØNHOLT [PAGE 6]**

**GRAAE, ARMGAARD & BANGSBO [PAGE 14, 18, 22, 28]**

**TRYKBUREAUET**

**MARCH 2008**



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# COMPANY INFORMATION

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# COMPANY INFORMATION

---

## **BOARD OF DIRECTORS**

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Florian Wendelstadt, Vice Chairman of the Board  
John Korsø Jensen, Member of the Board  
Julian Michael Simmonds, Member of the Board  
Dionysios Nicolaos Malamatinas, Member of the Board

## **BOARD OF MANAGEMENT**

Lars Seier Christensen, Joint Chief Executive Officer  
Kim Fournais, Joint Chief Executive Officer

## **SENIOR EXECUTIVE MANAGEMENT**

Albert Maasland, Head of Europe  
Kevin Douglas Ashby, Chief Executive Officer of Saxo Capital Markets Pte. Ltd.  
Charles-Henri Sabet, Global Head of Trading  
Rabbe Ekholm, Chief Commercial Officer  
Robin Patel, Global Head of Business Development  
Tobias Straessle, Chief Operating Officer  
Erik Kjær, Global Head of Human Resources  
Henrik Klæbel (Howard Prince-Wright as of March 2008), Chief Financial Officer  
Michael Villi Møller, Global Head of Legal & Compliance





CEOs

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Kim Fournais and Lars Seier Christensen

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# SAXO BANK

## 2007

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As the online trading market continues to show an accelerated and rapid increase in volume, Saxo Bank has over the past year again positioned itself at the forefront of the industry, boasting a hugely successful year of development and expansion. This quickening growth has been based on the multiple investment capabilities Saxo Bank offers private clients, introducing brokers and white label partners through our internally-developed and award-winning trading platform.

---

An original and highly flexible financial services provider, Saxo Bank enables clients to trade forex, CFDs, stocks, futures, options and other derivatives, via an online trading platform. The Bank also provides private wealth portfolio management via the online SaxoTrader platform, which again collected several benchmark industry awards in 2007 from FX Week and Euromoney among others. The second half of 2007, such a turbulent and troubled time for the markets and many of the financial industry's largest and most well-established banks, demonstrated the resilience and strength of the Saxo Bank business model with the Bank enjoying its most rewarding time of the year.

These are exciting times for Saxo Bank. A survey by the Bank for International Settlements in 2007 showed that traditional foreign exchange volumes have surged from USD 1.9 trillion per day in 2004 to a remarkable USD 3.2 trillion per day in April 2007. The 70 percentage jump underlines the industry's increasing importance and clearly signals further expansion

in the FX marketplace, while retail FX turnover is also very likely to continue to soar at an even faster rate. With figures like these, an increasing number of exciting challenges are constantly presented to the Bank as the online trading industry continues in its aggressive growth period.

Saxo Bank revels in these challenges – as they are what aid developing and improving platforms and client service on a continuous basis. The Bank rises to meet the exacting needs of partners and private clients. As part of aiming to improve client service, Saxo Bank has once more opened several regional offices, with a representative office in Beijing, new offices in the key strategic banking cities of Geneva and Zurich and an office in Marbella, Spain. The new locations augment Saxo Bank's headquarters in Copenhagen and operating offices in London and Singapore. Focus on technology is manifested in the IT development centre in St. Petersburg, which complements the larger Copenhagen-based IT team.

# SAXO BANK A/S

## FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (DKK '000)	2007	2006	2005	2004	2003
<b>KEY FIGURES</b>					
Net interest, fees and commissions receivable	-215,816	-79,353	-99,702	-90,283	-63,540
Price and exchange rate adjustments	1,634,605	1,084,169	735,763	549,387	350,323
Staff costs and administrative expenses	-1,071,557	-744,273	-395,218	-284,064	-209,125
Loss and provisions for bad debts	-3,062	-2,317	-122	-383	-277
Result of participating interests in affiliated undertakings	74,064	-21,648	-121	295	248
Net profit for the financial year before tax	364,859	205,109	222,919	160,829	65,923
Net profit for the financial year	275,249	144,130	158,093	109,401	45,102
Loans and advances	168,965	174,691	121,317	102,581	62,493
Subordinated loan	410,031	149,143	74,614	74,375	74,463
Shareholders' equity, end of year	1,093,051	432,110	335,881	213,885	116,336
Total assets	9,028,629	6,124,647	4,288,600	2,816,690	1,823,121
No. of employees (average)	868	566	318	239	174
<b>RATIOS</b>					
Base capital proportional to minimum requirement	24.2	13.1	8.9	6.6	4.6
Solvency ratio	20.0%	13.8%	14.6%	28.8%	28.9%
Core capital ratio	10.9%	9.6%	11.4%	20.1%	16.4%
Return before tax on shareholders' equity	47.8%	53.4%	81.1%	97.4%	68.9%
Return after tax on shareholders' equity	36.1%	37.5%	57.5%	66.3%	47.1%
Cost/core income ratio	1.32	1.26	1.54	1.54	1.30
Interest rate risk	2.4%	1.2%	1.9%	2.2%	0.4%
Foreign exchange positions	436.9%	539.8%	495.1%	529.4%	334.6%
Exchange rate risk	5.0%	10.0%	15.6%	6.4%	6.3%
Loans, advances and provisions proportional to deposits	2.7%	3.9%	3.6%	4.8%	4.6%
Loans and advances proportional to share capital	0.2	0.4	0.4	0.5	0.5
Growth of loans and advances	-3.4%	44.0%	18.3%	64.1%	55.1%
Additional liquidity proportional to the liquidity requirement	774.6%	742.9%	786.3%	780.2%	740.4%
The total of large engagements/base capital	16.1%	74.4%	118.5%	50.8%	37.0%
Loss and provisions ratio	1.7%	1.3%	0.1%	0.4%	0.4%

# SAXO BANK GROUP

## FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (DKK '000)	2007	2006	2005	2004	2003
<b>KEY FIGURES</b>					
Net interest, fees and commissions receivable	-208,713	-82,923	-101,652	-90,283	-63,540
Price and exchange rate adjustments	1,773,162	1,084,886	735,565	549,387	350,323
Staff costs and administrative expenses	-1,138,226	-761,235	-392,695	-284,064	-209,125
Loss and provisions for bad debts	-3,062	-2,317	-122	-383	-277
Net profit for the financial year before tax	364,859	205,109	222,919	160,829	65,923
Net profit for the financial year	275,249	144,130	158,093	109,401	45,102
Loans and advances	118,160	121,780	92,965	102,581	62,493
Subordinated loan	410,031	149,143	74,614	74,375	74,463
Shareholders' equity, end of year	1,093,051	432,110	335,881	213,885	116,336
Total assets	9,996,237	6,155,561	4,306,155	2,816,690	1,823,121
No. of employees (average)	1,011	622	329	239	174
<b>RATIOS</b>					
Base capital proportional to minimum requirement	22.5	12.9	8.9	6.6	4.6
Solvency ratio	18.2%	13.7%	14.6%	28.8%	28.9%
Core capital ratio	9.3%	9.5%	11.4%	20.1%	16.4%
Return before tax on shareholders' equity	47.8%	53.4%	81.1%	97.4%	68.9%
Return after tax on shareholders' equity	36.1%	37.5%	57.5%	66.3%	47.1%
Cost/core income ratio	1.30	1.26	1.54	1.54	1.30
Interest rate risk	2.9%	1.2%	1.9%	2.2%	0.4%
Foreign exchange positions	507.4%	547.8%	495.1%	529.4%	334.6%
Exchange rate risk	5.7%	10.2%	15.6%	6.4%	6.3%
Loans, advances and provisions proportional to deposits	1.7%	2.8%	2.8%	4.8%	4.6%
Loans and advances proportional to share capital	0.1	0.3	0.3	0.5	0.5
Growth of loans and advances	-3.0%	31.0%	-9.4%	64.1%	55.1%
Additional liquidity proportional to the liquidity requirement	789.0%	744.1%	782.5%	780.2%	740.4%
The total of large engagements/base capital	32.2%	75.2%	118.5%	50.8%	37.0%
Loss and provisions ratio	2.3%	1.9%	0.1%	0.4%	0.4%



# 2007

## – A RECORD YEAR

Saxo Bank posted record growth in revenues, earnings and shareholders' equity in 2007 as the number of client accounts, deposits from clients and trading volumes reached new heights. The year witnessed significant achievements in the transition to a truly global organisation servicing clients and partners with a broad product offering and a strong service ethic.

Saxo Bank A/S and Saxo Bank Group reached a profit on ordinary operations before tax of DKK 365 million in 2007, a 78% increase compared to the figure of DKK 205 million in 2006. The result for the Group represents a healthy 56% increase in operating income and a 50% increase in operating costs, including continued investments in personnel and in the opening of new offices.

Operating income in the Group reached a record DKK 1,564 million, an increase of 56% from the previous year. Shareholders' equity grew organically by DKK 226 million and through the issue of new shares by DKK 435 million, achieving a new total of DKK 1,093 million. Total assets increased by 62% from DKK 6.2 billion to DKK 10 billion.

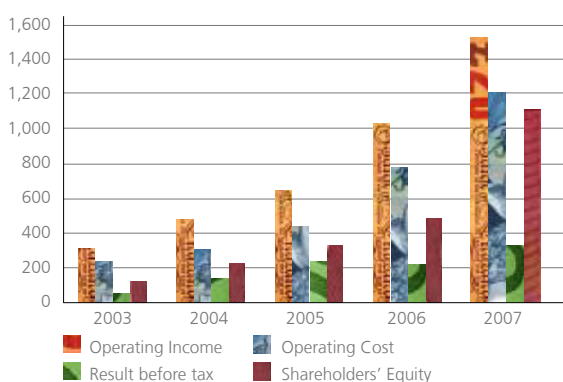
Partners, clients, trading volume and operating income all grew across the different product offerings as expected. Clients' collateral deposits – a strong indicator of prospective growth in trading activity and

earnings – reached DKK 8.6 billion. The global headcount in Copenhagen, London, Singapore, Marbella, Geneva, Zurich, Beijing, Sydney and St. Petersburg reached close to 1,200 employees.

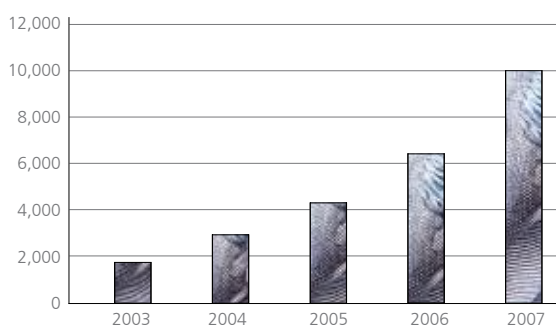
The core business model has been the basis for an accelerated growth through the year in the private client market as well as in another important area of business, white labelling. This significant sector, which involves the Bank's online trading platform being customised and branded for other financial institutions and brokers, has seen record growth in terms of partner numbers. Now Saxo Bank has more than 100 white label partners that avail of its pioneering suite of account set-up, risk management and market optimisation capabilities.

The Management is therefore pleased to report a record year of growth and earnings with continued focus on the future.

**FINANCIAL RESULT 2003 - 2007 (DKK million)**



**TOTAL ASSETS 2003 - 2007 (DKK million)**



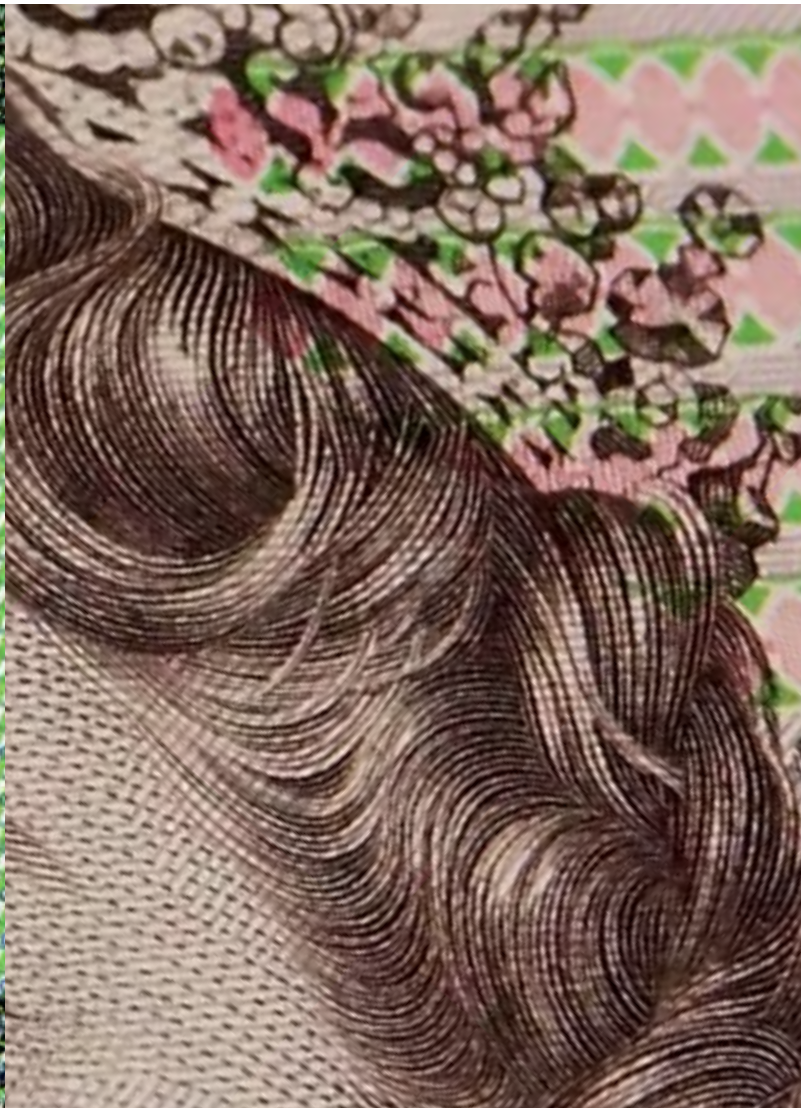


## EURUSD

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When it was first introduced in 1999, the euro was traded at USD 1.18, but by 26 October 2000, it had fallen to an all-time low of USD 0.8228. However, since December 2002, the euro has not been below parity with the dollar.

Spot price EURUSD 1.4584 as end of 2007.



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## EURGBP

Sterling makes up the third largest part of global currency reserves after the U.S. dollar and the euro but it is only the fourth most-traded currency in the foreign exchange market after the dollar, euro and Japanese yen.

Spot price EURGBP 0.73545 as end of 2007.

# SAXO GOES GLOBAL

2007 was a record year for Saxo Bank, as the Bank continued to build on and increase the considerable momentum established over the last few years. Not only has Saxo Bank again passed several significant milestones and successfully achieved many key objectives, but the Bank has also broken new ground and established new territories in order to optimise client and partner businesses.

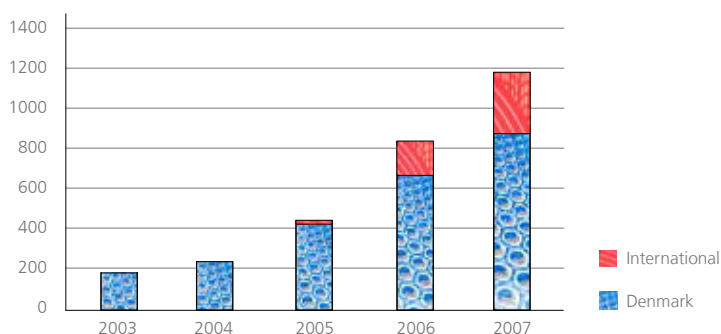
In terms of Saxo Bank's regional expansion, 2007 marked the first full year in operation for the offices in London and Singapore, while June saw the new office in Marbella open for business with a focus on catering for the financially astute expatriate community residing in the area. Saxo Bank has a large concentration of private clients in Spain, where the investment culture is geared towards active, sophisticated clients. Their demand for innovative, self-directed, multi-product investment solutions has led Saxo Bank to provide greater support to these clients, including the tailoring of Saxo Bank's private wealth management concept to the region. The decision to open a branch office in Spain had long been a strategic objective of Saxo Bank, owing to the large number of high-net-worth expatriates in Spain.

Just two months later, the Bank proudly announced the opening of a new representative office in Beijing, which established a Saxo Bank presence in China to

facilitate the development and positioning of business in one of the fastest growing economies in the world. The Chinese office, situated in the central business district of Beijing, will be used to facilitate active interaction and representation of Saxo Bank's business and services to the increasingly international financial community within China. The Beijing office will be responsible for establishing and building a strong business network to support future development plans for China.

Perhaps the most significant step in the Bank's expansion, however, arrived in September with the announcement of the acquisition of Synthesis Bank at a Geneva press conference. Synthesis Bank was the largest Saxo Bank partner in Switzerland and had worked closely with the Bank for four years, so it was a strategically coherent move to formally unite together to better serve clients. The move arrived as a clear signal that Saxo Bank is wholly committed to

## DISTRIBUTION OF EMPLOYEES AT YEAR END 2003-2007









## SAXO GOES GLOBAL

the continuation of the recent rapid rate of growth and expansion in new financial arenas and territories. With a growing number of opportunities in Switzerland and the continuing expansion of client services, it became apparent that Saxo Bank should be represented in the Swiss banking market to provide clients with optimal service.

The acquisition also benefitted Saxo Bank through the addition of highly skilled staff from Synthesis' Geneva and Zurich offices that joined Saxo Bank's team of dynamic and committed employees. This additional market expertise and knowledge will help substantially grow business in Switzerland. It will mean clients will be provided with an even more competitive offering, while the wealth management product range will also broaden going forward.

The constructive business developments did not end at the Alps. In November, Saxo Bank signed one of the largest banks in the world, Citibank, as a white label partner. This was another stamp of approval of the partnership strategy, which again grew at a fast rate in 2007 in terms of business and number of new WLPs.

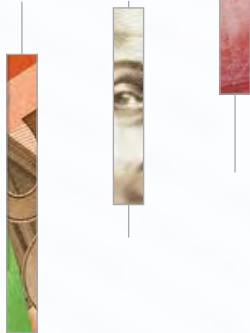
The story of the year for Saxo Bank was the transition in effect from a Danish bank into a global player, through the establishment of new regional offices backed solidly by the introduction of a new operating model with much more focus on clients and partners. The internal restructuring, which ultimately targeted the optimisation of the regional offices and maximising the global focus of the Copenhagen headquarters, has had immediate positive effects. With focus locked on further growth and global expansion, the new structure will facilitate this strategy and confidently take Saxo Bank into a promising and exciting future.



# 2007 MILESTONES

## FEBRUARY

Saxo Bank granted representative office licence in China.



## FEBRUARY

US dollar-Russian rouble cross available on the SaxoTrader platform.



## MARCH

Bank sets up in the virtual reality world of Second Life.

## APRIL

Profit & Loss Magazine presents Saxo Bank with its 2007 Award for Best Retail FX Platform.



## MAY

Multiple wins for Saxo Bank in Euromoney's FX Poll.

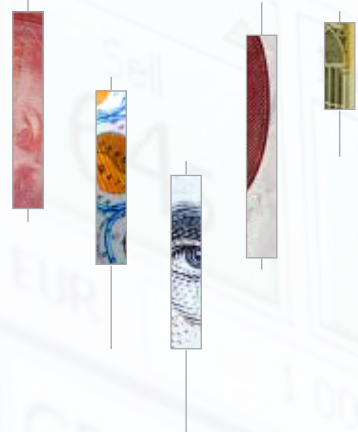


## MAY

Saxo Bank officially launches Marbella office.

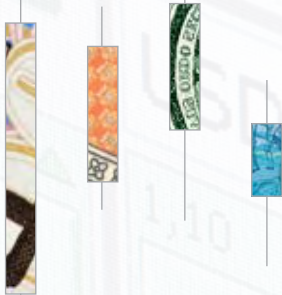
## JULY

Lars Seier Christensen and Kim Fournais win Achievement award at the 4th annual e-FX Awards, sponsored by FX Week Magazine in New York. Saxo Bank won the Best Retail Platform award for the third year in a row.



**AUGUST**

Saxo Bank passes the 1,000 employee mark.



**AUGUST**

A Saxo Bank representative office opens in Beijing, China.

**SEPTEMBER**

Saxo Bank announces acquisition of Swiss Synthesis Bank, gaining offices in Geneva and Zurich.



**SEPTEMBER**

Celebration time as Saxo Bank marks its 15th Anniversary.

**NOVEMBER**

Saxo Bank awarded FX Week's Best Bank for FX for Investors for the second year in a row.



**NOVEMBER**

Citibank and Saxo Bank announce they are to launch CitiFX Pro to facilitate private client access to world-class FX Trading.

**DECEMBER**

Acquisition of Synthesis Bank is approved by the financial authorities, clearing the way for the forthcoming Saxo Bank (Switzerland) AS.



## REGIONS IN FOCUS

In 2007 Saxo Bank became truly global, with the launch of new offices in China, Spain and Switzerland. The Bank can now claim regional hubs across time zones and satellite offices scattered across the globe, servicing clients 24 hours a day. As such, in the autumn, Saxo Bank changed from a central operating model based out of Copenhagen, to a regional model, in the process creating stand-alone offices that are geographically central to the world's major financial markets.

The Singapore office oversees the whole of the Asia Pacific region; the London office is now the regional hub for the UK and the Middle East; Geneva is the Switzerland hub, overseeing the office in Zurich; Copenhagen is the regional hub responsible for the rest of Europe and the rest of the world, including Southern Europe, Eastern Europe, North America, Latin America and the Baltic States. The Bank is now present and active in all major markets, facilitating trade in a wide variety of derivatives, equities and currencies. With each regional presence, the Bank has built upon the Saxo Bank brand and opened doors wider, for a growing client base.

The broader benefits of the Bank's regionalisation are compelling and multifaceted. They include greater business transparency and accountability.

Saxo Bank effectively has a series of semi-independent and fully operational businesses, functioning under the same set of corporate values, guidelines and structures. Each regional office adheres to local financial services laws and tax accounting rules. Moreover, each office maintains an intimate connection with existing clients and potential clients.



The task of growing the business, of maintaining client services and the Bank brand is overseen by regional directors and implemented on the ground. This translates into greater ability to attract talent and additional skill in key regions and is a brand building milestone. In addition it has led to greater transparency and accountability, aiding the ability to break down business growth region by region.

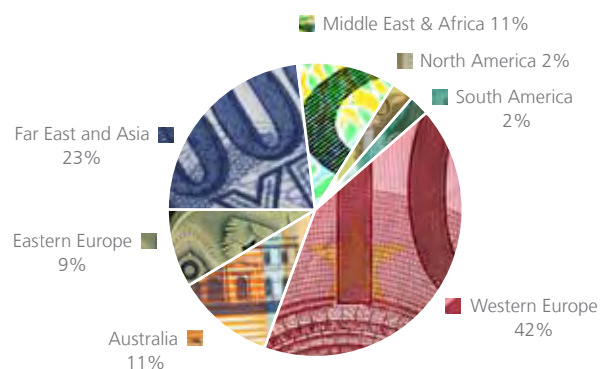
Because banking as a business is reinforced by localisation, an important first step is this period of regionalisation, which now sees a Saxo Bank branch in a number of countries and major cities around the world. It is therefore of paramount importance

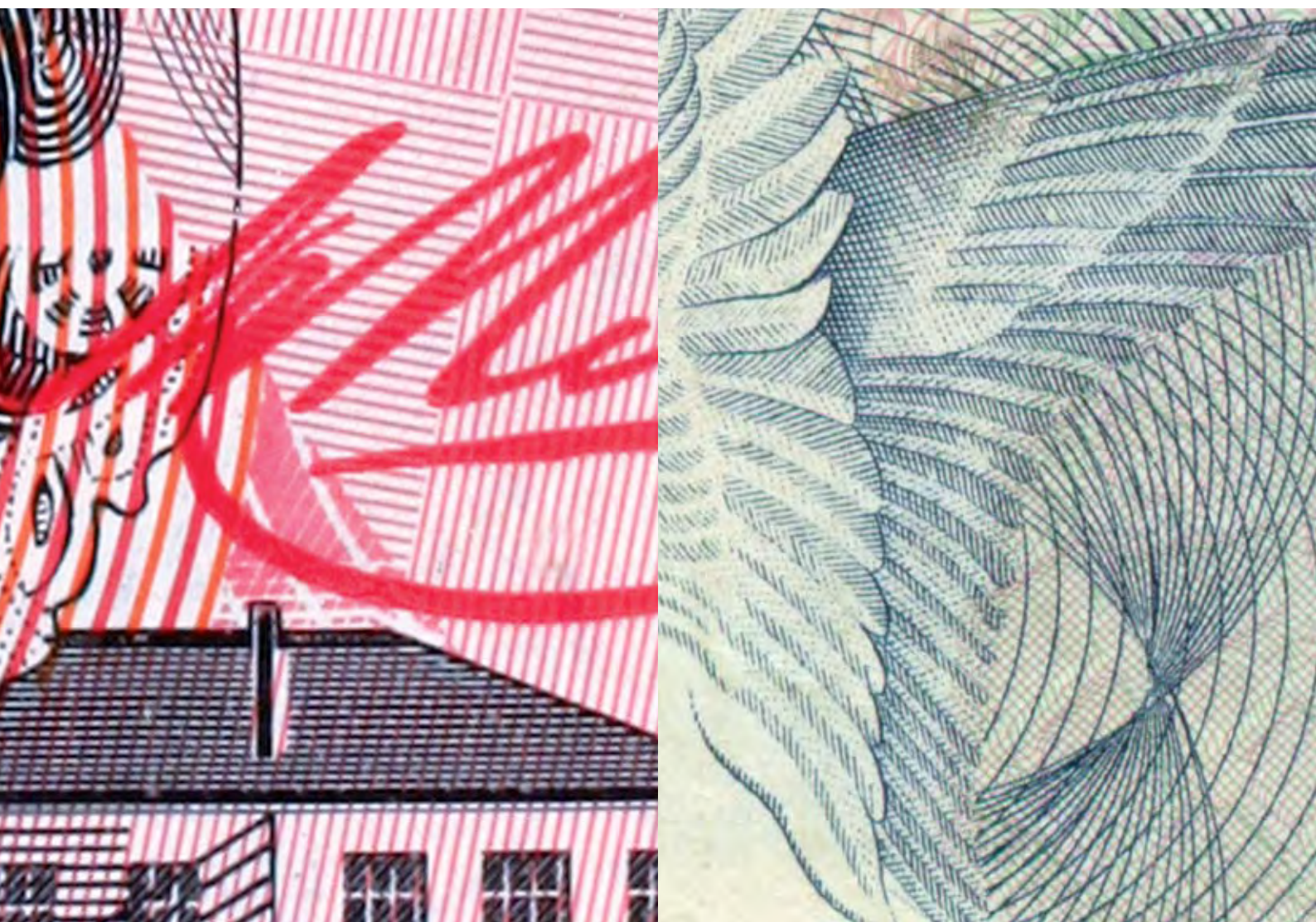


to be located alongside partners and clients and to be intimately familiar with the local market in which they trade. Importantly, a local presence in the world's top financial centres also aids in the attraction and retention of talent.

In 2007 Saxo Bank cast the net even wider, launching a strategic office in Marbella, Spain, proving that regionalisation also encompasses an individual approach, for individual markets. A large expatriate community, alongside the local Spanish community forms a unique market for Saxo Bank and has proven a successful business model.

#### GEOGRAPHIC DISTRIBUTION OF CLIENT BASE





## AUDSGD

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The Australian dollar is currently the sixth-most-traded currency in the world foreign exchange markets (behind the euro, the US dollar, the yen, the pound sterling, and the Swiss franc), accounting for approximately 4–5% of worldwide foreign exchange transactions.

Spot price AUDSGD 1.26105 as end of 2007.

# SAXO BANK

## SWITZERLAND

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On 13 September 2007, Saxo Bank announced the acquisition of Swiss Synthesis Bank, its first ever M&A deal, which established Saxo Bank within the biggest wealth management centre of the world. The deal was approved by both the Swiss and Danish financial regulators in early December.

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Saxo Bank's acquisition of Synthesis Bank fits overall business rationale as it was a natural and organic progression of the Bank's expansion in the financial industry. Synthesis Bank was the Bank's largest white label partner in Switzerland and had worked closely with Saxo Bank for four years, so it was a logical move to formally unite together to better serve clients.

Saxo Bank has always been focused on providing the optimal and most-informed service to partners and clients. With a growing number of opportunities in Switzerland and the strategic decision to develop online private wealth management for clients, it became apparent that Saxo Bank should be represented in the Swiss banking market. A significant share of the world's private wealth is managed by Swiss financial institutions. With a base in Switzerland, Saxo Bank will naturally be able to service partners and clients on an even more advanced level.

Switzerland is a key segment of the financial industry and presence in this market will help develop a deeper and more intimate understanding of this region. This will be to the benefit of partners and private clients as operating on this level allows the Bank to offer a local presence and support. The Bank sees this informing the further development of products and services; developments which will be passed on to clients. This deal at the same time enables Saxo Bank to expand its wealth management product range – to the benefit of existing and new clients – even more rapidly than in the past.

In addition to gaining the know-how and the collective acumen of all the employees of Synthesis, Saxo Bank also acquired an operation with an interesting and valuable client portfolio. Saxo Bank plans to grow its business significantly from Switzerland and Synthesis – now Saxo Bank (Switzerland) – will help with implementing this strategy and reaching future goals.



## PARTNERSHIP WITH CITIBANK

The strength of Saxo Bank's partnership program combined with the multi-fold advantages of its trading platform produced a ground-breaking period in terms of new partner statistics, with this section of the business growing aggressively through the year.



Seeing partners where others see competition has been the central belief of Saxo Bank's partnership program. In late 2007, one of the largest banks in the world, Citibank also saw a partner when it chose Saxo Bank to launch the Forex trading platform, CitiFX Pro.

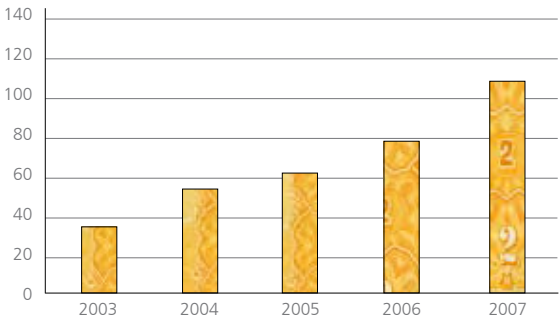
Citi's FX team spent months conducting in-depth research into the FX platform market, selecting Saxo Bank ahead of all other industry competitors in a decision that underlined the quality of Saxo Bank's product offering and service. The deal was

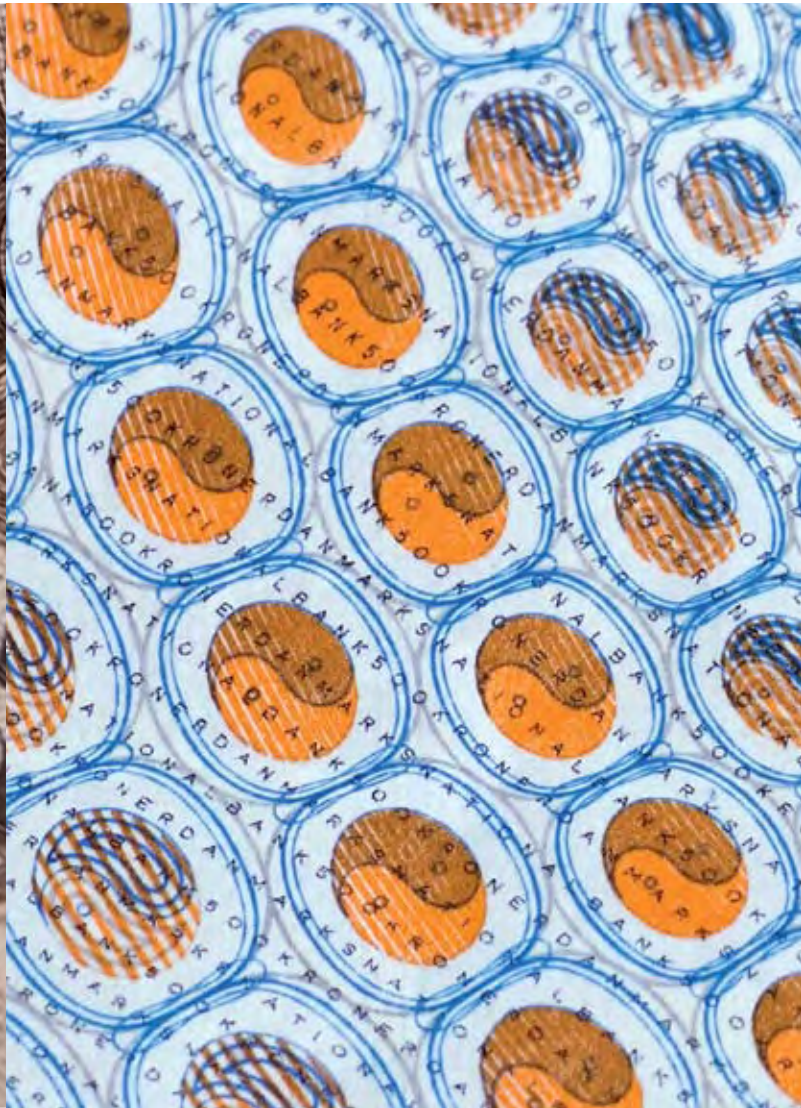
the fruition of the hard work and dedication that has taken the Bank from a small investment trading company to a rapidly-expanding global investment bank with 1,200 employees worldwide.

CitiFX Pro will offer Citi's clients an opportunity to take full advantage of the world's largest financial market with access to the same level of data and trading technology as institutional traders. Citi's entry into the rapidly growing margin FX business is an important strategic decision and a symbol of the increasing importance of the sector.



WHITE LABEL PARTNERS 2003 - 2007





## GBPDKK

Around half of all Danish banknotes in circulation are 100 kroner banknotes. The 100 kroner bill, first issued in its current design in 1997, is sometimes colloquially called a 'hund' (dog) taken from a shortening of the Danish word hundrede (a hundred).

Spot price GBPDKK 10.13685 as end of 2007.

# FOCUS ON WEBTRADER

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In 2007 Saxo Bank announced work on the second phase of the multi-product platform, WebTrader.

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Another step in innovation, the updated version of WebTrader recognises one of the largest demographic and lifestyle shifts currently taking place – a more mobile population, with an ever greater need for 24-hour, 7-day-a-week access. With the second instalment of WebTrader, clients will have the ability to trade anywhere, anytime.

WebTrader's new installment recognises the difference between what are labelled 'thick' and 'thin' client interfaces. A 'thick' client interface is an installed version of a trading platform on a PC and to access it, the client must use that same machine.

A 'thin' client interface can be present on a web-based application. This means, similar to Gmail and Hotmail applications, a client's WebTrader interface can be accessed from any browser or computer anywhere in the world. With this in place, clients can access their platform, and trade and manage their positions with roaming freedom. The added advantage is that if a client likes and prefers to continue

using the original 'thick' client platform SaxoTrader, they can do so, simply using the new WebTrader as a travel tool.

Saxo Bank's IT innovations are in keeping with brand recognition, as an established leader in easy to use and transparent online trading interfaces. They are, however, also informed by requirements and demands of the Bank's white label partners.

The new WebTrader will broaden distribution and reach. Not only does added mobility translate into more trading volume, but it extends Saxo Bank's reach to a new segment in the market – to those lacking administration rights to download and install software on their PCs. In turn, it is expected this will increase the Bank's success rates on turning leads into funded clients.

Saxo Bank's IT department has been in the development phase of the new WebTrader since the beginning of 2007, with a view to piloting the product in 2008.

## BUILDING THE LEADERSHIP TEAM

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Saxo Bank's focus has firmly been on recruiting the most experienced and successful people to the company. Appointments at the end of December rounded off a busy period which has seen the construction of an experienced and solid Senior Executive Management team.

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At the end of 2006, Saxo Bank was pleased to announce the arrival of several key figures. Michael Villi Møller became Global Head of Legal and Compliance at the start of that December, while Tobias Straessle was confirmed as CIO and Head of IT. Kevin Ashby, meanwhile, was named as the Chairman and CEO of the Bank's Asia-Pacific subsidiary, Saxo Capital Markets Pte. Ltd. in Singapore.

At the end of April 2007, Saxo Bank announced the appointment of Rabbe Ekholm as Chief Commercial Officer, with a brief to lead the Bank's marketing, product development, communications, and quality and process divisions in a then newly created executive function. Then in autumn, following the acquisition of Synthesis Bank, Charles-Henri Sabet, the founder and CEO of the Switzerland-based bank, joined the Senior Executive team as Global Head of Trading.

Late in 2007, two more key hires were confirmed when Albert Maasland joined Saxo Bank's Senior Executive Management as the Bank's new Head of Europe, with the task of coordinating all the European, Middle East and US regions. To complete a successful 12 months, Howard Prince-Wright was named as the new Chief Financial Officer in late December, starting March 2008.

The creation of such a robust and strategically focused Senior Executive Management, backed by a Management Team with a vast abundance of experience, will import a plethora of tremendous advantages to Saxo Bank as it continues its rapid growth and global expansion.



#### DKKJPY

The yen is the third most-traded currency in the foreign exchange market after the U.S. dollar and the euro. It is also widely used as a reserve currency after the U.S. dollar, the euro and the pound sterling.

Spot price DKKJPY 21.865 as end of 2007.

## THE PATH AHEAD

Saxo Bank reached several key milestones in 2007 and significantly increased its regional presence. In 2008 Saxo Bank will continue to execute a considered global expansion strategy in support of growing business and meeting strategic and tactical objectives. In the process, the Bank aims to achieve greater market presence in designated growth markets through either organic growth – via a more expansive collaboration with one or more of the current partners – or through a form of merger and/or acquisition, similar to that with the former white label partner, Synthesis Bank in 2007.

In the area of product-related business development, Saxo Bank will continue to secure enhanced and new product-service capabilities. In the process, the Bank expects to foster greater client engagement, maintain overall client support and drive client asset and revenue growth objectives. At the same time, the Bank's fundamental premise of building a valuable and differentiated online capability for all clients will be the backbone of all new developments. New capabilities will be established either through organic growth or via strategic partnerships, as the Bank has done over many years.

In 2007 Saxo Bank agreed a partnership with Citigroup. In 2008, the Bank will continue to develop



and execute that partnership in order to secure global deployment before the end of 2008, or as and when feasible. Applying this same business model, the Bank expects to engage further partners in the form of regional and global financial institutions seeking to enhance their own private banking and private client offerings.

Online trading and wealth management will be areas of ongoing exploration and development in 2008 and beyond. The Saxo Bank business development team plans to actively pursue different paths to include online trading offering of wealth management and asset management products in order to enable clients to make all their investment decisions at the Bank.



Liquidity partnerships have been equally important through 2007's growth phase, and Saxo Bank will continue to enhance its role as prime facilitator of online investment trading for individual investors and institutional clients in 2008. Saxo Bank will further develop and enhance its role as prime facilitator by engaging in further profitable, value added strategic partnerships. These partnerships will be with different electronic liquidity providers, financial institutions and exchanges who wish to benefit from accessing the global distribution capabilities of the Bank and to secure low-cost, efficient access to the growing investor community for their products.

In 2008 and beyond, Saxo Bank will look to secure further regulatory authorisation and flexibility wherever it is deemed advantageous and appropriate in support of the Bank's overall business growth objectives.

Saxo Bank will implement and introduce a number of key initiatives throughout 2008, designed to increase overall profit margin ratio and execution capabilities. Included in these initiatives will be faster, easier client on-boarding capabilities and increased deployment of technology in support of key processes, products and services. A revamped website will make the client and partner experience an even more compelling proposition.



# FINANCIAL REVIEW 2007

Saxo Bank A/S and the Saxo Bank Group continued to show growth in earnings and overall business during 2007, reporting a record year with profit after tax of DKK 275 million, which represents an increase of 91% from the DKK 144 million profits after tax reported in 2006. The result was in line with management expectations, reflecting the outcome of global investments in personnel and new offices.

The acquisition of Synthesis Bank on 18 December 2007 has not affected the profit for 2007 as the result for the 13 days of ownership is immaterial.

Operating income during 2007 reached a new record DKK 1,564 million for the Group, compared to DKK 1,002 million during 2006. This 56% year-on-year increase in operating income reflected consistent growth in the Bank's foreign exchange trading business as well as the firm establishment of the Bank's online investment trading capabilities across the other capital markets products; CFDs, futures and traditional stocks.

Trading volumes across all products reflected the underlying growth of the Bank's core business with investment trading activities and related earnings within the CFD and futures markets contributing 88% and 66% year-on-year growth respectively. Trading income from foreign exchange trading activities continued to grow across all client segments with combined daily trading volumes reaching in excess of EUR 1,400 billion for the year.

The total number of client accounts engaged by Saxo Bank increased by 85% during the year. The Bank increased the client engagements secured through its white label partnerships by 118%, through partnerships with introducing brokers by 36% and through direct sales efforts by 47%.

Operating costs for the year were DKK 1,200 million for the Group, an increase of 50% from the previous year. The Bank invested in technology development and marketing campaigns.

Globally, the Group increased the number of personnel by 327 during 2007, from which 73 joined the Group through the acquisition of Synthesis Bank in December

2007. Of the total number of 1,179 employees, 324, or 27%, are based outside Denmark.

## **BALANCE SHEET, SOLVENCY AND EQUITY**

Client cash deposits in the Bank increased from DKK 4.5 billion to DKK 6.3 billion and to DKK 7.1 billion in the Group. The value of clients' assets held with Saxo Bank increased by 51% to DKK 8.6 billion. Total assets increased from DKK 6.1 billion to DKK 9.0 billion, an increase of 47% during the year. At the end of 2007, the total assets for the Group including Synthesis Bank amounted to DKK 10.0 billion.

The acquisition of Synthesis Bank AG was completed on 18 December 2007. At an extraordinary general meeting, the share capital in Saxo Bank A/S was, as a part of the remuneration to the shareholders of the Swiss bank, increased by nominal DKK 3,947,808 new shares at a price of DKK 110 each.

At the same extraordinary general meeting it was approved that preference shares should be converted to ordinary shares so that all shares have the same rights.

During 2007, Saxo Bank has furthermore increased the share capital by issuing 100,021 new shares as a result of the expiry of warrants issued to employees in 2002 and 2003. In addition 2,156,644 warrants were granted in 2007.

The Bank's overall capital base was strengthened in 2007 with the addition of EUR 45 million in subordinated loan. At the beginning of 2007, the pre-existing EUR 10 million

subordinated loan with Deutsche Bank was repaid. At the end of 2007, subordinated loans amounted in total to EUR 55 million or DKK 410 million.

The Board proposes to the annual general meeting of the shareholders that DKK 90.8 million of the profit after tax is distributed as dividend to the shareholders and DKK 184.4 million is allocated to the shareholders' equity. This brings the total shareholders' equity, including the proposed dividend, to DKK 1,093 million at the end of 2007.

At the end of the financial year the solvency rate was 20% for the Bank and 18.2% for the Group - comfortably above the minimum obligatory requirement and sufficient enough to support the increased level of traded exposures brought about by the growth in overall trading activities.

### RISK MANAGEMENT

Saxo Bank continues to focus on maintaining an effective balance between the size and nature of its current and future risk exposures and the overall capacity of the Bank to actively monitor, control and mitigate those risks.

The Bank operates with efficient market-making functions in support of the Bank's overall offering to clients and Partners for foreign exchange and CFD investment trading operations. All other traded instruments are supported on the Bank's online investment trading platform on a fully hedged basis, in compliance with the prevailing operating mandate issued to the Management by the Board.

During the year, the Board has approved regulated increases in the Bank's overall risk parameters for foreign exchange related investment trading in response to the continued growth in overall trading volumes.

Further enhancements within the Bank's risk management control and reporting systems have been implemented under the guidance of the risk management function during 2007. The Bank's continuous development of the Value-at-Risk (VaR) based risk measurement methodologies and enhanced real-time risk exposure management tools shows our dedication to managing our risk effectively.

### CREDIT RISK

Credit risk is defined as the risk that counterparts of the Bank fail to fulfil their agreed obligations and that pledged collateral does not cover the Bank's claim.

The credit risk in the Bank arises due to counterpart's loss on margin trading whereas the Bank does not engage in normal lending activities. Credit lines of limited size are granted to a limited number of clients following written approval procedures. The risk is monitored on a real-time basis automatically and manually with execution of stop-outs made in due time to avoid any credit situation. Further details on the Bank's credit risk are shown on page 45 of the Annual Report.

### MARKET RISK

Market risk is defined as the risk of loss due to movements in market values as a result of general or specific movements in financial market variables such as interest rates, foreign exchange rates, equity prices and commodity prices.

The market risk in the Bank is monitored using different VaR models, calculating the risk on the Bank's exposures across the different products and specific instruments on a daily and real-time basis. The Bank is operating within specific limits per product and instrument set by the Board. The risk exposure is mainly in FX (spot, forwards and options) and in equities (CFDs). Other exposures are generally fully hedged. The Bank's exposure to interest rate risk is very limited. Further details on the Bank's market risk are shown on pages 46 to 48 in the Annual Report.

### LIQUIDITY RISK

Liquidity risk is defined as the risk of being only able to meet liquidity commitments at increased cost or, ultimately, being unable to meet obligations as they fall due.

The liquidity risk management focuses on short-term liquidity risk as well as long-term structural liquidity risk. The Bank's non-lending policy, as well as the policy of placing the majority of excess cash in short term bonds, secures the Bank's ability to meet all obligations as they fall due. The Bank is monitoring this on a regular basis and aims to always maintain a positive stable funding.

**OPERATIONAL RISK**

Operational risk is defined as the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems or from external events including legal and compliance risks.

The operational risks are inherent in all activities within the organisation and in all interaction with external parties. The Bank is monitoring the operational risk through internal controls and quality management on an ongoing basis, working from a risk-management framework with skilled personnel.

**FINANCIAL OUTLOOK 2008**

Saxo Bank expects to continue the growth and global expansion during 2008 with emphasis on increasing market share, enhancing product and service offerings and increasing revenues. We aim to achieve this through a well-balanced programme of product innovation, expert facilitation and improved distribution capabilities.

The Bank is very strongly positioned going into 2008 with the London, Singapore and Marbella offices well established and the newly acquired Synthesis Bank playing an increasing role. With a new global organisation framework instigated in the autumn of 2007, the sales force has been further strengthened.

Saxo Bank (Switzerland) SA, the new name of Synthesis Bank, showed a profit in 2007 and is expected to show a profit for 2008.

The subsidiary, Saxo Capital Markets Pte. Ltd., opened an office in Singapore in November 2006, subsequently showing a loss at the end of that year. However, in 2007 their activities as an institutional broker and a white label partner of Saxo Bank A/S showed a profit and are expected to do so in 2008 as well.

The subsidiary I.I. Real Estate A/S, holding the Bank's present domicile, is to continue the rental business and is expected to make a profit in 2008 as in 2007. The planned move of the Saxo Bank headquarters to the new location in Tuborg Havn in 2008 is not expected to change this.

The subsidiary Saxo Soft A/S, operating the Bank's software development activities in St Petersburg, is expected to further increase the development activities for the Bank during 2008. The loss in 2007 should be turned into a small profit for 2008.

The Bank expects increased profits on ordinary activities for 2008, where operating income is expected to reflect steady growth across the client, product and market segments, and operating costs will reflect the Bank's continued commitment for investing in personnel, technology, products and services.

**POST BALANCE SHEET EVENTS**

No events occurring after the balance sheet date have had any significant influence on the financial position of the Bank.

**BOARD OF DIRECTORS**

At the Bank's annual general meeting in March 2007 Dionysios Nicolaos Malamatinas was elected to the Board, while Henning Skovlund Pedersen and Teddy Kær Jacobsen left the Board.

**ANNUAL GENERAL MEETING**

The Bank's annual general meeting will be held at 3pm on Tuesday, 18 March 2008 at Smakkedalen 2, DK-2820 Gentofte.

**SHAREHOLDER INFORMATION**

The following shareholders have registered shareholdings of more than 5% of the bank's share capital.

Internet Invest Holding A/S, Smakkedalen 2, DK-2820 Gentofte, Denmark.

GA Global Investments Limited, Papyros Building, 6 Themistocles Dervis Street, CY-1066 Nicosia, Cyprus.

Synthesis Group S.A., 16 Allée Marconi, LU-2120 Luxembourg

# MANAGEMENT STATEMENT

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## STATEMENT OF THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

The Board of Directors and Board of Management have considered and approved the Annual Report for 2007 for Saxo Bank A/S.

The Annual Report has been prepared in accordance with the Danish Financial Business Act. In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2007, and the results of the Group's and the Parent Company's operations for the financial year 2007. Moreover, in our opinion, the Management's Report gives a true and fair view of the developments in the activities and financial position of the Group and the Parent Company and describes significant risk and uncertainty factors that may affect the Group and the Parent Company.

The Annual Report 2007 is submitted for the approval of the Annual General Meeting.

Copenhagen, 28 February 2008

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## BOARD OF MANAGEMENT

**Lars Seier Christensen**

**Kim Fournais**

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## BOARD OF DIRECTORS

**Henrik Thufason**  
*Chairman of the Board*

**Florian Wendelstadt**  
*Vice Chairman of the Board*

**John Korsø Jensen**

**Dionysios Nicolaos Malamatinas**

**Julian Michael Simmonds**

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# THE INDEPENDENT AUDITORS' REPORT

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## **TO THE SHAREHOLDERS OF SAXO BANK A/S**

We have audited the Annual Report of Saxo Bank A/S for the financial year 1 January – 31 December 2007, which comprises the statement by the Board of Directors and Board of Management on the Annual Report, management's review, accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Bank. The Annual Report has been prepared in accordance with the Danish Financial Business Act.

## **THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT'S RESPONSIBILITY FOR THE ANNUAL REPORT**

The Board of Directors and Board of Management are responsible for the preparation and fair presentation of this Annual Report in accordance with the Danish Financial Business Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **AUDITORS' RESPONSIBILITY AND BASIS OF OPINION**

Our responsibility is to express an opinion on this Annual Report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material mis-statement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the Annual Report 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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Board of Management, as well as evaluating the overall presentation of the Annual Report.

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

Our audit did not result in any qualification.

**OPINION**

In our opinion, the Annual Report gives a true and fair view of the Group's and the Bank's financial position at 31 December 2007 and of the results of the Group's and the Bank's operations for the financial year 1 January – 31 December 2007 in accordance with the Danish Financial Business Act.

Copenhagen, 28 February 2008

**KPMG C. Jespersen**

Statsautoriseret Revisionsinteressentskab

**Henrik O. Larsen**

State Authorised  
Public Accountant

**Lars Rhod Søndergaard**

State Authorised  
Public Accountant



# ACCOUNTING POLICIES

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## GENERAL

The Annual Report for 2007 has been prepared in accordance with the Danish Financial Business Act, the Danish executive order on financial reports for credit institutions and investment companies, etc., and in accordance with the guidance issued by The Danish Financial Supervisory Authority.

The financial accounts of Saxo Bank A/S are included in the consolidated accounts prepared by the Bank's parent company, Internet Invest Holding A/S, Gentofte.

The accounting policies are unchanged compared to last year.

## Consolidation

The consolidated financial accounts comprise the parent company Saxo Bank A/S and the affiliated undertakings, in which the parent company exercise a controlling interest.

The consolidated financial accounts are prepared by adding accounting items of similar content. Inter-company transactions, balances and gains and losses from inter-company transactions are eliminated.

The purchase method is applied when acquiring new affiliated undertakings, according to which the identifiable assets and liabilities acquired, are stated at their fair value on the acquisition date. Where the acquisition price exceeds the fair value of the net assets acquired, any differential is capitalised as goodwill.

For each of the companies in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the individual company operates. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

On recognition in the consolidated financial statements of companies with another functional currency than DKK, the income statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening balance of equity of such companies at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in shareholders equity.

Foreign exchange adjustments of balances which are considered part of the investment in companies with another functional currency than DKK are recognised in the consolidated financial statements directly in equity under other reserves.

## Foreign currency exchange

The functional currency of the bank is Danish kroner (DKK).

Any transaction, which has been made in another currency than the functional currency of the bank, is translated at the exchange rates at the transaction date. Monetary items in any different currency are translated at the closing price of the currency at the balance sheet date.

Realised and unrealised gains and losses are recognised in the profit and loss account as financial items.

## PROFIT AND LOSS ACCOUNT

### Interest and commission

Interest revenues and interest expenses, commission and premiums on forward transactions are accrued over the lifetime of the transactions. Dividends, fees and other commission revenue are recognised as income when received.

Received and paid fees and commissions result from trading with equities and derivative financial instruments.

#### **Result of participating interests in affiliated undertakings**

The parent company's profit and loss account include a proportional share of the pre-tax profit or loss reported by the individual affiliated undertakings.

### **BALANCE SHEET**

#### **Loans and advances**

Loans and advances are measured at the amortised cost price. It is continuously and on the balance sheet date evaluated as to whether there is any evidence of impairment in the value of loans and advances. If there is evidence of impairment, the relevant loan or advance is written down, if the book value exceeds the present value of the expected future payment on the loan or advance.

#### **Participating interest in affiliated undertakings**

Participating interest in affiliated undertakings comprise shares in subsidiaries. The participating interests are recognised and measured in accordance with the equity method, calculated in accordance with the Bank's accounting policies. The aggregate of the participating interests pre-tax profit is recognised in the profit and loss account as "Result of participating interests in affiliated undertakings". Tax in the affiliated undertakings is recognised in the profit and loss account under "Tax".

The book value of participating interest in affiliated undertakings is revalued or written down with the parent company's proportional share of the profits or losses for the year and any adjustment of the book value of the affiliated undertakings being recognised as a change in capital in the affiliated undertakings. The net revaluation is transferred to reserve for net revaluation according to the equity method.

#### **Intangible and tangible fixed assets**

Intangible and tangible fixed assets are recognised at cost less any accumulated depreciation, amortisation and write-downs.

Goodwill arises on the acquisition of affiliated undertakings and is calculated as the difference between the cost of an undertaking acquired and the fair value of its net assets, including contingent liabilities, at the time of acquisition.

The costs of in-house software development, which are clearly defined and identifiable, are recognised as intangible assets provided they provide a proven and anticipated financial benefit in future.

Domicile property is measured at revalued value representing the fair value at the time of revaluation less any subsequent, accumulated depreciation and loss owing to impairment.

The intangible and tangible fixed assets are amortised and depreciated on a straight-line basis over the estimated useful life. Amortisation and depreciation periods are as follows:

Software	3 years
Client relations	4 years
Buildings	50 years
Leasehold improvements	5 years
Fixtures, equipment and vehicles	5 years
IT equipment	3 years

Intangible and tangible fixed assets are measured annually to determine any indication of impairment. Impairment is recognised if the asset's recoverable amount is less than the book value following any depreciation or amortisation.

Depreciation, amortisation and impairment losses are recognised in the profit and loss account.



**Securities and derivative financial instruments**

Purchases and sales of financial assets are accounted for on the trade date.

Securities are measured at the fair value at the balance sheet date. Listed securities are recognised at officially quoted prices. Value adjustments of securities are recognised in the profit and loss account.

Derivative financial instruments (open spot transactions, forward exchange transactions, futures and options, etc.) are measured at fair value which is determined on the basis of the closing prices at the balance sheet date.

For matching positions mid prices are applied as the basis for determining the fair value of the matching position and bid/ask prices on the open net position, respectively.

Derivative financial instruments with a positive fair value are recognised as "Other assets" while instruments with a negative fair value are recognised as "Other liabilities".

Net premiums on forward transactions related to foreign exchange and securities are stated on an accrued basis and disclosed in the profit and loss account as interest revenue. Other changes in fair value of the derivative financial instruments are disclosed in the profit and loss account under "Price and exchange rate adjustments".

**Proposed dividends**

The Board of Director's proposal for a dividend for the year is included as a separate reserve in shareholders'

equity. When the general meeting has adopted the proposal the dividend is recognised as a liability.

**Warrants**

For the bank's schemes established prior to 1 January 2004, the estimated market value of warrants issued to the Bank's employees was recognised in the profit and loss account as staff costs at the time of issue and recognised in equity.

Schemes established subsequently are recognised as cost in the profit and loss account over the relevant vesting period. At the same time, a corresponding increase is recognised in equity.

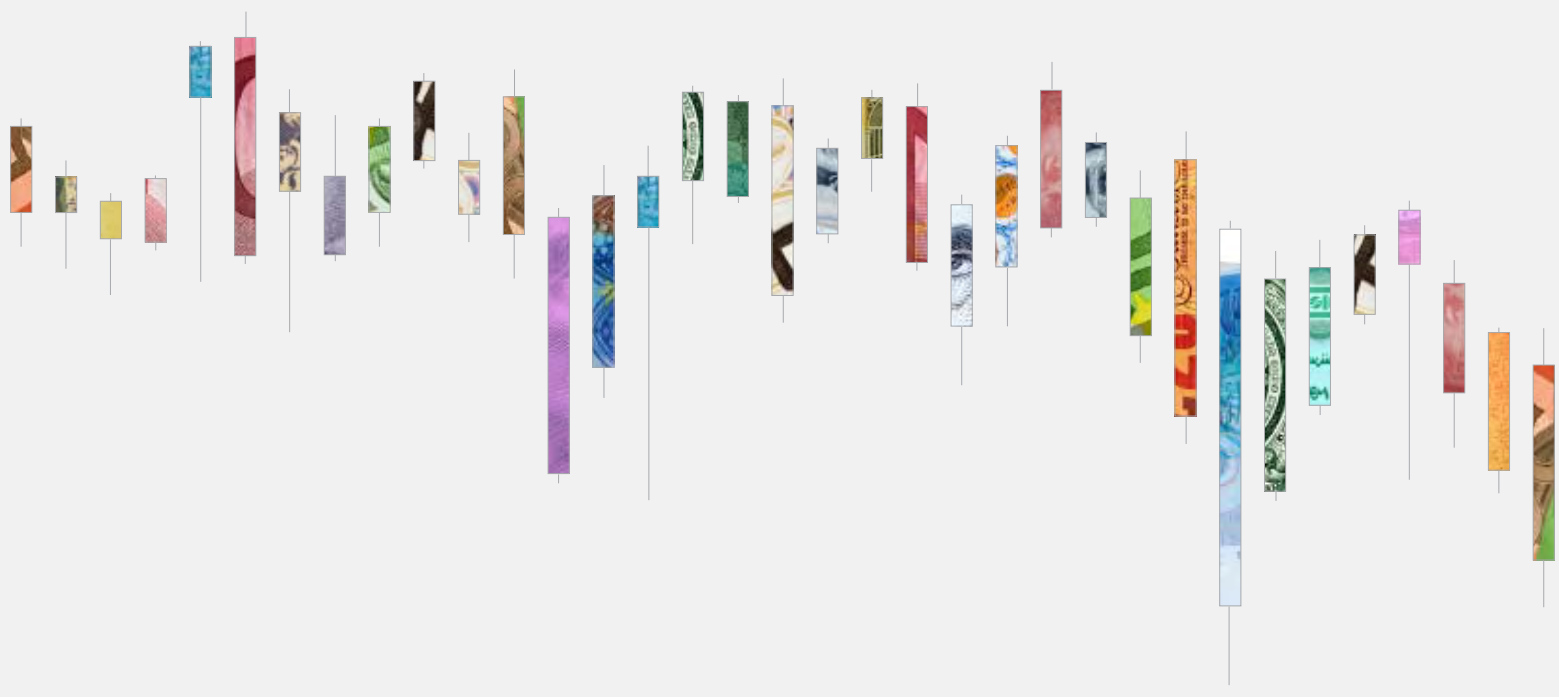
**Tax**

Saxo Bank is taxed jointly with the parent company and Danish subsidiaries. The joint taxation involves allocation between the jointly taxed Danish companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprise current tax for the year, changes in deferred tax and adjustments regarding previous years, and is recognised in the profit and loss account except tax related to changes in equity.

Changes in deferred tax owing to a change in tax rates are recognised in the profit and loss account.

Deferred tax is calculated on timing difference between the profit for accounting and tax purposes.



## PROFIT AND LOSS ACCOUNT

(DKK '000)	Note	Saxo Bank Group		Saxo Bank A/S	
		2007	2006	2007	2006
Interest receivable	1	785,133	512,604	796,264	515,075
Interest payable	2	-554,240	-302,501	-562,021	-301,391
Net interest receivable		230,893	210,103	234,243	213,684
Fees and commissions receivable		435,751	282,027	420,001	281,989
Fees and commissions payable		-875,357	-575,053	-870,060	-575,026
Net interest, fees and commissions receivable		-208,713	-82,923	-215,816	-79,353
Price and exchange rate adjustments	3	1,773,162	1,084,886	1,634,605	1,084,169
<b>Operating income</b>		<b>1,564,449</b>	1,001,963	<b>1,418,789</b>	1,004,816
Other income	4	686	839	1,616	1,155
Staff costs and administrative expenses	5	-1,138,226	-761,235	-1,071,557	-744,273
Depreciation and amortisation of intangible and tangible assets	6	-54,746	-33,811	-50,749	-32,294
Other charges		-4,242	-330	-4,242	-330
Loss and provisions for bad debts	7	-3,062	-2,317	-3,062	-2,317
Result of participating interests in affiliated undertakings	8	-	-	74,064	-21,648
<b>Profit on ordinary operations before tax</b>		<b>364,859</b>	205,109	<b>364,859</b>	205,109
Tax	9	-89,610	-60,979	-89,610	-60,979
<b>Net profit for the financial year</b>		<b>275,249</b>	144,130	<b>275,249</b>	144,130
<b>Proposed allocation of Profits</b>					
Dividend for the year		<b>90,832</b>	47,563	<b>90,832</b>	47,563
Equity method reserve		-	-	<b>38,208</b>	0
Allocation to retained earnings		<b>184,417</b>	96,567	<b>146,209</b>	96,567
<b>Total allocation</b>		<b>275,249</b>	144,130	<b>275,249</b>	144,130

## BALANCE SHEET AS AT DECEMBER 31

(DKK '000)	Note	Saxo Bank Group		Saxo Bank A/S	
		2007	2006	2007	2006
<b>ASSETS</b>					
Cash in hand and demand deposits with central banks		8,751	199	151	199
Receivables from credit institutions and central banks	10	2,942,157	2,055,777	2,441,917	2,023,392
Loans and advances at amortized costs	11	118,160	121,780	168,965	174,691
Bonds at fair value	12	4,604,484	2,651,823	4,143,251	2,651,823
Equities		597	0	0	0
Holdings in associated undertakings		2,796	0	0	0
Participating interest in affiliated undertakings	13	-	-	278,254	21,963
Goodwill		413,000	0	413,000	0
Intangible assets	14	111,930	47,744	91,481	47,744
Domicile premises	15	50,762	30,369	0	0
Tangible assets	16	123,608	103,244	88,813	66,858
Deferred tax assets	19	50,169	4,574	7,743	0
Tax receivables	19	40,537	0	40,245	0
Other assets		1,509,123	1,132,378	1,345,536	1,131,567
Prepayments		20,163	7,673	9,273	6,410
<b>Total assets</b>		<b>9,996,237</b>	6,155,561	<b>9,028,629</b>	6,124,647
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
Debt to credit institutions and central banks	17	154,824	18,330	154,244	2,587
Deposits	18	7,143,690	4,524,783	6,320,095	4,524,783
Company tax	19	13,661	26,773	0	26,288
Other liabilities		1,151,029	992,162	1,027,934	977,591
<b>Total debts</b>		<b>8,463,204</b>	5,562,048	<b>7,502,273</b>	5,531,249
Provisions for pensions and similar liabilities		2,695	0	0	0
Provisions for deferred tax	19	24,881	12,035	20,899	11,920
Other provisions		2,375	225	2,375	225
<b>Total provisions</b>		<b>29,951</b>	12,260	<b>23,274</b>	12,145
<b>Subordinated loan</b>	20	<b>410,031</b>	149,143	<b>410,031</b>	149,143
<b>Shareholders' equity</b>					
Share capital		58,982	54,934	58,982	54,934
Equity method reserve		0	0	38,208	0
Other reserves		0	2,911	0	2,911
Proposed dividend		90,832	47,563	90,832	47,563
Retained earnings		943,237	326,702	905,029	326,702
<b>Total shareholders' equity</b>		<b>1,093,051</b>	432,110	<b>1,093,051</b>	432,110
<b>Total shareholders' equity and liabilities</b>		<b>9,996,237</b>	6,155,561	<b>9,028,629</b>	6,124,647
Contingent and contractual liabilities	21				
Related parties	22				

## CHANGES IN CAPITAL SAXO BANK GROUP

<b>SHAREHOLDERS' EQUITY</b> (DKK '000)	<b>Share Capital</b>	<b>Other Reserves</b>	<b>Proposed dividend</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Shareholders' Equity 1 January 2006</b>	<b>54,286</b>	<b>442</b>	<b>52,171</b>	<b>228,982</b>	<b>335,881</b>
Net profit for the year	-	-	-	96,567	96,567
Exchange rate adjustments, affiliated undertakings	-	2,269	-	-	2,269
Dividend paid for 2005	-	-	-52,171	-	-52,171
Proposed dividend for 2006	-	-	47,563	-	47,563
Issue of warrants	-	200	-	-	200
Increase in share capital by use of warrants	648	-	-	1,153	1,801
<b>Shareholder's Equity 31 December 2006</b>	<b>54,934</b>	<b>2,911</b>	<b>47,563</b>	<b>326,702</b>	<b>432,110</b>
Net profit for the year	-	-	-	184,417	184,417
Exchange rate adjustments, affiliated undertakings	-	-5,508	-	-	-5,508
Dividend paid for 2006	-	-	-47,563	-	-47,563
Proposed dividend for 2007	-	-	90,832	-	90,832
Issue of warrants	-	4,000	-	-	4,000
Increase in share capital by use of warrants	100	-	-	404	504
Increase in share capital, acquisition	3,948	-	-	430,311	434,259
Transfer of other reserves	-	-1,403	-	1,403	0
<b>Shareholder's Equity 31 December 2007</b>	<b>58,982</b>	<b>0</b>	<b>90,832</b>	<b>943,237</b>	<b>1,093,051</b>

## CHANGES IN CAPITAL SAXO BANK A/S

SHAREHOLDERS' EQUITY (DKK '000)	Share Capital	Equity Method Reserve	Other Reserves	Proposed dividend	Retained Earnings	Total
<b>Shareholders' Equity 1 January 2006</b>	<b>54,286</b>	<b>0</b>	<b>442</b>	<b>52,171</b>	<b>228,982</b>	<b>335,881</b>
Net profit for the year	-	-	-	-	96,567	96,567
Exchange rate adjustments, affiliated undertakings	-	-	2,269	-	-	2,269
Dividend paid for 2005	-	-	-	-52,171	-	-52,171
Proposed dividend for 2006	-	-	-	47,563	-	47,563
Issue of warrants	-	-	200	-	-	200
Increase in share capital by use of warrants	648	-	-	-	1,153	1,801
<b>Shareholder's Equity 31 December 2006</b>	<b>54,934</b>	<b>0</b>	<b>2,911</b>	<b>47,563</b>	<b>326,702</b>	<b>432,110</b>
Net profit for the year	-	38,208	-	-	146,209	184,417
Exchange rate adjustments, affiliated undertakings	-	-	-5,508	-	-	-5,508
Dividend paid for 2006	-	-	-	-47,563	-	-47,563
Proposed dividend for 2007	-	-	-	90,832	-	90,832
Issue of warrants	-	-	4,000	-	-	4,000
Increase in share capital by use of warrants	100	-	-	-	404	504
Increase in share capital, acquisition	3,948	-	-	-	430,311	434,259
Transfer of other reserves	-	-	-1,403	-	1,403	0
<b>Shareholder's Equity 31 December 2007</b>	<b>58,982</b>	<b>38,208</b>	<b>0</b>	<b>90,832</b>	<b>905,029</b>	<b>1,093,051</b>

The share capital has been increased by 4,047,829 shares with a nominal value of DKK 1 in 2007.

The share capital consists of 58,982,434 shares with a nominal value of DKK 1. All shares have the same rights.

The bank has issued warrants as follows:

Year of issue		Amount Issued	Exercised/ Expired	Out-standing	Strike Price	Expiry
2003	Employees	102,000	102,000	0	5,28	2007
2006	Board	72,382	0	72,382	87,73	2009
2007	Board	51,364	0	51,364	110	2010
2007	Employees	510,280	0	510,280	110	2010
2007	Employees	1,595,000	0	1,595,000	110	2011-14
<b>Total</b>		<b>2,331,026</b>	<b>102,000</b>	<b>2,229,026</b>		

Exercising of warrants issued to the employees in 2007 is conditional on the presence and performance of the employee.

## SOLVENCY

(DKK ' 000)	Saxo Bank Group		Saxo Bank A/S	
	2007	2006	2007	2006
Shareholders' equity	1,093,051	432,110	1,093,051	432,110
Deduction in core capital:				
Intangible assets	-524,930	-47,744	-504,481	-47,744
Proposed dividend	-90,832	-47,563	-90,832	-47,563
Deferred tax assets	-50,169	-4,574	-7,743	0
Core capital after deduction	427,120	332,229	489,995	336,803
Subordinated loan	410,031	149,143	410,031	149,143
<b>Base capital</b>	<b>837,151</b>	<b>481,372</b>	<b>900,026</b>	<b>485,946</b>
<b>Capital requirement 8% of total weighted items</b>	<b>368,787</b>	<b>280,906</b>	<b>360,822</b>	<b>280,713</b>
Weighted items outside the traded portfolio (a)	1,697,710	719,108	1,682,672	718,677
Counterparty risk etc.	608,052	-	608,052	-
Credit risk outside the traded portfolio	1,089,658	719,108	1,074,620	718,677
Weighted items with market risk (b)	2,912,122	2,792,222	2,827,605	2,790,230
Interest risk	228,764	165,666	218,391	165,666
Share price risk	515,989	303,722	468,288	303,722
Counterparty risk etc.	-	502,781	-	502,781
Exchange rate risk (indicator 1)	2,167,369	1,820,053	2,140,926	1,818,061
<b>Total weighted items</b>	<b>4,609,832</b>	<b>3,511,330</b>	<b>4,510,277</b>	<b>3,508,907</b>
<b>Core capital ratio</b>	<b>9.3%</b>	<b>9.5%</b>	<b>10.9%</b>	<b>9.6%</b>
<b>Solvency ratio</b>	<b>18.2%</b>	<b>13.7%</b>	<b>20.0%</b>	<b>13.8%</b>

(a) Including counterparty risk according to capital adequacy rules applied for 2007.

(b) Including counterparty risk according to capital adequacy rules applied for 2006.

Credit risk outside the traded portfolio for 2007 has been calculated according to the transitional rules. At the same time the option of not calculating the operational risk has been used. Market risks are calculated according to the standard methods.

Solvency requirement for items with market risk (DKK ' 000)	Saxo Bank Group		Saxo Bank A/S	
	2007 Weighted Items	8%	2007 Weighted Items	8%
Debt instruments	228,764	18,301	218,391	17,471
Shares	515,989	41,279	468,288	37,463
Counterparty risk	608,052	48,644	608,052	48,644
Delivery risk	-	-	-	-
Options	-	-	-	-
Foreign exchange	2,167,369	173,390	2,140,926	171,274
<b>Total</b>	<b>3,520,174</b>	<b>281,614</b>	<b>3,435,657</b>	<b>274,852</b>

The weighted items with market risk have in average amounted to DKK 3.1 billion in 2007 for the Bank and for the Group.

## SOLVENCY

Solvency requirement for items with credit risk (DKK ' 000)	Saxo Bank Group		Saxo Bank A/S	
	2007 Weighted Items	8%	2007 Weighted Items	8%
Receivables from credit institutions and central banks	588,431	47,074	488,383	39,071
Loans and advances at amortised costs	84,034	6,723	154,111	12,329
Participating interest in associated undertakings	2,796	224	-	0
Participating interest in affiliated undertakings	-	-	278,254	22,260
Domicile premises	50,762	4,061	-	0
Tangible assets	123,608	9,889	88,813	7,105
Other assets	217,267	17,381	53,680	4,294
Prepayments	20,163	1,613	9,273	742
Off balance sheet items	2,597	208	2,106	168
<b>Total</b>	<b>1,089,658</b>	<b>87,173</b>	<b>1,074,620</b>	<b>85,969</b>

The weighted items with credit risk have in average amounted to DKK 0.9 billion in 2007 for the Bank and for the Group. No credit risk mitigation has been used. The loans and writedowns are limited cf. note 11.

## CREDIT RISK

LOANS, ADVANCES AND GUARANTEES BY SECTOR AND INDUSTRY	Saxo Bank Group		Saxo Bank A/S	
	2007	2006	2007	2006
Credit, finance and insurance	96%	95%	97%	93%
Property and trading administration, business service	0%	0%	0%	2%
<b>Total corporate sector</b>	<b>96%</b>	<b>95%</b>	<b>97%</b>	<b>95%</b>
Private customers	4%	5%	3%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>CREDIT RISK, DERIVATIVE FINANCIAL INSTRUMENTS (DKK '000)</b>				
Positive market value, counterparty with risk weighted of 20%	224,678	261,411	224,678	261,411
Positive market value, counterparty with risk weighted of 100%	987,887	525,398	987,887	525,398
<b>Total credit risk, derivative financial instruments</b>	<b>1,212,565</b>	<b>786,809</b>	<b>1,212,565</b>	<b>786,809</b>
<b>Provisions against loans, advances and guarantees as at December 31</b>	<b>5,950</b>	<b>2,926</b>	<b>5,950</b>	<b>2,926</b>



## MARKET RISK

(DKK ' 000)	Saxo Bank Group		Saxo Bank A/S	
	2007	2006	2007	2006
Assets in foreign currency, total	4,059,401	2,704,099	4,059,401	2,704,099
Liabilities in foreign currency, total	3,642,186	2,406,866	3,642,186	2,406,866
Exchange rate indicator 1	2,167,369	1,820,053	2,140,926	1,818,061
Exchange rate indicator 1 as percentage of core capital	507.4%	547.8%	436.9%	539.8%
Exchange rate indicator 2	24,257	33,753	24,257	33,753
Exchange rate indicator 2 as percentage of core capital	5.7%	10.2%	5.0%	10.0%
<b>Interest rate risk</b>				
Interest risk on loans included in the traded portfolio	13,398	3,950	12,924	3,950
Interest risk on loans not included in the traded portfolio	-1,025	0	-1,025	0
<b>Total interest risk on loans etc.</b>	<b>12,373</b>	3,950	<b>11,899</b>	3,950
<b>Total interest rate risk broken down by currency</b>				
DKK	260	498	260	498
EUR	12.163	302	11.961	302
USD	-471	6.714	-474	6.714
JPY	899	-202	899	-202
GBP	65	233	65	233
CHF	163	-164	-107	-164
Other	-706	-3.431	-706	-3.431

Interest rate risk is calculated by a transformation of the interest rate curve by 1 percentage point. An interest rate increase/decrease will result in a profit/a loss of DKK 1 million. The interest rate risk outside the traded portfolio is assessed monthly.

## MARKET RISK

Saxo Bank Group

**DERIVATIVE FINANCIAL INSTRUMENTS** (DKK '000) / Specified by remaining life as at 31 December 2007

	3 months and below		Over 3 months to 1 year		Over 1 year to 5 years		Over 5 years	
	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value
<b>Currency contracts</b>								
Forwards/futures bought	31,384,850	121,750	504,893	-10,281	-	-	-	-
Forwards/futures sold	30,377,680	197,659	424,075	16,239	-	-	-	-
Options bought	12,118,546	114,075	611,909	20,544	-	-	-	-
Options written	11,467,211	-103,305	876,649	-28,126	-	-	-	-
<b>Interest rate contracts</b>								
Forwards/futures bought	875,601	-1,244	776,072	988	129,948	125	-	-
Forwards/futures sold	870,516	-618	777,114	-787	130,032	-134	-	-
Options bought	151,454	799	-	-	-	-	-	-
Options written	151,454	-799	-	-	-	-	-	-
<b>Equity contracts</b>								
Forwards/futures bought	5,019,428	127	1,325	-6	-	-	-	-
Forwards/futures sold	4,956,443	111,425	1,325	6	-	-	-	-
Options bought	-	-	-	-	-	-	-	-
Options written	-	-	-	-	-	-	-	-
<b>Commodity contracts</b>								
Forwards/futures bought	559,082	10,592	258,360	-677	17,409	1,485	-	-
Forwards/futures sold	567,123	-1,683	259,912	1,556	17,105	-1,786	-	-

## MARKET RISK

Saxo Bank Group

### DERIVATIVE FINANCIAL INSTRUMENTS (DKK '000)

	2007		2006		2007		2006	
	Notional amount	Net market value	Notional amount	Net market value	Market Value Positive	Market Value Negative	Market Value Positive	Market Value Negative
<b>Currency contracts</b>								
Forwards/futures bought	31,889,743	111,593	14,725,475	273,596	319,880	208,287	309,477	35,882
Forwards/futures sold	30,801,755	213,897	13,271,672	-245,109	368,750	154,853	41,711	286,820
Options bought	12,744,025	134,640	8,443,843	49,429	134,640	-	49,429	-
Options written	12,370,808	-131,748	5,214,606	-41,017	-	131,748	-	41,017
<b>Interest rate contracts</b>								
Forwards/futures bought	1,781,622	-130	1,596,856	-7,085	2,644	2,774	46	7,131
Forwards/futures sold	1,777,662	-1,540	1,592,777	5,556	1,372	2,912	5,592	36
Options bought	151,454	799	-	-	799	-	-	-
Options written	151,454	-799	-	-	-	799	-	-
<b>Equity contracts</b>								
Forwards/futures bought	5,020,753	122	5,918,718	171,662	94,140	94,019	242,642	70,980
Forwards/futures sold	4,957,768	111,431	5,964,262	-123,247	250,950	139,519	106,694	229,941
Options bought	-	-	45,733	310	-	-	310	-
Options written	-	-	45,733	-310	-	-	-	310
<b>Commodity contracts</b>								
Forwards/futures bought	834,852	11,400	1,350,197	6,751	20,787	9,387	13,994	7,243
Forwards/futures sold	844,140	-1,913	1,363,724	5,327	11,271	13,185	16,558	11,231
Options bought	-	-	67,222	356	-	-	356	-
Options sold	-	-	67,222	-356	-	-	-	356
<b>Total</b>		<b>447,752</b>		95,863	<b>1,205,233</b>	<b>757,483</b>	786,809	690,947

### UNSETTLED SPOT TRANSACTIONS (DKK '000)

<b>Currency contracts</b>								
Foreign exchange, transactions bought	4,295,611	-172	12,187,566	177,454	7,214	7,386	203,503	26,049
Foreign exchange, transactions sold	5,878,688	25,650	10,415,174	-27,802	28,529	2,879	78,151	105,953
<b>Total</b>	<b>10,174,299</b>	<b>25,478</b>	22,602,740	149,652	<b>35,743</b>	<b>10,265</b>	281,654	132,002

## NOTES TO THE PROFIT AND LOSS ACCOUNT

Note (DKK '000)	Saxo Bank Group		Saxo Bank A/S	
	2007	2006	2007	2006
<b>1 Interest receivable</b>				
Receivables from credit institutions and central banks	171,957	120,271	162,306	120,258
Loans and advances	98,669	79,128	119,451	81,612
Bonds	129,146	79,718	129,146	79,718
Derivative financial instruments	385,361	233,303	385,361	233,303
Other interest income	0	184	0	184
<b>Total interest receivable</b>	<b>785,133</b>	512,604	<b>796,264</b>	515,075
<b>2 Interest payable</b>				
Credit institutions and central banks	-242,074	-94,073	-251,788	-93,009
Deposits	-101,110	-146,345	-99,177	-146,299
Subordinated loan	-22,365	-7,421	-22,365	-7,421
Derivative financial instruments	-188,454	-51,938	-188,454	-51,938
Other interest payable	-237	-2,724	-237	-2,724
<b>Total interest payable</b>	<b>-554,240</b>	-302,501	<b>-562,021</b>	-301,391
<b>3 Price and exchange rate adjustments</b>				
Bonds	-1,053	-1,508	-1,053	-1,508
Foreign exchange	1,444,472	891,409	1,345,604	890,692
Derivative financial instruments	329,743	194,985	290,054	194,985
<b>Total price and exchange rate adjustments</b>	<b>1,773,162</b>	1,084,886	<b>1,634,605</b>	1,084,169
<b>4 Other income</b>				
Gain on disposal of tangible assets	103	244	103	244
Rent income	24	144	24	144
Administrative services	16	18	1,290	334
Reversal of provisions for court cases, prior years	0	170	0	170
Other	543	263	199	263
<b>Total other income</b>	<b>686</b>	839	<b>1,616</b>	1,155

## NOTES TO THE PROFIT AND LOSS ACCOUNT

Note (DKK '000)	Saxo Bank Group		Saxo Bank A/S	
	2007	2006	2007	2006
<b>5 Staff costs and administrative expenses</b>				
Salaries and remuneration of Board of Directors and Chief Executive Officers				
Chief Executive Officers	-37,822	-24,963	-37,822	-24,963
Board of Directors	-1,200	-800	-1,200	-800
<b>Total</b>	<b>-39,022</b>	<b>-25,763</b>	<b>-39,022</b>	<b>-25,763</b>
Warrants have been issued to members of the Board as part of the remuneration				
Staff costs				
Salaries	-542,463	-339,196	-506,301	-330,308
Pensions	-40,793	-27,759	-37,982	-27,068
Social security expenses	-52,012	-32,137	-50,320	-31,056
<b>Total</b>	<b>-635,268</b>	<b>-399,092</b>	<b>-594,603</b>	<b>-388,432</b>
Other administrative expenses	-463,936	-336,380	-437,932	-330,078
<b>Total staff costs and administrative expenses</b>	<b>-1,138,226</b>	<b>-761,235</b>	<b>-1,071,557</b>	<b>-744,273</b>
<b>Number of employees</b>				
Average number of employees during the financial year converted into full-time employees	1,011	622	868	566
<b>Audit Fees</b>				
Total fee to the auditors elected by the general meeting to perform the statutory audit	4,583	3,544	4,058	3,292
Hereof fees for services other than audit	2,706	2,152	2,428	1,942
<b>6 Depreciation and amortisation of intangible and tangible assets</b>				
Intangible assets	-20,849	-11,031	-20,849	-11,031
Tangible assets	-33,897	-22,780	-29,900	-21,263
<b>Total depreciation and amortisation of intangible and tangible assets</b>	<b>-54,746</b>	<b>-33,811</b>	<b>-50,749</b>	<b>-32,294</b>
<b>7 Loss and provisions for bad debts</b>				
Loss and provisions for the financial year	-3,520	-2,538	-3,520	-2,538
Adjustment of prior year's provision	458	91	458	91
Other	0	130	0	130
<b>Total loss and provisions for bad debts</b>	<b>-3,062</b>	<b>-2,317</b>	<b>-3,062</b>	<b>-2,317</b>

The provision for impairment of loans and advances is based on an individual assessment. No impairment loss has been recognised on portfolio basis.

## NOTES TO THE PROFIT AND LOSS ACCOUNT

Note (DKK '000)	Saxo Bank Group		Saxo Bank A/S	
	2007	2006	2007	2006
<b>8 Result of participating interests in affiliated undertakings</b>				
Result of participating interests in affiliated undertakings	0	0	74,064	-21,648
<b>Total result of participating interests in affiliated undertakings</b>	<b>0</b>	<b>0</b>	<b>74,064</b>	<b>-21,648</b>
<b>9 Tax</b>				
Taxation on profit for the year	-79,307	-59,885	-64,880	-59,336
Taxation on affiliated undertakings	-	-	-14,433	4,025
Deferred tax assets	0	4,574	0	0
Deferred tax	-8,985	-4,906	-8,979	-4,906
Adjustment of prior year's taxation	-1,318	-762	-1,318	-762
<b>Total taxation for the year</b>	<b>-89,610</b>	<b>-60,979</b>	<b>-89,610</b>	<b>-60,979</b>
Tax paid during the year	140,860	33,409	140,860	33,314
Current tax rate	25%	28%	25%	28%
Effective tax rate	24.6%	29.7%	24.6%	29.7%
Tax payable on profit for the year	-91,607	-57,430	-91,607	-57,430
Non tax-deductible expenses	-1,895	-1,845	-1,895	-1,845
Change in deferred tax, change in tax rate	1,127	0	1,127	0
Difference in foreign affiliated undertakings' tax rate compared to Danish tax rate	4,083	-1,247	4,083	-1,247
Other taxation, incl. adjustment to previous years	-1,318	-457	-1,318	-457
<b>Total tax for the year</b>	<b>-89,610</b>	<b>-60,979</b>	<b>-89,610</b>	<b>-60,979</b>

## NOTES TO THE BALANCE SHEET

<b>10 Receivables from credit institutions and central banks</b>				
Claims on credit institutions on demand	2,942,157	2,055,777	2,441,917	2,023,392
<b>Total receivables from credit institutions and central banks</b>	<b>2,942,157</b>	<b>2,055,777</b>	<b>2,441,917</b>	<b>2,023,392</b>
<b>Receivables from credit institutions and central banks specified geographically</b>				
Denmark	94,065	33,912	88,488	33,912
Other, Europe	1,314,598	1,280,223	1,071,793	1,247,838
USA	855,967	542,493	853,680	542,493
Australia	281,828	197,421	281,828	197,422
Asia	395,699	1,728	146,128	1,728
<b>Total receivables from credit institutions and central banks</b>	<b>2,942,157</b>	<b>2,055,777</b>	<b>2,441,917</b>	<b>2,023,392</b>

## NOTES TO THE BALANCE SHEET

Note (DKK '000)	Saxo Bank Group		Saxo Bank A/S	
	2007	2006	2007	2006
<b>11 Loans and advances</b>				
Loans and advances on demand	118,160	121,780	168,965	174,691
Including:				
Investment brokers	18,568	9,081	18,568	9,081
Clients	99,592	112,699	75,503	112,699
Affiliated undertakings	0	0	74,894	52,911
<b>Total loans and advances</b>	<b>118,160</b>	121,780	<b>168,965</b>	174,691
Loans and advances, not covered by negative market values of open financial contracts, deposits or other securities, amounts to DKK 140 thousand (2006, DKK 697 thousand)				
<b>12 Bonds</b>				
Quoted on the Copenhagen Stock Exchange	15,467	15,823	15,467	15,823
Quoted on the other exchanges	4,589,017	2,636,000	4,127,784	2,636,000
<b>Total bonds</b>	<b>4,604,484</b>	2,651,823	<b>4,143,251</b>	2,651,823
Average weighted duration of bonds is less than six months.				
<b>13 Participating interest in affiliated undertakings</b>				
Total purchase price, beginning			37,879	1,130
Additions			615,167	36,749
Goodwill related to acquisition			-413,000	0
<b>Total purchase price, end</b>			<b>240,046</b>	37,879
Revaluation, beginning			-15,916	-256
Profit/loss for the year after tax			59,631	-17,929
Exchange rate adjustments			-5,507	2,269
<b>Revaluation, end</b>			<b>38,208</b>	-15,916
<b>Booked holdings, end</b>			<b>278,254</b>	21,963
<b>Affiliated undertakings (DKK '000)</b>	Official result	Consolidated result	Equity	Ownership
<b>Financial institutions</b>				
Saxo Bank SA, Geneva, Switzerland (acquired 18 December 2007)	16,805	0	139,825	100
Saxo Capital Markets Pte. Ltd, Singapore	63,533	63,533	116,740	100
<b>Other</b>				
Saxo Soft A/S, Copenhagen	-3,130	-3,130	20,453	100
I.I.Real Estate A/S, Copenhagen	288	288	1,796	100
Saxo Jet A/S (established 22 October 2007)	-1,060	-1,060	-560	100
		<b>59,631</b>	<b>278,254</b>	

## NOTES TO THE BALANCE SHEET

Note (DKK '000)	Saxo Bank Group		Saxo Bank A/S	
	2007	2006	2007	2006
<b>14 Intangible assets</b>				
Total purchase price, beginning	75,762	42,667	75,762	42,667
Transferred to tangible assets	0	-341	0	-341
Additions	85,969	33,561	65,520	33,561
Disposal	955	125	955	125
<b>Total purchase price, end</b>	<b>160,776</b>	75,762	<b>140,327</b>	75,762
Depreciation and write-down, beginning	28,018	17,124	28,018	17,124
Transferred to tangible assets	0	-134	0	-134
Depreciation for the year	20,849	11,031	20,849	11,031
Reversal of depreciation and write-down	21	3	21	3
<b>Depreciation and write-down, end</b>	<b>48,846</b>	28,018	<b>48,846</b>	28,018
<b>Booked value, end</b>	<b>111,930</b>	47,744	<b>91,481</b>	47,744
<b>Value of client relations included in Intangible assets, end</b>	<b>20,000</b>	0	<b>20,000</b>	0
<b>15 Domicile premises</b>				
Purchase price, beginning	31,224	30,648	0	0
Transferred from tangible assets	24,500	0	0	0
Exchange rate adjustments	-4,417	0	0	0
Disposals	773	576	0	0
<b>Total purchase price, end</b>	<b>52,080</b>	31,224	<b>0</b>	0
Depreciation and write-down, beginning	855	679	0	0
Depreciation for the year	463	176	0	0
<b>Depreciation and write-down end</b>	<b>1,318</b>	855	<b>0</b>	0
<b>Revalued value, end</b>	<b>50,762</b>	30,369	<b>0</b>	0



## NOTES TO THE BALANCE SHEET

Note (DKK '000)	Saxo Bank Group		Saxo Bank A/S	
	2007	2006	2007	2006
<b>16 Tangible assets</b>				
Total purchase price, beginning	160,905	89,309	123,008	72,346
Transferred	-24,500	341	0	341
Exchange rate adjustments	-843	0	0	0
Additions	80,739	74,006	53,696	53,072
Disposals	4,652	2,751	4,636	2,751
<b>Total purchase price, end</b>	<b>211,649</b>	160,905	<b>172,068</b>	123,008
Depreciation and write-down, beginning	57,661	35,422	56,150	35,253
Transferred	0	134	0	134
Exchange rate adjustments	-187	0	0	0
Depreciation for the year	33,367	22,605	29,901	21,263
Reversal of depreciation and write-down	2,800	500	2,796	500
<b>Depreciation and write-down, end</b>	<b>88,041</b>	57,661	<b>83,255</b>	56,150
<b>Book value, end</b>	<b>123,608</b>	103,244	<b>88,813</b>	66,858
<b>17 Debt to credit institutions and central banks</b>				
Debt on demand	140,059	2,587	154,244	2,587
Maximum 3 months	291	274	0	0
3 months - 12 months	1,165	822	0	0
1 - 5 years	3,641	4,806	0	0
More than 5 years	9,668	9,841	0	0
<b>Total debt to credit institutions and central banks</b>	<b>154,824</b>	18,330	<b>154,244</b>	2,587
<b>18 Deposits</b>				
Deposits on demand	7,143,690	4,524,783	6,320,095	4,524,783
<b>Total deposits</b>	<b>7,143,690</b>	4,524,783	<b>6,320,095</b>	4,524,783

## NOTES TO THE BALANCE SHEET

Note (DKK '000)	Saxo Bank Group		Saxo Bank A/S						
	2007	2006	2007	2006					
<b>19 Provisions for deferred tax</b>									
Provisions for deferred tax, beginning	12,035	7,109	11,920	7,014					
Deferred tax, acquired undertaking	3,861	0	0	0					
Additions	8,985	4,926	8,979	4,906					
<b>Total provision for deferred tax, end</b>	<b>24,881</b>	12,035	<b>20,899</b>	11,920					
Provisions for deferred tax is related to:									
Intangible and tangible assets	27,017	12,942	22,171	12,827					
Provisions for bad debts	-2,081	-882	-2,081	-882					
Other	-55	-25	809	-25					
<b>Total provisions for deferred tax</b>	<b>24,881</b>	12,035	<b>20,899</b>	11,920					
<b>Deferred tax assets</b>									
Beginning	4,574	0	0	0					
Transferred	7,743	0	7,743	0					
Deferred tax assets, affiliated undertakings	0	4,574	0	0					
Exchange rate adjustments	-614	0	0	0					
Deferred tax assets, acquired undertaking	38,466	0	0	0					
<b>Deferred tax assets, end</b>	<b>50,169</b>	4,574	<b>7,743</b>	0					
<b>Tax receivables/liabilities</b>									
Tax receivables, beginning	0	10,621	0	10,188					
Tax liabilities, beginning	-26,773	0	-26,288	0					
Taxation on profit for the year	-79,307	-59,885	-64,880	-59,336					
Tax receivable, foreign branches	-7,743	-9,736	-7,743	-9,736					
Exchange rate adjustments	1,157	0	-386	0					
Adjustment to prior year	-1,318	-1,182	-1,318	-718					
Tax paid during the year	140,860	33,409	140,860	33,314					
<b>Tax receivables, end</b>	<b>40,537</b>	0	<b>40,245</b>	0					
<b>Tax liabilities, end</b>	<b>-13,661</b>	-26,773	<b>0</b>	-26,288					
<b>20 Subordinated loan</b>									
<b>Total subordinated loan</b>	<b>410,031</b>	149,143	<b>410,031</b>	149,143					
	Loan amount EUR Mill	Date	Due	Interest rate	Margin first period Rate	Margin second period Rate	Years	Rate	Years
FIH Erhvervsbank	10	2006	2014	EURIBOR	2,25%	5	4,00%	3	
Merrill Lynch	1	2007	2019	EURIBOR	2,95%	10	3,95%	3	
Dekania CDO II	7	2007	2019	EURIBOR	2,95%	10	3,95%	3	
Dekania CDO III	12	2007	2019	EURIBOR	2,95%	10	3,95%	3	
Merrill Lynch	15	2007	2020	EURIBOR	2,95%	10	2,95%	3	
Taberna Europe CDO II plc.	10	2007	2020	EURIBOR	2,95%	10	3,95%	3	

There are no unusual terms related to the subordinated loans.

There have been no significant costs related to obtaining the subordinated loans.

Note (DKK '000)	Saxo Bank Group		Saxo Bank A/S	
	2007	2006	2007	2006
<b>21 Contingent and contractual liabilities</b>				
<b>Guarantees</b>				
Danish Guarantee Fund	4,212	3,245	4,212	3,245
Finance guarantees	981	0	0	0
<b>Total guarantees</b>	<b>5,193</b>	3,245	<b>4,212</b>	3,245
<b>Other liabilities</b>				
Rent commitments, affiliated undertakings	0	0	0	14,510
Other rental and lease commitments	1,000,324	986,340	981,690	971,712
<b>Total other liabilities</b>	<b>1,000,324</b>	986,340	<b>981,690</b>	986,222

A proportion of the bank's deposits and bond holdings held with the investment brokers, banks and other credit institutions have been provided as security for the bank's margin requirements arising from the bank's financial trading with these institutions. Debt to credit institutions is secured by mortgage deed of DKK 21 million on the group's property.

Related to the acquisition of Synthesis Bank Saxo Bank has issued warrants with a strike price of DKK 1 to cover potential claims from the sellers of the bank. The maximum number of shares is 532,110. The claim is not actual.

Saxo Bank A/S has agreed to support Saxo Jet A/S with the necessary liquidity for the operation up until the ordinary general meeting in the company beginning of 2009.

## 22 Related parties

Saxo Bank A/S has not provided any loans, pledges or guarantees to members of the bank's or the bank's parent company's Board of Directors or Chief Executive Officers or to people related to these.

Saxo Bank A/S provides administrative services and IT services to the affiliated undertakings and the parent company Internet Invest Holding A/S. Saxo Bank A/S is renting the office premises, Smakkedalen 2, Gentofte, from I.I. Real Estate A/S and buys services related to development and maintenance from Saxo Soft A/S. Saxo Bank A/S has entered White Label Partner agreements with Saxo Bank (Switzerland) SA and Saxo Capital Markets Pte. Ltd. Saxo Bank A/S has also entered agreement with Saxo Capital Markets Pte.Ltd. regarding Saxo Capital Market servicing the bank's clients in the Asian Pacific area. All transactions and agreements are based on market terms.

The following shareholders have registered as the holder of more than 5% of the share capital of the bank:

Internet Invest Holding A/S, Smakkedalen 2, DK-2820 Gentofte, Denmark.  
GA European Investments Limited, Papyrus Building, 6 Themistocles Dervis Street, CY-1066 Nicosia, Cyprus.  
Synthesis Group S.A., 16 Allée Marconi, LU-2120, Luxembourg.

## DANISH MANAGEMENT AND DIRECTORSHIPS

### Board of Directors:

Henrik Thufason: Mermaid Asset Management Fondsmæglerselskab A/S (BM); The Art Exhibit Group ApS (CM); UEG ApS (CM)

John Korsø Jensen: A/S Ventureinstituttet (BM); Bioadvice A/S (CM); Columbus Shipping A/S (CM); Deltaq A/S (BM); Ejendomsselskabet Bygning 119 A/S (CM); EMI Group Denmark A/S (CM); Fournais Holding A/S (CM); Hauen Holding A/S (BM); Internet Invest Holding A/S (BM); Jens Sinding Holding A/S (CM); Karrierekonsult A/S (CM); Lars Seier Christensen Holding A/S (CM); Monofiber Holding A/S (BM); Multi-Wing Holding ApS (BM); Ravnsnæs Invest A/S (BM); Riemann Holding A/S (CM); Scani A/S (CM); Schoeller - Plast - Enterprice A/S (CM); Sydhavnens Frysehus A/S (CM); Thorn Lightning A/S (CM)

### Board of Management:

Lars Seier Christensen: Ejendomsselskabet Bygning 119 A/S (BM); Internet Invest Holding A/S (CEO); Lars Seier Christensen Holding A/S (CEO & BM)

Kim Fournais: Ejendomsselskabet Bygning 119 A/S (CEO & BM); Fournais Holding A/S (CEO & BM); Internet Invest Holding A/S (CEO & BM); Vejgård ApS (CM)



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**MARCH 2008**

