Annual Report 2021

SAXO BANK

Contents

Other statutory reports

www.home.saxo/about-us/icaap-and-risk-reports

www.home.saxo/about-us/icaap-and-risk-reports

www.home.saxo/about-us/investor-relations

Letter from the CEO

We now serve 820,000 clients who have entrusted us with DKK 640 billion of their assets. We firmly believe that we create more intrinsic value by seeking win-win relationships in everything we do with our clients, employees, shareholders, and society.

The financial result for 2021 was satisfactory as we earned DKK 755 million in net profit from a revenue of DKK 4.5 billion. During the year, we welcomed more than 263,000 new trading clients.

At the end of 2021, we served 820,000 clients and DKK 640 billion of their assets. We firmly believe in value creation by win-win relationships in everything we do with clients, employees, shareholders, and society. It took us twenty-five years to amass the first DKK 100 billion in client assets, whereas it took slightly more than four to gather an additional DKK 540 billion.

Our balance sheet is solid with a CET 1 ratio of 22.4%, and we will be looking to further deploy our capital into client-facing activities, such as margin lending and product financing. Prudent capital management means we maintain a conservative level of capital and return excess capital to the shareholders as dividend. We expect to return the entire net profit of 2021 as dividend to our shareholders.

The year 2021 saw both growth and consolidation for the Saxo Bank Group. In Q1, we saw a record-high inflow of clients and client assets. In subsequent quarters, growth rates stayed positive, albeit at a more moderate level, and we successfully completed the migration of BinckBank's more than 400,000 direct clients, expanding our footprint in Mid-Europe. We want to thank our passionate and hardworking Saxonians who, despite challenges forced upon us by COVID-19, worked tirelessly to make the transition as smooth as possible for our many clients moving to a new investment platform, where they had to get used to the new touch and feel that comes with such a change. Migrating more than 400,000 clients is a big and complex operation that went well despite minor hiccups. In the

process, we continuously listened to feedback from our clients to constantly improve and evolve our offering.

At the same time, we implemented a large-scale organisational change to unite our business and technology teams – with the clear purpose of becoming even more client-focused and agile. As we have committed many efforts and resources to strengthening the fundamentals and streamlining our core business, the shape of a Saxo of the future has taken a clearer form. We have the right ingredients in place to succeed with our strategy, and with that, the right products, and solutions of the future for Investors, Traders, and our partners from the Saxo Institutional commercial area.

We continue to see a growth in the number of clients who choose our platforms to fulfil their financial aspirations and make an impact, whether through investment or the returns on their investments. As more people start investing, we take greater responsibility than ever to help them make more informed and optimal investment decisions, be it through education, risk management strategies, great products and services or a more user-friendly, personalised experience.

In 2021, we continued to provide our growing client base with access to relevant, timely content and capital markets, as well as innovative new products and tools. At the same time, we continued to optimise how we work by digitising and streamlining our processes, ensuring that we operate prudently and are scalable as one digital value chain.

As we gear up for the future, 2021 saw great investments in the development and improvement of our products, platforms, pricing, and services to allow for the successful migration of BinckBank clients. As we add more products and services to our platforms, especially in the former BinckBank markets, we will also be making them available in our other markets during 2022. We remain fully committed to ensuring that the acquisition will also bring added benefits, new products, and services to our existing – and growing – client base.

Looking ahead to 2022 and beyond

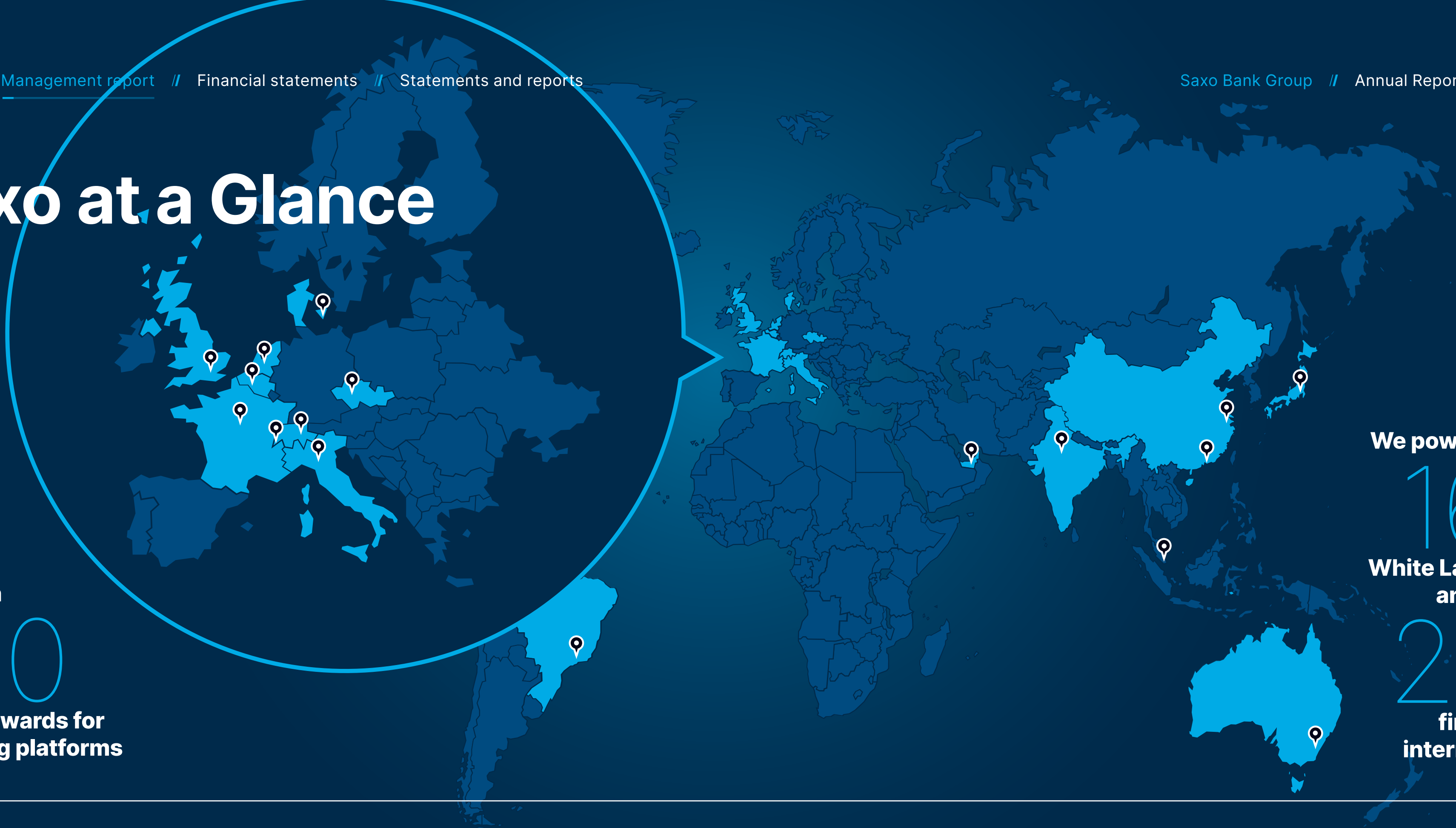
In early 2022, we will complete the migration of the remaining BinckBank business: independent asset management partners, and their clients. The full migration, across four jurisdictions, multiple regulators, and commercial areas, will have been done in less than three years – a true testament to the unique quality of our employees and technology. Completing the BinckBank migration is a major milestone and will release more resources to focus on further scaling and growing our business and optimising our processes and technology.

We will celebrate our thirtieth anniversary on 15 September. We look forward to celebrating our first thirty years with great pride and sharing this joy with clients, and partners and, not least, all our Saxonians.

Copenhagen, 23 February 2022

Kim Fournais
CEO & Founder

Saxo at a Glance



More than
120
industry awards for our trading platforms

We power more than
160
White Label Partners and over
200
financial intermediaries

61 million **trades executed in 2021. More than** 60,000 **tradable instruments**

Founded in Copenhagen in 1992, Saxo Bank was one of the first financial institutions to develop online trading platforms providing everyday investors and traders with the same tools and market access as professional traders, large institutions, and fund managers. Through our open business model, we provide access to global capital markets across asset classes, where our clients can trade more than 60,000 different instruments from a single account.

All products and services are offered either directly in our platforms – SaxoInvestor, SaxoTraderGO and SaxoTraderPRO – or through our partner-oriented Open API and FIX API solutions.

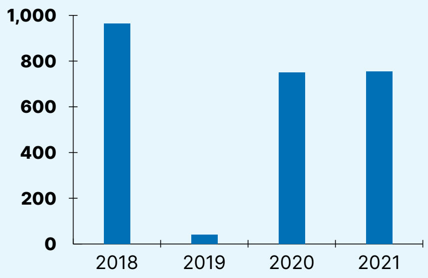
2,500 **employees with** 65 **nationalities across offices in** 16 **countries** 820,000 **clients**

Performance highlights

The Saxo Bank Group has maintained high levels of profit. The Cost/income ratio in 2021 ended slightly higher than in 2020 as higher revenue was offset by an increase in costs. Our financial position remains strong with a capital ratio of 29.1%

Net profit

DKK million



755 DKK million

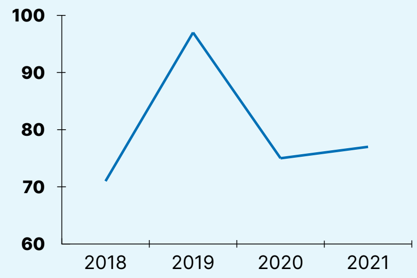
+1%

// The 2021 Net profit materialised at the same level as in 2020, which was positively impacted by extraordinary trading activity around the outbreak of COVID-19 in 2020

// 2021 was positively impacted by a strong first quarter with high revenues, but also impacted by higher costs related to migrating former BinckBank clients to the Saxo Bank infrastructure and expanding our offerings

Cost/income ratio

Percentage (%)



77%

+2% points

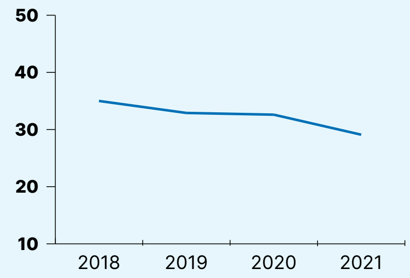
// The 2021 Cost/income ratio ended slightly higher than in 2020, as higher revenue was offset by higher costs

// The higher cost level in 2021 was driven by additional resources spent on welcoming and servicing a record-high number of new clients, in addition to the intensified BinckBank migration activities

// Increase in depreciations followed the previous years' high investment level in trading platforms, new products and digitisation to further improve the Saxo Experience

Total capital ratio

Percentage (%)



29%

-4% points

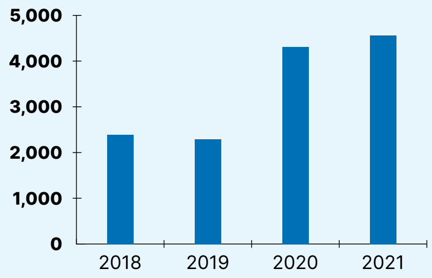
// Saxo Bank Group has a strong capital position with a comfortable buffer to the regulatory requirements

// The Total Capital ratio ended lower than 2020, primarily due to an increase in the Risk Exposure Amounts following the implementation of the new standardised model for Counterparty Credit Risk during 2021, combined with the fact that the Net Profit for the year is distributed as dividends

The Saxo Bank Group's growth accelerated in 2021 with 19% more clients than 2020, and 34% more client assets for a total of DKK 640 billion

Trading related revenue

DKK million



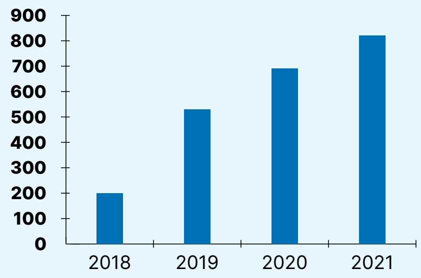
4,562 DKK million

+6%

- The first quarter was positively impacted by extraordinary trading activity in equity markets, leading to record-high Trading related revenue in 2021
- The strategic shift towards a more recurring and stable revenue base continued in 2021, as the share of recurring revenue in Trading related revenue grew from 25% in 2020 to 33% in 2021

Total clients

Number of end clients ('000)



820,000 end clients

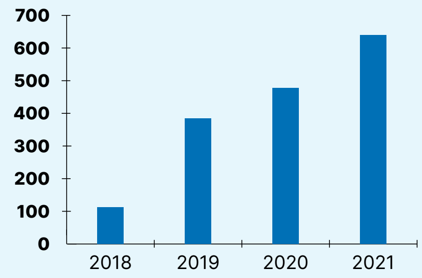
+19%

- The number of Total end clients increased by 130,000 from 2020 and by the end of 2021 we reached a record-high Total end clients of 820,000
- The growth in Total clients was driven by the number of new trading clients[1)] also reaching a record-high level of 263,000 in 2021
- The increase in Total clients occurred in our Investor and Saxo Institutional commercial areas, whereas the number of Total clients in the Trader commercial area remained stable

[1)] New trading clients who placed their first trade within the year.

Client assets

DKK billion



640 DKK billion

+34%

- 2021 showed continued growth of Client assets across commmercial areas, adding DKK 163 billion to total Client assets
- Growth in Client assets were driven by both equity market performance and additional Client assets

Key figures and ratios

DKK million	2021	2020	2019 [1]	2018 [2]	2017
Income statement					
Net interest, fees and commissions	3,213	3,064	1,974	1,997	1,940
Price and exchange rate adjustments	1,279	1,251	637	789	1,087
Total revenue	4,527	4,324	3,327	3,589	3,034
- Hereof Trading related revenue	4,562	4,306	2,287	2,384	2,610
Staff costs and administrative expenses	-2,912	-2,708	-2,582	-2,210	-2,151
EBITDA	1,617	1,612	822	1,408	932
Impairment charges financial assets etc.	-7	-24	-9	-13	8
Share of net loss from joint ventures	-18	-7	-0	-	-
Profit before tax	1,031	1,080	109	1,029	554
Net profit	755	750	40	963	401
Statement of financial position					
Loans and other receivables at amortiset cost	5,471	4,811	9,883	0	1,686
Deposits	68,577	60,197	59,311	21,370	27,811
Subordinated debt	770	776	1,140	370	351
Total equity	7,183	7,401	7,082	5,552	4.621
Total assets	91,122	78,784	74,930	34,484	39,956
Investment in intangible assets	710	561	566	439	312
Employees					
Number of full-time equivalent staff (end-of-year)	2,510	2,224	2,170	1,658	1,594
Hereof employed in India	968	718	626	584	499

	2021	2020	2019 [1]	2018 [2]	2017
Clients					
Client assets (DKK million)	640,426	477,509	383,974	112,578	116,146
Hereof Assets under Management (DKK million)	11,625	9,046	8,480	-	12,524
Total clients (Number of end clients ('000))	820	690	529	199	151
Trades (Number of trades (million))	61	64	34	39	43
Key figures					
Total capital ratio	29.1%	32.6%	32.9%	35.0%	22.7%
Tier 1 capital ratio	25.0%	27.9%	26.3%	32.0%	20.4%
Return on equity before tax	14.2%	14.9%	1.7%	20.2%	12.5%
Return on equity after tax	10.4%	10.4%	0.6%	18.9%	9.1%
Cost/income ratio	77.1%	75.0%	96.7%	71.3%	81.7%
Interest rate risk	0.3%	-1.8%	1.3%	2.5%	4.1%
Foreign exchange rate risk/Tier 1 capital	5.4%	8.9%	5.5%	4.1%	13.8%
Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.0%	0.0%	0.0%	0.1%
Loans and other receivables plus impairment charges/Deposits	8.0%	8.1%	16.7%	0.1%	6.5%
Loans and other receivables proportional to Total equity	0.76	0.65	1.40	0.00	0.36
Growth in loans and other receivables	13.7%	-51.3%	>1000%	-100.0%	-0.3%
Liquidity coverage ratio	252.7%	324.1%	450.1%	264.4%	204.9%
Sum of large exposures/CET1 capital [3]	29.0%	22.3%	28.3%	10.1%	0.0%
Loss and provisions ratio	0.1%	0.5%	0.1%	15.3%	-0.3%
Return on assets	0.8%	1.0%	0.1%	2.8%	1.0%

[1] Key figures and ratios are impacted by acquisition of BinckBank N.V. from August 2019.
[2] Key figures and ratios are impacted by divestment of the activities in Saxo Privatbank A/S and the shares in Saxo Payment A/S.
[3] Change in coputation of large exposures applied form 2018. Comparative figrues are not restated.

Our business model and strategy

The Saxo Bank Group is a global, multi-asset facilitator. We deliver capital markets access, products, and services through our multi-asset platforms to Traders, Investors and Institutional partners. Based on our open business model, we unbundle the value chain, source from the best products, services and liquidity in the market, process and operate through one technology stack and deliver a unique experience to our clients and partners through our platforms and APIs.

Capital markets products, services and liquidity

We unbundle the value chain through our open architecture

We source the best ideas, products, liquidity and services from the best providers

Saxo Bank facilitation

Tech Stack

Trading platforms
FIX / Open API
CRM & CMS API
OMS / EMS
Broker connectivity
Hosting services

Clearing and settlement
Client account structures
Margin & risk management
Market data connectivity
Custody
EOD files, FSSO & TENS
Regulatory reporting

Processes

Business management
Client management
Integration

Execution and trading
Market data
Custody and back office
Reporting

We run and develop one global, multi-asset, multi-tenanted tech stack, and one set of global business processes

Distribution to clients

Traders

SaxoTraderPRO and SaxoTradersGO for self-directed traders

Investors

SaxoInvestor for self-directed and delegating investors

Saxo Institutional

Open / FIX API

Outsourced capital markets infrastructure

We distribute capital market and asset management products and services through our platforms tied together in the Saxo Experience

Our strategy

The Saxo Bank Group's vision is to enable people to fulfil their financial aspirations and to make an impact. To achieve this, we must constantly innovate to improve the Saxo Experience, so that clients can act in a timely, relevant, and informed manner in local and global financial markets.

Our long-term strategy is guided by our purpose. That is why we invest heavily in our products, platforms and services. Our culture and purpose remain centred around our clients' needs, serving as the guide for our strategy and growth aspirations. We run and develop one global, multi-asset, multi-tenanted technology stack and one set of global business processes. We are relentless in our pursuit of a high level of tech hygiene, which enables us to drive scale, flexibility and agility.

The Strategy and Execution Plan for 2022–2024 offers a clear path forward as we continue our quest to expand our reach to more clients (particularly in the investor business); to become more relevant for the trader business; to professionalise our partnership business; and to ensure that our technology is scalable, flexible and agile. Our business model is open and we service all our clients and partners via our multi-asset platforms and APIs while prudently managing risk and compliance. All are prerequisites for providing a world class Saxo Experience.

We need scale and growth which we achieve by getting 'happier, more active clients more cheaply, while reducing costs and complexity'. We express our strategy and focus through the Saxo Bank Strategy House.

Saxo Experience

Deliver a world class client experience, enabling clients to act in a timely and relevant manner, with sound money making logic

Traders

Regain position as global leading provider focusing on advanced VIP and Platinum Traders

Investors

Become the preferred provider for self-directed and delegating (wealth/asset management) Investors in selected geographies

Saxo Institutional

Become the preferred and trusted provider for banks, brokers, independent advisors and asset managers, selling BaaS and SaaS solutions in selected geographies

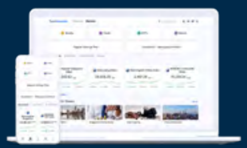
Foundation

Develop people, processes, products, platforms, technology, and the use of data to drive scale, flexibility and agility to meet our objectives for Traders, Investors and SAS while managing risk and compliance prudently

Our platforms

Our trading and investments platforms are at the heart of our offerings. Operating on a digital platform-first strategy, we empower clients and partners to trade and invest across any macrocycle with access to more than 60,000 instruments, including stocks, bonds, ETFs, mutual funds, FX, CFDs, options, commodities, futures and Crypto FX.

Platforms



SaxoInvestor

SaxoTraderGO

SaxoTraderPRO

SaxoAPIs

Products and Services

EQ	Stocks SRDs	FX	FX Spot FX DMA/Prime FX FWD Swap Non-Deliverable Forwards (NDF)
BO	Government Bonds Mortgage bonds Corporate Bonds	FXO	FX Options Vanilla FX Option Exotic
ETF	Exchange Traded Funds	CFX	Crypto FX
MF	Mutual Funds	FU	Contract futures OTC futures
CFD	Single stocks Index trackers Expiring CFDs	AM & S	**Asset Management and Savings** Saxo Wealthcare SaxoSelect SaxoPlanner Pension and product wrappers
LO	Listed options	SF	**Securities Financing** Margin Lending Securities Lending
COM	Commodities exposure in CFDs, futures, options, FX spot	S & C	**Services and Content** Content Saxo Rewards Saxo Inst. Implementation Outsourced Partner services Bundled services
SP	Turbos Certificates Warrants ETN, ETC		

Our platforms offer a seamless, user-friendly trading and investing experience across desktop, mobile and tablet:

// SaxoInvestor an intuitive and user-friendly platform tailored to the investors, making it easy to build a diversified portfolio across global equities, bonds, ETFs, mutual funds, and managed portfolios

// SaxoTraderGO our advanced platform, which, besides being intuitive and user-friendly, provides access to margin products and advanced trading tools and has received more than 85 industry awards over the years

// SaxoTraderPRO targets professional traders and provides great opportunities for customised setup, as well as full access to one of the world's largest trading and risk management universes

// Open API enables our partners to outsource part or all of the value chain to Saxo Bank, giving their clients bespoke, fully integrated user experiences leveraging Saxo Bank's technology and market access

// FIX API enables our partners to get tailored, multi-asset liquidity via a single API

Our commercial areas

Traders

Direct traders are B2C clients who actively trade with higher risk, shorter holding periods and primarily trade margin products. Traders often prefer using the SaxoTraderPRO or SaxoTraderGO platforms with their rich, sophisticated instrument universe, trading tools, charting capabilities and data feeds.

Investors

Direct investors are B2C clients with a long-term investment horizon who primarily invest in cash or fund products with a lower risk profile. Investors are either self-directed or delegating. We service investors through the SaxoInvestor and SaxoTraderGO platforms, as well as managed portfolios in SaxoWealthCare and SaxoSelect for the delegating investors.

Saxo Institutional

Our institutional area covers wholesale clients (B2B2C) and direct B2B clients. Institutional clients utilise the Group's platforms, technology and capabilities to give their end clients access to global capital markets, allowing our partners to focus on servicing their clients (Banking as a Service). Partners are serviced via dedicated partner tools and through all our platforms, including Open API and FIX API.

Our geographical footprint

Business review

The year 2021 saw an accelerated growth in clients, client assets and Trading related revenue. A major focal point during the year was the integration of BinckBank, in which the migration of all BinckBank retail clients to the Saxo Bank infrastructure and platforms was completed by the end of November 2021.

2021 started with high volatility and a Reddit-fuelled campaign, which saw retail activity spike in several of the then heavily shorted stocks. Many of these names continue to attract investor interest although the hype has faded from its peak. Our analysts have continuously encouraged investors to be cautious and closely monitor risk when trading in these unprecedentedly and highly volatile stocks. The market activity was generally high in Q1 2021, which had a positive impact on performance in terms of new client intake, client assets, and revenue. As market activity normalised in the following quarters we continued to grow our client base and took in a record 263,000 new trading clients in 2021.

Overall, 2021 saw an accelerated growth in clients, client assets and Trading related revenue compared to 2020, which was a year characterised by high volatility and market activity caused by the outbreak of COVID-19 and its impact on markets, economies and behaviours.

A major focus during the year was the integration of BinckBank, where we completed the full migration of all retail BinckBank clients to the Saxo Bank infrastructure and platforms by the end of November 2021. A giant leap in the acquisition that was executed in August 2019. The successful completion means we have now migrated more than 400,000 clients across four jurisdictions to new and more modern platforms and a unified state-of-the-art infrastructure in less than three years.

In early 2022, we will migrate the last segment of BinckBank clients: independent asset manager clients and their end-clients, thereby concluding the full integration of BinckBank into the Saxo Bank Group.

Following the 2021 migration of clients and the intake of new clients, we have achieved larger scale and a well-diversified business across:

- commercial areas (Traders, Investors, Institutional)
- geographical areas
- products (asset classes)
- platforms (SaxoInvestor, SaxoTraderGO, SaxoTraderPRO)

The prospects for the Saxo Bank Group are bright with multiple trends playing to our strengths: continued growth in people taking control of their investments; changed consumer behaviour with rising preference for digital solutions; and institutional partners increasingly outsourcing part of their value chain.

There are also challenges that we need to manage and mitigate on a daily basis, as cyber threats, financial crime and fraud pose a growing threat to both the Saxo Bank Group, our clients and partners. As a bank, we are a prime target for cyber criminals and we go to extraordinary lengths to develop systems, practices, and processes to protect our clients and the bank. Due to our large international footprint, we often become aware of emerging trends and potential issues early on, which enables us to quickly implement mitigating actions.

Compliance is a crucial part of our focus and making sure to operate according to best practice is critical. We want to be part of the solution at all times by ensuring that we do our very best to secure high compliance and client-friendliness in our operation. Hence, we constantly upgrade and try to improve on all fronts.

In recent years, we have de-risked our business while maintaining healthy growth rates and profitability, and in December 2021, we released our latest strategy and execution plan under the heading *'Moving from a phase of constant preparation to a phase of constant improvement'.* That is the impetus of our strategy: we execute with commercial acumen, keenly focused on input–output. A lot of external factors, such as volatility, may still play an important role in our financial performance, but as we execute our strategy, we reduce our dependence on external factors, and take more control of our destiny in the process.

Fortifying the foundation

Today, almost half the services we operate are cloud-based. The Saxo Bank Group plans to provide all its digital services from the cloud, based on a micro-services infrastructure that enables us to launch new features faster and more securely. The benefits of this are a shorter time to market, a more robust infrastructure and much more agile, scalable and flexible technology platform.

Building the right, scalable infrastructure is a prerequisite for continuing our ambitious growth across jurisdictions, markets, and client groups. Investments into our client offerings and a scalable infrastructure rose to the highest level ever: DKK 678 million in capitalisation. Operating one technology stack and one set of global business processes generates obvious synergies, and today more than 160 White Label Partners are powered by our technology. In 2021, we notably implemented a new reference-technology architecture based on Azure, containing many more new solutions all targeting the provision of a better Saxo Experience, scaling our infrastructure and reducing cost and complexity.

We have continued to digitise our onboarding process for new clients in many markets, manifested by positive client feedback, our ability to reduce costs and improve per capita productivity. The global Straight-Through-Processing (STP) rate in onboarding grew from 28% in 2020 to 43% in 2021, measured as clients who started the onboarding journey up until they are approved as clients without human intervention.

To ensure the highest prudence on compliance, all high-risk clients are diverted to a manual process assisted by dedicated staff and the average time for approving a non-STP client was reduced in 2021. 28% of non-STP clients were approved within 24 hours, compared to 21% in 2020. Our conversion rates for Direct business, measured as leads to new trading clients, further increased in 2021 to 25% for the Saxo Bank Group, versus 22% in 2020. The above figures exemplify how we constantly seek to optimise our client funnels.

Constantly optimising the Saxo Experience

The high influx of clients and activity in Q1 2021 prompted the delay of certain services, such as stock transfers and payments, which we quickly rectified by automating and building more scalable processes. We are on a never-ending quest to ensure that we are as scalable as required, evidenced by our investment level into the business. If done correctly, client satisfaction and the Group's operating metrics will continuously improve.

In 2021, we executed a large-scale organisational change. A key element of the change was to merge our business and technology teams to remain nimble, enhance a sense of ownership and execution power to circumvent bureaucracy and accelerate decision-making. Our entrepreneurial flexibility is a competitive advantage in a financial world infused with bureaucratic inflexibility and technology debt. At the Saxo Bank Group, technology is an integral part of our DNA, and we are now more fully aligned with our business goals.

We already see the benefits of our employees communicating, collaborating and executing with a client-centric mindset better than before. The fact that we are now organised in departments and groups with full focus and mandated to deliver what we need to deliver to our clients and partners is fundamental. We also reorganised the way we allocate the Group's human and capital resources, with stronger mandates and empowerment for our local CEOs and commercial owners to drive significant growth and scale across all client funnels and offices.

The implementation of the new organisation has generated tangible results, such as faster time to market for optimising client journeys, products, service enhancements and relevant content on trading and investing, such as webinars, inspiration and training.

Attracting and nurturing talent is increasingly important for successfully executing our strategy. That is why we take pride in the fact that 21 bright new graduates joined our 18-month global graduate programme in September 2021. Moreover, the programme was selected as the 'Most Attractive Graduate Programme for 2021', sharing the podium with Ørsted and Novo Nordisk. We are immensely proud of the Saxo Graduate Programme, the award, and our graduates who will undoubtedly be future leaders and/or specialists in the Saxo Bank Group.

Better products, platforms and services

Offering relevant, competitive products is essential to the client experience and in 2021 we launched several new products and services to benefit our growing base of Investor, Trader, and institutional clients.

Traders

In 2021, we continued our efforts to enhance the client experience and range of capabilities offered to our active trader clients. This includes the implementation of an enhanced margin methodology for CFD instruments which applies margin requirements based on exposure tiers proportionate to the risk posed by individual positions. This tiered margin model greatly enhanced trading flexibility by allowing appropriate margin requirements depending on the client strategy and single instrument exposure.

Another highlight was the launch of our proprietary Crypto FX offering in May 2021, which equipped our active trader clients with a reliable, regulated and transparent way of accessing the cryptocurrency market by building on our strengths as a leading currency trading provider.

The unique Crypto FX offering combines familiar characteristics of traditional FX trading with the return dynamics of the cryptocurrency market. Clients can conveniently gain access to the developing cryptocurrency space, including the option of trading both long and short without the technical demands of setting up a crypto wallet.

Our partnership with TradingView, a leading provider of charting solutions with a base of over 28 million monthly users, was expanded further by integrating Crypto FX pairs as well as equity products across US, European and Asian exchanges. This offers our more advanced technical traders unprecedented access to a universe of popular instruments via the TradingView integration.

The successful launch of the portfolio-based margin model also greatly expanded the capabilities of our more advanced traders by providing a holistic overview of client-equity portfolio risk and applying an appropriate collateral requirement. This provides multi-asset traders and those clients with advanced option strategies with a more flexible and efficient approach to margin trading.

Other notable developments include the launch of a new trading strategy via the SaxoSelect service and an extension of our product selection to include SRDs, turbos, certificates, warrants and margin lending in relevant geographical areas.

Investors

We have seen a strong growth in our investor area, which today accounts for 36% of Trading related revenue. We expect this trend to continue in 2022 as we roll out **SaxoInvestor**, products, and services to more of our target markets and continue to enhance our digital engagement and relevance in local markets.

The new and significantly improved SaxoInvestor platform will be rolled out in Australia, MENA, Switzerland, the United Kingdom, Japan, and Eastern Europe in 2022. This follows the rollout in Denmark, Singapore, Hong Kong, France, the Netherlands, Belgium and Italy from 2018 to 2021.

SaxoWealthCare was launched in Belgium and the Netherlands in Q4 and is a fully digital and automated asset management solution that gives clients a smart and easy way to stay invested and rebalanced. SaxoWealthCare first clarifies the investor's preferences, i.e., risk appetite, return aspirations and environmental impact, before the allocation engine provides a personalised investment plan that is then invested and rebalanced accordingly.

SaxoWealthCare is a key element of our further expansion into the delegating investor segment.

SaxoPlanner was rolled out in the Netherlands in 2021 and is an automated investment solution based on a few client inputs, namely the size of the contribution, investment day, instruments and allocations. The client chooses the amount to be invested every month as well as the day on which the amount is automatically invested. Afterwards, the client moves on to populate the plan with instruments selected from among a limited universe defined by Saxo.

Starting in Singapore, we became the first broker to launch bundled pricing and subscription plans. Industry research reveals that more investors are looking for ease of use, ease of account opening, low fees and mobile access when it comes to online investment. Our further proprietary research showed that investors value having more data feeds and free trades, for instance and fewer custody fees.

The pricing plans are designed in response to this feedback from real clients and are more aligned with individual lifestyles and preferences. We firmly believe in providing long-term value for our clients and the commitment from the clients in the form of choosing a pricing plan not only reduces their costs and complexities, but also brings them more value than the basic monthly bundling price.

Institutional
Last year, we announced a landmark partnership agreement with five Danish banks under SDC (the core data centre and IT infrastructure provider for more than 160 banks in the Nordics) to provide their clients with industry-leading investment platforms and technology. The agreement is open to other banks under SDC – and in 2021 an additional nine banks signed partnership agreements with us.

Financial review

For 2021, the Saxo Bank Group realised a net profit of DKK 755 million, 1% up from 2020 and in line with the half-year guidance. The result is considered satisfactory as a higher cost level driven by not least the BinckBank migration was mitigated by 5% higher revenue. The investments made served to onboard a large number of new clients and widen the range of products offered on our platforms to be able to migrate the former BinckBank clients and ensure the scalability of our platforms.

Q1 2021 was characterised by an extraordinarily high level of trading in the Investor and Institutional commercial areas, primarily driven by the extraordinary high trading activity within equity markets. The high level of activity not only drove a higher net profit in the first three months, but also the highest quarterly intake of new end clients in the Group's history. After Q1, net profit and the inflow of new clients stabilised at a lower level, though with continued strong growth in Client assets and total number of end clients. The growth led to a total of 820,000 end clients and Client assets of DKK 640 billion.

Net interest, fees and commissions of DKK 3,213 million increased by DKK 149 million (+5%) in 2021. The growing client interests in the CFD product, led to an increase in client exposures. Together with the successful launch of CFD-tiered margin, this prompted a rise in interest income from financial derivatives. Furthermore, net fees and commissions were positively impacted by the growing client base. This drove up commissions primarily from stock trading within the Investor commercial area.

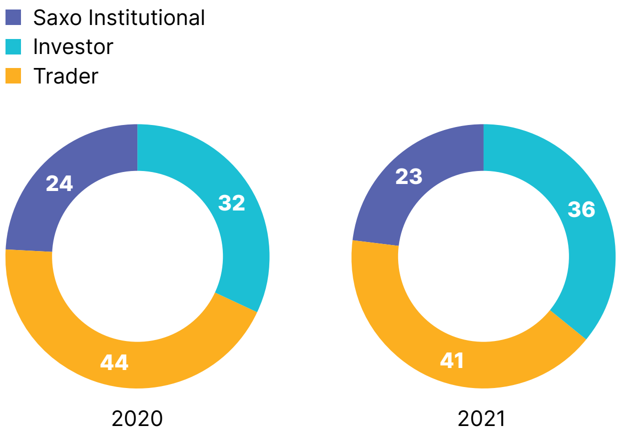
Price and exchange rate adjustments of DKK 1,279 million in 2021 rose slightly compared to 2020. 2021 was positively impacted by a lower net loss for bonds at fair value and higher exchange-rate revenue from higher trading in international stocks. This was partly offset by lower trading in FX products in 2021, compared to 2020 which was extraordinarily impacted by the spike in the FX volatility around the outbreak of COVID-19.

Total Revenue amounted to DKK 4,527 million in 2021 compared to DKK 4,324 million in 2020, corresponding to a 5% increase.

In 2021, the diversification of the Trading related revenue was further improved as the Investor area now account for 36%, Traders 41% and Saxo Institutional 23%. In addition to this, also improving the long term sustainability of the Trading related revenue base. The share of recurring revenue grew to 33% in 2021 compared to 25% in 2020.

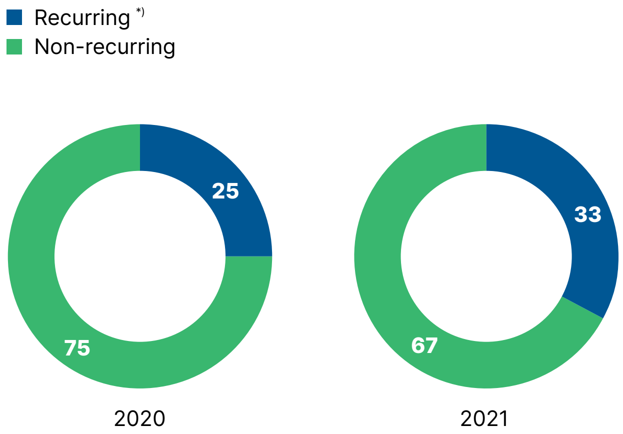
Split of Trading related revenue by commercial areas

Percentage (%)



Split of Trading related revenue

Percentage (%)



Staff cost and administrative expenses of DKK 2,912 million in 2021 increased by DKK 204 million (+8%) as additional FTEs (+13%) were recruited to ensure onboarding of the high number of new clients as well as to migration of the former BinckBank clients onto Saxo Banks trading platforms. The integration efforts also drove higher costs in 2021 associated with additional temporary staff and higher IT costs for running a dual trading platform set-up given the stepwise migration of former BinckBank clients during 2021.

EBITDA reached DKK 1,617 million in 2021, marginally up from 2020 as increased revenue was largely offset by higher cost.

We continued the high level of investments in our platforms, new products and digitisation to improve the Saxo Experience as well as the BinckBank migration.

The high investment levels of recent years led to increased **depreciation, amortisation and impairment** of DKK 518 million, an increase of DKK 70 million compared to 2020.

The higher level of costs compared to revenue resulted in a **Cost/income ratio** of 77% in 2021, 2%-points higher than the year before. This led to a **profit before tax** of DKK 1,031 million, DKK 49 million lower than in 2020. The effective tax rate in 2021 decreased to 26.8% compared to 30.5% in 2020. The decrease compared to 2020 is primarily due to a tax expense of DKK 62 million in 2020 related to the effect of changed tax rates in certain jurisdictions. Net profit of DKK 755 million in 2021 was in line with 2020.

H2 2021 financial result

Total revenue in H2 2021 was DKK 2,093 million compared to DKK 2,434 million in H1 2021. Costs remained at the same level in H2 2021 compared to H1. Due to record high inflow of clients in H1 2021 we saw higher costs related to staff costs and administrative expenses which decreased in H2 2021, while decpreciation, amortisation and impairment costs increased in H2 2021.

The net profit in H2 2021 was DKK 243 million compared to DKK 512 million for H1 2021, as Q1 2021 was positively impacted by an extraordinarily high level of trading and market activity.

*) Recurring revenue constitutes income deriving from clients' asset positions as opposed to transaction driven income, which is classified as non-recurring revenue.

Commercial areas

// Traders

The Trader area experienced continued growth in client assets in 2021, although the number of total clients has stabilised at 45,000. Client assets reached DKK 43 billion in 2021, compared to DKK 32 billion the year before.

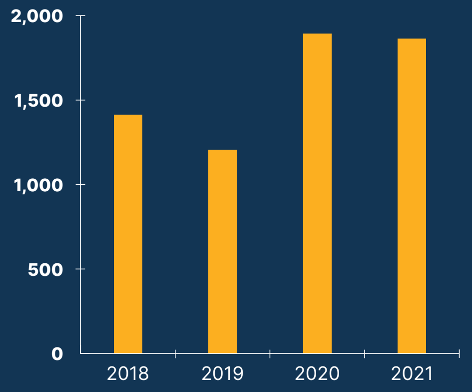
2021 was characterised by fewer market events and generally lower volatility than 2020, which was positively impacted by volatility around the outbreak of COVID-19. Nonetheless, Trading related revenue in 2021 ended on par with 2020. Product enhancements, including CFD-tiered margin, improved exchange-traded options product and Crypto FX impacted the Trader segment positively during 2021. The decline of Trading revenue generated by FX products was a result of an extraordinarily high level of trading caused by a spike in FX volatility around the outbreak of COVID-19 in 2020.

Recurring revenue in the Trader business area increased from 27% in 2020 to 38% in 2021. Recurring revenue for Traders mainly relates to the interest-bearing part of CFD and FX products as well as revenue generated by margin-lending from legacy BinckBank clients.

Geographically, Nordic and Rest of World experienced strong growth in 2021, with growth rates of 47% and 28% respectively, the latter driven mainly by the Dubai office. APAC was slightly down as competition intensified especially in the Singaporean market.

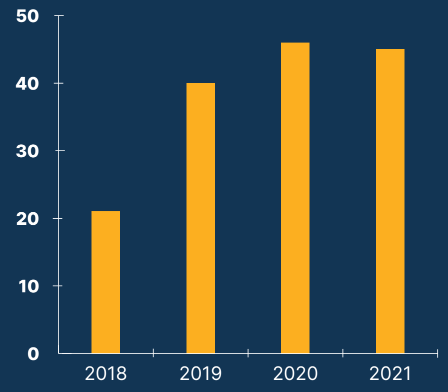
Trading related revenue

DKK million



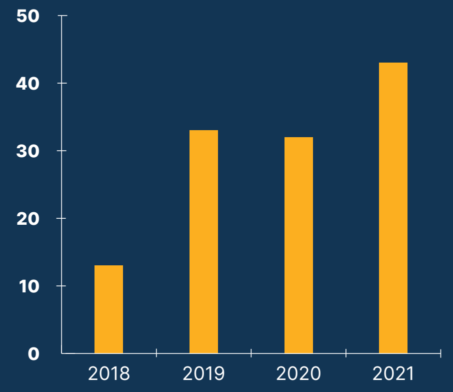
Total clients

Number of end clients ('000)



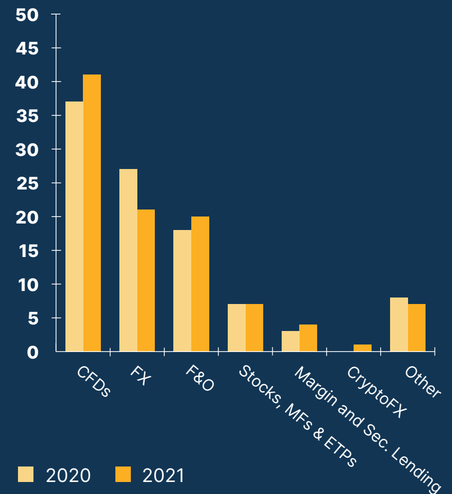
Client assets

DKK billion



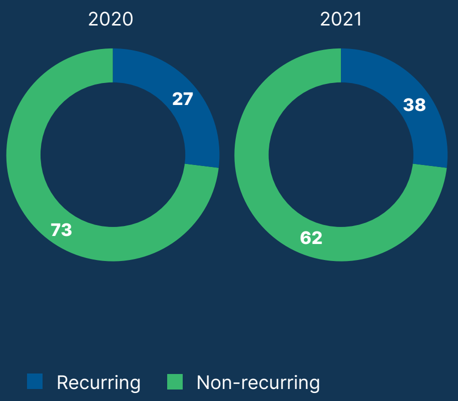
Products and Services

Share of Trading related revenue (%)



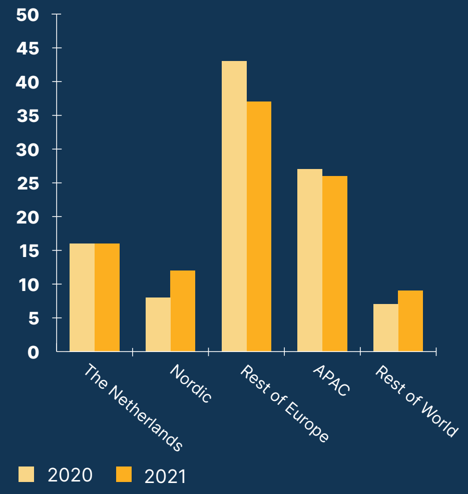
Share of Trading related revenue

Percentage (%)



Geography

Share of Trading related revenue (%)



Commercial areas

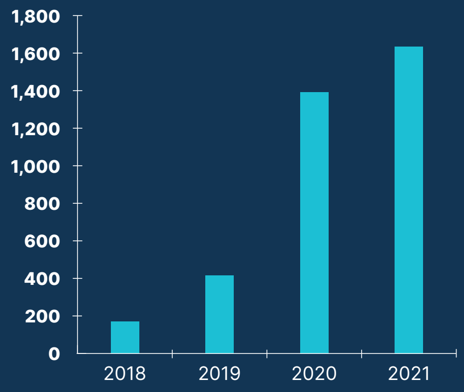
// Investors

In 2021, the strong growth within the Investor commercial area continued. 2021 marked the year where stocks became the biggest asset-class contributor to Trading related revenue, thereby further diversifying this revenue pool. In 2021, Trading related revenue for the Investor commercial area totaled DKK 1,635 million, up 17% compared to 2020. The share of recurring revenue increased to 30% in 2021 compared to 23% in 2020.

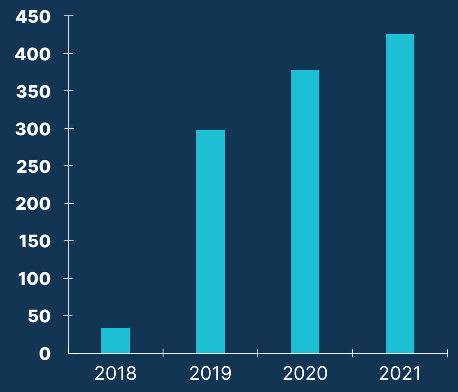
2021 ended with 426,000 clients, an increase of 13% compared to 2020, not least driven by a record-high inflow of new clients, who benefitted in many markets from continued investments in digitising the client onboarding. Client assets grew by 30% in 2021 and ended at an all-time high of DKK 267 billion by the end of 2021.

Trading related revenue grew in all geographical areas in 2021, with the highest growth rates in the Nordic market, increasing by more than 70% in 2021 and APAC by more than 30%, increasing the geographical diversification of Trading related revenue in the Investor area. The Saxo Bank Group's biggest single market, the Netherlands, grew 15% in 2021.

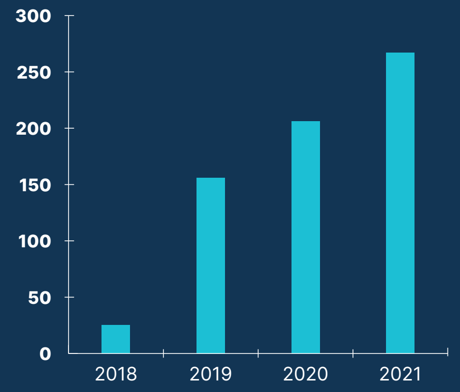
Trading related revenue
DKK million



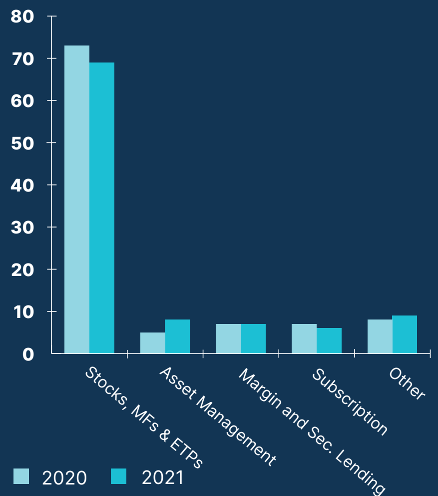
Total clients
Number of end clients ('000)



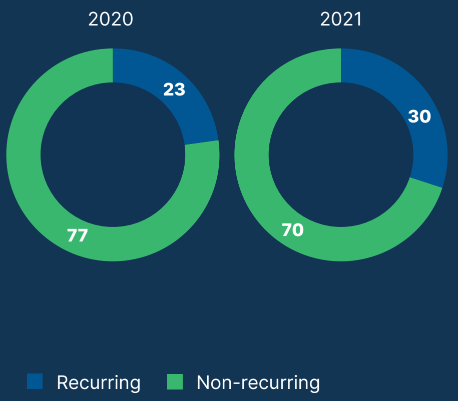
Client assets
DKK billion



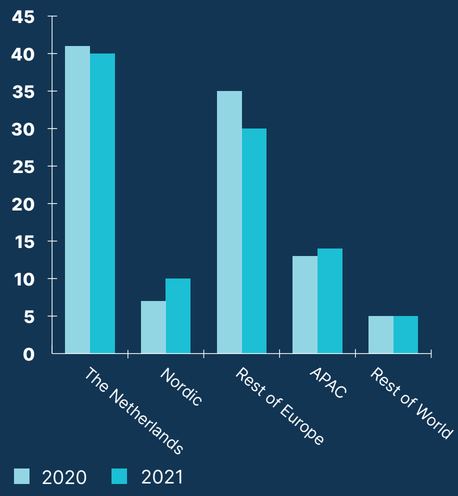
Products and Services
Share of Trading related revenue (%)



Share of Trading related revenue
Percentage (%)



Geography
Share of Trading related revenue (%)



Commercial areas

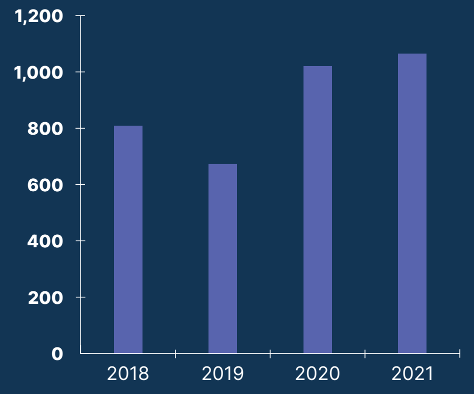
// Institutional

The commercial area saw positive growth in 2021 across Trading related revenue growing 4% to DKK 1,064 million, Total end clients growing 28% to 306,000 and Client assets increasing 40% to DKK 325 billion. New partners were onboarded from the continuously growing pipeline, and existing partners onboarded more end-clients.

The development towards partner end-clients predominantly being in the Investor area continued in 2021, where the share of Trading related revenue from stocks, mutual funds and ETPs rose to 40% compared to 31% in 2020. Independent Asset Managers are the only non-migrated BinckBank clients. These are expected to be migrated to the Group's infrastructure in the beginning of 2022. After this, the Saxo Bank Group will benefit from an improved institutional offering in the Asset Management area, which will also assist in continuing the positive development in the recurring revenue base going forward. The share of recurring revenue grew by four percentage points compared to 2020, ending at 29% in 2021.

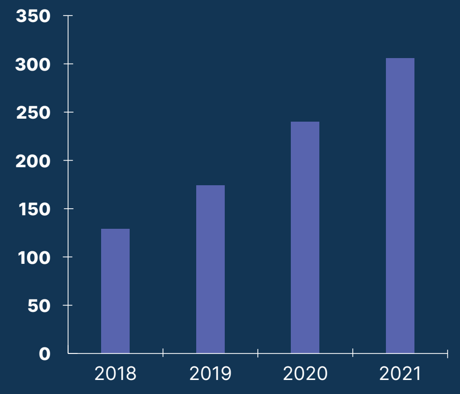
Trading related revenue

DKK million



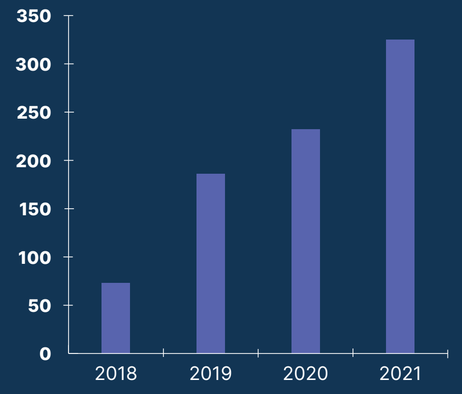
Total clients

Number of end clients ('000)



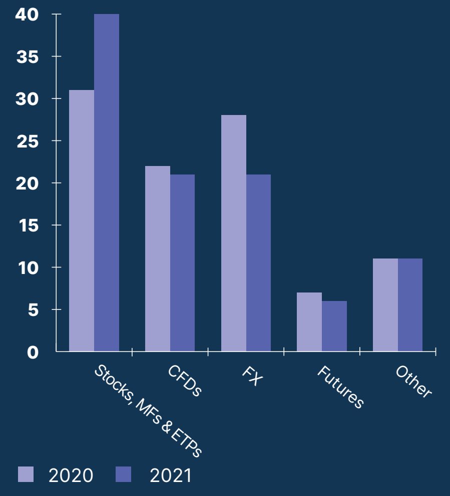
Client assets

DKK billion



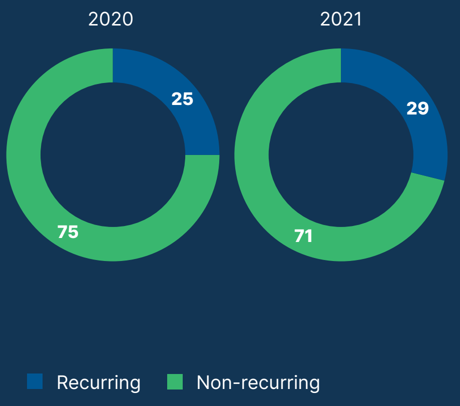
Products and Services

Share of Trading related revenue (%)



Share of Trading related revenue

Percentage (%)



Statement of financial position

The cash inflow from clients' deposits are placed with counterparty banks, in bonds and other interest-bearing assets. Cash in hand and demand deposits with central banks amounted to DKK 32 billion as of 31 December 2021.

Bonds at amortised cost amounted to DKK 31 billion as of 31 December 2021, compared to DKK 3 billion at 31 December 2020. The bond portfolio measured at fair value amounting to DKK 26 billion as of 30 June 2021, was reclassified from Financial assets at fair value to Bonds at amortised cost with effect from 1 July 2021. The Saxo Bank Group has implemented a new Group interest rate strategy which entails changes to the business model for managing the bond portfolio, which has been reclassified due to these changes. Consequently, Financial assets at fair value was DKK 10 billion as of 31 December 2021 compared to DKK 31 billion at 31 December 2020. Interest income, interest expense and price and exchange rate adjustments are impacted by the change in recognition of Bonds at amortised cost.

Loans and other receivables at amortised cost were DKK 5.5 billion as of 31 December 2021, compared to DKK 4.8 billion as of 31 December 2020, an 14% increase.

Saxo Bank A/S has converted loan notes of EUR 15 million to share capital in the joint venture Saxo Geely Tech Holding A/S which affected Investments in joint ventures. Fair value adjustments of the loan note impacted the net profit by DKK 18 million, recognised in the result from joint ventures. The Saxo Bank Group is continuously building its presence in the Chinese market as part of executing its long-term mainland China strategy.

Total shareholders' equity decreased by 3% to DKK 6.7 billion as of 31 December 2021, compared to DKK 6.9 billion as of 31 December 2020. Total shareholders' equity was affected by the result for the year of DKK 755 million and declared dividend of DKK 1,007 million for 2020 and the first six months of 2021.

The Board of Directors propose a dividend of DKK 6.65 per share to be declared at the Annual General Meeting on 14 March 2022. The total proposed dividend for 2021 amounts to DKK 500 million.

Capital & liquidity

Saxo Bank A/S and the Saxo Bank Group are required to meet the capital requirements set out in the capital requirement regulation (CRR) as well as in the capital requirement directive (CRD), which has been implemented into national regulation in Denmark.

The ICAAP Report 2021 provides additional information regarding Saxo Bank A/S' and the Saxo Bank Group's total capital (own funds), risk exposure amounts and capital requirements (own funds requirement). The report is available at www.home.saxo/about-us/icaap-and-risk-reports.

As of 31 December 2021, the Saxo Bank Group continued to have a strong capital position with a comfortable buffer in line with regulatory requirements. An overview of the regulatory capital figures as of 31 December 2021 is presented below.

Total capital

DKK million	2021		2020	
Common equity tier 1 capital (CET1)	3,994	22.4%	3,934	25.1%
Total tier 1 capital	4,442	25.0%	4,382	27.9%
Total capital	5,182	29.1%	5,122	32.6%

As of 31 December 2021, the Saxo Bank Group's Internal Capital Adequacy Assessment Process (ICAAP) resulted in a capital requirement of 12.5% of the risk exposure amount, equivalent to DKK 2.2 billion. As such the CET1 buffer was DKK 2.3 billion, equivalent to 12.9% of the risk exposure amount.

The total capital buffer is defined as the difference between total capital and the ICAAP capital requirement, measured as a percentage of risk exposure amounts.

Capital buffer

Percentage (%)	2021	2020
Total capital buffer	14.0	16.4

The total risk exposure of the Saxo Bank Group was DKK 17.8 billion as of 31 December 2021.

Liquidity

As of 31 December 2021, the Saxo Bank Group had a LCR ratio of 252.7% and a Net Stable Funding Ratio (NSFR) of 258.6%, thereby meeting the regulatory minimum requirement as well as the internal Board-approved requirement (ILAAP) by a safe margin. The LCR and NSFR for Saxo Bank A/S were 194.0% and 136.6%, respectively.

The unaudited Risk Report 2021 and the ICAAP Q4 2021 Report provide additional information on Saxo Bank A/S' and the Saxo Bank Group's Total capital (including regulatory capital disclosures), risk exposure amounts and capital requirements. The unaudited Risk Report 2021 also provides additional information on the liquidity, liquidity requirements and the ILAAP of the Saxo Bank Group. The report is available at www.home.saxo/about-us/icaap-and-risk-reports.

The Supervisory Diamond

The Danish FSA applies four specific risk indicators and threshold values for Danish banks, known as Supervisory Diamond.

The liquidity measure in the Supervisory Diamond uses LCR (Liquidity Coverage Ratio) with a three-month, forward-looking approach, as opposed to the 30-day outflow period in the LCR key figure.

Supervisory diamond

Percentage (%)	Limit value	2021	2020
Sum of large exposures	<175%	27.3%	20.2%
Lending growth	<20%	-2.1%	247.9%
Property exposure	<25%	41.9%	50.1%
Liquidity requirement ratio	>100%	175.0%	173.9%

Property exposure was 41.9% in Saxo Bank A/S as of 31 December 2021, primarily due to the refinancing of a mortgage loan in Saxo Bank's domicile property by a loan from Saxo Bank A/S to the subsidiary Ejendomsselskabet Bygning 119 A/S, amounting to DKK 250 million as of 31 December 2021. As collateral, Saxo Bank A/S has a mortgage deed in the domicile property. Total loans and receivables in Saxo Bank A/S amounted to DKK 298 million as of 31 December 2021.

As of 31 December 2021, Saxo Bank A/S did not comply with the property exposure measure. Consequently, the Danish FSA has been informed that Saxo Bank exceeded the supervisory diamond's limit value.

Taxonomy disclosure

As holder of banking license within the European Union, the Saxo Bank Group is required to report under the taxonomy disclosure.

As such in 2021, 0% of Saxo Bank's total assets were exposed to taxonomy eligible activities, while 100% of total assets were exposed to taxonomy non-eligible economic activities. The proportion of Saxo Bank's total assets of undertakings not subject to NFRD disclosure was 74.8%; the proportion of sovereigns was 21.0%, central bank exposures 35.2%, on demand interbank loans 7.1% and trading book 11.5%.

Events after the reporting date

A draft bill for increase of the corporate tax rate for the financial sector in Denmark has been published for consultation in February 2022. Consultation deadline is 1 March 2022 and if enacted, the corporate tax rate in Denmark will increase from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards.

No other events which materially affect the assessment of the Annual Report 2021 have taken place after the reporting date.

Financial outlook 2022

The Saxo Bank Group operates in global financial markets, and our Trading related income in particular is subject to stock and currency market volatility and fluctuating interest rates.

However, with an increasing share of investor clients, as well as a continued focus on structuring the revenue build-up toward more recurring revenue, we have seen underlying generation of revenue stabilise, a trend that will continue with the rollout of the new Asset Management, Margin- and Securities lending offerings. Nonetheless, the impact of volatility, rising inflation, changes to central bank statements on financial markets in 2022 remains highly uncertain, which will impact the level of revenue achieved, though at this point, we foresee stable growth compared to 2021.

As we move to the next phase of the strategy, we seek to ensure that the level of investment flattens out at its current level and that operating costs stabilise in 2022 as well. As a result, the Saxo Bank Group expects to end 2022 with a Net profit in the range of DKK 600-800 million.

Key events of the year 2021

January

The launch of SaxoLite, developed by Saxo FinTech, for Mainland Chinese clients, including eIPOs, Stock Connect, global ETFs

February

The launch of SaxoInvestor platform, including margin lending and eIPOs, in Hong Kong

The launch of internal-equity and equity-option trading tripled the monthly account openings at the Tokyo office in 2021

Achievement of a new milestone in client assets: DKK 500 billion

March

The most successful first quarter in Saxo's history with close to 100,000 new clients

The execution of a legal merger of Saxo Banque France SAS and BinckBank France

Kari Stadigh is appointed new chairman of the Saxo Bank Group

April

Welcoming of BinckBank's Dutch clients active in equities and ETFs to the Saxo Platform

May

The launch of the Crypto FX product on Bitcoin, Ethereum and Litecoin

The welcoming of BinckBank's Belgium clients active in equities and ETFs to the Saxo Platform

Saxo Bank becomes the first bank in the world to earn the Cloud Security Alliance STAR Level 2 Attestation and Trusted Cloud Provider accreditation

June

The signing of a partnership agreement with nine SDC member banks in Denmark, bringing the total to 14 partners

The achievement of client assets of DKK 595 billion with net new funding above DKK 50 billion for H1 2021

September

Celebration of the 20th anniversary of Saxo's first white label partnership with Portugal's Banco Carregosa

The welcoming of BinckBank's Dutch and Belgian clients active in futures and options to the Saxo Platform, representing 43% of BinckBank's total 2020 revenue

October

Mette Ingeman Pedersen is appointed Group Chief Financial Officer and joins the Board of Management and Executive Team

Crypto volumes exceed DKK 15 billion

November

The welcoming of the final batch of retail clients from BinckBank to Saxo Bank, with the migration of BinckBank's Asset Management clients, a key milestone

The launch of 'Money Matters – Make Your Impact' to explain our purpose and why we matter

December

The launch of bundled pricing and subscription plans in Singapore, as the first broker to do so in that market

Client Experience
Greater China
Foundation & Strategy
BinckBank migration

The Saxo Bank Foundation

Saxo Bank exists to democratise trading and investment. While it is our business to facilitate access to global capital markets for traders, investors and partners, it is our ethical duty to educate and empower every human being who wants to navigate their own financial destiny. Making sense of financial markets is too important to be a privilege that belongs exclusively to individuals or institutions with specific financial expertise. We believe that every human being deserves to be enlightened while given the opportunity to act. This is why it has been our quest to level the playing field and create equal opportunities from the day we were founded – and it will always be core to our DNA.

Our company was founded in 1992 on a vision to transform an industry dominated by opaque prices and constrained service. From the virtue of pursuing win-win relationships with our clients and partners, we revolutionised the foreign exchange trading industry – decreasing costs while increasing accessibility and transparency.

What started as an idea inside the mind of an entrepreneur is today a global multi-asset trading and investment company operating in financial centers around the world with clients throughout the global trading and investment community. We have built an unrivalled platform that provides real-time access to capital markets, enabling tailor-made trading and investment strategies, while allowing individuals to analyse and risk manage their wealth with the tools of professionals.

At Saxo Bank our conviction is that every great relationship is based on win-win. Whether with clients, partners or employees, we only win when they win. In the end, the value of money and accomplishments depends on how they are earned – and we do not compromise long-term progress for short term success.

By leveraging the accelerating opportunities of technology, we continuously aim to improve the experience of navigating financial markets. By leveraging our independence, we continuously partner with the world's leading experts and banks to deliver best-in-class opportunities, insights and education. We will always invest in tomorrow as much as we invest in today to remain at the forefront of technology and finance, never to become extinct.

Whether it is when navigating financial markets or in everyday life - at Saxo Bank we aim to empower all human beings to act and evolve without constraint. You can be as different as you want – but never indifferent. We don't expect anyone to be perfect, but we do expect everyone to always take their point of departure in our seven virtues. We believe the most proven path to a successful career and a meaningful life starts and ends exactly there – every day, every relation, every trade and every investment.

At Saxo Bank we pursue Rationality as a guiding principle in all decision-making. Only when enlightened with rational knowledge and skills can a human be truly free and independent. And only when Independence prevails, intellectually and physically, can we develop an Integrity that ensures as little distance as possible between our commitments and our actions. And because we believe that every win-win relationship starts and ends with Honesty, we will always go with the truth, however consuming or unpleasant it might be. Honesty creates transparency which fosters Justice for those who deserve to be celebrated and for those who need to be guided. Since we do not believe in entitlement, what matters is not our past but our Productivity in democratising trading and investment. And when we grow while breathing through the virtues of Rationality, Independence, Integrity, Honesty, Justice and Productivity, we will carry ourselves with Pride.

Saxo Bank will always aspire to keep every trade and investment as transparent, seamless and cost-efficient as possible. Everywhere, all the time. Change is the only constant in our relentless pursuit to continuously improve the Saxo Experience. The better we become at democratising trading and investment, the better we become at creating conditions for win-win relationships with our clients, partners, employees and owners.

Sustainability

As a company, we do not exist in a vacuum. That is why playing an active role in society is key to how we act as a company. We believe that investing can help change peoples' lives and, not least, the wider world. We can make an impact as a company – and it is our vision to enable our clients to make their desired impact.

Sustainability and ESG factors are integral to our strategy and deeply embedded in our purpose.

We group our efforts into three categories: sustainable company, sustainable investing, and sustainable society.

Sustainable company

Environment and Climate

At the corporate level, we are committed to reducing our impact on the environment and climate.

We leverage technology to cool our buildings and servers using sea water. Since 2019, we have done away with the use of plastic bottles, cups, cutlery, etc., and replaced these with glass bottles and pottery instead. Furthermore, we have initiated a number of measures in the canteens at our major locations aimed at significantly reducing food waste and our carbon footprint. These initiatives are driven in cooperation with suppliers and partners.

Diversity and Inclusion

Across the organisation, the Saxo Bank Group encourages and aims for diversity and inclusion on all fronts, aspiring to do even better across the hiring process, graduate programmes and other internal operations. The Saxo Bank Group employees represent more than 65 different nationalities, as we acknowledge that employee diversity entails crucial commercial benefits, such as infusing different perspectives and ideas into our business decisions, enhancing innovation and strengthening internal collaboration.

The Board of Directors has adopted a Diversity Policy to promote gender diversity at all levels of the Saxo Bank Group. We aim to increase the number of women in the workforce overall, as well as in senior management positions and on the Board of Directors.

In 2021, we welcomed two new female members to the Executive Team, thus increasing the share of women in executive management from 0% to 22.2%. In 2022, Brit Kannegaard Johannessen will become the new Chief Human Resources Officer, bringing the total proportion of women in the Executive Team to 33.3%. In 2021, the Board of Directors set a target of having 30% women members on the Board of Directors by 2024. To achieve this target, the Board of Directors will strengthen its efforts and reassess its composition during 2022. Our target for woman in senior

leadership positions remains at 30%, whereas it was 17.5% (senior management team) at the end of 2021. For general leadership positions within the Saxo Bank Group, the proportion of woman was 17,6% in 2021.

In late 2020, we launched a Diversity Initiative, aimed at further improving the gender composition of our workforce as well as amongst our clients.

The three groups coordinate their efforts to promote equality and break down barriers for clients and employees at the Group:

- the Saxo Career objective is to identify and remove gender bias internally, across hiring, promotion, leadership, and overall corporate culture
- the Saxo WIN objective is to enable more women to fulfil their financial aspirations
- the Saxo Community objective is to build communities and facilitate knowledge sharing amongst Saxonians, men and women alike

Employee engagement

Employee engagement is a constant focus of the Saxo Bank Group leadership, as it is critical for the well-being of all employees and for how Saxo delivers on its strategy and further develops the business. We have a comprehensive policy on employee matters built on fairness, transparency and employee well-being.

The annual Employee Engagement Survey (EES) is used by the Executive Team, managers, employees and Group HR to identify our strengths as a company as well as areas of improvement and development, thereby enabling us to act, change and create a better working environment to become an even higher performing and stronger organisation.

In 2021, more than 90% of our employees participated in our annual EES. Overall, the feedback from employees has shown a positive trend in many important areas like Overall Engagement, Client Centricity and Innovation.

The global pandemic has challenged all offices, not least our Indian office where we sadly lost employees to COVID-19. In 2021, we have stepped up our mental health and stress reduction initiatives, psychological first aid, buying and transporting oxygen and many other supportive initiatives.

We use the HiPO Index (High Performance Organisation) as an overall indicator of how the organisation is developing. Since we started working with Kantar on our EES, we have seen continuous improvement. In 2021, the HiPO Index was 76 compared to 74 in 2020.

In our Strategy and Execution Plan for 2024, we have aspirations of a HiPO index exceeding 80.

Our Working Culture Policy was developed after reviewing employees' experiences during the pandemic, to ensure we have all the right information that will enable us to draft a sustainable, long-term setup.



Finalised in August 2021, the policy aims to clarify expectations, define the Group's overall ambition, while continuing to provide and accommodate the flexibility our colleagues expect – just as we expect flexibility in return – thereby creating a win-win situation. Specifically, this means that in the Saxo Bank Group:

- we believe in the benefits of engaging with colleagues face-to-face, (although with proper social distancing during pandemics such as COVID-19), to discuss and share ideas
- we believe in providing an energising and inspiring working environment in our offices around the world by paying attention to and investing in the physical workspace
- we believe our employees should benefit from working at the office, in a dynamic culture with a shared foundation to create the best possible communication and collaboration and to work together to ensure the execution of our strategy and priorities
- we believe in providing flexibility in terms of where we conduct our work and where it makes sense with respect to the above, depending on function, role type and location

In line with the Saxo Bank Group's work culture and diversity efforts, we comply with collective agreements and respect human rights across our offices and we are committed to achieving a work environment founded on equality and diversity. We consider the primary risk affecting human rights is discrimination, which is why we have adopted a zero-tolerance policy concerning any form of discrimination of employees or anyone involved in the Group's activities. Managing risk in this regard is crucial for attracting talent in all geographical locations and safeguarding the corporate brand and reputation. Discrimination includes unequal treatment based on race, gender, age, disability, sexual orientation, religion, ethnicity, political orientation, or simply compromising the principle of equality.

To reiterate the zero-tolerance policy, in 2021, we have stepped up communication on how harassment has been dealt with in the past, reiterated the importance of the Code of Conduct, and heightened an awareness of our whistleblowing set-up. We are introducing additional measures to eliminate discrimination (e.g., unconscious biases) at the hiring stage embedded in the hiring process.

We have an established a whistleblowing channel for employees and other stakeholders to speak up if they become aware of misconduct. All employees are encouraged to report concerns of misconduct or behaviour that is likely to harm employees, customers, business partners or the reputation or financial well-being of the Saxo Bank Group.

We have two employee representative committees: the Health, Safety & Environment Committee and the Liaison Committee. Both committees are made up of members from various departments and meet on a regular basis. The Health, Safety & Environment Committee strives to continuously improve both the physical and psychological working environment in the company and supports employees by escalating relevant issues that are detrimental to the health and safety of the workplace.

Safeguarding our clients

The Saxo Bank Group is strongly and continuously committed to providing safe and secure digital solutions. As a facilitator of access to global capital markets for traders, investors, and partners worldwide, we are exposed to cyber security risks and the risk of being used as a tool for money laundering, terrorism financing and transactions imposed with sanctions. Failure to manage such risks could lead to legal prosecutions and fines which would adversely impact our reputation.

In recent years, we have invested wisely in security and the prevention of financial crime, and the Board of Directors have adopted group-wide policies, including risk appetite statements, which outline clear limits for operations such as client and transaction acceptance. These policies are available to all employees and are integrated in relevant written procedures and processes. The policy framework is promoted via managers as mandatory reading and annual mandatory training sessions.

In 2021, the security and financial crime units were combined into one department under the remit of the COO. The new department has the overall mission of protecting clients and the Group from cyber-attacks, data breaches, financial crime and fraud events. The new department is responsible for ensuring that the Group takes a holistic, client-centric view of risk and controls, while driving tactical and strategic prevention across the value chain. The department will also ensure that the Group has a single pane of glass for rapid detecting and response to cyber-attacks, data breaches, financial crime and fraud events.

We continuously strive towards a fair, ethical and lawful collection, use and processing of our clients' personal data. Moreover, want to ensure a high level of data protection as privacy is essential to us for being worthy of our clients' trust, providing best-in-class digital services and ensuring our business going forward.

During 2021, we continued to improve and take necessary steps to enhance data protection compliance within our organisation, including the assignment of responsibilities, heightening awareness, and providing data-protection training of staff involved in processing operations and specifying technical and organisational measures, all for the purpose of ensuring a high level of data protection.

In addition, the Saxo Bank Group's senior management has initiated a project to define and establish a data ethics policy and its implementation principles based on combining policies and procedures already implemented in the Saxo Bank Group's organisational areas dealing with and processing data. The project tasks will include a strategy and principles for sustainable and responsible use of data throughout the organisation, and the project is expected to be completed in 2022.

Anti-bribery and corruption

The Saxo Bank Group has a zero-tolerance policy for bribery and corruption and full transparency for receiving or giving inducements. The Board of Directors has adopted an Anti-Bribery and

Corruption Policy to this effect, which also includes a general ban on giving any inducements to government officials.

All relevant staff regularly perform documented ABC training. In 2021, 88.5% of all employees completed the course. If employees have concerns about the conduct of individuals, they are strongly encouraged to report this, if necessary, through the Group's whistleblowing set-up.

Tax contribution
The Saxo Bank Group considers taxes and other duties as constituting an important part of our social contribution in the countries in which we do business. Corporate tax is only a limited part of the overall tax contribution. A large part is made up of direct and indirect taxes, such as real estate tax, payroll tax, non-recoverable VAT and social contribution from employees. In addition to the overall tax contribution, the Saxo Bank Group contributed indirectly through purchases of services, goods, etc., from vendors, which in turn pay taxes through their employees, purchases and direct and indirect taxes, etc.

We do business responsibly, meeting the expectations for a good corporate citizen. This means paying taxes on profits according to where the value is created and in accordance with local tax legislation. It also means that we have a balanced tax-risk profile and that we do not engage in any tax-avoidance activities.

The Saxo Bank Group aims to ensure a good local tax reputation by being transparent and cooperative with the tax authorities in each country we do business in regarding our tax positions filed.

We are subject to Danish CFC taxation which means that positive income in subsidiaries engaged in financial activities is included in the taxable income of Saxo Bank in Denmark. The income of the subsidiary is subject to Danish corporate tax with a tax credit granted for foreign tax paid by the subsidiary. The Danish CFC tax regimen also removes the incentive for tax planning.

Sustainable investment

By combining traditional investment approaches with environmental, social and governance (ESG) insights, more and more investors are taking a sustainable approach in pursuit of their financial aspirations.

With increased interest from investors, heightened regulatory scrutiny and in response to demands and developments, we have strengthened our ESG offering in recent years and will continue to do so in the years ahead.

Through our comprehensive offering of sustainable products ranging from ESG-friendly stocks, highly-rated sustainable mutual funds and ETFs and our own ESG integrated portfolios as part of our asset management offering (SaxoSelect and SaxoWealthcare), we empower our clients to make sustainable investments. To make it easier for clients to identify and compare sustainable products and thus make better informed decisions, we have added ESG ratings tools to the platform. With SaxoWealthCare, we have partnered with BlackRock and Amundi to deliver single A-rated ESG portfolios to our clients. For clients seeking an even stronger ESG profile to their investments, we offer an AA-rated ESG portfolio. In 2022, we plan to add to the offering by incorporating additional innovative ESG products into the platform.

SaxoSelect and Saxo Wealthcare ESG-considered portfolios do not have sustainable investments as their core objective. However, they strive to contribute to the positive development of the society, promoting environmental as well as social factors and taking into consideration good governance practices of the companies selected into these portfolios, thereby adhering to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

Besides providing clients with ESG products for them to invest in, we also want to help our clients align their values with their investments by helping them understand ESG, its societal and environmental benefits, and the benefits for the clients themselves. This is done by featuring ESG themes on the platform, which also has articles that go into more detail about specific ESG subjects.

In 2021, for the first time we provided our clients with themes covering not only highly rated ESG stocks but also stocks that are highly rated in parameters specifically in terms of environmental, social or governance considerations. This enables our

Total tax contribution made by the Saxo Bank Group

	Denmark			Other countries			Total		
DKK million	2021	2020	2019	2021	2020	2019	2021	2020	2019
Corporate taxes including CFC taxes	37	43	6	254	255	69	291	298	75
Payroll taxes	334	285	292	181	179	105	515	464	397
Social taxes	2	2	1	87	70	73	89	72	74
Financial Services Employer taxes	125	111	111	-	-	0	125	111	111
Property taxes	4	4	4	3	3	2	7	7	6
Value added taxes	128	112	116	81	73	35	209	185	151
Taxes on dividends	5	-	-	-	-	-	5	-	-
Other taxes	-	-	0	22	21	21	22	21	21
Total taxes	**635**	**558**	**530**	**628**	**601**	**306**	**1,263**	**1,158**	**836**

clients to include these specific considerations in their investment portfolios and better align their investment with their values. We are committed to continuously developing our product range in sustainable investments and making it easier for our clients to invest sustainably.

Sustainable society

As more investors entered the capital markets than ever before in 2021, we are also seeing that the financial system, capital markets, and financial institutions remain shrouded in mystery for some, and misunderstood by many others.

We obviously need to challenge and change them to highlight the importance of our purpose and role in society.

Launched in 2021, *Money Matters – Make Your Impact* is a thought leadership initiative where we aim to inspire people to discuss, reflect on and rethink the concept of money, the financial system and investing as a means to making an impact. Consisting of five animated films exploring different themes in investing, the initiative speaks directly to the Group's purpose and efforts in articulating why we matter in the world and to our clients.

By highlighting the importance of a strong and transparent financial system, supporting win–win transactions, we want to show how investment is indeed the most efficient way for people, businesses, and society to fulfil financial aspirations and make an impact.

We invite you to watch the films here:
Money Matters (Danish)
www.home.saxo/da-dk/campaigns/money-matters
Money Matters (English)
www.home.saxo/en-mena/campaigns/money-matters

We will always be part of the solution. We always want to put a smile on our client's face, knowing that we have kept our promise: taking it to the next level together as one company and delivering something better and unique to all clients in the Saxo Bank Group, enabling them to fulfil their financial aspirations and make an impact.

Local CSR efforts in Singapore and India

SaxoCares is a locally driven project started in 2020 by the Saxo Singapore office that champions 'care for our people, our business, our community, and our environment'. In 2021, the project continued to engage employees to support the underprivileged in Singapore by sponsoring Christmas presents for the elderly at the St John's Home for Elderly Persons.

The India office has always been committed to supporting local communities. In 2021, the initiatives carried out by the India office include:

- donation of tablets to students at a school for the visually impaired, so they can continue learning online during the pandemic
- sponsoring the school fees of needy students of the National Blind Association
- donating to Clean India Mission, an initiative by the Indian government to improve solid waste management
- organising RTPCR: a COVID testing drive at the office campus

Our business risks

The Saxo Bank Group is exposed to various risks that are actively monitored as applicable based on the underlying exposure. We strive to manage and mitigate those risks that it has influence upon to ensure that risks are within the Saxo Bank Group's risk appetite.

In addition, the Group may be subject to external events beyond its control, e.g., acts of terrorism, political intervention, changes in technology or other rare and unpredictable exogenous events. We strive to be observant and responsive to changes in the external environment.

The risk factors which could adversely affect the Saxo Bank Group's future growth, activities, financial position, and results are described below. This may not be an exhaustive description, however.

COVID-19 continues to impact the world and the societies we operate in. The pandemic has not had any negative impact on our business model, operational stability, or ability to service our clients or execute our strategy. As part of our risk management, we carefully assess any potential risks from COVID-19 which, given our current policies, geographical footprint and digital business model, remain low.

Further information on the risk management framework can be found in the Risk Report 2021 at www.home.saxo/about-us/icaap-and-risk-reports.

Credit risk

Credit risk impacts the Saxo Bank Group's financial counterparts as market liquidity providers. These brokers are generally major international banks. In addition, the Group is also exposed to credit risk when placing its surplus liquidity with other major banks or investing in investment grade bonds.

Our clients' margin trading exposures may also lead to uncollateralised exposures in the event of an unexpected wide price gap in one or several markets. In these instances, the collateral posted by clients may not fully offset sustained trading deficits, which may lead to losses if the Saxo Bank Group is unable to collect the amounts due. To mitigate these risks, the Group has several mitigants in place, e.g., a real-time risk management system which can intervene and liquidate positions in case of an adverse market movement.

Market risk

The Saxo Bank Group is a market facilitator and has no proprietary position-taking. The Saxo Bank Group's client-based trading flow is executed and hedged automatically.

To mitigate the intermediate market risk, however, some limited and mostly temporary risks can arise from client Trading related to the optimisation of the Group's hedging of these trades.

The Saxo Bank Group encounters market risks from the investment of client funds deposited in Saxo Bank. This Liquidity Buffer portfolio is primarily invested conservatively in central banks, short-term government bonds or prime-rated covered bonds.

Market risk exposures are closely monitored on an intraday basis.

Liquidity and funding risk

The Saxo Bank Group encounters liquidity risk mainly when facilitating clients' trading activities. Liquidity risk is the risk of the Group not being able to fulfil its payment obligations as they fall due, the risk that the cost of funding will rise to disproportionate levels or the risk that the Saxo Bank Group does not comply with regulatory liquidity requirements.

Liquidity management in the Saxo Bank Group covers short-term (including intraday) liquidity management as well as long-term funding management. In order to mitigate liquidity risk, the Group monitors its liquidity position closely according to the defined Risk Appetite minimum levels of required liquidity.

The Saxo Bank Group has a very strong liquidity and funding position.

Operational risk

Operational risk is characterised as the risk of loss due to inappropriate, inadequate or failed internal processes, people or system errors, or loss due to external events.

Business and IT infrastructure disruption
The 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. Consequently, a system outage could have a financial and reputational impact on the Saxo Bank Group.

To control and mitigate this risk, the Saxo Bank Group has redundant data centres, business-continuity plans and insurance programmes in place that are regularly reviewed, challenged and tested to ensure continuing effectiveness and relevance.

Compliance risk
As the Saxo Bank Group is operating under regulated licenses, it is exposed to compliance risks. To mitigate these compliance risks, we promote a strong compliance culture where compliance risks are identified and monitored on an ongoing basis.

Cyber-attack risk
Cyber-attacks on financial institutions are becoming increasingly sophisticated and targeted. These emerging threats could harm the Saxo Bank Group and our clients, which might affect the Group financially or harm its reputation.

The Saxo Bank Group protects its infrastructure with policies and procedures as well as mitigations using technical controls for these emerging threats. Furthermore, the Group monitors the evolution of cyber-attacks, ensuring that effective and adaptive defences are in place at all times.

Third-party service providers

The Saxo Bank Group relies on service providers to perform certain functions. These service providers also face technology and operational risks, and any significant failures by them could cause the Group to incur losses and harm the Group's reputation.

Risks arising from critical outsourcing arrangements are identified, assessed and monitored regularly to ensure that the risk exposure is within the Saxo Bank Group's tolerance limits.

Governance

Annual general meeting

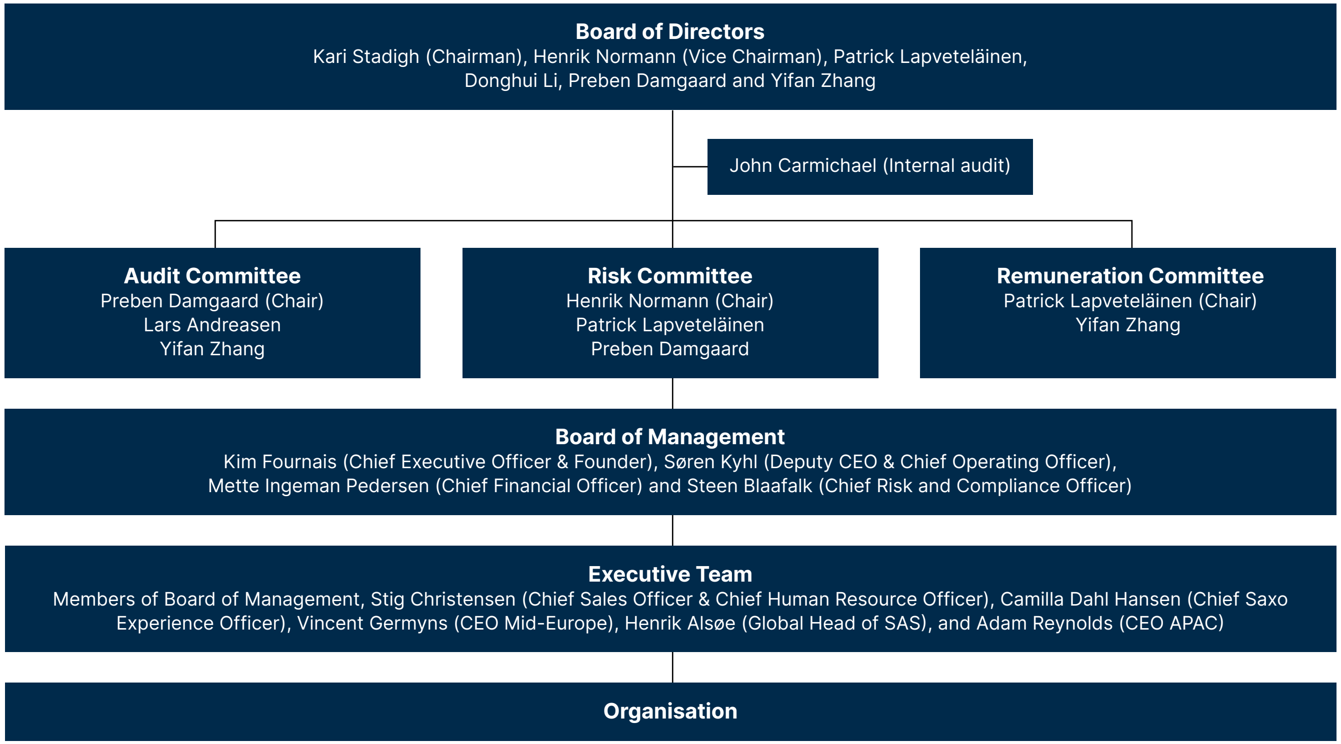
The shareholders of Saxo Bank A/S have the ultimate authority over the company and exercise their right to make decisions at general meetings. At annual general meetings, shareholders approve the annual report and any amendments proposed to the company's Articles of Association. Shareholders also elect board members and the independent auditor. Saxo Bank's annual general meeting is held in Copenhagen before the end of April of each year.

Changes to the Board of Directors and Board of Management

At the Annual General meeting in March 2021, Yi Ian Zhang retired from the Board of Directors. Kari Stadigh and Yifan Zhang were elected to the Board of Directors. Kari Stadigh was elected chairman of the board.

On 11 October 2021, Mette Ingeman Pedersen became the Group's Chief Financial Officer and joined the Board of Management.

Governance Framework



Board of Directors

Saxo Bank A/S' Board of Directors is made up of six members elected by the general meeting. The members of the Board of Directors are elected for a one year term and are eligible for re-election. At the annual general meeting held on 11 March 2021, the shareholders elected a new chairman of the Board and an additional member to the Board, increasing the total number of board members from five to six.

The composition of the Board of Directors aims to ensure the stable and strong development of Saxo Bank for the benefit of its clients, employees, and shareholders. Each member of the board must possess sufficient knowledge, skills, and experience to perform his/her duties and act with honesty, integrity and independence of mind. Finally, all board members must set aside sufficient time to perform their functions for Saxo Bank A/S.

In September 2021, the Board of Directors carried out the annual evaluation of the Board of Directors, including its composition, the work of board committees, its committee structure, and the leadership of the chairman of the board.

All members of the Board of Directors and the Board of Management answered comprehensive questionnaires. The findings and conclusions were subsequently presented to and discussed by the Board of Directors. The aim of the evaluation was to ensure, among other things, that the composition of the Board of Directors as well as the qualifications of each board member enable the Board of Directors to perform its tasks. As the Board of Directors operates as a collegial body, its overall expertise and experience are the sum of the individual board members' qualifications and experience.

The results of the 2021 evaluation were generally positive. Some areas for improvement became apparent from the results, however, and the Board of Directors will work on these in 2022.

Audit Committee

The Audit Committee is made up of three members experienced in auditing, finance and banking. The Audit Committee is responsible for assisting the Board in overseeing the financial reporting process, the effectiveness of the internal audit control and risk management in relation to the financial reporting process and the statutory audit including to evaluate the independence of external audit.

Board Risk Committee

The Board Risk Committee is made up of three members experienced in risk management, banking and the IT industry. The Board Risk Committee is responsible for assisting the Board in overseeing the Group's risk and capital management, including the overall actual and future risk appetite and strategy and the implementation of the strategies for capital and liquidity management as well as for all other relevant risks.

Remuneration Committee

The Remuneration Committee comprises of two members experienced in finance and general management.

The Remuneration Committee is responsible for assisting the Board in overseeing the Remuneration Policy as well as the actual remuneration of board members, board committees and the Board of Management.

Board of Management

The Board of Directors and Board of Management operate under a two-tier management structure wherein powers and responsibilities are distributed between the Board of Directors and the Board of Management. The Board of Directors supervises the work of the Board of Management and is responsible for the overall management and strategic direction, while the Board of Management is in charge of the day-to-day management. The daily management of the business lines in the Saxo Bank Group is carried out by the Executive Team.

Board of Directors

Kari Stadigh – Chairman
Born on 5 December 1955
Country of residence: Switzerland
Nationality: Finnish
Gender: Male
Joined the Board in 2020
Appointed Chairman in 2021

Chairman of the Board of Directors

Competencies:
Executive background as former Group CEO and President of Sampo plc and extensive experience within the banking industry and chairman of a number of boards.

Directorships and other offices:
Metso Outotec (CM)
Nokia Corporation Ovi (VC)
Relais Group Oyj (CM)
Affidea Group SVB (BM)
Alesco SA (CM)

Henrik Normann – Vice Chairman
Born on 26 March 1953
Country of residence: Denmark
Nationality: Danish
Gender: Male
Joined the Board in 2015
Appointed Vice Chairman in 2018

Vice Chairman of the Board of Directors and Chairman of the Board Risk Committee.

Competencies:
Executive background as former CEO of Nordic Investment Bank and chairman of a number of boards, and extensive experience within the banking industry, capital markets, risk management and ESG.

Directorships and other offices:
Fournais Holding A/S (CM)
Esperante Investments S.à.r.l. (VC)
Investeringsforeningen Maj Invest (CM)
Nordsøenheden (CM)
Saga Private Equity ApS (CM)
Syfoglomad Limited (CM)

Patrick Lapveteläinen – Board Member
Born on 28 September 1966
Country of residence: Finland
Nationality: Finnish
Gender: Male
Joined the Board in 2018
Member of the Board Risk Committee and the Remuneration Committee.

Competencies:
Extensive experience in the banking industry and from serving on a number of boards and strong competencies within finance, asset management and risk management.

Directorships and other offices:
Sampo plc (GCIO)
Enento Group Plc. (CM)
Mandatum Holding Ltd. (CM)
Mandatum Asset Management Ltd. (CM)
If P&C Insurance Holding Ltd (BM)
If P&C Insurance Ltd. (BM)
Mandatum Life Insurance Company Limited (CM)

Donghui Li – Board Member
Born on 26 June 1970
Country of residence: China
Nationality: Chinese
Gender: Male
Joined the Board in 2018

Competencies:
Strong executive background as CEO of a global company and chairman of a number of boards. Strong competencies in international finance and general management.

Directorships and other offices:
Geely Holding Group (CEO & BM)
Geely Automotive Holdings Limited (BM)
Geely Financials Denmark A/S (CM)
Genius Auto Finance Co. Limited (CM)
Lotus Group International Limited (CM)
Volvo Car Corporation (BM)
Zhejiang Wisdom Financials Leasing Co., Ltd. (BM)

Preben Damgaard – Board Member
Born on 23 August 1963
Country of residence: Denmark
Nationality: Danish
Gender: Male
Joined the Board in 2018
Member of the Audit Committee and the Board Risk Committee.

Competencies:
Extensive experience in the IT industry and executive experience from high growth companies as well as strong competencies in finance, M&A and ESG.

Directorships and other offices:
Damgaard Company A/S (CEO and BM)
7N A/S (BM)
AO Invest A/S (BM)
Brødrene A. & O. Johansen A/S (BM)
Configit A/S (BM)
Configit Holding A/S (BM)
Damgaard Family Invest ApS (CEO)
Damgaard Family Invest IV ApS (CEO and BM)
Damgaard Group A/S (CEO and BM)
Damgaard Group Holding A/S (CEO and BM)
DGH I ApS (CEO)
Dixa ApS (CM)
Ejendomsselskabet Tesch Alle ApS (CEO)
Fellowmind Holding AB (BM)
Galleri Bo Bjerggaard International ApS (CEO)
Katrine Damgaard Invest ApS (CEO and BM)
Kobaj ApS (BM)
Markus Damgaard Invest ApS (CEO and BM)
Olivia Damgaard Invest ApS (CEO and BM)
OrderYOYO ApS (CM)
PD International Invest ApS (CEO)
Musceteers Holding A/S (CM)
Scalepoint Technologies Denmark A/S (BM)
Scalepoint Technologies Holding A/S (BM)
Nordic Cloud Technologies ApS (BM)
Templafy ApS (CM)
Too Good To Go ApS (CM)
Too Good To Go Holding ApS (CM)

Yifan Zhang – Board Member
Born on: 9 October 1982
Country of residence: China
Nationality: Chinese
Gender: Male
Joined the Board in 2021

Member of the Audit Committee and the Remuneration Committee.

Competencies:
Extensive experience in the financial industry and executive experience in investment banking and commercial banking as well as experience from serving on a number of boards with strong competencies in finance and investment.

Directorships and other offices:
Geely Holding Group (ETM)
Union Property & Casualty Insurance Co., Ltd. (BM)
Saxo Geely Tech Holding A/S (CM)
Saxo Fintech (BM)
Zhejiang Wisdom Financials Leasing Co., Ltd. (BM)
Genius & Guru Investment Group (BM)

Board of Management

Kim Fournais – CEO and Founder
Born on 30 June 1966
Country of residence: Denmark
Nationality: Danish
Gender: Male

Directorships and other offices:
Fournais Holding A/S (CEO & BM)
Vejrø ApS (CM)
Saxo FinTech (BM)

Søren Kyhl – Deputy CEO and Chief Operating Officer
Born on 19 March 1968
Country of residence: Denmark
Nationality: Danish
Gender: Male
Joined Saxo Bank in 2016

Directorships and other offices:
Saxo Fintech (BM)

Mette Ingeman Pedersen – Chief Financial Officer
Born on 4 November 1980
Country of residence: Denmark
Nationality: Danish
Gender: Female
Joined Saxo Bank in 2021

Directorships and other offices:
GirlTalk (Member of Advisory Board)

Steen Blaafalk – Chief Risk and Compliance Officer
Born on 31 May 1961
Country of residence: Denmark
Nationality: Danish
Gender: Male
Joined Saxo Bank in 2014

Directorships and other offices:
Blue Falcon Holding ApS (CEO)
Falcon Future ApS (CEO)
Adept Water Technologies A/S (BM)

Awards

The Saxo Bank Group continued to be recognised for its industry-leading product, price, platform, and services with key award wins in 2021. The awards bagged in 2021 bear testament to the superior offerings and innovative solutions the Saxo Bank Group has to offer for clients and partners around the world.

ForexBrokers.com 2021 ANNUAL REVIEW #1 Platforms & Tools

HFM ASIA SERVICES AWARDS 2021 WINNER Best boutique prime broker - innovation Saxo Markets

2021 AWARDS SAXO BANK BEST RETAIL CFDS BROKER

FINANSWATCH ÅRETS BANK VÆKST 2021

FX-Markets e-FX Awards 2021 Winner
Best prime-of-prime broker
Saxo Bank

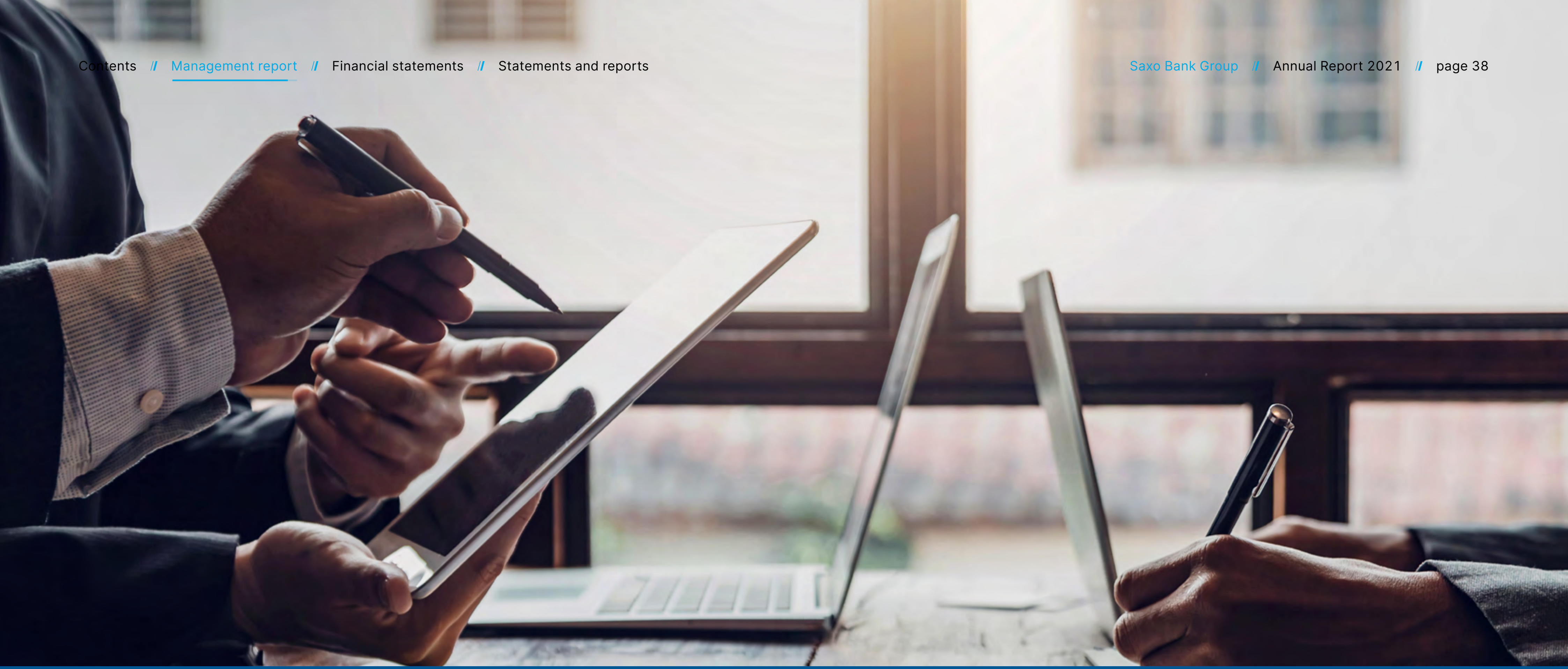
FX-Markets e-FX Awards 2021 Winner
Best retail FX platform
Saxo Bank

DIGFIN

BROKERCHOOSER Best mobile trading platform 2021

BROKERCHOOSER Best forex broker 2021

BROKERCHOOSER Best desktop trading platform 2021



Saxo Institutional

Partnerships will become the next disruptive force in the financial industry

We believe in the power of win-win and partnerships – with society, employees, clients, and other financial institutions. That is why our institutional business has been an integral part of our business model for more than 20 years.
In 2001, Saxo Bank signed our white-label partnership for a bank to use our technology to better service their customers, and we have argued for a long time that partnerships are the future of the financial sector. Today we are trusted by more than 120 banks and brokers and more than 300 financial intermediaries: from established banks to brokers and emerging fintechs.

We believe that partnerships and outsourcing are the solutions for the industry to help deliver relevant solutions to customers – efficiently and flexibly. We need to focus our efforts on our core areas of expertise, while entering into partnerships that support the technology underpinning the rest of the value chain.

We provide clients with solutions that help them access and innovate across global capital markets. Our partners benefit from best-in-class multi-asset execution and post-trade processes from a single margin account, with integrated back-office and regulatory services.

The opportunities in unlocking the power of open banking and partnership are vast. In this report we are proud to present a few of our institutional clients and why they have partnered with us to bring even better products and services to their clients.

Institutional client in focus

Our partnership with Banca Generali

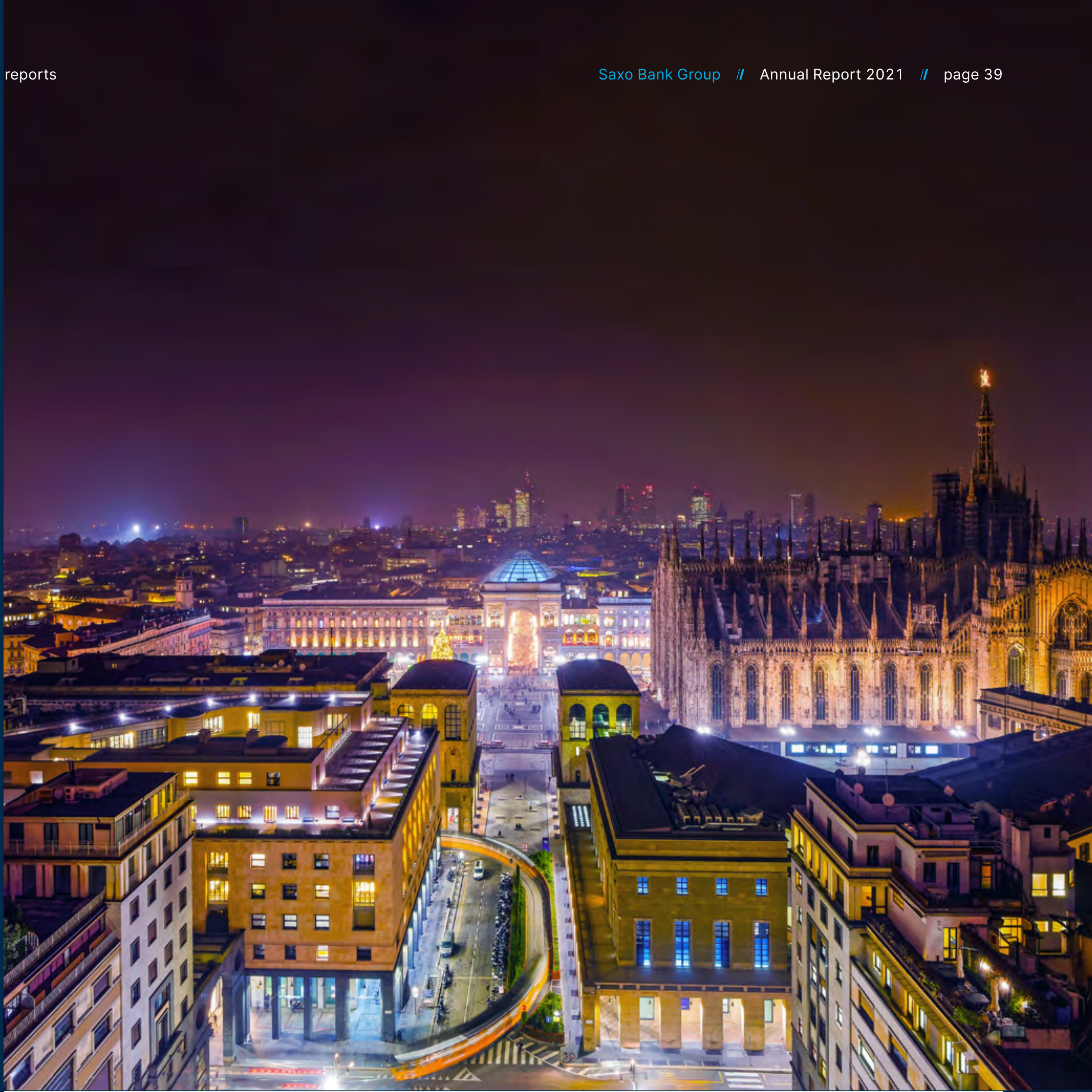
The partnership with the Saxo Bank Group enables Banca Generali to offer the best-of-breed online trading and digital services to Italian clients looking to trade and invest autonomously, as well as to their existing private clients through financial advisors.

The Saxo Bank Group and Banca Generali signed a joint venture agreement which has created the brokerage firm BG SAXO. BG SAXO was born out of the partnership between Banca Generali and Saxo Bank to offer a trading service that is characterised by the breadth of available solutions, security and quality of the trading platforms.

Challenge: find a leading provider with an open architecture in terms of technology, innovation, and service.
To determine how to digitise their services, Banca Generali considered three options: build their own system; buy in external services; or form a partnership with a leading fintech specialist. The bank decided that the JV partnership with Saxo Bank was the most effective and efficient route for Banca Generali to achieve its digitisation ambitions.

Solution: providing clients (B2C) and financial advisors (B2B2C model) with direct market access to financial instruments in a compliant and transparent manner.

Through the Banca Generali and Saxo Joint Venture (JV), more than 27,000 clients can now trade more than 35,000 financial instruments across asset classes, as well as benefit from complete automation and transparency from the trade execution process all the way though to post-trade processing.



Industry: Banking. Company size: 2,800 employees and financial advisors. Headquarter: Milan.

Institutional client in focus

Our partnership with Mandatum Life

Mandatum Life is one of Finland's most respected financial services providers, offering wealth management, investment, savings and personal risk insurance, as well as incentive and reward solutions through various insurance contracts. Mandatum Life has an estimated 300,000 private and 20,000 corporate customers.

As part of its digital strategy, Mandatum Life decided to expand its offering to include online trading services targeted at mass affluent, high net worth individuals and family offices, along with the retail market.

Challenge: find a leading provider with an open architecture in terms of technology, innovation and service.
The decision to launch online trading services was made to attract new customers and move closer towards their financial cashflow, increase the share of wallet that Mandatum Life had with existing and new customers and build a new digital business for Mandatum Life.

Solution: three branded platforms tailored to meet the needs of different client segments and local compliance.

For Mandatum Life's online trading service, the decision was made to offer three trading applications suited for different client profiles, based on our existing offering: Mandatum ONE, an easy-to-use web and mobile app covering stocks, funds, ETFs and bonds; Mandatum GO, a web and mobile app which covers a full range of Saxo instruments and technical analyses; and Mandatum PRO, with a full range of our instruments and multi-screens aimed at professional investors.

One important aspect of the project was the need to tailor the client experience of the online trading service to the local market, with features such as making Finnish news available.

Industry: Insurance & wealth management. Company size: +500 employees. Headquarter: Helsinki.

Institutional client in focus

Our partnership with StashAway

StashAway is the largest wealth management platform in South-East Asia, with ambitions to grow its presence geographically in the Asia Pacific region.

The relationship between the Saxo Bank Group and StashAway began in 2016 when the company reached out to us due to our position as a technology provider to digital wealth advisors in the local marketplace.

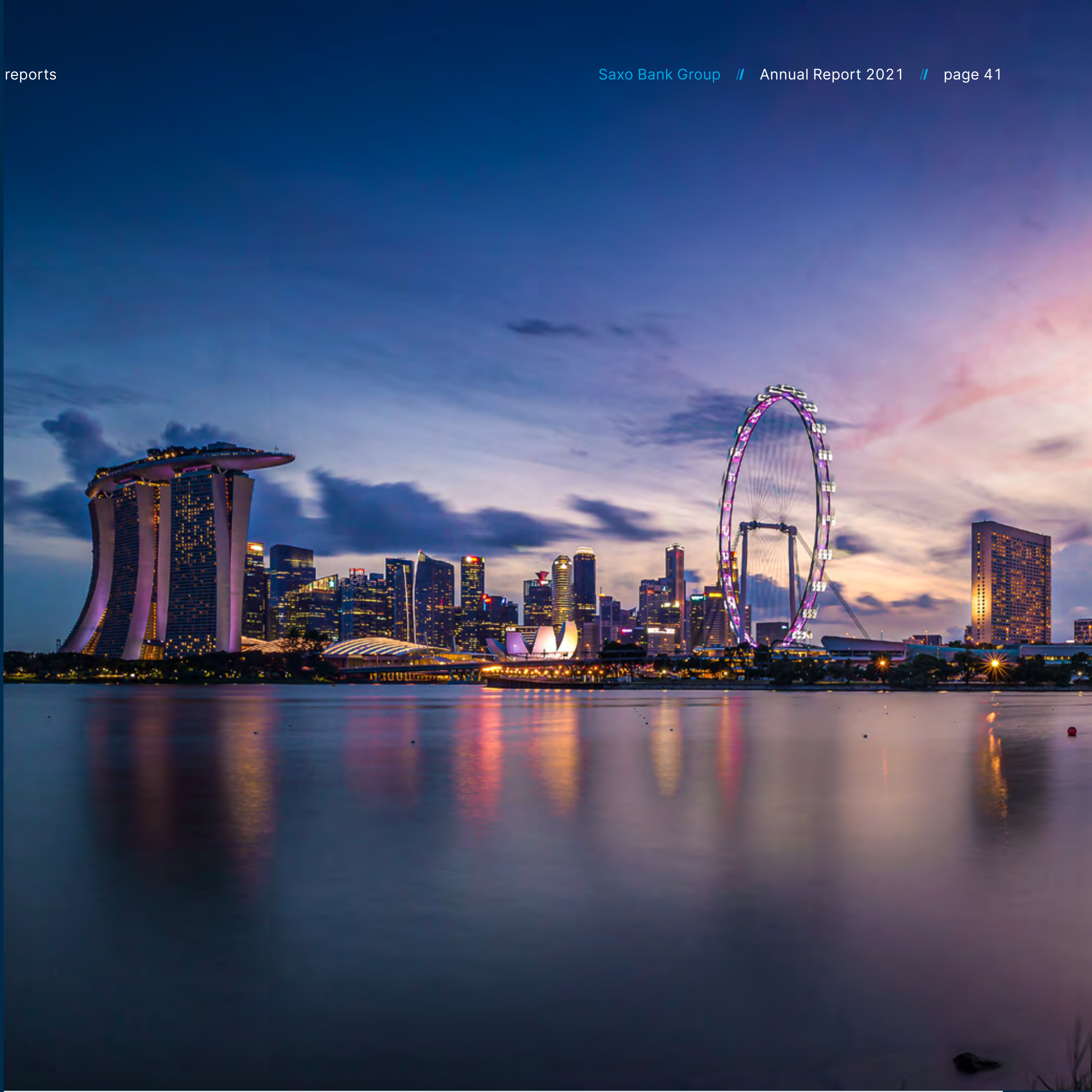
Challenge: outsource multi-asset execution and post-trade services to a leading provider with an open architecture StashAway connects to Saxo's capital markets structure via Open API to access Saxo's multi-asset execution, custody and back-office services. StashAway uses Saxo's automated managed account technology – with master accounts and sub-accounts – to trade and manage vast numbers of clients efficiently.

Other features that attracted StashAway to Saxo were the level of local support that Saxo could provide in Singapore, as well as the breadth of the asset classes offered by Saxo.

Solution: quick to market – and continuous expansion of the products offered to end-clients.

The initial implementation period was six months. Since then, however, Saxo has also assisted StashAway in expanding its product offering for clients.

In addition to being able to access Saxo's Open API technology and provide all the features of Saxo's trading platform to StashAway's clients, the company also benefits from having one relationship manager at Saxo who provides access to other functions in the organisation, such as trading and technical support.



Industry: Fintech. Company size: +50 employees. Headquarter: Singapore.

Financial statements

// Saxo Bank Group

Financial statements

// Saxo Bank Group

NOTES

Income statement

DKK million	Note	2021	2020
Interest income calculated using the effective interest method	1.1	213	282
Other interest income	1.1	1,270	1,120
Interest expense	1.2	-351	-313
Net interest income		**1,132**	**1,088**
Fee and commission income	1.3	3,632	3,470
Fee and commission expense	1.4	-1,551	-1,494
Net interest, fees and commissions		**3,213**	**3,064**
Price and exchange rate adjustments	1.5	1,279	1,251
Operating income		**4,492**	**4,316**
Other income		35	8
Staff costs and administrative expenses	2	-2,912	-2,708
Depreciation, amortisation and impairment	4.5	-518	-448
Other expenses		-42	-57
Impairment charges financial assets etc.		-7	-24
Share of net loss from joint ventures	8.1	-18	-7
Profit before tax		**1,031**	**1,080**
Tax	3	-276	-329
Net profit		**755**	**750**
Net profit attributable to:			
Shareholders of Saxo Bank A/S		720	708
Additional tier 1 capital holders		36	43
Non-controlling interests		-2	-1
Net profit		**755**	**750**

Statement of comprehensive income

DKK million	Note	2021	2020
Net profit		**755**	**750**
Other comprehensive income			
Items that will not be reclassified to income statement:			
Remeasurement of defined benefit pension plans		9	4
Tax	3.1.3	-2	-1
Items that will not be reclassified to income statement		8	3
Items that are or may be reclassified to income statement:			
Exchange rate adjustments foreign entities		107	-113
Hedge of net investments in foreign entities	9.4	-108	108
Fair value adjustment of cash flow hedges:	9.4		
Effective portion of changes in fair value		-	-6
Net amount transferred to income statement		-	8
Reclassification to income statement (cash flow hedge)	9.4	-	45
Share of other comprehensive income in joint ventures, net of tax		30	2
Tax	3.1.3	24	-35
Items that are or may be reclassified to income statement		52	9
Total other comprehensive income	5.4	**60**	**12**
Total comprehensive income		**814**	**762**
Total comprehensive income attributable to:			
Shareholders of Saxo Bank A/S		780	720
Additional tier 1 capital holders		36	43
Non-controlling interests		-2	-1
Total comprehensive income		**814**	**762**

Statement of financial position

DKK million	Note	2021	2020
Assets			
Cash in hand and demand deposits with central banks	4.2	32,035	29,052
Receivables from credit institutions and central banks	4.2	6,481	5,932
Financial assets at fair value	4.1	10,460	30,627
Bonds at amortised cost	4.3	31,336	3,399
Loans and other receivables at amortised cost	4.4	5,471	4,811
Current tax assets		113	108
Investments in joint ventures	8.1	402	380
Intangible assets	4.5	3,046	2,756
Tangible assets	4.5	1,297	1,325
Deferred tax assets	3.2	33	33
Other assets	4.7	447	360
Total assets		**91,122**	**78,784**

DKK million	Note	2021	2020
Liabilities			
Debt to credit institutions and central banks	4.2	5,178	4,393
Financial liabilities at fair value	4.1	7,667	4,281
Deposits	4.8	68,577	60,197
Current tax liabilities		96	70
Other liabilities	4.9	1,071	1,039
Deferred tax liabilities	3.2	267	286
Provisions	4.10	312	342
Subordinated debt	5.3	770	776
Total liabilities		**83,938**	**71,383**
Equity			
Share capital	5.1	75	75
Reserves		1,323	1,271
Retained earnings		4,827	4,848
Proposed dividend		500	751
Equity, shareholders of Saxo Bank A/S		6,725	6,945
Additional tier 1 capital	5.2	452	452
Non-controlling interests		7	4
Total equity		**7,183**	**7,401**
Total liabilities and equity		**91,122**	**78,784**

Statement of changes in equity

DKK million	Note	Shareholders of Saxo Bank A/S											
2021		**Share capital**	**Share premium reserve**	**Translation reserve**	**Hedging reserve**	**Revaluation reserve**	**Reserves**	**Retained earnings**	**Proposed dividend**	**Total**	**Additional tier 1 capital**	**Non-controlling interests**	**Total equity**
Equity at 1 January		75	996	222	-	53	1,271	4,848	751	6,945	452	4	7,401
Net profit		-	-	-	-	-	-	220	500	720	36	-2	755
Total other comprehensive income	5.4	-	-	52	-	-0	52	8	-	60	-	-0	60
Total comprehensive income		-	-	52	-	-0	52	228	500	780	36	-2	814
Transactions with owners													
Tier 1 interest payment		-	-	-	-	-	-	-	-	-	-36	-	-36
Declared dividend		-	-	-	-	-	-	-256	-751	-1,007	-	-	-1,007
Share-based payments	2.4	-	-	-	-	-	-	7	-	7	-	-	7
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	-	-	4	4
Equity at 31 December		75	996	274	-	53	1,323	4,827	500	6,725	452	7	7,183
2020													
Equity at 1 January		75	996	250	-36	47	1,257	4,891	-	6,223	798	61	7,082
Net profit		-	-	-	-	-	-	-43	751	708	43	-1	750
Total other comprehensive income	5.4	-	-	-28	36	6	14	-2	-	12	-	-	12
Total comprehensive income		-	-	-28	36	6	14	-45	751	720	43	-1	762
Transactions with owners													
Additional tier 1 capital		-	-	-	-	-	-	-1	-	-1	-336	-	-337
Tier 1 interest payment		-	-	-	-	-	-	-	-	-	-53	-	-53
Share-based payments	2.4	-	-	-	-	-	-	4	-	4	-	-	4
Treasury shares		-	-	-	-	-	-	6	-	6	-	-	6
Transactions with non-controlling interests		-	-	-	-	-	-	-8	-	-8	-	-56	-64
Equity at 31 December		75	996	222	-	53	1,271	4,848	751	6,945	452	4	7,401

Statement of capital

DKK million	Note	2021	2020
Tier 1 capital			
Equity 31 December		6,725	6,945
Proposed dividend		-500	-751
Intangible assets		-2,419	-2,445
Deferred tax liabilities, intangible assets		220	235
Deferred tax assets		-13	-15
Prudent valuation adjustments		-18	-35
Common equity tier 1 capital (net after deduction)		**3,994**	**3,934**
Additional tier 1 capital	5.2	448	448
Total tier 1 capital		**4,442**	**4,382**
Tier 2 capital			
Subordinated debt	5.3	740	740
Total tier 2 capital		**740**	**740**
Total capital		**5,182**	**5,122**
Risk exposure amounts			
Credit risk		9,107	5,270
Market risk		1,558	3,348
Operational risk		7,138	7,084
Total risk exposure amounts		**17,803**	**15,702**
Capital ratios			
Common equity tier 1 capital ratio		22.4%	25.1%
Tier 1 capital ratio		25.0%	27.9%
Total capital ratio		29.1%	32.6%

Total Capital is calculated in accordance with the Capital Requrement Directive (CRD) and -Regulation (CRR).

The unaudited Risk Report 2021 provides further information on the assesment of the regulatory capital and is available on Saxo Bank Group's website www.home.saxo/about-us/icaap-and-risk-reports.

Cash flow statement

DKK million	Note	2021	2020
Cash flow from operating activities			
Profit before tax		1,031	1,080
Taxes paid		-311	-295
Non-cash operating items	7.1	757	477
Changes in operating capital	7.2	3,864	4,456
Cash flow from operating activities		**5,342**	**5,718**
Cash flow from investing activities			
Divestment of businesses		6	-0
Acquisition of intangible and tangible assets	4.5	-717	-596
Cash flow from investing activities		**-712**	**-596**
Cash flow from financing activities			
Repayment of additional tier 1 capital, net of transaction costs		-	-336
Paid interest on additional tier 1 capital		-36	-53
Repayment of subordinated debt, net of transaction costs		-	-373
Dividends paid to shareholders		-1,007	-
Transactions with non-controlling interests		-	-71
Repayments on lease commitments		-55	-65
Treasury shares		-	6
Cash flow from financing activities		**-1,099**	**-892**
Net increase/(decrease) in cash and cash equivalents		**3,530**	**4,231**
Cash and cash equivalents at 1 January		34,980	30,749
Cash and cash equivalents at 31 December	7.3	**38,510**	**34,980**

Operating income etc.

// Note 1

DKK million	Note	2021	2020
1.1 Interest income			
Credit institutions and central banks		13	41
Bonds at amortised cost		8	10
Loans and other receivables at amortised cost		192	231
Total interest income calculated using the effective interest method		**213**	**282**
Bonds at fair value		106	200
Derivative financial instruments		1,164	920
Total other interest income		**1,270**	**1,120**
Total interest income		**1,483**	**1,402**
Hereof interest received due to negative interest rates		70	35
1.2 Interest expense			
Credit institutions and central banks		-184	-163
Deposits		-18	-30
Subordinated debt		-40	-58
Interest expense leases		-9	-10
Bonds at amortised cost		-49	-
Total interest expense calculated using the effective interest method		**-300**	**-261**
Derivative financial instruments		-50	-53
Total other interest expense		**-50**	**-53**
Total interest expense		**-351**	**-313**
Hereof interest paid due to negative interest rate		179	149

DKK million	Note	2021	2020
1.3 Fee and commission income			
Trading with securities and derivative financial instruments		3,502	3,338
Asset management fees		68	59
Other fee and commision income		62	73
Total fee and commission income		**3,632**	**3,470**
1.4 Fee and commission expense			
Trading with securities and derivative financial instruments		-1,539	-1,486
Other fee and commission expense		-13	-8
Total fee and commission expense		**-1,551**	**-1,494**
1.5 Price and exchange rate adjustments			
Bonds at fair value		-148	-203
Securities		59	49
Foreign exchange		1,069	1,010
Derivative financial instruments [1]		298	395
Total price and exchange rate adjustments		**1,279**	**1,251**

[1] Other than foreign exchange.

Staff costs and administrative expenses etc.

// Note 2

DKK million	Note	2021	2020
2.1 Staff costs and administrative expenses			
Staff costs		-1,501	-1,545
Administrative expenses		-1,411	-1,163
Total staff costs and administrative expenses		**-2,912**	**-2,708**
Staff costs			
Salaries		-1,510	-1,563
Share-based payments		-7	-4
Defined benefit pension plans		-7	-7
Defined contribution pension plans		-118	-105
Social security expenses and financial services employer tax		-194	-174
Staff costs transferred to software under development		336	308
Total staff costs		**-1,501**	**-1,545**
Number of full-time-equivalent staff (average)		**2,456**	**2,134**

Government grants
Government grants of DKK 1 million (2020: DKK 6 million) has been received due to economic uncertainty related to COVID-19. For further details, see note 6.2 Activities by country in financial statements for Saxo Bank A/S.

DKK million

2.2 Pension plans

Most of Saxo Bank Group's pension plans are defined contribution plans under which the Group pays contributions to independent insurance companies responsible for the pension obligation towards the employees. 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.

Saxo Bank Group has entered into defined benefit pension plans in certain subsidiaries. An 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.

	Note	2021	2020
Defined benefit pension plans			
Net obligations:			
Present value of defined benefit obligations		115	118
Fair value of plan assets		83	78
Total defined benefit pension plans, net obligations	4.9	**32**	**39**

Saxo Bank Group recognises the service cost and interest on the net defined benefit asset/liability in the income statement, whereas actuarial gains or losses are recognised in Other comprehensive income.

The calculation of the net obligation is based on valuations made by external actuaries. These valuations rely on assumptions about a number of variables, including discount and mortality rates and salary increases. The discount rate is based on market yield of high-quality corporate bonds with maturity approximating to 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.

Saxo Bank Group expects to pay DKK 6 million in contribution to defined benefit pension plans during 2022.

Staff costs and administrative expenses etc.

// Note 2

DKK million	Note	2021	2020
2.3 Remuneration of Management and significant risk takers			
Remuneration of Board of Management			
Salaries and other remuneration		-30	-30
Variable remuneration		-4	-9
Defined contribution pension plans		-3	-3
Severance pay		-	-7
Share-based payments	2.4	-4	-2
Total remuneration of Board of Management		**-42**	**-51**
Number of Board of Management end of year		**4**	**3**
Remuneration of Board of Directors and paid Committee members			
Fixed remuneration		-6	-5
Total remuneration of Board of Directors and paid Committee members		**-6**	**-5**
Number of Board of Directors and paid Committee members end of year		**7**	**5**

The Group has no pension obligations towards Board of Management and Board of Directors.

	Note	2021	2020
Remuneration of other significant risk takers			
Salaries and other remuneration		-128	-122
Variable remuneration		-20	-27
Share-based payments	2.4	-7	-15
Total remuneration of other significant risk takers		**-155**	**-164**
Number of other significant risk takers end of year		**59**	**57**

Saxo Bank Group has no pension obligations towards significant risk takers as their pension schemes are defined contribution plans. Variable remuneration is determined according to the Saxo Bank Group's remuneration policy and is based on the performance of the individual person. Some of the significant risk takers have participated in the warrant scheme.

Saxo Bank Group's Remuneration Policy for 2021 provides detailed disclosure of remuneration to the Board of Management and Board of Directors. Furthermore it provides further information about significant risk takers. The remuneration report is available at Saxo Bank Group's website at www.home.saxo/about-us/investor-relations.

2.4 Share-based payments

In 2020, Saxo Bank A/S introduced a warrant scheme to retain employees on long-term basis and has in total granted 2,988,976 warrants to employees and Board of Management in Saxo Bank Group for 2020 and 2021. Each warrant gives a right to subscribe for one share of nominally DKK 1 against payment of an exercise price of DKK 210. The warrant scheme is equity settled.

Vesting of the warrants is conditional on the performance and capital requirements of Saxo Bank A/S and behavior, compliance with obligations and continued employment of the warrant holder. If one or more of the vesting conditions are not satisfied, the relevant part of the warrants will lapse without compensation. The warrant scheme entails a five-year vesting period and a six-month exercise period. Any remaining warrants forfeit automatically and without any compensation on expiry of the exercise period.

The value of employee services received in exchange for warrants granted corresponds to the fair value of the warrants at the date of grant. The fair value of the warrants granted is determined based on the Black & Scholes valuation model.

	Note	2021	2020
Key assumptions applied in the valuation of the warrants granted			
Share price (DKK)		165 to 190	145
Volatility		0.25 to 0.26	0.25
Risk-free interest rate		-0.64% to -0.55%	-0.82% to -0.70%
Exercise price (DKK)		210	210
Expected remaining life (years)		3.9 to 6.3	5.5

The estimated volatility is based on the historical volatility on the annualised volatility for relevant peer groups derived from the standard deviation of daily observations in a 1-year period adjusted for any unusual circumstances during the period.

Staff costs and administrative expenses etc.

// Note 2

2.4 Share-based payments

Warrants outstanding	Note	Number of warrants granted	Exercise period	Exercise price DKK	Expiry date	Fair value at grant date DKK million
Warrants granted in 2020		2,074,765	2025	210	2025	26
Warrants granted in 2020		120,000	2025-2026	210	2026	2
Warrants granted in 2021		240,430	2025	210	2025	4
Warrants granted in 2021		519,927	2025-2026	210	2026	10
Warrants granted in 2021		33,515	2026-2027	210	2027	1
Warrants granted in 2021		339	2027-2028	210	2028	0
Total warrants outstanding		**2,988,976**				**43**

Number of warrants	Note	Average exercise price per warrant DKK	Board of Management	Employees	Total
Number of warrants at 1 January 2020		-	-	-	**-**
Granted		210	137,765	2,670,000	**2,807,765**
Number of warrants at 31 December 2020			**137,765**	**2,670,000**	**2,807,765**
Granted		210	206,800	587,411	**794,211**
Forfeited		210	-	-613,000	**-613,000**
Number of warrants at 31 December 2021			**344,565**	**2,644,411**	**2,988,976**
Fair value at grant date			4	39	**43**

Total costs recognised in 2021 as staff costs for services received in exchange of warrants granted amounted to DKK 7 million (2020: DKK 4 million).

Staff costs and administrative expenses etc.

// Note 2

DKK million	Note	2021	2020
2.5 Audit fees			
Audit firm appointed by the Annual General Meeting:			
Statutory audit of the consolidated and parent company financial statements		-4	-5
Other assurance engagements		-3	-2
Tax advisory services		-0	-2
Other services		-1	-1
Total audit fees		**-9**	**-10**

Fees for non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab to Saxo Bank Group cover various assurance reports, including report on business controls and IT security and other general accounting and tax advisory services.

Tax

// Note 3

DKK million	Note	2021	2020
3.1 Income tax			
3.1.1 Effective tax rate			
Profit before tax		1,031	1,080
Tax using the Danish tax rate 22%		-227	-237
Effect of tax rates in foreign jurisdictions		-23	-26
Effect from changes in tax rate		-3	-62
Impairment		-8	-1
Non tax-deductible expenses		-11	-9
Tax-exempt income and tax incentives		7	13
Withholding tax and other taxes		-3	-3
Effect of tax of result in joint ventures		-4	-2
Adjustments to tax previous years		-4	-2
Total income tax recognised in income statement		**-276**	**-329**
Effective tax rate		**26.8%**	**30.5%**

Tax

// Note 3

3.1.2 Tax for the year

DKK million	Note	2021 Income statement	2021 Other comprehensive income	2021 Total comprehensive income	2020 Income statement	2020 Other comprehensive income	2020 Total comprehensive income
Current tax		-321	24	**-297**	-295	-35	**-330**
Changes in deferred tax for the year		55	-2	**53**	33	-1	**32**
Effect from changes in tax rate		-3	-	**-3**	-62	-	**-62**
Withholding tax and other taxes		-3	-	**-3**	-3	-	**-3**
Adjustments to tax previous years		-4	-	**-4**	-2	-	**-2**
Total tax for the year		**-276**	**22**	**-254**	**-329**	**-36**	**-365**

3.1.3 Tax recognised in Other comprehensive income

DKK million	Note	2021 Recognised items before tax	2021 Tax	2021 Net of tax	2020 Recognised items before tax	2020 Tax	2020 Net of tax
Exchange rate adjustments foreign entities		107	-	**107**	-113	-	**-113**
Hedge of net investments foreign entities		-108	24	**-84**	108	-24	**85**
Fair value adjustment of cash flow hedges		-	-	**-**	2	0	**2**
Reclassification to income statement (cash flow hedges)		-	-	**-**	45	-11	**34**
Remeasurement of defined benefit pension plans		9	-2	**7**	4	-1	**3**
Share of other comprehensive income in joint ventures, net of tax		30	-	**30**	2	-	**2**
Total tax recognised in Other comprehensive income	5.4	**38**	**22**	**60**	**47**	**-36**	**12**

Tax

// Note 3

DKK million	Note	2021	2020
3.2 Deferred tax assets and liabilities			
Deferred tax at 1 January, net		-252	-130
Change in deferred tax for the year		61	33
Effect from change in tax rate		-3	-62
Impairment		-8	-1
Adjustments to tax previous years		-22	4
Recognised in Result from joint ventures		-11	-
Transfer to Investment in joint ventures		-	-96
Exchange rate adjustments		1	0
Deferred tax at 31 December, net		**-234**	**-252**

	Deferred tax assets		Deferred tax liabilities	
	2021	2020	2021	2020
Intangible assets	-	-	-220	-235
Tangible assets	12	15	-77	-78
Bonds at amortised cost	-	-	-3	-
Tax losses carried forward	12	15	-	-
Deferred income	-	-	-222	-247
Provisions	264	277	-0	-
Deferred tax	**288**	**307**	**-522**	**-560**
Offset within legal tax jurisdictions	-255	-274	255	274
Deferred tax after offset	**33**	**33**	**-267**	**-286**

Statement of financial position

// Note 4

DKK million	Note	2021	2020
4.1 Financial assets and financial liabilities at fair value			
Bonds at fair value [1]		-	25,070
Listed securities		149	104
Interest swaps (fair value hedge)	9.4	10	17
Investment securities		6	6
Derivative financial instruments with positive fair value		10,295	5,430
Total financial assets at fair value	4.2	**10,460**	**30,627**
Derivative financial instruments with negative fair value		7,667	4,281
Total financial liabilities at fair value	4.2	**7,667**	**4,281**

[1] At 1 July 2021, bonds DKK 25,905 million were reclassified to Bonds at amortised cost, see note 11.2 Accounting policies.

Statement of financial position

// Note 4

DKK million	Note	2021			2020		
4.2 Classification and measurement of financial instruments							
		Fair value through profit and loss	**Amortised cost**	**Total carrying amount**	**Fair value through profit and loss**	**Amortised cost**	**Total carrying amount**
Financial assets							
Cash in hand and demand deposits with central banks	6.1.1	-	32,035	**32,035**	-	29,052	**29,052**
Receivables from credit institutions and central banks	6.1.1	-	6,481	**6,481**	-	5,932	**5,932**
Financial assets at fair value	6.1.1	10,460	-	**10,460**	30,627	-	**30,627**
Bonds at amortised cost	6.1.1	-	31,336	**31,336**	-	3,399	**3,399**
Loans and other receivables at amortised cost	6.1.1	-	5,471	**5,471**	-	4,811	**4,811**
Convertible loan notes at fair value	6.1.1	270	-	**270**	331	-	**331**
Financial liabilities							
Debt to credit institutions and central banks		-	5,178	**5,178**	-	4,393	**4,393**
Financial liabilities at fair value	6.1.4	7,667	-	**7,667**	4,281	-	**4,281**
Deposits	4.8	-	68,577	**68,577**	-	60,197	**60,197**
Subordinated debt	5.3	-	770	**770**	-	776	**776**

Statement of financial position

// Note 4

4.2 Classification and measurement of financial instruments

DKK million	Note	2021 Quoted market price Level 1	2021 Observable input Level 2	2021 Non-observable input Level 3	2021 Total fair value	2021 Total carrying amount	2020 Quoted market price Level 1	2020 Observable input Level 2	2020 Non-observable input Level 3	2020 Total fair value	2020 Total carrying amount
Financial assets and liabilities recognised at fair value in statement of financial position											
Bonds at fair value	6.1.1	-	-	-	-	-	10,331	14,739	-	25,070	25,070
Listed securities		149	-	-	149	149	104	-	-	104	104
Derivative financial instruments with positive value	6.1.4	-	10,213	82	10,295	10,295	-	5,340	90	5,430	5,430
Interest swaps	6.1.4	-	10	-	10	10	-	17	-	17	17
Convertible loan notes at fair value	8.1	-	-	270	270	270	-	-	331	331	331
Investment securities		-	-	6	6	6	-	-	6	6	6
Derivative financial instruments with negative value	6.1.4	-	7,667	0	7,667	7,667	-	4,281	0	4,281	4,281
Financial assets and liabilities recognised at amortised cost in statement of financial position											
Bonds at amortised cost	6.1.1	19,411	11,909	-	31,320	31,336	-	3,433	-	3,433	3,399
Loans and other receivables at amortised cost	6.1.1	-	-	5,499	5,499	5,471	-	-	4,834	4,834	4,811
Subordinated debt	5.3	-	-	798	798	770	-	-	788	788	776

Statement of financial position

// Note 4

DKK million	Note	2021	2020
4.2 Classification and measurement of financial instruments			
Financial instruments measured at the basis of non-observable input level 3			
Fair value at 1 January		428	1,054
Disposals		-119	-623
Gains and losses recognised in income statement:			
Realised fair value adjustments		-	-0
Unrealised fair value adjustments		50	-3
Total fair value at 31 December - level 3		**358**	**428**

Financial instruments (level 3) consist primarily of loan notes with conversion rights amounting DKK 270 million as at 31 December 2021 (31 December 2020: DKK 331 million). Loan notes with conversion rights are presented in the statement of financial position as part of Investment in joint ventures. Disclosures on the fair value are presented in note 8.1 Investments in joint ventures.

Financial instruments measured at fair value
Financial assets and liabilities traded in active markets for identical assets or liabilities are measured at fair value based on quoted market prices. Listed bonds (government bonds) and listed securities are measured based on quoted prices and classified as level 1.

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 major financial institutions. Valuation techniques used are different standard option pricing models. In most cases, the valuation is substantially based on observable input, such as interbank quoted prices and implied volatility. If the elements of unobservable inputs constitute a significant part in the valuation of the financial assets or liabilities these are classified as level 3.

The fair value measurement of covered bonds, where quoted prices are not deemed an accurate market-based measurement, are based on a quote from the primary market maker and hence classified as level 2.

Exchange traded products e.g. structured products, stocks, ETFs, futures, bonds are valued using interbank quoted prices, however differentiation of whether the market is active or not, is not assessed and due to this the instruments are classified as level 2.

For OTC derivatives, e.g. CFDs and FX instruments, quoted prices are not available, however the most significant input in the valuation is the quoted price for the underlying asset. Such derivatives are classified as level 2 as quoted prices are not available for identical products.

CFDs on Futures, CFDs on Indices, FX Forwards and FX Options are measured based on industry standard valuation models and classified as level 2.

Convertible loan notes are measured at fair value based on estimation of expected future cash flows by using a discounted cash flow model and classified as level 3 due to unobservable input in the valuation.

Saxo Bank Group has an ongoing process of assessing the best valuation technique and changes in the valuation process are implemented when relevant.

Financial instruments measured at amortised cost
For financial assets and financial liabilities measured at amortised cost, the 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.

For bonds at amortised cost, fair value is based on quoted prices if traded in an active market. The fair value measurement for covered bonds, where quoted prices are not deemed an accurate market-based measurement, is based on a quote from the primary market maker.

The fair value of loans and receivables at amortised cost is based on measurement models such as discounted cash flow models. The significant variables in the measurement model are interest, expected early redemption rates and expected credit loss.

For subordinated debt, an estimate of the current return required by the market is applied to measure the fair value.

DKK million	Note	2021	2020
4.3 Bonds at amortised cost			
Remaining bonds at 31 December 2021 (reclassified from Financial assets at fair value to Bonds at amortised cost at 1 July 2021)			
Effective interest rate determined on the date of reclassification		-0.43%	-
Interest income		-26	-
Carrying amount 31 December of bonds reclassified		15,404	-
Fair value 31 December of bonds reclassified		15,410	-
Fair value adjustments not recognised due to reclassfication		**6**	**-**

Detailed information on reclassification is disclosed in note 11.2 Accounting policies.

DKK million	Note	2021	2020
4.4 Loans and other receivables at amortised cost			
Collateralised loans		5,469	4,766
Accrued interest		2	46
Total loans and other receivables at amortised cost	6.1.1	**5,471**	**4,811**

Statement of financial position

// Note 4

DKK million

4.5 Intangible and tangible assets

2021	Note	Intangible assets						Tangible assets			
		Goodwill	**Software under development**	**Software developed and purchased**	**Client relationships**	**Trademarks**	**Total**	**Land and Buildings**	**Other equipment, fixtures and fittings**	**Right-of-use assets**	**Total**
Cost at 1 January		1,422	188	3,104	414	23	**5,152**	1,148	600	232	**1,979**
Additions		-	678	20	12	-	**710**	-	8	43	**51**
Transfer from internal development		-	-468	407	-	-	**-61**	-	61	-	**61**
Modifications		-	-	-	-	-	**-**	-	0	-1	**-1**
Disposals		-	-	-	-8	-	**-8**	-	-19	-36	**-54**
Exchange rate adjustments		26	-0	-	2	-	**28**	-0	7	9	**16**
Cost at 31 December		**1,448**	**398**	**3,532**	**421**	**23**	**5,822**	**1,147**	**657**	**247**	**2,051**
Amortisation, depreciation and impairment at 1 January		-150	-	-2,141	-85	-20	**-2,396**	-119	-451	-85	**-654**
Amortisation and depreciation		-	-	-329	-41	-3	**-373**	-27	-64	-52	**-143**
Impairment	4.6	-	-	-2	-	-	**-2**	-	-0	-	**-0**
Disposals		-	-	-0	2	-	**2**	-	13	36	**49**
Exchange rate adjustments		-6	-	-0	-1	0	**-8**	0	-5	-1	**-6**
Amortisation, depreciation and impairment at 31 December		**-156**	**-**	**-2,471**	**-125**	**-23**	**-2,776**	**-146**	**-506**	**-102**	**-754**
Carrying amount at 31 December		**1,291**	**398**	**1,060**	**296**	**0**	**3,046**	**1,001**	**151**	**145**	**1,297**

Statement of financial position

// Note 4

DKK million

4.5 Intangible and tangible assets

2020	Note	Intangible assets: Goodwill	Software under development	Software developed and purchased	Client relationships	Trademarks	Total	Tangible assets: Land and Buildings	Other equipment, fixtures and fittings	Right-of-use assets	Total
Cost at 1 January		1,460	124	2,636	420	24	**4,664**	1,149	569	230	**1,948**
Additions		-	560	1	-	-	**561**	-	20	13	**34**
Transfer from internal development		-	-495	468	-	-	**-27**	-	27	-	**27**
Modifications		-	-	-	-	-	**-**	-	-0	-0	**-0**
Disposals		-36	-	-0	-4	-	**-41**	-	-8	-11	**-20**
Exchange rate adjustments		-2	-	-0	-2	-0	**-4**	-2	-8	-0	**-10**
Cost at 31 December		**1,422**	**188**	**3,104**	**414**	**23**	**5,152**	**1,148**	**600**	**232**	**1,979**
Amortisation, depreciation and impairment at 1 January		-187	-	-1,905	-50	-6	**-2,148**	-91	-401	-44	**-536**
Amortisation and depreciation		-	-	-246	-39	-15	**-300**	-27	-62	-58	**-147**
Impairment	4.6	-	-	-	-	-	**-**	-	0	-	**0**
Disposals		36	-	10	4	-	**51**	-	5	16	**21**
Exchange rate adjustments		-0	-	0	0	0	**1**	0	6	1	**6**
Amortisation, depreciation and impairment at 31 December		**-150**	**-**	**-2,141**	**-85**	**-20**	**-2,396**	**-119**	**-451**	**-85**	**-655**
Carrying amount at 31 December		**1,272**	**188**	**964**	**329**	**3**	**2,756**	**1,029**	**148**	**147**	**1,325**

Statement of financial position

// Note 4

DKK million

4.5 Intangible and tangible assets

Intangible assets
Saxo Bank Group's software under development and software developed mainly relates to online trading and investment platforms, which is the core business of the Group. Client relationships and trademarks mainly relates to the acquisition of BinckBank N.V in 2019.

In 2021, Saxo Bank Group expensed DKK 19 million (2020: DKK 24 million) for development projects, primarily planning costs.

Tangible assets
The fair value of Saxo Bank Group's domicile properties rely on non-observable input and is measured by applying an asset return model. No independent valuer has been involved. The key input in the asset return model is the rate of return and market rent.

The value of domicile properties decreases with DKK 99 million (2020: DKK 107 million) if the rate of return increases with 0.5 percentage point.

	Copenhagen		Amsterdam	
Domicile properties	2021	2020	2021	2020
Carrying amount	613	624	388	405
Carrying amount if the domicile property were carried under the cost method	545	556	388	405
Rate of return in calculating the fair value of the domicile property	4.9%	4.6%	6.2%	6.0%

Right-of-use assets
Saxo Bank Group is the lessee in a number of lease agreements, involving mainly leasing of office premises. The average lease term is 4 years (2020: 4 years). Lease expenses recognised in the income statement relating to leases of low value assets and short-term leases amounts to DKK 0 million (2020: DKK 0 million). For disclosure of the lease liabilities, see note 4.9 Other liabilities.

4.6 Impairment test

Goodwill
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 test compares the carrying amount and the recoverable amount. The recoverable amount is represented by the present value of expected future cash flows (value in use). The special debt structure of financial institutions requires the use of the discounted dividend model to calculate the present value of expected future cash flows. For non-financial CGU's a discounted cash flow model is applied. The key assumptions are revenue growth and discount rate.

The cash flow projections are based on earnings projections for each of the CGUs for a 5-year forecast period. For 2022 budget assumptions are applied, and for the year 2 - 5 revenue and costs are assumed to increase with a modest factor, unless a detailed and approved business plan has been prepared, defining other expectations.

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.

Regulatory capital requirements are considered when estimating dividends. 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, is generally based on a 10 year government bond added a market risk premium for the respective countries in which the CGU is located. In case of e.g. new acquisition, severe specific local market conditions, excessive growth targets etc. a risk premium is added the discount rate.

Statement of financial position

// Note 4

DKK million

4.6 Impairment test

Key assumptions applied in impairment test

2021	Note	Carrying amount goodwill	Forecast revenue growth (average)	Growth in terminal period	Post tax discount rate
BinckBank N.V.		474	2.0%	1.7%	10.1%
Saxo Bank (Schweiz) AG		292	3.5%	0.2%	7.5%
Nordic activities		247	1.0%	1.2%	8.5%
Saxo Capital Markets UK Ltd		145	1.0%	2.0%	6.9%
Other		133	-	-	-
Total		**1,291**			

2020	Carrying amount goodwill	Forecast revenue growth (average)	Growth in terminal period	Post tax discount rate
BinckBank N.V.	435	0.5%	1.7%	10.1%
Saxo Bank (Schweiz) AG	280	0.5%	0.2%	7.5%
Nordic activities	247	1.0%	1.9%	8.5%
Saxo Capital Markets UK Ltd	139	1.0%	2.0%	6.9%
Other	170	-	-	-
Total	**1,272**			

The carrying amount of other goodwill represents 10% (2020: 13%) of total goodwill. Other goodwill mainly relate to Group entities in India and Denmark. Discount rates between 6.9%-14.1% and a growth rate in the terminal period between 1.2%-2.2% are applied in the impairment test for other goodwill.

Impairment test result
No impairment loss is recognised on goodwill in 2021 or in 2020.

DKK million	Note	2021	2020
4.7 Other assets			
Accrued commissions		16	56
Prepayments		218	191
Other receivables		213	114
Total other assets		**447**	**360**
4.8 Deposits			
Demand deposits, trading clients		68,377	59,203
Demand deposits, saving accounts		0	972
Pension funds		200	5
Accrued interests		-	17
Total deposits	9.2	**68,577**	**60,197**

Deposits on demand included DKK 4,575 million (2020: DKK 2,962 million) required by the Group as collateral for unrealised client trading positions as at 31 December.

DKK million	Note	2021	2020
4.9 Other liabilities			
Suppliers and other outstanding costs		377	311
Staff commitments		443	489
Lease liabilities		166	162
Defined benefit pension plans	2.2	32	39
Provision for guarantees	6.1.1	16	22
Other obligations		37	16
Total other liabilities		**1,071**	**1,039**
Lease liabilities maturity			
Within 1 year		45	46
From 1 to 5 years		114	81
More than 5 years		7	35
Total lease liabilities		**166**	**162**

When measuring the lease liability, Saxo Bank Group has applied an incremental borrowing rate between 1%-10% p.a. to discount future lease payments.

Statement of financial position

// Note 4

DKK million	Note	2021	2020
4.10 Provisions			
Provisions at 1 January		342	332
Additional provisions recognised		28	113
Used during the year		-15	-82
Reversal of unused provisions		-42	-23
Total provisions at 31 December		**312**	**342**

Provisions comprise litigations, claims and restructuring costs including costs for reorganisation of Saxo Bank Group's operations as well as various other obligations incurred in the normal course of business such as provision for onerous contracts etc.

4.11 Assets deposited as collateral			
Cash in hand and demand deposits with central banks		343	315
Receivables from credit institutions and central banks		724	1,156
Bonds at fair value		-	6,747
Bonds at amortised cost		10,543	2,832

Receivables from credit institutions and central banks and bonds serve as collateral for the ongoing financial business with credit institutions. The actual demand for collateral varies from day to day in line with the fair value of the open positions against these credit institutions.

Bonds also serve as collateral for securities lending transactions with clients.

DKK million	Note	2021	2020
4.12 Contingent and other contractual commitments			
Guarantees			
Financial guarantees		36	36
Suretyship and other guarantees		-	4
Total guarantees, net of allowance		**36**	**39**
Other contractual commitments			
Other contractual commitments		191	224
Total other contractual commitments		**191**	**224**

In the normal course of business, the Group is involved in various disputes and legal proceedings, including tax matters, that are carefully evaluated when preparing the financial statements.

BinckBank N.V. has as part of an acquisition in 2007 acquired the Alex Bottom-Line product, which is an agreement with the Dutch Investors' Association. If BinckBank N.V. terminates this agreement, it will be liable to pay an amount equal to the custody fee and dividend commission paid by each client of Alex Bottom-Line on entry into the agreement, plus the amount of any custody fee and dividend commission additionally paid by each client on exceeding set limits.

Due to Geely Financials Denmark A/S' controlling influence in Saxo Bank A/S, Saxo Bank A/S and its Danish subsidiaries entered from 14 September 2018 into a Danish joint taxation with Geely Financials Denmark A/S. Geely Financials Denmark A/S is the administration company. Saxo Bank A/S and its Danish subsidiaries are jointly and severally liable for Danish corporate taxes and for any obligations to withhold taxes on interests, royalties and dividends for the entities in the joint taxation.

Until 14 September 2018, Saxo Bank A/S was the administration company for the Danish joint taxation consisting of Saxo Bank A/S and its Danish subsidiaries.

Equity and capital

// Note 5

	Note	2021	2020
5.1 Share capital			
Number of shares outstanding			
Shares issued at 1 January		75,207,449	75,207,449
Total number of shares outstanding at 31 December		**75,207,449**	**75,207,449**

The share capital consists of shares with a nominal value of DKK 1 per share. All shares are issued and fully paid and have no special rights.

The Board of Directors proposes a dividend for 2021 of DKK 6.65 per share, equivalent to DKK 500,414,532 (2020: 750,802,134). In addition, an interim dividend of DKK 3.41 per share, equivalent to DKK 256,327,106, was declared in September 2021 (2020: no interim dividend was declared).

Equity and capital

// Note 5

DKK million

5.2 Additional tier 1 capital

The issued additional tier 1 capital notes are perpetual securities and have no fixed date for redemption. Issue of additional tier 1 capital is classified as an equity instrument and equity increased at the time of issue by the net proceeds received. Interest paid to the additional tier 1 capital holders reduces equity at the time of payment and does not affect net profit. If capital is repaid, equity will be reduced by the repaid amount at the time of redemption.

Saxo Bank A/S may, at its sole discretion, omit interest and principal payments to additional tier 1 capital 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 temporarily if the Common equity tier 1 ratio falls below 7% for Saxo Bank Group or Saxo Bank A/S. Capital ratios at the reporting date are disclosed in Statement of capital for Saxo Bank Group and Saxo Bank A/S.

Equity accounted additional tier 1 capital translated into DKK at the applicable exchange rates at 31 December 2021 amounts to DKK 446 million (2020: DKK 447 million).

Subject to approval by the Danish FSA, notes with nominal value of EUR 60 million can be optionally redeemed on the first call date 26 May 2025 or on any interest payment date hereafter at a redemption price of 100. The additional tier 1 capital notes constitute tier 1 capital under CRR.

Currency	Nominal value	Year of issue	Borrower	Maturity	Interest	Rate	Years	2021	2020
EUR	60	2019	Saxo Bank A/S	Perpetual	Fixed [1]	8.125%	5.50	448	448
Accrued interest on additional tier 1 capital								4	4
Total additional tier 1 capital								**452**	**452**

[1] The interest rate is fixed the first five years and six months after issuance. Hereafter, the interest rate is fixed every fifth year at the 5-year mid-swap rate plus 8.482% until redemption.

Equity and capital

// Note 5

DKK million

5.3 Subordinated debt

Saxo Bank A/S has issued subordinated debt (tier 2 notes). The tier 2 notes constitute direct, unsecured and subordinated debt obligation of Saxo Bank A/S. In case of the Saxo Bank Group's voluntary or compulsory winding-up, the tier 2 capital instruments will not be repaid until the claims of ordinary creditors have been met. The ranking in coverage is that tier 1 capital ranks below tier 2 capital.

Subject to approval by the Danish FSA, subordinated debt with a nominal value of EUR 100 million can be optionally redeemed from 3 July 2024 at a redemption price of 100. The tier 2 notes are eligible to constitute tier 2 capital under CRR.

Currency	Nominal value	Year of issue	Borrower	Maturity	Interest	Rate	Years	2021	2020
EUR	100	2019	Saxo Bank A/S	03.07.2029	Fixed [1]	5.50%	5.00	740	739
Accrued interest on subordinated debt								20	20
Fair value adjustment due to hedge accounting [2]								10	17
Total subordinated debt								**770**	**776**

[1] The interest rate is fixed the first five years after issuance. The following 5 years, the interest rate is fixed at the EUR mid-swap rate plus 5.7115%.

[2] See note 9.4 Hedge accounting.

Equity and capital

// Note 5

DKK million

5.4 Total Other comprehensive income recognised in equity

Other comprehensive income	Note	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Total
2021						
Exchange rate adjustments foreign entities		107	-	-	-	**107**
Hedge of net investments in foreign entities	9.4	-108	-	-	-	**-108**
Revaluation of domicile properties		-	-	-0	0	**-**
Remeasurement of defined benefit plans		-	-	-	9	**9**
Share of other comprehensive income in joint ventures, net of tax		30	-	-	-	**30**
Other equity movements		-	-	-	0	**0**
Tax		24	-	0	-2	**22**
Total Other comprehensive income		**52**	**-**	**-0**	**8**	**60**
2020						
Exchange rate adjustments foreign entities		-113	-	-	-	**-113**
Hedge of net investments in foreign entities	9.4	108	-	-	-	**108**
Fair value adjustment of cash flow hedges	9.4	-	2	-	-	**2**
Reclassification to income statement (cash flow hedge)	9.4	-	45	-	-	**45**
Revaluation of domicile properties		-	-	8	-8	**-**
Remeasurement of defined benefit plans		-	-	-	4	**4**
Share of other comprehensive income in joint ventures, net of tax		-	-	-	2	**2**
Other equity movements		-	-	-	-0	**-0**
Tax		-24	-11	-2	1	**-36**
Total Other comprehensive income		**-28**	**36**	**6**	**-2**	**12**

Risk Management

// Note 6

Risk management strategy
The Saxo Bank Group strives to maintain an appropriate risk strategy and appropriate risk appetite levels, a holistic risk management framework and effective reporting lines to the management. Risks should be taken within a well-defined framework in line with the Group's risk strategy and appetite.

The Group's risk management strategy places strong emphasis on proactive risk management in order to meet strategic goals and objectives and uphold a 'no negative risk surprises' status for stakeholders. The Group derives part of its earnings by managing risk exposures in adherence with the Group's risk appetite. Non-financial risks should be avoided, minimised and managed at reasonable costs with the same high attention as financial risks as the potential negative implications of non-financial risks in terms of direct and indirect losses, including reputational and brand value losses, can be as detrimental for the Group as any financial risk.

Saxo Bank Group actively aligns its risk management objectives with the Group's vision and strategy and the Group promotes adherence to its risk culture and defines its risk appetite and risk management framework consistent with the strategic objectives of the Group.

Risk management framework
Saxo Bank Group's overall risk management framework and governance structure is established by the Board of Directors based on recommendations from the Board Risk Committee.

The board instructions prepared by the Board of Directors to the Board of Management on how to manage the day-to-day business of the Group are supplemented by the Group's risk appetite statements as well as a number of risk management policies, which define Saxo Bank Group's risk management framework and articulate the Group's risk appetite, including specific limits for the Group's risk-taking activities.

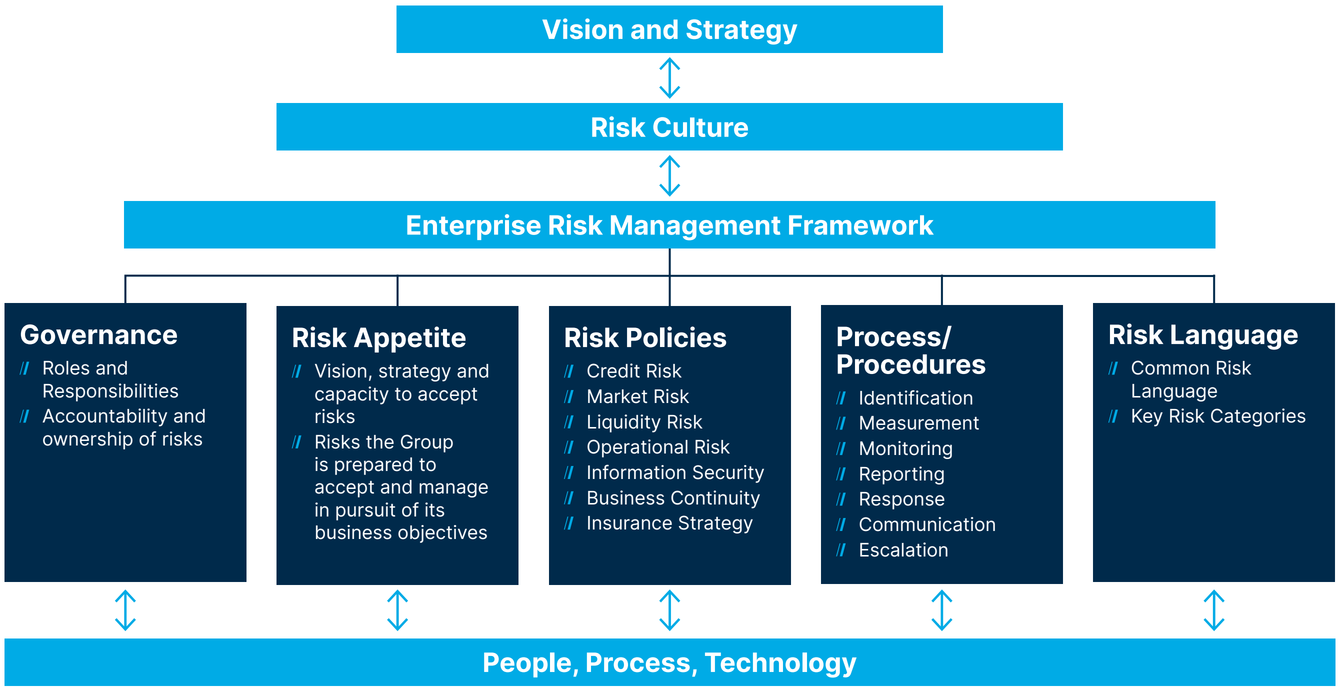
The Group Chief Risk Officer (CRO) has the overall responsibility of supporting the Board of Directors and Board of Management in establishing, maintaining and implementing the risk management framework as well as controlling and reporting of Saxo Bank Group's risk profile.

Saxo Bank Group utilises the generally accepted industry standard "Three lines of defence" approach to its risk management framework.

Business units and corporate functions are the first line of defence and have the following risk accountabilities:

- Identify, assess, measure, mitigate, manage, control and report all risks as relevant and appropriate (with oversight from second line functions)
- Rectify identified control deficiencies

Figure 1: Saxo Bank Group Enterprise Risk Management Framework



Second line of defence is Group Risk & Capital Management and Group Compliance. Group Risk and Capital Management is responsible for setting and maintaining the risk management framework, providing review and challenge to the risk owners and establishing and maintaining an overall view of the Group's risk profile in order to assess whether risks are adequately managed. Group Compliance is responsible for assisting the Group in managing its compliance risk defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation the Group may suffer as a result of its failure to comply with laws, regulations, branch standards, exchange rules and other rules applicable to its banking activities.

Internal Audit is the third line of defence and is responsible for independent evaluation for the Board of Directors on the adequacy and effectiveness of governance, risk management and internal control processes that have been implemented by first and second line of defence. Internal Audit conducts audits of selected risk areas, provide assurance on adequacy and effectiveness, and provide recommendations for improvement where relevant.

Risk culture
Saxo Bank Group defines risk culture as the Group's norms, attitudes and behaviours related to risk awareness, risk taking and risk management and the controls that shape decisions on risks. Risk culture influences the decisions of management and employees during the day-to-day activities and has an impact on the risks they assume.

The unaudited Risk Report 2021 provides additional information about Saxo Bank Group's risk management approach. Risk Report 2021 is available at www.home.saxo/about-us/icaap-and-risk-reports.

Risk Management

// Note 6

6.1 Credit risk

Credit risk is defined as the risk of a loss resulting from the failure of a counterparty to meet contractual obligations in accordance with agreed terms causing the counterparty to be unable to fulfil applicable contractual obligations to the Group. Credit risk includes counterparty credit risk and margin trading risk. Counterparty credit risk is defined as the risk of a loss resulting from the default of a counterparty to a derivative transaction occurring before the final settlement (payment) of the transaction resulting in the counterparty being unable to fulfil obligations under the derivative contract. Margin trading risk is counterparty credit risk on the client side for margin trading transactions.

The Group incurs credit risk in support of its core business activity, which is the facilitation of client trading. When facilitating client trading, the Group incurs:

- Margin trading risk on client transactions including on loans collateralised with securities (margin lending)
- Counterparty credit risk against market liquidity providers when facilitating client trading
- Credit risk when placing the Group's liquidity surplus in deposits with credit institutions and central banks or in bonds

Credit risk management

The purpose of credit risk management is to avoid credit risk related losses and to ensure that credit risk exposures stay within the limits defined in the risk appetite statement and that credit risk exposures are granted and continuously stay within the limits of the Group credit policy. The Board of Directors is responsible for defining the Group's credit policy, risk appetite on the credit area and for delegating responsibility to the Board of Management on the credit area. The credit policy defines overall principles for maintaining an appropriate credit administration including monitoring and managing the risk of the credit portfolio.

Group Credit's primary responsibilities on the credit area include:

- Performing credit assessment and granting lines and limits as well as assigning credit ratings to clients and counterparties where relevant
- Monitoring the Group's lines and utilisation including credit ratings of clients
- Perform first line reporting obligations to the Board of Directors and Board of Management on the credit risk area

Margin trading and margin lending (loans collateralised with securities)

Margin trading risk in Saxo Bank Group may occur against clients when the Group facilitates client margin trading. Margin trading risk is therefore inherent to the Group's business model.

The Group is prepared to accept margin trading risk against collateral to support clients' margin trading within the leverage limits offered by Saxo Bank Group. The facilitation of margin trading exposes the Group to the potential risk of not being able to close out clients' positions before a loss has surpassed the client's posted collateral, thus creating an uncollateralised exposure. Uncollateralised exposures in margin trading occur as a result of sudden market price gaps of financial assets causing the Group's margin service to be unable to close clients' positions at a price which ensures that clients will not take a loss greater than their posted collateral.

The Group's Margin Trading Risk Management Policy establishes principles for managing credit risks from clients' margin trading including risks in the event of a market price gap. To manage margin trading risk, exposure limits in the risk appetite statement have been defined by the Board of Directors setting limits for uncollateralised client credit exposures in severe market stress scenarios. In addition to the above-mentioned risk appetite limits, attention levels are designed to support the risk appetite limits and provide early warning signals of potential breaches. Saxo Bank Group calculates and monitors clients' margin requirements in real-time and clients must meet their margin requirement at all times. In case of a breach of margin requirements, a stop-out procedure is initiated.

The Group also incurs credit risk when offering loans collateralised with securities to clients, also referred to as margin lending. Margin lending resembles margin trading but works as a credit facility fully secured by the collateral value of the financed securities after haircut. Securities received as collateral for margin lending are subject to a haircut depending on the underlying type of security and on the issuer of the securities. For margin lending exposures, haircut values are updated for all stocks on a regular basis. In case of price volatility, the haircut percentage can be adjusted immediately. The risk appetite framework defines the maximum exposures accepted on the individual securities. Margin lending is predominantly issued in the Netherlands.

When facilitating client trading, the Group incurs counterparty credit risk against other credit institutions. Counterparty credit risk is managed by setting limits for individual exposures against counterparties based on internal and external credit ratings. Counterparty credit exposures are closely monitored by the Group on a daily basis. To further mitigate counterparty credit risk, the Group uses close-out netting agreements for derivative contracts.

Credit institutions, central banks and bonds

Saxo Bank Group incurs credit risk against credit institutions when placing part of its liquidity surplus with other predominantly large international credit institutions many of which are global SIFI-institutions. When placing deposits with other credit institutions, the Group defines credit limits for the individual exposures based on internal as well as external ratings. The utilisation of limits against other institutions is monitored closely on a daily basis.

A large part of the Group's liquidity surplus is placed as deposits with central banks in jurisdictions where the Group operates. The deposits are made in the domestic currency of the central bank. Furthermore, Saxo Bank Group is exposed to credit risk through bond holdings obtained as part of the Group's liquidity management process. According to the Group's risk appetite statement bonds must at least be of investment grade quality.

Risk Management

// Note 6

6.1.1 Credit risk exposure

DKK million	Note	2021 Margin trading and margin lending	2021 Credit institutions, central banks and bonds	2021 Other	2021 Total	2020 Margin trading and margin lending	2020 Credit institutions, central banks and bonds	2020 Other	2020 Total
Statement of financial position items									
Cash in hand and demand deposits with central banks	6.1.3	-	32,038	-	**32,038**	-	29,055	-	**29,055**
Receivables from credit institutions and central banks	6.1.3	-	6,487	-	**6,487**	-	5,938	-	**5,938**
Financial assets at fair value	6.1.4, 6.1.5	10,305	-	155	**10,460**	5,447	25,070	110	**30,627**
Bonds at amortised cost	6.1.5	-	31,341	-	**31,341**	-	3,398	-	**3,398**
Loans and other receivables at amortised cost	6.1.2	5,482	-	-	**5,482**	4,828	-	-	**4,828**
Convertible loan notes at fair value	8.1	-	-	270	**270**	-	-	331	**331**
Impairment allowance	6.1.6	-11	-14	-	**-25**	-16	-9	-	**-25**
Total credit exposure in statement of financial position		**15,776**	**69,852**	**425**	**86,053**	**10,259**	**63,452**	**441**	**74,152**
Off-balance items									
Guarantees		-	-	52	**52**	-	-	62	**62**
Impairment allowance	6.1.6	-	-	-16	**-16**	-	-	-22	**-22**
Credit exposure off-balance items		**-**	**-**	36	**36**	**-**	**-**	**39**	**39**
Total credit exposure net of impairment		**15,776**	**69,852**	**461**	**86,089**	**10,259**	**63,452**	**481**	**74,191**

Saxo Bank Group has a credit risk exposure of DKK 270 million (2020: DKK 331 million) related to convertible loan notes issued in 2019 to Saxo Geely Tech Holding A/S as consideration for intellectual property rights. The convertible loan notes are presented as part of the Investments in joint ventures and are not included in the subsequent disclosures for credit risk as it is not considered part of the Group's normal business activities.

Risk Management

// Note 6

DKK million	2021					2020				
6.1.1 Credit risk exposure										
Financial assets at amortised cost	**Credit exposure**	**Impairment**	**Exposure before collateral**	**Collateral held**	**Remaining exposure**	**Credit exposure**	**Impairment**	**Exposure before collateral**	**Collateral held**	**Remaining exposure**
Demand deposits with central banks	32,038	-3	32,035	-	32,035	29,055	-3	29,052	-	29,052
Receivables from credit institutions and central banks	6,487	-6	6,481	-	6,481	5,938	-5	5,932	-	5,932
Bonds at amortised cost	31,341	-5	31,336	-	31,336	3,398	-1	3,397	-	3,397
Loans and other receivables at amortised cost:										
Loans collateralised with securities	5,480	-11	5,469	5,469	-	4,782	-16	4,766	4,759	7
Accrued interest loans	2	-	2	-	2	46	-	46	-	46
Guarantees	52	-16	36	-	36	62	-22	39	3	36
Total	**75,399**	**-41**	**75,359**	**5,469**	**69,890**	**43,281**	**-47**	**43,232**	**4,763**	**38,470**

Collateral values are net of haircuts and capped at exposure amounts.

Risk Management
// Note 6

DKK million	Note	2021	2020
6.1.2 Credit risk - Loans and other receivables at amortised cost			
Credit risk exposure broken down by sector and geography			
Sector distribution:			
Retail clients		2,106	2,108
Other businesses		3,401	2,743
Total		**5,507**	**4,851**
Geographical distribution:			
Denmark		37	40
The Netherlands		5,116	4,452
Other countries		355	359
Total		**5,507**	**4,851**

Collateral held against lending activities - loans and other receivables at amortised cost
An essential element of Saxo Bank Group's credit policy is to mitigate credit risk by collateral.

Securities received as collateral for the collateralised loans are subject to a haircut percentage of minimum 20% depending on the underlying type of security and the issuer. The collateral value covering securities has in the table below been reduced by the applied haircuts.

DKK million	Note	2021	2020
Credit exposure net of impairment		5,507	4,851
Collateral:			
Listed securities (collateralised loans)		5,469	4,759
Other corporate tangible and intangible assets (other loans and receivables)		-	3
Total collateral		5,469	4,763
Total unsecured credit exposure loans and other receivables at amortised cost		**38**	**88**

Risk Management

// Note 6

DKK million	Note	2021			2020		

6.1.3 Credit risk - Credit institutions and central banks

Saxo Bank Group has defined the risk appetite on credit institutions and central banks by setting minimum rating requirements and by defining acceptable country specific criteria. Credit ratings are based on Standard & Poor's ratings.

Receivables from credit institutions and central banks can be withdrawn on-demand.

Receivables from credit institutions and central banks by credit rating category	2021 Credit institutions	2021 Central banks	2021 Total	2020 Credit institutions	2020 Central banks	2020 Total
AAA	-	32,035	**32,035**	-	26,783	**26,783**
AA	48	-	**48**	63	465	**528**
AA-	685	-	**685**	113	1,718	**1,831**
A-	5,400	-	**5,400**	4,436	-	**4,436**
BBB	236	-	**236**	16	85	**101**
BBB-	86	-	**86**	1,282	-	**1,282**
BB-	22	-	**22**	21	-	**21**
B	4	-	**4**	2	-	**2**
Total	**6,481**	**32,035**	**38,515**	**5,932**	**29,052**	**34,985**

Receivables from credit institutions and central banks by geography	2021 Credit institutions	2021 Central banks	2021 Total	2020 Credit institutions	2020 Central banks	2020 Total
Denmark	1,299	682	**1,980**	898	201	**1,099**
The Netherlands	2,025	25,939	**27,964**	32	23,440	**23,472**
Germany	263	88	**351**	1,494	-	**1,494**
United Kingdom	567	-	**567**	483	-	**483**
France	262	31	**293**	14	1,718	**1,732**
Switzerland	97	4,908	**5,005**	76	3,142	**3,218**
Asia	898	-	**898**	1,089	-	**1,089**
Other	1,069	388	**1,457**	1,846	550	**2,396**
Total	**6,481**	**32,035**	**38,515**	**5,932**	**29,052**	**34,985**

Receivables from credit institutions and central banks include mandatory reserve deposits of DKK 448 million (2020: DKK 368 million). The mandatory reserve deposits are not free for withdrawal.

No collateral is received for receivables from credit institutions at 31 December 2021 (2020: DKK 0 million).

Risk Management

// Note 6

DKK million	Note	2021			2020		
6.1.4 Credit risk - Derivatives							
		Notional amount	**Positive fair value**	**Negative fair value**	**Notional amount**	**Positive fair value**	**Negative fair value**
Currency contracts							
Forward/futures purchased		16,043	199	-137	17,618	131	-332
Forward/futures sold		21,384	87	-206	24,509	245	-279
Options purchased		15,993	16	-84	19,992	39	-135
Options written		15,992	104	-15	18,674	130	-29
Unsettled spot purchased		18,371	867	-113	17,470	532	-222
Unsettled spot sold		14,089	605	-42	15,635	677	-48
Interest rate contracts							
Forward/futures purchased		5,324	24	-1	4,303	8	-8
Forward/futures sold		5,300	3	-34	4,282	9	-1
Options purchased		3,532	1	-3	8,710	1	-2
Options written		3,532	3	-1	8,343	2	-1
Interest swaps		744	10	-	744	17	-
Equity contracts							
Forward/futures purchased		25,799	1,448	-1,443	24,121	516	-1,356
Forward/futures sold		25,809	1,435	-157	22,949	1,272	-118
Options purchased		91,683	1	-4,584	24,063	144	-1,099
Options written		91,531	4,583	-0	23,786	1,060	-0
Commodity contracts							
Forward/futures purchased		5,313	77	-144	2,697	9	-98
Forward/futures sold		5,451	136	-65	2,739	108	-6
Options purchased		2,040	4	-35	833	1	-17
Options written		2,040	35	-3	829	16	-0
Other contracts							
Turbos		600	667	-600	529	531	-529
Total derivatives			**10,305**	**-7,667**		**5,447**	**-4,281**

Saxo Bank Group has entered into master netting or similar agreements that include rights to additional set-off in the event of default by a counterparty. Such agreements reduce the credit risk exposure, but do not qualify for offsetting in the statement of financial position. The net credit risk exposure to derivatives with positive market value after consideration of the effect of master netting agreements and collaterals amounted to DKK 575 million (2020: DKK 1,071 million), see note 9.3 Offsetting financial assets and liabilities. The amount represents credit risk exposures, which the Group has accepted within its policies and risk limits. It should be noted that a significant portion of the mentioned exposure is held against different exchanges representing a limited credit risk.

Risk Management

// Note 6

DKK million	Note	2021			2020		

6.1.5 Credit risk - Bonds

The following tables provide an insight into various risk concentrations based on credit ratings and geography for bonds. Credit ratings are based on Standard & Poor's ratings. The portfolio of bonds is distributed on Danish mortgage bonds and government bonds in Europe and the United States. Saxo Bank Group has defined the type of bonds and the minimum rating requirements on the individual bonds in the risk appetite statements. The Group has low appetite for non-investment grade bonds.

	2021 Danish mortgage bonds	2021 Government bonds	2021 Total	2020 Danish mortgage bonds	2020 Government bonds	2020 Total
Bond portfolio						
Bonds at fair value [1]	-	-	-	14,739	10,249	**24,987**
Bonds at amortised cost	12,004	19,158	**31,162**	-	3,365	**3,365**
Accrued interest	-	-	**174**	-	-	**116**
Total	**12,004**	**19,158**	**31,336**	**14,739**	**13,614**	**28,469**
Bond portfolio by rating category						
AAA	12,004	1,672	**13,677**	9,658	1,800	**11,457**
AA+	-	9,256	**9,256**	5,081	4,989	**10,070**
AA	-	7,515	**7,515**	-	4,653	**4,653**
Other investment grade	-	714	**714**	-	2,173	**2,173**
Accrued interest	-	-	**174**	-	-	**116**
Total	**12,004**	**19,157**	**31,336**	**14,739**	**13,614**	**28,469**
Bond portfolio by geography						
Denmark	12,004	-	**12,004**	14,739	-	**14,739**
France	-	4,772	**4,772**	-	3,243	**3,243**
Spain	-	2,615	**2,615**	-	1,716	**1,716**
USA	-	10,047	**10,047**	-	5,724	**5,724**
Other	-	1,724	**1,724**	-	2,931	**2,931**
Accrued interest	-	-	**174**	-	-	**116**
Total	**12,004**	**19,157**	**31,336**	**14,739**	**13,614**	**28,469**

[1] At 1 July 2021, bonds DKK 25,905 million were reclasssified from Bonds at fair value to Bonds at amortised cost, see note 11.2 Accounting policies.

Risk Management

// Note 6

6.1.6 Credit risk - Expected credit loss
Saxo Bank Group recognises expected credit loss on financial assets measured at amortised cost. The expected credit loss is based on an estimate of the loss arising from differences between the expected cash flows and the contractual cash flows. The methodology takes account of both historical and prospective information and contains subjective estimates. The impairment model considers:

- The deterioration of the credit risk of the counterparty compared at initial recognition
- The Probability of Default (PD)
- The Loss Given Default (LGD)
- The Exposure at Default (EAD)

For the financial instruments measured at amortised cost, staging is applied to categorise the credit risk compared to the credit risk at initial recognition. Financial assets whose credit risk has not significantly deteriorated since initial recognition are classified as stage 1. Expected credit losses for these assets are based on the probability that the counterparty will be in default in a period of 1 year (12-months PD). Financial assets for which it is identified that the counterparty has a significant credit risk deterioration since initial recognition are classified in stage 2 or stage 3. In these cases, the expected credit loss is determined based on the PD over the entire term of the asset (lifetime PD).

On transition from stage 1 to stage 2 and stage 3, respectively, a significant increase in the credit risk is identified based on the development in the borrower's deterioration of credit risk. The following events are indications of a significant deterioration compared to the determined credit risk on initial recognition of the asset:

- The borrower is in arrear for more than 30 days
- Clients experiencing significant financial difficulties
- Breach of contract by the client with Saxo Bank Group or with another creditor
- Clients who are bankrupt or where there is a possibility of bankruptcy

A financial asset is credit-impaired when one or more events with detrimental impact on the estimated future cash flows of the financial assets have occurred.

Definition of default:

- The borrower is in arrear for more than 90 days
- The borrower is not expected to be able to meet its obligations

Both quantitative and qualitative indicators are applied when assessing the credit risk and whether the borrower is expected to be able to meet its obligations.

The impairment principles on credit risk segments are as follows:

Demand deposits and receivables with credit institutions and central banks
Cash in hand, demand deposits and receivables from credit institutions and central banks are individually assessed for expected credit loss. The receivables are on demand, as a result the expected credit loss is calculated based on a 12-months PD (stage 1), unless the PD has significantly deteriorated since initial recognition. All credit exposures towards credit institutions and central banks are classified as stage 1.

Loans collateralised with securities (margin lending)
Loans collateralised with securities are individually assessed for expected credit loss based on movements in value of the position and/or movement in the collateral received. An uncollateralised exposure occurs when the value of the collateral is insufficient to cover the loan. In case of such an under-collateralisation, the client is required to provide additional collateral. If the client fails to do so, the Group is entitled to wind down the position and ultimately initiate a collection procedure. An uncollateralised exposure is classified as stage 3 and fully impaired.

Bonds at amortised cost
Bonds at amortised cost are individually assessed for expected credit loss. The portfolio consists solely of bonds with investment grade rating. Based on the investment grade rating, the bonds are considered to have a low credit risk and are classified as stage 1.

Non-performing loans
Saxo Bank Group holds a limited amount of non-performing loans. These loans are classified as stage 3 subject to ongoing stress test calculations.

Risk Management

// Note 6

DKK million	Note	2021				2020			
6.1.6 Credit risk - Expected credit loss									
		Stage 1 12 months ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**	**Stage 1 12 months ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Financial assets at amortised costs before allowance									
Demand deposits with central banks		32,038	-	-	**32,038**	29,055	-	-	**29,055**
Receivables from credit institutions and central banks		6,487	-	-	**6,487**	5,938	-	-	**5,938**
Loans and other receivables at amortised cost		5,468	-	14	**5,482**	4,812	-	16	**4,828**
Bonds at amortised cost		31,341	-	-	**31,341**	3,400	-	-	**3,400**
Guarantees		-	-	52	**52**	4	-	58	**62**
Total		**75,334**	**-**	**65**	**75,399**	**43,207**	**-**	**75**	**43,282**
Impairment allowance									
Demand deposits with central banks		3	-	-	**3**	3	-	-	**3**
Receivables from credit institutions and central banks		6	-	-	**6**	5	-	-	**5**
Loans and other receivables at amortised cost		-	-	11	**11**	-	-	17	**17**
Bonds at amortised cost		5	-	-	**5**	1	-	-	**1**
Guarantees		-	-	16	**16**	-	-	22	**22**
Total		**14**	**-**	**26**	**41**	**8**	**-**	**39**	**48**

Risk Management

// Note 6

DKK million

6.1.6 Credit risk - Expected credit loss

Consolidated impairment allowance for financial assets at amortised cost and guarantees

2021	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment allowance 1 January	8	-	39	**48**
Decreases due to redemptions and derecognitions	-	-	-7	**-7**
Changes due to change in credit risk (net)	1	-	-	**1**
Impairment allowance 31 December	**9**	**-**	**32**	**41**
2020				
Impairment allowance 1 January	15	0	27	**43**
Disposal of mortgages portfolio	-13	-0	-5	**-18**
Decreases due to redemptions and derecognitions	-	-	-3	**-3**
Changes due to change in credit risk (net)	6	0	20	**26**
Impairment allowance 31 December	**8**	**-0**	**39**	**48**

DKK million

6.1.7 Securities lending

Saxo Bank Group offers securities lending primarily to clients in the Netherlands.

The below table list the payables to clients lending their securities and the receivables relating to the third party who is borrowing the client securities. Neither the receivable or the payable is recognised in statement of financial position as the ownership and control of the securities remain with the client.

The Group receives securities as collateral from the third party (collateral received) and is obliged to provide securities as collateral to the clients for the securities that they have lent out (collateral pledged). The Group either provides the same securities as received or own securities as collateral to the client.

At 31 December 2021, no securities lending is outstanding, however securities lending will continue in 2022.

	Note	2021	2020
Receivables in respect of securities lending (third party)		-	635
Collateral received		-	679
Liabilities in respect of securities lending (clients)		-	635
Collateral pledged		-	669

Risk Management
// Note 6

6.2 Market risk
Market risk is defined as the risk of a loss in value as a result of changes in market rates and parameters that affect market values:

- Foreign exchange risk is the risk of losses on positions in foreign currency products (including currency derivatives and options) due to changes in currency rates
- Equity risk is the risk of losses due to changes in equity prices
- Commodity risk is the risk of losses due to changes in commodity prices
- Interest rate risk is the risk of losses on positions in interest rate sensitive instruments caused by changes in interest rates

Saxo Bank Group is a global multi-asset facilitator and has no proprietary position taking. The Group's client-based trading flow is executed and hedged automatically between the client and the market to minimise the Group's intermediate market risk. However, some limited and mostly temporary market risks can arise from client trading related to the Group's optimisation of the hedging of client trades. Market risk in Saxo Bank Group primarily relates to positions which are measured at fair value and for reasons of statutory requirements are placed in the Group's regulatory trading book. Positions in the trading book are mostly subject to equity and commodity risk whereas interest bearing securities are placed in the Group's regulatory banking book.

Risk management
The Board of Directors has defined the overall Group Market Risk Policy as well as specific limits for the different types of market risk defined in the Group's risk appetite. The purpose of the Market Risk Policy and risk appetite statements is to determine the overall principles of the Group's management of market risk exposures as well as the Group's overall risk appetite within the market risk area.

Market risk exposures are monitored intraday by the trading department against the limits set in the risk appetite statement by the Board of Directors. Group Risk and Capital Management perform second line risk oversight on the market risk area. Reporting of exposures and limit utilisations is done on a daily basis to the Board of Management and at least monthly to the Board of Directors. To support management on market risk and to maintain an updated and appropriate Risk Management Framework, the Market and Counterparty Credit Risk Committee (MCCRC) meets on a regular basis to address market risk.

Exposure limits on the market risk area in the Group's risk appetite statement, are defined based on the underlying asset class according to the assets' risk profile.

- For foreign currency risk, limits are defined based on market availability, liquidity and volatility. Foreign currency risk is monitored and reported as the higher of the sum (per currency) of all long foreign currency positions or the sum of all short foreign currency positions. For foreign currency-, commodity- and equity options, limits are monitored and reported based on specific option risk factors to ensure that key risk elements, such as underlying price sensitivity and volatility, are considered
- For instruments with equity risk, limits are set on a gross, net and single instrument basis in order to capture market movements as well as concentration risk. Equity risk exposure is monitored and reported as the sum of both net and gross positions in underlying instruments with equity risk
- For commodity risk, limits are set on a gross and net basis. Commodity risk exposure is monitored and reported as the sum of both net and gross positions in same maturity and underlying instrument
- For instruments with interest rate risk, limits are set on gross as well as net basis. The Group has limited interest rate risk in the trading book

Risk Management
// Note 6

DKK million	Note	2021		2020		
6.2.1 Foreign currency risk						
		Exposure	**Sensitivity (1%)**		**Exposure**	**Sensitivity (1%)**
Long positions						
USD		117	1	CNY	198	2
CHF		25	0	USD	69	1
CNY		17	0	CAD	17	0
TRY		4	-	PLN	6	0
AUD		4	0	NOK	4	0
Other		22	0	Other	13	0
Total long positions		**189**	**2**		**307**	**3**
Short positions						
GBP		51	1	EUR	213	2
EUR		49	1	JPY	33	0
HKD		44	0	SGD	27	0
INR		35	0	INR	26	0
SGD		6	0	HKD	22	0
Other		54	1	Other	69	1
Total short positions		**238**	**2**		**388**	**4**
Total			**4**			**7**

The corresponding sensitivity is calculated by applying a loss-generating shift to the exchange rate of 1%.

6.2.2 Equity risk

The exposure towards equities due to positions in financial instruments is limited to facilitating client trading flow. The net exposure for equities is determined by measuring the net exposure for each equity base contract. At 31 December 2021, the aggregated absolute exposure is DKK 78 million (2020: DKK 20 million).

Risk Management

// Note 6

6.2.3 Commodity risk

The exposure towards commodities due to positions in financial instruments is limited to facilitating client trading flow. The net exposure for commodities is determined by measuring the net exposure for each commodity type. At 31 December 2021, the net exposure is DKK 12 million (31 December 2020: DKK 24 million).

6.2.4 Interest rate risk

Interest rate risk in the banking book (IRRBB) primarily originates from the Group's liquidity investments in the banking book consisting of hold-to-maturity bonds from issued capital instruments and received deposits. The Group has developed a risk framework for managing and mitigating risk related to IRRBB exposures that may affect the Group's earnings or capital position. The Group has defined limits for relevant IRRBB exposures in its risk appetite statement and defined a risk policy which describes the measurement, management and mitigation of IRRBB risks.

To determine the Capital-at-Risk and Pillar II add-on for interest rate risk the Group calculates stress tests in accordance with the definitions in the ICAAP-guideline. The stress tests determine a calculated loss-amount in the following stress scenarios:

- Parallel increase/decrease in interest rate curves
- Increase/decrease in the short-end of interest rate curves
- Steepening and flattening scenarios where the short-end and the long-end of the interest rate curves move in opposite directions

In addition to the impact of interest rate changes on the Group's capital following the economic value measure, the Group monitors and evaluates the impact of interest rate changes on its earnings (Earnings-at-Risk or EAR) via the net interest income. For the EAR calculation, changes in interest rates are derived by applying both instantaneous and gradual shocks to the interest rate curve and thus measuring the impact on the Group's earnings from the applied shifts in the interest rate curves over different time horisons.

	Capital-at-Risk		Earnings-at-Risk	
	2021	**2020**	**2021**	**2020**
Risk amount	390	133	226	-
Scenario	Parallel down	Parallel down	Gradual down	-

6.3 Operational risk

Operational risk is defined as the risk of losses due to inadequate or failed internal procedures, human errors and system errors or as a result of external events.

The Board of Directors supported by the Board of Management set out risk management principles, the risk appetite and limits within operational risk.

Operational risk management

The Board of Directors has defined the Saxo Bank Group Operational Risk Policy, the Group Information Security Policy, the Group Business Continuity Policy, and the Group Vendor & Outsourcing Risk Policy. Furthermore, the Board of Directors has also articulated the Group's operational risk appetite. Operational risks are not desired risks and Saxo Bank Group seeks to proactively and reactively to mitigate such risks in adherence with the Group's risk appetite and ensure risk management efforts are aligned with the Group's risk culture objectives.

The responsibility for the proactive identification, management and mitigation of operational risks is the responsibility of the whole organisation. Group Non-Financial Risk under Group Risk and Capital Management acts as the second line of defence for operational risks. Operational risks are identified and assessed through regular self-assessment processes to assess the quality of internal controls, ensure that all material operational risks inherent in the Group's products, activities, processes and systems are captured and reassessed in a systematic and timely manner and identify areas for improvements. Moreover, all material changes in Saxo Bank Group's products, activities, processes and systems are subject to an internal risk assessment and approval process. Particular focus is placed on the understanding of the Group's resilience to operational risk exposures with a low likelihood of occurrence which can have a severe impact on the business.

Saxo Bank Group's operational risk profile is monitored on a regular basis, and reported to the Board of Directors and the Management Risk Committee at least quarterly and without delay whenever the situation dictates so. Risk assessments and root cause analysis are performed to effectively address and provide future mitigants to material operational risk events.

Saxo Bank Group uses mainly three methods to mitigate risks:

- Controls: Appropriate internal controls are designed and implemented to ensure that operational risks are mitigated to remain within the risk appetite
- Contingency plans: Saxo Bank Group's contingency plans establish the processes and procedures necessary to ensure that all business-critical processes, services, and personnel remain operational at an acceptable level in the event of a severe disruptive event
- Insurance coverage: Insurance coverage is used for protection against unexpected and substantial unforeseeable losses to ensure that Saxo Bank Group's key tangible assets and employees are covered and safeguarded effectively and sufficiently

Risk Management

// Note 6

6.4 Liquidity risk

Liquidity risk is defined as the risk that:

- Saxo Bank Group does not have sufficient liquidity to fulfil its payment obligations as and when they fall due
- Saxo Bank Group does not comply with regulatory liquidity requirements
- The cost of funding increases to a level where the Group is prevented from continuing its current business model

The facilitation of client trading and investment includes that Saxo Bank Group provides financial products to customers via the Group's trading platform. When trading products via the Group's liquidity providers or on exchanges, the Group needs liquidity for the actual trading as well as for the placement of margin. To accommodate this, clients provide the necessary funds for trading via positing funds into their accounts. The received client funds are then placed in assets which include a hold-to-maturity bond portfolio based on matching the maturity profile of received client funds. However, the Group continuously holds a decisive part of its liquidity as deposits with central banks and as on-demand deposits with other financial institutions thus providing for a highly liquid asset composition.

The primary source of funding in Saxo Bank Group is client funding, and the Group does not rely on market funding in its liquidity management. The Group has a diversified portfolio of deposits ranging from retail deposits from private clients to large deposits from financial clients and partners. According to the Group's liquidity contingency plan, the Group can draw on a range of liquidity and funding options such as repurchase (repo) agreements with other financial institutions whereby the Group may raise operating liquidity (cash) by lending out its on-balance securities such as bonds. Moreover, the Group can utilise its market funding access to provide additional funding.

Saxo Bank Group and Saxo Bank A/S are required to fulfil liquidity requirements according to CRR and subsequent regulation with regard to the liquidity coverage ratio (LCR) for credit institutions. The LCR requirement stipulates that banks are obligated to hold a buffer of liquid assets as a percentage of net cash outflows over a 30-day period. The objective of the LCR framework is to promote short-term resilience of banks' liquidity risk profile by ensuring that banks have sufficient High Quality Liquid Assets (HQLA) to withstand a stressed scenario of 30 days. The minimum LCR requirement is set at 100%. In addition to the LCR requirement, the Danish FSA has defined a further liquidity metric in the so-called Supervisory Diamond based on a modified 90-days LCR. The Supervisory Diamond is disclosed in the management report.

In note 10.1 Key figures and ratios, Saxo Bank Group's LCR is disclosed.

Liquidity risk management

The Board of Directors has defined the Group's Liquidity Policy and risk appetite statement which define the overall principles of the liquidity management as well as the overall limits for liquidity risk.

Saxo Bank Group has a low appetite for liquidity risk and the overall strategy of liquidity risk management in the Group is to ensure that Saxo Bank Group at all times has a strong liquidity position with a safe margin to the regulatory and internally defined minimum requirements. The Group's primary liquidity metric is the regulatory Liquidity Coverage Ratio, which is calculated for total currencies as well as for the Group's significant currencies.

The Board defined minimum LCR requirement is decided as an additional buffer to the regulatory minimum requirements. The level of the buffer is decided following the yearly Internal Liquidity Adequacy Assessment Process (ILAAP), but adjustments can occur on a continuous basis in case required. The ILAAP is an internal process in which management evaluates the liquidity and funding requirement, liquidity and funding risks and the overall liquidity and funding management framework.

In note 9.2, the maturity of the financial liabilities is disclosed.

Liquidity stress testing and reporting

To ensure that Saxo Bank Group stays with a safe distance to the Board and regulatory limits the Group has defined internal liquidity minimum levels based on stress tests. The defined stress scenarios include: A market wide stress scenario where general market conditions impacting the Group are stressed, an idiosyncratic stress where factors related to Saxo Bank Group specifically are stressed, and a combination of the two before-mentioned scenarios in a so-called combined stress scenario. For each period a different severity of stress is applied. The market wide and the idiosyncratic scenarios represent highly unlikely, however not unimaginable, events whereas the combined scenario is considered extremely severe but still plausible.

To monitor liquidity risk, Saxo Bank Group performs daily liquidity calculations and monitoring of liquidity risk metrics. Reporting on the liquidity area include:

- A yearly ILAAP to the Board of Directors. The ILAAP focuses on the liquidity and funding requirements and defines Saxo Bank Group's internally required level of liquidity. The ILAAP is approved by the Board of Directors
- A monthly Risk & Capital Report including key metrics on liquidity to the Board of Directors and Board of Management
- A daily Treasury Report to the Board of Management. The report contains the daily liquidity position including the liquidity buffer as well as the daily calculated LCR

Net Stable Funding Ratio

The purpose of the Net Stable Funding Ratio (NSFR) is to prevent banks from relying on unstable funding and to generally promote a stable funding structure. The NSFR requirement is set at 100%, meaning that institutions' available funding must equal or exceed 100% of their required funding. Saxo Bank Group continues to have a stable funding structure. 31 December 2021, the NSFR ratio for Saxo Bank Group was 258.6%.

The main components requiring stable funding in Saxo Bank Group are liquid assets and derivatives and the components supplying available stable funding are own funds and deposits.

In addition to the funding ratio, Saxo Bank Group is required to monitor and report asset encumbrance.

Risk Management

// Note 6

6.5 Capital

Regulatory requirements

Saxo Bank Group's total capital consists of Common Equity Tier 1 (CET1), Additional Tier 1 and Tier 2 capital instruments and is calculated in accordance with CRR.

The minimum capital requirements, defined as a percentage of Risk Exposure Amount (REA), in CRR article 92 are:

- 4.5% Common Equity Tier 1 capital ratio
- 6% Tier 1 capital ratio
- 8% Total capital ratio

The 8% requirement is the Pillar I minimum capital requirement. In addition to the Pillar I requirement, Saxo Bank Group must meet:

- The Individually assessed capital requirement under Pillar II (the ICAAP requirement)
- The Capital Conservation Buffer and the Countercyclical Capital Buffer

The statement of capital for Saxo Bank Group and for Saxo Bank A/S provides a specification of Total Capital including Common Equity Tier 1 capital, Tier 1 capital, Tier 2 capital and capital ratios. Note 5.3 provides a specification of subordinated debt.

Regulatory capital buffers

According to the CRD directive and the Danish Financial Business Act, Saxo Bank Group is required to hold a capital conservation buffer and a countercyclical capital buffer. The capital conservation buffer is designed to absorb losses and conserve capital. The capital conservation buffer is calculated as a percentage of REA and constitutes a fixed level of 2.5%. The countercyclical capital buffer is intended to ensure that institutions accumulate sufficient capital in times of high economic growth to enable a continuous source of credit in a subsequent downturn when the buffer can be released.

The level of the countercyclical capital buffer in Denmark is set by the Minister for Industry, Business and Financial Affairs based upon guidance and recommendation from the Systemic Risk Board. Following the COVID-19 pandemic event, the countercyclical capital buffer for Denmark was set to zero in March 2020, however, in June 2021 the Systemic Risk Board recommended that the buffer should be reactivated to 1.0% from 30 September 2022, which was subsequently approved by the Minister for Industry, Business and Financial Affairs. A further increase to 2.0% was proposed in December 2021 applicable from year-end 2022 if approved, and it is expected that the Systemic Risk Board will suggest an additional increase to 2.5% in March 2022.

ICAAP Process & Pillar II Requirement

The Pillar II requirement is implemented into Danish law via the Danish Financial Business Act and further subsequent regulation including the ICAAP Guideline. Following the methodology in the ICAAP Guideline, Saxo Bank Group utilises the so-called 8+ Model. The 8+ Model uses the 8% Pillar I capital requirement as a reference point with add-ons for other risks and relations not fully reflected in the Pillar I requirement.

Group Risk & Capital Management is responsible for the preparation of the Group's ICAAP Report. Part of the ICAAP process is to identify the risks associated with the activities of the Group. For each identified risk, it is assessed whether the risk is sufficiently covered by Pillar I. Further, based on internal, quantitative and qualitative approaches and, if relevant, internal expert input and management judgements, a further possible Pillar II add-on is included in the Pillar II requirement.

In addition to considering interest rate and credit spread risk in the banking book, the Group continuously considers other add-ons to its Pillar II capital requirement in the Group's ICAAP-process. ICAAP stress testing furthermore ensures that the assessed adequate capital level for Saxo Bank Group is sufficient to withstand unlikely, but not implausible, stress scenarios. A number of stress scenarios have been outlined in the various single risk areas. Management mitigating actions, like contingency plans and insurance coverage, are considered. Saxo Bank Group also conducts an income sensitivity analysis to ensure that business risks are covered adequately in the budgeted income. The Group publishes information on its ICAAP on a quarterly basis.

Minimum requirement for own funds and eligible liabilities (MREL)

Although formally not considered as a capital requirement, banks to meet a minimum requirement for own funds and eligible liabilities to be able to absorb losses and restore the capital position in the event of a crisis. The actual MREL requirement consists of a loss absorption amount and a recapitalisation amount.

The recapitalisation amount is based on the resolution strategy which is defined in the Group's resolution plan. With the application of the BRRD2 directive, which has been implemented into Danish law and was applicable from year-end 2020, the MREL requirement may be covered with with eligible liabilities or own funds. The requirement is defined as the highest of either the risk-based requirement as a percentage of the Risk Exposure Amount (REA) or the parallel and non-risk-based requirement, which is defined on the basis of the leverage ratio exposure amount, also applies. The MREL requirement may be covered with eligible liabilities or own funds and is being phased-in with full application from 1 January 2024.

As per 31 December 2021, the Group covers its MREL requirement with Own Funds.

Capital Management

The Board of Directors has defined the risk appetite limits within the capital management area in Saxo Bank Group's risk appetite statement and Capital Policy.

The Capital Policy determines the overall guidelines for the management of the Group's capital and the assessment of the capital requirement. Saxo Bank Group recognises that a strong capital position is necessary for maintaining a strong capital, liquidity and funding position and the Group has therefore defined an internal solvency surplus buffer (on top of the capital requirement), which defines the minimum distance to the capital requirement relative to REA. If this buffer is breached, the internal policy dictates that dividends cannot be paid out. The internal capital surplus buffer is also in place to avoid early intervention or breach of the capital requirement, which would impose restrictions on the Group.

The Group has further defined a capital plan to ensure that the Group maintains sufficient capitalisation to both meet its capital requirements and support its risk profile and strategic goals. For this, it takes into consideration both short-term and long-term effects of changes to the risk profile. As such, Saxo Bank Group's capital plan considers expectations to regulation, strategic initiatives and any other potential major changes to the risk profile and thereby the future solvency needs. Potential changes to the risk profile and thereby the future solvency needs, are estimated using the ICAAP and captured in the capital plan. The capital plan is reviewed at least on a quarterly basis if needed, to ensure that Saxo Bank Group's projected capital adequacy is up-to-date.

The capital plan is used in the strategic decision-making process by the Board of Management and the Board of Directors.

Capital Position

As of 31 December 2021, Saxo Bank Group had a strong capital position with a Total Capital Ratio of 29.1% (2020: 32.6%).

The Total Capital Ratio consists mostly of Common Equity Tier 1 capital (highest quality of regulatory capital) with a CET1 ratio of 22.4% (2020: 25.1%).

Risk Management

// Note 6

The CET1 capital of DKK 3,994 million (2020: DKK 3,934 million) is calculated as shareholder's equity per accounting rules subject to certain adjustments in accordance with CRR. Main adjustments are listed below:

- Expected dividend
- Intangible assets, including goodwill but excluding prudently values software assets
- Deferred tax assets which rely on future profitability
- Prudent valuation adjustment (AVA adjustment as per the Simplified Approach)

Saxo Bank Group does not apply the transitional arrangements set out in Article 473a of Regulation (EU) No 575/2013 for expected credit loss (ECL) related to the application of IFRS 9 and the Group therefore includes the full effect of ECL in its own funds and in capital ratios.

As of 31 December 2021, the Group's Additional Tier 1 capital amounted to DKK 448 million (2020: DKK 448 million) and Tier 2 Capital to DKK 740 million (2020: DKK 740 million).

Leverage ratio
The leverage ratio is a non-risk adjusted capital measure which is defined as Tier 1 capital as a percentage of the total non-risk weighted exposures. The ratio is intended to prevent credit institutions from building up excessive leverage.

CRR imposes a 3% minimum Leverage Ratio requirement, however, Saxo Bank Group has defined a minimum level above the CRR requirement in its risk appetite statement. As of 31 December 2021, the Group's Leverage Ratio was 5.4% (2020: 5.9%).

Saxo Bank Group's monitoring of the leverage ratio is done continuously on a monthly basis and is also included in the ICAAP, Capital Planning and the Recovery Plan. The Group has defined an internal leverage ratio minimum requirement to ensure that the Group stays with a safe distance to the minimum requirement. In addition, to close monitoring of the leverage ratio, business decisions are tested with regards to their impact on the ratio with the intent to prevent decisions which would lead to excessive leverage in the Group.

Cash flow statement

// Note 7

DKK million	Note	2021	2020
7.1 Non-cash operating items			
Share of net loss from joint ventures		18	7
Amortisation and impairment charges, intangible assets		374	300
Depreciation and impairment charges, tangible assets		144	148
Impairment charges financial assets etc.		7	24
Other non-cash operating items		215	-2
Total non-cash operating items		**757**	**477**
7.2 Changes in operating capital			
Receivables from credit institutions and central banks		-2	1
Financial assets/liabilities at fair value		-1,534	1,133
Loans and other receivables at amortised cost		-662	5,019
Bonds at amortised cost		-2,859	-4,329
Other assets		-90	687
Debt to credit institutions and central banks		780	833
Deposits		8,252	1,035
Provisions and other liabilities		-21	77
Total changes in operating capital		**3,864**	**4,456**
7.3 Cash and cash equivalents			
Cash in hand and demand deposits with central banks		32,035	29,052
Amounts due from credit institutions and central banks within three months		6,475	5,927
Cash and cash equivalents at 31 December		**38,510**	**34,980**

Joint ventures

// Note 8

DKK million

8.1 Investments in joint ventures

Saxo Bank A/S has a 50% interest in Saxo Geely Tech Holding A/S, a jointly controlled entity. In 2020, Saxo Geely Tech Holding A/S established a subsidiary in China (Saxo Financial Technology Company Limited (Saxo Fintech)) with the purpose of providing technology solutions to banks and fintechs in Mainland China. The interest in Saxo Geely Tech Holding A/S is accounted for using the equity method.

Summarised financial information for Saxo Geely Tech Holding Group (100%)

	Note	2021	2020
Income statement			
Revenue		12	0
Operating expenses		-94	-17
Depreciation and amortisation		-3	-0
Net financing income		1	0
Profit before tax		**-84**	**-17**
Tax		12	2
Net profit		**-72**	**-14**
Other comprehensive income		229	-1
Total comprehensive income		**157**	**-16**
Statement of financial position			
Current assets:			
Cash and cash equivalents		89	56
Other assets		9	8
Non-current assets:			
Intangible assets		2,455	2,230
Tangible assets		9	1
Deferred tax assets		15	2
Current liabilities:			
Other liabilities		18	7
Non-current liabilities:			
Convertible loan note		1,004	1,116
Total equity		**1,555**	**1,175**

DKK million	Note	2021	2020
Share of net loss from joint ventures			
50% share of net profit		-36	-7
Fair value adjustment of loan notes, net of tax		18	-
Total share of net loss from joint ventures		**-18**	**-7**

50% of Other comprehensive income from Saxo Geely Tech holding A/S, net of intercompany eliminations, amounted to DKK 30 million as of 31 December 2021 (2020: DKK 2 million). Saxo Bank A/S has since February 2021 hedged the net investment in joint ventures. Note 9.4 provides information on hedge accounting.

Carrying amount of Investments in joint ventures			
50% share of the equity in the joint venture		778	588
Convertible loan notes at fair value		270	331
Intercompany elimination		-645	-539
Total investments in joint ventures		**402**	**380**

Saxo Geely Tech Holding A/S' consideration for Intellectual property rights acquired from Saxo Bank A/S in 2019 comprised of loan notes. The loan notes are with conversion rights and presented as part of Investments in joint ventures. Under certain circumstances, Saxo Bank A/S has an obligation to subscribe for new shares in Saxo Geely Tech Holding A/S by debt conversion of the convertible loan notes. The expected remaining repayment period for the loan notes is 9 years.

In 2021, loan notes of DKK 112 million (2020: DKK 562 million) were converted to new shares in the joint venture and DKK 560 million was repaid in 2020.

The convertible loan notes DKK 270 million (2020: DKK 331 million) are in Saxo Bank Group measured at fair value based on unobservable inputs (level 3) by using a discounted cash flow model. In 2021 fair value adjustments of the loan notes impacted the net profit with DKK 18 million and was recognised in Share of net loss from joint ventures. The key input in the valuation model is the discount rate of 15.7%. Had a discount rate of 10% been applied 31 December 2021 a gain of DKK 136 million (2020: DKK 139 million) should have been recognised and had a discount rate of 20% been applied a loss of DKK 93 million (2020: DKK 100 million) should have been recognised.

For Saxo Fintech, there are due to Chinese legislation certain limitations on the Group's ability to access cash.

Other disclosure requirements
// Note 9

DKK million	Note	2021		2020	

9.1 Expected maturity of statement of financial position items

Saxo Bank Group presents the statement of financial position items in order of liquidity. The table below shows the statement of financial position items expected to mature within one year (current) and after more than one year (non-current).

	2021 < 1 year	2021 > 1 year	2020 < 1 year	2020 > 1 year
Assets				
Cash in hand and demand deposits with central banks	32,035	-	29,052	-
Receivables from credit institutions and central banks	6,481	-	5,932	-
Financial assets at fair value	8,059	2,401	25,662	4,964
Bonds at amortised cost	26,460	4,876	1,028	2,371
Loans and other receivables at amortised cost	5,471	-	4,811	-
Current tax assets	113	-	108	-
Investments in joint ventures	-	402	-	380
Intangble assets	374	2,672	300	2,456
Tangible assets	144	1,154	148	1,177
Deferred tax assets	-	33	-	33
Other assets	411	37	330	30
Liabilities				
Debt to credit institutions and central banks	5,178	-	4,393	-
Financial liabilties at fair value	5,075	2,592	3,426	854
Deposits	68,377	200	60,192	5
Current tax liabilities	96	-	70	-
Other liabilities	909	163	868	171
Deferred tax liabilities	-	267	-	286
Provisions	311	1	268	74
Subordinated debt	20	749	20	756

Other disclosure requirements

// Note 9

DKK million	Note	2021						2020					
9.2 Maturity analysis of financial liabilities													

The maturity analysis is based on the earliest date the Saxo Bank Group can be required to pay and does not reflect the expected due dates. The financial liabilities balances in the table (except from Derivative financial instruments) do not reconcile with the amounts recognised in the statement of financial position as it incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

	2021 On demand	2021 Within 3 months	2021 From 3-12 months	2021 From 1-5 years	2021 More than 5 years	2021 Total	2020 On demand	2020 Within 3 months	2020 From 3-12 months	2020 From 1-5 years	2020 More than 5 years	2020 Total
Debt to credit institutions and central banks	5,178	-	-	-	-	**5,178**	4,393	-	-	-	-	**4,393**
Deposits	68,377	-	-	-	200	**68,577**	60,193	-	-	-	5	**60,197**
Subordinated debt	-	11	32	169	845	**1,056**	-	11	32	169	887	**1,098**
Total financial liabilities (non-derivatives)	**73,555**	**11**	**32**	**169**	**1,045**	**74,811**	**64,586**	**11**	**32**	**169**	**892**	**65,688**
Currency contracts	-	503	93	0	0	**597**	-	854	189	2	0	**1,045**
Interest rate contracts	-	32	5	3	-	**39**	-	6	5	0	-	**12**
Equity contracts	-	2,810	1,498	1,807	1	**6,116**	-	1,919	338	317	7	**2,581**
Commodity contracts	-	116	111	20	0	**247**	-	62	54	7	0	**122**
Turbos	-	-	-	-	667	**667**	-	-	-	-	521	**521**
Total financial liabilities (derivatives)	**-**	**3,461**	**1,707**	**1,831**	**668**	**7,667**	**-**	**2,840**	**586**	**326**	**528**	**4,281**
Guarantees	36	-	-	-	-	**36**	39	-	-	-	-	**39**
Total financial liabilities (other)	**36**	**-**	**-**	**-**	**-**	**36**	**39**	**-**	**-**	**-**	**-**	**39**
Total	**73,591**	**3,471**	**1,739**	**2,000**	**1,713**	**82,513**	**64,626**	**2,851**	**618**	**495**	**1,420**	**70,008**

In note 6.4 Liquidity risk, management, monitoring and reporting on liquidity risk is described.

Other disclosure requirements

// Note 9

DKK million

9.3 Offsetting financial assets and liabilities

					Amounts not offset but subject to master netting agreements and similar agreements			
	Note	Gross amount	Offsetting	Net carrying amount in the statement of financial position	Financial instruments	Cash collateral	Financial collateral	Net amount
2021								
Financial assets								
Derivatives financial instruments with positive fair value		10,305	-	10,305	-3,521	-4,756	-1,452	575
Total		**10,305**	**-**	**10,305**	**-3,521**	**-4,756**	**-1,452**	**575**
Financial liabilities								
Derivatives financial instruments with negative fair value		7,667	-	7,667	-3,521	-100	-193	3,853
Total		**7,667**	**-**	**7,667**	**-3,521**	**-100**	**-193**	**3,853**
2020								
Financial assets								
Derivatives financial instruments with positive fair value		5,551	-	5,551	-1,216	-3,152	-112	1,071
Total		**5,551**	**-**	**5,551**	**-1,216**	**-3,152**	**-112**	**1,071**
Financial liabilities								
Derivatives financial instruments with negative fair value		4,281	-	4,281	-1,216	-194	-92	2,780
Total		**4,281**	**-**	**4,281**	**-1,216**	**-194**	**-92**	**2,780**

Assets and liabilities are offset when Saxo Bank 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. Master netting agreements or similar agreements give the right to additional offset in the event of default. Such agreements reduce the exposure further in the event of default, but do not qualify for offsetting.

Saxo Bank Group determines a margin requirement for trading clients. The margin requirement maintained by Saxo Bank Group is for the purpose of providing collateral on derivative positions. The margin requirement is not offset with the clients' unrealised positions in the statement of financial position. In case of insufficient margin, the Group may close out all the clients' margin trades and offset against collateral received. Note 6.1.4 Credit risk - derivatives provides more information on the derivatives and credit exposure.

Cash collateral received is recognised in Deposits and Debt to credit institutions and central banks in the statement of financial position. Saxo Bank 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). Cash and financial collateral provided is part of Assets deposited as collateral in note 4.11.

Other disclosure requirements
// Note 9

DKK million

9.4 Hedge accounting

Saxo Bank is exposed to certain risks relating to its ongoing business operation and has entered into hedging relationships to cover certain foreign currency risk, interest rate risk and risk related to crypto currencies.

Hedge of net investments - foreign currency risk
Saxo Bank Group hedges the foreign currency risk arising from net investments in foreign entities excluding goodwill, by establishing hedge relationship between the net investments and foreign currency derivatives or non-derivative financial liabilities designated as the hedge instruments.

There is an economic relationship between the hedged item and the hedging instrument as the net investment in foreign entities creates a translation risk that match the foreign exchange exposure on the currency derivatives or non-derivative financial liabilities. A hedge ratio of 1:1 is established as the exposure in net investments is measured and updated each month with the realised net profit of each of the hedged net investment. The notional amount includes the initial net investment and the realised net profit, deducted with dividend and increased/decreased with any other transactions on equity. Saxo Bank Group does not hedge the foreign entities' future income or transactions. The hedge ineffectiveness will arise when the notional foreign currency amount of the investment in foreign entities become lower than the notional amount of the hedging instruments.

	Note	Notional amount	Carrying amount	Financial position item	Recognised in the translation reserve, net of tax (accumulated)	Change in fair value used for measuring hedge ineffectiveness
2021						
Hedged item:						
Foreign exchange risk related to net Investment in foreign entities			6,182			110
Hedging instruments						
Foreign currency derivatives and other foreign positions		-6,201	-6,201	Financial liabilities at fair value/ Deposits	80	-111
Hedge ineffectiveness				Price and echange rates adjustments		-1
2020						
Hedged item:						
Foreign exchange risk related to net Investment in foreign entities			5,238			-108
Hedging instruments						
Foreign currency derivatives and other foreign positions		-5,238	-5,238	Financial liabilities at fair value/ Deposits	-4	110
Hedge ineffectiveness				Price and echange rates adjustments		2

The impact on other comprehensive income in translation reserve is disclosed in statement of changes in equity.

Other disclosure requirements
// Note 9

DKK million

9.4 Hedge accounting

Fair value hedge - Tier 2 capital - interest rate risk
Saxo Bank Group uses interest rate swaps to manage the interest rate risk on its tier 2 capital. At 31 December 2021, interest swaps are in place with a notional amount of DKK 749 million (2020: DKK 756 million), whereby a fixed rate of interest of 5.5% is received and interest at variable rate equal to EURIBOR 3 months plus 5.7115% on the notional amount is paid. The interest rate swap will expire July 2024.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). A hedge ratio of 1:1 is established for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. The hedge ineffectiveness can arise from different interest rate curve applied and/or differences in timing of cash flows differently impacting the fair value movements of the hedging instrument and hedged item.

	Note	Notional amount	Carrying amount	Financial position item	Accumulated fair value adjustments included in the hedged item	Change in fair value used for measuring hedge ineffectiveness
2021						
Hedged item:						
Tier 2 capital			-749	Subordinated debt	-17	-9
Hedging instruments:						
Interest rate swap		EUR 100 mio	10	Financial assets at fair value		9
Hedge ineffectiveness				Price and exchanges rate adjustments		-
2020						
Hedged item:						
Tier 2 capital			-756	Subordinated debt	-17	-9
Hedging instruments:						
Interest rate swap		EUR 100 mio	17	Financial assets at fair value		9
Hedge ineffectiveness				Price and exchanges rate adjustments		-

Other disclosure requirements

// Note 9

DKK million

9.4 Hedge accounting

Fair value hedge - crypto currencies
Saxo Bank Group holds a limited amount of crypto currencies. The crypto currencies are measured at cost at initial recognition and subsequent adjusted for changes in fair value as they are part of a hedging relationships for which fair value hedge is applied.

There is an economic relationship between the hedged item and the hedging instrument 1:1 as the change in the fair value of the crypto currencies is identical to the change in fair value of derivatives with crypto currencies as the underlying item. The hedging relationship is established in 2021.

At 31 December 2021, the accumulated fair value adjustment was negative DKK 1 million. No gain or loss has been recognised in 2021 due to hedge ineffectiveness.

At 31 December 2021, Saxo Bank Group held crypto currencies of DKK 28 million (2020: DKK 0 million) recognised in Other assets. Positions in crypto derivatives are recognised in Derivatives financial instruments with negative value.

Cash flow hedge - mortgage debt - interest rate risk
Saxo Bank Group repaid in 2020 the mortgage debt for which cash flow hedge was applied. At the time for the termination of the interest swap the amount, net of tax DKK 34 million recognised in the hedging reserve in equity was reclassified to income statement in Price and exchange rate adjustments as a reclassification adjustment.

No cash flow hedge was applied in 2021.

DKK million

9.5 Related parties

Geely Financials Denmark A/S is the parent company of Saxo Bank A/S and has by ownership of more than 50% of the share capital, the controlling influence in Saxo Bank A/S.

At 31 December 2021, the following shareholders are registered as holders of more than 5% of the share capital of Saxo Bank A/S:

Geely Financials Denmark A/S	1609 Copenhagen	Denmark
Fournais Holding A/S	2850 Nærum	Denmark
Sampo Plc	00100 Helsinki	Finland

	Board of Directors 2021	Board of Directors 2020	Board of Management [1] 2021	Board of Management [1] 2020	Parties with controlling influence 2021	Parties with controlling influence 2020	Joint ventures [2] 2021	Joint ventures [2] 2020
Convertible loan notes	-	-	-	-	-	-	270	331
Deposits (liabilities)	0	0	0	0	-	-	-	-
Other assets	-	-	-	-	0	0	4	2
Fees and commissions	0	0	0	0	-	-	-	-
Software development	-	-	-	-	-	-	-	-
Other services	-	-	-0	-0	0	0	28	7
Capital increase (including conversion of convertible loan notes)	-	-	-	-	-	-	111	560

[1] Board of Management includes parties being both part of the Board of Management and having significant influence.

[2] See note 8.1 Investment in joint ventures for the obligation related to convertible loan notes.

Remuneration to Board of Directors and Board of Management is disclosed in note 2.3 Remuneration of management and significant risk takers.

Neither 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.

Other disclosure requirements

// Note 9

9.6 Group entities

	Local currency million	Net profit	Equity	Ownership
Subsidiaries				
Financial institutions				
BG Saxo SIM S.p.A, Italy	EUR	-1	3	80%
Saxo Bank (Schweiz) AG, Switzerland	CHF	11	61	100%
Saxo Bank Securities Ltd., Japan	JPY	34	1,531	100%
Saxo Capital Markets HK, Hong Kong	HKD	-12	153	100%
Saxo Capital Markets Pte. Ltd., Singapore	SGD	38	142	100%
Saxo Capital Markets Pty Ltd., Australia	AUD	4	31	100%
Saxo Capital Markets UK Ltd., UK	GBP	13	46	100%
BinckBank N.V., Netherlands	EUR	66	478	100%
Other				
Saxo Far East (HK) Limited, Hong Kong	HKD	2	30	100%
Ejendomsselskabet bygning 119 A/S, Denmark	DKK	-23	248	100%
Initto A/S, Denmark	DKK	0	26	100%
Saxo Group India Private Limited, India	INR	314	718	100%
Saxo Asgard Computer Technology (Shanghai) Co. Ltd., China Mainland	CNY	-1	-1	100%
Joint ventures				
Saxo Geely Tech Holding A/S, Denmark	EUR	-2	158	50%

Saxo Bank Group has non-controlling interests relating to BG Saxo SIM S.p.A due to 80.1% ownership. The non-controlling interests are not material.

The list includes significant subsidiaries.

The financial information disclosed is extracted from the companies' most recent annual reports prior to approval of the consolidated financial statements of Saxo Bank A/S.

Financial institutions supervised by local FSAs are subject to local statutory capital requirements. These requirements restrict intra-group facilities and dividend payouts.

9.7 Events after the reporting date

A draft bill for increase of the corporate tax rate for the financial sector in Denmark has been published for consultation in February 2022. Consultation deadline is 1 March 2022 and if enacted, the corporate tax rate in Denmark will increase from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards.

No other events which materially affect the assessment of the Annual Report 2021 have taken place after the reporting date.

Key figures and ratios

Note 10

DKK million	2021	2020	2019 [1]	2018 [2]	2017
10.1 Key figures and ratios					
Income statement					
Net interest, fees and commissions	3,213	3,064	1,974	1,997	1,940
Price and exchange rate adjustments	1,279	1,251	637	789	1,087
Staff costs and administrative expenses	-2,912	-2,708	-2,582	-2,210	-2,151
Impairment charges financial assets etc.	-7	-24	-9	-13	8
Share of net loss from joint ventures	-18	-7	-0	-	-
Profit before tax	1,031	1,080	109	1,029	554
Net profit	755	750	40	963	401
Statement of financial position					
Loans and other receivables at amortised cost	5,471	4,811	9,883	0	1,686
Deposits	68,577	60,197	59,311	21,370	27,811
Subordinated debt	770	776	1,140	370	351
Total equity	7,183	7,401	7,082	5,552	4,621
Total assets	91,122	78,784	74,930	34,484	39,956
Other					
Client assets	640,426	477,509	383,974	112,578	116,146
Number of full-time equivalent staff (end-of-year)	2,510	2,224	2,170	1,658	1,594
EBITDA					
Net profit before tax	1,031	1,080	109	1,029	554
Adjusted for:					
Depreciation, amortisation and impairments	518	448	612	312	306
Share of net loss from joint ventures	18	7	0	-	-
Interest expenses, non-core	50	78	100	67	72
EBITDA	**1,617**	**1,612**	**822**	**1,408**	**932**

[1] Key figures and ratios are impacted by acquisition of BinckBank N.V. from August 2019.
[2] Key figures and ratios are impacted by divestment of the activities in Saxo Privatbank A/S and the shares in Saxo Payment A/S.

Key figures and ratios

Note 10

	2021	2020	2019 [1]	2018 [2]	2017
10.1 Key figures and ratios					
Total capital ratio	29.1%	32.6%	32.9%	35.0%	22.7%
Tier 1 capital ratio	25.0%	27.9%	26.3%	32.0%	20.4%
Return on equity before tax	14.2%	14.9%	1.7%	20.2%	12.5%
Return on equity after tax	10.4%	10.4%	0.6%	18.9%	9.1%
Income/cost ratio	129.6%	133.3%	103.4%	140.2%	122.3%
Interest rate risk	0.3%	-1.8%	1.3%	2.5%	4.1%
Foreign exchange rate risk/Tier 1 capital	5.4%	8.9%	5.5%	4.1%	13.8%
Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.0%	0.0%	0.0%	0.1%
Loans and other receivables plus impairment charges/Deposits	8.0%	8.1%	16.7%	0.1%	6.5%
Loans and other receivables proportional to Total equity	0.76	0.65	1.40	0.00	0.36
Growth in loans and other receivables	13.7%	-51.3%	>1,000%	-100.0%	-0.3%
Liquidity coverage ratio	252.7%	324.1%	450.1%	264.4%	204.9%
Sum of large exposures /CET1 capital [3]	29.0%	22.3%	28.3%	10.1%	0.0%
Loss and provisions ratio	0.1%	0.5%	0.1%	15.3%	-0.3%
Return on assets	0.8%	1.0%	0.1%	2.8%	1.0%

[1] Key figures and ratios are impacted by acquisition of BinckBank N.V. from August 2019.
[2] Key figures and ratios are impacted by divestment of the activities in Saxo Privatbank A/S and the shares in Saxo Payment A/S.
[3] Change in computation of large exposures applied from 2018. Comparative figures are not restated.

Key figures and ratios

Note 10

10.2 Definitions of key figures and ratios	Definitions
EBITDA	Profit before tax, depreciation, amortisation and impairment, result from associates and joint ventures and non-core interest expenses.
Common equity tier 1 capital (CET1)	Primarily paid-up share capital and retained earnings excluding intangible assets and other deductions.
Additional tier 1 capital	Loans which are part of the tier 1 capital. If equity is lost then this capital instrument type is used to cover the losses.
Tier 1 capital	Common equity tier 1 capital and Additional tier 1 capital.
Tier 2 capital	Subordinated debt capital subject to certain restrictions.
Total capital	Tier 1 and tier 2 capital.
CET1 capital ratio	Common equity tier 1 capital as a percentage of Risk exposure amounts.
Tier 1 capital ratio	Tier 1 capital as a percentage of Risk exposure amounts.
Total capital ratio	Capital base 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/cost ratio	Total income divided by expenses, including impairment charges.
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 other receivables plus impairment charges/Deposits	Loans and other receivables gross (before impairment allowance) as a percentage of Deposits.
Loans and other receivables proportional to Total equity	Loans and other receivables proportional to Total equity.
Growth in Loans and other receivables	Increase in Loans and other receivables as a percentage of the previous financial year.
Liquidity coverage ratio	Liquidity coverage ratio measures the amount of high quality liquid assets as a percentage of the net liquidity outflow.
Sum of large exposures/CET1 capital	Large exposures as a percentage of CET1 capital.
Loss and provisions ratio	Loss and provisions on Loans and other receivables as a percentage of Loans and other receivables plus Guarantees.
Return on assets	Net profit proportional to Total assets.
Full-time-equivalent staff (End of year)	Number of full-time-equivalent staff (part-time staff calculated as full-time staff) at 31 December.

Basis of preparation

// Note 11

11.1 Significant accounting estimates and judgements

In preparing the consolidated financial statements, management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of Saxo Bank Group's assets, liabilities, income, and expenses. The estimates and judgements made are based on historical experience and other factors that management assesses to be reliable, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove to be incomplete or incorrect. Uncertainty about these estimates and judgements could result in outcomes that require adjustments to the carrying amount of assets or liabilities in future periods.

Areas involving significant estimates and judgements:

- Classification of financial instruments
- Fair value measurement of financial instruments
- Measurement of expected credit loss on financial assets at amortised cost
- Measurement of goodwill and other intangible assets

Classification of financial instruments

The financial assets are classified into the different measurement categories on the basis of the business model for managing the financial asset and the contractual cash flows characteristics of the asset. It is assessed how the financial asset is managed and the objective of the holding. This assessment entails use of judgement.

Fair value measurement of financial instruments

The majority of the valuation techniques applied for fair value measurement of financial instruments employ either quoted market prices, interbank quoted prices or valuation models substantially based on observable input and are not subject to estimates. Measurement of financial assets based on non-observable input is subject to estimates.

Loan notes issued with certain conversion rights are measured at fair value based on estimates of expected future cash flow by using a discounted cash flow model.

In note 4.2 Classifications and measurement of financial instruments the measurement principles for the different financial instruments are disclosed. In note 8.1 Investments in joint ventures information on the fair value of the convertible loan notes is disclosed.

Measurement of expected credit loss on financial assets at amortised cost

The three-stage expected credit loss impairment model in IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the expected credit loss is determined based on the probability that the counterpart will be in default within the next 12 months (stage 1). If the credit risk has significantly increased the expected credit loss is determined based on the probability that the counterpart will default over the lifetime of the financial asset (stage 2 and 3). Determination of the impairment for expected credit losses entails use of judgement and estimates.

Note 6 Risk management provides details on credit exposure and expected credit losses.

Measurement of goodwill and other intangible assets

In a business combination identification and measurement of the fair value of especially intangible assets are subject to estimates and judgement. The existence of intangible assets is not evident and significant uncertainty exists on expected future cash flows, the discount rate, the expected useful life etc. for trademarks and client relationships acquired.

Goodwill is tested for impairment, if indication of impairment exists or at least annually. Impairment test requires estimation of future cash flows from acquired entities and a number of factors affect the value of such cash flows, including discount rate, expected long-term growth rate, capital requirements, economic development and other variables. No impairment loss related to goodwill is recognised in 2021 or 2020.

Other intangible assets are tested if indications of impairment. Impairment test requires estimation of future cash flows from the intangible assets and a number of factors affect the value of such cash flows, including discount rate, expected useful life, economic development and other variables. An impairment loss DKK 2 million related to other intangible assets is recognised in 2021 (2020: DKK 0 million).

Assessment of impairment entails use of judgement and estimates.

Note 4.5 Intangible and tangible assets provides information on the carrying amount of intangible assets and note 4.6 Impairment test provides information on assumptions applied in the impairment test.

11.2 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 additional requirements in the Danish FSA's executive order on the application of IFRS by entities subject to the Danish Financial Business Act.

On 23 February 2022, the Board of Directors and Board of Management authorise the Annual Report for the financial year 2021 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 Annual General Meeting on 14 March 2022.

Implementation of IFRS standards and amendments applicable from 1 January 2021

Standards and amendments applicable in EU from 1 January 2021 have been implemented. The following amendments to standards have been implemented 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (Phase 2)
- Amendments to IFRS 4: Insurance Contracts - deferral of IFRS 9
- Amendments to IFRS 16: Leases Covid-19 - Related Rent Concessions

Implementation of the amendments has not entailed changes to the accounting policies compared to those applied in the Annual Report for 2020.

Changes to comparative figures

Certain changes have been made to the comparative figures for 2020 due to reclassifications.

Reclassification of bond portfolio 1 July 2021

Saxo Bank Group's financial assets are classified into the following measurement categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

Classification and subsequent measurement of the financial assets depends on Saxo Bank Group's business model for managing the financial asset and the contractual cash flow characteristics of the asset. Until the end of June 2021 Saxo Bank Group had in its bond portfolio both bonds measured at amortised cost and at fair value based on the applied business model.

On Board meeting 15 June 2021 a new Group interest rate risk strategy was decided and implied changes to the business model applied for managing the bonds held in the Group Treasury portfolio. The change entailed that bonds were reclassified from the fair value measurement category into the amortised cost measurement category applicable from 1 July 2021.

The reclassification was based on the Board decision 15 June 2021 to establish a new interest rate risk strategy and to introduce a new risk management framework for management of the interest rate risk, thereby aligning the framework across the Group. The new governance framework for management of the interest rate risk is effective from end of June 2021 and apply for all activities and exposures of Saxo Bank A/S and the Group, that are allocated to the regulatory Banking Book as defined in the Capital Requirement Regulation (the CRR2 – EU 2019/876).

Basis of preparation

// Note 11

With the introduction of the new risk management framework, defined in the Saxo Bank Group Interest Rate Risk in the Banking Book Policy, the Board of Directors has decided that the primary focus will be the structural interest rate risk/earnings risk, however balanced with a view on other interest rate risk measures, such as the changes in the net present value of interest rate sensitive instruments. The business model is to generate earnings through the management and investment of client deposits and own funds, with focus on managing the risk on future earnings rather than the potential daily fluctuations of the fair value of the portfolio and at the same time optimising the usage of regulatory capital, minimizing complexity, and limiting liquidity risk.

The strategy is expressed through the Saxo Bank Group Interest Rate Risk in the Banking Book Policy and the Risk Appetite Statements, where the Board of Directors has decided the acceptable impact of fluctuating interest rates on both earnings and economic value, and through Group Treasury's investment mandate, where the Board of Directors decides the appropriate instruments and strategies to manage the liquidity buffer portfolio.

The implementation of the new interest rate risk strategy entailed that bonds previously measured at fair value are now managed with the objective to hold those bonds for collection of contractual cash flows, where those cash flows represent solely payments of principal and interests and hence measured at amortised cost from 1 July 2021. The management reporting and management systems are changed accordingly.

Reclassified financial assets	Reclassifed from	Reclassified to	Reclassification date	Reclassified carrying amount
Bonds	Financial assets at fair value	Bonds at amotised cost	1 July 2021	DKK 26 Billion

The reclassification is not a change in accounting policy. For accounting purposes, the bonds are reclassified at 1 July 2021, which is the first day of the first reporting period following the change in business model. Amortised cost is applied prospectively from this date.

The fair value at the reclassification date for the bonds concerned became the new gross carrying amount and was used when applying the effective interest method from 1 July 2021.

Interest benchmark reform
Saxo Bank Group is having a variety of cash flows linked to financial benchmarks. Significant cash flows generated by bank, broker and client exposures are interest on non-maturing deposits, financing on Contract for Difference (CFD) and margin lending interest.

By 1 December 2021, Saxo Bank Group has completed transition away from Interbank Offered Rates (IBOR's) and migrated to Alternative Reference Rates (ARR's) for bank, broker and client exposures. For currencies, where Alternative Reference Rates (ARR's) is not established other relevant financial benchmarks are applied. As part of the migration all exposures to ICE LIBOR settings has been replaced with the corresponding Alternative Reference Rate (ARR) for CHF, EUR, GBP, JPY and USD. The Group continuously monitor developments in jurisdictional regulation on financial benchmarks, as well as adopting market conventions and best practices. Future changes to financial benchmarks will be managed as normal course of business.

All exposures to financial benchmarks subject to the regulatory deadline 31 December 2021 imposed by EU and UK regulation has been migrated in due time. The migration to new financial benchmarks have not resulted in a change in risk management strategies.

Hedge accounting items consists of Tier 2 issuance of EUR 100m with fixed coupon and an interest rate swap hedging the interest rate risk associated with the issuance. The interest rate swap is referencing Euro Interbank Offered Rate (EURIBOR) 3-month, which is eligible as financial benchmark under the European Benchmark Regulation.

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 million, except otherwise stated. As a result, rounding discrepancies may occur because totals have been rounded off and the underlying decimals are not presented to financial statement users.

The consolidated financial statements of Saxo Bank A/S for the year ended 31 December 2021 comprise Saxo Bank A/S and its subsidiaries (together referred to as "Saxo Bank Group" or "the Group").

The consolidated financial statements have been prepared on the historical cost basis, except for the following assets and liabilities measured at fair value: trading assets, securities and derivatives. For the purpose of clarity, the financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the financial statements. Similarly, information not considered material is not presented in the notes.

Basis of consolidation
The consolidated financial statements comprise Saxo Bank A/S and subsidiaries controlled by Saxo Bank A/S. Control is achieved when Saxo Bank A/S is exposed to, 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, Saxo Bank A/S must have the practical ability to exercise that right.

Changes in ownership interest in a subsidiary, without loss of control, are accounted for as equity transactions.

In case of loss of control over a subsidiary, the related assets (including goodwill), liabilities, non-controlling interest and other components of equity are derecognised. Any gain or loss is recognised in Other income and Other expenses. Any investment retained is recognised at fair value on initial recognition. Subsequently it is accounted for as an associate, joint venture or investment security depending on the level of influence retained.

Information on Saxo Bank Group entities is disclosed in note 9.6.

The consolidated financial statements are prepared as a consolidation of the financial statements of Saxo Bank A/S and subsidiaries prepared according to Saxo Bank 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 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 control is obtained of the acquired entity. Businesses which are divested are recognised in the consolidated financial statements until the date control ceases.

Business combinations are accounted for using the acquisition method. The cost of a business combination comprises the fair value of the consideration agreed upon, including the fair value of consideration contingent on future events. The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on fair value adjustments is recognised.

Basis of preparation

// Note 11

Any unallocated purchase price (positive amount) is recognised as goodwill and allocated to the Group's cash generating units.

The identifiable assets, liabilities and contingent liabilities on initial recognition at the acquisition date are subsequently adjusted up until 12 months after the acquisition, and the comparative figures are restated accordingly, if the amount is material. Thereafter no adjustments are made to goodwill, and changes in estimates of contingent consideration are recognised in Other income or Other expenses.

Goodwill and fair value adjustments in connection with acquisition of a foreign entity 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.

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.

For each business combination, it is elected whether to measure the non-controlling interests at fair value or at the proportionate share of the identifiable net assets.

Acquisition-related costs are expensed when incurred.

Non-controlling interests
On acquisition of non-controlling interests net assets are not remeasured at fair value. On acquisition of non-controlling interests, the difference between the consideration transferred and the share of total carrying amount is recognised directly in equity attributable to the shareholders of Saxo Bank A/S. On disposal of shareholdings to non-controlling interests, the difference between the consideration received and the share of total carrying amount including goodwill disposed is recognised directly in equity attributable to the shareholders of Saxo Bank A/S.

Divestments
Gains or losses on the divestment or liquidation of subsidiaries are measured as the difference between the consideration received and the carrying amount of net assets (including goodwill) at the date of disposal or liquidation, foreign exchange adjustments recognised in Translation reserve in equity, and costs to sell or liquidation expenses. Any gain or loss is recognised in Other income or Other expenses.

Offsetting
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when Saxo Bank Group has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Master netting agreements or similar agreements give the right to offset in the event of default. Such agreements reduce the exposure further in the event of default, but do not qualify for offsetting in the statement of financial position.

Foreign currency translation
A functional currency is determined for each reporting entity in Saxo Bank Group. The functional currency is the primary currency used by the reporting entity's operations. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currencies at the exchange rates at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date/or payment date and at the date the transaction arose is recognised in the income statement as foreign exchange rate adjustments.

On recognition of entities with a functional currency other than the presentation currency (DKK), the income statement and cash flow statement are translated at the exchange rates at the transaction date, and the statement of financial position is 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 adjustments arising on translation of the opening balance of equity (including goodwill) of foreign entities at the exchange rates at the reporting date and on translation of the income statements 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 the Translation reserve in equity. Foreign exchange adjustments arising on the translation of the proportionate share of joint ventures are likewise recognised in Other comprehensive income and presented in the Translation reserve in equity.

Foreign exchange adjustment arising on translation of loans with foreign entities which are considered part of the investment in the entity is recognised in Other comprehensive income and presented in the Translation reserve in equity.

Hedge accounting
Hedge of net investment
Changes in the fair value of a derivative or a non-derivative financial liability designated as the hedging instrument, when hedging a net investment in a foreign entity, are recognised in Other comprehensive income and presented in the Translation reserve in equity. Changes in fair value relating to the ineffective portion is recognised immediately in the income statement. On complete or partial disposal of a foreign entity gains and losses accumulated in the Translation reserve in equity are reclassified and recognised in the income statement when the gain or loss on disposal is recognised.

Fair value hedge
Changes in the fair value of derivatives designated as the hedging instrument in a fair value hedge are recognised in the income statement, together with changes in the fair value of the hedged asset or liability.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is applied, is amortised to the income statement over the period to maturity.

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

If the hedge is discontinued, and the hedged future cash flow are no longer expected to occur, the amount recognised in the hedging reserve is reclassified to the income statement.

Securities lending transactions
Clients' securities lending, through the Group, to a third party who is borrowing the client's securities is usually collateralised by securities. Neither the securities lent out, the receivable from third party or payable to clients are recognised in statement of financial position. The ownership and control of the securities remain with the client. The collateral received or pledged is not recognised respectively derecognised on the statement of financial position.

Interest received or paid are recognised on an effective interest basis and recorded as Interest income or Interest expense.

Income statement
Interest, fees and commissions
Interest income and expenses are recognised in the period the interest is attributable to. Interest income and expense is recognised in the income statement using the effective interest method for financial assets and financial liabilities measured at amortised cost. The calculation of

Basis of preparation

// Note 11

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.

Negative interest received on financial liabilities is recognised as part of interest income. Negative interest paid on financial assets is recognised as part of interest expense.

Received and paid fees and commissions result from trading with securities, 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 financial asset and liabilities at fair value, including realised and unrealised fair value adjustments and foreign exchange rate adjustments. The ineffective portion of the hedge accounting relation is recognised in Price and exchange rate adjustments.

Other income
Other income includes income that is secondary to Saxo Bank 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 Saxo Bank Group pays for work carried out during the year are expensed in Staff costs and administrative expenses, including the value of share-based payments.

Government grants received as salary compensation are recognised as a deduction in staff costs.

Share-based payments
Board of Management and employees have been granted warrants. 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.

The fair value of the warrants granted is measured using the Black and Scholes valuation model. The model considers 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 scheme 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.

Other expenses
Saxo Bank Group participates in the Danish Deposit Guarantee Fund, Danish Resolution Fund and Guarantee Schemes in other jurisdictions. Guarantee commission and provision to cover possible losses under the schemes are recognised in Other expenses.

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

Impairment charges loans and receivables etc.
Impairment charges include losses and impairment for expected credit loss on receivables from credit institutions, loans, other receivables, guarantees and bonds at amortised cost.

Income taxes
Income tax comprises current tax and changes in deferred tax, including changes due to change in tax rate, and is recognised in income statement, other comprehensive income or equity.

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, or in its absence, the most advantageous market to which Saxo Bank Group has access at that date.

Saxo Bank 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 input, other than quoted prices included within level 1, that are observable for the financial assets or liability, either directly or indirectly.

Level 3 – Non-observable input
Valuation techniques based on input that are unobservable. The valuation is primarily based on generally accepted valuation techniques.

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

Amortised cost measurement
The amortised cost is the amount at which the financial assets or liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and for financial assets, adjusted for any loss allowance.

Financial instruments
Saxo Bank Group's financial assets may be classified into the following measurement categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

Financial assets and liabilities are at initial recognition measured at fair value. The costs directly related to financial assets or liability classified as financial assets or liabilities measured at FVPL are recognised directly in the income statement. For financial assets and liabilities not measured at FVPL transactions cost that are directly attributable to the acquisition or issue of the financial asset or liability shall be included in the initial fair value.

Classification and subsequent measurement depend on Saxo Bank Group's business model for managing the financial asset and the contractual cash flow characteristics of the asset.

Saxo Bank Group classifies its financial assets into one of the two following measurement categories:

Amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interests ("SPPI"). The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income or Interest expense from these financial assets is recognised in Interest income using the effective interest rate method.

Fair value through profit and loss
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit and loss and not part of a hedging relationship is recognised in the income statement in Price and exchange rate adjustments.

Basis of preparation

// Note 11

Financial liabilities are subsequently measured at amortised cost, except from derivative financial liabilities.

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

Financial assets and financial liabilities at fair value
Financial assets at fair value comprise trading bonds, listed securities, turbos, derivative financial instruments with positive fair value.

Financial liabilities at fair value comprise of derivatives financial instruments with negative fair value.

Financial assets and financial liabilities are measured at fair value by applying the fair value hierarchy level 1, level 2 and level 3, see note 4.2.

Financial assets measured at amortised cost
Receivables from credit institutions and central banks, bonds "held to maturity" and loans and other receivables are measured at amortised cost less expected credit loss.

Impairment on financial assets measured at amortised cost
Impairments for expected credit losses apply to financial assets recognised at amortised cost, loan commitments and financial guarantees.

The provision is determined based on an expected credit loss model that is dependent on the extent to which the credit risk of the counterparty changes relative to the initial recognition of the asset.

For financial assets recognised at amortised cost, expected credit losses are recognised in the income statement and set off against the asset in the statement of financial position. However, on loan commitments and financial guarantee contracts expected credit losses are recognised as a liability.

The impairment for expected credit loss follows a three-stage model:

Stage 1
If the credit risk has not increased significantly since initial recognition, the impairment equals to 12 month expected credit loss.

Stage 2
If the credit risk has increased significantly since initial recognition, the financial assets are transferred to stage 2 and an impairment equal to the lifetime expected credit loss is recognised.

Stage 3
If a financial asset is in default or otherwise credit-impaired, it is transferred to stage 3, which is the same as stage 2, except that interest income is recognised on the net carrying amount.

Financial assets at amortised cost are written off when there is no reasonable expectation of full or partial repayment. Writing off a receivable is, in principle, equal to its derecognition. Any cash flows received on written-off assets, where relevant, 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 a present obligations for Saxo Bank Group and not recognised in the statement of financial position.

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

Investments in joint ventures are measured in accordance with the equity method, which entails that the investments are measured at Saxo Bank Group's proportionate share of the net asset value of the joint ventures at the reporting date. Profit or loss from the investments in joint ventures represents the Group's share of the profit and loss after tax. The financials statements of the joint ventures are prepared in according to Saxo Bank Group's accounting policies.

Unrealised gains on transactions with joint ventures are eliminated in proportion to the Group's ownership share of the entities.

Long-term convertible loan notes (receivable) from joint ventures are measured at fair value at the reporting date and as it forms part of the net investment in the joint venture, it is presented in the statement of financial position as part of Investment in joint ventures.

Intangible assets
Intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortisation and impairment losses.

Goodwill is not amortised. Trademarks and client relationships acquired in a business combination are recognised at fair value at the acquisition date and amortised on a straight-line basis over the estimated useful life of the assets.

Software developed by the Group is recognised as an asset, if the cost of development can be measured reliably and an analysis shows that future economic benefits from using the software exceed the cost. Cost is defined as development costs incurred to make the software ready for use. Once a software has been developed and ready for use, the cost is amortised on a straight-line basis over the estimated useful life of the assets. The cost of development consists primarily of direct salaries and other directly attributable development costs. Expenses incurred in the planning phase are expensed when incurred.

Software purchased is measured at cost, and the cost is amortised on a straight-line basis over the estimated useful life of the assets.

Amortisation methods and useful life are reassessed at each reporting date and adjusted prospectively, if appropriate.

The expected useful life is as follows:

Trademarks with finite life	1-2 years
Client relationships	5-10 years
Software developed	3-5 years
Software purchased	3-5 years

Impairment test
Goodwill is tested for impairment at least annually. 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.

Amortisation and impairment charges are recognised in Depreciation, amortisation and impairment in the income statement.

Tangible assets
Domicile properties are properties occupied by Saxo Bank Group. Domicile properties are at initial recognition recognised at cost. Domicile properties acquired in a business combination are recognised at fair value at the acquisition date. Subsequently domicile properties are measured at revalued amount representing the fair value. Domicile properties are depreciated on a straight-line basis over the estimated useful life taking account of the residual value.

The fair value of domicile properties is determined by applying an asset return model or observable market price. The asset return model includes the property's rental income and operating expenses. Operating expenses 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.

Basis of preparation
// Note 11

Revaluations are made, if it is assessed that the carrying amount differs materially from 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 a separate revaluation reserve in equity.

Leasehold improvements, fixtures, equipment and vehicles, IT equipment are measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

The expected useful life is as follows:

Domicile property in Denmark	50 years
Domicile property in The Netherlands	15 years
Leasehold improvements	5-10 years
Fixtures, equipment and vehicles	3-5 years
IT equipment	3-5 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 Depreciation, amortisation and impairment in the income statement.

Leases
On initial recognition, the right-of-use asset is measured at cost, corresponding to the value of the lease liability, plus any initial direct costs and cost to restore the underlying asset, when it incurs an obligation for those costs. On subsequent recognition, the asset is measured at cost less any accumulated depreciation and impairment. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the asset. Depreciation charges are recognised in the income statement on a straight-line basis. The right-of-use asset is adjusted for changes in the lease liability.

On initial recognition, the lease liability is measured at the present value of the future lease payments, discounted using an incremental borrowing rate. When assessing the expected lease term, non-cancellable lease terms of the agreements plus periods comprised by an extension option, which management with reasonable certainty expects to exercise, are considered. The lease liability is measured at amortised cost using the effective interest rate method. The lease liability is subsequently measured by increasing the carrying amount, to reflect interest and by reducing the carrying amount to reflect the lease payments made. Further lease liabilities are changed when remeasurement is needed.

Saxo Bank Group presents the right-of-use asset as part of Tangible assets and lease liabilities as part of Other liabilities.

Saxo Bank Group recognises a right-of-use asset and a lease liability for all lease agreements except for short-term leases (lease term of 12 month or less) and leases of low value assets. Lease payments on lease of underlying assets with low value or short-term are recognised in the income statement when incurred.

Pension plans
Saxo Bank Group has entered into retirement benefits schemes and similar arrangements with the majority of Saxo Bank Group's employees.

Contributions to defined contribution pension 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 pension plans an annual actuarial calculation is made of the present value of future benefits and obligations under the defined benefit pension plan. For defined benefit pension plans, Saxo Bank 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 as part of Other liabilities.

Provisions
Provisions are recognised if Saxo Bank Group, as a result of a past event has a present legal or a constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. The costs required to settle the obligation are discounted if this significantly impacts the measurement of the liability.

Subordinated debt
At initial recognition subordinated debt is measured at fair value, equaling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortised cost. If fair value hedge apply the subordinated debt is measured at fair value.

Other assets and Other liabilities
Saxo Bank Group uses quantitative and qualitative materiality considerations when aggregating line items in the statement of financial position that are not considered individually material. Such line items are presented under Other assets or Other liabilities including net assets or net liabilities in defined benefit pension plans, rent deposits, lease liabilities, crypto currencies etc.

At initial recognition crypto currencies are measured at cost. If fair value hedge is applied the crypto currencies are subsequently adjusted for gain or loss on the hedged exposure, hence measured at fair value.

Deferred tax
Deferred tax comprises temporary differences between the accounting and the tax values of assets and liabilities and is measured in accordance with the liability method. Deferred tax is adjusted for elimination of unrealised intra-group gains and losses. Deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from in business combination, arose at the time of acquisition without affecting either the Net profit or the taxable income. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to management's intended use of the assets or settlement of the liability. Deferred tax is measured according to the tax regulations and tax rates in the respective countries enacted or substantively enacted at the end of the reporting date.

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

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

Shareholders' equity
Share premium reserve
The share premium reserve comprise share premium paid in at capital increase.

Translation reserve
The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities.

The reserve also comprises foreign exchange differences arising from the translation of derivative financial instruments used to hedge Saxo Bank Group's net investment in foreign entities. The amount is net of tax.

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

Basis of preparation

// Note 11

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

Dividend
Dividend proposed for the year is shown separately in shareholders' equity.

Dividend is recognised as a liability at the date when the dividend is adopted at the Annual General Meeting (date of declaration).

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
Additional tier 1 capital issued 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. 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 payments are accounted for as dividend which is recognised directly in equity at the time the payment obligation arises. If Saxo Bank A/S chooses to redeem the bonds, equity will be reduced by the redemption amount at the date of redemption.

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

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 amounts due from credit institutions and central banks within three months.

11.3 Upcoming 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 Saxo Bank Group for the year ended 31 December 2021:

- IFRS 17: Insurance contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Disclosure of Accounting policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities from a single transactions
- Amendments to IFRS 3: Business Combinations
- Amendments to IAS 16: Property Plant and Equipment
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets
- Annual Improvement projects 2018-2020

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

None of these standards and amendments are expected to have a material impact on the consolidated financial statements.

Financial statements

// Saxo Bank A/S

Financial statements

// Saxo Bank A/S

NOTES

Income statement

DKK million	Note	2021	2020
Interest income	1.1	1,165	1,065
Interest expense	1.2	-217	-154
Net interest income		**948**	**911**
Fee and commission income	1.3	2,441	2,078
Fee and commission expense	1.4	-2,438	-2,184
Net interest, fees and commissions		**951**	**805**
Price and exchange rate adjustments	1.5	1,239	1,248
Operating income		**2,189**	**2,053**
Other income		39	39
Staff costs and administrative expenses	2	-1,736	-1,726
Depreciation, amortisation and impairment	4.4	-384	-286
Other expenses		-10	-4
Impairment charges financial assets etc.		-14	-13
Result from subsidiaries and joint ventures		724	775
Profit before tax		**809**	**837**
Tax	3	-52	-86
Net profit		**757**	**751**
Net profit attributable to:			
Equity method reserve		356	715
Additional tier 1 capital holders		36	43
Retained earnings		-392	-758
Declared interim dividend		256	-
Proposed dividend for the year		500	751
Net profit		**757**	**751**

Statement of comprehensive income

DKK million	Note	2021	2020
Net profit		**757**	**751**
Other comprehensive income			
Items that will not be reclassified to income statement:			
Other comprehensive income from subsidiaries, net of tax		8	3
Items that will not be reclassified to income statement		8	3
Items that are or may be reclassified to income statement:			
Exchange rate adjustments foreign entities		107	-113
Hedge of net investments in foreign entities		-108	108
Other comprehensive income in subsidiaries, net of tax		0	35
Share of other comprehensive income in joint ventures, net of tax		30	2
Tax	3.1.3	24	-24
Items that are or may be reclassified to income statement		52	9
Total other comprehensive income		**60**	**12**
Total comprehensive income		**817**	**763**
Total comprehensive income attributable to			
Equity method reserve		416	727
Retained earnings		365	-7
Additional tier 1 capital holders		36	43
Total comprehensive income		**817**	**763**

Statement of financial position

DKK million	Note	2021	2020
Assets			
Cash in hand and demand deposits with central banks		772	202
Receivables from credit institutions and central banks	4.1	9,864	6,282
Loans and other receivables at amortised cost	4.2	298	304
Bonds at fair value	4.3	-	24,623
Bonds at amortised cost	4.3	27,756	-
Securities		155	6
Investments in subsidiaries	6.2	5,985	5,437
Investments in joint ventures	6.1	402	380
Intangible assets	4.4	2,890	2,514
Tangible assets	4.4	97	81
Current tax assets		122	77
Deferred tax assets	3.2	1	1
Other assets	4.5	10,618	5,381
Prepayments		147	128
Total assets		**59,107**	**45,414**

DKK million	Note	2021	2020
Liabilities			
Debt to credit institutions and central banks	4.6	9,782	7,241
Deposits	4.7	33,425	25,235
Current tax liabilities		9	2
Other liabilities	4.8	7,565	4,308
Total debt		**50,781**	**36,786**
Deferred tax liabilities	3.2	194	162
Provision for guarantees		16	22
Other provisions		169	270
Total provisions		**378**	**454**
Subordinated debt	4.9	**770**	**776**
Equity	4.10		
Share capital		75	75
Share premium reserve		996	996
Equity method reserve		2,058	1,640
Retained earnings		3,095	3,483
Proposed dividend		500	751
Shareholders of Saxo Bank A/S		**6,725**	**6,945**
Additional tier 1 capital		452	452
Total equity		**7,177**	**7,397**
Total liabilities and equity		**59,107**	**45,414**

Statement of changes in equity

DKK million

2021	Note	Share capital	Share premium reserve	Equity method reserve	Retained earnings	Proposed dividend	Total	Additional tier 1 capital	Total
Equity at 1 January		**75**	**996**	**1,640**	**3,483**	**751**	**6,945**	**452**	**7,397**
Net profit		-	-	356	-135	500	**720**	36	**757**
Other comprehensive income									
Exchange rate adjustments foreign entities		-	-	107	-	-	**107**	-	**107**
Hedge of net investments in foreign entities		-	-	-108	-	-	**-108**	-	**-108**
Other comprehensive income in subsidiaries, net of tax		-	-	8	-	-	**8**	-	**8**
Share of other comprehensive income in joint ventures, net of tax		-	-	30	-	-	**30**	-	**30**
Tax		-	-	24	-	-	**24**	-	**24**
Total comprehensive income		**-**	**-**	**416**	**-136**	**500**	**780**	**36**	**817**
Transactions with owners									
Tier 1 interest payments		-	-	-	-	-	-	-36	**-36**
Declared dividend		-	-	-	-256	-751	-1,007	-	**-1,007**
Share-based payments		-	-	2	5	-	7	-	**7**
Equity at 31 december		**75**	**996**	**2,058**	**3,095**	**500**	**6,725**	**452**	**7,177**

Statement of changes in equity

DKK million

2020	Note	Share capital	Share premium reserve	Equity method reserve	Retained earnings	Proposed dividend	Total	Additional tier 1 capital	Total
Equity at 1 January		**75**	**996**	**921**	**4,232**	**-**	**6,224**	**798**	**7,022**
Net profit		-	-	715	-758	751	**708**	43	**751**
Other comprehensive income									
Exchange rate adjustments foreign entities		-	-	-113	-	-	**-113**	-	**-113**
Hedge of net investments in foreign entities		-	-	108	-	-	**108**	-	**108**
Other comprehensive income in subsidiaries, net of tax		-	-	38	-	-	**38**	-	**38**
Share of other comprehensive income in joint ventures, net of tax		-	-	2	-	-	**2**	-	**2**
Tax		-	-	-24	-	-	**-24**	-	**-24**
Total comprehensive income		**-**	**-**	**727**	**-758**	**751**	**720**	**43**	**763**
Transactions with owners									
Additional tier 1 capital		-	-	-	-1	-	**-1**	-336	**-337**
Tier 1 interest payments		-	-	-	-	-	**-**	-53	**-53**
Share-based payments		-	-	0	4	-	**4**	-	**4**
Treasury shares		-	-	-	6	-	**6**	-	**6**
Other equity movements		-	-	-8	-	-	**-8**	-	**-8**
Equity at 31 december		**75**	**996**	**1,640**	**3,483**	**751**	**6,945**	**452**	**7,397**

Statement of capital

DKK million	Note	2021	2020
Tier 1 capital			
Equity at 31 December		6,725	6,945
Proposed dividend		-500	-751
Intangible assets		-2,161	-2,203
Deferred tax liabilities, intangible assets		198	186
Deferred tax assets		-3	0
Prudent valuation adjustments		-17	-33
Common equity tier 1 capital		**4,242**	**4,144**
Additional tier 1 capital	4.10	448	448
Total tier 1 capital		**4,690**	**4,592**
Tier 2 capital			
Subordinated debt	4.9	740	740
Total tier 2 capital		**740**	**740**
Total capital		**5,430**	**5,332**
Risk exposure amounts			
Credit risk		13,318	9,156
Market risk		1,505	3,153
Operational risk		3,609	3,314
Total risk exposure amounts		**18,432**	**15,623**
Capital ratios			
Common equity tier 1 capital ratio		23.0%	26.5%
Tier 1 capital ratio		25.4%	29.4%
Total capital ratio		29.5%	34.1%

Total Capital is calculated in accordance with the Capital Requirement Directive (CRD) and -Regulation (CRR).

The unaudited Risk Report 2021 provides further information on the assesment of the regulatory capital and is available on Saxo Bank Groups' website www.home.saxo/about-us/icaap-and-risk-reports.

Operating income etc.

// Note 1

DKK million	Note	2021	2020
1.1 Interest income			
Credit institutions and central banks		6	7
Loans and other receivables at amortised cost		64	41
Bonds		115	199
Derivative financial instruments		980	818
Total interest income		**1,165**	**1,065**
Hereof interest received due to negative interest rates		24	23
1.2 Interest expense			
Credit institutions and central banks		-33	-16
Bonds at amortised cost		-49	-
Deposits		-50	-38
Subordinated debt		-40	-58
Derivative financial instruments		-44	-41
Interest expense leases		-0	-1
Total interest expense		**-217**	-154
Hereof interest paid due to negative interest rates		33	16
1.3 Fee and commission income			
Trading with securities and derivative financial instruments		2,441	2,078
Total fee and commission income		**2,441**	**2,078**
1.4 Fee and commission expense			
Trading with securities and derivative financial instruments		-2,438	-2,184
Total fee and commission expense		**-2,438**	**-2,184**
1.5 Price and exchange rate adjustments			
Bonds at fair value		-147	-202
Foreign exchange		1,074	1,057
Derivative financial instruments[1)]		312	394
Total price and exchange rate adjustments		**1,239**	**1,248**

[1)] Other than foreign exchange.

Staff costs and administrative expenses etc.

// Note 2

DKK million	Note	2021	2020
2.1 Staff costs and administrative expenses			
Staff costs		-763	-923
Administrative expenses		-973	-803
Total staff costs and administrative expenses		**-1,736**	**-1,726**
2.1.1 Staff costs			
Salaries		-735	-919
Share-based payments		-5	-4
Defined contribution pension plans		-81	-73
Social security expenses and financial services employer tax		-130	-113
Staff costs transferred to software under development		188	186
Total staff costs		**-763**	**-923**
Number of full-time-equivalent staff (average)		**795**	**707**

Remuneration to Board of Directors and Board of Management and description of Share-based payments are disclosed in note 2.3 Remuneration of management and significant risk takers and 2.4 Share-based payments in the consolidated financial statements.

2.1.2 Remuneration of significant risk takers			
Salaries and other remuneration		-67	-60
Variable remuneration		-14	-18
Share-based payments		-1	-15
Total remuneration of significant risk takers		**-81**	**-93**
Number of significant risk takers end of year		**22**	**22**

Saxo Bank A/S has no pension obligations towards significant risk takers as their pension schemes are defined contribution plans. Variable remuneration is determined according to Saxo Bank Group remuneration policy and is based on the performance of the individual person. Some of the significant risk takers participate in the warrant scheme described in note 2.4 Share-based payments in the consolidated financial statements.

Saxo Bank Group's Remuneration Policy for 2021 provides detailed disclosure of remuneration to the Board of Management and Board of Directors. Furthermore it provides further information about significant risk takers. The remuneration report is available at Saxo Bank Group's website at www.home.saxo/about-us/investor-relations.

Tax

// Note 3

DKK million	Note	2021	2020
3.1 Income tax			
3.1.1 Effective tax rate			
Profit before tax		809	837
Tax using the Danish tax rate 22%		-178	-184
Effect of tax rates in foreign jurisdictions		-1	0
CFC taxation		-25	-24
Effect from changes in tax rate		-	-45
Non tax-deductible expenses		-6	-4
Tax-exempt income		0	1
Withholding tax and other taxes		-1	-0
Effect of tax on result in subsidiaries and joint ventures		160	171
Adjustments to tax previous years		-1	-1
Total income tax recognised in income statement		**-52**	**-86**
Effective tax rate		**6.4%**	**10.3%**

Tax

// Note 3

DKK million		2021			2020		
3.1.2 Tax for the year							
	Note	Income statement	Other comprehensive income	Total comprehensive income	Income statement	Other comprehensive income	Total comprehensive income
Current tax		-51	24	**-27**	-39	-24	**-63**
Changes in deferred tax for the year		1	-	**1**	-1	-	**-1**
Effect from changes in tax rate		-	-	**-**	-45	-	**-45**
Withholding tax and other taxes		-1	-	**-1**	0	-	**0**
Adjustments to tax previous years		-1	-	**-1**	-1	-	**-1**
Total		**-52**	**24**	**-28**	**-86**	**-24**	**-110**

3.1.3 Tax recognised in Other comprehensive income

	Note	Recognised items before tax	Tax	After tax	Recognised items before tax	Tax	After tax
Exchange rate adjustments foreign entities		107	-	**107**	-113	-	**-113**
Hedge of net investments in foreign entities		-108	24	**-84**	108	-24	**85**
Other comprehensive income in subsidiaries, net of tax		8	-	**8**	38	-	**38**
Share of other comprehensive income in joint ventures, net of tax		30	-	**30**	2	-	**2**
Total tax recognised in Other comprehensive income		**36**	**24**	**60**	**36**	**-24**	**12**

Tax
// Note 3

DKK million	Note	2021	2020
3.2 Deferred tax assets and liabilities			
Deferred tax at 1 January, net		-161	-17
Change in deferred tax for the year		1	-1
Effect from change in tax rate		-	-45
Adjustments to tax previous years		-22	-3
Recognised in Result from joint venture		-11	-
Transfer to Investment in joint ventures		-	-96
Exchange rate adjustments		-0	0
Deferred tax at 31 December, net		**-193**	**-161**

	Deferred tax assets		Deferred tax liabilities	
	2021	2020	2021	2020
Intangible assets	-	-	-198	-186
Tangible assets	12	16	-	-
Bonds at amortised cost	-	-	-3	-
Deferred income	-	-	-221	-247
Provisions	217	256	-	-
Deferred tax	**229**	**272**	**-422**	**-433**
Offset within legal tax jurisdictions	-228	-271	228	271
Deferred tax after offset	**1**	**1**	**-194**	**-162**

Statement of financial position
// Note 4

DKK million	Note	2021	2020
4.1 Receivables from credit institutions and central banks			
Demand deposits, credit institutions		9,864	6,282
Total receivables from credit institutions and central banks		**9,864**	**6,282**

No collateral is received 31 December 2021 (2020: DKK 0 million).

4.2 Loans and other receivables at amortised cost			
By term to maturity:			
Demand deposits, subsidiaries		48	18
More than 5 years, subsidiaries		250	286
Total loans and other receivables at amortised cost		**298**	**304**
Loans, other receivables and guarantees by sector and industry			
Finance and insurance		16%	6%
Real estate activities		84%	94%
Total corporate sector		**100%**	**100%**
Private clients		0%	0%
Total loans, other receivables and guarantees by sector and industry		**100%**	**100%**

Statement of financial position

// Note 4

4.2 Loans and other receivables at amortised cost

DKK million	Note	2021 Maximum credit exposure	2021 Impairment	2021 Exposure before collateral	2021 Collateral held	2021 Remaining exposure	2020 Maximum credit exposure	2020 Impairment	2020 Exposure before collateral	2020 Collateral held	2020 Remaining exposure
Trading clients		-	-	-	-	-	1	-1	-	-	-
Subsidiaries		298	-	298	250	48	304	-	304	286	18
Off balance items											
Guarantees issued to subsidiaries		278	-	278	-	278	242	-	242	-	242
Other guarantees		38	-16	22	-	22	48	-22	25	3	22
Total		**613**	**-16**	**597**	**250**	**347**	**595**	**-24**	**571**	**289**	**282**

4.2.1 Impairment allowance for financial assets at amortised cost and guarantees

	Note	2021 Stage 1 12 months ECL	2021 Stage 2 Lifetime ECL	2021 Stage 3 Lifetime ECL	2021 Total	2020 Stage 1 12 months ECL	2020 Stage 2 Lifetime ECL	2020 Stage 3 Lifetime ECL	2020 Total
Impairment allowance 1 January		17	-	24	**41**	6	-	21	**27**
Impairment for the year		14	-	-0	**14**	11	-	5	**16**
Reversal of impairment from previous years		-	-	-7	**-7**	-	-	-3	**-3**
Impairment allowance 31 December		**31**	**-**	**17**	**48**	**17**	**-**	**24**	**41**

4.3 Bonds

	Note	2021 Danish mortgage bonds	2021 Government bonds	2021 Total	2020 Danish mortgage bonds	2020 Government bonds	2020 Total
Bonds at fair value [1)]		-	-	-	14,739	9,801	24,540
Bonds at amortised cost		12,004	15,612	27,617	-	-	-
Accrued interest				140			82
Total		**12,004**	**15,612**	**27,756**	**14,739**	**9,801**	**24,622**

[1)] At 1 July 2021, bonds DKK 25,905 million were reclasssified from Bonds at fair value to Bonds at amortised cost, see note 11.2 Accounting policies in the consolidated financial statements.

The fair value of Bonds at amortised cost amounted to DKK 27,603 million at 31 December 2021. The fair value was based on quoted prices if traded in an active market. The fair value measurement for covered bonds, where quoted prices were not deemed an accurate market-based measurement, was based on a quote from the primary market maker.

Statement of financial position
// Note 4

DKK million

4.4 Intangible and tangible assets

2021	Note	Intangible assets: Goodwill	Intangible assets: Software under development	Intangible assets: Software developed and purchased	Intangible assets: Other	Intangible assets: Total	Tangible assets: Other equipment, fixtures and fittings	Tangible assets: Right-of-use assets	Tangible assets: Total
Cost at 1 January		1,421	210	3,306	-	**4,937**	403	33	**436**
Additions		-	736	16	-	**752**	-	-	**-**
Transfer from internal development		-	-509	459	-	**-51**	51	-	**51**
Modifications		-	-	-	-	**-**	-	-	**-**
Disposals		-	-	-	-	**-**	-0	-13	**-13**
Exchange rate adjustments		26	0	-	-	**26**	0	1	**1**
Cost at 31 December		**1,447**	**437**	**3,781**	**-**	**5,665**	**454**	**21**	**475**
Amortisation, depreciation and impairment at 1 January		-150	-	-2,273	-	**-2,423**	-336	-20	**-355**
Amortisation and depreciation		-	-	-344	-	**-344**	-28	-10	**-38**
Impairment		-	-	-2	-	**-2**	0	-	**0**
Disposals		-	-	-	-	**-**	0	13	**13**
Exchange rate adjustments		-6	-	-	-	**-6**	-0	3	**2**
Amortisation, depreciation and impairment at 31 December		**-156**	**-**	**-2,618**	**-**	**-2,774**	**-364**	**-14**	**-378**
Carrying amount at 31 December		**1,291**	**437**	**1,163**	**-**	**2,890**	**90**	**7**	**97**

For information on impairment, see note 4.6 Impairment test in the consolidated financial statements.

Statement of financial position

// Note 4

DKK million

4.4 Intangible and tangible assets

2020	Note	Intangible assets: Goodwill	Intangible assets: Software under development	Intangible assets: Software developed and purchased	Intangible assets: Other	Intangible assets: Total	Tangible assets: Other equipment, fixtures and fittings	Tangible assets: Right-of-use assets	Tangible assets: Total
Cost at 1 January		1,023	135	2,783	4	**3,945**	379	28	**407**
Additions		435	623	6	-	**1,064**	-	5	**5**
Transfer from internal development		-	-548	520	-	**-27**	25	-	**25**
Modifications		-	-	-	-	**-**	-0	0	**-0**
Disposals		-36	-	-3	-4	**-44**	-1	-	**-1**
Exchange rate adjustments		-0	0	-0	-	**-0**	-1	-0	**-1**
Cost at 31 December		**1,421**	**210**	**3,306**	**-**	**4,937**	**403**	**33**	**436**
Amortisation, depreciation and impairment at 1 January		-186	-	-2,027	-4	**-2,218**	-314	-9	**-324**
Amortisation and depreciation		-	-	-253	-	**-253**	-22	-11	**-33**
Impairment		-	-	-	-	**-**	0	-	**0**
Disposals		36	-	7	4	**48**	1	-	**1**
Exchange rate adjustments		-	-	0	-	**0**	0	0	**0**
Amortisation, depreciation and impairment at 31 December		**-150**	**-**	**-2,273**	**-**	**-2,423**	**-336**	**-20**	**-355**
Carrying amount at 31 December		**1,271**	**210**	**1,033**	**-**	**2,514**	**67**	**14**	**81**

For information on impairment, see note 4.6 Impairment test in the consolidated financial statements. The ownership of BinckBank N.V. has in 2020 been transferred from Star Bidco N.V. to Saxo Bank A/S.

Statement of financial position

// Note 4

DKK million	Note	2021	2020
4.5 Other assets			
Derivative financial instruments with positive fair value		9,706	5,020
Receivables from companies within Saxo Bank Group		843	333
Other receivables		69	28
Total other assets		**10,618**	**5,381**

DKK million	Note	2021	2020
4.6 Debt to credit institutions and central banks			
Debt on demand		9,782	7,241
Total debt to credit institutions and central banks		**9,782**	**7,241**

Debt on demand included DKK 3 million (2020: DKK 23 million) placed by clients as collateral for unrealised client trading positions at 31 December 2021.

DKK million	Note	2021	2020
4.7 Deposits			
Deposits on demand		33,225	25,231
Pension funds		200	5
Total deposits		**33,425**	**25,235**

Deposits on demand included DKK 803 million (2020: DKK 1,627 million) placed as collateral for unrealised client trading positions as at 31 December 2021.

DKK million	Note	2021	2020
4.8 Other liabilities			
Derivative financial instruments with negative fair value		7,067	3,752
Suppliers and other outstanding costs		197	181
Staff commitments		240	332
Other obligations including payables to companies within Saxo Bank Group		61	43
Total other liabilities		**7,565**	**4,308**

4.9 Subordinated debt

Detailed information on subordinated debt is disclosed in note 5.3 Subordinated debt in the consolidated financial statements.

4.10 Equity

At 31 December 2021, the share capital consisted of 75,207,449 shares (2020: 75,207,449) with a nominal value of DKK 1.

The Board of Directors proposes a dividend for 2021 of DKK 6.65 per share, equivalent to DKK 500,414,532 (2020: 750,802,134). In addition, an interim dividend of DKK 3.41 per share, equivalent to DKK 256,327,106, was declared in September 2021 (2020: no interim dividend was declared).

4.11 Hedge accounting

Saxo Bank A/S hedges the exchange rate exposure arising from net investments in foreign entities, the interest rate risk on tier 2 capital and risk related to crypto currencies. The details are disclosed in note 9.4 Hedge accounting in the consolidated financial statements.

Statement of financial position
// Note 4

DKK million	Note	2021	2020
4.12 Contingent and other contractual commitments			
Guarantees			
Financial guarantees		22	22
Guarantees issued to subsidiaries		278	242
Other guarantees		-	3
Total guarantees		**299**	**267**
Other contractual commitments			
Lease commitments towards subsidiaries		262	307
Other contractual commitments		187	211
Total other contractual commitments		**450**	**518**

In the normal course of business, Saxo Bank A/S is involved in various disputes and legal proceedings, including tax matters, that are carefully evaluated when preparing the financial statements.

Due to Geely Financials Denmark A/S' controlling influence in Saxo Bank A/S, Saxo Bank A/S and its Danish subsidiaries entered from 14 September 2018 into a Danish joint taxation with Geely Financials Denmark A/S. Geely Financials Denmark A/S is the administration company. Saxo Bank A/S and its Danish subsidiaries are jointly and severally liable for Danish corporate taxes and for any obligations to withhold taxes on interests, royalties and dividends for the entities in the joint taxation.

Until 14 September 2018, Saxo Bank A/S was the administration company for the Danish joint taxation consisting of Saxo Bank A/S and its Danish subsidiaries.

DKK million	Note	2021	2020
4.13 Assets deposited as collateral			
Bonds at fair value		-	6,747
Bonds at amortised cost		10,183	-
Receivables from credit institutions and central banks		724	878

Saxo Bank A/S has bonds held for custody with credit instutions and receivables from credit institutions and central banks serving as collateral for the ongoing financial business with credit institutions. The actual demand for collateral varies from day to day in line with the fair value of the Saxo Bank A/S' open positions against these credit institutions.

Risk Management
// Note 5

5.1 Risk Management

Saxo Bank A/S is exposed to risks, which can be categorised as follows:

Credit risk
Credit risk is defined as the risk of a loss resulting from the failure of a counterparty to meet contractual obligations in accordance with agreed terms causing the counterparty to be unable to fulfil applicable contractual obligations to Saxo Bank A/S. Credit risk includes counterparty credit risk and margin trading risk.

Market risk
Market risk is defined as the risk of a loss in value as a result of changes in market rates and parameters that affect market values e.g. foreign exchange rates, equity prices, commodity prices and interest rates.

Operational risk
Operational risk is defined as the risk of losses due to inadequate or failed internal procedures, human errors and system errors or as a result of external events.

Liquidity risk
Liquidity risk is defined as the risk that Saxo Bank A/S does not have sufficient liquidity to fulfil its payment obligations as and when they fall due or does not comply with regulatory liquidity requirements or the cost of funding increases to a level where Saxo Bank A/S is prevented from continuing its current business model.

The risk exposures, policies and procedures to monitor the risks for Saxo Bank A/S are the same as for Saxo Bank Group and are described in note 6 Risk Management in the consolidated financial statements.

In addition, Saxo Bank A/S has credit exposure against its subsidiaries. Information is disclosed in note 6.1 Related parties.

The unaudited Risk Report 2021 provides additional information about Saxo Bank A/S' risk management approach. Risk Report 2021 is available at www.home.saxo/about-us/icaap-and-risk-reports.

Risk Management

// Note 5

5.2 Credit risk - Derivatives

Credit risk related to derivative financial instruments is disclosed in Note 6.1.4 Credit risk – Derivatives and in note 9.3 Offsetting financial assets and liabilities in the consolidated financial statements.

Derivative financial instruments with positive value and derivative financial instruments with negative value in Saxo Bank A/S are the same as in the Group except from other contracts (turbos).

Derivative financial instruments with positive value DKK 9,706 million (2020: DKK 5,020 million) are included in Other assets and Derivative financial instruments with negative value DKK 7,067 million (2020: DKK 3,752 million) are included in Other liabilities.

Saxo Bank A/S has entered into master netting or similar agreements that include rights to additional set-off in the event of default by a counterparty. Such agreements reduce the credit risk exposure, but do not qualify for offsetting in the statement of financial position. The net credit risk exposure to derivatives with positive market value after consideration of the effect of master netting agreements and collaterals amounted to DKK 48 million (2020: DKK 820 million), see note 9.3 Offsetting financial assets and liabilities in the consolidated financial statements. The amount represents credit risk exposures, which Saxo Bank A/S has accepted within its policies and risk limits. It should be noted that a significant portion of the mentioned exposure is held against different exchanges representing a limited credit risk.

Maturity analysis of derivatives financial instruments with negative values are disclosed in note 9.2 Maturity analysis of financial liabilities in the consolidated financial statements.

Other disclosure requirements

// Note 6

6.1 Related parties

Geely Financials Denmark A/S is the parent company of Saxo Bank A/S and has by ownership of more than 50% of the share capital, the controlling influence in Saxo Bank A/S.

Geely Financials Denmark A/S prepares consolidated financial statements. The consolidated financial statements are available when published at:

Saxo Bank A/S
Philip Heymans Allé 15
DK-2900 Hellerup

No consolidated financial statements are prepared above Geely Financials Denmark A/S.

At 31 December 2021, the following shareholders are registered as holders of more than 5% of the share capital of Saxo Bank A/S:

Geely Financials Denmark A/S	1609 Copenhagen	Denmark
Fournais Holding A/S	2850 Nærum	Denmark
Sampo Plc	00100 Helsinki	Finland

Other disclosure requirements

// Note 6

DKK million	Note	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
6.1 Related parties											
		Board of Directors		**Board of Management [1)]**		**Parties with controlling influence**		**Subsidiaries**		**Joint ventures**	
Convertible loan notes		-	-	-	-	-	-	-	-	270	331
Loans and other receivables		-	-	-	-	-	-	298	304	-	-
Receivables from credit institutions		-	-	-	-	-	-	6,778	3,817	-	-
Deposits (liabilities)		0	0	0	0	-	-	1,525	292	-	-
Debt to credit institutions		-	-	-	-	-	-	6,055	3,775	-	-
Trading liabilities (Trading assets)		-	-	-	-	-	-	143	-267	-	-
Other assets		-	-	-	-	0	0	843	333	0	0
Other liabilities		-	-	-	-	-	-	55	44	-	-
Interest income		-	-	-	-	-	-	188	114	-	-
Interest expenses		-	-	-	-	-	-	-43	-32	-	-
Fee and commission income		0	0	0	0	-	-	5	6	-	-
Fee and commission expense		-	-	-	-	-	-	-1,072	-930	-	-
Other services (income)		-	-	-	-	0	0	38	38	-	-
Other services (expense)		-	-	-0	-0	-	-	-39	-26	-0	-
Client support services		-	-	-	-	-	-	-17	-17	-	-
Leases		-	-	-	-	-	-	-45	-44	-	-
Subleases		-	-	-	-	-	-	0	0	-	-
Software development		-	-	-	-	-	-	-394	-320	-	-
Dividend from subsidiaries		-	-	-	-	-	-	360	54	-	-
Capital increase (including conversion of convertible loan notes)		-	-	-	-	-	-	74	57	111	560
Guarantees issued		-	-	-	-	-	-	278	242	-	-

1) Includes parties being both part of the Board of Management and having significant influence.

Remuneration to Board of Directors and Board of Management is disclosed in note 2.3 Remuneration of management and significant risk takers 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.

Information on subsidiaries and joint ventures is disclosed in note 8.1 Investment in joint ventures and 9.6 Group entries in the consolidated financial statements.

Other disclosure requirements

// Note 6

DKK million

2021

6.2 Activities by country

Country	Activity	Note	Income [1]	Profit before tax	Tax	Received government grants	Number of full-time-equivalent staff
Australia	Trading and investment		92	29	-9	-	12
Belgium	Sales and marketing		100	7	-2	-	39
Brazil	Trading and investment		6	1	-0	-	2
China	Sales and marketing, IT development		79	-30	-2	-	42
Czech Republic	Sales and marketing		51	5	-1	-	45
Denmark	Other activities [2]		46	34	-10	-	-
Dubai	Trading and investment		36	-2	-		14
France	Trading and investment, sales and marketing		139	20	-6	-	46
Hong Kong	Trading and investment		35	-19	-4	-	22
India	IT-development. Other activities		366	41	-19	-	968
Italy	Trading and investment, sales and marketing		48	-13	2	-	21
Japan	Trading and investment		74	17	-6	-	21
Netherlands	Trading and investment, IT development		1,433	448	-106	-	308
Singapore	Trading and investment		485	237	-34	1	102
Switzerland	Trading and investment, IT Development		283	64	-13	-	31
UK	Trading and investment, sales and marketing		328	132	-26	-	64

[1] Income is defined as the total of interests income, fee and commission income and other income.

[2] Other activities include mangement of domicile property, sales and marketing and IT support.

The table discloses information by country, in which Saxo Bank A/S operates through a subsidiary or a branch. All figures are before intercompany eliminations.

Note 9.6 Group entities in the consolidated financial statements provides information on the company names and financial information of Saxo Bank Group's siginificant subsidiaries.

6.3 Events after the reporting date

A draft bill for increase of the corporate tax rate for the financial sector in Denmark has been published for consultation in February 2022. Consultation deadline is 1 March 2022 and if enacted, the corporate tax rate in Denmark will increase from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards.

No other events which materially affect the assessment of the Annual Report 2021 have taken place after the reporting date.

Key figures and ratios

// Note 7

DKK million	Note	2021	2020	2019	2018	2017
Income statement						
Net interest, fees and commissions		951	805	809	939	799
Price and exchange rate adjustments		1,239	1,248	617	784	1,072
Staff costs and administrative expenses		-1,736	-1,726	-1,699	-1,454	-1,370
Impairment charges financial assets etc.		-14	-13	-4	-12	8
Result from subsidiaries and joint ventures		724	775	183	202	281
Profit before tax		809	837	46	999	503
Net profit		757	751	39	987	427
Statement of financial position						
Loans and other receivables at amortised cost		298	304	87	120	74
Deposits		33,425	25,235	22,962	18,588	18,886
Subordinated debt		770	776	1,140	370	351
Total equity		7,177	7,397	7,022	5,553	4,584
Total assets		59,107	45,414	38,334	32,121	32,185
Key figures and ratios						
Total capital ratio		29.5%	34.1%	40.5%	35.5%	27.9%
Tier 1 capital ratio		25.4%	29.4%	33.2%	32.4%	25.0%
Return on equity before tax		11.1%	11.6%	0.7%	19.7%	11.5%
Return on equity after tax		10.4%	10.4%	0.6%	19.5%	9.7%
Income/cost ratio		137.7%	141.2%	102.1%	156.7%	129.8%
Interest rate risk		4.2%	2.8%	1.6%	2.8%	4.2%
Foreign exchange rate risk/Tier 1 capital		4.0%	3.7%	2.5%	3.2%	12.8%
Value at risk of foreign exchange rate risk/Tier 1 capital		0.1%	0.0%	0.0%	0.1%	0.1%
Loans and other receivables plus impairment charges/Deposits		0.9%	1.3%	0.5%	0.8%	0.5%
Loans and other receivables proportional to Total equity		0.04	0.04	0.01	0.02	0.02
Growth in loans and other receivables		-2.1%	247.9%	-27.1%	62.4%	-27.9%
Liquidity coverage ratio		194.0%	186.2%	234.3%	195.9%	182.1%
Sum of large exposures /CET 1 capital [1)]		27.3%	20.2%	23.1%	7.4%	0.0%
Loss and provisions ratio		2.2%	2.2%	1.1%	3.1%	-2.5%
Return on assets		1.3%	1.7%	0.1%	3.1%	1.3%

[1)] Change in computation of large exposures applied from 2018. Comparative figures are not restated.

See note 10.2 Definitions of key figures and ratios in the consolidated financial statements.

Basis of preparation

// Note 8

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.

The accounting policies for Saxo Bank A/S are the same as for Saxo Bank Group, note 11.2 Accounting policies in the consolidated financial statements, except for the items below.

Changes to comparative figures
Certain minor changes have been made to the comparative figures for 2020 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 Saxo Bank A/S' share of the profit and loss after tax. The net revaluation is recognised in equity and presented in Equity method reserve.

Equity method reserve
The equity method reserve comprises value adjustments of equity investments in subsidiaries and investments in 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.

Leases
Saxo Bank A/S' intercompany lease of office premises is accounted for as operational lease.

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.

Financial instruments measured at amortised cost
Except for bonds the carrying amount for financial assets and financial liabilities measured at amortised cost is determined a reasonable approximation of the fair value. For this reason the disclosure of the fair value is omitted. Fair value for bonds at amortised cost is disclosed in note 4.3 Bonds.

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

Statements and reports

// Saxo Bank A/S

Statement by the Management

The Board of Directors and Board of Management have considered and approved the Annual Report for the financial year 2021 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 2021 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the financial year 1 January – 31 December 2021.

Moreover, in our opinion, the Management Report include a fair review of developments in the Group's and the Parent Company's operations and financial position (page 3-41) and describe the significant risks and uncertainty factors that may affect the Group and the Parent Company.

The 2021 Annual Report is submitted for the approval of the Annual General Meeting.

Copenhagen, 23 February 2022

Board of Management

Kim Fournais
CEO & Founder

Søren Kyhl
Deputy CEO & Chief Operating Officer

Mette Ingeman Pedersen
Chief Financial Officer

Steen Blaafalk
Chief Risk and Compliance Officer

Board of Directors

Kari Stadigh
(Chairman)

Henrik Normann
(Vice Chairman)

Patrick Lapveteläinen

Donghui Li

Preben Damgaard

Yifan Zhang

Independent auditor's report

// To the shareholders of Saxo Bank A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Saxo Bank A/S for the financial year 1 January 2021 to 31 December 2021, which comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of capital and notes, including the summary of significant accounting policies, for the Group as well as the Parent and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial companies, and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2021 and of its financial performance and cash flows for the financial year 1 January 2021 to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial companies.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2021 and of its financial performance for the financial year 1 January 2021 to 31 December 2021 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

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

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Saxo Bank A/S for the first time on 10 May 2019 for the financial year 2019. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 3 years up to and including the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January 2021 to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in our audit
IT and business procedures underlying revenue recognition	

The groups business model is highly automated through a selfdeveloped IT Trading Platform. Due to the banks high volume most transactions are executed, controlled and registered automatically on a daily basis.
 	
Given the high volume of the trades, we determined this to be a significant item for our audit.
 	
Furthermore, due to the vast majority of automatic processing of revenue transactions, we found it relevant to identify, analyse and test manual transactions as they represent deviations from norm.
	Our examination included the following elements
	// Gaining an understanding of the material IT and business processes on revenue recognition.
	// Testing of relevant general IT controls supporting applications and databases relevant to revenue recognition including
	- Physical security in data centers
	- Logical access management
	- Change management
	- Incident management
	
	// Testing of relevant business process internal controls relevant to revenue recognition including
	- Customers' cash account management
	- Customers' reconciliations of trading items
	- Forex pricing
	- Trade execution
	- Commissions processing
	- Interest processing
	- Error corrections
	// Identifying, analysing and testing on a sample basis the manual transactions.

Statement on the Management report

Management is responsible for the Management report.

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

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

Moreover, it is our responsibility to consider whether the Management report provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the Management report is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the Management report commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in the preparation of the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 23 February 2022
Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Anders Oldau Gjelstrup
State-Authorised Public Accountant
MNE no 10777

Jens Ringbæk
State-Authorised Public Accountant
MNE no 27735

SAXO BANK