2014

SAXO BANK

ANNUAL REPORT
2014

SAXO BANK

TRADING OPPORTUNITIES. ANYTIME, ANYWHERE.

SAXO BANK AT A GLANCE

Saxo Bank is a leading online trading and investment specialist, supporting an international client base from our headquarters in Copenhagen and offices across Europe, Asia, the Middle East, Latin America and Australia.

As a fully licensed and regulated bank in Europe under supervision of the Danish FSA, Saxo Bank offers private investors and institutional clients a complete set of tools for implementing their trading and investment strategies. We enable clients to trade FX, CFDs, ETFs, stocks, futures, options and other derivatives via three specialised and fully integrated multi-asset trading platforms: the browser-based SaxoWebTrader, the downloadable SaxoTrader and the SaxoTrader Mobile App for iOS and Android devices. Our financial community, TradingFloor.com, is the first multi-asset social trading platform – a true online equivalent of the traditional trading floors found on the exchanges around the world.

Saxo Bank's trading platforms are offered not only to retail clients, but also to Introducing Brokers and financial institutions. In addition, the platforms are white-labelled by more than 100 financial institutions worldwide. Saxo Bank also offers professional portfolio and fund management as well as traditional banking services through Saxo Privatbank.

25 languages

SAXO BANK

Founded **1992**

22.5 million trades executed on Saxo Bank's platforms in 2014 by clients spanning over **180** countries. More than **60** industry awards for our trading platforms.

30,000 financial instruments available on Saxo Bank's platforms

AUSTRALIA · BELGIUM · BRAZIL
FRANCE · GREECE · HONG KONG
PANAMA · POLAND · RUSSIA
SWITZERLAND · TURKEY · UAE

1,529 employees with **59** nationalities across offices in **25** countries

CYPRUS · CZECH REPUBLIC · DENMARK
INDIA · ITALY · JAPAN · NETHERLANDS
SINGAPORE · SOUTH AFRICA · SPAIN
UNITED KINGDOM · URUGUAY

FINANCIAL HIGHLIGHTS

2014

Saxo Bank's net profit for the year increased to DKK 381 million in 2014 from DKK 162 million in 2013.

Trading volume and numbers of trades increased across many products compared to 2013.

Clients' collateral deposits increased by DKK 17.6 billion and reached 68.2 billion by the end of the year, a new all-time high.

Winner FX-Week e-FX Awards 2014 Best retail platform

Among the awards Saxo Bank was honored with in 2014 was "**Best Retail Platform**" from *FX Week*.

Saxo Bank is a member of the Danish Guarantee Fund for Depositors and Investors, and client deposits are guaranteed by the Fund with up to EUR 100,000.

CONTENTS

REVIEW OF 2014

THE BUSINESS OF SAXO BANK

FINANCIAL STATEMENTS

COMPANY INFORMATION

CURRENT THEMES

REVIEW OF 2014

MANAGEMENT REPORT

Saxo Bank reported a net profit of DKK 381 million for 2014 which is an increase of DKK 219 million compared to 2013. Clients' collateral deposits increased by DKK 17.6 billion to DKK 68.2 billion by the end of 2014, which is a new all-time high.

The Board of Directors and the Board of Management find the result for the year satisfactory and consistent with market conditions.

The inflow of clients' collateral and new clients continued successfully in 2014, but the perceived uncertainty concerning the recovery in the global economy continued throughout 2014. Trading activities picked up in the second half of 2014 due to increased volatility in the market, which have resulted in an improvement of the earnings compared to 2013, making 2014 the most profitable year since 2011.

A focused approach to retaining clients and attracting new clients combined with market volatility and trading activity increased operating income to DKK 3.0 billion, an increase of 5% compared to 2013. Cost run rate has also been managed carefully in 2014 and the staff costs and administrative expenses of DKK 2.0 billion were just below the 2013 expenses.

The continued rise in client's collateral deposits of DKK 17.6 billion shows the strength of the business model and is a clear sign of trust and confidence in the Bank. The cash inflow from client's cash deposit is placed with counterparty banks as well as in bonds and other interest-bearing assets.

In November 2014 Saxo Bank issued Tier 1 capital of DKK 334.8 million to strengthen its capital base. The Tier 1 capital was made through an issuance of bonds on the Irish stock exchange. The Tier 1 capital is accounted for as part of the Groups equity.

Saxo Bank was thus strengthened ahead the extreme impact on 15 January 2015 where the Swiss National Bank removed the fixed floor between the Swiss franc and the euro.

Despite Saxo Banks warning about growing risk in CHF trades in September 2014, no one could have foreseen the historic movement. As a result a number of Saxo Bank's clients ended up with insufficient margin collateral to cover their losses on positions in Swiss franc.

Even in the unlikely event of suffering the maximum estimated loss, Saxo Bank would still fulfil its regulatory capi-

KEY FIGURES AND RATIOS · SAXO BANK GROUP

(DKK million)	2014	2013	2012	2011	2010
Operating income	3,006.8	2,861.0	2,966.4	3,526.9	3,338.1
EBITDA [1]	1,099.0	898.0	605.9	1,155.6	1,108.6
Profit before tax	564.8	247.4	152.0	847.9	913.8
Net profit	381.2	162.2	80.9	617.8	643.5
Total equity	4,225.2	3,492.7	3,364.5	3,240.0	2,880.0
Total assets	36,008.3	27,746.2	25,623.2	27,018.2	22,437.7
Clients' collateral deposits	68,227.2	50,644.0	40,199.0	35,275.3	31,296.9
Assets under Management (Wealth management)	14,101.9	12,845.9	14,633.8	12,240.0	12,818.9
Total capital ratio	19.7%	16.2%	13.5%	14.5%	16.5%
Return on equity before tax	14.6%	7.2%	4.6%	27.7%	35.0%
Average number of employees	1,456	1,362	1,522	1,413	964

[1] Net profit before tax, depreciation, amortisation, income from associates and joint ventures and non-trading related interest expenses etc.

See page 112 for definitions.

tal requirements which are higher than most brokerages given that Saxo Bank is regulated as a bank.

Saxo Bank continued within the core business areas to invest in improving its future products offering and competiveness to enable the Bank to provide good trading possibilities for the clients.

CLIENT DEVELOPMENT

Saxo Bank's core business is online trading in financial instruments for private and institutional clients. Saxo Bank facilitates trading from its head office in Denmark. However, the Bank has also built a presence in a number of local markets which support the Bank's sales efforts and client-relationship management. In addition to the online trading business, Saxo Bank offers a private banking service through Saxo Privatbank A/S, which operates in Denmark.

Saxo Bank has developed its platforms and overall offering to better cater for the needs of more sophisticated clients who trade multiple asset classes, products and instruments. In 2014, many Saxo Bank clients became multi-asset traders, trading across FX, equities, commodities and fixed income products more than ever before. The quality of the multi-asset offering has a positive impact on client activity levels and retention rates. This is illustrated by the fact that more of Saxo Bank's private clients in 2013 remained active traders in 2014 despite heightened volatility in the financial markets.

Behind every Saxo Bank product and platform is the aspiration to provide a positive trading experience for our clients. A key element herein is the Bank's focus on client education, particularly in relation to risk management. The purpose of the educational element is to ensure that clients have ample knowledge of the multi-asset trading process and related risks, regardless of their prior experience.

TradingFloor.com, the Bank's online community for traders and investors, is also an important educational platform. Providing an educational platform aligns our interests to our clients. We believe that engaged and informed clients will ultimately have higher retention potential and thereby provide higher value to the Bank.

In an effort to inform clients to be better prepared to mitigate heightened volatility risk in financial markets, Saxo Bank increased margin requirements for a range of currencies in the second half of 2014. The increased volatility in the markets reinforces the need for a more careful approach to investments, and the Bank continues to play a key role in providing the right information to ensure that investors are equipped to make informed decisions.

STRATEGIC DIRECTIONS

The strategic foundation for Saxo Bank consists of our Mission Statement ("Providing the best and most reliable tools to trade global markets – anytime, anywhere") and our Corporate Statement which outlines our values, stakeholders, rules of engagement and our overall goal "to be the world's most profitable and professional facilitator in the global capital markets".

Saxo Bank is a facilitator of online trading with a global footprint and local presence. Saxo Bank received European bank status in June 2001 and has since then rapidly risen to become a leading player in online and social trading as well as providing the platform of choice for institutions looking to outsource their trading technology.

Saxo Bank has technological innovation in its DNA and continuously works to improve its platforms and products to provide its retail and institutional clients with the most sophisticated multi-asset platform available. The Bank enables clients to trade and deal in currencies, stocks, commodities, bonds, futures and options from a single account and cloud-based platform in 20 different languages.

Saxo Bank aim to empower retail clients around the world to seize trading opportunities by providing them with the widest product range available, best execution and outstanding client experience, regardless of where they are based.

For institutional clients, who are concentrated around key financial centres, the benefits of trading with Saxo Bank include having access to the Bank's institutional capabilities and expertise from a single centre of excellence. Over the past year, Saxo Bank has moved forward with the strategy of consolidating the institutional business into three centres of excellence - London, Copenhagen and Singapore. This strategic move allows the bank to centralise its capabilities and put its extensive resources at the service of Saxo Bank's growing institutional client base.

AWARDS

The excellence of Saxo Bank's platforms and technology solutions received widespread industry recognition in 2014, with the number of awards received at its highest ever since the Bank's inception.

Saxo Bank won the prestigious FX Week e-FX award for "Best Retail Platform" for the sixth time in 2014. The FX Week e-FX Awards recognise industry excellence in electronic foreign exchange among banks, brokers, vendors, and the buy side. The Bank was also named Europe's "Best Mobile Trading Platform" by Global Banking and Finance Review magazine, which singled out Saxo Bank's use of state of the art technology as key to its successful mobile offering.

Saxo Bank was also given the award for the industry-voted "World's Best Forex Broker" at the Forex Magnates 2014 London Summit for the second time and "Best Online Futures & Options Provider" at the Shares Magazine Awards for the third year in a row.

Saxo Bank was named "Best White Label Solution Provider" and Europe's "Best Multi-asset Liquidity Provider" in the Global Banking and Finance Review Awards 2014. Saxo Bank's institutional business was also recognised at the Sell-Side Technology Awards in the "Best Outsourcing Provider" category. The Bank further reinforced its leadership in trading technology by winning "Best Use of IT in Investment Banking" at the Banking Technology Awards 2014.

Saxo Bank's social trading innovation TradingFloor.com was recognised at the Financial World Innovation Awards 2014 as the "Most Innovative Application of Technology". TradingFloor.com was also named "Most Innovative Social Trading Platform" by International Finance Magazine at the IFM Awards 2014 for being the first major platform to offer multi-asset social trading.

TECHNOLOGICAL INNOVATION – IT'S IN OUR DNA

Saxo Bank continuously works to improve its platform and products in order to provide retail and institutional clients with the most sophisticated multi-asset platform available.

With one in three of our employees working within IT, we have technological innovation in our DNA. Saxo Bank was among the first in the world to launch an online trading platform, creating unprecedented transparency and access to a market that was otherwise dominated by large corporations and banks.

Continued investments in trading technology have since made the Saxo trading platform the most competitive multi-asset and multi-product trading solution on the market. Its technological innovation not only benefits clients but also keeps us at the forefront of trading solution development.

A new way to get feedback
Inspired by practices that are followed by global IT frontrunners, we've introduced a development and delivery model for our new products and services, which helps us to continuously improve, deliver and incorporate business and client feedback. The model allows us to be more agile and involves a number of stages used for streamlining new products to the market.

A carefully screened group of digitally literate investors is invited to test the pre-finished product. They start with the early versions of the product and engage in dialogue with Saxo Bank developers, who in turn adapt the product to take into account clients' increasingly personal demands.

Involving the people who matter
Based on the Minimum Viable Product model, no deliveries stretch longer than three months. Following the three months, the products are launched to a wider group of leads and clients but are still not necessarily final versions until the final round of input is received. This new approach to product development has created a whole new dynamic in product development by engaging clients in the creation of our products. It has also been instrumental in the development of the forthcoming version of SaxoTrader.

While this process may not be suitable to all industries, it is increasingly beneficial to the trading industry – where technology can be a real differentiator, competition is fierce and clients increasingly demand personalised service and products to meet their trading and investment needs.

SOCIAL CONTRIBUTION

Saxo Bank has long cherished innovation, integrity and high performance. That is why the Bank supports initiatives in a number of important areas – education and entrepreneurship, arts and literature as well as sport and health – that celebrate the extraordinary performance of the individual as well as any successful union of human beings in a voluntary, cooperative endeavor.

See www.saxoworld.com for more information.

As of 31 December 2014, Saxo Bank employs 1,529 employees, hereof 769 in Denmark. Throughout the organisation, we encourage diversity in all aspects as this enriches the society. Within Saxo Bank Group, there are approximately 59 different nationalities employed.

Saxo Bank has a key focus on securing the best talent regardless of gender, ethnicity or nationality. We recognise that employee diversity brings a number of important business benefits, among them, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Saxo Bank has a general aim of increasing the number of women in senior management and management positions and has implemented a gender diversity policy and gender composition targets for the Board of Directors, senior management and other management levels:

Targets	Men	Women
Board of Directors	80%	20%
Board of Management	No targets	
Executive Team and Senior Management Team	80%	20%
Other employees titles with management responsibilities	70%	30%

In 2014, 40% of the Board of Directors were women and the target was successfully achieved. Through hiring, internal training and development and career advancement opportunities, the Bank is actively working to meet the other targets by the time of the annual report's approval for the 2016 financial year.

Saxo Bank is established and has headquarters in Denmark and half of its employees are in Denmark - therefore a significant part of Saxo Bank's social contribution is in Denmark. Among the important components of this social contribution are taxes and other duties, which are incurred directly, and indirectly where taxes are collected by Saxo Bank on behalf of governments, e.g. payroll taxes. Corporate taxes are only a limited part of the total taxes and duties paid.

In addition to the total tax contribution, Saxo Bank contributed indirectly through purchases of services, goods etc. from vendors, which again contributes through their employees, purchases, direct and indirect taxes etc.

REGULATORY ENVIRONMENT

The regulatory environment within the financial sector continues to undergo changes. Key changes have been made to the regulatory environment applying to financial institutions within the EU and on a global level. The Group is continuously preparing for the impact of these requirements, including the increase in complexity and increased costs for implementation and reporting. The following regulations, among others, have been changing continuously.

Financial instruments
The Markets in Financial Instruments Directive (MiFID II) and the Regulation on Markets in Financial Instruments (MiFIR) was adopted by the European Council and European Parliament in 2014. Member States have two years to transpose the new rules which will be applicable starting January 2017. MiFID II includes provisions regarding trading in certain standardised OTC products, enhanced investor protection and transparency regulation, which are all key issues to Saxo Bank.

Derivative regulation
Among the increasing regulation on Financial Markets Infrastructure are the Derivatives regulation and the European Market Infrastructure Regulation (EMIR). Saxo Bank is required to report derivatives transactions, clear some standardised derivatives with approved central counterparties, and implement certain requirements related to Risk Management and credit risk mitigation (margin requirements etc.) for derivatives not cleared with a central counterparty. The regulatory margin requirement is expected to be phased in during the coming years, where the implementation date is based on the financial institutions level of derivatives trades. Saxo Bank is monitoring the development in this regulation and the possible impact.

Resolution of banks
As of 1 January 2015 all Member States have to apply a single rulebook for the resolution of banks and large investment firms, as prescribed by the Bank Recovery and Resolution Directive (BRRD). The new rules will harmonise and improve the tools for dealing with bank crises across the EU. They will also ensure that shareholders and creditors of the banks will pay their share of the costs through a "bail-in" mechanism (similar to the current regulation in Denmark). In addition a national resolution fund will be build up over a period of time. The directive is expected to be implemented in Denmark by 1 June 2015.

Capital requirements
The Fourth edition of the Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CRR) were approved by the EU Council of Ministers end of June 2013 and have been applicable for 2014. The CRR introduces the first single set of prudential rules for banks across the EU. It applies directly to all banks in the EU member states and intend to ensure that the Basel III international standards for bank capital adequacy are fully respected in all EU member states. EU Banks are supervised by EU member states' competent authorities, in collaboration with the European Banking Authority (EBA), whose supervisory powers are expanded.

CRD IV and CRR require Saxo Bank to monitor and report capital requirements and buffers. Saxo Bank will over time be required to set aside more and better capital as a cushion against events with a negative capital impact.

Furthermore, Saxo Bank will also be required to hold a "capital conservation buffer" to absorb losses and protect the capital, and a "countercyclical capital buffer" to ensure that in times of economic growth, the Group accumulates a sufficient capital base to enable it to continue its operations in stress periods. In Denmark the "capital conservation buffer" will be phased in from 2016 and the " countercyclical capital buffer" from 2015. In addition, member states may require additional buffers.

According to the above regulation The European Banking Authority develops Implementing Technical Standards (ITS) and Regulatory Technical Standards (RTS). They are submitted to the European Commission for endorsement. Approximately 50 delegated and implementing acts were scheduled for adoption during the course of 2014. These regulations apply directly to all banks in EU member states and highly increased the level of the Group's calculation and reporting burden. EBA will continue to issue of RTS and ITS in the coming years according to the implementation plan.

Liquidity requirements and Assets Encumbrance
CRD IV and CRR require Saxo Bank to monitor and report a short-term Liquidity Coverage Ratio (LCR), and a long-term Net Stable Funding Ratio (NSFR).

During 2014 the European Commission issued a delegated act on the liquidity coverage requirement that sets out detailed quantitative liquidity rules. These determine how to calculate net cash outflows expected in times of crisis, and what liquid assets banks must hold to meet them. Banks will be required to constitute a buffer of liquid assets as a percentage of net cash outflows in stressed conditions over a 30-day period. In Denmark, the LCR will be phased in, i.e. a gradual phasing-in of 60% of the full requirement in October 2015, 70% in 2016, 80% in 2017 and 100% in 2018.

The LCR requirement is more restrictive than the current Danish regulation due to higher liquidity requirements on investment bank activities which are Saxo Bank´s core business. Some RTS and ITS related to liquidity are not final including "Additional collateral outflows on derivatives contracts". Saxo Bank is monitoring the development in liquidity regulation and interpretations closely and has taken action based on the estimated impact on the future liquidity regulation.

The aim of NSFR is to ensure that banks have an acceptable amount of stable funding to support their assets and activities over the medium term (i.e. a one-year period). The CRR also allows the European Commission to propose legislation for NSFR but there is no automatic presumption that the European Commission will come forward with such a proposal. Currently Saxo Bank is required to monitor and report NSFR according to CRR. NSFR is planned to be phased to a 100 % requirement from 2016-2018, exact timing will be decided by the EU based on reports from EBA.

Saxo Bank will over time be required to build op more liquidity as defined by the regulation.

In addition CRR and guidelines issued from EBA require Saxo Bank to monitor, report and disclose Asset Encumbrance. Asset Encumbrance for 2014 is disclosed in the Risk Report 2014, and is available at www.saxoworld.com/investorrelations.

Leverage ratio
CRD IV and CRR require Saxo Bank to report and monitor their leverage ratios. The leverage ratio is defined as Tier 1 capital divided by a non-risk-based measure of an institution's on- and off-balance sheet items (the "exposure measure"). From 2014, leverage ratios will be assessed under Pillar II (ICAAP requirement).

During 2014 the European Commission has issued a delegated act amending the methodology for calculating banks' leverage ratio, that will enhance the uniform understanding of the components of the leverage ratio. It aims to align the leverage ratio, as currently included in the CRR, with the internationally agreed leverage ratio so that there is an international level and true global comparability.

The leverage ratio will have to be disclosed from 1 January 2015. Saxo Bank expects the European Commission to Council and Parliament to issue a report by the end of 2016 which will include a legislative proposal to introduce the leverage ratio of 3% as a binding measure as of 2018.

US FATCA
The US FATCA regime became effective in 2014 and imposes requirements on Saxo Bank to disclose the identity of US clients and requirements to withhold tax.

Supervisory Diamond
The Danish FSA apply a number of specific risk indicators and threshold values to banks in Denmark, in a Supervisory Diamond. Saxo Bank's compliance with the specific risk indicators is disclosed in a Supervisory Diamond report, and is available at www.saxoworld.com/investorrelations.

Subsidiaries
In addition some of Saxo Bank's subsidiaries are financial institutions and are required to comply with local regulatory requirements which are monitored in the local subsidiaries. A list of subsidiaries can be found in Note 39 in the consolidated financial statements. Description of Saxo Banks legal, management and organisational structure is also available at www.saxoworld.com/investorrelations.

CHANGES TO BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

On 14 April 2014, Asiff Hirji was elected new member and Chairman of the Board. Former Chairman Dennis Malamatinas left the Board in order to assume the role as Global Head of Marketing and Regions in Saxo Bank. Concurrently Sarah McPhee entered the Board as new member and Karl I. Peterson went from ordinary member to alternate member of the Board. The Board of Saxo Bank consists of Asiff Hirji, Chairman, Lone Fønss Schrøder, Vice Chairman, Jacob Polny, Sarah McPhee and Thomas Plenborg.

On 22 April 2014, new Global Head of Finance and Risk Operations, as well as member of the Board of Management, Steen Blaafalk, joined Saxo Bank. Board of Management consists of Co-CEO Kim Fournais, Co-CEO Lars Seier Christensen and Steen Blaafalk.

FINANCIAL REVIEW

Saxo Bank Group reported a net profit of DKK 381 million for 2014, which is an increase of DKK 219 million compared to 2013. Clients' collateral deposits increased by DKK 17.6 billion to a record high of DKK 68.2 billion by the end of 2014.

The result for the year was satisfactory and consistent with market conditions. The inflow of clients' collateral and new clients continued successfully in 2014. Trading activities picked up in the second half of 2014 due to increased volatility in the market, which have resulted in an improvement of the earnings compared to 2013.

The operating income for the Group reached DKK 3.0 billion, an increase of 5% compared to 2013. In 2014 other income was DKK 81 million, mainly related to gains on sale of claims.

Operating costs amounted to DKK 2.0 billion for the Group, which underlines management's commitment to a continued focus on the lowering of the cost run rate.

Depreciation and impairment charges amounted to DKK 420 million in 2014, which is a decrease of DKK 141 million compared to 2013. In 2013 the Group recognised large impairment charges, primarily on software and airplanes, whereas depreciations for 2014 are negatively affected by an impairment charge on goodwill in subsidiaries of DKK 25 million.

Income from associates and joint ventures has developed negatively in 2014, due to an impairment charge of DKK 75 million on goodwill related to the investments in Banco Best S.A, which has been recognised in Income from associates and joint ventures.

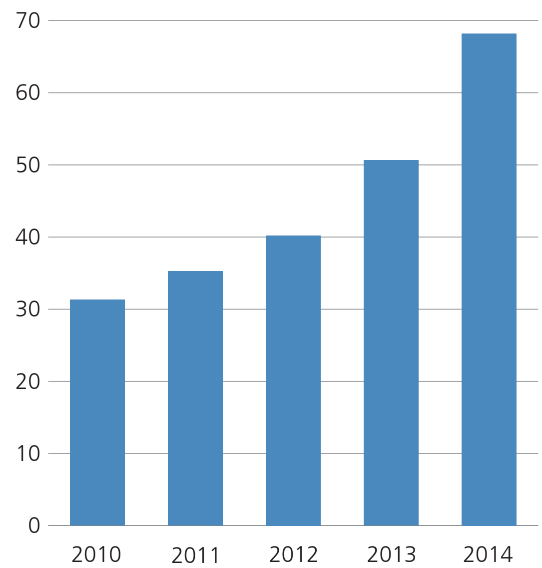
An additional credit value adjustment of DKK 116 million has been made to reflect the changes in the credit risk of open CFD contracts in relation to a rapid drop in values in Q4 2013.

STATEMENT OF FINANCIAL POSITION

The continued increase in client's collateral deposits of DKK 17.6 billion shows the strength of the business model. The cash inflow from client's cash deposit is placed with counterparty banks as well as in bonds and other interest-bearing assets.

Clients' collateral deposits 2010-14

DKK billion



Trading assets comprise primarily of bonds and derivative financial instruments with a positive fair value/unsettled spot transactions towards client trading. In 2014 trading assets increased by DKK 8.0 billion to DKK 26.4 billion. This development is the result of increased trading activity and client deposits.

Total assets grew from DKK 27.7 billion in 2013 to DKK 36.0 billion as of 31 December 2014, which is an increase of 30%. The increase is primarily due to the increase in clients' deposits.

Trading liabilities increased from DKK 2.6 billion in 2013 to DKK 7.1 billion as of 31 December 2014 due to increased trading activity.

Client deposits have increased by DKK 3.4 billion during 2014, from DKK 17.9 billion in 2013 to DKK 21.3 billion 31 December 2014.

During 2014 the Group reduced its subordinated debt from DKK 808 million in 2013 to DKK 543 million including guarantor capital of DKK 208 million.

In November 2014 Saxo Bank issued Tier 1 capital of DKK 334.8 million to strengthen its capital base. The Tier 1 capital was made through an issuance of bonds on the

Irish stock exchange. The Tier 1 capital is accounted for as part of the Groups equity.

Total Shareholders equity increased by 12% to DKK 3.86 billion in 2014 compared to DKK 3.46 billion at the end of 2013.

POST BALANCE SHEET EVENTS

The rate of the Swiss franc increased significantly when the Swiss National Bank on 15 January 2015 decided to remove the fixed floor between the Swiss franc and the euro, and a number of Saxo Bank's clients ended up with insufficient margin collateral to cover their losses on positions in Swiss franc.

Saxo Bank estimates the maximum loss that the Group can incur in relation to the sudden significant move of the Swiss franc to be DKK 0.7 billion on a net basis including the financial impact from client complaints. The loss is recognised in the financial statement for 2015, as it reflects circumstances that have arisen after the reporting date.

A more detailed description hereof and a description of the expected impact on Saxo Bank Group for 2015 is included in Note 40 in the consolidated financial statements.

Apart from this, no events occurring after the reporting date have had significant influence on the financial position of the Bank or the Group.

OUTLOOK 2015

Saxo Bank expects the global economy to continue the recovery which picked up in late 2014. Also we expect investor confidence to continue to grow, which would result in less risk aversion in 2015 and more trade in 2015 than 2014.

The currency market volatility is expected to increase considerably which is expected to lead to higher trading activity by our clients. Saxo Bank has increased the margin on a number of our currency products to ensure balance and security for our customers in a market where volatility and related risks are expected to increase significantly.

However the situation remains uncertain until the effects of the roll-back of various quantitative easing programmes, currently in effect, become clearer, as well as the effect of the programme being rolled out by the European Central Bank.

Financial performance for 2015 is expected to be materially affected by the extreme effect coursed by the removal of the fixed floor between Swiss franc on 15 January 2015, as a number of clients ended up with insufficient margin collateral to cover their losses on positions in the Swiss franc.

This event also opens new opportunities for the Bank, where our status in the market as a bank regulated by the Danish FSA ensures both oversight and security for our clients. Following the event Saxo Bank has experienced an additional number of new clients signing up to use the trading platform.

Saxo Bank expects to continue the ongoing development of its traditional trading business. The focus remains on clients, efficiency, profitability and optimisation of the entire value chain. Further focus on White Label Business, Institutional Business, High Net Worth Private Business and Digital Business is planned.

Cost control, capital and liquidity management are, as ever, ongoing themes for Saxo Bank in 2015. With a close eye on overall cost development, Saxo Bank will continue its investments in products and platforms. At the same time, system enhancements and knowledge upgrades are expected within the Bank's core business areas.

Despite the loss effect of the Swiss event, Saxo Bank is confident that the Group has a solid foundation for its operations in 2015.

CAPITAL & ICAAP

As of 31 December 2014, the Common equity tier 1 ratio, the Tier 1 capital ratio and the Total capital ratio for the Group were 16.0%, 18.3% and 19.7% respectively after inclusion of the total comprehensive income for the year, compared with 12.6%, 13.3% and 16.2% respectively as of 31 December 2013.

The change in the capital ratios is due to a mix of increase in capital elements and increase in Risk Exposure Amounts (Risk-Weighted Assets). The change includes impact from change in regulation due to the Group´s implementation of Capital Requirements Regulation (CRR) in 2014.

The implementation of CRR in 2014 had a positive impact on Common equity tier 1 capital due to changes in regulatory deductions and move of some deductions to Risk Exposures Amounts and a negative impact from regulatory recognition of subordinated debt. The impact in 2014 is disclosed as part of the statement of Total Capital (Own Funds) in the consolidated financial statements.

The subordinated debt issued by the Group before 2014 does not fulfill the requirements in CRR. The amount of subordinated debt allowed for inclusion in the capital will be reduced in steps from 2014 to the end of 2017, in accordance with CRR and Danish transition rules. By the end of 2017 none of the subordinated debt will be eligible for inclusion in the capital.

During the autumn 2014 the Group refinanced DKK 94 million of government state hybrid capital in the subsidiary Saxo Privatbank A/S with issuance of Additional tier 1 capital of EUR 45 million (DKK 335 million) in Saxo Bank A/S. This refinancing had a positive net impact on the Tier 1 capital of DKK 247 million.

In addition there was a positive impact on Common equity tier 1 capital due to positive earnings in 2014 and other adjustments to the capital calculation.

The Total Risk Exposure Amounts was DKK 14.3 billion as of 31 December 2014 compared with DKK 12.6 billion as of 31 December 2013. The increase is primarily due to changes in regulation where some assets where moved from deductions in the capital, to Risk Exposure Amounts on credit risk and higher market risk capital requirements on option's non-delta risk.

As of 31 December 2014, Saxo Bank's Internal Capital Adequacy Assessment Process (ICAAP) showed a capital requirement of 12.1% of Risk Exposure Amounts, equivalent to DKK 1.74 billion. The Common equity tier 1 buffer was DKK 1,086.2 million corresponding to 7.6% of Risk Exposure Amounts. Due to the Swiss franc move on 15 January the Common equity tier 1 Buffer at 31 January 2015 amounts to DKK 243 million corresponding to 1.7% of Risk Exposure Amounts.

The Risk Report 2014, and the ICAAP Q4 2014 Report, provide additional information regarding the Bank´s and the Group´s Capital (including regulatory own funds disclosures), Risk Exposures Amounts, and capital requirements. Both the Risk Report 2014 and the ICAAP 2014 Report disclose the high level impact from the Swiss franc move on 15 January 2015, based on a recalculation of the capital and capital requirements at 31 January 2015.

FSA INSPECTION AT SAXO BANK A/S

The Danish FSA conducted an inspection at Saxo Bank A/S in February 2014 of the Bank's client risk management processes and in particular, those that relate to WLC's margin trading in light of an incident in fourth quarter 2013 described in the Annual Report 2013. The FSA assessed that the incident was caused by weaknesses in the Bank's manual risk management of WLC's margin trading, including that the Bank's risk management practices were insufficient at the time. As a consequence the Danish FSA in May 2014 issued Executive Orders and Risk Information. The FSA further inspected and concluded that the Bank's calculation of its own capital requirements as of end March 2014 was sufficient in light of the Bank's risk management of clients' margin trading.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects are forward-looking statements. The words "may", "will", "should", "expect", "anticipate", "believe", "estimate", "plan", "predict", "intend" or variations of these words, as well as other statements regarding matters that are not historical facts or regarding future events or prospects, constitute forward-looking statements. Saxo Bank has based these forward-looking statements on its current views with respect to future events, a number of risks and uncertainties which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of Saxo Bank. Although Saxo Bank believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may differ materially. As a result, you should not rely on these forward-looking statements. Saxo Bank undertakes no obligation to update or revise any forward-looking statements.

THE BLUE LIGHT OF OPPORTUNITY

2014 saw the introduction of Saxo Bank's new, game-changing global brand campaign. The Opportunities campaign has revolutionised the conversations between trader and online trading provider – giving a compelling and memorable experience through images and a tone-of-voice that humanise the passion for trading.

The campaign shows the world that Saxo Bank has the best premium trading platform by virtue of its products, technology, service and brand.

Our homage to traders

Saxo Bank appreciates that traders seek opportunities everywhere, in all market conditions and at all times. This understanding was our foundation for creating a more emotional message to resonate with traders. The Opportunities campaign describes the spirit of action among today's confident traders. Whether the market goes up, down or sideways, they find a way to optimise their portfolios.

The Opportunities universe

The full campaign uses a blue light as a device to represent the glow of opportunity. With a hazy, twilight universe and a single, tantalising blue light, we have dramatised the flash of light that traders seize while the rest of the world is doing other things.

The foundation of our campaign

Saxo Bank aims to empower clients to seize more opportunities in the marketplace. Clients benefit from our unrivalled technology, dedicated liquidity and fast and reliable execution: anytime, anywhere. Anytime, because we offer assets from the world's markets, so there's always one open to trade on. And anywhere thanks to our flexible platform that works on any device – PC, tablet or smartphone – so trading is always within reach.

Campaign effects

The Opportunities campaign was launched in August 2014 to leads and existing clients who were able to identify themselves with the new campaign and its acknowledgement of the self-directed trader. It was rolled out across all Saxo Bank markets and media – and clearly sets itself apart from the competitive landscape, which has traditionally focused on products and prices.

OPERATIONAL REVIEW

PRODUCT DEVELOPMENT

Developing our product portfolio remains a key focus for Saxo Bank, and we began 2014 with the addition of two new FX spot crosses, enabling clients to trade the Croatian Kuna against the Euro and US Dollar. Two new spot metal crosses – Gold against the Chinese Renminbi and the Swiss Franc – have also been added, increasing our FX spot range to 184 crosses. In May and June we also introduced eight new FX forward outrights, bringing our total offering in forwards to 123 pairs available for any value date up to one year. In April, our range of OTC FX options expanded with the addition of two new pairs, the Chinese Renminbi and the Czech Koruna against the US Dollar.

Part of our growing China FX portfolio, the Renminbi option provides our clients with greater flexibility in trading the Chinese currency. Altogether, Saxo Bank now offers FX options on 45 currency pairs as well as options on Gold and Silver. Futures spread trading was launched across all of our platforms in February, enabling clients to trade futures spreads on a variety of assets, including gold, oil and other commodities, interest rates, bonds and major stock indices. With futures spread trading, clients can use a single order ticket to roll over their futures positions, without legging or spread risk.

Our launch of stock options in April marked a major new addition to Saxo Bank's equity offering, and reflects a growing appetite for options trading among investors. At launch, the top 200 stock options across the US, Europe and Asia-Pacific were made available to clients, and in May, Swiss stock options were added. A new content sharing agreement with the Options Industry Council was also signed in April, making the Council's extensive options education material available to all clients.

A new Portugal 20 index-tracking CFD was also added in April, and during the same month, Saxo Bank became the first retail broker to offer direct access to IEX, the alternative trading system (ATS) which focuses on investor protection and performance by resisting high frequency trading. In May, our suite of algorithmic orders was expanded to cover the Tokyo and Hong Kong exchanges.

PLATFORM ENHANCEMENTS

Our desktop platform, SaxoTrader, received several enhancements throughout 2014. These include a new column displaying profit and loss for FX positions in pips, new exposure columns allowing clients to monitor the effective exposure of individual positions, a new "Notice Date" column for clients trading futures and an "Open Interest" column displaying the Open Interest of all available upcoming expiries.

In March, improved icons and colour coding were added, and the chat module was revamped. In April, a number of enhancements were made to our charting function, including the ability to show trades and open orders in the chart. Saxo ERPTrader, our integrated solution for the Microsoft NAV application, was launched in February. Aimed at small and medium-sized companies, Saxo ERPTrader enables clients to hedge their currency exposures directly from their NAV accounting systems via online trading with Saxo Bank, and offers improved liquidity and debtor management. Currently, Saxo ERPTrader is available for Danish and Nordic corporate clients.

A new Trade Blotter enhancing access to historical data and selection functionalities was also added in addition to a module linking feature, enabling traders to work faster and more efficient within the platform. Furthermore, Heikin, an Ashi chart type, was extended and improved, making it easier to spot trends.

Lastly, a completely new cloud-based solution for Wealth Managers was launched during 2014. This element fully integrates the Wealth Manager offering on top of Saxo Bank's existing trading and back-office solution, providing multi-asset support, soft and hard compliance checks as well as professional-looking client reports which ultimately allow Wealth Managers to focus on servicing clients while Saxo Bank takes care of all the technology and back-office operations.

TRADINGFLOOR.COM AND SOCIAL MEDIA

Saxo Bank's online community for traders and investors, TradingFloor.com, was re-launched in January 2014 with a major facelift and multiple new features, including Saxo TV and social trading.

Since then the traffic of the site has grown substantially from a level around 60,000 unique users a month to around 300,000 users.

There were three objectives for re-launching the portal:

1) To raise interest in Saxo Bank in order to increase client acquisition cheaper than traditional marketing.
2) To engage existing clients in an attractive and retentive community.
3) To have a powerful earned content outlet for Saxo analysts and traders utilising social media, video, search engine optimisation etc.

Saxo Bank sees additional business potential from the attraction of new clients as well as from increasing the rate of retention and reactivation, thereby leading to a higher average lifetime value of its clients by engaging them in the community.

Bringing traders together to share information, and combining community with analysis and online trading – this is the vision behind a social trading platform. Conceived as an alternative to the closed world of trading, TradingFloor.com is built on transparency – ensured by featuring only real traders with real accounts – and peer-to-peer sharing of trading ideas in real time. Investors can share their performance, follow other traders and execute trades directly from the TradingFloor.com site.

To empower investors to make more informed decisions, TradingFloor.com combines social trading with a broad range of content, from Saxo Bank's own team of analysts and external VIP authors. The Bank's on-demand business television service, Saxo TV, is also integrated with TradingFloor.com.

More than 48,000 members have registered with the community, and over 4,000 of Saxo's active clients have linked their trading accounts to the community – enabling them to share their trades and interact with other traders online.

The new TradingFloor.com features real traders using their Saxo Bank trading accounts to ensure full transparency of traders' performance and trading histories. Throughout the year, Saxo Bank has published our Quarterly Outlooks. In addition, our daily publication, the Saxo Trade Navigator, is published five days a week with technical insights into almost 200 instruments and can be used to spot daily trade ideas.

In general, social media is an increasingly important part of Saxo Bank's communication strategy, and in 2014, we continued to build our social media presence across the leading social media sites, including Facebook and Twitter. We are also active on the professional networking site LinkedIn.

GEOGRAPHICAL EXPANSION

Saxo Bank continues to see local presence as a key competitive advantage, and following last year's office openings in Turkey and Latin America, we returned to the Middle East in May 2014 to launch a new office in Abu Dhabi, our second location in the UAE.

In 2009, Saxo Bank became the first Scandinavian bank to establish a presence in the Gulf Corporation Council region, when we launched our office in the Dubai International Financial Centre. Our new office further strengthens our presence in the region and positions Saxo Bank to meet the needs of local investors as Abu Dhabi enters a new phase of economic development and expansion.

With this latest office opening, Saxo Bank now has a presence in 25 countries.

PRIVATE BUSINESS

Saxo Bank aims to empower private clients around the world to seize trading opportunities, by providing them with the widest range of products available, best execution and outstanding client experience, regardless of where they are based. During 2014, we have seen a continuous stream of new clients looking to access our platforms, thanks to the Bank's continued investment in

platform and product innovation including the launch of stock options, focus on CFDs and investment in educational resources for clients.

Saxo Bank's retail clients represent a broad range of individuals with varying degrees of financial experience, expertise, wealth and trading motivations. During 2014, Saxo Bank increased its focus on high net worth clients as well as on improving the operational efficiency across the retail value chain.

Saxo Bank always aspires to foster a positive trading experience for its clients. Our dedicated emphasis on client education, especially in the area of risk management, has created a competitive advantage and enabled the Bank to offer a superior service level across all markets in which it operates. Our focus on enhancing the client experience has further been made possible by the integration of Client Trading Services together with Sales operations.

A number of high profile VIP events hosted by the Bank during 2014 have also contributed to the business development and relationship building in the retail segment.

INSTITUTIONAL BUSINESS AND WHITE LABEL

In 2014, Saxo Bank added further resources to accelerate the development of its competitive position in the institutional clients segment. The focus is on developing the offering and service solutions to better meet the needs of financial institutions including Banks, Brokers, Asset Managers, Money Managers, Hedge Funds, Funds, Introducing Brokers, Broker Dealers and other professional and corporate clients.

Building on the Bank's industry-leading solutions for White Label clients and Introducing Brokers, Saxo Bank is currently developing new innovative solutions for a broader range of institutional segments, enabling more financial institutions to effectively service their clients by using Saxo Bank's trading platforms, trading infrastructure and broad suite of back-office services.

This strategy resulted in new business relationships being established with several important new institutional clients.

To ensure that the entire organisation is adapted to service the needs of more demanding institutional and professional clients, the client service setup has been restructured and streamlined. At the same time, Saxo Bank launched the FX Prime Brokerage offering coupled with a FIX API connection to ECN liquidity, cementing the institutional business and clients as key priorities.

The benefits of trading with Saxo Bank for institutional clients include having access to the Bank's institutional capabilities and expertise from a single centre of excellence. Over the past year, Saxo Bank has moved forward with the strategy of consolidating the institutional business into three centres of excellence - London, Copenhagen and Singapore. This strategic move allows the Bank to centralise its capabilities and put its extensive resources at the service of Saxo Bank's growing institutional client base.

SAXO PRIVATBANK

Saxo Bank offers private and retail banking through Saxo Privatbank, a fully licensed Danish bank with branches across Denmark.

Saxo Privatbank has in 2014 continued to attract new clients. The bank continues to focus on Private Banking, offering full-service banking with special attention to investment advisory services.

The core offering combines digital solutions for the everyday banking transactions as well the ability to use advanced tools and services to make sound investment decisions – combined with 360-degrees' advisory services.

2014 also marked the year when Saxo Privatbank finalised the innovative integration of Saxo Bank's new trading and investment platform with its third part banking infrastructure (SDC). The new and combined offering allows clients to use advanced order types, technical analysis and provides access to 32 markets – also from pension accounts. The solution is accessible from PC, tablet and smartphone and settings and workspaces are shared across devices.

All existing clients were migrated to the new and combined solution during Q4 2014. Integration was completed and the legacy systems were abandoned. This will result in substantial savings in 2015 and onwards.

The bank opened a new branch in Odense late 2013. The branch services all relevant cities on Funen – both at the banks premises and at the clients. This way to service the clients has proven successful and the branch reached breakeven at the end of 2014.

The total value of cash deposits and investments by clients of Saxo Privatbank amounted to DKK 24.6 billion by the end of 2014. Of this amount, DKK 14.1 billion were investments managed by Saxo Wealth Management on behalf of clients, while DKK 7.4 billion was clients' direct investments in securities, with the remaining DKK 3.1 billion representing client's' cash deposits with Saxo Privatbank. The total balance of loans outstanding amounted to DKK 2.0 billion.

LISTENING TO OUR CLIENTS

Data is the great facilitator of our effort to create a powerful and personalised client experience. Our aim is to listen, engage and provide the best possible trading experience to our clients. Our goal is to have more, happy and active clients and carefully designed algorithms help us to achieve this. Sometimes the algorithms provide content automatically to the clients; other times, sales staff will receive suggestions for content that can spur interaction with clients. It is all about making the experience as relevant and seamless as possible.

This process of learning from our traders, understanding their needs and behaviors and acting accordingly ensures an engaging experience with Saxo Bank. We continuously test and validate our actions, then refine based on the data.

Harnessing the potential of Big Data

The emergence of so-called 'Big Data' has the potential to revolutionise the way companies interact with their clients, anticipate their needs and tailor their offering to the client's profile. The success of data science, however, lies not only in addressing the client experience in one area of the business, but in increasingly taking a holistic view of how different touch points in the client journey interact with each other.

In 2014, Saxo Bank became an early adopter of intelligent data use within the financial industry. By leveraging our data science capabilities, Saxo Bank is able to deliver a better trading experience that takes into account the characteristics of our diverse international client base and their evolving needs.

THE BUSINESS OF SAXO BANK

SAXO BANK'S BUSINESS MODEL

Saxo Bank is a facilitator of online trading with a global footprint and local presence. The bank continuously works to improve its platforms and products to provide its retail and institutional clients' access to the financial markets through the most sophisticated, cloud-based, multi-asset platform available.

Historically, access to financial markets was the preserve of financial institutions and private clients were restricted in their access to market information and trading venues. The advent of the internet presented an opportunity to open the world's financial markets to private clients through access to real-time market information and real time transactions. Saxo Bank was, and still is, a pioneer in providing innovative solutions to individuals who want to invest in and trade the world's financial markets. Today, the Bank's proposition is as attractive to private clients as it is to financial institutions such as hedge funds, asset managers and corporates, for whom Saxo Bank has developed dedicated solutions and service models.

Saxo Bank's ambition is to empower clients to execute on their investment ideas, reducing intermediation and squeezing out cost inefficiencies. At the same time, the Bank offers clients a robust trading infrastructure, secure and real-time access to the markets, access to a wealth of support in the form of news, market information, ideas, social interaction with fellow traders and assistance when needed.

Saxo Bank's business model is illustrated in the diagram on page 28.

TRADING FACILITATION

Liquidity provisioning

To facilitate online margin trading in non-listed products on its trading platforms, Saxo Bank obtains liquidity from more than 15 large banks. For trading in listed equities, liquidity is provided through connectivity to the world's major stock exchanges. By aggregating liquidity from multiple sources, Saxo Bank is able to stream competitive prices and spreads to its clients, and deal with the flow of transactions in a cost-effective way. Due to Saxo Bank's wide client base, the Bank is often able to match two sides of the trade on the Bank's own platform, thereby improving the efficiency of the trading process and eliminating the cost of hedging that exposure. Efficient execution and risk management are thus core competencies of Saxo Bank.

Products

Saxo Bank offers a wide range of assets and products for online trading, including FX, equities, commodities, energy, precious metals, ETFs etc. The FX product range comprises spot FX, forwards, options, binary touch options and CFDs (Contracts for Difference) on FX. Equities are traded in the form of cash equities, CFDs on single stocks, CFDs on stock indices, exchange traded contract options, ETFs (Exchange Traded Funds) and ETCs (Exchange Traded Commodities). Commodities are traded in the form of futures, CFDs and contract options.

Clients can trade 184 currency crosses, over 9,000 CFDs more than 19,000 listed stocks from exchanges around the world, futures, FX options, contract options, ETFs and ETCs.

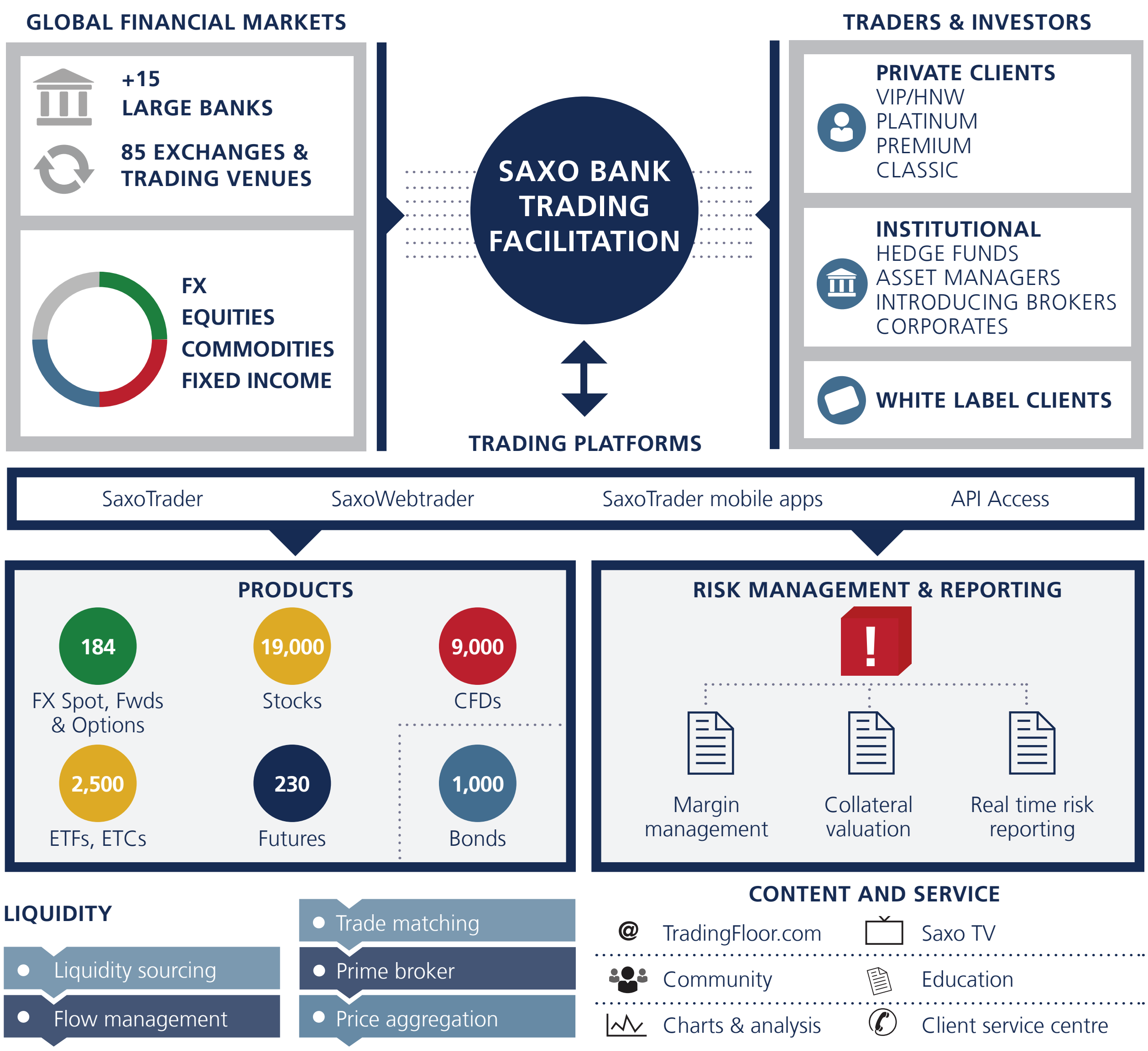
Margin trading and risk management

FX, CFDs and futures are typically traded on margin, enabling clients to enter into nominal investments/ positions that exceed the value of their deposits with Saxo Bank, with dynamic margin changes reflecting the changes in the risk profile of the trades. To facilitate clients' trading in margin products, Saxo Bank allows clients to use cash deposits, stocks and bonds as collateral. The Bank's risk exposure to clients' margin trading is managed in real-time through Saxo Bank's proprietary risk-management systems.

Trading platforms

To facilitate its clients' trading needs, Saxo Bank has developed a range of proprietary online trading platforms, tailored to fit different client preferences and different types of hardware and technologies. These versions include the downloadable SaxoTrader, which is currently the most-used by clients, the web-based Saxo-WebTrader and the SaxoTrader mobile apps accessible via iPhones, iPads and Android phones and tablets. Saxo Bank also supports offline trading in a wide range of fixed-income products, including sovereign bonds, government bonds, corporate bonds and mortgage bonds.

In addition to prices and spreads, Saxo Bank's trading platforms provide clients with access to real-time market news and analysis from recognised sources such as Dow



Jones Newswires and Reuters. Clients also have access to real-time charts, financial calendar, risk management tools and educational resources.

An advanced API-based trading solution is also offered, branded as Saxo Direct. The API solution provides access to Saxo Bank's own multi-asset liquidity. This access is suited to retail aggregators and asset managers who can benefit from competitive spreads on a range of assets, including FX, CFDs (Indices and Commodities), CFD DMA, stocks and futures.

TradingFloor.com
In addition to its trading platforms, Saxo Bank has developed TradingFloor.com, a platform designed to facilitate the Bank's digital interaction with its clients, with a great variety of value-add content, including Saxo TV, educational material, news and analysis.

TradingFloor.com is also the home of a community of traders and investors and a platform for Saxo Bank's social trading features. These currently allow clients to follow and copy the trades of other clients who have given prior permission to share their trades.

CLIENTS

Private clients

The majority of the bank's clients are private individuals. These clients represent a broad range of individuals with varying degrees of financial experience, insight, wealth and trading motivations.

To ensure that Saxo Bank provides a suitable offering in terms of price and service in relation to each private client, we have implemented a client service concept with varying service offerings and price conditions, based on the overall value of the relationship with each client.

Institutional clients

Saxo Bank serves five key institutional client segments, including White Label partners, Asset Managers, Introducing Brokers, Financial Institutions and API clients via Saxo Direct.

Saxo Bank's trading platform is built with advanced functionality and institutional-grade capabilities suited for the hedging and proprietary trading needs of corporations, banks and broker-dealers.

Saxo Bank enables Asset Managers and Introducing Brokers to manage their trading activities with clients on its online platform. In addition to facilitating financial market trading, we support easy client onboarding, and provide trade allocations as well as reporting tools.

White Label Clients

In addition to our direct private clients, Saxo Bank also provides trading services to clients of other banks and brokers who offer rebranded versions of Saxo Bank's trading platform to their underlying clients and in their own name. Such banks and brokers, referred to as White Label Clients, represent approximately 40% of all clients onboarded by Saxo Bank. Under the White Label concept, Saxo Bank handles the operational aspects of the trade, post-trade processing, online risk management and the entire back-end system, thereby enabling the White Label partner to focus on client service and acquisition.

ORGANISATION

Headquartered in Copenhagen, Denmark, Saxo Bank has a strong international network with local offices in 25 countries across Europe, Asia, Australia, South America and Africa. Through its local sales and service organisation and global online presence, Saxo Bank serves clients in more than 180 countries. In the past year, Saxo Bank has moved forward with its strategy of consolidating the institutional business into three centres of excellence - London, Copenhagen and Singapore. This strategic move allows the Bank to centralise its capabilities and put its extensive resources at the service of the Bank's growing institutional client base.

SAXO PRIVATBANK

In addition to offering the full package of Saxo Bank's global products and services, Saxo Privatbank focuses on the development of traditional banking and pension products for the Danish market with the emphasis on advanced investment solutions. The Wealth Management division of Saxo Privatbank focuses on High-Net Worth individuals and institutional investors.

2014 SPONSORSHIP HIGHLIGHTS

January
· Saxo Bank announces that it will be Business Partner of Lotus F1 Team in 2014.

March
· Alberto Contador wins Tirreno-Adriatico race in Italy.

May
· Saxo Bank upgrades its livery and gets sidepod positioning on the Lotus F1 cars competing in Monaco Grand Prix.

July
· Marco Sørensen joins the GP2 races for remainder of the season.
· Tinkoff-Saxo rider Michael Rogers wins a stage in the Tour de France and his teammate Rafał Majka wins two stages and the overall King of the Tour de France Mountain polka dot jersey.
· Saxo Bank hosts the Tour de France celebration party in Paris for riders, management and Saxo Bank guests.

August
· Cyclist Rafał Majka wins Tour de Pologne.
· Danish Champ Michael Valgren wins Post Danmark Rundt.

September
· Alberto Contador wins the Vuelta a España for the third time.

October
· Marco Sørensen earns his first GP2 Series victory in Sochi, Russia.

November
· Team Tinkoff-Saxo hikes Mount Kilimanjaro followed by a Saxo Bank camera crew documenting the trek.
· Alberto Contador and Bjarne Riis attend a three-city roadshow to celebrate the 2014 season with Saxo Bank clients.

SPONSORSHIP: INVESTING IN OPPORTUNITIES

Saxo Bank's investment in high performance sports echoes our approach to the financial industry. We invest in talent in order to drive performance and empower opportunities.

The Opportunities marketing campaign unveiled in 2014 was similarly enforced in our sponsorship endeavours. Saxo Bank's global sponsorship objective in both cycling and motorsport is to deliver brand awareness and increase consideration and preference for our trading platform. We aim to grow the business by attracting new clients and rewarding existing clients with live experiences involving the Tinkoff-Saxo cycling team and relevant Formula 1 events.

Cycling

In addition to the benefits of live experiences that engage with clients, our cycling sponsorship continues to provide a cost effective media platform, delivering significant exposure and authenticity to support our high performance positioning. The 2014 Tour de France race delivered over 140 hours of exposure for the brand, with media values in excess of €14 million.

Motorsport

Saxo Bank forged a relationship with the Lotus Formula 1 Team and continued to invest in rising talent through an on-going partnership with Denmark's Marco Sørensen, a Lotus F1 Team development driver. Formula 1 is a global showcase of speed, technology and performance, reaching a global audience of more than 500 million unique viewers. For Saxo Bank, motorsport acts as a complementary sponsorship to cycling, and supports our local markets with premium assets.

This engagement allows Saxo Bank to energise its brand vales on a global basis and to engage clients via exclusive racing experiences.

CAPITAL MANAGEMENT

The purpose of Saxo Bank Group's capital management practice is to ensure that the Group has sufficient capital at all times to cover the risks associated with its activities. The framework for the Group's capital management is rooted in the fourth edition of Capital Requirement Directive's (CRD IV) Pillars I, II and III. Pillar I contains a set of rules for calculating the minimum capital requirement. Pillar II describes the framework for the Group's Internal Capital Adequacy Assessment Process and the supervisory review, while Pillar III contains the disclosure aspect.

The Group's Internal Capital Adequacy Assessment Process (ICAAP) comprises six steps as described below:

Step 1: Capital requirement according to CRR/CRD IV (Pillar I)
Step 2: Self assessed capital requirement using a quantitative approach (part of Pillar II)
Step 3: Capital requirement using the 8+ approach (part of Pillar II)
Step 4: Self assessed capital requirement using a scenario based approach (part of Pillar II)
Step 5: Capital adequacy determination, based on the 4 previous steps (Pillar II)
Step 6: Disclosure (Pillar III)

PILLAR I, CAPITAL REQUIREMENTS

This first step in assessing the Group's adequate capital level is to calculate the minimum capital requirement using the Capital Requirements Directive, Pillar I. The Group uses the following methods to calculate risk exposure amounts for the three types of risks:

Credit risk - The Standard Method
• Counterparty Risk: Marked to market Method
• Credit Risk Mitigation: Financial Collateral Comparative Method

Market risk - Standard methods
• Share Price Risk: The Standardised Approach
• Currency Risk: The Standardised Approach
• Interest Rate Risk: The Standardised Approach
• Option Risk (gamma, vega): The Scenario Approach
• Commodity Risk: The Maturity Ladder Method

Operational risk - Basic Indicator Method

PILLAR II, RISK SELF-ASSESSMENT USING A QUANTITATIVE APPROACH

The second step is to assess the risks to which the Group is exposed in an internal, quantitative approach.

The internal approach, where each risk category is assessed subjectively in accordance with certain principles, determines the capital requirement for each of the risk category.

More details regarding how the exposures for each of the risk categories are assessed can be found in the Saxo Bank Group Risk Report 2014 available at www.saxoworld.com/investorrelations.

Credit risk
To assess the credit risk that the Group is exposed to, the different counterparty types have been examined, and the outstanding counterparty risk has been determined in each case or each segment.

For retail and institutional clients, credit exposure at default (EAD) is estimated based on derived client loss distributions (across actual daily individual client portfolios). EAD is calculated as the average of losses exceeding the collateral placed for margin. For banks and brokers, the exposure is the outstanding cash and unrealised profit amount on open positions. For credit lines, the exposure is the issued line.

For retail and institutional clients, exposure at default is used as a conservative capital measure. For all others, the risk has been assessed using impact and likelihood, based on empirical data, expert judgement and credit ratings wherever applicable.

Market risk
The market risk in the Group has been assessed using an exponentially weighted moving average VaR approximation to derive Expected Shortfall (ES) on the Group's actual outstanding exposures. To better reflect the Group's risk appetite, the most recent monthly and weekly averages are compared and the largest number is selected as being representative of the Group's current market risk appetite. The model uses actual correlations within the traded portfolio. ES is determined with 99.97% confidence, and a one day time horizon on foreign exchange, and a two day time horizon for products traded on an exchange, as the vast majority of the trading exposure can be eliminated within one or two days respectively.

Operational, Compliance and Legal risk
The Group's operational risk is assessed through a self-assessment process where likelihood and impact levels of risk events are determined. The risks have been assessed using the same simulation model as described under credit risk. The operational risk in the Group has been determined using a portfolio approach and Monte Carlo simulation with a 0% event correlation. To incorporate stress, a number of combined event scenarios have been introduced in the simulation.

Business risk
The key potential business risks are identified as part of the budgeting process. The outcome of this process forms the basis for sensitivity analyses of the net income, which is included in the annual budget report. Business risk is covered by the budgeted income. However, if the income is not sufficient, capital must be explicitly set aside. Throughout the year, the performance is evaluated to determine whether capital should be set aside. Furthermore, capital is set aside in recognition of the granted, unutilised market risk exposure limits not included under Pillar I.

Liquidity risk
The liquidity risk is determined as the increased cost of raising capital in a very illiquid market. The Saxo Bank Group has determined the liquidity risk based on scenarios with a liquidity shortfall within the Group.

To the extent that the events cannot be absorbed by the budgeted income, capital will be explicitly allocated to cover the risk.

Other risk
Other risk covers strategic risk, and risk not included in the previous categories. Methodologies for assessing capital requirement vary depending on the underlying risk event type.

Buffers
Saxo Bank Group includes buffers to incorporate additional capital requirements identified, but not covered by the previously described assessments.

The buffers are allocated to the relevant main risk categories described previously.

CAPITAL REQUIREMENT, 8+ METHODOLOGY

The third step calculates the capital requirement in line with the requirements of the Danish Financial Supervisory Authorities capital adequacy requirement guideline (referred to as 8+).

Each defined risk category is examined in order to determine whether additional capital beyond the Pillar I requirement should be set aside, and as determined by the internal Pillar II calculation.

The total capital requirement is specified in the ICAAP Q4 2014 report at www.saxoworld.com/investorrelations.

STRESS TESTING USING A SCENARIO-BASED APPROACH

The fourth step estimates the capital and earnings effects of stress test scenarios regardless of the previous capital adequacy levels.

Stress tests are developed on the basis of the risk register. One or more stress scenarios are made in the major categories, consisting of one or more events from the register in the applicable risk category. Furthermore, Saxo Bank Group uses a number of combined stress scenarios, combining multiple events across risk categories. One of the combined events entails a close to unlikely chain of events, in order to ensure the utmost degree of stress. Where applicable, the stress test takes insurance coverage into account.

The stress scenarios are updated and reviewed according to changes in the market and economic environment, and at least once a year.

CAPITAL ADEQUACY DETERMINATION

To determine the appropriate level of capital adequacy, the results using the different methods are compared for each risk category. As the 8+ method results in the largest capital requirement for each risk category, the sum of these will compose the advised minimum capital level required to operate the Group. Based on the CRD IV requirement of 8% the different methods can be indexed based on risk exposure amounts.

CAPITAL PLANNING

Part of the ICAAP is planning future capital needs in relation to the business environment, growth and strategic plans in the years to come. Potential major changes to the risk profile, and thereby the future solvency need, are estimated using the ICAAP. These could be changes in the business strategy or competitive landscape, significant increases in traded volumes, fundamental changes in the market conditions, changes in the internal organisation, M&A activity, material changes in regulatory requirements or introductions of new products. This input is used in the strategic decision-making process by the Board of Directors and the Board of Management.

Furthermore, the result of the ICAAP is used as input to the capital plan and the capital contingency plan.

The capital plan is a function of the estimated (budgeted) forecast of capital, risk and earnings. The capital plan is based on the Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CRR) including and taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority.

The result of the ICAAP step four (scenario based approach) is used as input to the capital contingency plan. The financial consequences following the various scenarios and potential management actions are estimated using the me-thodology described under the ICAAP step two – whereby the most likely net financial consequences from a scenario appear. The potential management actions are revised should the estimated net financial consequences bring Saxo Bank Group below the required minimum capital level.

A full ICAAP is performed as often as required, but at least once a year. Capital adequacy levels adjusted according to the ongoing limit utilisation are published on a quarterly basis and reported to the Danish FSA on a monthly basis.

FUNDING

During the autumn 2014 the Group refinanced DKK 94 million of government state hybrid capital in the subsidiary Saxo Privatbank A/S with an issue of Additional tier 1 capital of EUR 45 million (DKK 335 million) in Saxo Bank A/S. This refinancing had a positive net impact on the Tier 1 capital around DKK 247 million.

LIQUIDITY

Saxo Bank Group is subject to Danish regulatory liquidity requirements. As of 31 December 2014 the regulatory liquidity requirement for the Group was DKK 5.25 billion. The Group’s liquidity to cover this requirement was DKK 17.48 billion.

CRD IV implies that requirements for a short-term Liquidity Coverage Ratio (LCR) must be set to ensure that institutions always have an adequate holding of liquid assets to cover imbalances arising between incoming and outgoing cash flows in stressful situations over a thirty-day period.

In Denmark, the LCR will be phased in, i.e. a gradual phasing-in of 60% of the full requirement in 2015, 70% in 2016, 80% in 2017 and 100% in 2018. The existing Danish liquidity requirement is to be maintained up to, and including, 2016, provided that the final definition of LCR means that some institutions can be granted relief in relation to their existing liquidity requirements.

Saxo Bank Group expects the CRD IV regulation to be more restrictive than the current Danish regulation due to expected higher liquidity requirements on investment bank activities which is the Group´s core business. The Group is monitoring the final regulation and interpretations closely and has taken action based on the estimated impact on the future liquidity regulation.

RISK FACTORS

The various risks that Saxo Bank Group is exposed to are actively monitored as applicable based on the underlying exposure. The Group strives to mitigate those risks that it has influence upon in order to ensure that risks are within the Group's risk appetite. In addition, the Group is subject to external events beyond its control, e.g. acts of terror, political intervention, meltdown of the financial markets, changes in technology or other rare and unpredictable exogenous events. The Group strives to be observant and responsive to changes in the external environment. Nevertheless, there can be no assurance this will prove to be sufficient, as actual developments may differ significantly from the Group's expectations.

Some of the risk factors, which may adversely affect the Group's future growth, activities, financial position and results, are described below. This is not an exhaustive description of the risk factors to which the Group is subject, nor are these factors listed in any order of priority.

BUSINESS RISK

The competitive environment
Technology spreads out making it easier to replicate existing trading platforms and enabling newcomers to start up at low cost. As a result, many low-cost players have been attracted to the market place. Consequently, these newcomers may lead to increased price competition, which could have a material adverse impact on Saxo Bank Group. Although the Group seeks to differentiate its offerings from its competitors and enter into new markets broadening its product offerings, it may not be successful in reducing the effects of increased competition. Thus, the increased competition may decrease the Group's revenue or margins and thereby have a material adverse effect on the Group.

The regulatory environment
Although Saxo Bank Group continuously monitors and accommodates regulatory changes, it cannot be ruled out that the Group might fail to adhere to certain regulations. The Group's failure to comply with applicable regulations could result in substantial costs, losses and other negative consequences such as revocation of license(s).

Furthermore, new regulations could potentially constrain the Group's ability to provide products and services to its clients or may increase the costs of providing such products and services.

Deleveraging
Saxo Bank Group believes that the potential growth in demand for its products generally correlates with market volatility as well as the general economic conditions. Thus, the demand for the Group's products is subject to changes in market conditions as well as clients' attitude towards risk and other factors beyond the Group's control. Periods of low risk appetite mean lower activity and reduced demand for the Group's leveraged products, which may have a material adverse effect on the Group's results and financial position.

International operations
Saxo Bank Group operates in various countries and pursues a decentralised decision-making authority based on guidelines established by the parent company. Although the Group has various control systems in place in order to monitor decentralised business units, these might not prove sufficient to ensure that local managers adhere to all guidelines and local regulations and therefore, it cannot be ruled out that the Group could experience an incident that may have a material adverse effect on the Group.

OPERATIONAL RISK

Business disruption
Saxo Bank Group is highly dependent on the continuous operation of its IT infrastructure. Therefore, system failures could impact the Group's services to its clients or critical internal business processes. For example, the complete loss of the IT infrastructure means that the Group and its clients are unable to see their exposures as well as execute trades electronically, which during market turmoil could result in material losses. Consequently, a system outage may have a severe financial and reputational impact on the Group. Furthermore, in a catastrophic event such as a global pandemic or severe fire, a large proportion of staff might not be able to carry out their daily duties. As a result, the Group might be adversely affected.

To cover the above-mentioned scenarios, the Group has redundant data centers, business contingency plans and insurance programs in place that are regularly reviewed and challenged to ensure continuing effectiveness and relevance.

Third parties

The Group relies on outsourced service providers to perform certain functions. These service providers also face technology and operating risks, and any significant failures by them could disrupt operations and thus cause the Group to incur losses and harm the Group's reputation. Outsourcing agreements with third parties are monitored and reviewed regularly to ensure that they meet the Group's internal policies and requirements.

Security risk

Cyber-attacks on financial institutions are increasing and becoming more sophisticated and targeted than ever before. These emerging threats could harm the Group and its clients, which might affect the Group financially or harm its reputation.

As with any other business solution, the Group's trading infrastructure might be exploited or misused by cyber criminals. The Group has taken several steps to protect its infrastructure both with policies and procedures as well as mitigating technical controls for these emerging threats. The Group furthermore keeps an eye on the evolution of cyber-attacks, ensuring an adaptive defense.

CREDIT RISK

Saxo Bank Group incurs credit risks in relation to its brokerage operations.

Credit risks sustained from retail and small institutional clients derive from the possibility that posted collateral may not offset sustained deficits. In response, the Group uses a near real-time monitoring system, which can notify and intervene immediately.

In the event of a price gap many clients may be affected simultaneously, and the position liquidation system may not function due to lack of market liquidity, resulting in material losses.

The Group also faces credit risks from liquidity providers, financial brokers and counterparties. The counterparty default risk from this category is mitigated by pledging collatreal via third party custody accounts, and implementing bilateral collateral agreements, however all exposure cannot be eliminated on an intraday basis. In acknowledgement of the risk, the Group only operates with regulated counterparties with high credit ratings, within a set of predefined limits.

Furthermore, Saxo Bank Group incurs credit risk in relation to its retail banking activities. The granting of a credit facility is based on the Group's insight into the client's financial position. As part of this process, the Group strives to ensure that each facility matches the credit quality and financial position of the client.

A common factor of the various credit risks in which the Group has become engaged, is that the risk stems from adverse market movements or severe changes in macroeconomic and financial factors, all of which are beyond the Group's influence. Despite measures taken within credit risk management, Saxo Bank Group may experience losses that may have a material adverse effect on the Group.

MARKET RISK

As part of offering competitive prices, the main role of Saxo Bank Group's trading function is to optimise the trading flow i.e. determine the timing of covering the risk in the market.

Consequently, in case of, for example, significant adverse movements in the foreign exchange, equity, commodity or interest rate markets or other external events outside the Group's control, these exposures may have a material adverse effect on the Group in spite of the fact that the Group monitors market exposures and losses closely intraday. In addition, it cannot be ruled out that staff engaged in decisions regarding the optimisation of the flow could misjudge the situation, or otherwise take decisions that end up having a material negative impact on the Group's financial position.

HIGHLIGHTS

2014

JANUARY

- Saxo Bank launches TradingFloor.com: a social trading platform and community that enables traders around the world to share their trades with peers, thereby transforming trading into a social experience.
- Saxo Bank announces two new currency pairs involving the Croatian Kuna, EUR vs. HRK and USD vs. HRK, highlighting demand from the Bank's growing client base throughout Central Eastern Europe.
- Saxo Bank announces that it will be a new Official Business Partner of the Lotus F1 Team in 2014.

FEBRUARY

- Saxo Bank continues to enhance the product range available to its retail and institutional clients by introducing Futures spread trading on a variety of assets across its platform.

MARCH

- Saxo Bank establishes a Global Strategy & Data Science team to capitalise on the potential of Big Data to further optimise both the client experience and Saxo Bank's business.
- Saxo Bank launches its new Sponsorships and Events platform to support the activation and usage of its global sponsorships in cycling and motorsport.

APRIL

- Saxo Bank becomes the first retail broker to offer direct access to IEX, an alternative trading system focusing on investor protection and performance.
- Saxo Bank adds Stock Options trading to its multi-asset platform, enabling clients to trade an even greater number of asset classes from a single account, while taking advantage of Saxo Bank's cross-product margining.

MAY

- Saxo Bank expands its presence in the Middle East with the opening of its new office in Abu Dhabi, United Arab Emirates.
- Saxo Bank adds six new Forward Outright crosses to the FX offering: AUD vs. NOK, AUD vs. SEK, CAD vs. SEK, XAU vs. EUR, NZD vs. ZAR and NZD vs. MXN.

FX

JUNE

- Saxo Bank launches a client competition to coincide with the World Cup in Brazil, drawing on correlations between the performances of national football teams vs. the countries' relative economic performance.

AUGUST

- Saxo Bank announces the renewal of the co-title sponsorship of the Tinkoff-Saxo cycling team for the 2015 season.

SEPTEMBER

- Following the renewal of Saxo Bank's partnership with the Tinkoff-Saxo cycling team, Alberto Contador wins the Vuelta a España title, making a remarkable comeback after a fractured tibia forced him to retire from the Tour de France in July.

OCTOBER

- Saxo Bank launches the 'Saxo Trade Challenge' competition on TradingFloor.com, inviting traders to prove their trading skills in a hunt for the USD 9,000 prize pool.

NOVEMBER

- Co-CEO and founder Kim Fournais rings the NASDAQ opening bell, highlighting Saxo Bank's increased diversification into multiple asset classes including equities and Stock Options trading, and announces a Thanksgiving zero-commission campaign.
- Saxo Bank introduces a No Dealing Desk account designed for clients seeking Direct Market Access.
- Saxo Privatbank migrates all trading clients onto the SaxoTrader platform.
- Saxo Bank seizes the opportunity to further strengthen its capital structure by issuing Tier 1 capital of EUR 45 million in total.

FINANCIAL STATEMENTS

CONTENTS FINANCIAL STATEMENTS

INCOME STATEMENT – SAXO BANK GROUP

1 JANUARY – 31 DECEMBER

Note	(DKK 1,000)	2014	2013
3	Interest income	1,288,701	1,063,690
4	Interest expense	(171,784)	(192,967)
	Net interest income	**1,116,917**	**870,723**
5	Fee and commission income	1,123,538	1,111,358
6	Fee and commission expense	(1,035,775)	(1,025,157)
	Net interest, fees and commissions	**1,204,680**	**956,924**
7	Price and exchange rate adjustments	1,802,151	1,904,040
	Operating income	**3,006,831**	**2,860,964**
8	Other income	81,439	102,232
9	Staff costs and administrative expenses	(2,008,907)	(2,048,121)
	Depreciation, amortisation and impairment of intangible and tangible assets	(420,122)	(561,236)
	Other expenses	(18,662)	(73,181)
12	Impairment charges for receivables, loans, advances etc.	(1,745)	(16,834)
	Income from associates and joint ventures	(74,076)	(16,457)
	Profit before tax	**564,758**	**247,367**
13	Tax	(183,534)	(85,206)
	Net profit	**381,224**	**162,161**
	Net profit attributable to:		
	Shareholders of Saxo Bank A/S	391,632	159,499
	Additional tier 1 capital interests	3,080	-
	Non-controlling interests	(13,488)	2,662
	Net profit	**381,224**	**162,161**

STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK GROUP

1 JANUARY – 31 DECEMBER

Note	(DKK 1,000)	2014	2013
	Net profit	**381,224**	**162,161**
	Other comprehensive income		
	Items that will not be reclassified subsequently to income statement:		
21	Revaluation of domicile properties	600	1,000
	Actuarial gains/(losses)	(19,135)	769
13	Tax on other comprehensive income	3,487	2,020
	Items that will not be reclassified subsequently to income statement	(15,048)	3,789
	Items that are or may be reclassified subsequently to income statement:		
	Exchange rate adjustments	69,470	(93,469)
33	Fair value adjustment of cash flow hedges:		
	Effective portion of changes in fair value	(44,066)	12,615
	Net amount transferred to profit or loss	13,924	14,203
33	Hedge of net investments in foreign entities	(50,096)	66,249
	Other comprehensive income from associates, net of tax	(117)	600
13	Tax on other comprehensive income	19,533	(23,532)
	Items that are or may be reclassified subsequently to income statement	8,648	(23,334)
	Total other comprehensive income, net of tax	**(6,400)**	**(19,545)**
	Total comprehensive income	**374,824**	**142,616**
	Total comprehensive income attributable to:		
	Shareholders of Saxo Bank A/S	385,229	139,949
	Additional tier 1 capital interests	3,080	-
	Non-controlling interests	(13,485)	2,667
	Total comprehensive income	**374,824**	**142,616**

STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP
AT 31 DECEMBER

Note	(DKK 1,000)	2014	2013
	ASSETS		
	Cash in hand and demand deposits with central banks	1,900,572	1,660,392
14	Receivables from credit institutions and central banks	2,647,919	2,070,192
15	Trading assets	26,416,499	18,353,461
16	Loans and advances at amortised cost	1,834,306	1,956,220
17	Investment securities	39,195	60,576
	Current tax assets	19,573	134,982
18	Assets held for sale	-	136,589
38	Investments in associates and joint ventures	189,762	326,070
19	Intangible assets	1,871,083	1,911,233
	Investment properties	2,305	4,190
21	Tangible assets	836,167	890,761
13	Deferred tax assets	20,945	15,660
	Other assets	229,942	225,870
	Total assets	**36,008,268**	**27,746,196**

STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP
AT 31 DECEMBER

Note	(DKK 1,000)	2014	2013
	LIABILITIES		
22	Debt to credit institutions and central banks	2,096,199	2,179,713
15	Trading liabilities	7,057,018	2,600,997
23	Deposits	21,255,053	17,852,479
	Current tax liabilities	56,868	163,214
24	Pension and similar obligations	18,562	-
	Other liabilities	532,872	492,013
13	Deferred tax liabilities	163,187	90,931
25	Provisions	60,542	66,275
26	Subordinated debt	542,743	807,893
	Total liabilities	**31,783,044**	**24,253,515**
	EQUITY		
27	Share capital	66,618	66,599
	Translation reserve	156,516	124,866
	Hedging reserve	(60,568)	(37,683)
	Revaluation reserve	56,901	57,426
	Retained earnings	3,640,853	3,246,804
	Shareholders of Saxo Bank A/S	**3,860,320**	**3,458,012**
	Additional tier 1 capital	337,976	-
	Non-controlling interests	26,928	34,669
	Total equity	**4,225,224**	**3,492,681**
	Total liabilities and equity	**36,008,268**	**27,746,196**

STATEMENT OF CHANGES IN EQUITY – SAXO BANK GROUP
AT 31 DECEMBER

	Shareholders of Saxo Bank A/S								
(DKK 1,000)	Share capital	Trans-lation reserve	Hedging reserve	Reva-luation reserve	Retained earnings	Total	Additional tier 1 capital	Non-controlling interests	Total
Equity 1 January 2014	**66,599**	**124,866**	**(37,683)**	**57,426**	**3,246,804**	**3,458,012**	**-**	**34,669**	**3,492,681**
Net profit	-	-	-	-	391,632	391,632	3,080	(13,488)	381,224
Other comprehensive income									
Exchange rate adjustments	-	69,470	-	-	-	69,470	-	-	69,470
Fair value adjustment of cash flow hedges	-	-	(30,142)	-	-	(30,142)	-	-	(30,142)
Hedge of net investments in foreign entities	-	(50,096)	-	-	-	(50,096)	-	-	(50,096)
Revaluation of domicile properties	-	-	-	(703)	1,300	597	-	3	600
Other comprehensive income from associates, net of tax	-	-	-	-	(117)	(117)	-	-	(117)
Actuarial losses	-	-	-	-	(19,135)	(19,135)	-	-	(19,135)
Tax on other comprehensive income	-	12,276	7,257	178	3,309	23,020	-	-	23,020
Total other comprehensive income	-	31,650	(22,885)	(525)	(14,643)	(6,403)	-	3	(6,400)
Total comprehensive income	**-**	**31,650**	**(22,885)**	**(525)**	**376,989**	**385,229**	**3,080**	**(13,485)**	**374,824**
Transactions with owners and equity note holders									
Issuance of additional tier 1 capital, net of transaction costs	-	-	-	-	(5,861)	(5,861)	334,802	-	328,941
Interest at issuance of additional tier 1 capital	-	-	-	-	-	-	94	-	94
Share-based payments	-	-	-	-	15,742	15,742	-	135	15,877
Increase in share capital	19	-	-	-	1,981	2,000	-	-	2,000
Transactions with non-controlling interests	-	-	-	-	4,443	4,443	-	5,609	10,052
Tax	-	-	-	-	755	755	-	-	755
Equity 31 December 2014	**66,618**	**156,516**	**(60,568)**	**56,901**	**3,640,853**	**3,860,320**	**337,976**	**26,928**	**4,225,224**

STATEMENT OF CHANGES IN EQUITY – SAXO BANK GROUP
AT 31 DECEMBER

	Shareholders of Saxo Bank A/S							
(DKK 1,000)	Share capital	Trans-lation reserve	Hedging reserve	Reva-luation reserve	Retained earnings	Total	Non-controlling interests	Total
Equity 1 January 2013	**66,598**	**168,651**	**(57,534)**	**54,921**	**3,089,150**	**3,321,786**	**42,720**	**3,364,506**
Net profit	-	-	-	-	159,499	159,499	2,662	162,161
Other comprehensive income								
Exchange rate adjustments	-	(93,469)	-	-	-	(93,469)	-	(93,469)
Fair value adjustment of cash flow hedges	-	-	26,818	-	-	26,818	-	26,818
Hedge of net investments in foreign entities	-	66,249	-	-	-	66,249	-	66,249
Revaluation of domicile properties	-	-	-	120	875	995	5	1,000
Other comprehensive income from associates, net of tax	-	-	-		600	600	-	600
Actuarial gains	-	-	-	-	769	769	-	769
Tax on other comprehensive income	-	(16,565)	(6,967)	2,385	(365)	(21,512)	-	(21,512)
Total other comprehensive income	-	(43,785)	19,851	2,505	1,879	(19,550)	-	(19,545)
Total comprehensive income	**-**	**(43,785)**	**19,851**	**2,505**	**161,378**	**139,949**	**2,667**	**142,616**
Transactions with owners								
Acquisitions	-	-	-	-	356	356	36,001	36,357
Divestments	-	-	-	-	-	-	(40,906)	(40,906)
Share-based payments	-	-	-	-	600	600	-	600
Increase in share capital	1	-	-	-	87	88	-	88
Treasury shares	-	-	-	-	(9,315)	(9,315)	-	(9,315)
Transactions with non-controlling interests	-	-	-	-	4,548	4,548	(5,813)	(1,265)
Equity 31 December 2013	**66,599**	**124,866**	**(37,683)**	**57,426**	**3,246,804**	**3,458,012**	**34,669**	**3,492,681**

STATEMENT OF TOTAL CAPITAL (OWN FUNDS) – SAXO BANK GROUP

(DKK 1,000)	31 Dec. 2014	1 Jan. 2014	31 Dec. 2013
Tier 1 capital			
Total equity 1 January excl. non-controlling interests	3,458,012	3,458,012	3,321,786
Net profit excl. non-controlling interests	394,712	-	159,499
Accrued interest (dividend) on additional tier 1 capital	(3,080)		
Cost of issuance of additional tier 1 capital	(5,861)		
Total other comprehensive income	(6,403)	-	(19,550)
Change in common equity tier 1 capital	2,000	-	(3,723)
Revaluation reserve	-	-	(57,426)
Common equity tier 1 capital from subsidiaries	144,575	166,100	205,268
Hedging reserve	60,568	37,683	-
Intangible assets [1]	(1,931,639)	(2,094,427)	(2,094,427)
Deferred tax liabilities, intangible assets	189,133	215,924	215,924
Deferred tax assets	(10,015)	(4,500)	(140,653)
Defined benefit pension fund assets	-	(12,700)	-
Prudent valuation adjustments	(6,682)	(21,700)	-
Common equity tier 1 capital (net after deduction)	**2,285,320**	**1,744,392**	**1,586,698**
Additional tier 1 capital	334,802	-	-
Tier 1 capital from subsidiaries	2,459	94,000	105,530
Fair value reserve cash flow hedges	-	-	37,682
Investments in associates (50%)	-	-	(61,969)
Total tier 1 capital	**2,622,581**	**1,838,392**	**1,667,941**
Tier 2 capital			
Subordinated loans, reduced value	189,361	256,500	354,350
Tier 2 capital from subsidiaries	10,241	34,700	21,916
Revaluation reserve	-	-	57,426
Investments in associates (50%)	-	-	(61,969)
Total tier 2 capital	**199,602**	**291,200**	**371,723**
Total capital	**2,822,183**	**2,129,592**	**2,039,664**
[1] Including goodwill and other intangible assets recognised as investments in associates and joint ventures, DKK 60.6 million (2013: DKK 183.2 million).			
Risk exposure amounts			
Credit risk	4,601,367	5,113,270	4,243,148
Market risk	3,671,262	2,169,796	1,969,369
Operational risk	6,027,378	6,026,934	6,342,880
Total risk exposure amounts	**14,300,007**	**13,310,000**	**12,555,397**
Common equity tier 1 ratio	16.0%	13.1%	12.6%
Tier 1 capital ratio	18.3%	13.8%	13.3%
Total capital ratio	19.7%	16.0%	16.2%

The Total Capital is calculated in accordance with the fourth editions of CRD IV and CRR which have been applicable from beginning of year 2014 and taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority. The European Banking Authority has submitted its final standard for Prudent Valuation Adjustments for adoption by the European Commission, however the adoption is still pending.

The impact beginning of January 2014 is based on assumptions made 31 December 2013 as the CRR and CRD IV were not effective until end of March 2014. The Saxo Bank Group Risk Report 2014 provides more detailed information about the impact of the new regulation and is available at www.saxoworld.com/investorrelations/icaap-and-risk-reports. The report is not covered by the statutory audit.

CASH FLOW STATEMENT – SAXO BANK GROUP
AT 31 DECEMBER

(DKK 1,000)	2014	2013
Cash flow from operating activities		
Profit before tax	564,758	247,367
Tax paid	(74,194)	(109,380)
Adjustment for non-cash operating items:		
Income from associates and joint ventures	74,076	16,457
Amortisation and impairment charges of intangible assets	337,553	423,424
Depreciation and impairment charges of tangible assets and investment properties	82,569	137,812
Loan impairment charges	695	15,936
Other non-cash operating items	(24,472)	31,552
Total	960,985	763,168
Changes in operating capital:		
Receivables from credit institutions and central banks	3,731	37,686
Derivative financial instruments	1,331,429	(1,179,819)
Loans and advances at amortised cost	122,553	(160,400)
Bonds	(4,911,800)	(2,284,188)
Other assets	162,594	407
Debt to credit institutions and central banks	(83,597)	177,856
Deposits	3,315,472	1,472,656
Provisions and other liabilities	90,430	(27,677)
Cash flow from operating activities	**991,797**	**(1,200,311)**
Cash flow from investing activities		
Acquisition of businesses, associates, joint ventures and other participating interests, net of cash	-	36,000
Divestment of businesses and joint ventures, net of cash	38,344	118,192
Acquisition of intangible and tangible assets	(298,296)	(324,216)
Disposal of intangible and tangible assets	-	8,822
Cash flow from investing activities	**(259,952)**	**(161,202)**
Cash flow from financing activities		
Issued additional tier 1 capital, net of transaction costs	329,035	-
Redemption of subordinated debt	(258,756)	(70,000)
Transactions with non-controlling interests	10,052	(1,265)
Increase in share capital	2,000	88
Purchase/disposal of treasury shares	-	(9,315)
Cash flow from financing activities	**82,331**	**(80,492)**
Net increase/(decrease) in cash and cash equivalents	814,176	(1,442,005)
Cash and cash equivalents at 1 January	3,728,901	5,170,906
Cash and cash equivalents at 31 December	**4,543,077**	**3,728,901**
Cash and cash equivalents at 31 December		
Cash in hand and demand deposits with central banks	1,900,572	1,660,392
Amounts with original maturity shorter than 3 months, due from credit institutions and central banks	2,642,505	2,068,509
Cash and cash equivalents at 31 December	**4,543,077**	**3,728,901**

Note

1 Accounting policies

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the requirements in the Danish FSA's executive order No. 1306 dated 16 December 2008 on the application of IFRS by entities subject to the Danish Financial Business Act.

On 18 March 2015, the Board of Directors and Board of Management authorise the annual report for the financial year 2014 for Saxo Bank A/S for issue. The annual report will be submitted for approval by the shareholders of Saxo Bank A/S, at the subsequent annual general meeting on 16 April 2015.

Changes to accounting policies
The Group has implemented IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, and IFRS 12, Disclosure of Interests in Other Entities, as of 1 January 2014.

As a result of IFRS 10, Consolidated Financial Statements, the accounting policy for determining whether the Group has control over, and consequently whether entities are consolidated, has been updated. No new or previously consolidated entities have been included or excluded from the consolidation as a consequence of the new accounting policy.

Due to the implementation of IFRS 12, Disclosure of Interests in Other Entities, a new note disclosing interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities has been added. The information is disclosed in note 38 and note 39 in the consolidated financial statements.

Apart from this, the accounting policies are unchanged compared to those applied in the Group's Annual Report 2013.

Comparative figures
Certain minor changes have been made to the comparative figures for 2013, due to reclassifications.

Basis of preparation
The consolidated financial statements are presented in Danish kroner (DKK), which is the functional currency of Saxo Bank A/S. All amounts have been rounded to nearest DKK thousand, unless otherwise indicated.

The consolidated financial statements of Saxo Bank A/S for the year ended 31 December 2014, comprise Saxo Bank A/S and its subsidiaries (together referred to as "the Group") and the Group's interests in jointly controlled entities and associates.

The consolidated financial statements have been prepared on the historical cost basis, except for the following assets and liabilities, which are measured at fair value: trading assets, investment securities, investment properties and trading liabilities. Assets classified as held for sale are measured at the lower of the carrying amount before the changed classification and fair value less costs to sell. Domicile properties are carried at a revalued amount, being the fair value at the date of revaluation.

Basis of consolidation
The consolidated financial statements comprise the parent company Saxo Bank A/S and subsidiaries in which Saxo Bank A/S has control. Control exists when Saxo Bank A/S is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When determining whether Saxo Bank A/S has control, de facto control and potential voting rights, which at the reporting date are substantive, are considered. For a right to be substantive, the Saxo Bank A/S must have the practical ability to exercise that right.

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary, is measured at fair value at the date that control is lost. Subsequently it is accounted for as an associate, joint venture or investment security depending on the level of influence retained.

Information on Group subsidiaries is disclosed in note 39.

Entities in which the Group has significant influence are considered associates. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those. Significant influence is generally presumed to exist when the Group owns or control directly or indirectly more than 20% of the voting rights.

Joint arrangement whereby the Group and the parties involved have joint control of the arrangement and have rights to the net assets of the arrangement are considered joint ventures.

The consolidated financial statements have been prepared as a consolidation of the financial statements of Saxo Bank A/S and subsidiaries prepared according to the Group's accounting policy. On consolidation, intra-group income and expenses, shareholdings, intra-group balances, and realised and unrealised gains and losses on intra-group transactions are eliminated.

The non-controlling interest's share of the net profit/loss for the year and of the equity of subsidiaries, which are not wholly owned, are included in the Group's net profit/loss and equity, respectively, but is disclosed separately.

Business combinations
Acquired businesses are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date when the Group effectively obtains control of the acquired entity. Businesses which are divested are recognised in the consolidated financial statements

Note

1 Accounting policies · continued

until the date on which control ceases.

For acquisitions where the Group obtains control of the acquired business the acquisition method is applied. The identifiable assets, liabilities and contingent liabilities of acquired businesses are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if separable or if they arise from contractual or other legal rights. Deferred tax related to fair value adjustments is recognised.

Any excess of the fair vaue of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill in Intangible assets. When the excess is negative, a bargain purchase gain is recognised in the profit for the year at the acquisition date. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than the presentation currency used in the Group are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date.

If uncertainties exist at the acquisition date regarding identification or measurement of acquired identifiable assets, liabilities and contingent liabilities or regarding the consideration transferred, initial recognition will take place on the basis of provisionally determined fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up to 12 months after the acquisition date and comparative figures are restated accordingly.

The consideration transferred comprises the fair value of the assets transferred and liabilities and contingent liabilities incurred. If parts of the consideration are conditional upon future events (contingent consideration), these parts are recognised at fair value at the acquisition date. Transaction costs that the Group incurs in connection with the business combination are recognised in the income statement as incurred.

Changes in estimates of contingent consideration relating to business combinations effected on or after 1 January 2010 are generally recognised in the income statement in Other income or Other expenses. However, if new information becomes available within 12 months from the acquisition date and provides evidence of conditions relating to the contingent consideration or circumstances that existed at the acquisition date, the acquisition accounting is adjusted with effect on goodwill.

In a business combination achieved in stages (step acquisition), the shareholding held immediately before the step acquisition is remeasured at fair value at the acquisition date and recognised as the cost of the shareholding in the entity. Gain or losses from the remeasurement is recognised in Other income or Other expenses.

At initial recognition a non-controlling interest is measured at fair value or at its proportionate interest in the fair value of the net assets acquired. The measurement principle is elected on a transaction-by-transaction basis and is disclosed in the notes together with the description of the acquired businesses.

On acquisition of non-controlling interests (i.e. subsequent to the Group obtaining control) acquired net assets are not remeasured at fair value. On acquisition of non-controlling interests, the difference between the consideration transferred and the non-controlling interests' share of total carrying amount including goodwill is transferred from the non-controlling interests' share of equity to equity attributable to the shareholders of Saxo Bank A/S. On disposal of shareholdings to non-controlling interests, the difference between the sales price and the share of total carrying amount, including goodwill, acquired by the non-controlling interests is transferred from equity attributable to the shareholders of Saxo Bank A/S to the non-controlling interests' share of equity.

Gains or losses on the divestment or winding-up of subsidiaries, associates or joint ventures are measured as the difference between the consideration received adjusted for directly related divestment or winding-up costs and the carrying amount of the net assets at the time of disposal or winding-up including any carrying amount of allocated goodwill.

Offsetting
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currency translation
The functional currency of each of the Group's entities is the currency of the country in which the entity is domiciled, as most income and expenses are settled in local currency. Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

Transactions in foreign currency are translated at the exchange rate of the entity's functional currency at the transaction date. Monetary assets and liabilities in foreign currency are translated at the exchange rates at the reporting date. Realised and unrealised gains and losses are recognised in the income statement as foreign exchange rate adjustments.

On recognition in the consolidated financial statements of entities with a functional currency other than the presentation currency of the Group (DKK), the income statements, statements of other comprehensive income and cash flow statements are translated at the exchange rates at the transaction date. The statements of financial position are translated at the exchange rates at the reporting date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange rate adjustments arising on translation of opening balance of equity of foreign entities (including goodwill) at the exchange rates at the reporting date and on translation of the income statement from the exchange rates at the transaction date to the exchange rates at the reporting date, are recognised in other comprehensive income and presented in equity under Translation reserve.

On recognition in the consolidated financial statements of associates and joint ventures with a functional currency other than DKK, the share of profit/loss for the year is translated at average exchange rates and the share of equity (including goodwill), is translated at the exchange rates at the reporting date. Foreign exchange rate adjustments arising on translation of share of the opening balance of equity of foreign associates and joint ventures at the exchange rates at the reporting date, and on translation of the share of profit/ loss for the year from average exchange rates

Note

1 Accounting policies · continued

to the exchange rates at the reporting date, are recognised in other comprehensive income and presented in equity under Translation reserve.

On complete or partial disposal of a foreign entity, the share of the cumulative amount of the exchange rate adjustments recognised in other comprehensive income relating to that foreign entity is recognised in the income statement when the gain or loss on disposal is recognised.

Hedge accounting
When a derivative or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign entity, the effective portion of changes in the fair value of the hedging instrument is recognised in other comprehensive income and presented in equity under Translation reserve. Any ineffective portion of changes in the fair value of the hedging instrument is recognised immediately in the income statement. The amount recognised in other comprehensive income is reclassified and recognised in the income statement on disposal of the foreign entity.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised liability the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in equity under Hedging reserve. The amount is reclassified to the income statement as a reclassification adjustment in the same period as the hedged cash flows affect the income statement. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

INCOME STATEMENT

Interest, fees and commissions
Interest income and expense is recognised in the income statement, using the effective interest method on the basis of the cost of the individual financial instrument. Premiums on forward transactions are accrued over the lifetime of the transactions and recognised as Interest income or expense.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Net premiums on forward transactions related to foreign exchange and securities are recognised as Interest income or expense.

Received and paid fees and commissions result from trading with equities, derivative financial instruments and from assets under management. Fees and commissions are recognised when services are delivered or received.

Price and exchange rate adjustments
Price and exchange rate adjustments comprise gains and losses related to trading asset, trading liabilities and investments securities including realised and unrealised fair value changes, foreign exchange rate adjustment and fair value adjustments to investments properties.

Other income
Other income includes items that are secondary to the Group's activities. This includes operating income from non-financial activities, gain on step acquisitions, gain from divestments, adjustments to contingent considerations etc.

Staff costs and administrative expenses
Salaries and other remuneration that the Group pays for work carried out during the year are expensed in Staff costs and administrative expenses, including the value of share-based payments.

Share-based payments
The Board of Directors, the Board of Management and other employees have been granted warrants in 2007 and 2008. The warrants are measured at fair value at the grant date and are recognised as an expense in Staff costs and administrative expenses over the vesting period. Expenses are set off against shareholders' equity.

In connection with initial recognition of the warrants, the expected number of exercisable warrants is estimated. The fair value of the warrants is measured using the Black Scholes valuation method or other generally accepted valuation techniques. The calculation takes into account the terms and conditions under which the warrants are granted. Subsequent fair value adjustments are not recognised in the income statement.

If subsequent modifications to a warrant program increase the value of the warrants granted, measured before and after the modification, the increase is recognised as an expense. If the modification occurs before the vesting period the increase in value is recognised as an expense over the period for services to be received. If the modification occurs after vesting date, the increase in value is recognised as an expense immediately, or over the vesting period if conditional on additional period of services is to be completed.

In 2014 warrants are granted against payment equal to the fair value at the date of granting. The payment is recognised directly in equity.

Other expenses
Danish financial entities participates in the Danish Guarantee Fund for Depositors and Investors. Guarantee commission and provision to cover possible losses under the schemes are recognised in Other expenses.

Loss on step acquisitions, loss from divestments and adjustments to contingent considerations are recognised in Other expenses.

Impairment charges for receivables, loans, advances etc.
Impairment charges include losses on and impairment charges against receivables from credit institutions, loans, advances and guarantees.

Income from associates and joint ventures
Income from associates and joint ventures comprises the Group's share of the profit and loss after tax.

Note

1 Accounting policies · continued

Income taxes
Income tax for the year consists of current tax and changes in deferred tax and is recognised in profit for the year, other comprehensive income or equity. Tax on items recognised directly in equity is recognised in Retained earnings.

Saxo Bank A/S is subject to the Danish rules on mandatory joint taxation of the Group's Danish companies. Danish subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation. The current Danish corporation tax is allocated between the Danish jointly taxed companies in proportion to their taxable income. The jointly taxed Danish companies are taxed under the on-account tax scheme.

STATEMENT OF FINANCIAL POSITION

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

• *Level 1 – Quoted market price:*	Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
• *Level 2 – Observable input:*	Valuation techniques based on inputs, other than quoted prices included within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• *Level 3 – Non-observable input:*	Valuation techniques based on inputs for the assets or liabilities that are not based on observable market data. The valuation is primarily based on generally accepted valuation techniques.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Receivables from credit institutions and central banks
Receivables from credit institutions and central banks are measured at amortised cost less impairment.

Financial instruments generally
Financial assets are classified in the following categories at the date of recognition:

- trading assets, which are measured at fair value;
- loans, advances and receivables, which are measured at amortised cost less impairment;
- financial assets designated at fair value, with value adjustments being recognised in the income statement (fair value option).

Financial liabilities are classified in the following categories at the date of recognition:

- trading liabilities, which are measured at fair value;
- other financial liabilities, which are measured at amortised cost.

Purchase and sale of financial assets and liabilities are accounted for on the trade date.

Trading assets and trading liabilities
Trading assets and trading liabilities are part of the Group's trading portfolio. Trading assets comprise equities, bonds, derivative financial instruments with positive fair value and unsettled spot transactions. Trading liabilities consist of derivatives financial instruments with negative fair value and unsettled spot transactions.

At initial recognition, the trading assets and liabilities are measured at fair value, excluding transaction costs. Subsequently, the trading assets and liabilities are measured at fair value. Realised and unrealised gains and losses and dividends are recognised in Price and exchange rate adjustments.

The fair value of derivatives is adjusted for credit risk related to the counterpart to the derivative.

If an active market exists, the Group measures the fair value of trading assets and trading liabilities using the quoted market prices for the instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of such instruments is determined on the basis of the most recently observable closing prices at the reporting 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.

When there is no quoted price in an active market, the fair value is established using valuation techniques. Valuation techniques range from discounted cash flow analysis to complex option pricing models and third party pricing information.

Loans and advances at amortised cost
Initial recognition is based on fair value plus transaction costs and less fees, charges and commissions received in connection with loan origination. Subsequently loans and advances are measured at amortised cost less impairment.

Note

1 Accounting policies · continued

Impairment of loans, advances or amount receivable
If objective evidence of impairment of a loan, an advance or amount receivable exists the Group determines the impairment charge individually.

The impairment charge equals the difference between the carrying amount and the present value of the expected future cash flows from the loan including realisation value of any collateral. The impairment charge is adjusted if the present value of the expected future cash flows is changed subsequently.

Significant loans, advances and amounts due are tested individually for impairment at the end of each reporting period.

Loans and advances (retail banking activities) without objective evidence of impairment are included in an assessment of collective impairment on a portfolio basis. Collective impairment is calculated for portfolios of loans and advances with similar credit characteristics. The loans and advances are divided into portfolios based on current ratings.

Collective impairment is calculated as the difference between the carrying amount of the loans and advances of the portfolio and the present value of expected future cash flows.

Impairment charges for loans are recognised in an allowance account and set off against loans. Impairment charges for loans are recognised in Impairment charges for receivables, loans, advances etc. in the income statement. If subsequent events show that impairment is not permanent, charges are reversed. Loans that are considered uncollectible are written off. Write-offs are debited to the allowance account. Loans are written off once the usual collection procedure has been completed and the loss on the individual loan can be calculated.

Investment securities
Investments securities are initially measured at fair value. The Group designates investment securities at fair value, with fair value changes recognised in income statement, when the investment securities are managed and reported internally on a fair value basis.

Asset held for sale
Asset held for sale comprises non-current assets and disposal groups held for sale. A disposal group is defined as a group of assets to be disposed of by sale or otherwise together as a group in a single transaction.

Liabilities classified as held for sale are those directly associated with the assets that will be transferred in the transaction.

Assets are classified as held for sale when the carrying amount of the assets is expected to primarily be recovered through a sale within 12 months from the reporting date in accordance with a formal plan rather than through continuing use. Such assets are measured at the lower of their carrying amount at the date of reclassification and their fair value less expected costs to sell.

Intangible assets and tangible assets once classified as held for sale are not amortised or depreciated.

Investments in associates
Investments in associates are recognised in accordance with the equity method, and measured at the proportionate share of the net asset value of the associates including the carrying amount of goodwill at the reporting date.

Investments in joint ventures
Investments in joint ventures are recognised in accordance with the equity method, and measured at the proportionate share of the net asset value of joint venture at the reporting date.

Intangible assets
Goodwill arises on the acquisition of subsidiaries and associates and is calculated as the difference between the fair value of the consideration transferred and the fair value of the net assets, including contingent liabilities, at the date of acquisition. Subsequently goodwill is measured at cost less accumulated impairment. Goodwill on associates is recognised in Investments in associates.

Acquired licenses are at initial recognition recognised at cost. Licenses are considered to have an indefinite useful life as they have no expiry date. Subsequently licenses are measured at cost less accumulated impairment.

Software developed by the Group is recognised as an asset if the cost of development is reliably measurable and an analysis shows that future economic benefits from using the software application exceed the cost. Cost is defined as development costs incurred to make each software application ready for use. Once a software application has been developed the cost is amortised over the expected useful life. The cost of development consists primarily of direct remuneration and other directly attributable development costs. Expenses incurred in the planning phase are not capitalised, but expensed when incurred.

Client relationships and trademarks acquired in a business combination are measured at the time of acquisition at their fair value and amortised over their expected useful life.

Amortisation periods are as follows:
Software . . . . 3-5 years
Client relationships . . . . 4-15 years
Trademarks . . . . 15 years

Goodwill and assets with indefinite useful life are not amortised, but tested for impairment annually. The first impairment test is performed no later than at the end of the acquisition year. Other intangible assets are tested for impairment if indications of impairment exist. Intangible assets are written down to the recoverable amount if the carrying amount exceeds the higher of the fair value less cost to sell and the value in use.

Note

1 Accounting policies · continued

Amortisation and impairment charges are recognised in Depreciation, amortisation and impairment of intangible and tangible assets in the income statement.

Properties
Investment properties are recognised at cost upon acquisition and subsequently measured at fair value. Rental income is recognised in Other income and operating expenses are recognised in Other expenses. Fair value adjustments are recognised in Price and exchange rate adjustments.

Domicile properties
Domicile properties are properties occupied by the Group. Domicile properties are at initial recognition recognised at cost. Subsequently domicile properties are measured at revalued amount representing the fair value. Revaluations are made with regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. An increase in the carrying amount as a result of a revaluation is recognised in other comprehensive income and presented in equity under Revaluation reserve. If an increase in the carrying amount due to revaluation reverses a revaluation decrease previously recognised in the income statement the increase is recognised in the income statement. A decrease in the carrying amount as a result of a revaluation is recognised in the income statement, except from when the decrease reverses a previous revaluation increase recognised in equity, then it is recognised in equity.

The fair value for investment and domicile properties is determined by applying an asset return model or observable market price. The asset return model includes the property's rental income, operating expenses, as well as management and maintenance, etc. Operating expenses and maintenance costs are calculated on the basis of the condition of the individual property, construction year, materials used etc. The return rate is calculated on the basis of the location of the individual property, potential use, condition, term of lease etc.

Tangible assets
Leasehold improvements, fixtures, equipment and vehicles, IT equipment and airplanes are measured at cost, less accumulated depreciation and impairment. The tangible assets are depreciated on a straight-line basis over the estimated useful life.

Depreciation periods are as follows:
Domicile properties . . . . 50 years
Leasehold improvements . . . . 5 years
Fixtures, equipment and vehicles . . . 3-5 years
IT equipment . . . . 3-5 years
Airplanes . . . . 40 years

Tangible assets are tested for impairment if indications of impairment exist. Tangible assets are written down to its recoverable amount, if the carrying amount exceeds the higher of the fair value less costs to sell and the value in use. Depreciation and impairment charges are recognised in the income statement.

Amounts due to credit institutions and central banks and deposits
Amounts due to credit institutions and central banks and deposits are measured at amortised cost.

Margin trading clients may place deposits which due to local requirements are deposited and segregated with external credit institutions acting as trustees. These deposits are not at present obligations for the Group and not recognised in the consolidated statement of financial position.

Pension and similar obligations
The Group has entered into retirement benefits schemes and similar arrangements with the majority of the Group's employees.

Contributions to defined contribution plans are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the statement of financial position as Other liabilities.

For defined benefit plans an annual actuarial calculation is made of the present value of future benefits under the defined benefit plan. For defined benefit plans, the Group has an obligation to pay defined future benefits from the time of retirement. The present value is determined on the basis of expected future development in variables such as salary levels, interest rates and inflation, time of retirement and mortality.

Pension costs for the year are recognised in the income statement based on actuarial estimates and financial expectations at the beginning of the reporting period. Any difference between the expected development in pension plan assets and liabilities and realised amounts determined at the reporting date constitutes actuarial gains or losses and is recognised in other comprehensive income. The actuarial present value of defined benefit obligations less the fair value of plan assets is recognised in the statement of financial position under Pension and similar obligations or Other assets.

Provisions
Provisions are recognised when, as a result of events arising before or at the reporting date, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are discounted if the effect is material to the measurement of the liability.

Subordinated debt
Subordinated debt comprises of subordinated loans, hybrid capital and guarantor capital which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be settled until any other creditor claims has been honored.

At initial recognition subordinated debt is measured at fair value, equalling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortised cost.

Note

1 Accounting policies · continued

Tax
Current tax asset and liability is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income for previous years and for tax paid on account.

Deferred tax is measured in accordance with the liability method and comprises all temporary differences between the accounting and the tax values of assets and liabilities. Deferred tax is not recognised on temporary differences relating to goodwill that is not deductible for tax purposes and other items for which temporary differences have arisen at the time of acquisition without affecting either the profit/loss for the year or the taxable income. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured based on management's intended use of the assets or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses carried forward, are recognised at the expected value of their utilisation: either as set-off against tax on future income or as set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and liabilities are offset if the Group has a legal right to offset current tax liabilities and tax assets or intends to settle current tax liabilities and tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Deferred tax is measured on the basis of the tax regulations and tax rates enacted or substantively enacted at the reporting date. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or statement of comprehensive income.

Shareholders' equity
Translation reserve
The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities arisen on or after 1 January 2010. The reserve also includes translation of derivative financial instruments that hedge the Group's net investment in foreign entities.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected profit or loss.

Revaluation reserve
The revaluation reserve comprises revaluations of domicile properties after the recognition of deferred tax. Subsequent depreciation net of tax of the revaluation is transferred from the revaluation reserve to retained earnings.

Proposed dividends
Proposed dividend is recognised as a liability at the time of adoption at the annual general meeting (time of declaration). Dividend proposed to be distributed for the year is included in Shareholders' equity until adoption of the dividend proposal.

Treasury shares
Treasury shares are not recognised as assets. Proceeds related to acquisition or disposal of treasury shares are recognised directly in Retained earnings in Shareholders' equity.

Additional tier 1 capital
The tier 1 capital issued in November and December 2014 includes no contractual obligation to deliver cash or another financial asset to the holders, as Saxo Bank A/S may, at its sole discretion, omit payment of interest and principal payments to the bond holders. Therefore, the issue does not qualify as a financial liability according to IAS 32. The net amount received at the date of issue is recognised as an increase in equity. Interest are recognised as distribution to owners directly in equity. If Saxo Bank A/S chooses to redeem the bonds, equity will be reduced by the redemption amount at the date of redemption.

Additional tier 1 capital under Equity comprises proceed received at the date of insurance and accrued interest not yet paid to the holders.

Non-controlling interests
Non-controlling interests comprise the share of the shareholders' equity not owned directly or indirectly by Saxo Bank A/S, equalling the carrying amount of the net assets in subsidiaries not owned or controlled directly or indirectly by Saxo Bank A/S.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. The cash flow statement is based on the profit before tax for the year and shows cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalent during the year.

Cash and cash equivalents comprise cash in hand and demand deposits with central banks and receivables from credit institutions and central banks with original maturity shorter than three months.

Note

1 Accounting policies · continued

NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERPRETATIONS

IASB has published the following standards and amendments to existing standards that are not yet mandatory for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2014:

- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment in Entities: Applying the Consolidation Exception
- Amendments to IFRS 10 and IAS 28: Sale and Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 27: Equity method in Separate Financial Statements
- Annual improvements to IFRS 2012-2014 Cycle

The Group adopts the new standards and amendments when they become mandatory in EU.

None of the standards and amendments are expected to have a material impact on the consolidated financial statements. However a complete analysis of the impact of implementation of IFRS 9 is to be composed. IFRS 9, which has not yet been adopted by the EU, is effective from 1 January 2018.

Note

2 Critical accounting estimates and judgements

The preparation of the consolidated financial statements of the Group requires management to make judgements, accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of the Group's assets and liabilities, income and expenses.

Certain accounting policies are considered to be particularly important to the financial position of the Group, the majority of which relate to matters that are inherently uncertain.

Critical estimates and judgements have the most substantial impact on the consolidated financial statements in the following areas:
- fair value measurement of financial instruments
- measurement of loans and advances
- measurement of goodwill and other intangible assets
- recognition and measurement of tax assets and liabilities
- measurement of domicile properties - revaluation

The estimates are based on assumptions that management finds reasonable but which are inherently uncertain and unpredictable. The assumptions may be incomplete, unexpected future events or situations may occur, and other parties may arrive at other estimated values.

Fair value measurement of financial instruments
Measurements of financial instruments based on quoted market prices in an active market or based on generally accepted valuation techniques employing observable market data are not subject to critical estimates.

Measurements of financial instruments that are not based on observable market data, such client positions with counterparty credit risk, unlisted equities and certain bonds for which there is no active market, are subject to estimates.

The fair value of derivative financial instruments is adjusted for credit risk related to the counterpart of the derivative.

Classification of financial instruments using the fair value hierarchy and changes to fair value level due to unobservable adjustments are disclosed in note 36 Accounting classifications and valuation of financial assets and liabilities.

Measurement of loans and advances
The Group recognises impairment charges to account for any impairment of loans and advances that occurs after initial recognition. Impairment charges consist of individual and collective charges and rely on a number of estimates, including identification of loans or portfolios of loans with objective evidence of impairment, expected future cash flows and the value of collateral.

Impairment charges are based on the Group's determination of the client's expected ability to repay the debt, depending on several factors such as the client's earnings capacity, employment, and trends in general economic growth.

The Risk management section from page 89 provides more details on impairment and credit exposure for loans and advances, on rating of loans portfolio and collateral held.

Measurement of goodwill and other intangible assets
Goodwill is tested for impairment if indication of impairment exists or at least once a year. Impairment testing requires that management estimates future cash flows from acquired entities. A number of factors affect the value of such cash flows, including discount rates, changes in expected long-term growth, capital requirements, economic development and other variables.

Other intangible assets are tested if there are indications of impairment. Impairment testing requires that management estimates future cash flows from the intangibles. A number of factors affect the value of such cash flows, including discount rates, expected useful life, economic development and other variables.

Note 20 Impairment test provides more information on impairment test.

Recognition and measurement of tax assets and liabilities
Tax assets and liabilities are recognised and measured on the basis of tax regulation enacted and interpretations thereof in each of the jurisdictions where the Group operates. Adjustments to the recognition and measurement of the Group's tax assets and/or liabilities may arise as a consequence of changes in tax regulation or interpretations.

Deferred tax assets arising from unused tax losses are recognised to the extent that such losses can be offset against tax on future profit. Recognition of deferred tax assets is based on management's assessment of the probability and amount of future taxable profit for entities with unused tax losses.

Note 13 Income tax provides more information on income tax.

Measurement of domicile properties
Revaluation of domicile properties not based on observable market data and subject to judgements. Note 21 Tangible assets provides more details on the key input for determining the fair value of the domicile properties.

Note	(DKK 1,000)	2014	2013
3	**Interest income**		
	Credit institutions and central banks	27,221	17,202
	Loans and advances	172,558	163,225
	Bonds	62,996	60,155
	Derivative financial instruments	1,019,963	819,873
	Other interest income	5,963	3,235
	Total interest income	**1,288,701**	**1,063,690**
	Interest accrued on impaired loans and advances amounted to DKK 2.6 million (2013: DKK 2.4 million).		
4	**Interest expense**		
	Credit institutions and central banks	(43,099)	(44,709)
	Deposits	(47,730)	(43,248)
	Subordinated loans	(16,138)	(22,188)
	Guarantor capital	(14,858)	(15,239)
	Hybrid capital	11,374	682
	Derivative financial instruments	(61,146)	(51,032)
	Other interest expense	(187)	(17,233)
	Total interest expense	**(171,784)**	**(192,967)**
5	**Fee and commission income**		
	Trading with equities and derivative financial instruments	1,043,284	1,007,325
	Payment services fees	5,389	4,948
	Origination fees	27,163	21,275
	Guarantee commissions	1,218	1,329
	Asset management fees	22,918	65,167
	Other fee and commission income	23,566	11,314
	Total fee and commission income	**1,123,538**	**1,111,358**
6	**Fee and commission expense**		
	Trading with equities and derivative financial instruments	(1,035,775)	(1,025,157)
	Total fee and commission expense	**(1,035,775)**	**(1,025,157)**
7	**Price and exchange rate adjustments**		
	Bonds	(12,691)	(19,821)
	Investment securities	521	(3,314)
	Foreign exchange	1,435,737	1,684,595
	Derivative financial instruments	378,969	244,882
	Assets held for sale	-	(1,802)
	Investment properties	(385)	(500)
	Total price and exchange rate adjustments	**1,802,151**	**1,904,040**
	For 2014 negative credit value adjustment of DKK 116 million (2013: DKK 250 million) is included in Derivative financial instruments.		

Note	(DKK 1,000)		2014	2013
8	**Other income**			
	Gain on divestments		-	49,652
	Gain on sale of receivables		66,983	-
	Income from non-financial activities		471	41,996
	Other		13,985	10,584
	Total other income		**81,439**	**102,232**
9	**Staff costs and administrative expenses**			
	Staff costs		(1,077,049)	(1,040,133)
	Administrative expenses		(931,858)	(1,007,988)
	Total staff costs and administrative expenses		**(2,008,907)**	**(2,048,121)**
	Staff costs			
	Salaries		(1,033,598)	(984,082)
	Share-based payments		(13,028)	(600)
	Defined benefit plans		(4,581)	(4,743)
	Defined contribution plans		(75,400)	(74,907)
	Social security expenses and financial services employer tax		(106,022)	(100,409)
	Staff costs transferred to software under development		155,580	124,608
	Total staff costs		**(1,077,049)**	**(1,040,133)**
	Average number of employees (converted into full-time equivalents)		1,456	1,362
	Remuneration to Board of Management			
	Salaries and other remuneration		(31,242)	(24,223)
	Defined contribution plans		(275)	-
	Social security expenses		(6)	(4)
	Total remuneration to Board of Management		**(31,523)**	**(24,227)**
	Remuneration to Board of Directors			
	Salaries and other remuneration		(6,165)	(3,250)
	Total remuneration to Board of Directors		**(6,165)**	**(3,250)**
	Remuneration to Board of Management			
	Kim Fournais		(14,418)	(12,195)
	Lars Seier Christensen		(14,241)	(12,032)
	Steen Blaafalk	From 22 April 2014	(2,864)	-
	Total remuneration to Board of Management		**(31,523)**	**(24,227)**

The Group has no pension obligations toward Board of Management as pension schemes are defined contribution plans.

The Board of Management, employed at the time, participates in the 2007 and 2008 warrant programme described in note 11 Share-based payments. The warrants have an exercise price of DKK 148 per share. The exercise of the shares are locked up until 30 June 2018.

Note	(DKK 1,000)		2014	2013
9	**Staff costs and administrative expenses · continued**			
	Remuneration to Board of Directors			
	Asiff Hirji (Chairman)	From 14 April 2014	(2,100)	-
	Lone Fønss Schrøder (Vice Chairman)	From 20 December 2013	(2,000)	-
	Jacob Polny	From 20 December 2013	-	-
	Sarah McPhee	From 14 April 2014	(690)	-
	Thomas Plenborg	From 6 April 2010	(1,000)	(1,000)
	Dennis Malamatinas	From 15 March 2007 until 14 April 2014	(375)	(1,500)
	Karl I. Peterson	From 14 December 2011 until 14 April 2014	-	-
	Kurt K. Larsen	From 6 April 2010 until 20 December 2013	-	(750)
	Total remuneration to Board of Directors		**(6,165)**	**(3,250)**

The Board of Directors receives a fixed annual fee for duties performed in Saxo Bank A/S.

Disclosures on remuneration in accordance with article 450 in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) are included in the Group's Remuneration Report 2014 available at www.saxoworld.com/investorrelations/annual-reports. The disclosures are not covered by the statutory audit.

Significant risk takers

Total remuneration to significant risk takers included in Staff costs amounts to DKK 116.8 million (2013: DKK 104.2 million). The Group has 56 employees (2013: 59) with significant influence on the Group's risk profile determined based on the guidance in the Danish executive order on remuneration policy and disclosure requirements on remuneration for financial undertakings and financial groups. Employees, who are board member in several subsidiaries, are included once. Remuneration to the 56 significant risk takers (2013: 59) consist of fixed remuneration DKK 106.1 million (2013: DKK 101.8 million) and variable remuneration DKK 10.7 million (2013: DKK 2.4 million). The Group has no pension obligations towards significant risk takers as their pension schemes are defined contribution plans. Variable remuneration is determined according to the Group's remuneration policy and is based on the performance of the individual person. Risk takers in controlling functions do not receive variable remuneration. Some of the significant risk takers participate in the warrant programme described in note 11 Share-based payments.

Disclosures according to the Danish executive order on remuneration policy and disclosure requirements on remuneration for financial undertakings and financial groups are included in the Group's Remuneration Report 2014 available at www.saxoworld.com/investorrelations/annual-reports. The disclosures are not covered by the statutory audit.

		2014	2013
10	**Audit fees**		
	Fees for statutory audit	(3,594)	(3,694)
	Fees for assurance engagements other than audit	(1,015)	(1,309)
	Fees for tax advisory services	(655)	(1,928)
	Fees for other services	(1,016)	(4,330)
	Total audit fees	**(6,280)**	**(11,261)**

Fees related to the audit firm appointed at the annual general meeting. Audit fees are included in administrative expenses.

Note (DKK 1,000)

11 Share-based payments

Warrants were granted in 2007 (2,156,644 warrants) and 2008 (2,849,840 warrants) to the Board of Directors, Board of Management and employees. The exercise price of the granted warrants is equal to the market price on the date of granting. The warrants were conditional on the performance of the individual and of the Group and/or presence of the holders concerned. At the time of grant the fair value of the warrants granted in 2007 was estimated to DKK 13 million and the fair value of the warrants granted in 2008 was estimated to DKK 55 million. The fair value was measured using the Black-Scholes option pricing model based on the assumptions at the grant date considering time to maturity, risk-free interest rate (3%), volatility (20% in 2007 and 25% in 2008), and exercise restrictions etc. The fair value at grant date of these warrants is expensed in the income statement over the vesting period from 2007 to 2014. In 2014, DKK 0.1 million was recognised as Staff cost and administrative expenses (2013: DKK 0.6 million).

The conditions for the outstanding number of warrants granted in 2007 and 2008 with expiry in 2014 have been modified. The lock-up period has been extended and expires 30 June 2018. The fair value of DKK 13 million of the modified warrants is calculated based on the assumptions at the date of modification considering time to maturity and risk-free interest rate (4%). The value is expensed and recognised as Staff costs and administrative expenses. There are no additional terms or conditions associated with the extended lock-up period.

In 2014 warrants were sold to a consulting firm with an owner who has become a member of the Board of Directors against payment equal to the fair value of DKK 2.6 million at the grant date of the warrants. The warrants may be exercised during 15 March 2015 until 31 March 2017. If the warrants or a portion thereof are not exercised by 31 March 2017 they will be deemed forfeited without any further compensation. The warrants are not conditional on performance or presence of the holder.

Warrants are accounted for as equity-settled transactions.

Number of warrants	**Average exercise price**	**Board of Directors**	**Board of Management**	**Employees**	**Total**
Outstanding at 1 January 2013		**-**	**1,770,000**	**1,231,604**	**3,001,604**
Forfeited	-	-	-	(621)	(621)
Exercised	103	-	-	(850)	(850)
Outstanding at 31 December 2013		**-**	**1,770,000**	**1,230,133**	**3,000,133**
Granted	120	390,000	-	-	390,000
Exercised	103	-	-	(19,418)	(19,418)
Expired	-	-	-	(1,159,352)	(1,159,352)
Outstanding at 31 December 2014		**390,000**	**1,770,000**	**51,363**	**2,211,363**

The weighted average share price at the date of exercise DKK 115 (2013: DKK 120).

Out of the 3,000,133 (2013: 3,001,604) outstanding warrants as per 1 January, 1,178,770 warrants (2013: 1,206,296 warrants) were exercisable in 2014. Warrant exercised in 2014 resulted in 19,418 shares being issued at an exercise price of DKK 103 each. Warrants exercised in 2013 resulted in 850 shares being issued at an exercise price of DKK 103 each.

Warrants outstanding	**Exercise price**	**Expiry date**	**Exercise period**	**2014**	**2013**
Warrants issued in 2007	103	2018	2018	51,363	473,000
Warrants issued in 2008	148	2018	2018	1,770,000	2,527,133
Warrants issued in 2014	120	2017	2015	130,000	-
Warrants issued in 2014	120	2017	2016	130,000	-
Warrants issued in 2014	120	2017	2017	130,000	-
Total warrants outstanding				**2,211,363**	**3,000,133**

Note	(DKK 1,000)	2014	2013
12	**Impairment charges for receivables, loans, advances etc.**		
	Loans and advances	(54,826)	(26,796)
	Reversals of impairment from previous years etc.	53,081	9,962
	Total impairment charges for receivables, loans, advances etc.	**(1,745)**	**(16,834)**
13	**Income tax**		
	Reconciliation of effective tax rate		
	Profit before tax	564,758	247,367
	Tax using the Danish tax rate 24.5% (2013: 25.0%) including CFC taxation	(138,366)	(61,842)
	Effect of tax rates higher than 24.5% in foreign jurisdictions	(6,153)	(6,448)
	Changes in deferred tax from change in tax rate	1,750	15,535
	Non tax-deductible expenses	(18,238)	(30,081)
	Tax-exempt income	1,919	6,307
	Impairment and reversal of impairment previous years deferred tax assets	-	24,500
	Effect of unrecognised tax loss current year	(120)	-
	Recognition of previously unrecognised tax losses	3,159	1,223
	Non exempted withholding tax for the year and previous years	(2,740)	(18,614)
	Effect of income net of tax from associates	(18,149)	(4,114)
	Adjustments to tax previous years	(6,596)	(11,672)
	Total tax expense recognised in income statement	**(183,534)**	**(85,206)**
	Effective tax rate	**32,5%**	**34.5%**

2014	Income statement	Other comprehensive income	Directly in equity	Total
Current tax	(100,816)	19,392	755	(80,669)
Changes in deferred tax for the year	(75,132)	3,628	-	(71,504)
Changes in deferred tax from change in tax rate	1,750	-	-	1,750
Non exempted withholding tax	(2,740)	-	-	(2,740)
Adjustments to previous years	(6,596)	-	-	(6,596)
Total	**(183,534)**	**23,020**	**755**	**(159,759)**

2013	Income statement	Other comprehensive income	Directly in equity	Total
Current tax	(97,619)	(23,532)	-	(121,151)
Changes in deferred tax for the year	2,664	(395)	-	2,269
Impairment and reversal of impairment previous years deferred tax assets	24,500	-	-	24,500
Changes in deferred tax from change in tax rate	15,535	2,415	-	17,950
Non exempted withholding tax	(18,614)	-	-	(18,614)
Adjustments to previous years	(11,672)	-	-	(11,672)
Total	**(85,206)**	**(21,512)**	**-**	**(106,718)**

Note (DKK 1,000)

13 Income tax · continued

Tax recognised in Other comprehensive income

2014	Before tax	Tax	Net of tax
Exchange rate adjustments	69,470	-	69,470
Fair value adjustment of cash flow hedges	(30,142)	7,257	(22,885)
Hedge of net investments in foreign entities	(50,096)	12,276	(37,820)
Revaluation of domicle properties	597	(141)	456
Actuarial losses	(19,135)	3,628	(15,507)
Other comprehensive income from associates and joint ventures, net of tax	(117)	-	(117)
Total	**(29,423)**	**23,020**	**(6,403)**

2013	Before tax	Tax	Net of tax
Exchange rate adjustments	(93,469)	-	(93,469)
Fair value adjustment of cash flow hedges	26,818	(6,967)	19,851
Hedge of net investments in foreign entities	66,249	(16,565)	49,684
Revaluation of domicle properties	1,000	2,166	3,166
Actuarial losses	769	(146)	623
Other comprehensive income from associates and joint ventures, net of tax	600	-	600
Total	**1,967**	**(21,512)**	**(19,545)**

Deferred tax assets and deferred tax liabilities	2014	2013
Deferred tax at 1 January, net	(75,271)	(102,663)
Changes in deferred tax for the year	(71,504)	2,269
Impairment and reversal of impairment previous years deferred tax assets	-	24,500
Changes in deferred tax from change in tax rate	1,750	17,950
Disposals through divestments of businesses	-	1,160
Adjustments to previous years	1,758	(16,018)
Exchange rate adjustments	1,025	(2,469)
Deferred tax at 31 December, net	**(142,242)**	**(75,271)**

	Deferred tax assets		Deferred tax liabilities		Total deferred tax	
	2014	2013	2014	2013	2014	2013
Intangible assets	2,905	40	(172,448)	(195,580)	(169,543)	(195,540)
Tangible assets	203	214	(1,507)	(19,941)	(1,304)	(19,727)
Tax losses carried forward	10,930	4,488	-	-	10,930	4,488
Capital loss	-	-	-	115,743	-	115,743
Provisions	6,907	10,918	10,768	8,847	17,675	19,765
Total	**20,945**	**15,660**	**(163,187)**	**(90,931)**	**(142,242)**	**(75,271)**

Deferred tax assets and liabilities are offset in the consolidated statement of financial position if the Group has legally enforcable right to offset current tax liabilities and the deferred tax assets and liabilities relate to the same legal tax entity.

Note (DKK 1,000)

13 Income tax · continued

In 2013 it was enacted that the Danish tax rate should decrease from 25.0% to 22.0%, implemented over a period of 3 years. The tax rate will decrease in 2015 to 23.5% and to 22.0% in 2016.

As at 31 December 2014 the deferred tax assets and liabilities are measured at the tax rate that applies to the period when the deferred tax assets or liabilities are expected to be utilised.

Unrecognised tax assets amount to DKK 14.6 million (2013: DKK 17.9 million). These relate to tax losses which are not expected to be utilised in the foreseeable future. The unrecognised tax assets do not expire.

Note		2014	2013
14	**Receivables from credit institutions and central banks**		
	Demand deposits	2,589,833	2,045,028
	Within 3 months	52,672	23,481
	From 3-12 months	4,729	609
	From 1-5 years	685	1,074
	Total receivables from credit institutions and central banks	**2,647,919**	**2,070,192**
	Amounts with original maturity shorter than 3 months DKK 2.64 billion (2013: DKK 2.07 billion) are included in the cash flow statement under Cash and cash equivalents.		
15	**Trading assets and liabilities**		
	Listed bonds	17,554,304	12,622,200
	Unlisted bonds	400	2,200
	Listed equities	965	797
	Unlisted equities	2,907	3,320
	Derivative financial instruments with positive fair value	8,857,923	5,724,944
	Total trading assets	**26,416,499**	**18,353,461**
	At 31 December 2014 DKK 1,365.1 million (2013: DKK 1,117.5 million) of trading assets are expected to be recovered more than 12 months after the reporting date.		
	Derivative financial instruments with negative fair value	7,057,018	2,600,997
	Total trading liabilities	**7,057,018**	**2,600,997**

At 31 December 2014 DKK 0 million (2013: DKK 0 million) of trading liabilities are expected to be settled more than 12 months after the reporting date.

Note	(DKK 1,000)	2014	2013
16	**Loans and advances at amortised cost**		
	Investment brokers	-	280
	Trading clients	67,843	175,990
	Lending clients	1,766,463	1,779,950
	Total loans and advances at amortised cost	**1,834,306**	**1,956,220**
	Demand deposits	312,471	351,728
	Within 3 months	27,642	41,980
	From 3 – 12 months	249,479	355,471
	From 1 – 5 years	456,403	475,452
	More than 5 years	788,311	731,589
	Total loans and advances at amortised cost	**1,834,306**	**1,956,220**
17	**Investment securities**		
	Unlisted equities	39,195	60,576
	Total investment securities	**39,195**	**60,576**

At 31 December 2014 DKK 39.2 million (2013: DKK 60.6 million) of investment securities are expected to be recovered more than 12 months after the reporting date.

Note	(DKK 1,000)	2014	2013
18	**Assets held for sale**		
	Property, plant and equipment	-	4,950
	Airplane	-	131,639
	Total assets held for sale	**-**	**136,589**

Property, plant and equipment was taken over by the Group by taking possession of collateral held as security against loans and advances.

Assets held for sale end of 2013 were measured at the carrying amount except for the airplane which was recognised based on external pricing information.

Note (DKK 1,000)

19 Intangible assets

2014	Goodwill	Software under development	Software developed	Software purchased	Client relationships	Other	Total
Cost at 1 January	957,492	139,865	1,581,362	151,383	71,742	9,600	2,911,444
Additions	-	266,582	-	16,655	-	-	283,237
Additions from internal development	-	(385,892)	385,892	-	-	-	-
Disposals	-	(652)	(1,160)	(55,439)	-	-	(57,251)
Exchange rate adjustments	14,591	(28)	-	184	461	408	15,616
Cost at 31 December	**972,083**	**19,875**	**1,966,094**	**112,783**	**72,203**	**10,008**	**3,153,046**
Amortisation and impairment at 1 January	-	-	(837,591)	(107,192)	(55,421)	(7)	(1,000,211)
Amortisation	-	-	(275,073)	(33,044)	(4,435)	(1)	(312,553)
Impairment losses[1)]	(25,000)	-	-	-	-	-	(25,000)
Disposals	-	-	1,160	55,330	-	-	56,490
Exchange rate adjustments	-	-	(83)	(158)	(448)	-	(689)
Amortisation and impairment at 31 December	**(25,000)**	**-**	**(1,111,587)**	**(85,064)**	**(60,304)**	**(8)**	**(1,281,963)**
Carrying amount at 31 December	**947,083**	**19,875**	**854,507**	**27,719**	**11,899**	**10,000**	**1,871,083**

[1)] For details of impairment losses, see note 20 Impairment test.

In 2014, the Group expensed DKK 8.6 million for development projects, primarily planning costs.

Note (DKK 1,000)

19 Intangible assets

2013	**Goodwill**	**Software under de-velopment**	**Software developed**	**Software purchased**	**Client re-lationships**	**Other**	**Total**
Cost at 1 January	1,149,794	71,135	1,477,705	125,956	77,373	37,293	2,939,256
Additions	1,877	250,429	493	36,878	-	-	289,677
Additions from internal development	-	(176,653)	176,653	-	-	-	-
Disposals	(140,859)	-	(50,319)	(234)	-	-	(191,412)
Disposals through divestment of businesses	-	(5,046)	(23,170)	(10,671)	(5,059)	(24,903)	(68,849)
Transfer to investment in associates	(35,229)	-	-	-	-	-	(35,229)
Exchange rate adjustments	(18,091)	-	-	(546)	(572)	(2,790)	(21,999)
Cost at 31 December	**957,492**	**139,865**	**1,581,362**	**151,383**	**71,742**	**9,600**	**2,911,444**
Amortisation and impairment at 1 January	(5,068)	-	(526,424)	(78,612)	(52,610)	(10,019)	(672,733)
Amortisation	-	-	(286,290)	(25,387)	(6,601)	(2,602)	(320,880)
Impairment losses[1)]	(4,088)	-	(91,474)	(6,982)	-	-	(102,544)
Disposals	-	-	47,420	153	-	-	47,573
Disposals through divestment of businesses	-	-	19,177	5,631	3,303	12,400	40,511
Transfer to investment in associates	9,156	-	-	-	-	-	9,156
Exchange rate adjustments	-	-	-	(1,995)	487	214	(1,294)
Amortisation and impairment at 31 December	**-**	**-**	**(837,591)**	**(107,192)**	**(55,421)**	**(7)**	**(1,000,211)**
Carrying amount at 31 December	**957,492**	**139,865**	**743,771**	**44,191**	**16,321**	**9,593**	**1,911,233**

[1)] For details of impairment losses, see note 20 Impairment test.

In 2013, the Group expensed DKK 8.9 million for development projects, primarily planning costs.

	2014	**2013**
Additions, disposals and impairment to goodwill during the year		
Acquisition of businesses	-	113
Divestment of businesses	-	(140,859)
Impairment losses	(25,000)	(4,088)
Transfer to investment in associates	-	(26,073)
Adjustments to earn-outs	-	1,764
Total	**(25,000)**	**(169,143)**

Note (DKK 1,000)

20 Impairment test

Goodwill

Goodwill is tested for impairment if indication of impairment exists or at least once a year. For the purpose of the impairment test, goodwill acquired in a business combination is allocated to cash generating units (CGU) which are the smallest identifiable groups of assets that generate cash inflows largely independent of the cash inflows from other assets or activities.

The impairment tests compare the carrying amount and the estimated expected future cash flows. The special debt structure of financial institutions requires the use of the discounted dividend model to calculate the present value of future cash flows. For non-financial CGU's a discounted cash flow model is applied. The recoverable amount of each CGU is determined on the basis of its value in use.

For each CGU for which the goodwill is significant in comparison with the Group's total carrying amount of goodwill key assumptions applied in the impairment tests are presented below.

2014	Carrying amount goodwill	Growth in terminal period	Discount rate, post tax	Discount rate, pre tax
Saxo Bank (Switzerland) AG	569,439	0.67%	6.90%	8.89%
Saxo Privatbank A/S	245,681	2.05%	8.00%	9.15%
Banco Best S.A. [1]	55,522	2.45%	11.70%	14.77%
Other [1]	131,964	-	-	-
Total	**1,002,606**			

2013	Carrying amount goodwill	Growth in terminal period	Discount rate, post tax	Discount rate, pre tax
Saxo Bank (Switzerland) AG	559,045	0.90%	7.70%	10.08%
Saxo Privatbank A/S	245,681	2.00%	8.00%	9.33%
Banco Best S.A. [1]	130,522	2.90%	11.70%	14.63%
Other [1]	200,048	-	-	-
Total	**1,135,296**			

[1] Goodwill related to associates DKK 55.5 million (2013: DKK 177.8 million) is recognised in the carrying amount of investments in associates.

The cash flow projections are based on earnings estimates for each of the CGUs for a 5-year forecast period. The management approved budgets for 2015 are applied for the first year of the forecast period, and for entities with normalised earnings a growth rate of 1% in year 2-5 is applied. For entities where earnings are not considered to be at a normalised level in 2015, the estimated earnings from 2015 onwards are projected on the basis of business plans.

For the terminal period the long-term growth rate is determined on the basis of forecast GDP rates in the country in which the CGU operates.

The estimated dividend flow/cash flow is discounted at a post-tax CGU specific discount rate. The CGU specific discount rate, which is calculated net of tax, are generally based on a 10 year government bond of the respective countries in which the CGU is located.

Impairment test results 2014

The impairment tests 31 December 2014 resulted in recognition of an impairment of DKK 75 million on goodwill related to the investment in Banco Best S.A. Saxo Bank holds a 25% ownership in the company. Due to accounting irregularities and a negative financial situation in Banco Espírito Santo, S.A, who held the 75% shares in Banco Best S.A an intervention was made by the Banco de Portugal. The healthy business and assets of Banco Espírito Santo, S.A. were in 2014 transferred to Novo Banco. The transfer of assets included Banco Espírito Santo, S.A.'s 75% ownership in Banco Best S.A. Consequently, 75% of Banco Best is owned by Novo Banco. Novo Banco is subject to Banco de Portugal's supervision and a sale process of Novo Banco is ongoing. The impairment loss is mainly attributable to uncertainties related to net profit in the period over which the net profit is expected to normalise. The recoverable amount is DKK 56 million based on value in use. A discount rate of 11.70% is applied.

Furthermore, an aggregate impairment loss of DKK 25 million was recognised on goodwill attributable to uncertainties related to future net profit in none significant entities within the Group. The recoverable amount is DKK 5 million based on value in use. Discount rates applied is in the range 11.51%-14.90%.

In June 2014 an impairment loss of DKK 11 million was recognised on goodwill related to the investment in Leverate Technological Trading Ltd. The impairment loss was attributable to indications of a net recoverable amount below carrying amount. The investment (25% ownership) was divested in December 2014 and no further impairment loss was recognised.

Note (DKK 1,000)

20 Impairment test · continued

Impairment test results 2013

The impairment test 31 December 2013 resulted in recognition of an impairment of DKK 28 million on goodwill and DKK 5 million on customer contracts related to the investment in Leverate Technological Trading Ltd. The impairment loss was attributable to uncertainties related to future net profit.

Goodwill in Capital Four Management Fondsmæglerselskab A/S was impaired with DKK 4 million in 2013 prior to receiving the FSA approval. The impairment was due to a fixed sales price agreed and result for the year was recognised and written down until receiving the FSA approval.

Key assumptions

Following the impairment loss of DKK 75 million on the investment in Banco Best S.A. there is no excess value as the carrying amount of the investment is written down to the recoverable amount. The assumptions applied in measuring the recoverable amount for Banco Best S.A. is by management determined as conservative, based on the available information. The carrying amount including goodwill is at 31 December DKK 188 million. The recoverable amount is based on the assumptions that revenue in 2015 decrease by 24%. For 2016 and 2017 an increase in revenue of 22% and 18% respectively is assumed. A long term growth of 2.45% is assumed. If the revenue in 2016 and 2017 only increases by 10% each year, a further impairment loss of DKK 59 million will have to be recognised.

The cash flow projections for Saxo Privatbank A/S are based on a 7 year forecast period, as the growth projected in the business plan is not expected to normalise before. However, even if a forecast period of 5 years was applied, the calculated recoverable amount still exceeds the carrying amount.

An improvement in net profit is expected for Saxo Privatbank A/S for 2015. The expected development is primarily due to restructuring of it-infrastructure and other cost initiatives implemented in 2014, materialising in 2015, which will reduce the cost base. The expected growth in revenue for 2015 is approximately 6%. For the period 2016-2021 the net profit is expected to increase in average 12% year on year, with a deceasing percentage. The increase in net profit is mainly attributable to an expected increase in trading volume and strategic partnerships. A sensitivity analysis has been performed and if the estimated growth in net profit for the period 2016-2021 only reaches half of the expected growth in net profit each year, the recoverable amount still exceeds the carrying amount of the investment. Due to the high excess value, management assess that no reasonable possible change in one of the key assumptions, on which management has based its determination of the recoverable amount, would cause recognition of an impairment loss.

The carrying amount of goodwill related to Saxo Bank (Switzerland) AG represents 56.8% (2013: 49.2%) of the total goodwill. A growth of 6.58% in revenue in 2015 and 1% in 2016-2019 is applied in the impairment test for Saxo Bank (Switzerland) AG. In the terminal period a growth rate of 0.67% is applied. A sensitivity analysis shows that the growth rate in the terminal period can decline from 0.67% to negative growth of 4.55% (2013: from 0.90% to negative 1.98%), or the discount rate post tax can increase from 6.90% to 10.38% (2013: from 7.70% to 9.73%) without impairment losses on the investment. Due to the high excess value, management assess that no reasonable possible change in one of the key assumptions, on which management has based its determination of the recoverable amount, would cause recognition of an impairment loss.

The key assumptions may change as market conditions or the regulatory environment change.

Intangible assets other than goodwill and property, plant and equipment

Other intangible assets than goodwill and property, plant and equipment are tested if there are indications of impairment. The impairment test is based on smallest CGU affected by the changes, that indicate impairment. The impairment test is based on estimated cash flows from the CGU.

In 2014 no impairment losses are recognised on intangible assets other than goodwill or on tangibles assets.

In 2013 impairment losses of DKK 143 million was recognised, primarily related to airplane sold DKK 17 million, remeasurement of airplane held for sale DKK 23 million (fair value DKK 131 million) and a number of investments in software due to change in future use and uncertainties related to future economic benefit DKK 99 million. The recoverable amount of the impaired software was DKK 0 million.

For assets held for sale the recoverable amount of the assets is determined on the basis of the fair value less cost to sell. For other assets the recoverable amount is determined based on the value in use.

Note (DKK 1,000)

21 Tangible assets

2014	Domicile properties	Leasehold improve-ments	Fixtures, equipment and vehicles	IT equipment	Total
Cost or valuation at 1 January	768,325	122,372	141,218	258,302	1,290,217
Revaluation	600	-	-	-	600
Additions	-	956	5,181	16,944	23,081
Disposals	-	(505)	(4,893)	(1,281)	(6,679)
Exchange rate adjustments	-	2,207	1,651	1,985	5,843
Cost or valuation at 31 December	**768,925**	**125,030**	**143,157**	**275,950**	**1,313,062**
Depreciation and impairment at 1 January	(23,841)	(90,064)	(87,393)	(198,158)	(399,456)
Depreciation	(11,732)	(12,084)	(12,222)	(41,464)	(77,502)
Impairment	(865)	-	-	-	(865)
Disposals	-	450	3,166	1,244	4,860
Exchange rate adjustments	-	(1,604)	(924)	(1,404)	(3,932)
Depreciation and impairment 31 December	**(36,438)**	**(103,302)**	**(97,373)**	**(239,782)**	**(476,895)**
Carrying amount at 31 December	**732,487**	**21,728**	**45,784**	**36,168**	**836,167**

The fair value of the Group's domicile properties rely substantially on non-observable input. The domicile properties are measured by applying an asset return model. The key input in the asset return model is the rate of return and market rent. The applied rate of return is determined on the basis of its location, potential use, condition and terms of lease. Fair value decreases with DKK 61.1 million (2013: DKK 65.3 million) if the rate of return increases with 0.5 percentage point.

At 31 December 2014 the fair value of the domicile properties was determined. No fair value adjustment was recognised in 2014 or 2013. No independent valuer has been involved.

	2014	2013
Domicile properties		
Rate of return applied in the fair value calculation	5.14%	4.87%
Carrying amount if the domicile properties was carried under the cost method	660,393	672,512

Note (DKK 1,000)

21 Tangible assets

2013	**Domicile properties**	**Leasehold improve-ments**	**Fixtures, equipment and vehicles**	**IT equipment**	**Airplanes**	**Total**
Cost or valuation at 1 January	767,303	118,818	150,893	252,272	201,477	1,490,763
Revaluation	1,000	-	-	-	-	1,000
Additions	22	10,104	2,998	18,781	2,634	34,539
Disposals	-	(3,139)	(6,704)	(6,239)	(40,943)	(57,025)
Disposals through divestment of businesses	-	(296)	(3,166)	(4,208)	-	(7,670)
Transfer to assets held for sale	-	-	-	-	(163,168)	(163,168)
Exchange rate adjustments	-	(3,115)	(2,803)	(2,304)	-	(8,222)
Cost or valuation at 31 December	**768,325**	**122,372**	**141,218**	**258,302**	**-**	**1,290,217**
Depreciation and impairment at 1 January	(10,510)	(75,153)	(79,453)	(165,546)	(19,421)	(350,083)
Depreciation	(11,731)	(16,499)	(15,709)	(44,404)	(4,639)	(92,982)
Impairment	(1,600)	(2,696)	(190)	(69)	(39,864)	(44,419)
Disposals	-	2,183	3,835	6,134	32,395	44,547
Disposals through divestment of businesses	-	115	2,613	3,938	-	6,666
Transfer to assets held for sale	-	-	-	-	31,529	31,529
Exchange rate adjustments	-	1,986	1,511	1,789	-	5,286
Depreciation and impairment 31 December	**(23,841)**	**(90,064)**	**(87,393)**	**(198,158)**	**-**	**(399,456)**
Carrying amount at 31 December	**744,484**	**32,308**	**53,825**	**60,144**	**-**	**890,761**

Note	(DKK 1,000)	2014	2013
22	**Debt to credit institutions and central banks**		
	Debt on demand	1,716,785	1,782,354
	Within 3 months	1,332	1,392
	From 3-12 months	12,193	16,654
	From 1-5 years	90,435	75,008
	More than 5 years	275,454	304,305
	Total debt to credit institutions and central banks	**2,096,199**	**2,179,713**
23	**Deposits**		
	Deposits	20,365,981	16,878,844
	Term deposits	55,607	50,404
	Time deposits	13,794	745
	Special deposits	819,671	922,486
	Total deposits	**21,255,053**	**17,852,479**
	Deposits on demand	20,428,937	16,862,079
	Within 3 months	79,591	83,162
	From 3-12 months	9,792	28,496
	From 1-5 years	71,204	178,473
	More than 5 years	665,529	700,269
	Total deposits	**21,255,053**	**17,852,479**

Deposits on demand include DKK 3,644 million (2013: DKK 3,667 million) required by the Group as collateral for unrealised client trading positions as at 31 December, see note 31 Offsetting financial assets and liabilities.

Note (DKK 1,000)

24 Pension and similar obligations

The Group contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments of annual premiums to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Group has no legal or constructive obligation to pay further contributions irrespective of the funding by these insurance companies. Pension costs related to such plans are recognised as expenses when incurred.

The Group has defined benefit plans in Switzerland. A retirement benefit obligation is recognised in the statement of financial position based on an actuarial calculation of the present value at the end of the reporting period less the plan asset. The obligations are partly funded. The defined benefits plans are based on years of service, and retirement benefits depend on the funding determined on the basis of salary and contribution rates plus interest.

	2014	2013
Defined benefit plans are recognised in the statement of financial position as follows:		
Present value of defined benefit obligations	88,152	62,189
Fair value of plan assets	(69,590)	(63,337)
Net obligations	**18,562**	**(1,148)**
Net assets in 2013 are recognised in Other assets.		
Plan assets consist of the following:		
Equity securities	26.01%	23.45%
Debt securities	47.59%	45.37%
Properties	10.51%	10.55%
Other	15.89%	20.63%
Total	**100%**	**100%**
Actuarial assumptions		
Discount rate	1.50%	2.25%
Expected return on plan assets	1.50%	2.25%
Future salary increases	1.00%	1.00%

The discount rate is based on market yield and high-quality corporate bonds with maturity approximating the terms of the defined benefit obligations. Expected return on plan assets is based on the plan asset portfolio and general expectations to the economic development.

The Group expects to pay DKK 3.7 million in contribution to defined benefit plans during 2015 (2014: DKK 4.0 million).

25 Provisions

2014	Restructuring etc.	Other	Total
Provisions at 1 January	37,813	28,462	66,275
Additional provisions recognised	10,739	75	10,814
Used during the year	(2,675)	(3,077)	(5,752)
Reversal of unused provisions	(6,564)	(4,366)	(10,930)
Exchange rate adjustments	90	45	135
Provisions at 31 December	**39,403**	**21,139**	**60,542**

At 31 December 2014 DKK 31.4 million (2013: DKK 45.5 million) of provisions are expected to be settled more than 12 months after the reporting date.

Restructuring etc.
The provision comprises legal cases and restructuring costs including costs for reorganisation of the Group's operations.

Other
The provision comprises various other obligations incurred in the course of business.

Note	(DKK 1,000)	2014	2013
26	**Subordinated debt**		
	Subordinated loans	335,133	497,963
	Hybrid capital	-	105,530
	Guarantor capital	207,610	204,400
	Total subordinated debt	**542,743**	**807,893**

At 31 December 2014 DKK 335 million (2013: DKK 726 million) of subordinated debt are expected to be settled more than 12 months after the reporting date.

Tier 1 capital notes are recognised as equity.

				Margin first period		Margin second period			
Currency	**Year of issue**	**Maturity**	**Interest**	**Rate**	**Years**	**Rate**	**Years**		
EUR	2006	31.03.2014	EURIBOR	2.25%	5	4.00%	3	-	74,600
EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	3	7,447	7,460
EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	3	52,132	52,220
EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	3	89,369	89,520
EUR	2007	15.09.2020	EURIBOR	2.95%	10	3.95%	3	111,711	111,900
EUR	2007	15.09.2020	EURIBOR	2.95%	10	3.95%	3	74,474	74,600
DKK	2006	01.11.2014	CIBOR3	1.10%	5	2.60%	3	-	87,663
Total subordinated loans								**335,133**	**497,963**
DKK	2009	Perpetual	Fixed	11.11%	5	-	-	-	105,530
Total hybrid capital									**105,530**
DKK	2010	01.11.2015	Var.	6.00%	5	-	-	207,610	204,400
Total guarantor capital								**207,610**	**204,400**
Total subordinated debt								**542,743**	**807,893**

Hereof included in Total capital DKK 345.2 million (2013: DKK 740.6 million).

Subordinated debt consists of liabilities in the form of subordinated loan capital, guarantor capital and hybrid capital. In case of the Group's voluntary or compulsory winding-up the subordinated loans will not be repaid until the claims of ordinary creditors have been met. The ranking in coverage is that guarantor capital ranks below hybrid capital and hybrid capital ranks below subordinated loan capital. Early redemption of subordinated debt is subject to the approval of the Danish Financial Supervisory Authority.

The hybrid capital was redeemable between 24 November 2012 and 23 November 2014 at a rate of 100, and from 24 November 2014 to 23 November 2015 at a rate of 105. The Group has redeemed the hybrid capital on 21 November 2014 at a rate of 100 corresponding to DKK 94.2 million (2013: DKK 0 million). Due to the earlier than expected redemption, a gain of DKK 9.1 million is recognised.

In addition the Group has redeemed the following subordinated loans during 2014:

- EUR 10 million, DKK 74.7 million
- DKK 90 million (2013: DKK 70 million)

Guarantor capital can only be redeemed by the guarantors if child saving accounts or pension accounts reach the end of their retention period or similar event before the maturity of guarantor capital in 2015.

Note

27 Share capital

	Ordinary shares
Shares issued at 1 January 2013	66,598,213
Shares issued during the year	850
Total shares issued at 31 December 2013	**66,599,063**
Shares issued during the year	19,418
Total shares issued at 31 December 2014	**66,618,481**

At 31 December 2014 a total of 66,618,481 (2013: 66,599,063) shares with a nominal value of DKK 1 per share were issued and fully paid. No shares carry special rights.

Holding of treasury shares	Number of shares	Nominal value DKK	Percentage of ordinary shares	Sales/purchase price DKK (1,000)
At 1 January 2013	44,290	44,290		
Returned in business combinations	70,423	70,423	0.11	8,099
Purchased	11,336	11,336	0.02	1,293
Sold	(669)	(669)	(0.00)	(77)
Holding at 31 December 2013 and 31 December 2014	**125,380**	**125,380**		

The treasury shares are planned to be part of employees incentive schemes.

No dividend has been declared and paid to shareholders of Saxo Bank A/S in 2014 or 2013.

Additional tier 1 capital

In November and December 2014, Saxo Bank A/S issued for EUR 45.0 million (DKK 334.8 million) Perpetual Fixed Rate Resettable Additional tier 1 Capital notes.

Due to the terms of the Additional tier 1 capital notes, they are in accordance with IFRS included in equity, in the reserve for Additional tier 1 capital holders. The equity was increased at the time of issue by the net proceeds received. Interest paid to the bond holders reduces equity at the time of payment and does not affect net profit. If capital is repaid, equity will be reduced by the redemption amount at the time of redemption. The capital issued is included in Tier 1 capital in the Statement of Total Capital.

The notes are perpetual securities and have no fixed date for redemption. Initial rate of interest is 9.75% per annum. Redemption is capped at a rate of 100.

Saxo Bank A/S may, at its sole discretion, omit interest and principal payments to bond holders. Any interests must be paid out of distributable items in Saxo Bank Group and Saxo Bank A/S. The additional tier 1 capital will be written down if the common equity tier 1 ratio falls below 7% for Saxo Bank Group or Saxo Bank A/S. At 31 December 2014 the common equity tier 1 ratio was 16.0% (2013: 12.6%) for Saxo Bank Group and 17.6% (2013: 15.7%) for Saxo Bank A/S. The ratios are disclosed in Statement of Total Capital.

Note (DKK 1,000)

28 Contractual due dates of financial liabilities

The following table analyses the contractual cash flows payable for the Group's financial liabilities including issued guarantees and other unutilised commitments. The maturity analysis is based on the earliest date on which the Group can be required to pay and does not reflect the expected due date. Interest payments are based on market conditions at 31 December. Cash flows are expected to vary significantly from this analysis e.g. deposits as clients are required to maintain certain levels of deposits with the Group. Cash flows from subordinated debt are based on interest rates currently valid from 31 December.

The financial liabilities balances in the table do not correspond to the balances reported in the consolidated statement of financial position as all contractual cash flows are incorporated, on an undiscounted basis, relating to both principal and interest payments.

2014	On demand	Within 3 months	From 3-12 months	From 1-5 years	More than 5 years	Total
Debt to credit institutions and central banks	1,716,784	2,005	14,164	98,971	282,891	2,114,815
Deposits	20,428,937	79,701	9,866	73,687	768,010	21,360,201
Subordinated debt	-	228,975	8,071	43,043	339,617	619,706
Total financial liabilities	**22,145,721**	**310,681**	**32,101**	**215,701**	**1,390,518**	**24,094,722**
Guarantees	95,771	64,936	62,808	56,789	206,158	486,462
Loan commitments etc.	365,604	598,049	-	-	-	963,653
Total	**22,607,096**	**973,666**	**94,909**	**272,490**	**1,596,676**	**25,544,837**

2013	On demand	Within 3 months	From 3-12 months	From 1-5 years	More than 5 years	Total
Debt to credit institutions and central banks	1,782,354	2,111	18,808	84,394	313,536	2,201,203
Deposits	16,680,145	83,345	220,105	182,875	810,308	17,976,778
Subordinated debt	-	4,180	21,894	384,603	528,673	939,350
Total financial liabilities	**18,462,499**	**89,636**	**260,807**	**651,872**	**1,652,517**	**21,117,331**
Guarantees	111,195	47,872	43,359	17,230	197,876	417,532
Loan commitments etc.	391,674	543,640	-	-	-	935,314
Total	**18,965,368**	**681,148**	**304,166**	**669,102**	**1,850,393**	**22,470,177**

Derivative financial instruments notional and net fair value is specified by maturity in the Risk Management section on page 104 and 105. Most of the derivative financial instruments are short term and management believes that the net fair value best represents the cash flow that would have to be paid if positions had to be stopped out.

Note (DKK 1,000)

29 Acquisition and divestment of businesses

Acquisitions

No acquisitions have been completed in 2014 or 2013.

Adjustments to previous years acquisitions

No adjustments to previous years acquisitions have been made in 2014. In 2013 contingent considerations regarding previous years acquisitions increased by DKK 1.8 million due to revised estimates relating to earn-outs.

Divestments

No business combination has been divested in 2014.

Note 38 provides information about divestment of associates and joint ventures.

The Group completed the following divestments during 2013:

Company	Country	Excluded from income statement	Ownership/ interest divested	Gain/(loss) recognised in income statement due to loss of control
Capital Four Management Fondsmæglerselskab A/S	Denmark	April	100%/53%	-
Euroinvestor.com A/S	Denmark	June	72%/72%	(51,810)
Global Evolution Fondsmæglerselskab A/S	Denmark	July	51%/51%	13,991
Saxo Properties A/S	Denmark	October	100%/100%	11,583
Total				**(26,236)**

Gains/(losses) recognised due to divestments are recognised in the income statement in Other income/(Other expenses).

Note	(DKK 1,000)	2014	2013
30	**Transactions with non-controlling interests**		
	Paid/received	10,052	(1,265)
	Proportionate share of equity acquired/disposed	(5,694)	5,813
	Other changes in proportionate share of equity due to other capital movements	85	-
	Difference recognised directly in equity	**4,443**	**4,548**

31 Offsetting financial assets and liabilities

2014	Gross amount	Offsetting	Net amount presented in the statement of financial position	Master netting agreements and smilar agreements	Cash collateral	Financial collateral	Net amount
Financial assets							
Derivatives with positive fair value [1]	8,857,923	-	8,857,923	(5,023,694)	(3,643,927)	(110,006)	80,296
Total	**8,857,923**	**-**	**8,857,923**	**(5,023,694)**	**(3,643,927)**	**(110,006)**	**80,296**
Financial liabilities							
Derivatives with negative fair value [1]	7,057,018	-	7,057,018	(5,023,694)	-	(755,343)	1,277,981
Interest swaps [2]	91,313	-	91,313	-	(17,681)	(48,397)	25,235
Total	**7,148,331**	**-**	**7,148,331**	**(5,023,694)**	**(17,681)**	**(803,740)**	**1,303,216**
2013							
Financial assets							
Derivatives with positive fair value [1]	5,724,944	-	5,724,944	(1,838,735)	(3,666,565)	(94,124)	125,520
Total	**5,724,944**	**-**	**5,724,944**	**(1,838,735)**	**(3,666,565)**	**(94,124)**	**125,520**
Financial liabilities							
Derivatives with negative fair value [1]	2,600,997	-	2,600,997	(1,838,735)	-	(42,788)	719,474
Interest swaps [2]	61,696	-	61,696	-	(12,340)	(49,356)	-
Total	**2,662,693**	**-**	**2,662,693**	**(1,838,735)**	**(12,340)**	**(92,144)**	**719,474**

[1] Recognised as Trading assets and liabilities in statement of financial position, see note 15.
[2] Recognised as Other liabilities in statement of financial position.

Cash collateral received is recognised in Deposits in the statement of financial position, see note 23. Cash and financial collateral provided is part of assets deposited as collateral in note 37.

Assets and liabilities are offset when the Group and the counterparty have a legally enforceable right to offset recognised amounts and have agreed to settle the balances on a net basis or to realise the asset and settle the liability simultaneously.

The Group determines a margin requirement for trading clients. The margin requirement maintained by the Group is for the purpose of providing collateral on derivative positions. The margin requirement is not set-off with the clients' unrealised positions in the statement of financial positions. In case of margin insufficiency the Group may close out all the clients' margin trades and offsett against collateral received.

The Group has deposited bonds as collateral for the Group's business with financial counterparts. The collateral varies from day to day with the development in open positions (net amount of derivative financial instruments with respectively positive and negative value).

Note (DKK 1,000)

32 Accounting classification and valuation of financial instruments

The accounting classification can be specified as follows:

	Fair value through profit and loss		Amortised cost		
2014	**Held for trading**	**Designated**	**Loans and advances**	**Liabilities**	**Total carrying amount**
Financial assets					
Cash in hand and demand deposits with central banks	-	-	1,900,572	-	1,900,572
Receivables from credit institutions and central banks	-	-	2,647,919	-	2,647,919
Trading assets	26,416,499	-	-	-	26,416,499
Loans and advances at amortised cost	-	-	1,834,306	-	1,834,306
Investment securities	-	39,195	-	-	39,195
Financial liabilities					
Debt to credit institutions and central banks	-	-	-	2,096,199	2,096,199
Trading liabilities	7,057,018	-	-	-	7,057,018
Deposits	-	-	-	21,255,053	21,255,053
Subordinated debt	-	-	-	542,743	542,743

	Fair value through profit and loss		Amortised cost		
2013	**Held for trading**	**Designated**	**Loans and advances**	**Liabilities**	**Total carrying amount**
Financial assets					
Cash in hand and demand deposits with central banks	-	-	1,660,392	-	1,660,392
Receivables from credit institutions and central banks	-	-	2,070,192	-	2,070,192
Trading assets	18,353,461	-	-	-	18,353,461
Loans and advances at amortised cost	-	-	1,956,220	-	1,956,220
Investment securities	-	60,576	-	-	60,576
Financial liabilities					
Debt to credit institutions and central banks	-	-	-	2,179,713	2,179,713
Trading liabilities	2,600,997	-	-	-	2,600,997
Deposits	-	-	-	17,852,479	17,852,479
Subordinated debt	-	-	-	807,893	807,893

Note (DKK 1,000)

32 Accounting classification and valuation of financial instruments · continued

Fair value hierarchy for financial instruments

2014	Quoted market price - Level 1	Observable input - Level 2	Non-observable input - Level 3	Total fair value	Total carrying amount
Financial assets [1]					
Trading portfolio bonds	17,554,304	-	400	17,554,704	17,554,704
Trading portfolio equities	965	-	2,907	3,872	3,872
Derivative financial instruments with positive value	2,473,632	6,021,647	362,644	8,857,923	8,857,923
Loans and advances at amortised cost	-	-	1,805,616	1,805,616	1,834,306
Investment securities	-	-	39,195	39,195	39,195
Financial liabilities					
Derivative financial instruments with negative value	1,739,982	5,317,036	-	7,057,018	7,057,018
Subordinated debt			477,347	477,347	542,743

2013	Quoted market price - Level 1	Observable input - Level 2	Non-observable input - Level 3	Total fair value	Total carrying amount
Financial assets [1]					
Trading portfolio bonds	12,622,200	-	2,200	12,624,400	12,624,400
Trading portfolio equities	797	-	3,320	4,117	4,117
Derivative financial instruments with positive value	1,305,248	4,045,278	374,418	5,724,944	5,724,944
Loans and advances at amortised cost	-	-	1,921,949	1,921,949	1,956,220
Investment securities	-	-	60,576	60,576	60,576
Financial liabilities					
Derivative financial instruments with negative value	930,473	1,670,524	-	2,600,997	2,600,997
Subordinated debt	-	-	769,021	769,021	807,893

[1] Trading portfolio bonds, equities and derivatives are presented in the statement of financial position as Trading assets and Trading liabilities, note 15.

Financial instruments measured at fair value

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices. Listed bonds, listed equities, futures, ETO's and CFD single equities are measured based on quoted prices (level 1).

If quoted prices for financial instruments fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established using interbank quoted prices or valuation techniques. Interbank quoted prices are generally provided by several other financial institutions. The Group applies valuation techniques for FX instruments. Valuation techniques used are based on generally accepted pricing models. In most cases the valuation is substantially based on observable input, such as interbank quoted prices and implied volatility (level 2).

Fair value for CFD contracts with clients where credit value adjustments are made, is established by using the same valuation techniques as for level 2. This fair value is adjusted for credit value adjustment based on the client's worthiness and fair value assessment of collateral received. Investment securities are primarily measured based on third party pricing information (level 3).

The Group has an ongoing process of assessing the best valuation technique and changes in the valuation process are implemented when relevant. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in transaction between third party market participants, at the measurement date.

Note (DKK 1,000)

32 Accounting classification and valuation of financial instruments · continued

Financial instruments measured at amortised cost

For financial assets and financial liabilities measured at amortised cost, included in the fair value hierarchy, fair value is estimated based on changes in market conditions after initial recognition affecting the price that would have been fixed had the terms been agreed at the reporting date.

Fair value of loans and advances is primarily estimated on expected future payments, the basis of difference between the current market interest rate level and the loans as well as the difference between the expected and incurred loss on the loans.

For subordinated loans an estimate of the current return required by the market at the reporting date is applied to measure the fair value.

Financial assets and liabilities measured at fair value categorised into level 3 of the fair value hierarchy	**2014**	**2013**
Fair value at 1 January	440,514	92,782
Additions	3,013	17,770
Additions transferred from level 1	124,226	624,418
Disposals	(26,837)	(37,067)
Gains and losses recognised in income statement:		
Fair value adjustments realised	2,919	(3,234)
Fair value adjustments unrealised	(138,689)	(254,155)
Fair value at 31 December	**405,146**	**440,514**

The fair value adjustments through income statement are recognised in Price and exchange rate adjustments. Of transfer into level 3 DKK 124.2 million (2013: DKK 624.4 million) are open CFD contracts with clients with insufficient collateral. The CFD contracts with clients with insufficient collateral are subject to credit value adjustment.

At 31 December 2014, financial assets valued on the basis of non-observable input comprise:

- Client's open CFD contracts with insufficient collateral after credit value adjustment amounts to DKK 362.6 million (2013: DKK 374.4 million). The accumulated unobservable credit value adjustment is DKK 386.0 million (2013: DKK 250.0 million). The credit value adjustment may change with DKK -57/+386 million if the client's creditworthiness or the fair value of collateral received is worse or better than estimated at 31 December 2014. Collateral consist primarily of cash in foreign currency and the clients are per agreements obliged to provide further collateral in order to reach the full sufficient collateral within a reasonable timeframe. The clients have done so both in 2013 and 2014.

- Investment securities DKK 42.5 million (2013: DKK 66.1 million).

A 20% increase or decrease in the fair value of investment securities etc. measured based on non-observable input would result in a gain or loss of DKK 8.5 million (2013: DKK 13.2 million).

Note (DKK 1,000)

33 **Hedge accounting**

Hedge of net investments
The Group hedges the exchange rate risk of net investments in certain foreign entities net of goodwill by establishing hedge relationships between its net investment in foreign entities and currency derivatives or a non-derivative currency financial liability designated as the hedging instruments. The Group does not hedge the entities' expected income or other future transactions. At 31 December 2014, the carrying amount of net investment in entities hedged amounted to DKK 1,328.8 million (2013: DKK 1,168.2 million) and the corresponding fair value of the hedging instrument amounted to DKK 1,329.2 million (2013: DKK 1,172.5 million).

Cash flow hedge
The Group hedges its exposure to variability in future cash flows due to changes in interest rates on the Group's mortgage debt with a variable interest rate by establishing a hedge relationship between the debt and interest swaps designated as the hedging instruments. At 31 December 2014, the carrying amount of mortgage hedged, amounted to DKK 348 million (2013: DKK 363 million) and the fair value of the hedging instrument amounted to a negative value of DKK 91 million, and nominal value DKK 348 million (2013: negative DKK 62 million and nominal value DKK 363 million).

The time periods in which the hedged cash flows are expected to occur and affect the statement of comprehensive income are as follows:

	2014	2013
Cash inflows		
Within 1 year	2,644	2,874
1-5 years	8,536	9,386
Over 5 years	7,436	9,231
Cash outflows		
Within 1 year	(16,610)	(17,371)
1-5 years	(57,228)	(61,017)
Over 5 years	(58,928)	(71,750)

During 2014 losses of DKK 14.4 million (2013: DKK 14.2 million) relating to cash flow hedge were transferred from equity to profit or loss and are reflected as Interest expense. At 31 December 2014 net losses of DKK 30.1 million (2013: net gains of DKK 26.8 million) relating to the cash flow hedges were recognised in Other comprehensive income.

	2014	2013
34 Operational leasing		
Future operating lease payments		
Within 1 year	48,024	64,776
From 1-5 years	35,928	43,801
More than 5 year	-	970
Total	**83,952**	**109,547**

The Group is the lessee in a number of operating leases, involving mainly leasing of office premises, car leasing, software leasing and other.

Operating lease expenses recognised in the income statement in 2014 amounts to DKK 62.4 million (2013: DKK 71.3 million).

Note (DKK 1,000)

35 Related parties

No party has the controlling influence in Saxo Bank A/S. As at 31 December 2014, the following shareholders are registered as holders of more than 5% of the share capital of Saxo Bank A/S:

Fournais Holding A/S, DK-2850 Nærum, Denmark.
Lars Seier Christensen Holding A/S, DK-1256 Copenhagen, Denmark.
TPG Merl Sarl, L-2453, Luxembourg.

	Board of Directors		Board of Management		Associates		Joint ventures	
(DKK million)	2014	2013	2014	2013	2014	2013	2014	2013
Deposits (liabilities)	-	-	6	5	68	191	-	-
Trading liabilities, open positions	-	-	-	-	305	216	-	-
Interest income	-	-	-	-	8	8	-	-
Fee and commission income	-	-	-	-	35	43	-	-
Fee and commission expense	-	-	-	-	23	25	-	-
Software development	-	-	-	-	-	3	-	-
Administrative services etc.	-	-	2	2	-	-	-	1

Remuneration to Board of Directors and Board of Management is disclosed in note 9 Staff costs and administrative expenses.

Saxo Bank A/S nor any Group companies have provided any loans, pledges or guarantees to any member of Saxo Bank A/S' Board of Directors or Board of Management or to persons related to these.

All transactions and agreements with related parties are settled on an arms-length basis.

Note	(DKK 1,000)	2014	2013
36	**Contingent and other contractual commitments**		
	Guarantees		
	Financial guarantees	89,404	103,709
	Mortgage finance guarantees	151,545	124,475
	Registration and remortgaging guarantees	24,336	7,502
	Other guarantees	221,177	181,846
	Total guarantees	**486,462**	**417,532**
	Loan commitments etc.		
	Other unutilised credit facilities	963,652	935,314
	Total loan commitments etc.	**963,652**	**935,314**
	Other contractual commitments		
	Other contractual commitments incl. operating leases	396,869	382,915
	Total other contractual commitments	**396,869**	**382,915**

Note 34 provides information about the future operating lease payments.

Due to the business volume of the Group, disputes with clients etc. occur from time to time. The Group does not consider the outcome of the cases pending to have any material effect on the Group's financial position.

Saxo Bank A/S has issued a letter of undertaking to the Monetary Authorities in Singapore concerning Saxo Capital Markets Pte. Ltd. and to the Monetary Authorities in Hong Kong concerning Saxo Capital Markets HK Ltd.

Saxo Bank A/S is administration Company in a Danish joint taxation. Saxo Bank A/S is taxed jointly with all Danish entities in Saxo Bank Group and is jointly and severally liable for payments of Danish corporate tax and withholding tax etc.

37 Assets deposited as collateral

Of the Group's bond holdings, bonds with a nominal value of DKK 4.5 billion (2013: DKK 3.8 billion), and a fair value of DKK 4.5 billion (2013: DKK 3.8 billion), are held in custody with institutions. The bonds serve as security for the Group's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Group's open positions against these institutions. At 31 December 2014, 26% (2013: 30%) of the Group's total fair value of bonds were held in custody.

Of deposits with investment brokers, banks and other credit institutions, DKK 165.5 million (2013: DKK 600 million) serve as collateral for the Group's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Group's open positions against these institutions.

The Group has deposited bonds nominal DKK 48 million (2013: DKK 48 million) with a fair value of DKK 48.4 million (2013: DKK 49.2 million), cash DKK 17.7 million (2013: DKK 17.7 million), and placed a mortgage deed of DKK 74 million (2013: DKK 74 million) as security for an interest swap entered to hedge the Group's mortgage debt.

Debt to credit institutions is secured by mortgage deed of DKK 400 million (2013: DKK 400 million) on the Group's domicile property.

Note	(DKK 1,000)	2014	2013
38	**Associates and joint ventures**		
	Summarised financial information for material associates		
	Banco Best S.A., Financial institution:		
	Income	210,143	230,541
	Net profit	53,193	69,165
	Other comprehensive income	(33)	364
	Total comprehensive income	**53,160**	**69,529**
	Statement of financial position		
	Current assets	3,064,061	2,617,147
	Non-current assets	45,054	42,239
	Current liabilities	(2,559,373)	(2,165,534)
	Non-current liabilities	(18,084)	(14,144)
	Equity	**531,658**	**479,708**
	Saxo Bank Groups share of equity (25%)	**132,915**	**119,927**
	Carrying amount of investment in associates and joint ventures		
	Carrying amount of investment in material associates	132,915	119,927
	Goodwill related to material associates [1)]	55,522	130,522
	Carrying amount of investment in associates, individually not material	-	72,146
	Carrying af amount of investment in joint ventures individually not material	1,325	3,475
	Total investment in associates and joint ventures	**189,762**	**326,070**

[1)] For details of impairment losses, see note 20 Impairment test.

The investments in Capital Four Management Fondsmæglerselskab A/S (47% ownership) and Leverate Technological Trading Ltd. (25% ownership) were divested in 2014.

In 2013 the investment in the joint venture CPH Capital Fondsmæglerselskab A/S was divested resulting in a gain of DKK 24.1 million.

The financial information disclosed provides the basis for consolidation in the consolidated financial statements. The financial information disclosed for Banco Best S.A. is for the period 1 December 2013 - 30 November 2014 (2013: 1 December 2012 - 30 November 2013).

Note (1,000)

39 Group entities

Subsidiaries	Currency	Net profit	Equity	Ownership
Financial institutions				
Saxo Bank do Brasil Escritório de Rep. Ltda, Brazil	BRL	(113)	3,178	100%
Saxo Bank Dubai Ltd., Dubai	USD	301	2,482	100%
Saxo Banque France SAS, France	EUR	1967	10,121	100%
Saxo Bank FX Securities K.K., Japan	JPY	37,792	1,016,596	100%
Saxo Bank (Switzerland) AG, Switzerland	CHF	13,235	65,646	100%
Saxo Capital Markets Agente de Valores S.A., Uruguay	UYU	(288)	2,215	100%
Saxo Capital Markets BV, Netherland	EUR	(6)	18	100%
Saxo Capital Markets CY Limited, Cyprus	EUR	(59)	1,733	100%
Saxo Capital Markets HK, Hong Kong	HKD	(11,339)	41,281	100%
Saxo Capital Markets Menkul Degerler Anonim Sirketi, Turkey	TRY	(940)	13,100	100%
Saxo Capital Markets Pty. Ltd., Australia	AUD	1,964	7,538	100%
Saxo Capital Markets Pte. Ltd., Singapore	SGD	27,563	72,372	100%
Saxo Bank (Panama) S.A., Panama [1)]	USD	-	-	100%
Saxo Capital Markets SA Pty. Ltd., South Africa	ZAR	4,650	26,547	100%
Saxo Capital Markets UK Ltd., UK	GBP	4,175	11,369	100%
Saxo Payments A/S, Denmark	DKK	(7,585)	64,416	50.1%
Saxo Privatbank A/S, Denmark	DKK	13,098	331,201	99.6%
SBSF Ltd., UK	GBP	3	(66)	100%
Other				
Ejendomsselskabet Bygning 119 A/S, Denmark	DKK	2,232	178,371	100%
Initto A/S, Denmark	DKK	3,230	33,842	100%
Saxo Jet A/S, Denmark	DKK	-	(10,301)	100%
Saxo Treasury A/S, Denmark	DKK	3,115	409,674	100%

[1)] The company does not publish an annual report.

Associates	Currency	Net profit	Equity	Ownership
Banco Best S.A., Portugal	EUR	10,236	62,234	25%

The financial information disclosed is extracted from the companies' most recent annual reports. Financial institutions supervised by national FSAs are subject to local statutory capital requirements. These requirements restrict intra-group facilities and dividend payouts.

Note

40 Events after the reporting date

On 15 January 2015 the rate of the Swiss franc increased significantly when the Swiss National Bank decided to remove the fixed floor between the Swiss franc and the euro.

Due to this significant increase of the rate of the Swiss franc a number of Saxo Bank's clients ended up with insufficient margin collateral to cover their losses on positions in the Swiss franc.

Saxo Bank estimates the maximum loss that the Group can incur in relation to the sudden significant move of the Swiss franc to be DKK 0.7 billion on a net basis including the financial impact from client complaints. The loss will be recognised in the financial statements for 2015 as it reflects circumstances that have arisen after the reporting date.

Taking the estimated loss into account the Total capital at 31 January 2015 of Saxo Bank Group and Saxo Bank A/S was DKK 2.15 billion and DKK 2.02 billion respectively. The Common equity tier 1 ratios was 11.2% and 13.3% for Saxo Bank Group and Saxo Bank A/S respectively and the Total capital ratios was 14.9% and 17.9%. For comparison figures 31 December 2014 is referred to Statement of total capital for Saxo Bank Group page 48 and for Saxo Bank A/S page 120. Further description of the capital position including the reassessment of ICAAP and ILAAP is available at www.saxoworld.com/investorrelations. The reports are not covered by the statutory audit.

The event has a negative impact on the LCR ratio but despite this set back to the ongoing actions to increase the ratio the Group still expects to be able to meet the future minimum requirement.

Due to Saxo Bank Groups expectation of a rise in market volatility, Saxo Bank Group has in January 2015 increased margin requirements across a number of instruments to reflect the expected paradigm shift in the financial markets.

The event has not led to recognition of any subsequent impairment losses on investments or goodwill related to investments in subsidiaries exposed to the Swiss franc in 2015 at the date of authorisation for issue of the annual report. The assumptions applied may change as a result of the uncertainties inherent in the business activity and impairment losses may occur subsequently, however management finds the assumptions applied reasonable.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

Saxo Bank Group´s overall risk framework is established by the Board of Directors and based on recommendations from the Board appointed Board Risk Committee. Saxo Bank's risk management framework is contained in various instructions and policies that set the limits of Saxo Bank's risk taking activities. The Board Instructions specifically determine Saxo Bank's risk appetite on credit, market, operational, liquidity and business risks. This appetite is delegated to the Board of Management via specific limits where applicable.

In addition, the Board has issued a market risk policy, which establishes guidelines for market exposure and a credit risk policy, which establishes guidelines for managing counterparties and credit limits. The Board of Management applies the Board Instructions through the implementation of a risk management framework, governed by the Management Risk Committee.

The Risk Director has overall responsibility for implementing the risk management framework including risk oversight, assurance approaches, models and reports. The on-going monitoring and controlling of risks is also delegated to the Risk Director and is centralised in the risk management department. In addition, the risk management department is responsible for monitoring the documentation of key activities.

Saxo Bank applies the principle of three lines of defence to establish a sound risk management practice within the organisation. Each line of business (first line) carries out several first level controls which are monitored, reviewed and challenged by risk management and compliance (second line). Internal audit managers carry out scheduled audits to validate first and second line controls (third line).

The Group carries out the following main activities:

- Online trading and investment and other investment services within capital markets to retail clients, corporations, financial institutions and white label clients
- Portfolio, fund and asset management to retail and professional clients
- Traditional banking services in Denmark, primarily to retail clients, hereunder bank accounts and debit/credit cards, mortgage credit, bank advice services and pension products

During the year, the Board of Directors monitors and adjusts the Group's overall risk parameters for market risks such as foreign exchange, equities, commodities and interest related products, as well as credit risks such as margin levels, counterpart exposure limits and sector limits in the loan portfolio, in response to changes in market conditions and trading volumes. The Board of Directors approves specified thresholds for each type of risk.

Risk exposure
The main categories of risk are the following:

- Credit risk: The risk of loss due to counterparties of the Group failing to fulfil all or part of their payment obligations to the Group
- Market risk: The risk of loss due to movements in market risk factors
- Liquidity risk: The risk of being unable to meet obligations as they fall due
- Operational risk: The risk of loss resulting from inadequate or failed processes, people or systems

Management's Report and the Risk Report 2014 provide additional information about the Group's risk management approach. Risk Report 2014 is available for download from the Group's website at http://www.saxoworld.com/investorrelations/icaap-and-risk-reports. The Risk Report is not covered by the statutory audit.

(DKK 1,000)

CREDIT RISK

Credit risk is defined as the risk of counterparties of the Group failing to fulfil all or part of their payment obligations to the Group.

The Group operates in accordance with the Board instructions and the credit policy approved by the Board of Directors. The Board instructions set rules on accepted counterparties and thereby diversification of the Group's engagements. The instructions also set limits on counterparty credit exposure, considering creditworthiness, geography and other measures aiming at minimising the credit risk undertaken. Furthermore, the credit policy addresses accepted forms of collateral as well as leverage factors on individual instrument classes for margin trading. The policy is revised as needed and at least once a year.

The Group has segregated duties in order to maintain impartiality during limit setting, the approval process and the following control hereof. Limit setting is done based on client classification. An internal credit evaluation is performed and daily monitoring is performed on issued lines. A periodic line utilisation review is performed to monitor and follow up on issued lines. All lines are re-evaluated at least once a year.

The corporate loan portfolio is diversified based on geography and industry sectors.

Credit risk due to counterpart´s loss on margin trading risk is monitored on a real-time basis, automatically and manually, with the execution of risk mitigative intervention in due time to avoid any credit loss situation occurring.

The Group is exposed to five main sources of credit and counterparty risk as described below.

Margin sufficiency
Credit risk arises as a result of losses sustained by the counterparty on margin trading. This credit risk increases if markets movements are exceptional, significant and incur within a short timeframe.

The risk is monitored on a real-time basis, both automatically and manually, with the execution of risk mitigating intervention in due time to avoid credit loss situations. There are monitoring controls in place to mitigate concentration risk which could increase credit risk.

Credit lines
Credit risk arises as a result of credit lines offered to certain counterparties subject to credit assessment. The credit assessment is carried out in the credit risk management function.

Retail bank activities
Retail banking activities constitute traditional banking services such as loans, overdraft facilities, business credits, construction and housing credits, guarantees etc. The granting of a credit is based on the Group's insight into the client's financial position. The Group strives to ensure that each facility matches the credit quality and financial position of the client.

Settlement risk
Settlement risk is the risk that the Group delivers one leg of a transaction but the counterparty fails to meet its obligation. The Group has entered into settlement agreements to decrease settlement risk. This includes give-up agreements to the Group's prime brokers (PBs) and continuous linked settlements (CLS). Even so, the Group occasionally endures settlement risk when trades are not matched in CLS but have to be gross settled against a given counterpart.

Interest bearing assets
Credit risk arises as a result of the Group´s placements of funds with credit institutions or in bills and bonds.

The above mentioned credit related risks are managed on an ongoing basis by risk policies approved by the Board of Directors and by systems and procedures approved by the Board of Management.

(DKK 1,000)

Credit risk exposure
The Group's credit risk exposure consists of financial position items and off-balance items that carry credit risk. Exposure risk derives from lending activities, derivative financial instruments (counterparty risk) and exposure from investing activities.

Breakdown of credit risk exposure without taking collateral and netting into account

2014	Credit risk, lending activities	Counter-party risk, derivatives	Credit risk, investing activities	Total
Statement of financial position item				
Cash in hand and demand deposits with central banks	-	-	1,900,572	1,900,572
Receivables from credit institutions and central banks	-	-	2,647,919	2,647,919
Trading assets	-	8,857,923	17,558,576	26,416,499
Loans and advances at amortised cost	1,938,821	-	-	1,938,821
Investment securities	-	-	39,195	39,195
Credit exposure before impairment	**1,938,821**	**8,857,923**	**22,146,262**	**32,943,006**
Impairment loans and advances	(104,515)	-	-	(104,515)
Credit exposure in statement of financial position	**1,834,306**	**8,857,923**	**22,146,262**	**32,838,491**
Off-balance items				
Guarantees	486,828	-	-	486,828
Other unutilised credit facilities [1)]	598,048	-	-	598,048
Impairment for off-balance items	(366)	-	-	(366)
Credit exposure off-balance items	**1,084,510**	**-**	**-**	**1,084,510**
Total credit exposure net of impairment	**2,918,816**	**8,857,923**	**22,146,262**	**33,923,001**
2013				
Statement of financial position item				
Cash in hand and demand deposits with central banks	-	-	1,660,392	1,660,392
Receivables from credit institutions and central banks	-	-	2,070,192	2,070,192
Trading assets	-	5,724,944	12,628,517	18,353,461
Loans and advances at amortised cost	2,091,923	-	-	2,091,923
Investment securities	-	-	60,576	60,576
Credit exposure before impairment	**2,091,923**	**5,724,944**	**16,419,677**	**24,236,544**
Impairment loans and advances	(135,703)	-	-	(135,703)
Credit exposure in statement of financial position	**1,956,220**	**5,724,944**	**16,419,677**	**24,100,841**
Off-balance items				
Guarantees	417,532	-	-	417,532
Other unutilised credit facilities [1)]	547,553	-	-	547,553
Impairment for off-balance items	(1,094)	-	-	(1,094)
Credit exposure off-balance items	**963,991**	**-**	**-**	**963,991**
Total credit exposure net of impairment	**2,920,211**	**5,724,944**	**16,419,677**	**25,064,832**

[1)] The Group has in addition granted credit facilities in regards to stock loans. The additional unutilised credit facilities amount to DKK 365.6 million as per 31 December 2014 (2013: DKK 387.8 million). The credit facilities can only be utilised, if required collateral is provided and can be terminated on demand.

(DKK 1,000)

CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES

Lending activities comprise loan and advances at amortised cost and related off-balance items that involve credit risk. Loans and advances at amortised cost include receivables from investment brokers, trading clients and lending clients.

Credit exposure and credit concentration risk based on sector and industry relating to lending activities is managed on an ongoing basis in accordance with the credit policy and monitored monthly.

The Group's credit granting is based on insight into the client's financial position as well as continuous monitoring of the development in the client's financial situation in order to assess whether the conditions for the credit granting have changed.

The client's creditworthiness is classified into six different rating categories, where category 1-3 covers outstanding, good or standard clients, while category 4 covers clients that show some weakness. Category 5-6 covers weak clients that need increased attention.

Category 6 includes clients with individually impaired loans and advances, due to the borrower's significant financial difficulties where the loan is deemed uncollectable or the expected proceeds from collateral will not be sufficient to cover the credit exposure.

Credit exposure broken down by rating category

Loans, advances, guarantees and off balance sheet commitments that involve credit risk are classified into the following six rating categories.

2014	Maximum credit exposure	Impairment	Exposure before collateral	Collateral held	Remaining exposure
1 Outstanding clients	466,113	-	466,113	154,328	311,785
2 Good clients	622,380	-	622,380	184,535	437,845
3 Standard clients	1,533,425	-	1,533,425	363,903	1,169,522
4 Clients that show some weakness	166,236	-	166,236	38,620	127,616
5 Weak clients that need increased attention	78,685	-	78,685	9,755	68,930
6 Clients with impairment	156,858	(97,987)	58,871	16,674	42,197
Total before collective impairment	**3,023,697**	**(97,987)**	**2,925,710**	**767,815**	**2,157,895**
Collective impairment	-	(6,894)	(6,894)	-	(6,894)
Total	**3,023,697**	**(104,881)**	**2,918,816**	**767,815**	**2,151,001**

2013					
1 Outstanding clients	414,964	-	414,964	145,127	269,837
2 Good clients	500,944	-	500,944	165,080	335,864
3 Standard clients	1,599,649	-	1,599,649	358,484	1,241,165
4 Clients that show some weakness	142,914	-	142,914	25,895	117,019
5 Weak clients that need increased attention	102,726	-	102,726	11,848	90,878
6 Clients with impairment	295,811	(130,902)	164,909	16,862	148,047
Total before collective impairment	**3,057,008**	**(130,902)**	**2,926,106**	**723,296**	**2,202,810**
Collective impairment	-	(5,895)	(5,895)	-	(5,895)
Total	**3,057,008**	**(136,797)**	**2,920,211**	**723,296**	**2,196,915**

	2014	2013
CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES · continued		
Credit exposure broken down by sector, industry and geography (%)		
Corporate sector		
Agriculture, hunting, forestry and fisheries	2%	2%
Industry and extraction of raw materials	2%	2%
Buildings and construction	2%	2%
Trading	5%	4%
Transport, hotels and restaurants	2%	2%
Finance and insurance	8%	10%
Real estate	7%	9%
Other businesses	6%	8%
Total corporate sector	**34%**	**39%**
Private clients	66%	61%
Total credit exposure loans, advances, guarantees, etc. net of impairment	**100%**	**100%**
Hereof related to clients in foreign countries	5%	5%

(DKK 1,000)

CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES · continued

Collateral held against lending activities

An essential element of the Group´s credit policy is to mitigate credit risk in the loan portfolio by requiring collateral. The Group continuously assesses the market value of the collaterals. For the most common types of collateral the Group has its own valuation models that estimate the value. For collateral types where no valuation models exist, the valuation is done manually. The value of the collateral is assessed at the current estimated market value including a haircut. A haircut is a measure of the risk that the Group will not be able to sell the collateral asset at a price equal to the expected value. For property the haircut depends on property type, condition, location etc.

The main categories of collateral are shown in the table below. The collateral values are net of haircut and capped by the exposure amount.

2014	**Investment brokers and trading clients**	**Lending clients**	**Total**
Credit exposure net of impairment	125,927	2,792,889	2,918,816
Collateral			
Cash	48,153	4,158	52,311
Exchange traded equities, bonds and mutual funds	-	256,991	256,991
Property	-	405,921	405,921
Other	-	52,592	52,592
Total collateral	**48,153**	**719,662**	**767,815**
Total unsecured credit exposure lending activities	**77,774**	**2,073,227**	**2,151,001**

2013			
Credit exposure net of impairment	228,356	2,691,855	2,920,211
Collateral			
Cash	18,862	22,873	41,735
Exchange traded equities, bonds and mutual funds	-	251,962	251,962
Property	-	364,133	364,133
Other	-	65,466	65,466
Total collateral	**18,862**	**704,434**	**723,296**
Total unsecured credit exposure lending activities	**209,494**	**1,987,421**	**2,196,915**

(DKK 1,000)	2014	2013
CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES · continued		
Impairment allowance for loans, advances and guarantees		
Individual impairment allowance for loans, advances and guarantees		
Impairment allowance at 1 January	130,902	183,005
Impairment for the year	30,301	25,144
Reversals of impairment from previous years	(30,757)	(9,204)
Other	2,633	2,798
Amounts written off	(35,092)	(70,841)
Individual impairment allowance for loans, advances and guarantees at 31 December	**97,987**	**130,902**
Collective impairment allowance for loans, advances and guarantees		
Impairment allowance at 1 January	5,895	4,243
Impairment for the year	1,137	1,652
Reversals of impairment from previous years	(138)	-
Collective impairment allowance for loans, advances and guarantees at 31 December	**6,894**	**5,895**

(DKK 1,000)

CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES · continued

Past due loans and advances but not impaired

2014	Investment brokers and trading clients	Lending clients	Total
From 1 day to 1 month	2,234	123,050	125,284
From 1-3 months	742	3,454	4,196
More than 3 months	954	6,674	7,628
Total past due loans and advances but not impaired	**3,930**	**133,178**	**137,108**
2013			
From 1 day to 1 month	1,621	95,039	96,660
From 1-3 months	1,730	3,332	5,062
More than 3 months	997	1,363	2,360
Total past due loans and advances but not impaired	**4,348**	**99,734**	**104,082**

Credit quality of loans and advances neither past due nor impaired

2014	Investment brokers and trading clients	Lending clients	Total
1 Outstanding clients	25,375	203,944	229,319
2 Good clients	-	294,737	294,737
3 Standard clients	3,230	948,030	951,260
4 Clients that show some weakness	12,989	117,711	130,700
5 Weak clients that need increased attention	4,863	57,440	62,303
Total loans and advances neither past due nor impaired	**46,457**	**1,621,862**	**1,668,319**
2013			
1 Outstanding clients	18,367	202,001	220,368
2 Good clients	15,280	234,583	249,863
3 Standard clients	1,775	1,089,064	1,090,839
4 Clients that show some weakness	1,269	116,786	118,055
5 Weak clients that need increased attention	-	75,550	75,550
Total loans and advances neither past due nor impaired	**36,691**	**1,717,984**	**1,754,675**

(DKK 1,000)

CREDIT EXPOSURE RELATING TO COUNTERPARTY AND INVESTING ACTIVITIES

Credit exposure due to counterparty and investing activities comprises receivables from credit institutions and central banks, derivative financial instruments with positive fair value and bonds.

Counterparties consist of financial institutions such as banks, brokers, clearinghouses etc, which are part of the Group's daily financial trading or investment activities. The Group's credit granting is based on insight into the counterparty's financial position as well as continuous monitoring of the counterparties' financial state in order to assess whether the conditions for the credit granting have changed.

Derivatives are subject to credit risk. The Group has entered into master netting agreements and similar agreements that include the rights to set-off in the event of a counterparty default. Such agreements reduce the exposure further, but they do not qualify for offsetting. Net current exposure on derivative financial instruments with positive value is disclosed in note 31 Offsetting financial assets and liabilities.

The rating of counterparties and bonds is based on Standard & Poor's rating methodology or equivalent rating.

Receivables from credit institutions and central banks and demand deposits with central banks broken down by credit rating category

2014	Credit institutions	Central banks	Total
AAA	-	1,887,943	1,887,943
AA+	114,479	-	114,479
AA-	366,817	-	366,817
A+	1,037,758	-	1,037,758
A	326,222	-	326,222
A-	587,572	-	587,572
BBB+	7,072	-	7,072
BBB-	92,298	-	92,298
Sub-investment grade or unrated	115,701	-	115,701
Total	**2,647,919**	**1,887,943**	**4,535,862**

2013			
AAA	11,888	1,646,596	1,658,484
AA+	312,709	-	312,709
AA-	420,728	-	420,728
A+	257,903	-	257,903
A	644,700	-	644,700
A-	236,862	-	236,862
BBB+	70,280	-	70,280
BBB-	19,562	-	19,562
Sub-investment grade or unrated	95,560	-	95,560
Total	**2,070,192**	**1,646,596**	**3,716,788**

(DKK 1,000)

CREDIT EXPOSURE RELATING TO COUNTERPARTY AND INVESTING ACTIVITIES · continued

Receivables from credit institutions and central banks and demand deposits with central banks broken down by geography

2014	Credit institutions	Central banks	Total
Denmark	418,330	594,349	1,012,679
Europe, excluding Denmark	1,928,068	1,293,556	3,221,624
USA	82,039	-	82,039
Australia	57,052	-	57,052
Asia	148,361	-	148,361
Other	14,069	38	14,107
Total	**2,647,919**	**1,887,943**	**4,535,862**

2013			
Denmark	415,037	533,880	948,917
Europe, excluding Denmark	1,167,180	1,112,681	2,279,861
Australia	144,346	-	144,346
Asia	340,513	-	340,513
Other	3,116	35	3,151
Total	**2,070,192**	**1,646,596**	**3,716,788**

Impairment for receivables from credit institutions and central banks

No receivables from credit institutions or central banks are considered past due or impaired (2013: DKK 0 million). No collateral is received from credit institutions and central banks (2013: DKK 0 million).

(DKK 1,000)

CREDIT EXPOSURE RELATING TO COUNTERPARTY AND INVESTING ACTIVITIES · continued

Bond portfolio broken down by rating category

2014	Danish mortgage bonds	Government bonds	Corporate bonds	Other bonds	Total
AAA	1,860,169	534,867	-	-	2,395,036
AA+	70,510	12,082,212	-	-	12,152,722
Other investment grade	-	3,002,046	298	-	3,002,344
Sub-investment grade or unrated	-	-	4,363	239	4,602
Total	**1,930,679**	**15,619,125**	**4,661**	**239**	**17,554,704**
2013					
AAA	1,558,034	1,352,424	-	-	2,910,458
AA+	18,734	4,974,881	-	-	4,993,615
Other investment grade	-	4,706,903	-	-	4,706,903
Sub-investment grade or unrated	-	-	4,422	9,002	13,424
Total	**1,576,768**	**11,034,208**	**4,422**	**9,002**	**12,624,400**

Bonds with no rating are mainly attributable to structured bonds and unrated corporate bonds.

Bond portfolio broken down by geography

2014	Danish mortgage bonds	Government bonds	Corporate bonds	Other bonds	Total
Denmark	1,930,679	534,867	4,269	-	2,469,815
Europe, excluding Denmark	-	6,739,041	392	239	6,739,672
USA	-	8,345,217	-	-	8,345,217
Total	**1,930,679**	**15,619,125**	**4,661**	**239**	**17,554,704**
2013					
Denmark	1,576,768	5,319	4,422	2,102	1,588,611
Europe, excluding Denmark	-	6,054,007	-	5,120	6,059,127
USA	-	4,974,882	-	1,780	4,976,662
Total	**1,576,768**	**11,034,208**	**4,422**	**9,002**	**12,624,400**

(DKK 1,000)

MARKET RISK

Market risk is defined as the risk of loss due to movements in market prices on underlying risk factors such as foreign exchange, equities, commodities and interest rates. Market risk arises from handling the client trading flow in the market maker functions or from proprietary positions in the Group's treasury activities. The objective of Market Risk Management is to manage and control market risk exposures within the Board given mandate ensuring adherence hereto.

The Board of Directors has set limits for the different risk factor types via the Board instructions, which are subsequently distributed to the trading organisation and to the Group's subsidiaries as applicable. The limits are monitored by the risk management department and utilisation is reported to all governing levels of the Group, including the Board of Directors.

Exposures to various types of market risk for the Group are disclosed below. This information is supported by VaR information for part of the market risk in the Group.

	2014	2013
Foreign currency risk		
Assets in foreign currency, total	26,803,663	19,124,312
Liabilities in foreign currency, total	28,804,810	20,809,276
Foreign currency indicator 1	986,474	677,405
Foreign currency indicator 1 is the higher of the sum of long foreign currency positions or the sum of short foreign currency positions.		
Foreign currency indicator 2	4,851	4,122
Foreign currency indicator 2 is calculated on the basis of variances and covariances published by the Danish FSA on the basis of the last 3 years' rolling 10-day periods. A foreign currency indicator 2 equal to DKK 4.7 million (2013: 4.1 million) means, that if the Group does not change foreign currency positions in the following 10 days, there is a 1 per cent probability that the Group will have a capital loss greater than DKK 4.7 million (2013: DKK 4.1 million).		
Interest rate risk		
Interest rate risk on financial instruments included in trading portfolio	82,547	44,606
Interest rate risk on loans not included in the trading portfolio	(30,175)	(34,295)
Total interest rate risk	**52,372**	**10,311**

Interest rate risk is calculated by a parallel shift in the interest rate curve by one percentage point.

(DKK 1,000)

MARKET RISK · continued

Equity price risk

The risk of loss due to movements in market risk factors is based on the net position of long and short positions in equities including associates and equity contracts. Purchase price adjustments for investment in associates are not included.

The Group has certain equities not held for trading, which are strategic banking industry investments which support part of the retail bank activities.

Fair value of equities and notional amounts of equity contracts are disclosed as follows:

	2014	2013
Equity risk	64,357	416,398
hereof general risk	12,459	317,903
hereof specific risk	48,039	98,495
hereof position risk in Collective Investment Undertaking	3,859	-

Equity risk is calculated as a total of general, specific and position risk.

Commodity price risk

The Group's commodity price risk is disclosed as part of the VaR information.

Risk exposure amounts according to the standard method for market risk

2014	Group	Of which is covered by VaR positions [1]
Foreign currency risk	2,008,488	1,916,083
hereof non-delta risk	1,022,013	1,022,013
Interest rate risk	1,320,476	1,320,476
Equity price risk	64,073	52,755
Commodity price risk	278,225	278,225
hereof non-delta risk	14,562	14,562

2013		
Foreign currency risk	677,405	570,758
Interest rate risk	817,658	487,470
Equity price risk	416,398	399,353
Commodity price risk	57,908	57,908

[1] VaR positions are disclosed on page 102.

Risk exposure amounts for 2013 cannot be directly compared with risk exposure amounts for 2014, as CRR was implemented Q1 2014 which includes non-delta risks in risk exposure amounts.

(DKK 1,000)

MARKET RISK · continued

Trading and investment services
The Group operates its trading and investment business using the Group's online investment trading platforms. This entails a trade execution flow which allows for market-making functions in selected instruments. Other traded instruments catered for by the Group are offered on a fully hedged basis.

The market risk of the trading portfolios is quantified and monitored against a number of exposure, loss and Value-at-Risk limits.

Exposure and loss limit utilisations are monitored on a continuous basis, while Value-at-Risk limit utilisation is evaluated on an end-of-day basis.

Exposure limits are both set according to the underlying asset class, and also on a more granular level differentiating between different risk profiles within a single asset class.

Exposure limits on foreign exchange are segmented into more granular levels based on instrument characteristics such as market availability, liquidity and volatility. On foreign exchange options limits are also set on the Greeks: delta, gamma, vega and theta. Such limits assure that the different risk elements (underlying price sensivity, volatility and time-decay) from options are considered and monitored.

Exposure limits on equities are set on gross, net and single to cater for both market movements and concentration risk. Exposure limits on commodities are also set on gross, net and single. The single level is furthermore broken into tenors to avoid concentration risk in specific time buckets.

Loss limits are set on a single day basis and on a five day rolling basis, and relative to the underlying asset class and exposure mandate.

The Value-at-Risk (VaR) is the estimated loss that potentially could arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR limit framework used by the Group is based upon a 95% confidence and assumes a 1 day holding period. The VaR model used is based on Monte Carlo simulations to account for non-linear instruments.

VaR is deemed to be a good basis for comparing and monitoring risk across different asset classes. However, the model is based on certain assumptions that should be noted:

- A 1-day holding period assumes that it is possible to hedge or dispose of positions within that period. This may not be the case for highly illiquid markets
- A 95% confidence level does not reflect losses that may occur beyond this level
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios

	2014	2013
VaR position		
Foreign currency risk	8,050	4,328
Interest rate risk	1,131	401
Equity price risk	75	4,943
Commodity price risk	441	222
Total VaR	7,906	5,326

To supplement VaR a stress testing framework is implemented. Based on the most important risk factors in terms of exposures and VaR contributors, a number of stress tests have been constructed to determine the Group's vulnerability to large unexpected changes in these risk factors.

Furthermore, a set of stress tests replicating changes experienced in known historical events are also performed.

The VaR position is dependent on the Group's exposure (limits) and the conditions in the market place. The VaR positions at 31 December 2014 and 2013 are in general representative for the VaR development during 2014 and 2013. Any fluctuations in VaR were mainly due to changing market conditions, as exposures were relatively steady through 2014 and 2013.

(DKK 1,000)

MARKET RISK · continued

Derivative financial instruments

	2014		2013		2014		2013	
					Fair value		Fair value	
	Notional amount	Net fair value	Notional amount	Net fair value	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures purchased	56,496,201	1,694,654	27,604,154	54,442	2,431,116	(736,462)	164,870	(110,428)
Forwards/futures sold	55,230,313	(917,170)	26,862,231	11,080	598,015	(1,515,185)	118,986	(107,906)
Options purchased	95,353,478	1,057,718	68,776,927	495,777	1,192,559	(134,841)	600,813	(105,036)
Options written	89,120,909	(1,952,554)	67,806,457	(115,427)	416,749	(2,369,303)	514,692	(630,119)
Interest rate contracts								
Forwards/futures purchased	131,249	37,249	88,773	(23,047)	43,277	(6,028)	3,217	(26,264)
Forwards/futures sold	131,251	(23,401)	88,766	21,944	4,515	(27,916)	23,119	(1,175)
Options purchased	51,007	(677)	29,455	2,106	3,564	(4,241)	3,431	(1,325)
Options written	51,007	660	29,455	(2,108)	4,224	(3,564)	1,323	(3,431)
Swaps	348,139	(91,313)	363,411	(61,696)	-	(91,313)	-	(61,696)
Equity contracts								
Forwards/futures purchased	2,003,396	10,580	1,813,603	766,494	772,024	(761,444)	881,116	(114,622)
Forwards/futures sold	1,998,887	804,155	2,255,584	219,404	1,442,878	(638,723)	1,006,862	(787,458)
Options purchased	20,803	83,234	3,426	23,718	83,375	(141)	23,961	(243)
Options written	20,752	(83,234)	3,426	(23,718)	141	(83,375)	243	(23,961)
Commodity contracts								
Forwards/futures purchased	110,343	(91,233)	39,993	(6,067)	43,979	(135,212)	26,577	(32,644)
Forwards/futures sold	110,390	150,141	39,851	44,160	185,428	(35,287)	62,182	(18,022)
Options purchased	14,493	28,885	39,223	18,277	28,885	-	18,290	(13)
Options written	14,493	(28,885)	39,223	(18,277)	-	(28,885)	13	(18,290)
Total		**678.809**		**1,407,062**	**7,250,729**	**(6,571,920)**	**3,449,695**	**(2,042,633)**

Unsettled spot transactions

Currency contracts								
Foreign exchange, transactions purchased	14,366,407	356,542	37,676,429	1,527,223	749,380	(392,838)	1,641,617	(114,394)
Foreign exchange, transactions sold	17,886,774	674,241	28,964,016	127,966	857,814	(183,573)	633,632	(505,666)
Total		**1,030,783**		**1,655,189**	**1,607,194**	**(576,411)**	**2,275,249**	**(620,060)**

(DKK 1,000)

MARKET RISK · continued

Derivative financial instruments – specified by maturity

	Within 3 months		3-12 months		1-5 years		> 5 years	
2014	Notional amount	Net fair value	Notional amount	Net fair value	Notional amount	Net fair value	Notional amount	Net fair value
Currency contracts								
Forwards/futures purchased	50,471,634	(180,263)	6,024,211	1,874,915	356	2	-	-
Forwards/futures sold	50,129,686	125,649	5,100,008	(1,042,811)	619	(8)	-	-
Options purchased	66,337,004	481,655	29,015,771	575,792	703	271	-	-
Options written	58,866,984	(526,231)	30,253,418	(1,426,128)	507	(195)	-	-
Interest rate contracts								
Forwards/futures purchased	65,254	30,016	21,602	2,750	44,393	4,483	-	-
Forwards/futures sold	65,256	(18,599)	21,602	411	44,393	(5,213)	-	-
Options purchased	20,463	157	13,976	(1,294)	16,568	460	-	-
Options written	20,463	(175)	13,976	1,288	16,568	(453)	-	-
Swaps	-	-	-	-	-	-	348,139	(91,313)
Equity contracts								
Forwards/futures purchased	2,002,637	10,190	630	370	115	19	14	1
Forwards/futures sold	1,998,129	804,816	629	(253)	115	(410)	14	2
Options purchased	13,510	39,787	4,135	21,159	3,158	22,255	-	33
Options written	13,459	(39,787)	4,135	(21,159)	3,158	(22,255)	-	(33)
Commodity contracts								
Forwards/futures purchased	52,440	(75,817)	15,048	8,717	42,855	(24,133)	-	-
Forwards/futures sold	52,708	120,865	14,827	4,799	42,855	24,477	-	-
Options purchased	10,266	14,308	4,201	14,353	26	224	-	-
Options written	10,266	(14,308)	4,201	(14,353)	26	(224)	-	-

(DKK 1,000)

MARKET RISK · continued

Derivative financial instruments – specified by maturity

	Within 3 months		3-12 months		1-5 years		> 5 years	
2013	Notional amount	Net fair value	Notional amount	Net fair value	Notional amount	Net fair value	Notional amount	Net fair value
Currency contracts								
Forwards/futures purchased	23,360,340	90,276	4,243,814	(35,834)	-	-	-	-
Forwards/futures sold	23,251,178	(30,291)	3,611,053	41,371	-	-	-	-
Options purchased	35,936,051	158,836	32,832,222	336,838	8,654	103	-	-
Options written	34,705,479	(116,697)	33,099,472	1,528	1,506	(258)	-	-
Interest rate contracts								
Forwards/futures purchased	38,172	(20,637)	5,482	50	45,119	(2,460)	-	-
Forwards/futures sold	38,165	16,564	5,482	28	45,119	5,352	-	-
Options purchased	4,667	152	6,508	88	18,280	1,866	-	-
Options written	4,667	(154)	6,508	(86)	18,280	(1,868)	-	-
Swaps	-	-	-	-	-	-	363,411	(61,696)
Equity contracts								
Forwards/futures purchased	1,812,958	762,037	532	3,885	109	580	4	(8)
Forwards/futures sold	2,254,940	223,927	531	(3,713)	109	(797)	4	(13)
Options purchased	2,619	12,981	734	8,052	73	2,685	-	-
Options written	2,619	(12,981)	731	(8,048)	76	(2,689)	-	-
Commodity contracts								
Forwards/futures purchased	24,417	(2,016)	14,859	(3,720)	717	(331)	-	-
Forwards/futures sold	24,480	33,792	14,654	10,032	717	336	-	-
Options purchased	37,731	6,513	1,458	11,585	34	179	-	-
Options written	37,731	(6,513)	1,458	(11,585)	34	(179)	-	-

LIQUIDITY RISK

Liquidity requirements
Saxo Bank is required to fulfil Danish liquidity requirements according to the Danish Business Act and to monitor and report on future liquidity requirements according to Capital Requirements Regulation (CRR). In addition the Danish FSA has a number of liquidity risk indicators and threshold values to banks in Denmark need to fulfil as part of the Supervisory Diamond.

Saxo Bank is required to fulfil current requirements and report both current and future liquidity requirements on Saxo Bank level (Bank) and Saxo Bank Group level (Group).

Current Danish minimum requirements
The Bank is subject to regulatory liquidity requirements according to the Danish Business Act.

The liquidity shall amount to no less than:

- 15 % of the debt exposures that, irrespective of possible payment conditions, are the liability of the Group to pay on demand or at notice of no more than one month, and
- 10 % of the total debt and guarantee exposures of the Group, less subordinated debt that may be included in calculations of the Total capital.

The following may be included in calculations of liquidity:

- cash in hand,
- fully secured and liquid demand deposits with credit institutions and insurance companies, and
- equity investments of secure and easily realisable securities and credit funds not used as collateral.

This requirement is reported to DFSA monthly on Bank level and quarterly on Group level. The Group and Bank met the regulatory liquidity requirements throughout the year 2014.

In addition to the above requirement the Supervisory Diamond includes 50% additional requirement to the above requirement.

The regulatory liquidity requirement for the Group including the 50% additional requirement was DKK 5.25 billion (2013: DKK 4.51 billion). The Group's liquidity as of 31 December 2014 to cover this requirement was DKK 17.48 billion (2013: DKK 12.50 billion).

Further, the Danish Financial Supervisory Authority expects all Danish banks to hold a "funding-ratio" below 1. The "funding-ratio" is loans divided by the sum of deposits, subordinated debt and equity.

The "funding-ratio" for the Group as of 31 December 2014 was 0.075 (2013: 0.088).

ILAAP requirement
From end 2014 the Group is required to hold liquidity of at least equal to the current ILAAP level as determined by the Board of Directors. This ILAAP level cannot be less than the current minimum regulatory requirements. The ILAAP is performed based on guidelines issued by DFSA.

The calculation of the ILAAP result is based on an internal process in which management assesses the overall liquidity and funding risks. It is the policy of the Group to update, maintain and execute stress tests on the liquidity on an ongoing basis.

The Group operates with a liquidity pool available at all times in the form of unencumbered, highly liquid securities and cash instruments to address the estimated potential cash needs during a liquidity crisis. The Group acknowledges the value of flexibility and the balance between the counterparty risks associated with holding cash during a liquidity crisis, and the importance of being liquid during the first period of a liquidity crisis. In addition it is the policy of the Group to operate with a viable liquidity contingency plan which outlines the chain of command in event of liquidity crisis.

The Group continuously monitors its liquidity in order to ensure compliance with the liquidity requirements.

Additional information about the Group's liquidity risk and ILAAP is disclosed in the Bank's Risk Report 2014 and is available at www.saxoworld.com/investorrelations. The Risk Report 2014 is not covered by the statutory audit.

Future Liquidity requirements and Assets Encumbrance
CRD IV and CRR require the Group to monitor and report a short-term Liquidity Coverage Ratio (LCR), and a long-term Net Stable Funding Ratio (NSFR).

During 2014 the European Commission issued a delegated act on the liquidity coverage requirement that sets out detailed quantitative liquidity rules. These determine how to calculate net cash outflows expected in times of crisis and what liquid assets banks must hold to meet them. Banks will be required to constitute a buffer of liquid assets as a percentage of net cash outflows in stressed conditions over a 30-day period. In Denmark, the LCR will be phased in, i.e. a gradual phasing-in of 60% of the full requirement in October 2015, 70% in 2016, 80% in 2017 and 100% in 2018.

The LCR requirement is more restrictive than the current Danish regulation due to higher liquidity requirements on investment bank activities which are the Group´s core business. Some RTS and ITS related to liquidity are not final including "Additional collateral outflows on derivatives contracts". The Group monitors the development in liquidity regulation and interpretations closely and has taken action based on the estimated impact on the future liquidity regulation.

The aim of NSFR is to ensure that banks have an acceptable amount of stable funding to support their assets and activities over the medium term (i.e. a one-year period). The CRR also allows the Commission to propose legislation for NSFR) but there is no automatic presumption that the Commission will come forward with such a proposal. Currently the Group is required to report, monitor and report NSFR according to CRR.

NSFR is planned to be phased to a 100% requirement from 2016-2018, exact timing will be decided by the EU based on reports from EBA.

The Bank reports monthly LCR and quarterly NSFR to DFSA according to Implementing Technical Standards (ITS) and Regulatory Technical Standards (RTS) developed by The European Banking Authority. As of 31 December 2014, the Group´s reported LCR ratio was 85%.

In practice the Group is highly liquid, however this is not reflected by the current LCR regulation which is more suitable to present liquidity risk in retail banks. The Group has great ability to provide more liquidity very fast due the fact that the Group holds a large portfolio of highly liquid government bonds (a very large amount of the balance sheet items compared to other banks). E.g. on 15 January 2015 the Group was able to fulfill the largest margin requirement in the Group's history very fast and the Group expects that it would be able to handle another stress event with a similar impact, based on the Group's situation end of January 2015.

In addition CRR and guidelines issued from EBA require the Group to monitor report and disclose Asset Encumbrance. This disclosure shows the Group's ability to provide liquidity based on the current balance sheet etc.

Asset Encumbrance end 2014 is disclosed in the Risk Report 2014 and is available at www.saxoworld.com/investorrelations. The Risk Report 2014 is not covered by the statutory audit.

OPERATIONAL RISK

Operational risk covers the risk of direct or indirect loss resulting from inadequate or failed internal processes, human errors, errors in IT-systems or as a consequence of external events. This definition includes legal and compliance risk, but excludes business and reputational risk.

Operational risk is inherent in all business activities, and cannot be completely mitigated. Further, operational risk has no material upside in terms of return/income generation, which means that the Group cannot generally expect a higher return by accepting more operational risk. Therefore, the overall objective of operational risk management is to identify material risks and to mitigate them where feasible and to an economically reasonable extent.

The Group's operational risk appetite is defined as the level of residual risk tolerated by the Group in the pursuit of its business objectives. In general, the Bank has a low tolerance towards operational risks and is aiming to reduce the losses resulting from these events to a point where the Group is not materially impacted by them. However, the Group has zero tolerance towards operational risk related to fraud and compliance breaches and does its utmost to mitigate these types of risk.

Furthermore, the attitude and approach of the Group's employees are crucial for successful operational risk management. The Group aims to build a strong operational risk culture using awareness tools. The awareness approach ensures that all employees have relevant and sufficient knowledge of operational risks related to their tasks and any precautionary measures necessary to prevent such risks from materialising. The Group promotes a culture which strives to continuously improve working processes with an awareness of the associated operational risks.

Operational Risk Management Framework
The Group has established an operational risk management framework and takes the necessary steps to understand the business' exposure to risk arising from failures in internal controls, operational processes or the systems that support them.

The aim of the operational risk management framework is to enable the Group to collect, assess, manage, and report operational risk efficiently and effectively.

Collection and registration of data
The mapping of the Group's operational risk landscape is based on historical data and internal risk self-assessments. The following techniques for collecting operational risk events are used and documented, and they form the basis for a consistent examination of the Group's exposures related to operational risk:

- All losses above a certain limit arising from operational risk events are collected and registered in an error register. Potential losses and near miss events are also captured in the error register

- Operational risk self-assessments are conducted across the Group on a regular basis. This activity ensures that all material operational risks inherent in the Group's products, activities, processes and systems are captured in a systematic and timely manner. Operational risks inherent in new products, activities, processes and systems are assessed before the initiatives are introduced or undertaken

The Group further uses additional sources of data, such as employee surveys and external event data, to review, challenge and ensure the completeness of the operational risk landscape.

Assessment
The assessment includes a systematic evaluation of risk events in terms of likelihood and impact based on expected loss frequency and expected loss on average. Each risk event is evaluated in light of implemented mitigating measures/controls. Control failures, where applicable, are captured and evaluated. In addition, the Group determines the extreme loss (the highest loss that the actual event could have resulted in) for each event, given worst-case operating conditions.

To determine the Group's capital requirements in the context of operational risk, the content of the risk register with insurance effect is used as input to the calculations. The calculation is based on Monte Carlo simulation which is used to generate random loss scenarios based on assessed probabilities and impact. The result is a loss distribution, which forms the basis for the determination of expected loss, Value-at-Risk and expected shortfall with a one year time horizon. Assumptions are made on confidence levels as well as on the correlation between the various events.
Risk events are assessed and evaluated in cooperation with internal parties through workshops.

Management and Mitigation
The following three methods are mainly used to manage and mitigate risks:

- **Insurance coverage:** Insurance coverage is used to ensure appropriate protection against extreme events. However, the Group may incur liabilities that are not covered by insurance as not all claims are insurable. Thus, there can be no assurance that the Group will not experience major incidents of a nature that are non-insurable.

- **Contingency plan:** Contingency plans are developed in accordance with the overall risk strategy. These are regularly reviewed, updated and tested.

- **Controls:** Controls are in place to prevent or detect material risk events. Implementation and improvements of controls are based on a cost benefit analysis.

Reporting
Operational risk errors with material impact or a direct and indirect loss above a certain limit are reported to the Board of Directors. The report describes events that led or could lead to substantial losses and actions taken to ensure that the likelihood of similar errors is reduced.

At least annually, a written report describing the size and development of the Group's operational risks is provided, enabling the Board of Directors to make changes to the operational risk policy. The report provides an assessment of the current operational risk landscape, describes the events that led or could have led to substantial losses for the Group, proposed changes to the Group's business model, system and products.

Policy
The Group's operational risk policy is approved by the Board of Directors and is reviewed annually. Furthermore, the Board of Directors has established guidelines for handling the Group's Operational Risk in the instructions to the Board of Management.

TOTAL CAPITAL

Regulatory requirements
The Capital Requirements Regulation (CRR) and the Danish implementation of the fourth editions of the Capital Requirements Directive (CRD IV) apply to Saxo Bank A/S. As a part of the Danish implementation of CRD IV, Saxo Bank is required to perform an Internal Capital Adequacy Assessment Process (ICAAP) in accordance with Danish guidelines, issued by the Danish Financial Supervisory Authority (DFSA).

Saxo Bank is required to fulfil and report these capital requirements on both Saxo Bank level (Bank) and Saxo Bank Group level (Group).

The Bank reports capital (own funds), Risk Exposure Amounts (Risk Weighted Assets) and ICAAP level to DFSA according to Implementing Technical Standards (ITS) and Regulatory Technical Standards (RTS) developed by The European Banking Authority (COREP templates) and additional reporting requirements issued by DFSA.

Regulatory Capital Structure
As of 31 December 2014, the Common equity tier 1 capital, Tier 1 capital and Total capital for the Group were DKK 2.29 billion, DKK 2.62 billion and DKK 2.82 billion, respectively, after inclusion of the total comprehensive income for the year, compared with DKK 1.59 billion, DKK 1.67 billion and DKK 2.04 billion as of 31 December 2013.

The implementation of CRR beginning of 2014 had a positive impact on Common equity tier 1 capital due to changes in regulatory deductions, a shift of some capital deductions to Risk Exposures Amounts and a negative impact from regulatory recognition of subordinated debt. The impact beginning of 2014 is disclosed as part of the statement of Total Capital (Own Funds) in the consolidated financial statements.

The subordinated debt issued before 2014 by the Group does not fulfill the requirements in CRR. The amount of subordinated debt allowed for inclusion in the capital will be reduced stepwise from beginning of 2014 to end of 2017 according to CRR and Danish transition rules. End of 2017 none of the subordinated debt will be eligible for inclusion in the capital.

During the autumn 2014 the Group refinanced DKK 94 million of government state hybrid capital in the subsidiary Saxo Privatbank A/S with an issue of Additional tier 1 capital of EUR 45 million (DKK 335 million) in Saxo Bank A/S. This refinancing had a positive net impact on the Tier 1 capital around DKK 247 million.

In addition there was a positive impact on Common equity tier 1 capital due to positive earnings in 2014 and other regulations in the capital calculation.

The statement of Total capital for the Group on page 48 and for Saxo Bank A/S on page 120 provides a specification of Total capital including Common equity tier 1 capital, Tier 1 capital and Tier 2 capital, and Note 26 in the consolidated financial statements provides a specification of subordinated debt recognised in the Total Capital.

The Risk Report 2014 provides additional information regarding the Bank´s and the Group´s Regulatory Capital Structure (including regulatory own funds disclosures) and is available at www.saxoworld.com/investorrelations. The Risk Report 2014 is not covered by the statutory audit.

Risk Exposure Amounts according to CRR
To calculate the minimum capital requirements, Pillar I, the Bank and Group applies the following methods according to CRR to calculate the Risk Exposure Amounts:

Credit Risk: The Standard Method
- Counterparty Risk: Marked to market Method
- Credit Risk Mitigation: Financial Collateral Comparative Method

Market Risk: Standard Methods
- Share Price Risk: The Standardized Approach
- Currency Risk: The Standardized Approach
- Interest Rate Risk: The Standardized Approach
- Option Risk, non-delta (gamma, vega): The Scenario Approach
- Commodity Risk: The Maturity Ladder Method

Operational risk: Basic Indicator Method

The Group and Bank do not take diversification effects between the risk categories into account. The Risk Exposure Amounts for each risk category are simply aggregated.

The Total Risk Exposure Amounts was DKK 14.3 billion as of 31 December 2014 compared with DKK 12.6 billion as of 31 December 2013. The increase is primarily due to changes in regulation where some assets where moved from deductions in the capital, to Risk Exposure Amounts on credit risk and higher market risk capital requirements on option's non-delta risk.

The Risk Report 2014 provides additional information about the Bank´s and the Group´s Risk Exposures Amounts and is available at www.saxoworld.com/investorrelations. The Risk Report 2014 is not covered by the statutory audit.

Minimum requirements according to CRR
The minimum capital requirement for Common equity tier 1 is 4.5% of the Risk Exposure Amounts. Due to Danish transitions rules this minimum requirement will be phased in gradually from minimum 4% in 2014 to 4.5% from 1 January 2015.

The minimum capital requirement for Tier 1 capital is 6.0% of the Risk Exposure Amounts. Due to Danish transitions rules this minimum requirement will be phased in gradually from minimum 5.5% in 2014 to 6.0% from 1 January 2015.

The minimum capital requirement for Total capital is 8% of the Risk Exposure Amounts.

The Group met the regulatory minimum capital requirements throughout the year 2014.

Additional buffer requirements
According to CRD IV the Bank will also be required to hold a "capital conservation buffer" to absorb losses and protect the capital, and a "countercyclical capital buffer" to ensure that in times of economic growth, the Bank accumulates a sufficient capital base to enable it to continue supplying a stable supply of credit in stress periods. In Denmark the "capital conservation buffer" will be phased in from 2016 and the "countercyclical capital buffer" from 2015. In addition, member states may require additional buffers. If a bank does not maintain these buffers restrictions will be placed on its ability to pay dividends etc. until the buffers are rebuild.

As of 31 December 2014, the above buffer requirement is 0% of the Risk Exposure Amounts.

Currently, Denmark has not published a countercyclical capital buffer against Danish Exposures.

Since the Bank and Group have credit risk exposures in many countries it is likely that the bank in the future should hold a countercyclical capital buffer above 0% if local member states decides to set a countercyclical capital buffer requirement against local exposures.

ICAAP requirement
The Group must hold a Total capital of at least equal to the current ICAAP level as determined by the Board of Directors. This ICAAP level cannot be less than the minimum regulatory requirement equal to 8% of Risk Exposure Amounts.

The calculation of the ICAAP result is based on an internal process in which management assesses the overall risks. The ICAAP is updated regularly as capital requirements are subject to change due to changes in the business as well as risks and controls, both internally and externally.
The Group met the regulatory capital requirements throughout the year 2014.

The ICAAP Q4 2014 Report provides information regarding the Bank´s and the Group´s ICAAP level including a disclosure of the high level impact from the Swiss franc move on 15 January 2015, based on a recalculation of the capital and capital requirements end of January 2015.

The quarterly ICAAP reports are available at www.saxoworld.com/investorrelations. The reports are not covered by the statutory audit.

Leverage
CRD IV and CRR require the Group to report and monitor their leverage ratios. The leverage ratio is defined as Tier 1 capital divided by a non-risk-based measure of an institution's on- and off-balance sheet items (the "exposure measure"). From 2014, leverage ratios will be assessed under Pillar II (ICAAP requirement).

During 2014 the European Commission has issued a delegated act amending the methodology for calculating banks' leverage ratio that will enhance the uniform understanding of the components of the leverage ratio. It aims to align the leverage ratio as currently included in the CRR with the internationally agreed leverage ratio so that there is an international level playing field and true global comparability.

The leverage ratio will have to be disclosed from 1 January 2015. Saxo Bank expects the European Commission to Council and Parliament to issue a report by the end of 2016 which will include a legislative proposal to introduce the leverage ratio of 3% as a binding measure as of 2018.

Based on the Group´s current leverage ratio reporting to DFSA the Bank and Group expects to be able to fulfill a 3% requirement.

NOTES – KEY FIGURES AND RATIOS – SAXO BANK GROUP

(DKK 1,000)	2014	2013	2012	2011	2010
Key figures					
Net interest, fees and commissions	1,204,680	956,924	934,631	873,786	676,400
Price and exchange rate adjustments	1,802,151	1,904,040	2,031,754	2,653,073	2,661,694
Staff costs and administrative expenses	(2,008,907)	(2,048,121)	(2,508,063)	(2,498,552)	(2,230,328)
Impairment charges for receivables, loans, advances etc.	(1,745)	(16,834)	(39,947)	(48,392)	(14,022)
Income from associates and joint ventures	(74,076)	(16,457)	19,635	9,024	11,050
Net profit	381,224	162,161	80,892	617,750	643,513
Loans and advances at amortised cost	1,834,306	1,956,220	1,760,842	1,690,399	1,989,898
Subordinated debt	542,743	807,893	871,633	902,512	941,977
Total equity	4,225,224	3,492,681	3,364,506	3,240,031	2,880,040
Total assets	36,008,268	27,746,196	25,623,196	27,018,212	22,437,694
Average number of employees	1,456	1,362	1,522	1,413	964
Ratios					
Total capital ratio	19.7%	16.2%	13.5%	14.5%	16.5%
Tier 1 capital ratio	18.3%	13.3%	10.1%	10.8%	12.9%
Return on equity before tax	14.6%	7.2%	4.6%	27.7%	35.0%
Return on equity after tax	9.9%	4.7%	2.4%	20.2%	24.7%
Income proportional to cost	1.23	1.09	1.05	1.31	1.37
Interest rate risk	2.0%	0.6%	1.1%	0.5%	10.1%
Foreign exchange rate risk/Tier 1 capital	37.6%	40.6%	109.2%	193.1%	68.2%
Value at risk of foreign exchange rate risk/Tier 1 capital	0.2%	0.2%	2.5%	5.7%	1.2%
Loans and advances plus impairment charges/Deposits	9.1%	11.7%	11.8%	12.4%	13.1%
Loans and advances proportional to Total equity	0.43	0.56	0.52	0.50	0.70
Growth in loans and advances[1)]	(6.2)%	11.1%	4.2%	(15.1)%	2,059.5%
Additional liquidity/liquidity requirement	399.1%	316.0%	373.9%	441.4%	432.3%
Sum of large exposures/Total capital	-	-	-	47.3%	36.8%
Loss and provisions ratio (loans and advances)	0.1%	1.1%	1.2%	3.8%	0.6%
Return on assets	1.1%	0.6%	0.3%	2.3%	2.9%

[1)] Development in 2010 is caused by the acquisition of Saxo Privatbank A/S (former Brørup Sparekasse A/S).

See page 112 for definitions.

NOTES – DEFINITIONS OF KEY FIGURES AND RATIOS

Total capital ratio
Capital base as a percentage of risk exposure amounts.

Tier 1 capital ratio
Total equity including Net profit less Intangible assets including goodwill and other intangible assets from investments in associates and joint ventures, Proposed dividend and Deferred tax assets as a percentage of risk exposure amounts.

Return on equity before tax
Profit before tax as a percentage of average total equity.

Return on equity after tax
Net profit as a percentage of average total equity.

Income proportional to cost
Operating income plus Other income, Income from associates and joint ventures and Income from subsidiaries proportional to Staff costs and administrative expenses plus Depreciation, amortisation and impairment of intangible and tangible assets plus Other expenses and impairment charges for loans, advances etc.

Interest rate risk
Interest rate risk under market risk as a percentage of Tier 1 capital.

Foreign exchange rate risk/Tier 1 capital
Foreign exchange rate risk as a percentage of Tier 1 capital.

Value at risk of foreign exchange rate risk/ Tier 1 capital
Value at risk of foreign exchange rate risk as a percentage of Tier 1 capital.

Loans and advances plus impairment charges/ Deposits
Loans and advances gross (before impairment charges) as a percentage of Deposits.

Loans and advances proportional to Total equity
Loans and advances proportional to Total equity.

Growth in loans and advances
Increase in loans and advances as a percentage of the previous financial year.

Additional liquidity/liquidity requirement
Cash in hand and demand deposits with central banks plus Receivables from credit institutions and central banks plus equity investments of secure and easily realisable securities and credit funds not used as collateral, less the liquidity requirement as a percentage of the liquidity requirement.

Sum of large exposures/Total capital
Large exposures as a percentage of Total capital.

Loss and provisions ratio
Loss and provisions for bad debt on Loans and advances as a percentage of Loans and advances plus Guarantees.

Return on assets
Net profit proportional to Total assets.

PARENT COMPANY – SAXO BANK A/S

INCOME STATEMENT – SAXO BANK A/S
1 JANUARY – 31 DECEMBER

Note	(DKK 1,000)	2014	2013
2	Interest income	1,063,074	866,683
3	Interest expense	(110,084)	(121,699)
	Net interest income	**952,990**	**744,984**
4	Fee and commission income	996,420	966,367
5	Fee and commission expense	(1,833,638)	(1,804,369)
	Net interest, fees and commissions	**115,772**	**(93,018)**
6	Price and exchange rate adjustments	1,752,589	1,887,130
	Operating income	**1,868,361**	**1,794,112**
7	Other income	99,137	84,736
8	Staff costs and administrative expenses	(1,323,609)	(1,392,763)
	Depreciation, amortisation and impairment of intangible and tangible assets	(396,057)	(461,844)
	Other expenses	(9,789)	(69,671)
	Impairment charges for receivables, loans, advances etc.	13,347	(1,572)
	Income from associates, subsidiaries and joint ventures	246,580	239,350
	Profit before tax	**497,970**	**192,348**
9	Tax	(98,248)	(40,446)
	Net profit	**399,722**	**151,902**
	Net profit attributable to:		
	Equity method reserve	56,023	119,471
	Additional tier 1 capital interests	3,080	-
	Retained earnings	340,619	32,431
	Net profit	**399,722**	**151,902**

STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK A/S
1 JANUARY – 31 DECEMBER

Note	(DKK 1,000)	2014	2013
	Net profit	**399,722**	**151,902**
	Other comprehensive income		
	Items that will not be reclassified subsequently to income statement:		
	Other comprehensive income from subsidiaries, net of tax	(15,051)	3,784
	Items that will not be reclassified subsequently to income statement	(15,051)	3,784
	Items that are or may be reclassified subsequently to income statement:		
	Exchange rate adjustments	69,470	(93,469)
20	Hedge of net investments in foreign entities	(50,096)	66,249
	Other comprehensive income from subsidiaries, net of tax	(22,885)	19,851
	Other comprehensive income from associates and joint ventures, net of tax	(117)	600
9	Tax on other comprehensive income	12,276	(16,565)
	Items that are or may be reclassified subsequently to income statement	8,648	(23,334)
	Total other comprehensive income, net of tax	**(6,403)**	**(19,550)**
	Total comprehensive income	**393,319**	**132,352**
	Total comprehensive income attributable to:		
	Equity method reserve	49,620	99,921
	Additional tier 1 capital interests	3,080	-
	Retained earnings	340,619	32,431
	Total comprehensive income	**393,319**	**132,352**

STATEMENT OF FINANCIAL POSITION – SAXO BANK A/S
AT 31 DECEMBER

Note	(DKK 1,000)	2014	2013
	ASSETS		
	Cash in hand and demand deposits with central banks	251,100	209,766
10	Receivables from credit institutions and central banks	1,265,653	1,012,680
11,12	Loans and advances at amortised cost	75,484	351,926
13	Bonds at fair value	15,111,767	10,158,698
	Equities etc.	6,314	3,937
	Investments in associates and joint ventures	189,762	325,227
	Investments in subsidiaries	2,177,690	1,865,764
14	Intangible assets	1,895,767	1,931,115
15	Tangible assets	75,224	114,631
	Tax receivables	18,366	128,552
9	Deferred tax assets	218	195
	Other assets	9,085,108	5,850,629
	Prepayments	48,399	51,256
	Total assets	**30,200,852**	**22,004,376**

STATEMENT OF FINANCIAL POSITION – SAXO BANK A/S
AT 31 DECEMBER

Note	(DKK 1,000)	2014	2013
	LIABILITIES		
16	Debt to credit institutions and central banks	3,443,021	3,198,420
17	Deposits	14,541,101	11,678,544
	Tax liabilities	11,552	11,174
	Other liabilities	7,441,473	2,978,904
	Total debt	**25,437,147**	**17,867,042**
9	Deferred tax liabilities	174,221	214,121
	Other provisions	55,488	54,901
	Total provisions	**229,709**	**269,022**
18	**Subordinated debt**	**335,133**	**410,300**
	EQUITY		
	Share capital	66,618	66,599
	Equity method reserve	234,915	185,160
	Retained earnings	3,559,354	3,206,253
	Shareholders of Saxo Bank A/S	**3,860,887**	**3,458,012**
	Additional tier 1 capital	337,976	-
	Total equity	**4,198,863**	**3,458,012**
	Total equity and liabilities	**30,200,852**	**22,004,376**

STATEMENT OF CHANGES IN EQUITY – SAXO BANK A/S
AT 31 DECEMBER

(DKK 1,000)	Share capital	Equity method reserve	Retained earnings	Total	Additional tier 1 capital	Total
Equity 1 January 2014	**66,599**	**185,160**	**3,206,253**	**3,458,012**	**-**	**3,458,012**
Net profit	-	56,023	340,619	396,642	3,080	399,722
Other comprehensive income						
Exchange rate adjustments	-	69,470	-	69,470	-	69,470
Hedge of net investments in foreign entities	-	(50,096)	-	(50,096)	-	(50,096)
Other comprehensive income from subsidiaries, net of tax	-	(37,936)	-	(37,936)	-	(37,936)
Other comprehensive income from associates, net of tax	-	(117)	-	(117)	-	(117)
Tax on other comprehensive income	-	12,276	-	12,276	-	12,276
Total other comprehensive income	-	(6,403)	-	(6,403)	-	(6,403)
Total comprehensive income	**-**	**49,620**	**340,619**	**390,239**	**3,080**	**393,319**
Transactions with owners and equity note holders						
Issuance of additional tier 1 capital, net of transaction costs	-	-	(5,861)	(5,861)	334,802	328,941
Interest at issuance of tier 1 capital	-	-	-	-	94	94
Share-based payments	-	135	15,607	15,742	-	15,742
Increase in share capital	19	-	1,981	2,000	-	2,000
Tax	-	-	755	755	-	755
Equity 31 December 2014	**66,618**	**234,915**	**3,559,354**	**3,860,887**	**337,976**	**4,198,863**

STATEMENT OF CHANGES IN EQUITY – SAXO BANK A/S
AT 31 DECEMBER

(DKK 1,000)	Share capital	Equity method reserve	Retained earnings	Total
Equity 1 January 2013	**66,598**	**85,239**	**3,182,450**	**3,334,287**
Net profit	-	119,471	32,431	151,902
Other comprehensive income				
Exchange rate adjustments	-	(93,469)	-	(93,469)
Hedge of net investments in foreign entities	-	66,249	-	66,249
Other comprehensive income from subsidiaries, net of tax	-	23,635	-	23,635
Other comprehensive income from associates, net of tax	-	600	-	600
Tax on other comprehensive income	-	(16,565)	-	(16,565)
Total other comprehensive income	-	(19,550)	-	(19,550)
Total comprehensive income	-	**99,921**	**32,431**	**132,352**
Transactions with owners				
Share-based payments	-	-	600	600
Increase in share capital	1	-	87	88
Treasury shares	-	-	(9,315)	(9,315)
Equity 31 December 2013	**66,599**	**185,160**	**3,206,253**	**3,458,012**

STATEMENT OF TOTAL CAPITAL (OWN FUNDS) – SAXO BANK A/S

(DKK 1,000)	31 Dec. 2014	1 Jan 2014	31 Dec. 2013
Tier 1 capital			
Total equity 1 January	3,458,012	3,458,012	3,334,287
Net profit	399,722	-	151,902
Accrued interest (dividend) on additional tier 1 capital	(3,080)		
Cost of issuance of additional tier 1 capital	(5,861)		
Total other comprehensive income	(6,403)	-	(19,550)
Change in common equity tier 1 capital	2,000	-	(8,627)
Intangible assets [1]	(1,956,322)	(2,114,309)	(2,114,309)
Deferred tax liabilities, intangible assets	201,249	230,218	230,218
Deferred tax assets	-	-	(16,292)
Prudent valuation adjustments	(4,844)	(9,400)	-
Common equity tier 1 capital (net after deduction)	**2,084,473**	**1,564,521**	**1,557,629**
Additional tier 1 capital	334,802	-	-
Investments in associates (50%)	-	-	(61,969)
Total tier 1 capital	**2,419,275**	**1,564,521**	**1,495,660**
Tier 2 capital			
Subordinated loans, reduced value	189,361	256,500	354,350
Investments in associates (50%)	-	-	(61,969)
Total tier 2 capital	**189,361**	**256,500**	**292,381**
Total capital	**2,608,636**	**1,821,021**	**1,788,041**

[1] Including goodwill and other intangible assets recognised as investments in associates and joint ventures, DKK 60.6 million (2013: DKK 183.2 million).

Risk exposure amounts			
Credit risk	4,311,732	4,350,529	3,779,771
Market risk	3,289,495	1,715,208	1,515,489
Operational risk	4,218,847	4,219,263	4,625,954
Total risk exposure amounts	**11,820,074**	**10,285,000**	**9,921,214**
Common equity tier 1 ratio	17.6%	15.2%	15.7%
Tier 1 capital ratio	20.5%	15.2%	15.1%
Total capital ratio	22.1%	17.7%	18.0%

The Total Capital is calculated in accordance with the fourth editions of CRD IV and CRR which have been applicable from beginning of year 2014 and taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority. The European Banking Authority has submitted its final standard for Prudent Valuation Adjustments for adoption by the European Commission, however the adoption is still pending.

The impact beginning of January 2014 is based on assumptions made 31 December 2013 as the CRR and CRD IV were not effective until end of March 2014. The Saxo Bank Risk Report 2014 provides more detailed information about the impact of the new regulation and is available at www.saxoworld.com/investorrelations/icaap-and-risk-reports. The report is not covered by the statutory audit.

Note (DKK 1,000)

1 Accounting policies

The financial statements of Saxo Bank A/S have been prepared in accordance with the Danish Financial Business Act and the Danish executive order on financial reports for credit institutions and investment companies, etc. dated 26 March 2014. The accounting policies for Saxo Bank A/S are the same as for the Saxo Bank Group, note 1 to the consolidated financial statements, with the exception of the items below.

Comparative figures
Certain minor changes have been made to the comparative figures for 2013, due to reclassifications.

Operating income
Operating income is not split on geographical markets. The underlying market conditions do not vary as most of the products and services are offered through online trading platforms.

Investments in subsidiaries
Investments in subsidiaries are measured in accordance with the equity method, which means that the investments are measured at the parent company's proportionate share of the net asset value of the subsidiaries at the reporting date. Profit or loss from investments in subsidiaries represents the share of the profit and loss after tax. The net revaluation is recognised in equity under Equity method reserve.

Acquisitions of non-controlling interests in subsidiaries are accounted for as additional investments. If the cost of the investment exceeds the net asset value the excess amount is recognised as goodwill. If the excess is negative, the negative amount is recognised in the income statement. Gains or losses on transactions with non-controlling interests are recognised in the income statement.

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

Equity method reserve
The equity method reserve comprises value adjustments of equity investments in subsidiaries, associates and joint ventures according to the equity method. The reserves are reduced by the dividends distributed to Saxo Bank A/S, and other movements in the shareholders' equity of the investments, or if the equity investments are realised in whole or in part.

The format of the financial statements is not identical to the format of the consolidated financial statements prepared in accordance with IFRS.

Note	(DKK 1,000)	2014	2013
2	**Interest income**		
	Credit institutions and central banks	2,466	4,609
	Loans and advances	60,636	54,120
	Bonds	51,037	45,559
	Derivative financial instruments	946,327	761,690
	Other interest income	2,608	705
	Total interest income	**1,063,074**	**866,683**
3	**Interest expense**		
	Credit institutions and central banks	(21,933)	(21,869)
	Deposits	(8,547)	(11,598)
	Subordinated loans	(11,571)	(13,915)
	Derivative financial instruments	(68,033)	(57,317)
	Other interest expense	-	(17,000)
	Total interest expense	**(110,084)**	**(121,699)**
4	**Fee and commission income**		
	Trading with equities and derivative financial instruments	996,420	966,367
	Total fee and commission income	**996,420**	**966,367**
5	**Fee and commission expense**		
	Trading with equities and derivative financial instruments	(1,833,638)	(1,804,369)
	Total fee and commission expense	**(1,833,638)**	**(1,804,369)**
6	**Price and exchange rate adjustments**		
	Bonds	(27,752)	(18,566)
	Investment securities	(5)	(7,327)
	Foreign exchange	1,401,449	1,668,281
	Derivative financial instruments	378,897	244,742
	Total price and exchange rate adjustments	**1,752,589**	**1,887,130**
	For 2014 negative credit value adjustment of DKK 116 million (2013: DKK 250 million) is included in Derivative financial instruments.		
7	**Other income**		
	Gain on divestments of subsidiaries and joint ventures	-	49,652
	Gain on sale of receivables	66,983	-
	Service agreements and administrative services	21,025	30,760
	Other	11,129	4,324
	Total other income	**99,137**	**84,736**

Note	(DKK 1,000)	2014	2013
8	**Staff costs and administrative expenses**		
	Staff costs	(661,135)	(622,574)
	Administrative expenses	(662,474)	(770,189)
	Total staff costs and administrative expenses	**(1,323,609)**	**(1,392,763)**
	Staff costs		
	Salaries	(672,252)	(618,270)
	Share-based payments	(13,028)	(600)
	Defined contribution plans	(54,241)	(54,563)
	Social security expenses and financial services employer tax	(73,725)	(73,749)
	Staff costs transferred to software under development	152,111	124,608
	Total staff costs	**(661,135)**	**(622,574)**
	Average number of employees (converted into full-time equivalents)	687	660

Remuneration to Board of Directors and the Board of Management is disclosed in note 9 Staff costs and administrative expenses in the consolidated financial statements.

Share-based payments are described in note 11 Share-based payments in the consolidated financial statements.

Disclosures on remuneration in according to article 450 in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) are included in the Group's Remuneration Report 2014 available at www.saxoworld.com/investorrelations/annual-reports. The disclosures are not covered by the statutory audit.

Significant risk takers

Total remuneration to significant risk takers included in Staff costs amounts to DKK 70.7 million (2013: DKK 77.2 million). Saxo Bank A/S has 26 employees (2013: 29) with significant influence on the Bank's risk profile determined based on the guidance in the Danish executive order on remuneration policy and disclosure requirements on remuneration for financial undertakings and financial groups. Remuneration to the 26 significant risk takers (2013: 29) consist of fixed remuneration DKK 68.3 million (2013: DKK 75.7 million) and variable remuneration DKK 2.4 million (2013: DKK 1.5 million). Saxo Bank has no pension obligations towards significant risk takers as their pension schemes are defined contribution plans. Variable remuneration is determined in according to the Bank's remuneration policy and is based on the performance of the individual person. Risk takers in controlling functions do not receive variable remuneration. Some of the significant risk takers participate in the warrant programme described in note 11 Share-based payments in the consolidated financial statements.

Disclosures according to the Danish executive order on remuneration policy and disclosure requirements on remuneration for financial undertakings and financial groups are included in the Group's Remuneration Report 2014 available at www.saxoworld.com/investorrelations/annual-reports. The disclosures are not covered by the statutory audit.

Note	(DKK 1,000)	2014	2013
9	**Income tax**		
	Reconciliation of effective tax rate		
	Profit before tax	497,970	192,348
	Tax using the Danish tax rate 24.5% (2013: 25.0%)	(122,003)	(48,087)
	Effect of tax rates in foreign jurisdiction	426	613
	Changes in deferred tax from change in tax rate	2,000	17,457
	Non tax-deductible expenses	(13,082)	(25,346)
	Tax-exempt income	-	6,280
	CFC taxation	(21,121)	(25,662)
	Effect of unrecognised tax loss current year	(70)	(292)
	Non exempted withholding tax for the year and previous years	(3,529)	(18,614)
	Effect of tax on income from subsidiaries and associates	60,412	59,838
	Adjustments to tax previous years	(1,281)	(6,633)
	Total income tax expense recognised in income statement	**(98,248)**	**(40,446)**
	Effective tax rate	**19.7%**	**21.0%**

2014	**Income statement**	**Other comprehensive income**	**Directly in equity**	**Total**
Current tax	(130,989)	12,276	755	(117,958)
Changes in deferred tax for the year	35,551	-	-	35,551
Changes in deferred tax from change in tax rate	2,000	-	-	2,000
Non exempted withholding tax for the year and previous years	(3,529)	-	-	(3,529)
Adjustments to tax previous years	(1,281)	-	-	(1,281)
Total	**(98,248)**	**12,276**	**755**	**(85,217)**

2013	**Income statement**	**Other comprehensive income**	**Directly in equity**	**Total**
Current tax	(20,427)	(16,565)	-	(36,992)
Changes in deferred tax for the year	(12,229)	-	-	(12,229)
Changes in deferred tax from change in tax rate	17,457	-	-	17,457
Non exempted withholding tax for the year and previous years	(18,614)	-	-	(18,614)
Adjustments to tax previous years	(6,633)	-	-	(6,633)
Total	**(40,446)**	**(16,565)**	**-**	**(57,011)**

Note (DKK 1,000)

9 Income tax · continued

Tax recognised in other comprehensive income

2014	Before tax	Tax	Net of tax
Exchange rate adjustments	69,470	-	69,470
Hedge of net investments in foreign entities	(50,096)	12,276	(37,820)
Other comprehensive income from subsidiaries, net of tax	(37,936)	-	(37,936)
Other comprehensive income from associates and joint ventures, net of tax	(117)	-	(117)
Total	**(18,679)**	**12,276**	**(6,403)**

2013	Before tax	Tax	Net of tax
Exchange rate adjustments	(93,469)	-	(93,469)
Hedge of net investments in foreign entities	66,249	(16,565)	49,684
Other comprehensive income from subsidiaries, net of tax	23,635	-	23,635
Other comprehensive income from associates and joint ventures, net of tax	600	-	600
Total	**(2,985)**	**(16,565)**	**(19,550)**

Deferred tax assets and deferred tax liabilitites	2014	2013
Deferred tax at 1 January, net	(213,926)	(209,303)
Deferred tax for the year recognised in income statement	35,551	(12,229)
Change in deferred tax from change in tax rate	2,000	17,457
Adjustments to previous years	2,374	(9,838)
Exchange rate adjustments	(2)	(13)
Deferred tax at 31 December, net	**(174,003)**	**(213,926)**

	Deferred tax assets		Deferred tax liabilities		Total deferred tax	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Intangible assets	-	-	(201,249)	(230,218)	(201,249)	(230,218)
Tangible assets	-	-	16,251	7,697	16,251	7,697
Other provisions	218	195	10,777	8,400	10,995	8,595
Total	**218**	**195**	**(174,221)**	**(214,121)**	**(174,003)**	**(213,926)**

Note	(DKK 1,000)	2014	2013
10	**Receivables from credit institutions and central banks**		
	Demand deposits	1,265,653	1,012,680
	Total receivables from credit institutions and central banks	**1,265,653**	**1,012,680**
	All receivables are Receivables from credit institutions in both 2014 and 2013.		
11	**Loans and advances at amortised cost**		
	Demand deposits:		
	Investment brokers	-	280
	Trading clients	42,007	157,553
	Lending clients	-	57,911
	Subsidiaries	33,477	136,182
	Total loans and advances at amortised cost	**75,484**	**351,926**
	Loans, advances and guarantees by sector and industry		
	Finance and insurance	30%	41%
	Other businesses	43%	49%
	Total corporate sector	**73%**	**90%**
	Private clients	27%	10%
	Total loans, advances and guarantees	**100%**	**100%**
12	**Impairment allowance for loans, advances and guarantees**		
	Individual impairment allowance, loans, advances and guarantees		
	Impairment allowance at 1 January	43,127	93,050
	Impairment for the year	12,014	1,572
	Reversals of impairment from previous years	(25,390)	(51,495)
	Amounts written off	(27,319)	-
	Individual impairment allowance, loans, advances and guarantees at 31 December	**2,432**	**43,127**
	Total receivables, loans, advances and guarantees with objective evidence of impairment before impairment. The amount does not include receivables, loans, advances and guarantees recognised at nil.	-	143,949
	Impairment	-	(25,390)
	Carrying amount net of impairment	**-**	**118,559**
13	**Bonds at fair value**		
	Quoted at NASDAQ OMX Nordic	1,084,510	81,214
	Quoted on other stock exchanges	14,027,257	10,077,484
	Total bonds at fair value	**15,111,767**	**10,158,698**

Note (DKK 1,000)

14 Intangible assets

2014	**Goodwill**	**Software under de-velopment**	**Software developed**	**Software purchased**	**Other**	**Total**
Cost at 1 January	947,317	139,865	1,683,168	80,215	4,348	2,854,913
Additions	567	277,237	-	15,458	-	293,262
Additions from internal development	-	(382,451)	382,451	-	-	-
Disposals	-	-	(1,160)	(63)	-	(1,223)
Exchange rate adjustments	14,193	-	-	102	-	14,295
Cost at 31 December	**962,077**	**34,651**	**2,064,459**	**95,712**	**4,348**	**3,161,247**
Amortisation and impairment at 1 January	-	-	(856,206)	(63,244)	(4,348)	(923,798)
Amortisation		-	(308,975)	(8,817)	-	(317,792)
Disposals		-	1,160	63	-	1,223
Impairment losses [1]	(25,000)	-	-	-	-	(25,000)
Exchange rate adjustments	-	-	-	(113)	-	(113)
Amortisation and impairment at 31 December	**(25,000)**	**-**	**(1,164,021)**	**(72,111)**	**(4,348)**	**(1,265,480)**
Carrying amount at 31 December	**937,077**	**34,651**	**900,438**	**23,601**	**-**	**1,895,767**

2013	**Goodwill**	**Software under de-velopment**	**Software developed**	**Software purchased**	**Other**	**Total**
Cost at 1 January	1,145,034	142,479	1,459,094	60,185	4,348	2,811,140
Additions	1,877	275,844	493	20,219	-	298,433
Additions from internal development	-	(278,458)	278,458	-	-	-
Disposals	(148,455)	-	(54,877)	(174)	-	(203,506)
Transfer to investments in associates	(35,229)	-	-	-	-	(35,229)
Exchange rate adjustments	(15,910)	-	-	(15)	-	(15,925)
Cost at 31 December	**947,317**	**139,865**	**1,683,168**	**80,215**	**4,348**	**2,854,913**
Amortisation and impairment at 1 January	(5,068)	-	(535,437)	(47,456)	(3,533)	(591,494)
Amortisation	-	-	(282,852)	(8,899)	(815)	(292,566)
Disposals	-	-	53,557	93	-	53,650
Transfer to investments in associates	9,156	-	-	-	-	9,156
Impairment losses [1]	(4,088)	-	(91,474)	(6,982)	-	(102,544)
Amortisation and impairment at 31 December	**-**	**-**	**(856,206)**	**(63,244)**	**(4,348)**	**(923,798)**
Carrying amount at 31 December	**947,317**	**139,865**	**826,962**	**16,971**	**-**	**1,931,115**

[1] For details of impairment losses, see note 20 Impairment test in the consolidated financial statements.

Note (DKK 1,000)

15 Tangible assets

2014	**Leasehold improvements**	**Fixtures, equipment and vehicles**	**IT equipment**	**Total**
Cost at 1 January	70,143	98,773	218,049	386,965
Additions	96	3,332	11,986	15,414
Disposals	-	(2,202)	(22)	(2,224)
Exchange rate adjustments	(93)	(270)	(129)	(492)
Cost at 31 December	**70,146**	**99,633**	**229,884**	**399,663**
Depreciation and impairment at 1 January	(49,107)	(58,040)	(165,187)	(272,334)
Depreciation for the year	(8,149)	(8,442)	(36,674)	(53,265)
Disposals	-	760	19	779
Exchange rate adjustments	53	204	124	381
Total depreciation and impairment 31 December	**(57,203)**	**(65,518)**	**(201,718)**	**(324,439)**
Carrying amount at 31 December	**12,943**	**34,115**	**28,166**	**75,224**

2013	**Leasehold improvements**	**Fixtures, equipment and vehicles**	**IT equipment**	**Total**
Cost at 1 January	65,934	101,142	209,329	376,405
Additions	6,315	641	14,022	20,978
Disposals	(1,988)	(2,749)	(5,063)	(9,800)
Exchange rate adjustments	(118)	(261)	(239)	(618)
Cost at 31 December	**70,143**	**98,773**	**218,049**	**386,965**
Depreciation and impairment at 1 January	(35,747)	(47,547)	(132,086)	(215,380)
Depreciation for the year	(15,405)	(13,000)	(38,304)	(66,709)
Disposals	1,986	2,359	5,041	9,386
Exchange rate adjustments	59	148	162	369
Total depreciation and impairment 31 December	**(49,107)**	**(58,040)**	**(165,187)**	**(272,334)**
Carrying amount at 31 December	**21,036**	**40,733**	**52,862**	**114,631**

Note	(DKK 1,000)	2014	2013
16	**Debt to credit institutions and central banks**		
	Debt on demand	3,443,021	3,198,420
	Total debt to credit institutions and central banks	**3,443,021**	**3,198,420**
17	**Deposits**		
	Deposits on demand	14,541,101	11,678,544
	Total deposits	**14,541,101**	**11,678,544**

Deposits on demand include DKK 2,737 million (2013: DKK 2,610 million) required by Saxo Bank A/S as collateral for unrealised client trading positions as at 31 December, see note 31 Offsetting financial assets and liabilities in the consolidated financial statements.

Note	(DKK 1,000)	2014	2013
18	**Subordinated debt**		
	Subordinated loans	335,133	410,300
	Total subordinated debt	**335,133**	**410,300**

Hereof included in Statement of Total capital DKK 189.4 million (2013: DKK 354.4 million).

				Margin first period		Margin second period			
Currency	**Year of issue**	**Maturity**	**Interest**	**Rate**	**Years**	**Rate**	**Years**	**2014**	**2013**
EUR	2006	31.03.2014	EURIBOR	2.25%	5	4.00%	3	-	74,600
EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	3	7,447	7,460
EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	3	52,132	52,220
EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	3	89,369	89,520
EUR	2007	15.09.2020	EURIBOR	2.95%	10	3.95%	3	111,711	111,900
EUR	2007	15.09.2020	EURIBOR	2.95%	10	3.95%	3	74,474	74,600
Total subordinated debt								**335,133**	**410,300**

Interest on subordinated debt and related items amounts to DKK 11.6 million (2013: DKK 13.9 million).

Subordinated EUR 10 million loan (DKK 74.7 million) has been redeemed in 2014 in according to the regular terms of the loan.

In case of the Bank's voluntary or compulsory winding-up the subordinated loans will not be repaid until the claims of ordinary creditors have been met. Early redemption of subordinated debt is subject to the approval of the Danish Financial Supervisory Authority.

19 Share capital

As at 31 December 2014, the share capital consisted of 66,618,481 (2013: 66,599,063) shares with a nominal value of DKK 1. Holding of treasury shares is disclosed in note 27 Share capital in the consolidated financial statements.

In November and December 2014, Saxo Bank A/S issued for EUR 45.0 million (DKK 334.8 million) Perpetual Fixed Rate Resettable Additional Tier 1 Capital notes. Further information is disclosed in note 27 Share capital in the consolidated financial statements.

Note

20 Hedge accounting

Saxo Bank A/S hedges the exchange rate risk of net investments in certain foreign entities by establishing hedge relationships between it's net investment in foreign entities and currency derivatives or a non-derivative currency financial liability designated as the hedging instruments. Saxo Bank A/S does not hedge the entities' expected income or other future transactions. At 31 December 2014, the carrying amount of net investment in entities hedged amounted to DKK 1,328.8 million (2013: DKK 1,168.2 million) and the corresponding fair value of the hedging instrument amounted to DKK 1,329.2 million (2013: DKK 1,172.5 million).

21 Related parties

No party has the controlling influence in Saxo Bank A/S. As at 31 December 2014 the following shareholders are registered as holders of more than 5% of the share capital of Saxo Bank A/S:

Fournais Holding A/S, DK-2850 Nærum, Denmark.
Lars Seier Christensen Holding A/S, DK-1256 Copenhagen, Denmark.
TPG Merl Sarl, L-2453, Luxembourg.

	Board of Directors		Board of Management		Subsidiaries		Associates		Joint ventures	
(DKK million)	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Loans and advances at amortised cost	-	-	-	-	33	157	-	-	-	-
Deposits (liabilities)	-	-	2	2	2,417	2,037	68	191	-	-
Other assets	-	-	-	-	240	98	-	-	-	-
Other liabilities	-	-	-	-	18	25	305	216	-	-
Interest income	-	-	-	-	86	70	8	8	-	-
Fee and commission income	-	-	-	-	-	-	35	43	-	-
Fee and commission expense	-	-	-	-	839	806	23	25	-	-
Administrative services etc. (income)	-	-	2	2	21	31	-	-	-	1
Administrative services etc. (expense)	-	-	-	-	12	15	-	-	-	-
Leases	-	-	-	-	39	38	-	-	-	-
Subleases	-	-	-	-	1	2	-	-	-	-
Lease of airplane	-	-	-	-	5	59	-	-	-	-
Software development	-	-	-	-	57	53	-	3	-	-
Dividend from subsidiaries	-	-	-	-	223	123	-	-	-	-

Remuneration to Board of Directors and Board of Management is disclosed in note 9 Staff costs and administrative expenses in the consolidated financial statements.

Saxo Bank A/S has not provided any loans, pledges or guarantees to any member of Saxo Bank A/S' Board of Directors or Board of Management or to persons related to these.

All transactions and agreements with related parties are settled on an arms-length basis.

22 Investment in associates and joint ventures

Goodwill related to the investment in Banco Best S.A. has been impaired with DKK 75 million in 2014. The impairment loss is recognised in the income statement in Income from associates, subsidiaries and joint ventures. Further details are disclosed in note 20 Impairment test in the consolidated financial statements.

Further information on investments in associates and joint ventures is disclosed in note 38 in the consolidated financial statements.

Note (DKK 1,000)

23 Branches and subsidiaries specified by country at a consolidated basis

		2014			
Entity	**Activity**	**Income**[1)]	**Profit before tax**	**Tax**	**Number of employ-ees** [2)]
Australia		97,687	23,464	(7,091)	13
SCM Pty Ltd.	Online trading and investment services				
Brazil		13,169	2,718	(1,422)	5
Saxo Bank do Brasil Escritorio	Online trading and investment services				
Cyprus		51,170	15,967	538	52
Saxo Bank A/S Cyprus	Sales and marketing, branch of Saxo Bank A/S				
SCM CY Limited	Online trading and investment services				
Czech Republic		16,889	1,466	(202)	8
Saxo Bank A/S Prague	Sales and marketing, branch of Saxo Bank A/S				
Denmark		426,044	10,702	(8,373)	474
Ejd.selskabet Bygning 119 A/S	Own, rental and management of domicile property				
Initto A/S	IT-development in India				
Saxo Jet A/S	Dormant				
Saxo Payments A/S	Payment services				
Saxo Privatbank A/S	Retail banking and assets management				
Saxo Treasury A/S	Investment company				
Dubai		20,339	1,810	-	6
Saxo Bank Dubai Ltd.	Online trading and investment services				
France		121,876	34,987	(12,702)	35
Saxo Banque France SAS	Online trading and investment services				
Hong Kong		22,904	571	(94)	24
SCM HK	Online trading and investment services				
Italy		12,217	1,044	(674)	7
Saxo Bank A/S Milan	Sales and marketing, branch of Saxo Bank A/S				
Japan		30,211	4,206	(1,515)	10
Saxo Bank FX Securities K.K	Online trading and investment services				
Netherlands		14,659	1,549	(347)	6
Saxo Bank A/S Amsterdam	Sales and marketing, branch of Saxo Bank A/S				
SCM BV	Dormant				
Panama		5,580	440	-	3
Saxo Bank (Panama) S.A.	Online trading and investment services				
Poland		9,866	1,036	(204)	5
Saxo Bank A/S Warsaw	Sales and marketing, branch of Saxo Bank A/S				
Singapore		234,653	91,043	(11,622)	86
SCM Pte. Ltd.	Online trading and investment services				
South Africa		26,509	5,076	(2,352)	11
Saxo Capital Markets SA Ltd.	Online trading and investment services				

Continued on page 132.

23 Branches and subsidiaries specified by country at a consolidated basis · continued

		2014			
Entity	**Activity**	**Income**[1]	**Profit before tax**	**Tax**	**Number of employ-ees**[2]
Spain		28,101	2,590	(807)	16
Saxo Bank A/S Spain	Sales and marketing, branch of Saxo Bank A/S				
Switzerland		347,295	125,607	(24,049)	57
Saxo Bank (Switzerland) AG	Online trading and investment services				
Turkey		18,323	4,552	(913)	13
SCM Menkul Degerler Anonim Sirketi	Online trading and investment services				
UK		158,288	58,880	(14,217)	46
Saxo Bank A/S London	Sales and marketing, branch of Saxo Bank A/S				
SCM UK Ltd.	Online trading and investment services				
SBSF Ltd.	Financial spread trading service				
Uruguay		12,079	(4,719)	-	11
SCM Agente de Valores S.A.	Online trading and investment services				

[1] Income is defined as the sum of Interests income, Fee and commission income and Other income.

[2] Number of employees converted into full-time equivalents at 31 December 2014.

Information on Group entities is disclosed in note 39 in the consolidated financial statements.

Note	(DKK 1,000)	2014	2013
24	**Contingent and other contractual commitments**		
	Guarantees		
	Financial guarantees	19,813	19,764
	Other guarantees	50,433	52,218
	Total guarantees	**70,246**	**71,982**
	Other contractual commitments		
	Rent commitments towards subsidiaries	541,629	574,873
	Other commitments incl. operating leases	274,821	286,895
	Total other contractual commitments	**816,450**	**861,768**

Due to the business volume of the Bank, disputes with clients etc. occur from time to time. The Bank does not consider the outcome of the cases pending to have any material effect on the Bank's financial position.

Saxo Bank A/S has issued a letter of undertaking to the Monetary Authorities in Singapore concerning Saxo Capital Markets Pte. Ltd. and to the Monetary Authorities in Hong Kong concerning Saxo Capital Markets HK Ltd.

Saxo Bank A/S has agreed to support Saxo Jet A/S with the liquidity necessary to support the approved budgets and plans up to and including 31 December 2015. Saxo Bank A/S has agreed to support Saxo Privatbank A/S with a capital increase of up to DKK 100 million at 1 November 2015.

Saxo Bank A/S is administration Company in a Danish joint taxation. Saxo Bank A/S is taxed jointly with all Danish entities in Saxo Bank Group and is jointly and severally liable for payments of Danish corporate tax and withholding tax etc.

25 Assets deposited as collateral

Of the Bank's bond holdings, bonds with a nominal value of DKK 4.5 billion (2013: DKK 3.8 billion), and a fair value of DKK 4.5 billion (2013: DKK 3.8 billion), are held in custody with institutions. The bonds serve as security for the Bank's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Bank's open positions against these institutions. At 31 December 2014, 30% (2013: 38%) of the Bank's total fair value of the bonds were held in custody.

Of deposits with investment brokers, banks and other credit institutions, DKK 165.6 million (2013: DKK 600 million) serve as collateral for the Bank's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Bank's open positions against these institutions.

The Bank has deposited bonds DKK nominal 48 million (2013: DKK 48 million) with a fair value of DKK 48.4 million (2013: DKK 49.2 million) as security for an interest swap on behalf of Ejendomsselskabet Bygning 119 A/S.

26 Risk Management

Risk exposure
Saxo Bank A/S is exposed to a number of risks which can be categorised as follows:

- Credit risk: The risk of loss due to counterparties of the Bank failing to fulfill all or part of their payment obligations to the Bank
- Market risk: The risk of loss due to movements in market risk factors
- Liquidity risk: The risk of being unable to meet obligations as they fall due
- Operational risk: The risk of loss resulting from inadequate or failed processes, people or systems

The risk exposures, policies and procedures to monitor the risks for Saxo Bank A/S are the same as for the Group and are described in Risk Management for the Group.

In addition to the credit risk described in Risk Management for the Group Saxo Bank A/S has credit exposure against its subsidiaries due to granted trading and credit lines. The unutilised lines as per 31 December 2014 can be terminated on demand.

Market and credit risk related to derivative financial instruments is disclosed in Risk Management and in note 31 Offsetting financial assets and liabilities in the consolidated financial statements. Derivative financial instruments relates to trading portfolio and are included in Other assets and Other liabilities.

The Management's Report and Risk Report 2014 provide additional information about Saxo Bank A/S' risk management approach. Risk Report 2014 is available for download from the Group's website at www.saxoworld.com/investorrelations/icaap-and-risk-reports. The Risk Report is not covered by the statutory audit.

Note	(DKK 1,000)	2014	2013	2012	2011	2010
26	**Key figures and ratios**					
	Key figures					
	Net interest, fees and commissions	115,772	(93,018)	(35,145)	(10,195)	(158,086)
	Price and exchange rate adjustments	1,752,589	1,887,130	2,052,912	2,684,750	2,670,291
	Staff costs and administrative expenses	(1,323,609)	(1,392,763)	(1,707,836)	(1,768,858)	(1,750,222)
	Impairment charges for receivables, loans, advances etc.	13,347	(1,572)	(14,670)	(31,041)	(6,521)
	Income from associates, joint ventures and subsidiaries	246,580	239,350	45,239	43,670	238,580
	Net profit	399,722	151,902	67,573	618,548	643,874
	Loans and advances at amortised cost	75,484	351,926	489,623	404,004	249,914
	Subordinated debt	335,133	410,300	410,314	408,933	409,962
	Total equity	4,198,863	3,458,012	3,334,287	3,222,835	2,870,157
	Total assets	30,200,852	22,004,376	20,115,794	20,594,106	17,244,965
	Average number of employees	687	660	793	732	629
	Ratios					
	Total capital ratio	22.1%	18.0%	13.7%	13.9%	16.6%
	Tier 1 capital ratio	20.5%	15.1%	10.5%	10.7%	13.7%
	Return on equity before tax	13.0%	5.7%	3.1%	27.8%	33.2%
	Return on equity after tax	10.4%	4.5%	2.1%	20.3%	24.8%
	Income proportional to cost	1.29	1.10	1.05	1.43	1.45
	Interest rate risk	2.9%	2.0%	1.3%	1.6%	11.1%
	Foreign exchange rate risk/Tier 1 capital	37.0%	38.2%	115.6%	219.2%	129.6%
	Value at risk of foreign exchange rate risk/Tier 1 capital	0.2%	0.2%	2.5%	6.4%	2.3%
	Loans and advances plus impairment charges/Deposits	0.5%	3.4%	5.4%	5.1%	2.5%
	Loans and advances proportional to total equity	0.02	0.10	0.15	0.13	0.10
	Growth in Loans and advances	(78.6)%	(28.1)%	21.2%	61.7%	41.5%
	Additional liquidity/liquidity requirement	345.1%	255.8%	284.6%	310.4%	300.8%
	Sum of large exposures/Capital base	-	-	-	77.4%	19.9%
	Loss and provisions ratio (loans and advances)	(17.2)%	0.3%	2.4%	8.4%	2.4%
	Return on assets	1.3%	0.7%	0.3%	3.0%	3.7%

See page 112 for definitions.

27 Events after the reporting date

On 15 January 2015 the rate of the Swiss franc increased significantly when the Swiss National Bank decided to remove the fixed floor between the Swiss franc and the euro.

The financial effect of this event is disclosed in note 40 in the consolidated financial statements.

STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management have considered and approved the annual report for the financial year 2014 for Saxo Bank A/S.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the parent company's financial statements have been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at 31 December 2014 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2014.

Moreover, in our opinion, the Review of 2014 and The Business of Saxo Bank include a fair review of developments in the Group's and the Parent Company's operations and financial position and describe the significant risks and uncertainty factors that may affect the Group and the Parent Company.

The 2014 annual report is submitted for the approval of the annual general meeting.

Copenhagen, 18 March 2015

BOARD OF MANAGEMENT

Lars Seier Christensen
Co-CEO and Co-founder

Kim Fournais
Co-CEO and Co-founder

Steen Blaafalk
Group Chief Financial and Risk Officer

BOARD OF DIRECTORS

Asiff S. Hirji
Chairman of the Board

Lone Fønss Schrøder
Vice Chairman of the Board

Jacob Polny

Thomas Plenborg

Sarah McPhee

STATEMENTS BY THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF SAXO BANK A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements, page 42-112, and the parent company financial statements of Saxo Bank A/S, page 114-134, for the financial year 1 January – 31 December 2014. The consolidated financial statements and parent company financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of capital base and notes, including a summary of significant accounting policies for the Group as well as for the parent company and cash flow statement – Saxo Bank Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2014 and of the results of the Group's and the parent company's operations and cash flows – Saxo Bank Group for the financial year

STATEMENTS BY THE INDEPENDENT AUDITOR

1 January – 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent company financial statements.

Statement on the Management's review
Pursuant to the Danish Financial Business Act, we have read the Management's review (Review of 2014 and The Business of Saxo Bank). We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review (Review of 2014 and The Business of Saxo Bank) is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 18 March 2015
Ernst & Young
Godkendt Revisionspartnerselskab

Lars Rhod Søndergaard State Authorised Public Accountant	Anders Duedahl-Olesen State Authorised Public Accountant

COMPANY INFORMATION

BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

Management positions and Directorships held by the Board of Directors and the Board of Management in companies excluding positions in the Group's subsidiaries (Chairman (CM), Vice Chairman (VCM), Board member (BM), Chief Executive Officer (CEO), Executive Vice President (EVP)).

BOARD OF MANAGEMENT

Lars Seier Christensen – Co-CEO and Co-founder
Lars Seier Christensen Holding A/S (CEO & BM)

Kim Fournais – Co-CEO and Co-founder
Fournais Holding A/S (CEO & BM)
Vejrø ApS (CM)
Fournais Aviation ApS (CEO)

Steen Blaafalk – Group Chief Financial and Risk Officer
Gun Air ApS (CM)
Blue Falcon Holding ApS (CEO)
Falcon Future ApS (CEO)

BOARD OF DIRECTORS

Asiff S. Hirji – Chairman
Inflekxion LLC (Founder)
Citrix Systems (BM)
Advent Software (BM)
TES Global (BM)
RentPath (BM)

Lone Fønss Schrøder – Vice Chairman
Aker Solutions ASA (BM)
Bilfinger SE (BM)
Heidelberger Druckmaschinen AG (BM)
NKT Holding A/S (BM)
Volvo Personvagnar AB (BM)

Jacob Polny – Member of the Board
TPG Capital LLP London (Partner)
X2-Resources Ltd (BM)

Thomas Plenborg – Member of the Board
Independent member of the audit committee with qualifications within accounting
Everyday Luxury Feeling A/S (CM)
COWI Holding A/S (BM)
DSV A/S (BM)
JFE Holding ApS (CEO)
Plenborg Holding ApS (CEO)

Sarah McPhee – Member of the Board
The Royal Swedish Academy of Sciences, Investment Committee (CM)
Association of Swedish Insurance (VCM)
Young Academy of Sciences, Sweden (BM)
SNS - Centre for Business and Policy Studies (BM)
Axel Johnson Inc (BM)
SPP, Swedish operations (CEO)
Storebrand ASA (EVP)

ADDRESSES DENMARK

SAXO BANK A/S HEADQUARTERS
Philip Heymans Allé 15
2900 Hellerup
Denmark
www.saxobank.com

SAXO PAYMENTS A/S
Philip Heymans Allé 15
2900 Hellerup
Denmark

SAXO PRIVATBANK A/S
Philip Heymans Allé 15
2900 Hellerup
Denmark
Branches in Brørup, Fredericia,
Holsted, Kolding, Odense,
Vejen, Vejle.
dk.saxobank.com

ADDRESSES EUROPE

BELGIUM
Saxo Bank Belgique
Avenue Louise 480 Louizalaan
1050 Bruxelles
be.saxobank.com

CYPRUS
Saxo Capital Markets CY Limited
Agias Fylaxeos 1
3025 Limassol
www.saxomt4.com

CYPRUS
Saxo Bank A/S Cyprus
Agias Fylaxeos 1
3025 Limassol
cy.saxobank.com

CZECH REPUBLIC
Saxo Bank Prague
Betlémský Palác
Husova 5
Praha 1, 110 00
cz.saxobank.com

FRANCE
Saxo Banque (France) SAS
10, rue de la Paix
75002 Paris
fr.saxobank.com

ADDRESSES EUROPE CONTINUED

GREECE
Saxo Bank A/S Greece Representative Office
4 Vasilissis Sofias Avenue
10674 Athens
gr.saxobank.com

ITALY
Saxo Bank A/S Italia
Corso Venezia 29
20122 Milano
it.saxobank.com

NETHERLANDS
Saxo Bank A/S Nederland
WTC Amsterdam
B-Toren 15e verdieping
Strawinskylaan 1527
1077 XW Amsterdam
nl.saxobank.com

POLAND
Saxo Bank A/S Warsaw Representative Office
Nowy Swiat 7 lok. 15
00-496 Warsaw
pl.saxobank.com

RUSSIA
Saxo Bank A/S Moscow Representative Office
Usacheva str. 2, 1
Moscow 119048
ru.saxobank.com

SPAIN
Saxo Bank A/S Sucursal en España
Paseo de la Castellana 42, 2a planta
28046 Madrid
es.saxobank.com

SWITZERLAND
Saxo Bank (Schweiz) AG
Rietstrasse 41
Postfach 509
8702 Zollikon
ch.saxobank.com

Saxo Bank (Schweiz) AG Representative Office Geneva
8 bis, rue de Coutance
1201 Genève

TURKEY
Saxo Capital Markets Menkul Değerler A.Ş.
Dereboyu Caddesi Meydan Sokak No:1
Beybi Giz Plaza, Kat:30 Bölüm 115-116
34398 Maslak-Istanbul
tr.saxomarkets.com

UNITED KINGDOM
Saxo Capital Markets UK Ltd.
26th Floor, 40 Bank Street
Canary Wharf
London E14 5DA
uk.saxomarkets.com

ADDRESSES WORLD

AUSTRALIA
Saxo Capital Markets (Australia) Pty Ltd
Level 25, 2 Park Street
Sydney, NSW 2000
au.saxomarkets.com

BRAZIL
Saxo Bank do Brasil Escritório de Rep. Ltda
Av. Brigadeiro Faria Lima, 2277
16° Andar, Unidade 1601
01452-000 São Paulo
institutional.br.saxobank.com

HONG KONG
Saxo Capital Markets HK Limited
Units 1201-1202, 12th floor
Agricultural Bank of China Tower
No. 50 Connaught Road
Central Hong Kong
hk.saxomarkets.com

INDIA
Saxo Financial Services Private Limited
Tower 10C, 20th floor
Cyber City, DLF Phase II
Gurgaon - 122 002, Haryana
in.saxobank.com

Saxo India Pvt. Ltd.
Tower 10C, 20th floor
Cyber City, DLF Phase II
Gurgaon - 122 002, Haryana
www.saxoitindia.com

JAPAN
Saxo Bank FX Securities K.K.
Kamiyacho Sankei Building 10F
1-7-2 Azabudai, Minato-ku
106-0041Tokyo
saxobank.co.jp

PANAMA
Saxo Bank (Panama) S.A.
Torres de las Americas, Piso 29, Torre C, Suite 2908
0832-2522 WTC – Punta Pacifica
Ciudad de Panama
institutional.pa.saxobank.com

SINGAPORE
Saxo Capital Markets Pte. Ltd.
3 Church Street
Level 30, Samsung Hub
Singapore 049483
sg.saxomarkets.com

SOUTH AFRICA
Saxo Capital Markets SA Pty. Ltd.
The Place
1 Sandton Drive – Sandton
2146 Johannesburg
za.saxomarkets.com

UAE - ABU DHABI
Saxo Bank A/S Representative Office Abu Dhabi
Etihad Towers, Tower no. 3
Office 1401 - 14th floor
Abu Dhabi
ae.saxobank.com

UAE - DUBAI
Saxo Bank (Dubai) Ltd.
Currency House, 1st Floor, DIFC
P.O. Box: 506830
Dubai
ae.saxobank.com

URUGUAY
Saxo Capital Markets Agente de Valores S.A.
Zonamérica Ruta 8
Km. 17500, Edificio @ 1, Ofc. 109
91600 Montevideo
latin.saxomarkets.com