Annual Report 2022

SAXO
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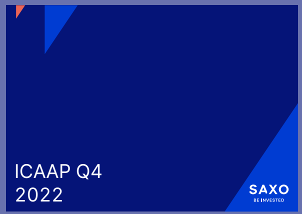

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Letter from the CEO

2022 was a year where we witnessed geopolitical and market events that were both devastating and remarkable, and many even unprecedented in our lifetime. Saxo's ability to navigate the world circumstances, helping our clients and partners navigate the markets and be invested throughout the macro cycles, is why we are here.

What a year!

While the previous couple of years were extraordinary in their own right, 2022 was a year where we witnessed events both geopolitically and in the markets that were both devastating and remarkable. 2022 marked an end to the negative interest rate environment, a resurgence of inflation in the Western world, heightened geopolitical tensions, war in Europe, and an energy and climate crisis. Many challenges remain ahead as we now all realise the price of major policy failure with the highest inflation in 40 years, mounting debt levels, fragile financial markets, polarisation and unrest.

In particular, the war in Ukraine, being close to home in Europe, is a strong reminder that we should never take peace for granted. Our thoughts go to all those who are affected by the hostilities in Ukraine. We, as the free world, must help all we can to alleviate the humanitarian crisis and if there is one positive observation, it is the renewed unity and support from the free and democratic world, albeit one could always wish and hope for much more. We sincerely hope to see an end to the war in Ukraine soon with peace and democracy prevailing.

To show our support, and to help our clients make sense of the macro and geopolitical events, Saxo welcomed the ambassador of Ukraine to Denmark at our head office in Copenhagen in March. During his visit, Mr. Mykhailo Vydoinyk addressed the situation in a webinar broadcasted to all our clients, and afterwards made available on our platforms and websites. Following the visit, Saxo donated a quarter of a million Euro to the official Ukrainian fundraising account for humanitarian assistance.

We are here to Get Curious People Invested in the World

What we are experiencing at present is unprecedented by any count in our lifetime. Our ability to navigate these new world circumstances as one unified Saxo, helping our clients and partners educate themselves, navigate the markets and be invested throughout the macro cycles is why Saxo matters, why Saxo exists. Curiosity is what makes mankind unique and a key driver of progress in the world, and it pushes us to listen, ask questions and learn. When we stay curious in everything we do, we will always learn, develop and improve. Not only in being better at navigating the financial markets, but in everything we do by being invested in the world. When people invest, they become more curious on the world around them and the impact they can make. In Saxo, we empower our clients to be more invested in the world, and we want to scale to offer that opportunity to many more people in the future. That is why I truly believe in our future, our strategy, and the choices we have made.

2022 achievements

Several significant macro factors impacted our 2022 results. On the positive side, rising interest rates contributed to a higher interest income, while declining stock markets meant Investors acted more cautiously, dampening our revenue growth. Over the course of 2022, we achieved a major milestone when finalising the migration of the BinckBank clients to Saxo's platforms, and have further expanded many platform features, content, product lines and services to provide a more comprehensive and intuitive client experience. As an example, we have launched the Saxo Investing Sessions, a webinar series targeted at Investors, and a much improved self-help service in all platforms.

In July, Saxo removed the negative interest rate on deposits in Danish Kroner as the first bank in Denmark to do so, and in December we did the same for deposits in all other currencies.

For our delegating Investors, we expanded our line of asset management products in 2022 called SaxoWealthCare and Auto-Invest to more markets. We further expanded with more listed funds, turbos, warrants and certificates, margin and securities lending products, and continued the rollout of subscription plans in the Netherlands and Singapore, which gives clients access to a range of markets, market updates and services as well as a fixed number of free trades every month. For our more advanced clients, we enhanced our offering on exchange traded options, and are now offering portfolio-based margin.

For our Institutional wholesale partners, we launched the SaxoPartnerConnect platform, which is an online tool for our partners to manage and service their end client directly.

Advancing Saxo to the next level

In the past years, as we navigated the pandemic and difficult macro environments, the meaning of work has increasingly become a topic of reflection for many people. Within Saxo, people and culture now take on even more importance, as our employees are our greatest assets, and we believe a strong, positive and inclusive culture will drive employee satisfaction, strategy execution and growth. In the years to come, it will be even more clear and important that working for a great company with a bright future is not a given, and it is crucial not only for Saxo but for all Saxonians to find meaning in what they do. In short, we are One Saxo. Our many accomplishments in 2022 were only possible because of all of you around the world, and I want to thank each and every one of you for your dedication and commitment.

To steer us safely through a world of complexity as One Saxo, we have defined three guiding principles for our behaviours which we live and apply in everything we do with our clients, partners, shareholders, and other stakeholders. We always pursue win-win. We always apply common sense. We always take ownership.

By continuously adhering to the guiding principles, we increase the chances for Saxo to be successful in our strategic endeavours which is built on our day-to-day actions. We seek to improve our client satisfaction to make our clients and partners our best ambassadors. We are growing our revenues and ensure optimal profitability across our clients and partners. We improve our efficiency and scale and thereby lower our cost/income ratio.

Being truly client-centric is how we achieve the above. We are leveraging our client funnel mindset, which at its core means improving the client experience at every touchpoint with Saxo – from getting to know us (Awareness), opening and funding an account (Acquisition), being active on the platforms (Activation) and staying as a client, or perhaps referring friends and family (Loyalty and Retention). Every Saxonian has a part to play in identifying, suggesting, and implementing solutions, big and small, to improve the client experience and increase our efficiency, which is of course relevant for our Direct as well as our Institutional business.

Looking ahead to 2023 and beyond

We truly believe we have the right ingredients to achieve our growth ambitions. Saxo is well capitalised and profitable, with a growing recurring revenue share. Our investments into the business have been significant and even during the migration of the BinckBank clients, we did not slow down the investments. As a company we are in a strong position to deliver value to clients, partners, shareholders, and other stakeholders, and thus achieve our ambitions.

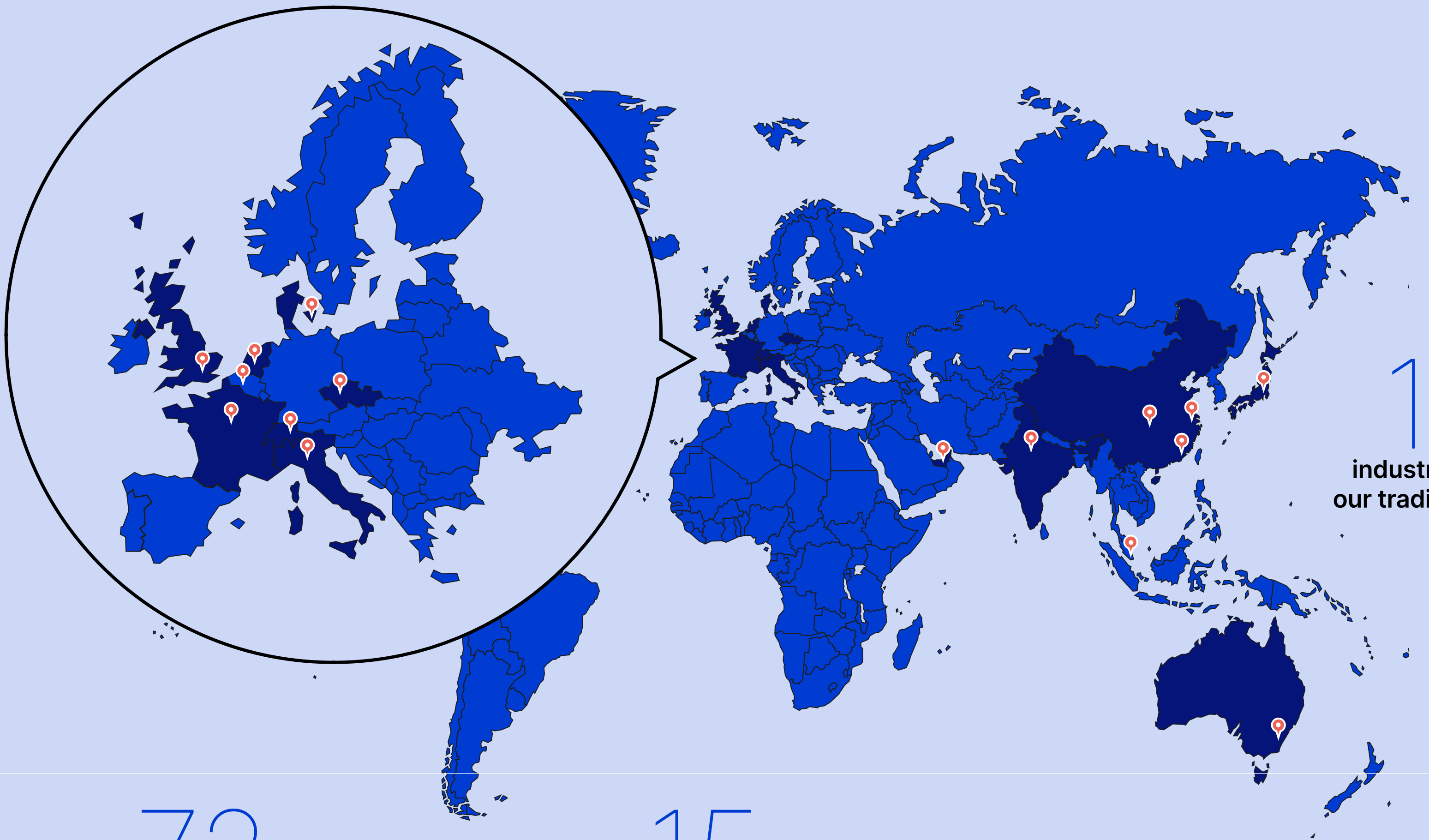
A successful 2023 will mean that we see growth across our Direct and Institutional business from offering our multi-asset platforms with timely, relevant and actionable content, and dedicated trading, investment and asset management products and services at competitive prices. I wish all clients, partners, shareholders, Saxonians, and other stakeholders a great year ahead, full of curiosity for constant improvement and a drive for being invested in the world.

Copenhagen, 24 February 2023

Kim Fournais
CEO and Founder

> "Having migrated more than 400,000 clients from BinckBank to Saxo in three years is a true success. We are now seeing increased client satisfaction in the Netherlands, Belgium and France as they get to know our platforms, products, services and prices better. That is win-win.

Saxo at a Glance



We power more than **400** wholesale partners and **200** market counterparts

More than **130** industry awards for our trading platforms

2,500 employees with **72** nationalities across offices in **15** countries

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 70,000 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 and SaxoPartnerConnect.

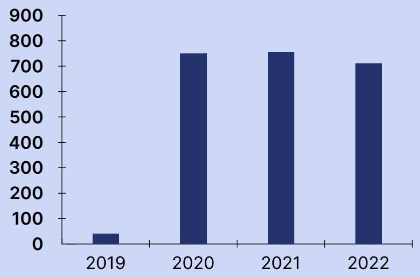
64 million trades executed in 2022. **876,000** end clients. More than **70,000** tradable instruments

Performance highlights

Despite a challenging year, the Saxo Bank Group delivered an acceptable net profit. The cost/income ratio ended on almost the same level as in 2021. Our financial position remains strong with a capital ratio of 31%

Net profit

DKK million



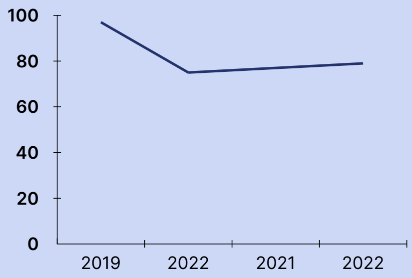
711 DKK million

-6%

- The net profit for 2022 was impacted by lower trading activity following the macroeconomic situation, which created uncertainty for clients who traded less, resulting in a decrease in net profit
- Higher interest rates contributed positively to net interest income, partly offsetting the decrease from lower trading activity

Cost/income ratio

Percentage (%)



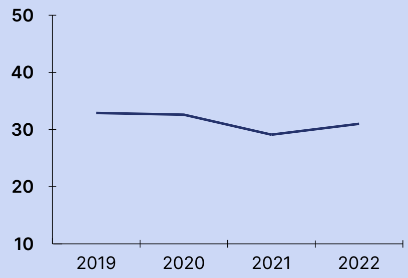
79%

+2% points

- The 2022 cost/income ratio ended at almost the same level as in 2021 due to a slight decrease in revenue and a stable cost level
- The cost/income ratio was positively impacted by lower staff cost and a reduction in administrative expenses and marketing spend
- Expenses related to amortisation, depreciation and impairment losses increased as a result of the recent years' high level of investments in our platforms, new products and services as well as digitisation to further improve the Saxo Experience and migrating BinckBank clients to Saxo Bank's platforms

Total capital ratio

Percentage (%)



31%

+2% points

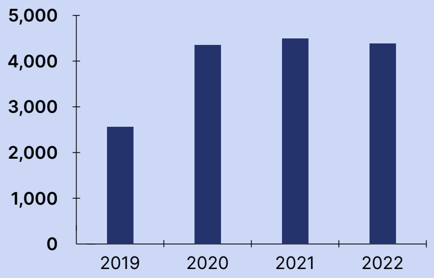
- Saxo Bank Group has a strong capital position with a comfortable buffer to regulatory requirements
- The total capital ratio ended higher than in 2021, primarily due to a decrease in the Risk Exposure Amounts driven by lower credit risk exposure

The Saxo Bank Group reached a record high number of 876,000 clients and increased net interest income following the rising interest rates, while challenging market conditions resulted in lower trading related earnings and total client assets

[1] This measure is a non-IFRS alternative performance measure. For definition, see note 10.2 in the consolidated financial statements.
[2] Clients are defined as number of end clients holding assets with Saxo of at least DKK 1,000 at the end of the period and include end clients of our Institutional wholesale partners.
[3] New trading clients who placed their first trade within the year.

Trading related and interest earnings[1]

DKK million

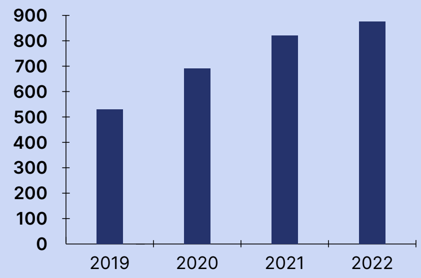


4,385 DKK million
-2%

- Challenging market conditions with low trading activity drove trading related earnings down, which was partly mitigated by increased interest earnings following the steepening yield curves
- As comparison, 2020 and 2021 were years with high trading activity

Total clients[2]

Number of end clients ('000)

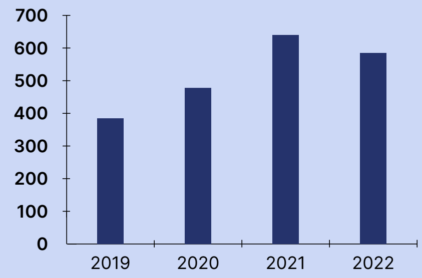


876,000 end clients
+7%

- The number of total end clients increased by 56,000 from 2021, rounding off 2022 with a record high of 876,000 total end clients
- The growth in total clients was driven by the Saxo Institutional business, whereas total Investor clients remained stable and total Trader clients experienced a decline. In total, 157,000 new trading clients[3] joined Saxo in 2022

Client assets

DKK billion



584 DKK billion
-9%

- Client assets were affected by the negative trend in the global equity markets during 2022, which especially impacted the Investor clients
- The negative impact from the decline in equity markets was partly offset by inflow of funds and assets of DKK 47 billion from Saxo's client base
- The Saxo Institutional business partly offset the decline in existing client assets

Key figures and ratios

	2018[1]	2019[2]	2020	2021	2022
Statement of profit or loss (DKK million)					
Net interest, fees and commissions	1,997	1,974	3,064	3,213	2,991
Price and exchange rate adjustments	789	637	1,251	1,279	1,444
Total income [3]	3,589	3,327	4,324	4,527	4,455
Staff costs and administrative expenses	-2,210	-2,582	-2,708	-2,912	-2,839
Impairment charges financial assets etc.	-13	-9	-24	-7	7
Share of net profit/loss from joint ventures	-	-0	-7	-18	-7
Profit before tax	1,029	109	1,080	1,031	949
Net profit	963	40	750	755	711
Statement of financial position (DKK million)					
Loans and other receivables at amortiset cost	0	9,883	4,811	5,471	4,258
Deposits	21,370	59,311	60,197	68,577	69,702
Subordinated debt	370	1,140	776	770	794
Total equity	5,552	7,082	7,401	7,183	7,118
Total assets	34,484	74,930	78,784	91,122	90,481
Acquisition of intangible assets	439	566	561	710	565
Employees					
Number of full-time equivalent staff (end of year)	1,658	2,170	2,224	2,510	2,515
- Hereof employed in India	584	626	718	968	1,029

	2018[1]	2019[2]	2020	2021	2022
Clients					
Client assets (DKK billion)	113	384	478	640	584
Hereof Assets under Management (DKK billion)	-	8	9	12	8
Total clients (Number of end clients ('000)) [4]	199	529	690	820	876
Trades (Number of trades (million))	39	34	64	61	64
Financial ratios [5]					
Total capital ratio	35.0%	32.9%	32.6%	29.1%	31.0%
Tier 1 capital ratio	32.0%	26.3%	27.9%	25.0%	26.6%
Return on equity before tax	20.2%	1.7%	14.9%	14.1%	13.3%
Return on equity after tax	18.9%	0.6%	10.4%	10.3%	9.9%
Cost/income ratio [3]	71.3%	96.7%	75.0%	77.1%	78.7%
Interest rate risk/Tier 1 capital	2.5%	4.2%	3.5%	4.2%	10.7%
Foreign exchange rate risk/Tier 1 capital	4.1%	5.5%	8.9%	5.4%	9.9%
Value at risk of foreign exchange rate risk/Tier 1 capital	0.0%	0.0%	0.0%	0.1%	0.3%
Loans and other receivables plus impairment charges/Deposits	0.1%	16.7%	8.1%	8.0%	6.1%
Loans and other receivables proportional to Total equity	0.00	1.40	0.65	0.76	0.60
Growth in loans and other receivables	-100.0%	>1000%	-51.3%	13.7%	-22.2%
Liquidity coverage ratio	264.4%	450.1%	324.1%	252.7%	272.0%
Sum of large exposures/CET1 capital	10.1%	28.3%	22.3%	29.0%	23.2%
Loss and provisions ratio	15.3%	0.1%	0.5%	0.1%	-0.2%
Return on assets	2.8%	0.1%	1.0%	0.8%	0.8%

[1] Key figures and ratios are impacted by divestment of the activities in Saxo Privatbank A/S and the shares in Saxo Payment A/S.
[2] Key figures and ratios are impacted by acquisition of BinckBank N.V. from August 2019.
[3] These measures are non-IFRS alternative performance measures. For definitions, see note 10.2 in the consolidated financial statements.
[4] Including end clients of our Institutional wholesale partners.
[5] For definitions, see note 10.2 in the consolidated financial statements.

Saxo Investing Sessions

Saxo Investing Sessions – a webinar series featuring a wide range of investor-focused topics, engaging, and educational content that will help people get started or become better investors. The series covers everything from basic understanding to more advanced strategies.

How to navigate the Saxo platform

Different investment products and asset classes

How to build a portfolio

How to determine risk profile

Investing journeys

How to research companies

ESG in investing

Commodities

Understanding trading psychology

www.home.saxo/insights/events-and-webinars

In Denmark, the series was launched with a physical event in Saxo's headquarters in Copenhagen, followed by virtual sessions that were made available online afterwards and in our platforms.

The webinars were rated 4.3 out of 5 stars and 95% said that they will attend more Saxo webinars, continuing on our mission to *Get Curious People Invested in the World*.

★★★★★

Great trading platform and broker
Great trading platform and easy to use charts. Customer services very good. Interesting webinars, meetings and events.

★★★★★

Good and up-to-date webinar
Good and up-to-date webinar, great to get the latest ratings and comments.

★★★★★

The platform's content is really good
The platform's content is really good, recently I was impressed with the addition of the ESG content which is super informative.

Our business model and strategy

Saxo is an international multi-asset facilitator. We deliver capital markets access, products, and services through our multi-asset platforms to Traders, Investors and Saxo Institutional wholesale partners and Saxo Institutional direct clients. Based on our open business model, we unbundle the value chain, source from the best product, service and liquidity providers 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 facilitation

Tech Stack

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

Clearing and settlement
Client account structures
Margin & risk management
Market data connectivity
Custody
Regulatory reporting

Integration Points
EOD files, FSSO & TENS
Open API
CMS API

Processes

Business management
Client management
Integration

Execution and trading
Market data
Custody and post trade
Reporting
Asset Management

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

Distribution to clients and partners

Direct Traders

SaxoTraderPRO and SaxoTradersGO for self-directed traders

Direct Investors

SaxoInvestor and Saxo-TraderGO for self-directed and delegating investors

Saxo Institutional Wholesale and Direct Institutional

Outsourced capital markets infrastructure and client facing front ends incl. Open and FIX API, and SaxoPartnerConnect

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

Our strategy

Saxo's purpose is to Get Curious People Invested in the World. Saxo has always been a purpose-driven company, and research has shown that for our clients and colleagues, when they invest, they feel more curious about the world, creating a strong link between our purpose and our strategy.

Saxo Experience

Enabling our clients to be invested in the world by delivering an excellent client experience. We strive to be timely, relevant, engaging and actionable in everything we do for our clients

Direct

Traders

Focus on experienced and professional Traders to grow market share as global leading provider of advanced online trading solutions

Investors

Become the preferred provider for experienced Investors and delegating Investors in key geographies

Saxo Institutional

Institutional Wholesale (B2B2C)

Be the preferred, trusted provider for banks, brokers, independent asset managers and advisors selling brokerage/custody, client experience, trading technology and trading operations

Institutional Direct (B2B)

Be the preferred provider for institutional clients, who actively trade or hedge the financial markets through advanced online trading solutions

Enablement

Processes, products, platforms, technology, and the use of data to drive scale, flexibility and agility to meet our objectives for our clients while managing risk and compliance prudently

People & Culture

People & Culture are key drivers in our strategy execution and growth through clear guiding principles and Saxonian behaviours. We want an inclusive culture where Saxonians make a difference through meaningful work

We are here to serve our Direct and Institutional markets which can be broken into Traders and Investors for Direct, and for Saxo Institutional into Institutional wholesale partners and Institutional direct clients. Institutional direct are typically hedge funds, family offices and similar types of asset managers.

What we sell are platforms where we display our products and services. Our multi-asset platforms allow us and our partners to serve clients with different degrees of experience and deliver what they need, when they need it, no matter if they want to actively trade the global capital markets or invest in their future. Everything we sell to our clients, both Direct and through Institutional wholesale partners, is tied together by the Saxo Experience through our client journeys, with sustainability being an integral part of the Saxo strategy and offering. With all these components, we can operate our Digital, Platform First strategy that allows us to service all clients through our platforms and reduce human interaction.

Our Strategy House sets out our ambitions and how we implement the strategy, building on our open business model and leveraging our pedigree of having built a flexible, agile and scalable technology infrastructure. We strive to be timely, relevant, engaging and actionable in everything we do for our clients for them to educate themselves, navigate the markets and be invested throughout the macro cycles.

The Strategy and Execution Plan for 2023–2025 offers a clear path forward as we continue our quest to become more relevant for Traders, expand our reach to more Investors, and to professionalise our Institutional business, all while we manage risk and compliance prudently in everything we do and ensure that our technology stays agile, flexible and scalable and we strengthen our people and culture.

Our platforms

Saxo offers capital market access through our multi-asset trading platforms. Our range of platforms, financial products and services cater to clients across less investing experience to professional trading experience, low to high risk tolerance levels, and short to long time horizons. Based on our Digital, Platform First strategy, the platforms are designed to support all client needs.

With the product set offered, we empower clients to trade and invest across any macrocycle with access to more than 70,000 instruments, including stocks, bonds, ETFs, mutual funds, FX, CFDs, options, commodities, futures and Crypto FX.

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

SaxoPartnerConnect allows our Institutional wholesale partners to customise the offering and service their end clients themselves

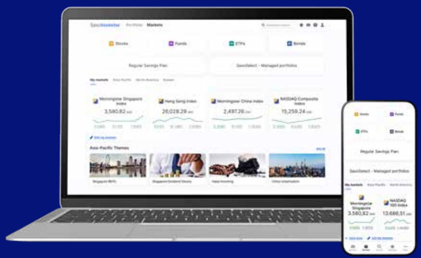
SaxoTraderGO our advanced platform provides access to margin products and advanced trading tools within an intuitive and user-friendly interface

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

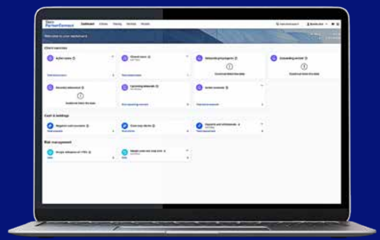
FIX API enables our partners to get tailored, multi-asset liquidity via a single API

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

Platforms



SaxoInvestor



SaxoPartnerConnect

SaxoTraderGO

Open API

SaxoTraderPRO

Products and Services

AM & S	BO	MF	ETF	EQ	SF	SP	FX	CFD	LO	FXO	CFX	FU
Asset Management & Savings	Government bonds	Mutual funds	Exchange Traded Funds	Stocks	Margin lending	Turbos	FX spot	Single stocks	Equity options	FX vanilla options	Crypto FX	Contract futures
Saxo Wealthcare	Mortgage bonds			SRDs	Securities lending	Certificates	FX DMA/ Prime	Index trackers	Commodity options	FX exotic options		
SaxoSelect	Corporate bonds					Warrants	FX FWD swap	Expiring CFDs				
AutoInvest						ETN		CFD options				
Pension						ETC						
Product wrapper accounts												

Delegator | Self-Directed Investor | Experienced Investor | Experienced Trader | Professional Trader

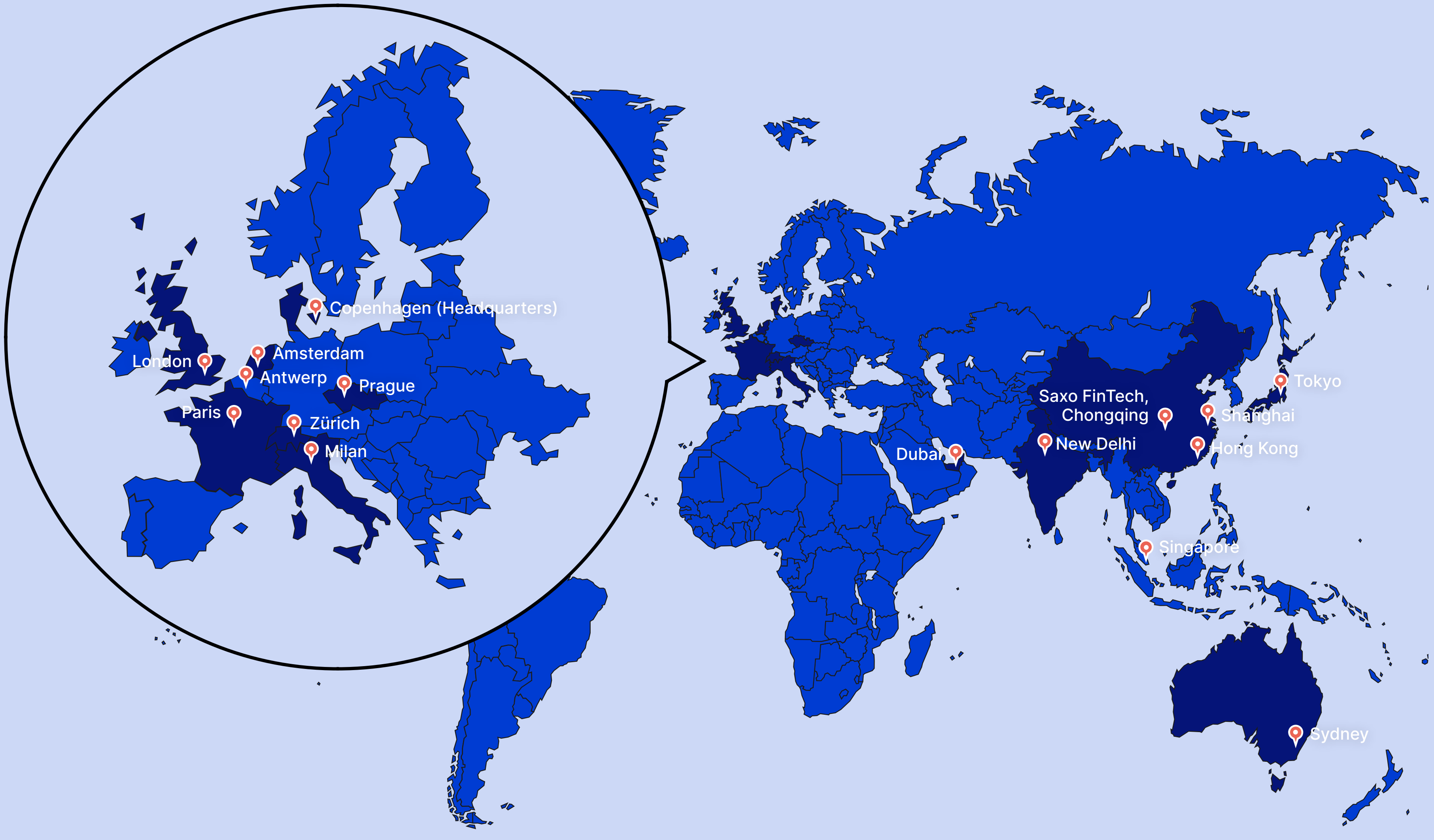
Our commercial areas

Traders
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 due to their rich, sophisticated instrument universe, trading tools, charting capabilities and data feeds.

Investors
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
Saxo Institutional includes wholesale partners (B2B2C) and direct B2B clients. Institutional clients utilise Saxo'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). Our Institutional wholesale partners are serviced via dedicated partner tools and platforms, SaxoPartnerConnect, and our platforms, including Open API and FIX API.

Our geographical footprint



Business review

2022 was an eventful year filled with geopolitical and market challenges. Inflation spiking beyond anything seen in the past 40 years, equity markets declining sharply, interest rates rising rapidly, commodity prices soaring, and sanctions against Russia. All impacted our business in terms of growth in number of clients, client activity, revenue generation and client assets. Key milestones achieved in 2022 included the completion of migrating all BinckBank clients onto Saxo's platforms, robust growth in Saxo Institutional end clients and Saxo's 30th anniversary.

2022 was a challenging yet rewarding year

The equity markets' peaks throughout 2021 were replaced by a downward trend in 2022, aside from a few rebounds. Similar rapid changes were seen in the interest rate markets with increasing interest rates following central bank action to curb inflation. Given our prudent cost and capital management, Saxo came out with an acceptable financial result of DKK 711 million in net profit and an increase in number of total clients of 7%. Total clients at 31 December 2022 were 876,000 with DKK 584 billion in client assets. The intake of new trading clients decreased to 157,000 compared to 263,000 in 2021, and the client activity was lower than in 2021, especially across Investor clients, resulting in slightly lower total revenue for the Group. Notwithstanding this, Saxo continued to invest in the technology, platforms, products and services we offer to build a stronger and more diversified foundation for the future.

On 15 September 2022, Saxo celebrated its 30 years anniversary. Today, Saxo is an international, well-diversified bank, offering multi-asset platforms and serving all clients from one technology infrastructure. At the anniversary, we unveiled Saxo's new Purpose – 'Getting Curious People Invested in the World' – as well as a new corporate visual identity with 'Saxo - Be Invested' as our global brand.

Completion of the BinckBank integration

During 2022, the BinckBank migration was finalised, and all clients across four different jurisdictions have been migrated from BinckBank to Saxo within three years. Completing the migration marks the end of a significant migration project for Saxo, and means that we are now able to serve all clients through one technology structure with less complexity at a lower cost. We have achieved more scale and a better diversified business, which can be operated more efficiently. As part of the migration, we developed several products and services, and we are now rolling them out to our other offices in Europe, Asia and the Middle East to the benefit of all of Saxo's clients and the clients of our Institutional wholesale partners.

Focus on the client experience

157,000 new clients chose Saxo as their provider for meeting their trading and investing needs in 2022. In total, we now serve 876,000 clients globally, of which approximately half are direct clients and the other half are end clients of our Institutional wholesale partners.

Our clients and partners are a diverse group spanning multiple backgrounds, experience levels, needs and geographies. To build a personalised experience, we are required to understand our clients and partners better. Therefore, we have and will be improving our segmentation model and personas to deliver timely, relevant, engaging and actionable content and appropriate products to meet their needs. We are focusing our sales and development efforts in markets and geographies where the clients' needs and Saxo's strategy are aligned. That creates a true win-win relationship for clients, partners and Saxo.

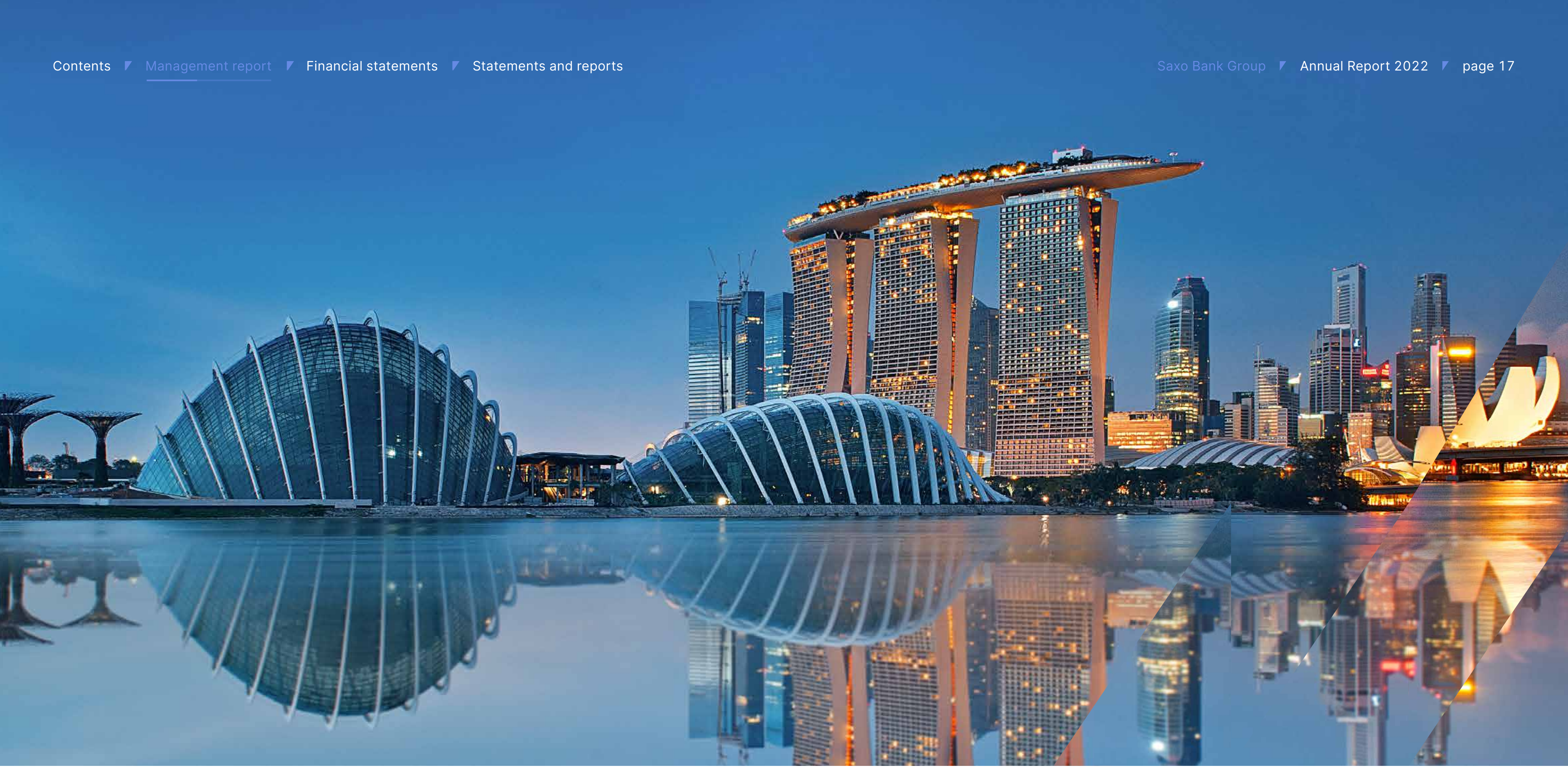
Being truly client-centric is how we achieve our short- and long-term ambitions. In 2022, we radically increased our focus on our brand building and client engagement as we implemented a significantly updated funnel mindset and delivery mechanism throughout Saxo. By leveraging our client funnel mindset, which is dedicated to improving the client experience at every touchpoint with Saxo, we are improving our client centricity from a global and local perspective. Every leader can view the funnels through different lenses like client commercial areas, geography (office), and platforms. We now have a set of people responsible for each stage of the funnels working in virtual teams with both global and local resources to support the funnel optimisation. As we progress, we will see improved conversion rate throughout the funnel, from getting to know us (Awareness), opening and funding an account (Acquisition), being active on the platforms (Activation) and staying as a client, or referring friends and family (Loyalty and Retention). We track the success of our Digital, Platform First strategy by reviewing the conversion rates at each step of the client funnels. All of our Saxonians have a part to play in identifying, suggesting, and implementing solutions, big and small, to improve the client experience and increase our efficiency, which is of course relevant for our Direct as well as our Institutional business.

Many new products, services and platform enhancements in 2022

In 2022, we continued to invest in our client experience, platforms, products and services.

Part of the client experience is to focus on creating the best situation for both the client and us. We call that win-win. In July 2022, Saxo became the first bank in Denmark to remove negative interest rates on client cash deposits in Danish Kroner. By December 2022, we had removed negative interests for client deposits across all currencies in Denmark. By being a first mover and abolishing the negative interest rates for our Danish clients, we removed a major pain point in their client experience. This resulted in Nordic direct clients making net deposits of almost DKK 8 billion in the months following the announcement in June 2022.

We have continued the rollout of subscription plans in the Netherlands and in Singapore, which gives clients access to a range of



markets, market updates and services as well as a fixed number of free trades every month and the results have been positive. In 2023, we will be expanding subscription models to cover more markets starting with a number of European geographies.

As of December 2022, our daily podcast, Saxo Market Call, had reached more than 3 million total downloads since it was launched in the summer of 2019. In November 2022, the podcast reached an all-time new monthly record of almost 150,000 downloads. The Market Call has a 4.8/5.0 star rating on iTunes and a 5/5 on Apple Podcasts, making it one of the most positively rated content assets of Saxo.

A new webinar series called Saxo Investing Sessions has gained much popularity with our clients. On average, participants rate the webinars 4.3 out of 5.0 stars, with 95% of participants stating they will most likely attend other webinars as well, driving stronger client engagement with our global target audience. The series, which aims to inspire and educate on the topic of markets and trading, ranges from basic strategies to more advanced approaches and includes the following topics: Investing journeys, How to navigate the platform, How to determine your risk profile, How to build a portfolio, How to trade different investment products and asset classes (stocks, bonds, mutual funds, ETFs, options, leveraged funds, and commodities), How to research companies, How to consider ESG in investing and Understanding trading psychology.

Traders

We have continuously expanded our offering of listed turbos, warrants and certificates in order to cater for evolving market trends and client preferences, as well as launched margin and securities lending products, which open opportunities for our clients and provide additional flexibility in their trading and income generation. Margin and securities lending products are now live in the Netherlands, Belgium and Singapore, with a number of new markets such as the Nordics scheduled for launch during 2023. Our Crypto FX offering, originally launched in May 2021, was expanded to new markets and gained further popularity as a reliable, regulated and transparent way of obtaining exposure to the main cryptocurrencies.

In July, we launched an improved overview of net Greek exposure for options in SaxoTraderGO and SaxoTraderPRO and we now offer a daily and weekly option to the expiry selector for cash index options. In addition, three further option improvements were added on our platforms to support our clients to make better investment decisions. An improved calendar module, listed options enhancements, and a configuration uplift are now available in SaxoTraderGO.

Investors

Over the course of 2022, many enhancements were made for our Investors. In March, we launched the SaxoInvestor platform with localised features in Australia and MENA. In MENA, we expanded our mutual funds universe in response to increased demand from clients, and in Australia we made significant additions to the selection of equity products available to the local client base. We are also continuously expanding our selection of listed funds across all markets.

For our delegating Investors, we continued to roll-out SaxoWealthCare in more markets and launched a new investment service, AutoInvest. AutoInvest is a recurring investment tool that was launched in the Netherlands in 2022 and enables clients to automatically invest their savings into a basket of preselected mutual funds and ETFs on a monthly basis. SaxoWealthCare, which is our digital asset management offering, was launched in Singapore during April 2022 as the first new market to benefit from the proposition after the Netherlands and Belgium. SaxoWealthCare builds personalised portfolios based on the Investor preferences, investment horizons and risk appetite with the ultimate objective of achieving specific financial goals set individually by each client. In the short run, we plan to launch SaxoWealthCare in other markets including Denmark and Hong Kong. In the Netherlands, SaxoWealthCare also powers our personal pension offering for clients.

Saxo Institutional

The Institutional business continues to leverage tangible synergies with our Direct business, making it a highly scalable business line for Saxo. The benefits of the scalability are significant, not only because our Saxo Institutional clients place more trust in us as they know we are facing the same issues as them daily in our Direct business. But more so by leveraging the same technology stack and processes to service both our direct and wholesale clients.

The number of both Institutional wholesale partners and Institutional direct clients continues to grow steadily, and the new partners going live in 2023 and potential partners in the sales pipeline evidence increasing demand for our offering. In 2022, we went live with the first two SDC supported banks and in H1 2023, we expect to go live with another 12 SDC supported banks. SDC delivers a joint core IT banking platform to more than 100 Nordic banks. Saxo's solution is now integrated into the SDC IT platform and can be switched on individually. The solution for SDC contains an advisor module, which we will deliver in full in 2023, that allows a bank's client advisor to have the same view as the client and provide the clients with digital advice, including portfolio rebalancing from model portfolios. The foundation of the solution is built generically, meaning it can be leveraged by other partners and in particular independent asset managers outside of the SDC network.

In April, we went live with our partnership with HSBC in Singapore. By partnering with Saxo, HSBC's Singapore clients will now benefit from a broader access to the capital markets, minimised costs with Saxo's Straight Through Processing (STP), and a flexible solution that will allow them to access more products and services as Saxo makes them available.

Our wholesale clients enjoy the product and services development as well, as we roll them out to our Institutional wholesale partners when they become available. Our enhanced asset management offering is now available to our partners' end clients. In 2022, we further introduced a more granular pricing model for our Institutional wholesale partners, which makes us more competitive.

Our next generation SaxoPartnerConnect platform for our Institutional wholesale partners also went live in 2022. It was originally developed to serve the Independent Asset Managers from BinckBank once migrated to Saxo. SaxoPartnerConnect is an online tool for our partners to manage and service their end clients directly. During 2023, SaxoPartnerConnect will be rolled out to all of Saxo's existing partners replacing an old application with modern technology and state of the art functionality.

For the first time in two years, we were able to physically host our Institutional wholesale partners at our annual partner conference in Saxo headquarters. The latest trends in the industry were discussed in connection with Saxo's evolving services and offering. Feedback from the attendees following the event was highly positive and affirming towards the offering Saxo provides to our partners.

Financial review

Despite a challenging year with declining equity markets, higher inflation and rising interest rates, resulting in lower trading activity, the Saxo Bank Group realised a net profit of DKK 711 million in 2022. Taking into account the difficult market conditions, the result is considered acceptable and is above the half-year guidance. The result highlights the resilience of our business model in terms of client and product mix as well as geographical presence, as it reduces our vulnerability to the impact from macroeconomic and country-specific conditions.

The Saxo Bank Group's result is to a large extent linked to the clients' trading activity. Following the negative equity market trends in 2022 combined with higher inflation and interest rates not least with the Russian invasion of Ukraine in early 2022, the trading activity among our clients was lower than in 2021, affecting Saxo Bank's transactional revenue in the form of trading fees and commissions. The decline in trading activity was most significantly seen within the Investor area. The decrease in fee and commission income as a consequence of the lower trading activity was, however, partly offset by higher interest income following the rising interest rates. At the same time, the Group's cost level remained stable.

Despite decreasing trading activity, the net inflow of new clients continued in 2022 and led to a record high number of 876,000 clients at 31 December 2022. Total client assets decreased to DKK 584 billion, mainly driven by the equity market decline, partly offset by positive net funding from clients of DKK 47 billion.

Net interest, fees and commissions decreased to DKK 2,991 million (2021: DKK 3,213 million). The decrease was mainly due to lower trading activity following the macroeconomic situation, leaving especially commissions on stock trading at a lower level than in 2021. This was partly offset by increased interest income because of the higher interest rate levels across our geographical presence.

Price and exchange rate adjustments ended with an income of DKK 1,444 million (2021: DKK 1,279 million). Price and exchange rate adjustments for 2021 included a negative amount of DKK 148 million related to fair value adjustments on the bond portfolio. As per 1 July 2021, the Group's liquidity investments of hold-to-maturity bonds were reclassified from fair value to amortised cost and accordingly, no fair value adjustments were recorded in 2022. Besides the impact from the changed treatment of bonds, Price and exchange rates adjustments in 2022 was positively impacted by higher trading activity within FX and CFD products, which was offset by lower exchange-rate revenue from reduced trading activity in international stocks.

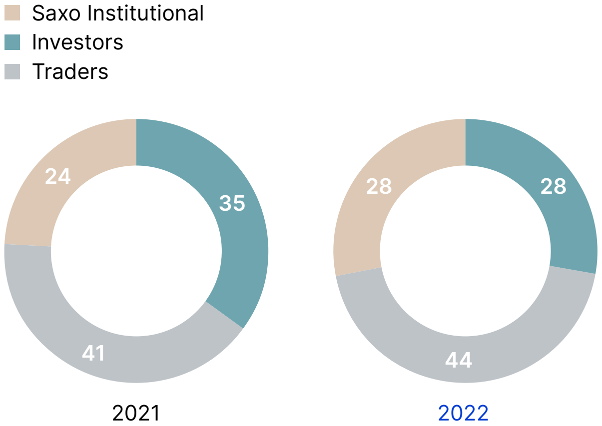
Total income of DKK 4,455 million was almost unchanged compared to DKK 4,527 million in 2021 as the lower revenue from the Investor area was partly offset by growth in the Saxo Institutional area and income resilience in the Trader area.

Trading related and interest earnings amounted to DKK 4,385 million in 2022 with Trader clients accounting for 44%, Investor clients 28% and Saxo Institutional 28%. Compared to 31 December 2021, the relative share of both Traders (31 December 2021: 41%) and Saxo Institutional (31 December 2021: 24%) have increased, while the Investor area has declined (31 December 2021: 35%).

Recurring revenue increased to 41% compared to 32% for 2021, mainly driven by change in product mix with lower transactional related income and higher interest income for both the Investor and Institutional commercial areas. The change in product mix was a result of growth within Trader related products as FX, futures and options, while stocks, mutual funds and ETPs decreased resulting in lower transactional related income.

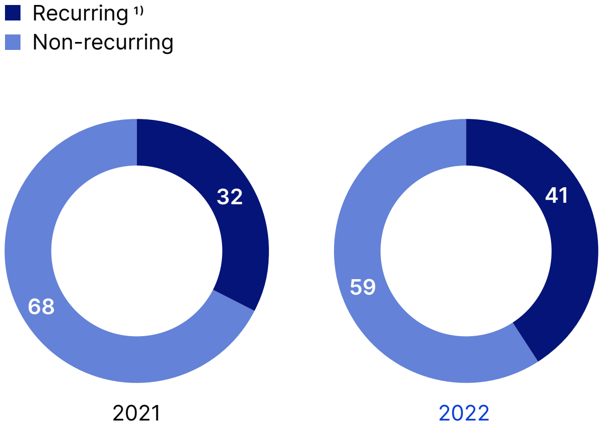
Split of Trading related and interest earnings by commercial areas

Percentage (%)



Split of Trading related and interest earnings (recurring vs. non-recurring)

Percentage (%)



Profit before tax ended at DKK 949 million. The **effective tax rate** in 2022 decreased to 25.1% compared to 26.8% in 2021, primarily due to adjustments to tax related to previous years, which was partly offset by write-down of deferred tax assets as well as remeasurement of deferred tax assets and liabilities following the enactment in June 2022 of an increase in the corporate tax rate for the financial sector in Denmark.

H2 2022 financial result

Total income in H2 2022 was DKK 2,310 million compared to DKK 2,145 million in H1 2022, as H2 2022 was positively impacted by higher net interest income driven by higher interest rates. Costs decreased slightly in H2 2022 compared to H1 2022.

The net profit in H2 2022 was DKK 409 million compared to DKK 302 million for H1 2022.

2022 performance vs. half-year outlook

Net profit for 2022 of DKK 711 million ended above the half-year guidance of DKK 600 million, mainly driven by increased net interest income as a result of higher interest rates.

Staff cost and administrative expenses decreased to DKK 2,839 million (2021: DKK 2,912 million), mainly due to additional temporary staff in 2021 in connection with the migration of the former BinckBank as well as lower marketing costs following the macroeconomic situation with less appetite of trading and investments among clients.

Recent years' high level of investments in our platforms, new products and services as well as digitisation to improve the Saxo Experience and migrating BinckBank clients to Saxo Bank's platforms led to increased **amortisation, depreciation and impairment losses** of DKK 620 million in 2022, an increase of DKK 102 million compared to 2021.

Due to a slight decrease in revenue, incl. Share of net profit/loss from joint ventures, and an almost unchanged cost level, the **cost/income ratio** for 2022 was 79%.

Share of net profit/loss from joint ventures ended with a loss of DKK 7 million (2021: loss of DKK 18 million), impacted by share of net loss from the joint venture Saxo Geely Tech Holding A/S of DKK 61 million. This was partly offset by positive fair value adjustments of loan notes to the joint venture of DKK 54 million. In June 2022, Saxo Bank A/S converted loan notes of EUR 21 million to share capital in the joint venture Saxo Geely Tech Holding A/S accompanied by a proportionate cash based increase in share capital by co-investor Geely Sweden Holdings AB.

[1] Recurring revenue constitutes income deriving from clients' cash and asset positions as opposed to transaction driven income, which is classified as non-recurring revenue.

Commercial areas

Traders

The number of Trader clients was 35,000 at 31 December 2022 with client assets of DKK 30 billion compared to 45,000 Trader clients at 31 December 2021 and client assets of DKK 43 billion. The decreases were driven by difficult market conditions in 2022 characterised by geopolitical tensions, followed by higher FX volatility and a strengthening of the USD.

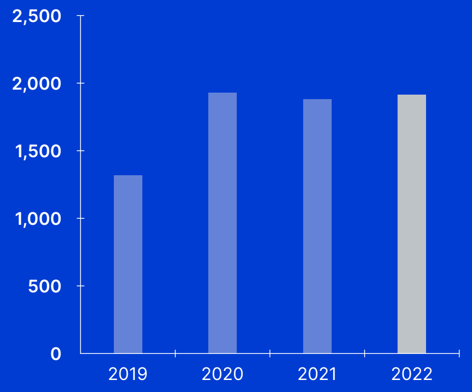
The retention of the most active clients resulted in Trading related and interest earnings increasing slightly in 2022 to DKK 1,913 million.

Recurring revenue in the Trader commercial area was 38% in 2022 compared to 39% in 2021 as clients in general reduced their overnight exposures within CFDs and FX, hence moving towards a slightly higher share of transactional revenue.

Geographically, Rest of Europe experienced growth in Trading related and interest earnings of 13% in 2022 mainly driven by the Switzerland and Prague offices, while the Netherlands and Belgium were negatively impacted by the migration of clients from BinckBank to Saxo's platforms late 2022.

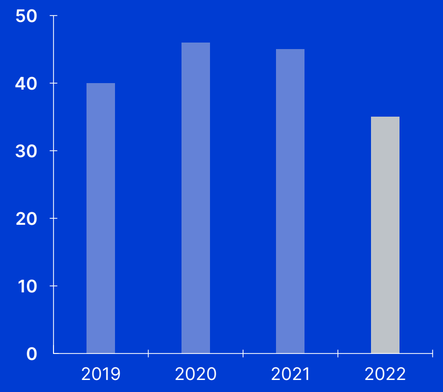
Trading related and interest earnings

DKK million



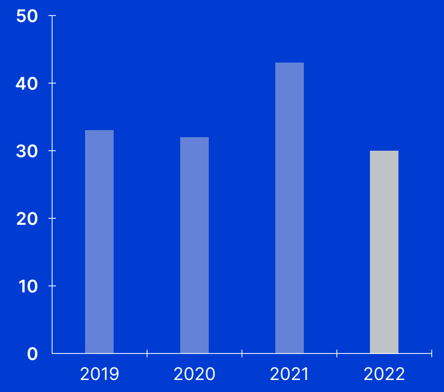
Total clients

Number of end clients ('000)



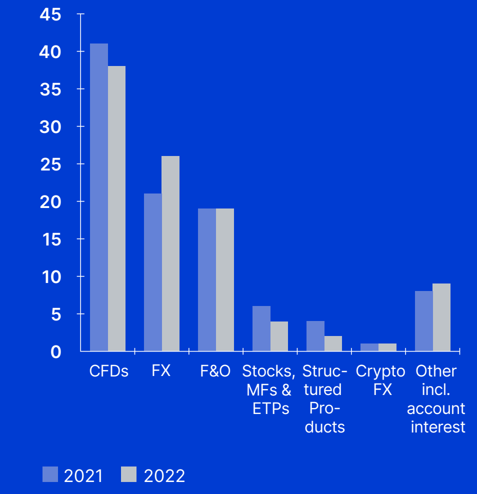
Client assets

DKK billion



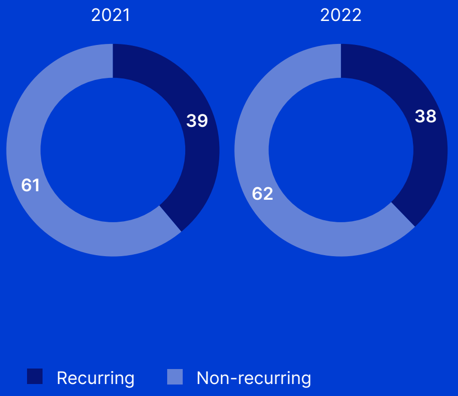
Products and Services

Share of Trading related and interest earnings (%)



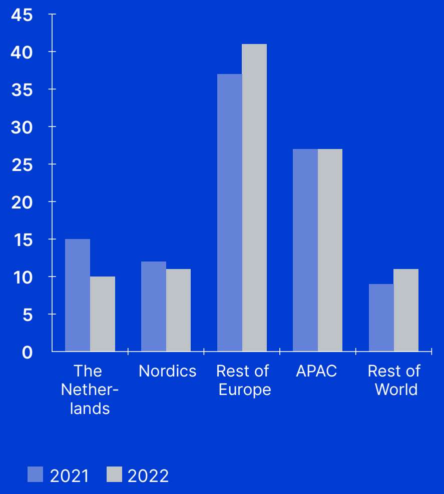
Split of Trading related and interest earnings

Percentage (%)



Geography

Share of Trading related and interest earnings (%)



Commercial areas

Investors

The market conditions in 2022 have been challenging for our clients with a negative trend in the global equity markets, high inflation and increasing interest rates. This has led to a risk-off sentiment leading to lower trading activity.

The number of Investor clients stabilised at approximately 420,000 following the strong growth seen during the last 3 years. Client assets decreased to DKK 234 billion at 31 December 2022, driven by the negative trend in the global equity market.

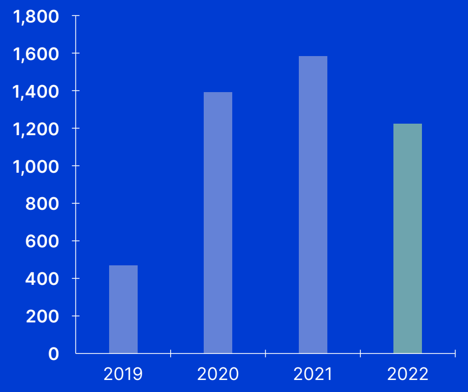
The risk-off sentiment resulted in a decrease of 23% in 2022 in Trading related and interest earnings to DKK 1,223 million as trading activity was at a lower level. Furthermore, 2021 in comparison was characterised by positive markets with rising equities and a generally higher trading activity among Investors.

The recurring revenue increased to 46% in 2022 compared to 27% in 2021 driven by both the lower transactional related income and higher interest income.

From a geographical perspective, all regions have been impacted by the market conditions and were either performing in line with or below last year.

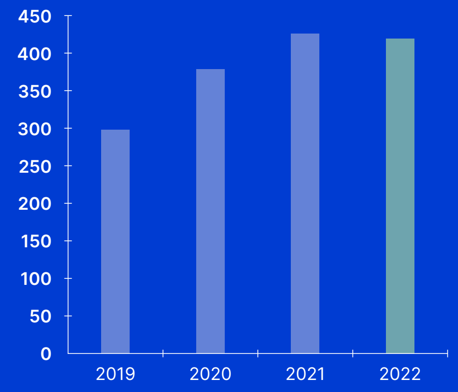
Trading related and interest earnings

DKK million



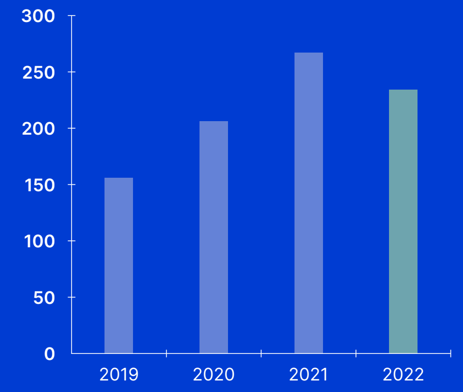
Total clients

Number of end clients ('000)



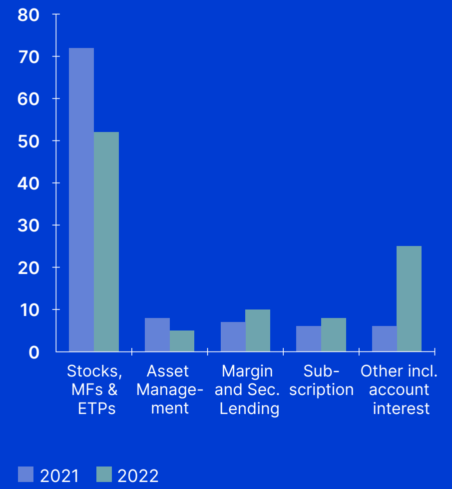
Client assets

DKK billion



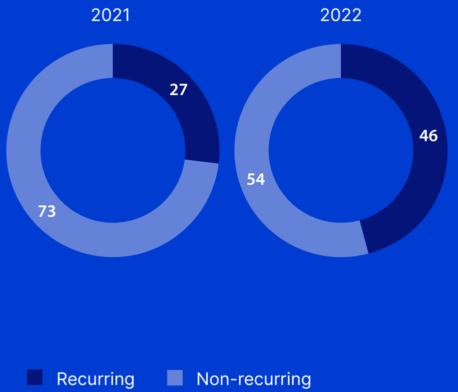
Products and Services

Share of Trading related and interest earnings (%)



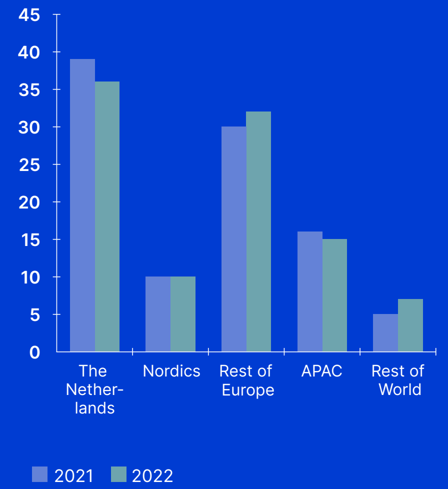
Split of Trading related and interest earnings

Percentage (%)



Geography

Share of Trading related and interest earnings (%)



Commercial areas

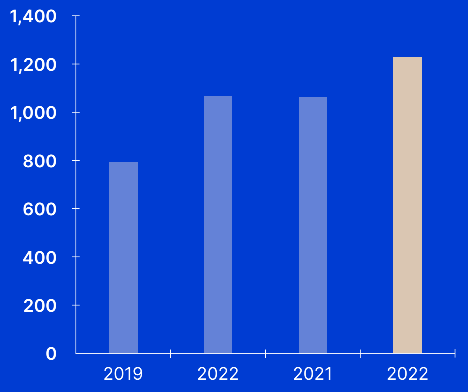
Saxo Institutional

Saxo Institutional saw positive growth in total clients and reached a new high of 379,000 end clients at 31 December 2022. New partners were onboarded from the continuously growing pipeline, and existing partners onboarded more end clients. This growth limited the decline in client assets following the equity market decline, and client assets ended at DKK 320 billion at 31 December 2022.

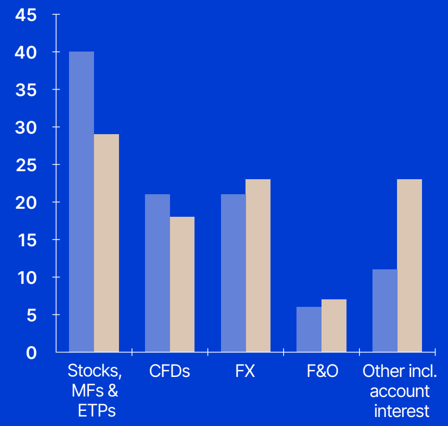
In 2022, all Independent Asset Managers were migrated to the Saxo Bank Group infrastructure, marking the final migration of former BinckBank clients. Saxo Institutional now benefits from an improved Institutional offering on one platform, including the launch of SaxoPartnerConnect, which is an improved online tool for our partners to manage and service their end clients directly.

Trading related and interest earnings of DKK 1,249 million in 2022 ended 15% above 2021, though market conditions also impacted the revenue composition across products. Trader related products as FX, futures and options experienced growth supplementing the higher interest income, while stocks, mutual funds and ETPs decreased. The change in product mix increased the recurring revenue share from 29% in 2021 to 40% in 2022.

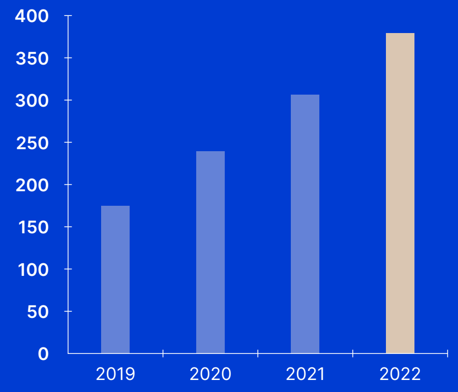
Trading related and interest earnings
DKK million



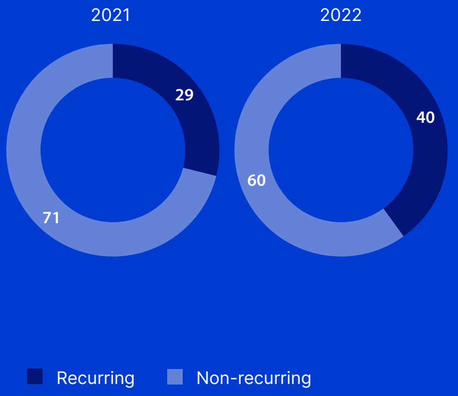
Products and Services
Share of Trading related and interest earnings (%)



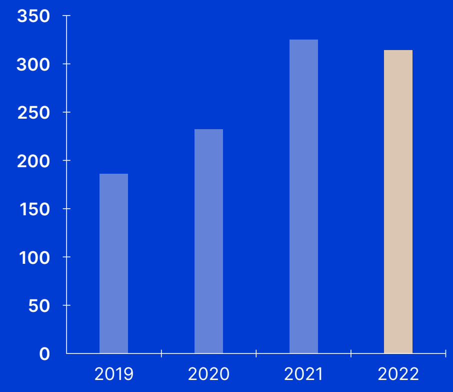
Total clients
Number of end clients ('000)



Split of Trading related and interest earnings
Percentage (%)



Client assets
DKK billion



Statement of financial position

The cash inflow from clients' deposits were placed with counterparty banks, in bonds and other interest-bearing assets. **Cash in hand and demand deposits with central** banks amounted to DKK 21 billion as of 31 December 2022 compared to DKK 32 billion at 31 December 2021. **Bonds at amortised cost** amounted to DKK 45 billion as of 31 December 2022, compared to DKK 31 billion at 31 December 2021. The increase in the bond portfolio was mainly allocation from Cash in hand and demand deposits with central banks and placement of surplus liquidity from client funding.

Loans and other receivables at amortised cost were DKK 4.3 billion as of 31 December 2022, compared to DKK 5.5 billion as of 31 December 2021, a 22% decrease mainly related to margin lending.

Total shareholders' equity was DKK 6.7 billion as of 31 December 2022, almost unchanged compared to 31 December 2021. Total shareholders' equity was affected by the result for the year of DKK 711 million and paid dividend of DKK 500 million for 2021 as well as paid interim dividend of DKK 302 million for 2022.

Dividend

The Board of Directors proposes a dividend of DKK 5.47 per share to be declared at the Annual General Meeting on 21 March 2023. Total dividend proposed for 2022 amounts to DKK 411 million. In addition, an interim dividend of DKK 302 million was declared in September 2022. The dividend proposed for 2022 amounts to DKK 411 million. In addition, an interim dividend of DKK 302 million was declared in September 2022. The total amount of dividend of DKK 713 million corresponds to the 2022 net profit of Saxo Bank A/S.

Capital & liquidity

Licensed in an EU member state, the Saxo Bank Group is subject to the capital requirements set out in the Capital Requirement Regulation (CRR) as well as in the Capital Requirement Directive (CRD), the latter of which has been implemented into national regulation in Denmark.

As of 31 December 2022, the Saxo Bank Group continued to have a strong capital position with a comfortable buffer to the regulatory requirements. An overview of the regulatory capital figures as of 31 December 2022 is presented below.

Provided that the Annual General Meeting approves the result of the year as well as the proposed dividend, the part of the year's result which is not already paid-out as interim dividend consists of proposed dividend and will not be included in the regulatory capital as per 31 December 2022.

Total capital

DKK million	2021		2022	
Common equity tier 1 capital (CET1)	3,994	22.4%	4,033	24.0%
Total tier 1 capital	4,442	25.0%	4,481	26.6%
Total capital	5,182	29.1%	5,221	31.0%

As of 31 December 2022, the Saxo Bank Group's Internal Capital Adequacy Assessment Process (ICAAP) resulted in a capital requirement of 13.1% of the Risk Exposure Amount (REA), equivalent to DKK 2.2 billion. As such, the CET1 buffer was DKK 2.2 billion, equivalent to 12.9% of REA.

The total capital buffer is defined as the capital which is held above the ICAAP requirement and the combined buffer requirement, measured as a percentage of REA.

Capital buffer

Percentage (%)	2021	2022
CET1 buffer	12.9	12.9
Total capital buffer	14.0	14.2

The total REA of the Saxo Bank Group was DKK 16.8 billion as of 31 December 2022.

The ICAAP Q4 2022 Report provides additional information on Saxo Bank A/S' and the Saxo Bank Group's Total capital (including regulatory capital disclosures), REA and capital requirements.

Liquidity

As of 31 December 2022, the Saxo Bank Group had a Liquidity Coverage Ratio (LCR) of 272.0% and a Net Stable Funding Ratio (NSFR) of 282.9%, thereby meeting the regulatory minimum requirements as well as the internal Board-approved requirement (ILAAP) by a safe margin. The LCR and NSFR for Saxo Bank A/S were 183.4% and 150.0%, respectively.

The Supervisory Diamond

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

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

Supervisory Diamond – Saxo Bank A/S

Percentage (%)	Guidance value	2021	2022
Sum of large exposures	<175%	27.3%	20.8%
Lending growth	<20%	-2.1%	19.3%
Property exposure	<25%	41.9%	32.4%
Liquidity requirement ratio	>100%	175.0%	169.6%

Saxo has only minimal property exposure and is not engaged in lending activity towards the real estate market. Property exposure was 32.4% in Saxo Bank A/S as of 31 December 2022, primarily due to a loan from Saxo Bank A/S to the subsidiary Ejendomsselskabet Bygning 119 A/S amounting to DKK 220 million as of 31 December 2022 related to the Group's domicile property. As collateral Saxo Bank A/S has a mortgage deed in the domicile property. The Danish FSA has been informed that Saxo Bank exceeded the Supervisory Diamond's guidance value.

EU Taxonomy disclosure

As holder of a banking license within the European Union, the Saxo Bank Group is required to report under the EU taxonomy disclosure. As such in 2022, 0% (2021: 0%) of the Group's total assets were exposed to taxonomy eligible activities, while 100% (2021: 100%) of total assets were exposed to taxonomy non-eligible economic activities. The 100% non-eligible activities should be seen in relation to 0% of total assets were covered by the taxonomy. The proportion of the Group's total assets of undertakings not subject to NFRD disclosure was 72.8% (2021: 74.8%); the proportion of sovereigns was 33.8% (2021: 21.0%), central bank exposures 22.8% (2021: 35.2%), on demand interbank loans 3.8% (2021: 7.1%) and trading book 12.4% (2021: 11.5%).

Events after the reporting date

After the reporting date, there have been no events that have materially affected the assessment of the Annual Report 2022.

Financial outlook 2023

Saxo Bank Group operates in global financial markets, and income generation is besides the number of clients and client assets subject to volatility within the currency, equity, and commodity markets, as well as fluctuating interest rates.

For 2023, it is expected that the current challenging market conditions will continue for our clients with high level of uncertainty in the direction of the global markets, inflation and interest rates. Hence, it is assumed that the lower trading activity, especially among our Investor clients, will continue as a reflection of the risk-off sentiment. This will to some extent be offset by the full year impact of the increasing interest rates seen through 2022, which will increase the return on the liquidity portfolio.

Our strategic focus remains unchanged with a continued emphasis on growing our client and client asset base, and on enhancing the product and platform offering to the benefit of our clients. Following the migration of the remaining BinckBank clients in 2022, we seek to ensure that the cost levels remain stable in 2023 as efficiency savings are expected to offset the inflationary pressure on the cost base.

The market conditions for 2023 remain highly uncertain with regards to volatility, inflation, and changes to central bank statements on financial markets, and as a result, the Saxo Bank Group expects Net profit in the range of DKK 650-800 million.

Key events of the year 2022

February

Saxo implemented the first sanctions against Russia

March

The launch of SaxoInvestor in MENA and Australia

April

The launch of HSBC Singapore on Saxo's IMA infrastructure with HSBC's Mobile-X banking app

The launch of SaxoWealthCare in Singapore

Henrik Andersen is appointed as a member of the Board of Directors

Brit Kannegaard Johannessen is appointed as Chief Human Resources Officer and joins the Executive Team

May

Saxo Investing Sessions, a global webinar series launched

Xia Li is appointed as a member of the Board of Directors

June

Commercial launch of SDC partnership with two Faroe Islands banks

The launch of securities lending in the Netherlands and Belgium in the Saxo Platform

July

The launch of the Listed Options Uplift, including Options Chain and Combos on mobile app, Options Risk Graph, Probability envelope chart and ETO support on Watchlist

The first bank in Denmark to remove negative interest rates on client deposits in Danish Kroner and in December for client deposits in all other currencies

August

Introduction of Saxo Social, a sharing function from the platforms, in Singapore and Hong Kong

September

Celebration of Saxo's 30th anniversary

Hosted the Saxo Partner Conference with participation of more than 90 partners

October

Marika Fredriksson is appointed as a member of the Board of Directors

November

The completion of the migration of BinckBank, a major migration project in Saxo with all clients migrated from BinckBank to Saxo within 3 years

The launch of AutoInvest in the Netherlands

The launch of SaxoPartner-Connect to our Institutional wholesale partners

Won Cashcow Award for Best Broker 2022 at the Beleggers fair, the largest Investor event in the Netherlands

December

Mads Dorf Petersen is appointed as Group Chief Financial Officer and joins the Board of Management

After more than 40 years in finance including 8 with Saxo, Steen Blaafalk retired as Chief Risk & Compliance Officer and from the Board of Management. Steen continues as board member in our subsidiaries

Our daily podcast, Saxo Market Call, hit 3 million downloads since it was launched in 2019

Client Experience
Foundation & Strategy
BinckBank migration

Sustainability

At Saxo, we believe that financial success and sustainability go hand in hand. We strive to enable our clients to make well-informed investment decisions for their financial goals and to make a positive, sustainable impact on the issues they value. We are committed to incorporating Environmental, Social, and Governance (ESG) factors into our platforms, products and services, and to advancing sustainability throughout our operations. We believe that will help build a better future for all.

Sustainability and Environmental, Social and Governance (ESG) factors are integral to our purpose and business model and are necessary for assessing Saxo's impact on risks and opportunities across all areas of our business. For further details on our business model, see Our business model and strategy, page 10.

We group our efforts into three themes:
- **Sustainable Company:** Establish accountability and ownership for our social and environmental impact both as a company and as individuals
- **Sustainable Investing:** Offer transparent and approachable ESG products and tools across our platforms
- **Sustainable Society:** Promote the importance of financial literacy through investing

We firmly believe that these areas are where Saxo can create a long-lasting and meaningful impact on our employees, clients, partners, shareholders and the societies we operate in.

In 2022, Saxo has taken tangible steps and actions to meet our ESG targets for 2025. We have set supporting targets in our sustainability strategy that deliver both on short-term goals as well as long-term value creation.

Sustainable Company
- **Climate Neutral Company** – Balancing of our emissions with renewable energy and reducing our own emissions considerably through concrete reduction measures
- **Procurement Gone Sustainable** – Ensuring 100% of Saxo's vendors meet our sustainability standards and requirements based on our Supplier Code of Conduct
- **Creating an inclusive Workplace** – Improving diversity and inclusion within Saxo, and increasing the representation of women within the Board of Directors of Saxo Bank A/S, the Executive Team, and the management level referring to the Executive Team, by 2024
- **Trusted Partner** – Ensuring that Saxo is a trusted partner for direct clients and partners through consistently delivering a safe and secure Saxo Experience

Sustainable Investing
- **Becoming a leading ESG-Investing Platform** – Enabling clients through our platform tools, products and inspirational content on ESG to make better informed ESG decisions to both meet their financial goals and have a real-world impact

Sustainable Society
- **Advancing Investing Literacy** – Engaging over 1 million people with Saxo's educational experiences and content

Sustainable company

Environment and Climate

Saxo recognises that we have a responsibility to be accountable for the impact that our operations have on the environment and climate. Therefore, we have set the overall ambition of becoming carbon neutral by 2025.

Supporting this goal, we have also set targets for reducing our overall emissions by 25%, based on a 2020 baseline year, and shifting our energy consumption to renewable energy sources on local grids within the markets we operate.

Over the past years, we have focused on utilising green technologies where possible to cool our buildings and servers with seawater, and since 2019, we have done away with single use plastics and replaced them with glass and pottery across our offices. At the end of 2022, we initiated several measures in our canteens for reducing food waste and recycling materials as much as possible. These initiatives have been driven in cooperation with suppliers and partners and are part of our commitment to significantly reduce our operational emissions in a meaningful and sustainable way.

A materiality assessment has been completed to assess an index of ESG topics on the basis of their long-term value and importance to our main stakeholders. Based on this assessment, we have established both a set of strategic initiatives that are uniquely connected to Saxo's business, as well as a selection of themes which carry potential risks. The risks identified include themes such as IT Security, Diversity and Inclusion, Financial Crime Prevention, and Sustainable Wealth Creation.

Risks associated with climate and environmental themes are not as prominent due to Saxo's business model, which does not include traditional lending activity to retail or wholesale sectors. Nonetheless, environmental risks are accounted for in our strategy's environmental targets and our overall footprint. Furthermore, Saxo will follow the development on the regulatory side such as for prudential (capital) treatment of environmental risks, which is expected to be further clarified in 2023.

Diversity and Inclusion

In Saxo, we value the diversity of all talents, and we strive to enable every employee to fulfill their career aspirations in a fair, safe, and unbiased environment. Saxo represents more than 70 nationalities, and we acknowledge that Diversity & Inclusion promotes commercial benefits, by building upon diverse backgrounds, educations,

experiences, perspectives, and ideas, contributing to more innovation, improved collaboration and better decision making.

In 2023, Saxo is committed to creating an even more diverse and inclusive workplace by mitigating conscious and unconscious biases across all people processes as well as strengthening knowledge and awareness on Diversity & Inclusion across the organisation.

The Board of Directors has adopted a Diversity Policy to promote gender diversity at all levels of Saxo. 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, the Board of Directors set a target to ensure that both men and women are represented by at least 30% among the Board of Directors of Saxo Bank A/S by 2024. At the end of 2022, the proportion of women in the Board of Directors of Saxo Bank A/S was 28.6%, hence the target of 30% was not achieved in 2022. We maintain our focus to ensure that we meet our target of at least 30% women among the Board of Directors by 2024.

Per 1 January 2023, the Board of Directors set a target to ensure that both men and women are represented by at least 30% among other levels of management in 2025. ”Other levels of management” include the Executive Team and the management level referring to the Executive Team. At the end of 2022, the proportion of women in ”other levels of management” of Saxo Bank A/S is 18.9%.

A larger Diversity & Inclusion initiative was launched in late 2020 involving employees and leaders from the whole organisation. In September 2022, the initiative was absorbed into Group People & Culture to further strengthen the progress already made, to continuously develop learning opportunities for leaders and all Saxonians and to secure momentum going forward. One of the outcomes from the initiative was a 4-module leadership programme on Inclusive Leadership. The programme was piloted during 2022 and 100 leaders participated in the programme. In 2023, the Inclusive Leadership training will be an integrated part of Saxo’s leadership development portfolio and thereby made available for all leaders in a blended learning format.

Employee engagement
Employee engagement continues to be a key focus area of the Executive Team, as it is crucial for the well-being of employees and strategy execution.

The annual Employee Engagement Survey (EES) is used by the Executive Team, leaders, employees, and Group People & Culture 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 and become an even higher performing, more engaged and stronger organisation. In 2022, we introduced EES supporting materials, facilitating the communication of EES results in all teams.

In the EES, we try to get a temperature read of the organisation on various topics: Culture, Diversity and Inclusion, Leadership, Strategy understanding etc. In 2022, we introduced questions around Diversity and Inclusion and offensive behaviour based on a risk assessment and in 2023, we will introduce questions around stress and mental health.

In 2022, 92% of our employees participated in our EES. Overall, the feedback from employees has shown a positive trend in several important areas, such as Client Centricity and Core Team Collaboration.

We use the HiPO Index (High Performance Organisation) as an overall indicator of how the organisation is developing. In 2022, the HiPO Index was 74 compared to 76 in 2021.

Every year, a number of focus areas for the Saxo Group are identified. In 2022 we introduced the following focus areas:
- Create a workplace of openness and inclusion
- Strengthen the confidence in senior leadership and the strategic direction of Saxo
- Maintain strong core team collaboration while reinforcing cross team collaboration
- Develop leadership capabilities and behaviours to grow people and business while showing a high level of proximity to teams and individuals

All leaders and teams are focused on actively working with the identified focus areas and each team is also encouraged to identify additional focus areas.

In line with Saxo's work culture and diversity efforts, we comply with collective agreements and respect to human rights across our offices, and we are committed to achieving a work environment founded on equality and diversity. We consider discrimination to be the primary risk affecting human rights, which is why we have adopted a zero-tolerance policy concerning any form of discrimination of employees or anyone involved in Saxo 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.

We are introducing additional measures to eliminate discrimination (e.g., unconscious biases) at the hiring stage embedded in the hiring process. We will also introduce additional training in 2023 for leaders and all employees on how to handle, escalate and report offensive behaviour. During 2022, we have not recorded any discrimination cases.

We have a whistleblowing channel for employees and other stakeholders. All employees and other stakeholders are encouraged to report concerns of misconduct or behaviour that is likely to harm employees, clients, business partners or the reputation or financial well-being of Saxo.

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 Saxo and supports employees by escalating relevant issues that are detrimental to the health and safety of the workplace.

Safeguarding our clients

Saxo 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 Institutional wholesale 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 exploitation of clients and Saxo, legal prosecutions and fines, which would adversely impact our reputation.

In recent years, Saxo has invested significantly in security and the prevention of financial crime to protect our clients and our business integrity. 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 2022, Saxo continued the integration of the security and financial crime units into one department under the remit of the COO. The department has the overall mission of protecting clients and Saxo from cyber-attacks, data breaches, financial crime and fraud events. The department is responsible for ensuring that Saxo takes a holistic, client-centric view of risk and controls, while driving tactical and strategic prevention across the value chain. The department is ensuring that Saxo 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, we 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 2022, we continued to improve and take necessary steps to enhance data protection 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.

Anti-bribery and corruption
Saxo 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 staff must regularly perform documented ABC training. It is our assessment that in particular the employees who are involved in negotiation of contracts with vendors potentially are exposed to a higher risk of bribery and corruption. For that reason, these employees receive training more frequently. If employees have concerns about the conduct of individuals, they are strongly encouraged to report this, if necessary, through Saxo's whistle-blowing set-up.

During 2022, we have not recorded any breach of Saxo's ABC Policy including the Inducement Policy.

Tax contribution
Saxo 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, Saxo 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.

Saxo aims to ensure a good local tax reputation by being transparent and cooperative with the tax authorities in each country.

Total tax contribution made by the Saxo Bank Group

	Denmark			Other countries			Total		
DKK million	2020	2021	2022	2020	2021	2022	2020	2021	2022
Corporate taxes including CFC taxes	25	12	15	255	254	175	280	266	190
Payroll taxes	285	334	411	179	181	184	464	515	595
Social taxes	2	2	1	70	87	99	72	89	100
Financial Services Employer taxes	111	125	128	-	-	-	111	125	128
Property taxes	4	4	4	3	3	3	7	7	7
Value added taxes	112	128	178	73	81	56	185	209	234
Taxes on dividends	-	5	4	-	-	-	-	5	4
Other taxes	-	-	-	21	22	21	21	22	21
Total taxes	**540**	**610**	**741**	**601**	**628**	**538**	**1,140**	**1,238**	**1,279**

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.

As a result of increased interest and demand from Investors, heightened regulatory scrutiny and our commitment to support client's ambitions to align their investments with their values, we have strengthened our ESG offering in recent years and will continue to do so in the years ahead.

Through our offering of sustainable products ranging from ESG-friendly stocks, highly rated sustainable mutual funds and ETFs and our own ESG considered portfolios as part of our asset management offering (SaxoWealthCare and SaxoSelect), we empower our clients to make sustainable choices in line with their risk tolerance and sustainable preferences. To make it easier for clients to identify and compare sustainable products and thus make better informed decisions, we have added third party ESG ratings tools to the platform.

Sustainability is part of the discretionary services we offer to clients, but also a part of the selection process of external model providers that we partner with. With SaxoWealthCare, one of our portfolio management services, we have partnered with BlackRock and Amundi to deliver ESG considered portfolios to our clients. For clients seeking an even stronger ESG profile to their investments, we offer a portfolio that commits to a minimum of 80% of sustainable investments via our SaxoSelect offering in partnership with Brown Advisory. In 2023, we plan to explore additional innovative sustainable products and, if feasible, add them to our investment universe.

SaxoWealthCare ESG-considered portfolios and SaxoSelect Brown Advisory Ethical Selection Portfolio do not have sustainable investments as their objective. However, they strive to contribute to the positive development of society, by making use of a combination of exclusions, ESG integration and sustainability focus. These portfolios promote environmental as well as social factors and take into consideration good governance practices of the companies selected into these portfolios, thereby adhering to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

Furthermore, in addition to ESG themes (which are lists of relevant ESG products), we provide ESG related educational content on the platform to help clients understand what ESG stands for, the opportunities and risk it represents and the impact it can have on society and the environment.

The ESG themes cover various ESG factors (E, S, G or a combination of the 3), investment strategies (negative screening, impact investing etc.) or thematic (clean energy, EV, water etc.) with an added focus on financial performance enabling clients to make better informed decisions rooted in both sustainability and meting financial needs.

We are committed to continuously developing our product range in sustainable investments and making it easier for our clients to invest sustainably.

Sustainable society

At the heart of Saxo's purpose, we seek to engage people around the world to be invested both towards their own financial goals, but also in the things that they value. Therefore, increasing global financial literacy through investing is a core ambition for Saxo. We recognise this is a challenge that cannot be taken on alone, and regularly partner with universities and third parties in the markets we operate to engage with our local community on this topic.

Enhancing financial literacy through investing-related content and events

In addition to having the products, platforms and access for Investors to get invested in the world, Saxo also has a wide variety of educational experiences and content to support them. In 2022, we launched a new webinar series called 'Saxo Investing Sessions', with a focus on inspiring and educating clients on a range of topics from basic strategies for investing to more advance trading approaches.

Since 2019, the 'Saxo Market Call' has been running as a daily podcast, with a focus on providing relevant and timely information to Investors to make informed investment decisions. As of December 2022, the podcast hit 3 million downloads since it was initiated in 2019, and provided a clear indication that Investors see Saxo as a trusted source for informing their investment activities.

Saxo believes in being accountable for the unique role we have in supporting financial literacy through investing, and helping to drive further investment into sustainable initiatives. As part of the content found on our platforms, clients can also easily navigate investment opportunities based on theme baskets from sustainable investing (ESG) to battery technology, to next generation medicine. Learning how to integrate these theme baskets into your investment approach is also part of the educational content available on our platforms.

Working together for a bigger impact

Partnerships with universities and associations within the markets we operate help Saxo to deepen our connection to our local community. In Denmark and Singapore, Saxo engages with universities on a regular basis by co-hosting educational events, webinars, and investing competitions on Saxo simulation accounts. By engaging with the next generation of Investors, Saxo hopes to both increase their understanding of what investing can do for their financial goals, and empower them to impact the world around them by being invested in it.

In 2022, Saxo's Singapore office partnered with the '100 Women in Finance', a global organisation supporting women in finance. As a member of this network, Saxo is able to both support the member community with educational content for investing, and sponsor various events focused on sharing knowledge, empowering diversity within finance, and driving impact through investing.

Connecting with our local community

Throughout the year, Saxo's local offices are encouraged to support and volunteer their local communities through partnerships with charities. In 2022, Saxo employees volunteered their time in the United Kingdom with the National Trust Sutton House and Breakers Yard; in India as a donor for organisations such as the Prime Minister CARES Fund and the National Association for the Blind; and in Singapore helping the Willing Hearts Soup Kitchen preparing, cooking and distributing 11,000 daily meals to 70 locations island-wide to elderly, disabled and low income/poverty-stricken families and migrant workers.

Data ethics

Saxo has adopted a data ethics policy, which defines Saxo's principles on data ethics. The principles are essential for how Saxo works with data, and they form the basis for a commitment to a high standard of data processing. The purpose of the policy is to protect the clients and keep their trust in Saxo by guiding Saxo employees on how to work with data in an ethical way, and to create a focus on the data ethical dilemmas that follow the rapid technological development.

Further, Saxo has appointed an ESG Committee, which comprises key stakeholders, including members of the Executive Team. The Committee and the Executive Team work closely in ensuring that, among others, the principles on data ethics are integrated into the daily work.

The principles can be found on Saxo's website here:
www.home.saxo/legal/privacy-policy/data-ethics-policy.

Our business risks

Saxo is exposed to various risks. The Group strives to manage and mitigate risks which may adversely impact the Group to ensure that risks are within Saxo's risk appetite.

Saxo 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.

Risk factors which could adversely affect Saxo's future growth, activities, financial position, and results are described below. This description may not be exhaustive.

The conflict between Russia and Ukraine as well as the global economic environment have caused uncertainty and instability on the financial markets, which may cause demand for Saxo's products and services to decline or cause abrupt changes in client behaviour.

The inflationary environment has also caused uncertainty and instability on financial markets, however the financial sector is also benefiting from an environment of increased interest rates. The increasing inflation has had, and is expected to continue to have, an adverse effect on especially the investor client activity.

Further information on the risk management framework can be found in the Risk Report 2022 at www.home.saxo/about-us/icaap-and-risk-reports.

Credit risk

Credit risk impacts Saxo's financial counterparts as market liquidity providers. These brokers are generally major international banks. In addition, Saxo 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 Saxo is unable to collect the amounts due. To mitigate these risks, Saxo 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

Market risk exposures in Saxo primarily arise when clients' trading activities are not fully hedged on a back-to-back basis. The market value of any positions in non-hedged financial instruments held by Saxo is sensitive to changes in market rates and parameters and the value of such instruments could decrease and cause Saxo to record market risk losses, which could have an adverse effect on Saxo's business, results of operations and financial position.

Interest Rate Risk In the Banking Book (IRRBB)

In the banking book, the interest rate risk exposures primarily originate from Saxo's liquidity investments of hold-to-maturity bonds measured at amortised cost, from issued capital instruments and from received client deposits. These exposures are managed under the market standard Interest Rate Risk in the Banking Book (IRRBB) framework.

Liquidity and funding risk

Saxo encounters liquidity risk mainly when facilitating clients' trading activities. Liquidity risk is the risk of Saxo 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 Saxo does not comply with regulatory liquidity requirements.

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

Saxo has put in place a risk management framework, which includes the proactive identification, assessment and management of this type of risk, as well as the reactive management of materialised loss events, which includes mitigating actions to reduce the risk of reoccurrence.

Business and IT infrastructure disruption

Saxo is highly dependent on the continuous operation of its IT infrastructure. Therefore, system failures could impact Saxo's services to its clients or critical internal business processes. Consequently, a system outage could have a financial and reputational impact on Saxo.

To control and mitigate this risk, Saxo 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 Saxo 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 Saxo and our clients, which might affect Saxo financially or harm its reputation.

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

Third-party service providers
Saxo 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 Saxo to incur losses and harm Saxo's reputation.

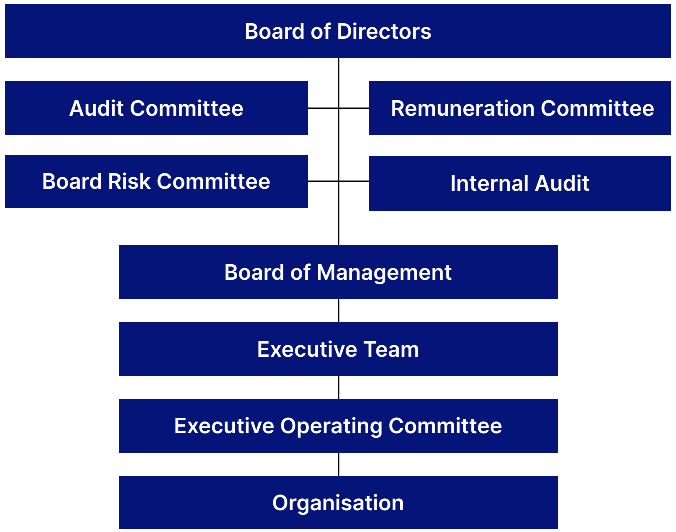
Risks arising from critical outsourcing arrangements are identified, assessed and monitored regularly to ensure that the risk exposure is within Saxo's tolerance limits.

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 2022, Preben Damgaard and Yifan Zhang retired from the Board of Directors. It was with great sadness we received the news of Preben Damgaard's passing in December 2022. He was a great inspiration for all of us both in business and personally and will be missed for his contribution to Saxo and aspirational personality.

Governance Framework



Henrik Andersen, Xia Li and Marika Fredriksson were appointed to the Board of Directors at extraordinary general meetings in April 2022, May 2022 and October 2022, respectively.

Following the resignation by Mette Ingeman Pedersen as Group CFO in October 2022, Mads Dorf Petersen was appointed as new Group CFO on the 15 December 2022.

Steen Blaafalk retired from the Board of Management as of 30 December 2022. We want to thank Steen Blaafalk for his significant contribution to Saxo over the years.

Board of Directors
Saxo Bank A/S' Board of Directors is made up of seven 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 14 March 2022, two board members retired while the shareholders elected three new members at extraordinary general meetings in April 2022, May 2022 and October 2022, increasing the total number of board members from six to seven.

The composition of the Board of Directors aims to ensure the stable and strong development of Saxo Bank A/S 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.

Audit Committee
The Audit Committee is made up of three board members and one external member 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 two 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 Saxo is carried out by the Executive Team and the Executive Operating Committee.

Executive Team
The Executive Team consists of members of Board of Management, the Chief Sales Officer, the Chief Saxo Experience Officer and the Chief Human Resource Officer.

Executive Operating Committee
The Executive Operating Committee consists of an expanded group of the global functional areas under the Executive Team, including the second line functions (Risk and Compliance), and is responsible for strategy execution, commercial and operational decisions.

Board of Directors

Kari Stadigh – Chair
Born on 5 December 1955
Nationality: Finnish
Joined the Board in 2020
Appointed Chair in 2021
Term expires in 2023

Board Committees
None

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

Directorships and other offices:
- Alesco SA (C)
- FSP for Surface Protection Oy (C)
- Metso Outotec Corporation (C)

Henrik Normann – Vice Chair
Born on 26 March 1953
Nationality: Danish
Joined the Board in 2015
Appointed Vice Chair in 2018
Term expires in 2023

Board Committees
Chair of the Board Risk Committee

Competencies:
Strong executive background as President and CEO of a global company and chair of a number of boards. Strong competencies in international finance and general management as well as Environmental, Social & Governance (ESG).

Directorships and other offices:
- Asgaard Ltd. (CEO & BM)
- Fournais Holding A/S (C)
- Investeringsforeningen Maj Invest (C)
- Nordsøenheden (C)
- Saga Private Equity ApS (C)
- Syfoglomad Limited (C)
- Esperante Investments S.à.r.l. (BM)

Henrik Andersen – Board Member
Born on 31 December 1967
Nationality: Danish
Joined the Board in 2022
Term expires in 2023

Board Committees
Chair of the Audit Committee

Competencies
Strong executive background as President and CEO of a global company and chair of a number of boards. Strong competencies in international finance and general management as well as Environmental, Social & Governance (ESG).

Directorships and other offices
- Vestas Wind Systems A/S (President & CEO)
- Vestas Infrastructure Invest ApS (CEO)
- Various board positions in Vestas
- Copenhagen Infrastructure Partners GP Interests Holding K/S (BM)
- Copenhagen Infrastructure Partners Holding P/S (BM)
- Copenhagen Infrastructure Partners GP Interests Topco ApS (BM)
- Maj Invest Equity 4 & 5 K/S (ICM)

Marika Fredriksson – Board Member
Born on 2 November 1963
Nationality: Swedish
Joined the Board in 2022
Term expires in 2023

Board Committees
Member of the Audit Committee

Competencies
Extensive experience within international finance and general management as former CFO and Group Executive Vice President of Vestas Wind Systems A/S, CFO of Gambro AB, CFO of Autoliv Inc., and various positions, including CFO and Senior Vice President Finance and Strategy at Volvo Construction Equipment Corporation.

Directorships and other offices
- A. P. Møller - Mærsk A/S (BM)
- AB Industrivärden (BM)
- Sandvik AB (BM)
- Prodata Consult (C)
- Axcel (ABM)
- Ecolean AB (C)

Patrick Lapveteläinen - Board Member
Born on 28 September 1966
Nationality: Finnish
Joined the Board in 2018
Term expires in 2023

Board Committees
- Chair of the Remuneration Committee
- Member of the Board Risk 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. (C)
- Mandatum Asset Management Ltd. (C)
- Mandatum Holding Ltd. (C)
- Mandatum Life Insurance Company Limited (C)
- If P&C Insurance Holding Ltd. (BM)
- If P&C Insurance Ltd. (BM)

C: Chair of the Board of Directors • **BM:** Member of the Board of Directors
ABM: Advisory Board Member • **ICM:** Investment Committee Member

Board of Directors

Donghui Li - Board Member
Born on 26 June 1970
Nationality: Chinese
Joined the Board in 2018
Term expires in 2023

Board Committees
None

Competencies:
Strong executive background as CEO of a global company and chair 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 (C)
- Genius Auto Finance Co. Limited (C)
- Lotus Group International Limited (C)
- Polestar Automotive Holding UK PLC (BM)
- Volvo Car Corporation (BM)

Xia Li – Board Member
Born on 20 October 1973
Nationality: Chinese
Joined the Board in 2022
Term expires in 2023

Board Committees
- Member of the Audit Committee
- Member of the Remuneration Committee
- Observer of the Board Risk Committee

Competencies
Extensive experience and strong competencies in finance and general management as CEO and chair of a number of boards.

Directorships and other offices
- Genius Auto Finance Co., Ltd. (President & CEO & BM)
- Zhejiang Wisdom Puhua Financial Leasing Co., Ltd. (C)
- Saxo Financial Technology Limited (BM)
- Union Property & Casualty Insurance Co., Ltd. (BM)
- Zhejiang Genius & Guru Investment Co., Ltd. (BM)

C: Chair of the Board of Directors • **BM:** Member of the Board of Directors
ABM: Advisory Board Member • **ICM:** Investment Committee Member

Board of Management

Kim Fournais – CEO and Founder
Born on 30 June 1966
Nationality: Danish

Directorships and other offices:
- Fournais Holding A/S (CEO & BM)
- Vejrø ApS (C)
- Saxo Financial Technology Limited (BM)

Søren Kyhl - Deputy CEO and COO
Born on 19 March 1968
Nationality: Danish
Joined Saxo Bank A/S in 2016

Directorships and other offices:
Saxo Financial Technology Limited (BM)

Mads Dorf Petersen - CFO
Born on 27 June 1976
Nationality: Danish
Joined Saxo Bank A/S in 2009

Directorships and other offices
None

Meeting attendance

		Board Committees		
Member	**Board**	**Audit**	**Board Risk**	**Remuneration**
Kari Stadigh	10/10			
Henrik Normann	10/10		6/6	
Henrik Andersen [1]	5/8	2/2		
Marika Frederiksson [1]	2/3	1/1		
Patrick Lapveteläinen	10/10		5/6	3/3
Donghui Li	9/10			
Xia Li [2]	6/6	2/2	3/4	2/2
Lars Andreasen		3/3		
Preben Damgaard [3]	1/1	1/1	1/2	
Yifan Zhang [4]	1/1	0/1		

[1] Henrik Andersen and Marika Frederiksson joined the Board of Directors and Audit Committee in April 2022 and October 2022, respectively.
[2] Xia Li joined the Board of Directors, Audit Committee, Board Risk Committee and Remuneration Committee in May 2022.
[3] Preben Damgaard retired from the Board of Directors, Audit Committee and Board Risk Committee in March 2022.
[4] Yifan Zhang retired from the Board of Directors, Audit Committee and Remuneration Committee in March 2022.

Saxo's 30th anniversary

On 15 September 2022, Saxo celebrated its 30 years anniversary. Today Saxo is an international, well-diversified bank, offering multi-asset platforms to close to 900,000 clients, and at the anniversary, Saxo's new Purpose 'Getting Curious People Invested in the World' and our new global brand 'Saxo - Be Invested' were unveiled.

Watch Saxo's story told by founder and CEO, Kim Fournais, here:
https://www.home.saxo/about-us/founder

CELEBRATING
30
YEARS

The journey of Saxo

On 15 September 1992, Saxo was founded in the heart of Copenhagen. It started with a phone book, a couple of landline telephones, a Reuters dealing machine – and just enough capital to keep the lights running for 3 months, but with a clear vision: We believed that access to global capital markets should not be the privilege of a select few.

Saxo's founder Kim Fournais quickly grasped the opportunities in using the internet and digital solutions to differentiate the business and offer clients better services, more products, and lower prices, and in 1998 we unveiled one of the first online trading platforms in the market.

Saxo's first White Label Client partnership started in 2001 with Portugal's Banco Carregosa, a wealth management specialist offering advisory, asset management and online brokerage services. The partnership allowed Banco Carregosa to leverage Saxo's back-end technology while offering a state-of-the-art trading platform under their own brand, maintaining full customer control and confidentiality.

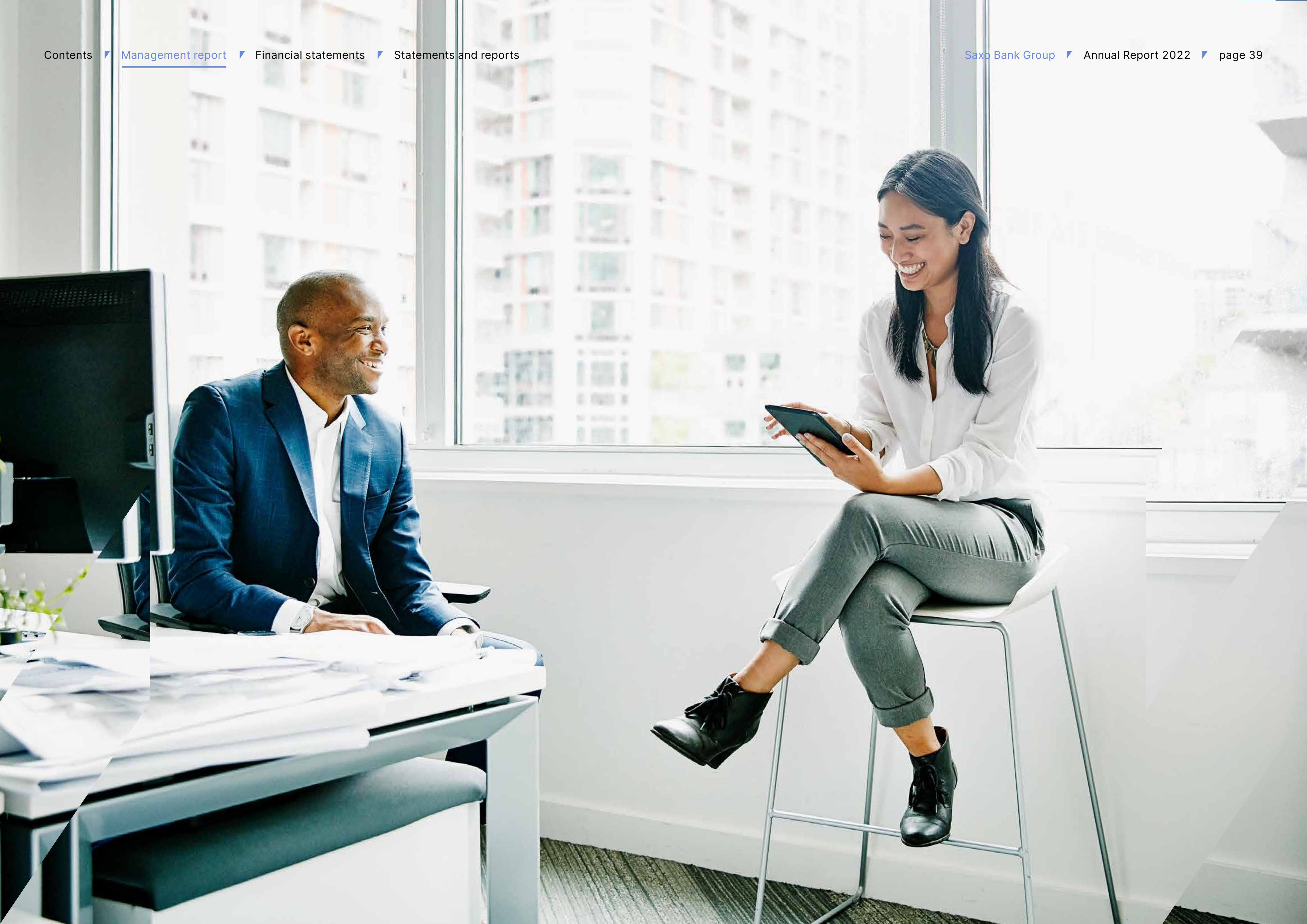
2006 was a special year as Saxo started to venture beyond Denmark and established its international presence by opening up offices in London and Singapore. The international expansion that followed over the years allowed Saxo to better service clients in their time zone, supported by deeper local language capabilities and market insights.

2015 marked a new era of redefining the new Saxo, as we expanded our platforms to serve more Traders and Investors by providing access to global capital markets. SaxoTraderGO was launched in 2015, while SaxoTraderPRO was launched in 2018. SaxoInvestor was launched in 2019, first in Denmark and then in Singapore, and now available widely. In 2022, the SaxoPartnerConnect platform was launched for our Institutional wholesale partners.

Awards

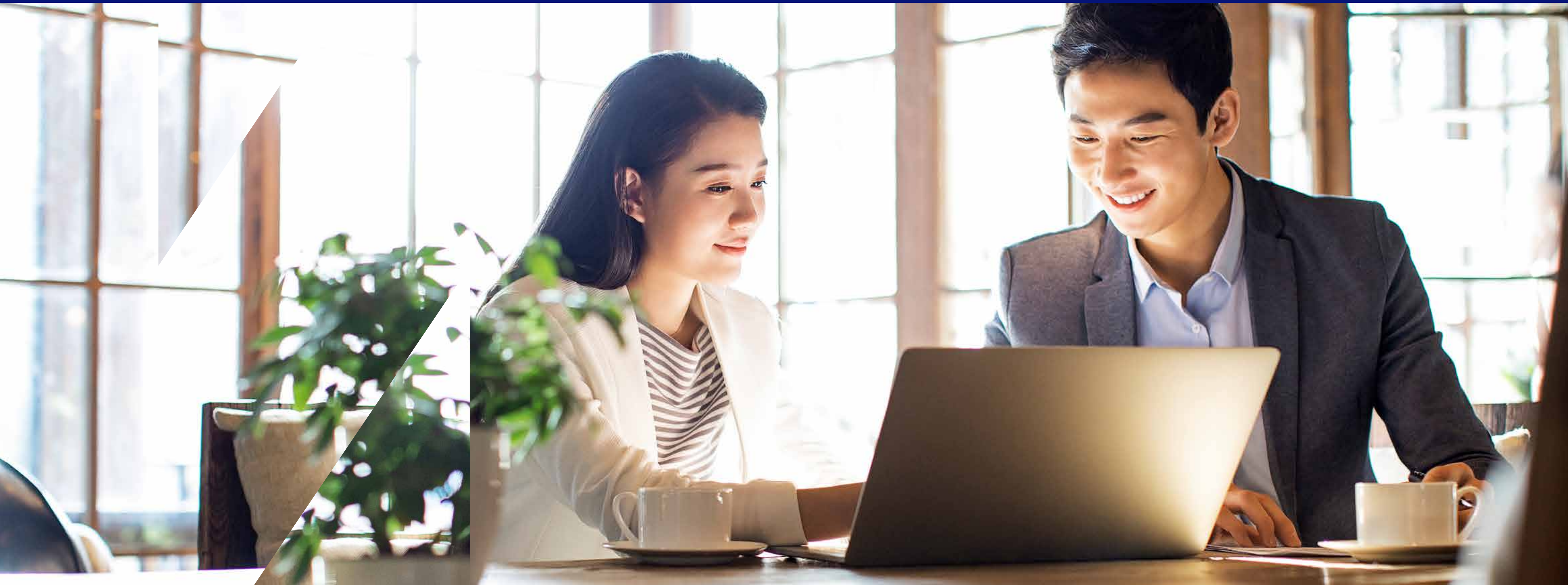
In 2022, Saxo continued to be recognised for its industry-leading products, pricing, platforms, and services with key award wins in 2022. The 'Best Retail FX Broker' awards mark the sixth consecutive year that Saxo has won categories in the Finance Magnates Awards. Meanwhile, Saxo in the Netherlands received the Cashcow Award for Best Broker 2022 at the Beleggers Fair, a nod from the Investors in the market. The awards received in 2022 bear testament to the superior platforms and innovative solutions Saxo offers to our clients and partners around the world.

1) BrokerChooser award 2023 was received in 2022.



Financial statements

Saxo Bank Group



Financial statements

Saxo Bank Group

NOTES

Statement of profit or loss

DKK million	Note	2022	2021
Interest income calculated using the effective interest method	1.1	641	213
Other interest income	1.1	1,335	1,270
Interest expense	1.2	-531	-351
Net interest income		**1,445**	**1,132**
Fee and commission income	1.3	2,942	3,632
Fee and commission expense	1.4	-1,397	-1,551
Net interest, fees and commissions		**2,991**	**3,213**
Price and exchange rate adjustments	1.5	1,444	1,279
Operating income		**4,435**	**4,492**
Other income		20	35
Staff costs and administrative expenses	2.1	-2,839	-2,912
Amortisation, depreciation and impairment	4.5	-620	-518
Other expenses		-47	-42
Impairment charges financial assets etc.		7	-7
Share of net profit/loss from joint ventures	8.1	-7	-18
Profit before tax		**949**	**1,031**
Tax	3	-238	-276
Net profit		**711**	**755**
Attributable to:			
Shareholders of Saxo Bank A/S		677	720
Additional tier 1 capital holders		36	36
Non-controlling interests		-3	-2
Net profit		**711**	**755**

Statement of comprehensive income

DKK million	Note	2022	2021
Net profit		**711**	**755**
Other comprehensive income			
Remeasurement of defined benefit plans		25	9
Tax	3.1	-5	-2
Net total, that will not be reclassified to profit or loss in subsequent periods		20	8
Exchange rate adjustments foreign entities		66	107
Hedge of net investments in foreign entities	9.4	-32	-108
Share of other comprehensive income in joint ventures, net of tax		-11	30
Tax	3.1	7	24
Net total, that may be reclassified to profit or loss in subsequent periods		30	52
Total other comprehensive income	5.4	**50**	**60**
Total comprehensive income		**761**	**814**
Attributable to:			
Shareholders of Saxo Bank A/S		727	780
Additional tier 1 capital holders		36	36
Non-controlling interests		-3	-2
Total comprehensive income		**761**	**814**

Statement of financial position

DKK million	Note	2022	2021
Assets			
Cash in hand and demand deposits with central banks	4.2	20,595	32,035
Receivables from credit institutions and central banks	4.2	3,464	6,267
Financial assets at fair value	4.1	11,259	10,460
Bonds at amortised cost	4.3	45,295	31,336
Loans and other receivables at amortised cost	4.4	4,258	5,471
Current tax assets		171	113
Investments in joint ventures	8.1	418	402
Intangible assets	4.5	3,124	3,046
Tangible assets	4.5	1,227	1,297
Deferred tax assets	3.2	14	33
Other assets	4.7	655	661
Total assets		**90,481**	**91,122**

DKK million	Note	2022	2021
Liabilities			
Debt to credit institutions and central banks	4.2	4,729	5,178
Financial liabilities at fair value	4.1	6,593	7,667
Deposits	4.8	69,702	68,577
Current tax liabilities		114	96
Other liabilities	4.9	770	1,071
Deferred tax liabilities	3.2	354	267
Provisions	4.10	305	312
Subordinated debt	5.3	794	770
Total liabilities		**83,362**	**83,938**
Equity			
Share capital	5.1	75	75
Reserves		1,352	1,323
Retained earnings		4,818	4,827
Proposed dividend		411	500
Equity, shareholders of Saxo Bank A/S		**6,656**	**6,725**
Additional tier 1 capital	5.2	452	452
Non-controlling interests		10	7
Total equity		**7,118**	**7,183**
Total liabilities and equity		**90,481**	**91,122**

Statement of changes in equity

DKK million	Note	Shareholders of Saxo Bank A/S										
2022		Share capital	Share premium reserve	Translation reserve	Revaluation reserve	Reserves	Retained earnings	Proposed dividend	Total	Additional tier 1 capital	Non-controlling interests	Total equity
Equity at 1 January		75	996	274	53	1,323	4,827	500	6,725	452	7	7,183
Net profit		-	-	-	-	-	266	411	677	36	-3	711
Total other comprehensive income	5.4	-	-	30	-0	30	20	-	50	-	0	50
Total comprehensive income		-	-	30	-0	30	286	411	727	36	-3	761
Transactions with owners												
Tier 1 interest payment		-	-	-	-	-	-	-	-	-36	-	-36
Declared dividend		-	-	-	-	-	-302	-500	-803	-	-	-803
Share-based payments	2.4	-	-	-	-	-	7	-	7	-	-	7
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	-	6	6
Equity at 31 December		75	996	303	52	1,352	4,818	411	6,656	452	10	7,118
2021												
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

Statement of capital

DKK million	Note	2022	2021
Tier 1 capital			
Equity 31 December		6,656	6,725
Proposed dividend		-411	-500
Intangible assets		-2,336	-2,419
Deferred tax liabilities, intangible assets		141	220
Deferred tax assets		-0	-13
Prudent valuation adjustments		-17	-18
Common equity tier 1 capital (net after deduction)		**4,033**	**3,994**
Additional tier 1 capital	5.2	448	448
Total tier 1 capital		**4,481**	**4,442**
Tier 2 capital			
Subordinated debt	5.3	740	740
Total tier 2 capital		**740**	**740**
Total capital		**5,221**	**5,182**
Risk exposure amounts			
Credit risk		7,859	9,107
Market risk		854	1,558
Operational risk		8,104	7,138
Total risk exposure amounts		**16,817**	**17,803**
Capital ratios			
Common equity tier 1 capital ratio		24.0%	22.4%
Tier 1 capital ratio		26.6%	25.0%
Total capital ratio		31.0%	29.1%

Total capital is calculated in accordance with the Capital Requirement Regulation (CRR).

The unaudited Risk Report 2022 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	2022	2021
Cash flow from operating activities			
Profit before tax		949	1,031
Taxes paid		-253	-311
Non-cash operating items	7.1	-30	757
Changes in operating capital	7.2	-13,422	3,864
Cash flow from operating activities		**-12,756**	**5,342**
Cash flow from investing activities			
Divestment of businesses		-	6
Acquisition of intangible and tangible assets	4.5	-583	-717
Cash flow from investing activities		**-583**	**-712**
Cash flow from financing activities			
Paid interest on additional tier 1 capital		-36	-36
Dividends paid to shareholders		-803	-1,007
Repayments on lease commitments		-64	-55
Cash flow from financing activities		**-903**	**-1,099**
Net increase/(decrease) in cash and cash equivalents		**-14,242**	**3,530**
Cash and cash equivalents at 1 January		38,296	34,766
Cash and cash equivalents at 31 December	7.3	**24,054**	**38,296**

Operating income etc.

Note 1

DKK million	2022	2021
1.1 Interest income		
Credit institutions and central banks	274	13
Bonds at amortised cost	208	8
Loans and other receivables at amortised cost	159	192
Total interest income calculated using the effective interest method	**641**	**213**
Bonds at fair value	-	106
Derivative financial instruments	1,335	1,164
Total other interest income	**1,335**	**1,270**
Total interest income	**1,976**	**1,483**
Hereof interest received due to negative interest rates.	34	70
1.2 Interest expense		
Credit institutions and central banks	-114	-184
Deposits	-180	-18
Bonds at amortised cost	-67	-49
Subordinated debt	-44	-40
Interest expense leases	-9	-9
Total interest expense calculated using the effective interest method	**-415**	**-300**
Derivative financial instruments	-116	-50
Total other interest expense	**-116**	**-50**
Total interest expense	**-531**	**-351**
Hereof interest paid due to negative interest rates.	-101	-179

DKK million	2022	2021
1.3 Fee and commission income		
Trading with securities and derivative financial instruments	2,846	3,502
Asset management fees	42	68
Other fee and commision income	54	62
Total fee and commission income	**2,942**	**3,632**
1.4 Fee and commission expense		
Trading with securities and derivative financial instruments	-1,385	-1,539
Other fee and commission expense	-12	-13
Total fee and commission expense	**-1,397**	**-1,551**
1.5 Price and exchange rate adjustments		
Bonds at fair value	-	-148
Securities	-0	-1
Foreign exchange	1,067	1,069
Derivative financial instruments [1)]	377	359
Total price and exchange rate adjustments	**1,444**	**1,279**

[1)] Other than foreign exchange.

Staff costs and administrative expenses etc.

Note 2

DKK million	2022	2021
2.1 Staff costs and administrative expenses		
Staff costs	-1,511	-1,501
Administrative expenses	-1,328	-1,411
Total staff costs and administrative expenses	**-2,839**	**-2,912**
Staff costs		
Salaries	-1,489	-1,510
Share-based payments	-7	-7
Defined benefit plans	-8	-7
Defined contribution plans	-125	-118
Social security expenses and financial services employer tax	-189	-194
Staff costs transferred to software under development	308	336
Total staff costs	**-1,511**	**-1,501**
Number of full-time-equivalent staff (average)	**2,534**	**2,456**

2.2 Pension plans and other long-term employee benefit obligations

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 Switzerland and has long-service leave obligations in India. 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 assets. The obligations are partly funded.

DKK million	Note	2022	2021
Defined benefit plans			
Net obligations:			
Present value of defined benefit obligations		91	115
Fair value of plan assets		81	83
Total defined benefit plans, net obligations	4.9	**10**	**32**

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

Saxo Bank Group expects to pay DKK 5 million in contribution to defined benefit plans during 2023.

Staff costs and administrative expenses etc.

Note 2

DKK million	2022	2021
2.3 Remuneration of management and other significant risk takers		
Remuneration of Board of Management		
Salaries and other remuneration	-33	-30
Variable remuneration	-	-4
Defined contribution plans	-4	-3
Severance pay	-14	-
Share-based payments	-1	-1
Total remuneration of Board of Management	**-52**	**-39**
Number of Board of Management members end of year	**3**	**4**
Remuneration of Board of Directors and paid Committee members		
Fixed remuneration	-6	-6
Total remuneration of Board of Directors and paid Committee members	**-6**	**-6**
Number of Board of Directors and paid Committee members end of year	**8**	**7**

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

Remuneration of other significant risk takers		
Salaries and other remuneration	-129	-128
Variable remuneration	-0	-20
Share-based payments	-3	-3
Total remuneration of other significant risk takers	**-132**	**-151**
Number of other significant risk takers end of year	**56**	**59**

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 2022 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

Saxo Bank A/S has implemented a warrant scheme to retain employees on long-term basis and has in total granted 2,961,027 warrants to Board of Management and certain employees in Saxo Bank Group. Each warrant gives a right to subscribe for one share of nominally DKK 1. 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 and Scholes valuation model.

	2022	2021
Key assumptions applied in the valuation of the warrants granted		
Share price (DKK)	205	165 to 190
Volatility	0.25 to 0.29	0.25 to 0.26
Risk-free interest rate	0.42% to 2.11%	-0.64% to -0.55%
Exercise price (DKK)	275	210
Expected remaining life (years)	2.9 to 6.3	3.9 to 6.3

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	Number of warrants	Exercise period	Exercise price DKK	Expiry date	Fair value at grant date DKK million
Warrants granted in 2020	1,720,730	2025	210	2025	22
Warrants granted in 2020	100,000	2025-2026	210	2026	1
Warrants granted in 2021	186,619	2025	210	2025	3
Warrants granted in 2021	394,240	2025-2026	210	2026	8
Warrants granted in 2021	24,965	2026-2027	210	2027	1
Warrants granted in 2022	323,188	2025	275	2025	5
Warrants granted in 2022	91,888	2025-2026	275	2026	2
Warrants granted in 2022	93,888	2026-2027	275	2027	2
Warrants granted in 2022	25,509	2027-2028	275	2028	1
Total warrants outstanding	**2,961,027**				**45**

Number of warrants outstanding	Average exercise price per warrant DKK	Board of Management	Employees	Total
Number of warrants outstanding at 1 January 2021		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 outstanding at 31 December 2021		**344,565**	**2,644,411**	**2,988,976**
Granted	275	183,461	386,896	**570,357**
Forfeited and transferred	214	-87,309	-510,997	**-598,306**
Number of warrants outstanding at 31 December 2022		**440,717**	**2,520,310**	**2,961,027**
Fair value at grant date (DKK million)		8	36	**45**

Total costs recognised in 2022 as staff costs for services received in exchange of warrants granted amounted to DKK 7 million (2021: DKK 7 million).

Staff costs and administrative expenses etc.

Note 2

DKK million	2022	2021
2.5 Audit fees		
Audit:		
Deloitte	-7	-7
Total audit	**-7**	**-7**
Non-audit services:		
Assurance engagements	-1	-1
Tax assistance	-0	-0
Other services	-1	-1
Total non-audit services	**-2**	**-2**
Total audit fees	**-9**	**-9**

Saxo Bank´s policy is to follow the 70 percent fee cap restriction on non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab, Denmark, the auditor of the parent company. Deloitte Statsautoriseret Revisionspartnerselskab complies with the 70 percent fee cap restriction in 2022.

Fees for services other than statutory audit provided by Deloitte Statsautoriseret Revisionspartnerselskab, Denmark, cover other assurance reports, including accounting services and report on business controls and IT security.

Tax

Note 3

DKK million	2022	2021
3.1 Income tax		
Effective tax rate		
Profit before tax	949	1,031
Tax using the Danish tax rate 22%	-209	-227
Effect of tax rates in foreign jurisdictions	0	-23
Change in tax rate	-36	-3
Change in value of tax assets	-12	-8
Unrecognised tax assets current year	-6	-
Non tax-deductible expenses and non taxable income, net	-12	-4
Withholding tax and other taxes	-2	-3
Effect of tax of net profit/loss in joint ventures	-1	-4
Adjustments to tax previous years, net	40	-4
Total tax recognised in statement of profit or loss	**-238**	**-276**
Effective tax rate	**25.1%**	**26.8%**

In June 2022, the bill for increase of the corporate tax rate from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards for the financial sector in Denmark was enacted. Due to the increase in tax rate, the deferred tax assets and deferred tax liabilities have been remeasured. The net impact on deferred tax assets and deferred tax liabilities is estimated to DKK 36 million at 31 December 2022, which is recognised as a tax expense in the statement of profit or loss.

Tax

Note 3

3.1 Income tax

Tax for the year

DKK million	2022 Statement of profit or loss	2022 Other comprehensive income	2022 Total comprehensive income	2021 Statement of profit or loss	2021 Other comprehensive income	2021 Total comprehensive income
Current tax	-201	7	-194	-321	24	-297
Change in deferred tax for the year	-39	-5	-44	55	-2	53
Change in tax rate	-36	-	-36	-3	-	-3
Withholding tax and other taxes	-2	-	-2	-3	-	-3
Adjustments to tax previous years, net	40	-	40	-4	-	-4
Total tax for the year	**-238**	**2**	**-236**	**-276**	**22**	**-254**

Tax in other comprehensive income

DKK million	2022 Recognised item before tax	2022 Tax	2022 Net of tax	2021 Recognised item before tax	2021 Tax	2021 Net of tax
Exchange rate adjustments foreign entities	66	-	66	107	-	107
Hedge of net investments in foreign entities	-32	7	-25	-108	24	-84
Remeasurement of defined benefit plans	25	-5	20	9	-2	7
Share of other comprehensive income in joint ventures, net of tax	-11	-	-11	30	-	30
Total	**48**	**2**	**50**	**38**	**22**	**60**

Tax

Note 3

DKK million	2022	2021
3.2 Deferred tax assets and liabilities		
Deferred tax at 1 January, net	-234	-252
Change in deferred tax for the year	-32	61
Change in tax rate	-36	-3
Change in value of tax assets	-12	-8
Adjustments to tax previous years, net	7	-22
Recognised in net profit/loss from joint ventures	-33	-11
Exchange rate adjustments	-0	1
Deferred tax at 31 December, net	**-340**	**-234**

	Deferred tax assets		Deferred tax liabilities	
DKK million	2022	2021	2022	2021
Intangible assets	-	-	-141	-220
Tangible assets	18	12	-81	-77
Bonds at amortised cost	-	-	-170	-3
Tax losses carried forward	0	12	-	-
Deferred income	-	-	-222	-222
Provisions	258	264	-2	-0
Total before offset	**276**	**288**	**-616**	**-522**
Offset within legal tax jurisdictions	-262	-255	262	255
Deferred tax assets and liabilities at 31 December	**14**	**33**	**-354**	**-267**

Unrecognised tax assets related to tax losses amounted to DKK 25 million at 31 December 2022 (31 December 2021: DKK 8 million).

Statement of financial position

Note 4

DKK million	Note	2022	2021
4.1 Financial assets and financial liabilities at fair value			
Listed securities		851	149
Interest swaps (fair value hedge)	9.4	33	10
Investment securities		6	6
Derivative financial instruments with positive fair value		10,369	10,295
Total financial assets at fair value	6.1.1	**11,259**	**10,460**
Derivative financial instruments with negative fair value	6.1.4	6,593	7,667
Total financial liabilities at fair value		**6,593**	**7,667**

Saxo Bank Group issues CFDs on single stock to its clients. For part of these CFD positions, the equity exposure is hedged economically by purchasing the underlying listed securities.

Statement of financial position

◤ Note 4

DKK million	Note	2022			2021		
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	6.1.1						
Cash in hand and demand deposits with central banks		-	20,595	**20,595**	-	32,035	**32,035**
Receivables from credit institutions and central banks		-	3,464	**3,464**	-	6,267	**6,267**
Financial assets at fair value		11,259	-	**11,259**	10,460	-	**10,460**
Bonds at amortised cost		-	45,295	**45,295**	-	31,336	**31,336**
Loans and other receivables at amortised cost		-	4,258	**4,258**	-	5,471	**5,471**
Convertible loan notes at fair value	8.1	267	-	**267**	270	-	**270**
Financial liabilities							
Debt to credit institutions and central banks		-	4,729	**4,729**	-	5,178	**5,178**
Financial liabilities at fair value	6.1.4	6,593	-	**6,593**	7,667	-	**7,667**
Deposits	4.8	-	69,702	**69,702**	-	68,577	**68,577**
Subordinated debt	5.3	-	794	**794**	-	770	**770**

Statement of financial position

◤ Note 4

DKK million | Note | 2022 | 2021

4.2 Classification and measurement of financial instruments

Fair value hierarchy

DKK million	Note	2022 Quoted market price Level 1	2022 Observable input Level 2	2022 Non-observable input Level 3	2022 Total fair value	2022 Total carrying amount	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
Financial assets and liabilities recognised at fair value											
Listed securities		851	-	-	**851**	**851**	149	-	-	**149**	**149**
Derivative financial instruments with positive value	6.1.4	-	10,262	107	**10,369**	**10,369**	-	10,213	82	**10,295**	**10,295**
Interest swaps	6.1.4	-	33	-	**33**	**33**	-	10	-	**10**	**10**
Convertible loan notes at fair value	8.1	-	-	267	**267**	**267**	-	-	270	**270**	**270**
Investment securities		-	-	6	**6**	**6**	-	-	6	**6**	**6**
Derivative financial instruments with negative value	6.1.4	-	6,593	-	**6,593**	**6,593**	-	7,667	0	**7,667**	**7,667**
Financial assets and liabilities recognised at amortised cost for which the carrying amount is not a reasonable approximation of the fair value											
Bonds at amortised cost	6.1.1	-	44,236	-	**44,236**	**45,295**	-	31,320	-	**31,320**	**31,336**
Loans and other receivables at amortised cost	6.1.1	-	-	4,270	**4,270**	**4,258**	-	-	5,499	**5,499**	**5,471**
Subordinated debt	5.3	-	-	794	**794**	**794**	-	-	798	**798**	**770**

Statement of financial position

Note 4

DKK million	2022	2021
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	358	428
Disposals	-156	-111
Gains and losses recognised in statement of profit or loss:		
Unrealised fair value adjustments	178	42
Total fair value at 31 December - level 3	**380**	**358**

Financial instruments (level 3) consist primarily of loan notes with conversion rights amounting DKK 267 million at 31 December 2022 (31 December 2021: DKK 270 million). Loan notes with conversion rights are presented in the statement of financial position as part of Investments 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 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.

Exchange traded products e.g. structured products, stocks, ETO, futures 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 liabilities measured at amortised costs, the fair value disclosed is based on quoted market prices, if available (classified as level 1). If quoted prices are not available, the value is approximated to reflect the price that would have been fixed had the terms been agreed at the reporting date (classified as level 2 or 3).

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	2022	2021
4.3 Bonds at amortised cost		
Remaining bonds at 31 December (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	-0.18%	-0.43%
Interest income	3	-26
Carrying amount 31 December of bonds reclassified	1,057	15,404
Fair value 31 December of bonds reclassified	1,052	15,410
Fair value adjustments not recognised due to reclassfication	**-5**	**6**
4.4 Loans and other receivables at amortised cost		
Loans collateralised with securities (margin lending)	4,207	5,469
Trading clients (cash collateral provided in security lending)	50	-
Accrued interest on loans	2	2
Total loans and other receivables at amortised cost	**4,258**	**5,471**

Statement of financial position

Note 4

DKK million

4.5 Intangible and tangible assets	Intangible assets						Tangible assets			
2022	Goodwill	Software under development	Software developed and purchased	Client relationships	Trademarks	Total	Land and Buildings	Other equipment and fixtures	Right-of-use assets	Total
Cost at 1 January	1,448	398	3,532	421	23	**5,822**	1,147	657	247	**2,051**
Additions	-	564	1	-	-	**565**	-	18	25	**43**
Transfer from internal development	-	-747	702	-	-	**-45**	-	45	-	**45**
Disposals	-	-	-	-	-	**-**	-	-104	-58	**-161**
Exchange rate adjustments	30	-0	2	1	-	**33**	-0	-2	-0	**-2**
Cost at 31 December	**1,478**	**215**	**4,236**	**422**	**23**	**6,375**	**1,147**	**614**	**214**	**1,976**
Amortisation, depreciation and impairment at 1 January	-156	-	-2,471	-125	-23	**-2,776**	-146	-506	-102	**-754**
Amortisation and depreciation	-	-	-426	-40	-	**-465**	-27	-69	-57	**-153**
Impairment	-	-	-2	-	-	**-2**	-	0	-	**0**
Disposals	-	-	-0	-	-	**-0**	-	104	47	**152**
Exchange rate adjustments	-6	-	1	-1	-	**-8**	0	2	4	**6**
Amortisation, depreciation and impairment at 31 December	**-163**	**-**	**-2,898**	**-167**	**-23**	**-3,251**	**-174**	**-468**	**-107**	**-749**
Carrying amount at 31 December	**1,315**	**215**	**1,338**	**256**	**-**	**3,124**	**974**	**147**	**107**	**1,227**

Statement of financial position

Note 4

DKK million

4.5 Intangible and tangible assets	**Intangible assets**						**Tangible assets**			
2021	**Goodwill**	**Software under development**	**Software developed and purchased**	**Client relationships**	**Trademarks**	**Total**	**Land and Buildings**	**Other equipment and fixtures**	**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	-	-	-2	-	-	**-2**	-	-0	-	**-0**
Disposals	-	-	-0	2	-	**2**	-	13	36	**49**
Exchange rate adjustments	-6	-	-0	-1	-	**-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**	**-**	**3,046**	**1,001**	**151**	**145**	**1,297**

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 mainly relates to the acquisition of BinckBank N.V in 2019.

In 2022, Saxo Bank Group expensed DKK 18 million (2021: DKK 19 million) for development projects, primarily planning costs.

Tangible assets

	Copenhagen		Amsterdam	
Domicile properties	2022	2021	2022	2021
Carrying amount	602	613	372	388
Carrying amount if the domicile property were carried under the cost method	534	545	372	388

The Group applies a rate of return in the range of 4.5%-6.5% for its domicile properties. No independent valuer has been involved in valuation of domicile properties. The key input in the asset return model is the rate of return and market rent. The value of domicile properties decreases with DKK 103 million (2021: DKK 99 million) if the rate of return increases with 0.5 percentage point.

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 (2021: 4 years). Lease expenses recognised in the statement of profit or loss relating to leases of low value assets and short-term leases amounted to DKK 0 million (2021: 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) calculated using certain key assumptions for each CGU, i.e. revenue growth and discount rate. 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 cash flow projections are based on earnings projections for each of the CGUs for a 5-year forecast period. For 2023, 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 to the discount rate.

Statement of financial position

Note 4

4.6 Impairment test

Key assumptions applied in impairment test

DKK million	Carrying amount goodwill	Forecast revenue growth (average year 2-5)	Growth in terminal period	Post tax discount rate
2022				
BinckBank N.V.	473	3.0%	2.0%	10.1%
Saxo Bank (Schweiz) AG	306	3.0%	0.7%	7.9%
Nordic activities	334	5.8%	2.0%	10.0%
Saxo Capital Markets UK Ltd	152	3.0%	2.0%	10.3%
Other	50	-	-	-
Total	**1,315**			
2021				
BinckBank N.V.	474	2.0%	1.7%	10.1%
Saxo Bank (Schweiz) AG	292	3.5%	0.2%	7.5%
Nordic activities	331	1.0%	1.2%	8.5%
Saxo Capital Markets UK Ltd	145	1.0%	2.0%	6.9%
Other	50	-	-	-
Total	**1,291**			

The carrying amount of other goodwill represented 4% (2021: 4%) of total goodwill. Other goodwill is mainly related to Group entities in India. Discount rates between 11%-14% and a growth rate in the terminal period of 2.0% were applied in the impairment test for other goodwill.

Impairment test result
No impairment loss was recognised on goodwill in 2022 or in 2021.

DKK million	Note	2022	2021
4.7 Other assets			
Accrued commissions		29	16
VAT and other tax receivables from authorities		216	245
Prepayments		211	218
Other receivables		199	182
Total other assets		**655**	**661**
4.8 Deposits			
Demand deposits, trading clients		69,480	68,377
Pension funds		223	200
Total deposits		**69,702**	**68,577**

Deposits on demand included DKK 5,312 million (2021: DKK 4,575 million) required by the Saxo Bank Group as collateral for unrealised client trading positions at 31 December.

DKK million	Note	2022	2021
4.9 Other liabilities			
Suppliers and other outstanding costs		331	377
Staff commitments		280	443
Lease liabilities		127	166
Defined benefit plans	2.2	10	32
Provision for guarantees	6.1.1	9	16
Other obligations		12	37
Total other liabilities		**770**	**1,071**
Lease liabilities maturity			
Within 1 year		38	45
From 1 to 5 years		86	114
More than 5 years		3	7
Total lease liabilities		**127**	**166**

When measuring the lease liability, Saxo Bank Group has applied an incremental borrowing rate to discount future lease payments between 1.2%-10.0% p.a.

Statement of financial position

Note 4

DKK million	2022	2021
4.10 Provisions		
Provisions at 1 January	312	342
Additional provisions recognised	90	28
Used during the year	-11	-15
Transferred to other liabilities	-47	-
Reversal of unused provisions	-39	-42
Total provisions at 31 December	**305**	**312**

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 ordinary course of business such as provision for onerous contracts etc.

DKK million	2022	2021
4.11 Assets deposited as collateral		
Cash in hand and demand deposits with central banks	380	343
Receivables from credit institutions and central banks	1,124	724
Bonds at amortised cost	8,551	10,543

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	2022	2021
4.12 Contingent and other contractual commitments			
Financial guarantees	6.1.1	54	36
Total guarantees, net of allowance		**54**	**36**
Other contractual commitments		334	191
Total other contractual commitments		**334**	**191**

As part of the Saxo Bank Group's ordinary 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. It is not practicable to estimate the financial effect based on available information.

As required by Danish legislation, 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 together with Geely Financials Denmark A/S jointly and severally liable for Danish corporate taxes and withholding taxes related to 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

	2022	2021
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 2022 of DKK 5.47 per share (2021: DKK 6.65), equivalent to DKK 411,445,055 (2021: DKK 500,414,532). In addition, an interim dividend of DKK 4.02 per share (2021: DKK 3.41), equivalent to DKK 302,184,600 (2021: DKK 256,327,106), was declared in September 2022.

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.

The exchange-rate adjusted value of the additional tier 1 capital as of 31 December 2022 would translate into DKK 446 million (2021: DKK 446 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	2022	2021
EUR	60	2019	Saxo Bank A/S	Perpetual	Fixed [1]	8.125%	448	448
Accrued interest on additional tier 1 capital							4	4
Total additional tier 1 capital							**452**	**452**

[1] The interest rate is fixed at 8.125% until the First optional Call Date, payable semi-annually in arrears on the outstanding principal amount. The interest rate is reset every 5 years thereafter (non-step) to the sum of the 5-year Mid-Swap Rate and the spread.

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	2022	2021
EUR	100	2019	Saxo Bank A/S	03.07.2029	Fixed [1]	5.50%	5.00	741	740
Accrued interest on subordinated debt								20	20
Fair value adjustment due to hedge accounting [2]								33	10
Total subordinated debt								**794**	**770**

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

[2] Saxo Bank Group uses interest rate swaps to manage the interest rate risk on its tier 2 capital, see note 9.4 Hedge accounting.

Equity and capital
Note 5

DKK million

5.4 Total other comprehensive income

	Translation reserve	Revaluation reserve	Retained earnings	Total
2022				
Exchange rate adjustments foreign entities	66	-	-	**66**
Hedge of net investments in foreign entities	-32	-	-	**-32**
Revaluation of domicile properties	-	-0	0	**-**
Remeasurement of defined benefit plans	-	-	25	**25**
Share of other comprehensive income in joint ventures, net of tax	-11	-	-	**-11**
Tax	7	0	-5	**2**
Total other comprehensive income	**30**	**-0**	**20**	**50**
2021				
Exchange rate adjustments foreign entities	107	-	-	**107**
Hedge of net investments in foreign entities	-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**

Risk Management

Note 6

Risk management strategy
The Saxo Bank Group strives to maintain a prudent risk strategy and prudent 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.

Three Lines of Defence Model
The Group's risk governance model is aligned with the accepted industry standard "Three Lines of Defence" approach to its risk management framework.

First Line of Defence – Operations in the Line Organisation
The first line of defence includes all operations in the line organisation. Managers at all levels of the organisation are within their respective areas of responsibilities fully responsible for the risks and management of risks within the boundaries of the Group's risk appetite. Managers are consequently responsible for ensuring an appropriate internal control system in accordance with the Group's risk management framework and other applicable internal and external rules.

Saxo Bank Group Enterprise Risk Management Framework

Within the Group's global business organisation, Trading is first line of defence for financial risks in the Group.

Second Line of Defence
The second line of defence includes the Group Risk and Capital Management function and the Group Compliance function. These functions are organisationally independent of the operations in the line organisation (first line of defence) and have specific subject matter expertise within risk management, market practices, laws and regulations. The responsibilities of the second line of defence functions include development and maintenance of the risk and compliance frameworks including risk appetite (provide draft proposals for final approval by the Board of Directors), training, implementation guidance and other guidance and advice to the first line of defence, but also independent challenge, controls, risk assessment, risk oversight of the Group's risk profile and escalation of risk issues to Board of Management and Board of Directors as relevant. Finally, the Second Line of Defence functions support promotion of a sound risk and compliance culture in the organisation.

Third Line of Defence
The Third Line of Defence is the Internal Audit function, which is an independent audit function directly subordinated the Board of Directors. The responsibility of Internal Audit is to provide independent evaluation of the effectiveness of the Group's governance, risk-, and compliance framework and internal control system, and provide recommendations for improvements as relevant.

Risk Culture
Risk culture influences organisational behaviours and constitutes an important success factor for any risk management program. The Group strives to have a culture of transparency and risk awareness, where risks are acknowledged, actions and preconceptions are constructively challenged, ethical business practices and principles are continuously promoted, and past, current and emerging risk exposures and issues are openly discussed without fear of blame or repercussions.

The unaudited Risk Report 2022 provides additional information about Saxo Bank Group's risk management approach. The Risk Report 2022 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.

The Group incurs credit risk including counterparty credit risk in support of its business to facilitate access to global capital markets for its clients and partners. The primary sources of the Group's credit risk exposures are as follows:

- Counterparty credit risk exposure on the Group's financial partners (prime brokers) providing market liquidity in the products offered in the trading platforms
- Counterparty credit risk on clients offered margin trading (leveraged trading against collateral), "margin trading risk"
- Credit risk on margin lending clients (collateralised lending)
- Credit risk on central banks and credit institutions receiving parts of the Group's liquidity surplus as cash deposits
- Credit risk in the form of issuer risk on bond investments (minimum investment grade and primarily high rated government and mortgage bonds) financed by the Groups' liquidity surplus

The Group does not offer standard retail consumer or wholesale bank lending products.

Credit & Counterparty Risk Management
The Board of Directors is responsible for defining the Group's Credit Policy, the Group's credit risk appetite and for approving individual credit risk limits. The Group's Credit Authority Policy defines certain credit risk limit approval mandates for the Board of Management and the Credit Risk team.

The Credit Risk team within Trading is the first line of defence for credit risk and responsible for the management of the Group's credit risk. Credit risk management includes counterparty credit risk assessments and ongoing counterparty and credit exposure monitoring and reporting. The internal Saxo rating uses international rating standards and reflects the one-year probability of default. Counterparty credit ratings as well as credit risk limits are subject to annual risk reassessments as a minimum.

Credit risk exposures are also monitored and compared to applicable limits by Group Risk & Capital Management daily.

Group Credit reports on a quarterly basis to the Board of Management and the Board of Directors on credit related information.

Credit risk exposures, limit breaches and other observations are also monthly reported by Group Risk and Capital Management to the Board of Management and the Board of Directors.

Group Risk & Capital Management reports on the Group's margin trading risk exposures, limit breaches and other, limit breaches and other observations, to the Board of Management and senior management employees on a daily basis. The Board of Directors is informed of the Group's margin trading risk exposures on a monthly basis. Group Risk and Capital Management also performs credit control as a second line function.

Margin trading risk
The Group accepts margin trading risk against collateral (margin) to support non-institutional clients' margin trading within the leverage limits offered by the Group. The Group's margin trading risk management is supported by a proprietary real-time risk management system that stops-out clients who have insufficient collateral to support the actual exposures. The Group's margin trading risk management system supports that the Group will not incur any uncollateralised client credit exposures in normal market situations. However, in case of a sudden market price gap where the market price moves from one level to another without any market liquidity and trading in between, the Group's margin trading risk system may not be able to close clients' positions at a price which ensures that clients will not take a loss greater than their posted collateral. Such situations will leave the Group with an uncollateralised client credit risk exposure. Clients, except for retail clients with negative account protection, are liable to losses that may exceed the posted collateral.

Margin lending resembles margin trading but works as a loan secured by the collateral value of the financed securities after applicable haircut (i.e. reduction applied to the value of an asset).

The Group's Margin Trading Risk Management Policy, approved by the Board of Directors, establishes the Group's principles for managing credit risks in the form of margin trading risk. This also includes the Group's minimum margin requirements and collateral haircuts. In the Group's Risk Appetite Statements, the Board of Directors has defined a maximum acceptable loss from the margin trading business and supporting limits for aggregated uncollateralised client credit risk exposures in alternative severe stress scenarios. In addition to risk appetite limits attention levels are designed to support adherence to risk appetite limits and provide early warning signals of potential breaches.

The Group's Market Risk and Counterparty Credit Risk Committee (a sub-committee of the Management Risk and Compliance Committee) reviews on a weekly basis the Group's margin trading risk exposure profile, discusses the development in financial markets and upcoming events that may affect financial markets, and decides on actions to be taken as appropriate.

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

DKK million	Note	2022				2021			
6.1.1 Credit risk exposure									
		Margin trading and margin lending	**Credit institutions, central banks and bonds**	**Other**	**Total**	**Margin trading and margin lending**	**Credit institutions, central banks and bonds**	**Other**	**Total**
Statement of financial position items									
Cash in hand and demand deposits with central banks	6.1.3	-	20,597	-	**20,597**	-	32,038	-	**32,038**
Receivables from credit institutions and central banks	6.1.3	-	3,468	-	**3,468**	-	6,273	-	**6,273**
Financial assets at fair value	6.1.4	10,402	-	857	**11,259**	10,305	-	155	**10,460**
Bonds at amortised cost	6.1.5	-	45,302	-	**45,302**	-	31,341	-	**31,341**
Loans and other receivables at amortised cost	6.1.2	4,221	-	50	**4,271**	5,482	-	-	**5,482**
Convertible loan notes at fair value	8.1	-	-	267	**267**	-	-	270	**270**
Impairment allowance	6.1.6	-13	-12	-	**-25**	-11	-14	-	**-25**
Total credit exposure in statement of financial position		**14,611**	**69,354**	**1,174**	**85,139**	**15,776**	**69,638**	**425**	**85,839**
Off-balance items									
Guarantees	6.1.6	-	-	63	**63**	-	-	52	**52**
Impairment allowance	6.1.6	-	-	-9	**-9**	-	-	-16	**-16**
Credit exposure off-balance items		**-**	**-**	**54**	**54**	**-**	**-**	**36**	**36**
Total credit exposure net of impairment		**14,611**	**69,354**	**1,227**	**85,192**	**15,776**	**69,638**	**461**	**85,875**

Saxo Bank Group has a credit risk exposure of DKK 267 million (2021: DKK 270 million) related to convertible loan notes. 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 ordinary course of business.

Risk Management

Note 6

DKK million	2022					2021				
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	20,597	-2	**20,595**	-	**20,595**	32,038	-3	**32,035**	-	**32,035**
Receivables from credit institutions and central banks	3,468	-3	**3,464**	-	**3,464**	6,273	-6	**6,267**	-	**6,267**
Bonds at amortised cost	45,302	-7	**45,295**	-	**45,295**	31,341	-5	**31,336**	-	**31,336**
Loans and other receivables at amortised cost:										
Loans collateralised with securities (margin lending)	4,219	-13	**4,207**	4,192	**15**	5,480	-11	**5,469**	5,469	**-**
Trading clients (cash collateral provided in security lending)	50	-	**50**	50	**-**	-	-	**-**	-	**-**
Accrued interest on loans	2	-	**2**	-	**2**	2	-	**2**	-	**2**
Guarantees	63	-9	**54**	-	**54**	52	-16	**36**	-	**36**
Total	**73,701**	**-34**	**73,666**	**4,242**	**69,424**	**75,186**	**-41**	**75,145**	**5,469**	**69,676**

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

Risk Management

Note 6

DKK million	2022	2021
6.1.2 Credit risk - Loans and other receivables at amortised cost and guarantees		
Credit risk exposure broken down by sector and geography		
Sector distribution:		
Retail clients	3,055	2,106
Other businesses	1,257	3,401
Total	**4,312**	**5,507**
Geographical distribution:		
Denmark	88	37
The Netherlands	3,920	5,116
Other countries	303	355
Total	**4,312**	**5,507**

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. The collateral value covering securities has in the table below been reduced by the applied haircuts.

	2022	2021
Credit exposure net of impairment	4,312	5,507
Collateral:		
Listed securities (collateralised loans)	4,220	5,469
Guarantees	22	-
Total collateral	4,242	5,469
Total unsecured credit exposure loans and other receivables at amortised cost and guarantees	**70**	**38**

Risk Management

Note 6

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 rating.

DKK million	2022			2021		
Receivables from credit institutions and central banks by credit rating category	**Credit institutions**	**Central banks**	**Total**	**Credit institutions**	**Central banks**	**Total**
AAA	1,777	20,513	**22,290**	-	32,035	**32,035**
AA	1,032	82	**1,114**	48	-	**48**
AA-	1	-	**1**	685	-	**685**
A-	442	-	**442**	5,186	-	**5,186**
BBB	54	-	**54**	236	-	**236**
BBB-	130	-	**130**	86	-	**86**
BB-	7	-	**7**	22	-	**22**
B	21	-	**21**	4	-	**4**
Total	**3,464**	**20,595**	**24,060**	**6,267**	**32,035**	**38,301**

Receivables from credit institutions and central banks by geography	**Credit institutions**	**Central banks**	**Total**	**Credit institutions**	**Central banks**	**Total**
Denmark	130	297	**427**	1,299	682	**1,980**
The Netherlands	1,045	16,526	**17,571**	1,811	25,939	**27,750**
Germany	469	1	**470**	263	88	**351**
United Kingdom	430	-	**430**	567	-	**567**
France	107	24	**131**	262	31	**293**
Switzerland	40	3,689	**3,729**	97	4,908	**5,005**
Asia	850	-	**850**	898	-	**898**
Other	394	58	**452**	1,069	388	**1,457**
Total	**3,464**	**20,595**	**24,060**	**6,267**	**32,035**	**38,301**

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

Receivables from credit institutions and central banks include mandatory reserve deposits of DKK 478 million (2021: DKK 448 million). The mandatory reserve deposits are not free for withdrawal.

No collateral is received for receivables from credit institutions at 31 December 2022 (2021: DKK 0 million).

Risk Management

Note 6

6.1.4 Credit risk - Derivatives

DKK million	2022			2021		
	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Currency contracts						
Forward/futures purchased	19,312	439	-332	16,043	199	-137
Forward/futures sold	24,433	139	-369	21,384	87	-206
Options purchased	14,836	42	-129	15,993	16	-84
Options written	14,522	118	-35	15,992	104	-15
Unsettled spot purchased	15,165	1,218	-100	18,371	867	-113
Unsettled spot sold	16,557	778	-92	14,089	605	-42
Interest rate contracts						
Forward/futures purchased	5,977	101	-1	5,324	24	-1
Forward/futures sold	5,935	0	-120	5,300	3	-34
Options purchased	3,202	1	-4	3,532	1	-3
Options written	3,202	4	-1	3,532	3	-1
Interest swaps	744	33	-	744	10	-
Equity contracts						
Forward/futures purchased	17,663	2,094	-458	25,799	1,448	-1,443
Forward/futures sold	17,384	769	-294	25,809	1,435	-157
Options purchased	81,761	-	-4,186	91,683	1	-4,584
Options written	81,733	4,186	-1	91,531	4,583	-0
Commodity contracts						
Forward/futures purchased	3,863	118	-70	5,313	77	-144
Forward/futures sold	3,897	59	-101	5,451	136	-65
Options purchased	1,639	4	-20	2,040	4	-35
Options written	1,639	20	-3	2,040	35	-3
Other contracts						
Turbos	277	279	-277	600	667	-600
Total derivatives		**10,402**	**-6,593**		**10,305**	**-7,667**

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 is disclosed in note 9.3 Offsetting financial assets and liabilities.

Risk Management

Note 6

DKK million		2022			2021	

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.

	2022 Danish mortgage bonds	2022 Government bonds	2022 Total	2021 Danish mortgage bonds	2021 Government bonds	2021 Total
Bond portfolio by rating category						
AAA	13,899	2,008	**15,907**	12,004	1,672	**13,677**
AA+	300	14,304	**14,604**	-	9,256	**9,256**
AA	-	11,421	**11,421**	-	7,515	**7,515**
Other investment grade	244	2,867	**3,111**	-	714	**714**
Accrued interest	-	-	**252**	-	-	**174**
Total	**14,444**	**30,599**	**45,295**	**12,004**	**19,157**	**31,336**
Bond portfolio by geography						
Denmark	14,444	-	**14,444**	12,004	-	**12,004**
France	-	8,174	**8,174**	-	4,772	**4,772**
Spain	-	2,867	**2,867**	-	2,615	**2,615**
USA	-	13,821	**13,821**	-	10,047	**10,047**
Other	-	5,737	**5,737**	-	1,724	**1,724**
Accrued interest	-	-	**252**	-	-	**174**
Total	**14,444**	**30,599**	**45,295**	**12,004**	**19,157**	**31,336**

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

Stage 1: No significant increase in credit risk
For the financial credit exposures 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).

Stage 2: Significant increase in credit risk
Financial assets for which it is identified that the counterparty has a significant credit risk deterioration since initial recognition are classified in stage 2.

The following events are some of the indications of a significant increase in credit risk compared to the determined credit risk on initial recognition of the asset and can imply a transition from stage 1 to 2:

- Significant change in the client's expected commitment or ability to meet payment commitments
- An increase or expected increase in the life-time PD of 0.5%
- The borrower is in arrear for more than 30 days

For exposures classified in stage 2, the expected credit loss is determined based on the PD over the entire contractual term of the asset (lifetime PD).

Stage 3: Impairment
A financial asset is credit-impaired when one or more events with significant impact on the estimated future cash flows of the financial assets have occurred (non-exhaustive):

- The borrower is in arrear for more than 90 days
- The clients is experiencing significant financial difficulties
- The client breaches terms of contract with Saxo Bank Group
- The clients is at possibility of bankruptcy or in actual bankruptcy

For stage 3 exposures, the expected credit loss is calculated as the difference between the accounting value before expected losses less the value of expected future payments from the asset.

Both quantitative and qualitative indicators are applied when assessing the credit risk and whether or not 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, and as a result the expected credit loss is calculated based on a 12-months PD (stage 1), unless the PD has significantly increased 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 market movements in the value of the client's investments and/or movement in the collateral received, hence an uncollateralised exposure may occur in the event of an extreme market price movement. In case of 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 holding significant credit risk 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 and are fully impaired.

Risk Management
Note 6

DKK million	2022				2021			
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	20,597	-	-	**20,597**	32,038	-	-	**32,038**
Receivables from credit institutions and central banks	3,468	-	-	**3,468**	6,273	-	-	**6,273**
Loans and other receivables at amortised cost	4,258	-	13	**4,271**	5,468	-	14	**5,482**
Bonds at amortised cost	45,302	-	-	**45,302**	31,341	-	-	**31,341**
Guarantees	54	-	9	**63**	36	-	16	**52**
Total	**73,679**	**-**	**22**	**73,701**	**75,157**	**-**	**29**	**75,186**
Impairment allowance								
Demand deposits with central banks	2	-	-	**2**	3	-	-	**3**
Receivables from credit institutions and central banks	3	-	-	**3**	6	-	-	**6**
Loans and other receivables at amortised cost	-	-	13	**13**	-	-	11	**11**
Bonds at amortised cost	7	-	-	**7**	5	-	-	**5**
Guarantees	-	-	9	**9**	-	-	16	**16**
Total	**12**	**-**	**22**	**34**	**14**	**-**	**26**	**41**

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

	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
2022				
Impairment allowance 1 January	14	-	26	**41**
Decreases due to redemptions and derecognitions	-	-	-4	**-4**
Changes due to change in credit risk, net	-2	-	-	**-2**
Impairment allowance 31 December	**12**	**-**	**22**	**34**
2021				
Impairment allowance 1 January	8	-	39	**48**
Decreases due to redemptions and derecognitions	-	-	-7	**-7**
Changes due to change in credit risk, net	6	-	-5	**1**
Impairment allowance 31 December	**14**	**-**	**26**	**41**

DKK million

6.1.7 Securities lending

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

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

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

	2022	2021
Receivables due to securities lending	569	-
Collateral received (bonds)	714	-
Liabilities from securities lending (clients)	569	-
Collateral pledged (bonds)	664	-

Cash provided as collateral in securities lending amounted to DKK 50 million at 31 December 2022 (31 December 2021: DKK 0 million) was recognised in the statement of financial position in Loans and other receivables at amortised cost, see note 6.1.1 Credit risk exposure.

Securities lending has been offered in both 2022 and 2021, however at 31 December 2021, no securities lending was outstanding.

Risk Management

Note 6

6.2 Market risk
Market risk is defined as the risk of a loss in market 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 exchange 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.

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 intra-day 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 utilisation 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 exchange risk, limits are defined based on market availability, liquidity and volatility. Foreign exchange risk is monitored and reported as the higher of the sum (per currency) of all long foreign exchange positions or the sum of all short foreign exchange positions. For foreign exchange-, 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

Risk Management
◤ Note 6

DKK million	2022		2021		
6.2.1 Foreign exchange risk					
	Exposure	Sensitivity (1%)		Exposure	Sensitivity (1%)
Long positions					
USD	382	4	USD	117	1
JPY	34	0	CHF	25	0
NOK	11	0	CNY	17	0
CNY	6	0	TRY	4	-
AED	2	-	AUD	4	0
Other	8	0	Other	22	0
Total long positions	**444**	**4**		**189**	**2**
Short positions					
EUR	207	2	GBP	51	1
HUF	42	0	EUR	49	1
HKD	35	0	HKD	44	0
INR	15	0	INR	35	0
CHF	15	0	SGD	6	0
Other	57	1	Other	54	1
Total short positions	**371**	**4**		**238**	**2**
Total		**8**			**4**

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

6.2.2 Equity risk

Equity exposures are limited and stem from hedging of the client trading flow where a limited amount of risk is held for shorter time periods on certain products to allow for optimised hedging. The net exposure for equities is determined by measuring the net exposure for each equity base contract. At 31 December 2022, the aggregated absolute exposure was DKK 25 million (31 December 2021: DKK 78 million).

Risk Management
Note 6

6.2.3 Commodity risk
Commodity exposures are limited and stem from hedging of the client trading flow, where a limited amount of risk is held for shorter time periods on certain products to allow for optimised hedging. The net exposure for commodities is determined by measuring the net exposure for each commodity type. At 31 December 2022, the net exposure was DKK 10 million (31 December 2021: DKK 12 million).

6.2.4 Interest rate risk
Exposures towards interest rate movements are managed either under the trading book or the banking book. Trading book exposures stem from hedging of the client trading flow, where a limited amount of risk is held for shorter time periods on certain products to allow for optimised hedging.

In the banking book, the interest rate risk exposures primarily originate from the Group's liquidity investments of hold-to-maturity bonds measured at amortised cost, from issued capital instruments and from received client deposits. These exposures are managed under the market standard Interest Rate Risk in the Banking Book (IRRBB) framework.

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

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 curves and thus measuring the impact on the Group's earnings from the applied shifts in the interest rate curves over different time horizons.

	Capital-at-Risk		Earnings-at-Risk	
	2022	**2021**	**2022**	**2021**
Risk amount (DKK million)	214	390	64	226
Scenario	Parallel down	Parallel down	Gradual 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, the Group Vendor & Outsourcing Risk Policy, and the Group Insurance Policy. Furthermore, the Board of Directors has also articulated the Group's operational risk appetite. Operational risks are not desired risk and Saxo Bank Group seeks to proactively and reactively 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.

Saxo Bank Group's operational risk profile is monitored on a regular basis and reported to the Board of Directors and the Management Risk & Compliance 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 safe-guarded 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

As of 31 December 2022, 73% (31 December 2021: 70%) of the Group's assets consist of on-demand deposits with central banks and highly rated government and mortgage backed securities providing for a highly liquid asset composition.

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. 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.

Saxo Bank Group and Saxo Bank A/S are required to fulfill liquidity requirements according to CRR and subsequent delegated 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 for Saxo Bank A/S 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 prudent 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.

At 31 December 2022, the LCR ratio for Saxo Bank Group was 272.0% (31 December 2021: 252.7%).

Funding
The primary source of funding in Saxo Bank Group is client funding. 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 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.

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 minimum 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. At 31 December 2022, the NSFR ratio for Saxo Bank Group was 282.9% (31 December 2021: 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 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 and regularly carries out 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 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
- A monthly Risk & Capital Report including key metrics on liquidity to the Board of Directors and Board of Management
- A yearly ILAAP to the Board of Directors. Through the ILAAP the Group evaluates the liquidity and funding requirement, liquidity and funding risks and the overall liquidity and funding management framework 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

Risk Management

Note 6

6.5 Capital

Regulatory requirements
Saxo Bank Group's total regulatory capital consists of common equity tier 1, 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
- 6.0% tier 1 capital ratio
- 8.0% total capital ratio

The 8.0% requirement is the pillar I minimum total capital requirement. In addition to the pillar I requirement, Saxo Bank Group must meet:

- The individually assessed capital requirement under pillar II
- The capital conservation buffer and the countercyclical capital buffer

The statement of capital for Saxo Bank Group and Saxo Bank A/S provide 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.

ICAAP Process & Pillar II Requirement
The Pillar II requirement is described in the Capital Requirement Directive (CRD) and exists in 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 8% Pillar I capital requirement as a (minimum) starting point for the calculation of the capital adequacy level with add-ons for other risks not fully reflected in the Pillar I requirement. The assessment of the required level of internal capital adequacy is done in the Group's ICAAP Report which is approved by the Board of Directors.

Part of the Group's ICAAP process is to identify risks associated with the activities of the Group including whether a possible Pillar II add-on is required for each specific identified risk. Further, based on internal, quantitative and qualitative approaches and, if relevant, internal expert input and management judgments, further possible Pillar II add-ons can be included in the Pillar II requirement.

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 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.

Combined Buffer Requirement
According to the CRD directive as transposed into the Danish Financial Business Act, Saxo Bank Group is further 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 down-turn 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 and afterwards reactivated to 1.0% from 30 September 2022. The Minister for Industry, Business and Financial Affairs has since approved a further increase to 2.0% applicable from year-end 2022. The systemic risk council has proposed a further increase to 2.5% in March 2023. By 31 December 2022, this increase was not yet approved by the Minister for Industry, Business and Financial Affairs.

Minimum Requirement for own funds and Eligible Liabilities (MREL)
The Bank Recovery and Resolution Directive (BRRD) requires banks to meet a minimum requirement for own funds and eligible liabilities (MREL) to be able to absorb losses and restore capital in the event of a crisis via the use of write down or conversion of capital instruments and bail-in of liabilities.

The level of required MREL is decided by the supervisory authority based on the defined resolution strategy and is set as:

- The sum of the amount of the losses which are expected in a resolution which corresponds to the institution's own funds requirements (the loss absorption amount) and
- The sum of amount which allows the institution in resolution, or after the exercise of write down or conversion powers, to meet its own funds requirements necessary for being authorised to pursue its activities under the chosen resolution strategy (the recapitalisation amount)

The Group uses own funds instruments to cover the MREL requirement as per 31 December 2022.

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 the Group's Capital Policy.

The Capital Policy determines the overall guidelines for the management of the Group's capital and the guidelines for assessment of the capital requirement. Saxo Bank Group recognises that a strong capital position is necessary and has therefore defined an internal capital adequacy surplus buffer (on top of the capital requirement), which defines the minimum distance to the capital requirement. 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 a 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 further considers expectations to regulation, strategic initiatives and other potential major changes to the risk profile and thereby the future capital requirements.

Potential changes to the risk profile and ensuring future capital needs are assessed in the ICAAP and further included 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 2022, Saxo Bank Group had a strong capital position with a total capital ratio of 31.0% (31 December 2021: 29.1%).

The total capital ratio consists mostly of common equity tier 1 capital (highest quality of regulatory capital) with a CET1 ratio of 24.0% (2021: 22.4%).

Risk Management
Note 6

Leverage ratio
The leverage ratio is defined as the tier 1 capital measure as a percentage of the total non-risk weighted exposures. The leverage ratio is a non-risk adjusted and parallel capital requirement to the risk-based capital requirement. 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 2022, the Group's leverage ratio was 5.5% (31 December 2021: 5.4%). Saxo Bank Group's monitoring of the leverage ratio is done continuously on a monthly basis. Furthermore, the level of leverage is considered:

- Under the ICAAP framework, specifically if a capital add-on is required for high levels of leverage. No such add-on has thus far been considered to be required
- In the capital planning process to assess if capital increases are necessary due to the current or forecasted level of the leverage ratio
- In the Recovery Plan where leverage ratio indicator levels have been defined

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	2022	2021
7.1 Non-cash operating items			
Share of net profit/loss from joint ventures	8.1	7	18
Amortisation, depreciation and impairment	4.5	620	518
Impairment charges financial assets etc.		-7	7
Other non-cash operating items		-651	215
Total non-cash operating items		**-30**	**757**
7.2 Changes in operating capital			
Receivables from credit institutions and central banks		-2	-2
Financial assets/liabilities at fair value		-1,850	-1,534
Loans and other receivables at amortised cost		1,212	-662
Bonds at amortised cost		-12,901	-2,859
Other assets		31	-90
Debt to credit institutions and central banks		-456	780
Deposits		934	8,252
Other liabilities and provisions		-360	-21
Total changes in operating capital		**-13,422**	**3.864**
7.3 Cash and cash equivalents			
Cash in hand and demand deposits with central banks		20,595	32,035
Amounts due from credit institutions and central banks within three months		3,459	6,261
Cash and cash equivalents at 31 December		**24,054**	**38,296**

Joint ventures

Note 8

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. Saxo Geely Tech Holding A/S' subsidiary in China, Saxo Financial Technology Company Limited (Saxo FinTech), provides IT-services 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%)

DKK million	2022	2021
Statement of profit or loss		
Revenue	10	12
Operating expenses	-116	-94
Amortisation and depreciation	-6	-3
Net financing income	0	1
Profit before tax	**-111**	**-84**
Tax	-12	12
Net profit	**-123**	**-72**
Other comprehensive income	154	229
Total comprehensive income	**30**	**157**
Statement of financial position		
Current assets:		
Cash and cash equivalents	96	89
Other assets	18	9
Non-current assets:		
Intangible assets	2,411	2,455
Tangible assets	16	9
Deferred tax assets	-	15
Current liabilities:		
Other liabilities	24	18
Non-current liabilities:		
Convertible loan notes	848	1,004
Total equity	**1,669**	**1,555**

DKK million	2022	2021
Share of net profit/loss from joint ventures		
50% share of net profit/loss	-61	-36
Fair value adjustment of loan notes, net of tax	54	18
Total share of net profit/loss from joint ventures	**-7**	**-18**

50% of other comprehensive income from Saxo Geely Tech Holding A/S, net of intercompany eliminations, amounted to a loss of DKK 11 million for 2022 (2021: income of DKK 30 million). Saxo Bank A/S has since February 2021 hedged foreign currency risk (EUR and CNY) of the net investment in the joint venture. Note 9.4 provides information on hedge accounting.

DKK million	2022	2021
Carrying amount of Investments in joint ventures		
50% share of the equity in the joint venture	834	778
Convertible loan notes at fair value	267	270
Intercompany elimination	-684	-645
Total investments in joint ventures	**418**	**402**

At 31 December 2022, Saxo Bank A/S had a receivable (loan notes) of DKK 267 million (2021: DKK 270 million) from Saxo Geely Tech Holding A/S. The loan notes include conversion rights and are 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 loan notes. In 2022, loan notes of DKK 156 million (2021: DKK 112 million) were converted to new shares in the joint venture. The maturity date for the loan notes is 31 March 2030, but early redemption is possible at any time.

In Saxo Bank Group, the outstanding convertible loan notes are measured at fair value based on unobservable inputs (level 3) by using a discounted cash flow model. In 2022, fair value adjustments of the loan notes impacted the Group's net profit with DKK 54 million (2021: DKK 18 million). The key input in the valuation model is the discount rate of 17.1% (2021: 15.7%) and timing of redemption. An increase in the applied discount rate of 5% at 31 December 2022 would have resulted in a positive impact on net profit of DKK 29 million (31 December 2021: negative impact of DKK 12 million) compared to DKK 54 million (2021: DKK 18 million) recognised in 2022. A decrease in the discount rate of 5% would have impacted net profit positively by DKK 90 million (2021: positive impact of 65 million).

For Saxo FinTech, there may due to Chinese legislation be certain limitations on the Group's ability to access cash.

Other disclosure requirements

Note 9

DKK million | 2022 | 2021

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).

DKK million	2022 < 1 year	2022 > 1 year	2021 < 1 year	2021 > 1 year
Assets				
Cash in hand and demand deposits with central banks	20,595	-	32,035	-
Receivables from credit institutions and central banks	3,464	-	6,267	-
Financial assets at fair value	8,851	2,408	8,059	2,401
Bonds at amortised cost	19,388	25,906	26,460	4,876
Loans and other receivables at amortised cost	4,258	-	5,471	-
Current tax assets	171	-	113	-
Investments in joint ventures	-	418	-	402
Intangble assets	467	2,657	374	2,672
Tangible assets	153	1,074	144	1,154
Deferred tax assets	-	14	-	33
Other assets	623	32	624	37
Liabilities				
Debt to credit institutions and central banks	4,729	-	5,178	-
Financial liabilties at fair value	4,190	2,403	5,075	2,592
Deposits	69,480	223	68,377	200
Current tax liabilities	114	-	96	-
Other liabilities	626	145	909	163
Deferred tax liabilities	-	354	-	267
Provisions	305	-	311	1
Subordinated debt	20	774	20	749

Other disclosure requirements
Note 9

DKK million

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 balances of financial liabilities 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.

DKK million	2022						2021					
	On demand	Within 3 months	From 3-12 months	From 1-5 years	More than 5 years	Total	On demand	Within 3 months	From 3-12 months	From 1-5 years	More than 5 years	Total
Debt to credit institutions and central banks	4,729	-	-	-	-	4,729	5,178	-	-	-	-	5,178
Deposits	69,480	-	-	-	223	69,702	68,377	-	-	-	200	68,577
Subordinated debt	-	11	32	169	794	1,006	-	11	32	169	845	1,056
Total financial liabilities (non-derivatives)	**74,209**	**11**	**32**	**169**	**1,017**	**75,438**	**73,555**	**11**	**32**	**169**	**1,045**	**74,811**
Currency contracts	-	886	172	0	-	1,058	-	503	93	0	0	597
Interest rate contracts	-	120	3	2	-	125	-	32	5	3	-	39
Equity contracts	-	1,599	1,221	2,118	-	4,938	-	2,810	1,498	1,807	1	6,116
Commodity contracts	-	95	94	5	-	194	-	116	111	20	0	247
Turbos	-	-	-	-	277	277	-	-	-	-	667	667
Total financial liabilities (derivatives)	**-**	**2,701**	**1,489**	**2,125**	**277**	**6,593**	**-**	**3,461**	**1,707**	**1,831**	**668**	**7,667**
Guarantees	54	-	-	-	-	54	36	-	-	-	-	36
Total financial liabilities (other)	**54**	**-**	**-**	**-**	**-**	**54**	**36**	**-**	**-**	**-**	**-**	**36**
Total	**74,262**	**2,711**	**1,521**	**2,295**	**1,294**	**82,084**	**73,591**	**3,471**	**1,739**	**2,000**	**1,713**	**82,513**

In note 6.4, management, monitoring and reporting of 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			
	Gross amount	Offsetting	Net carrying amount in the statement of financial position	Financial instruments	Cash collateral	Financial collateral	Net credit exposure
2022							
Financial assets							
Derivatives financial instruments with positive fair value	10,402	-	10,402	-3,539	-5,364	-510	988
Total	**10,402**	**-**	**10,402**	**-3,539**	**-5,364**	**-510**	**988**
Financial liabilities							
Derivatives financial instruments with negative fair value	6,593	-	6,593	-3,539	-590	-22	2,441
Total	**6,593**	**-**	**6,593**	**-3,539**	**-590**	**-22**	**2,441**
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**

Assets and liabilities are offset when Saxo Bank Group and the counterparty have a legally enforceable right to offset and have agreed 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 additional offset in the event of default. Such agreements reduce the exposure further in the event of default, but do not qualify for offsetting. After consideration of the effect of master netting agreements and collateral the net credit risk exposure related to derivatives with positive market value amounted to DKK 988 million (31 December 2021: DKK 575 million). The Group accepts margin trading risk covered by collateral, however, for the main part of the net exposure collateral received was not considered in the table above, as the right to offset in case of default has not been verified by a formalised legal opinion.

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' positions and offset against collateral received. Note 6.1.4 Credit risk - Derivatives provides more information on the derivatives.

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 in each of the hedged net investments. 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.

	Notional amount	Carrying amount	Line item	Recognised in the translation reserve, net of tax (accumulated)	Change in fair value used for measuring hedge ineffectiveness
2022					
Hedged item:					
Foreign exchange risk related to net Investment in foreign entities		6,618			33
Hedging instruments;					
Foreign currency derivatives and other foreign positions	-6,736	-6,555	Financial liabilities at fair value/Deposits	-105	-32
Hedge ineffectiveness			Price and echange rates adjustments		1
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	-6,425	-6,201	Price and echange rates adjustments	-80	-111
Hedge ineffectiveness			Price and echange rates adjustments		-1

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 tier 2 capital. At 31 December 2022, interest swaps were in place with a notional amount of DKK 744 million (2021: DKK 744 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.

	Notional amount	Carrying amount	Line item	Accumulated fair value adjustments included in the hedged item	Change in fair value used for measuring hedge ineffectiveness
2022					
Hedged item:					
Tier 2 capital		-774	Subordinated debt	-33	-23
Hedging instruments:					
Interest rate swap	EUR 100 mio	33	Financial assets at fair value		23
Hedge ineffectiveness			Price and exchanges rate adjustments		-
2021					
Hedged item:					
Tier 2 capital		-749	Subordinated debt	-10	7
Hedging instruments:					
Interest rate swap	EUR 100 mio	10	Financial assets at fair value		-7
Hedge ineffectiveness			Price and exchanges rate adjustments		-

Other disclosure requirements

Note 9

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 subsequently adjusted for changes in fair value as they are part of a hedging relationship 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.

At 31 December 2022, the accumulated fair value adjustment was DKK 0 million (2021: negative fair value adjustments of DKK 1 million). No gain or loss has been recognised in 2022 or in 2021 due to hedge ineffectiveness.

At 31 December 2022, Saxo Bank Group held crypto currencies of DKK 8 million (2021: DKK 28 million) recognised in Other assets. Positions in crypto derivatives are recognised in Derivatives financial instruments with negative value.

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 2022, the following shareholders were 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

	2022	2021	2022	2021	2022	2021	2022	2021
	Board of Directors		**Board of Management [1]**		**Parties with controlling influence**		**Joint ventures [2] [3]**	
Convertible loan notes	-	-	-	-	-	-	267	270
Deposits (liabilities)	0	0	0	0	-	-	-	-
Other assets	-	-	-	-	0	0	6	4
Fees and commissions	0	0	0	0	-	-	-	-
Software development	-	-	-	-	-	-	-	-
Other services	-	-	-0	-0	0	0	8	28
Dividend paid	0	1	221	278	408	513	-	-
Capital increase (including conversion of convertible loan notes)	-	-	-	-	-	-	156	111

[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.

[3] Two of Saxo Bank A/S' Board of Management members hold Board of Director positions in Saxo Financial Technology Limited Company, which is the subsidiary of the joint venture Saxo Geely Tech Holding A/S. No fee is charged.

Remuneration to Board of Directors and Board of Management is disclosed in note 2.3 Remuneration of management and other 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	5	80%
Saxo Bank (Schweiz) AG, Switzerland	CHF	8	69	100%
Saxo Bank Securities Ltd., Japan	JPY	224	1,755	100%
Saxo Capital Markets HK, Hong Kong	HKD	-30	193	100%
Saxo Capital Markets Pte. Ltd., Singapore	SGD	43	185	100%
Saxo Capital Markets Pty Ltd., Australia	AUD	4	35	100%
Saxo Capital Markets UK Ltd., UK	GBP	12	54	100%
BinckBank N.V., the Netherlands	EUR	55	513	100%
Other				
Saxo Far East (HK) Limited, Hong Kong	HKD	2	32	100%
Ejendomsselskabet bygning 119 A/S, Denmark	DKK	25	273	100%
Initto A/S Denmark	DKK	-2	24	100%
Saxo Group India Private Limited, India	INR	431	1,148	100%
Saxo Asgard Computer Technology (Shanghai) Co. Ltd., China Mainland	CNY	4	3	100%
Joint ventures				
Saxo Geely Tech Holding A/S, Denmark	EUR	-10	209	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

After the reporting date, there have been no events that materially affected the assessment of the Annual Report 2022.

Key figures and ratios

Note 10

	2022	2021	2020	2019 [1]	2018 [2]
10.1 Key figures and ratios					
Statement of profit or loss (DKK million)					
Net interest, fees and commissions	2,991	3,213	3,064	1,974	1,997
Price and exchange rate adjustments	1,444	1,279	1,251	637	789
Staff costs and administrative expenses	-2,839	-2,912	-2,708	-2,582	-2,210
Impairment charges financial assets etc.	7	-7	-24	-9	-13
Share of net profit/loss from joint ventures	-7	-18	-7	-0	-
Profit before tax	949	1,031	1,080	109	1,029
Net profit	711	755	750	40	963
Statement of financial position (DKK million)					
Loans and other receivables at amortised cost	4,258	5,471	4,811	9,883	0
Deposits	69,702	68,577	60,197	59,311	21,370
Subordinated debt	794	770	776	1,140	370
Total equity	7,118	7,183	7,401	7,082	5,552
Total assets	90,481	91,122	78,784	74,930	34,484
Other					
Client assets (DKK billion)	584	640	478	384	113
Number of full-time equivalent staff (end of year)	2,515	2,510	2,224	2,170	1,658

[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

	2022	2021	2020	2019 [1]	2018 [2]
10.1 Key figures and ratios					
Financial ratios					
Total capital ratio	31.0%	29.1%	32.6%	32.9%	35.0%
Tier 1 capital ratio	26.6%	25.0%	27.9%	26.3%	32.0%
Return on equity before tax	13.3%	14.1%	14.9%	1.7%	20.2%
Return on equity after tax	9.9%	10.3%	10.4%	0.6%	18.9%
Income/cost ratio	127.1%	129.6%	133.3%	103.4%	140.2%
Interest rate risk/Tier 1 capital [3]	10.7%	4,2%	3,5%	4,2%	2.5%
Foreign exchange rate risk/Tier 1 capital	9.9%	5.4%	8.9%	5.5%	4.1%
Value at risk of foreign exchange rate risk/Tier 1 capital	0.3%	0.1%	0.0%	0.0%	0.0%
Loans and other receivables plus impairment charges/Deposits	6.1%	8.0%	8.1%	16.7%	0.1%
Loans and other receivables proportional to Total equity	0.60	0.76	0.65	1.40	0.00
Growth in loans and other receivables	-22.2%	13.7%	-51.3%	>1,000%	-100.0%
Liquidity coverage ratio	272.0%	252.7%	324.1%	450.1%	264.4%
Sum of large exposures /CET1 capital	23.2%	29.0%	22.3%	28.3%	10.1%
Loss and provisions ratio	-0.2%	0.1%	0.5%	0.1%	15.3%
Return on assets	0.8%	0.8%	1.0%	0.1%	2.8%

[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] The ratio for interest rate risk has been adjusted for the years 2019-2021 compared to the Annual Report 2021 due to alignment throughout the Group. The interest rate risk ratio has increased from 4.16% in 2021 to 10.73% in 2022. The increase is due to increase in the bond portfolio and due to an extended maturity for the bonds.

Key figures and ratios

Note 10

10.2 Definitions of key figures and ratios

	Definitions
Common equity tier 1 capital (CET1)	Primarily paid-up share capital and retained earnings excluding intangible assets and other deductions.
Additional tier 1 capital	Issued capital instruments which are accounted for as equity instruments and are part of the tier 1 capital. Additional tier 1 capital ranks below tier 2 capital.
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, including Share of net profit/loss from joint ventures, divided by expenses, including impairment charges.
Interest rate risk/Tier 1 capital	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 impairment charges/Deposits 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 Loans and other receivables in the previous financial year.
Liquidity coverage ratio	Liquidity coverage ratio (LCR) 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 for bad debt 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.
Alternative Performance Measures (APMs)	Financial measures of historical or future financial performance, financial position, or cash flows, other than those defined in the applicable financial reporting framework (IFRS) or in the EU Capital Requirements Regulation No 575/2013 (CRR), the Delegated Regulation (EU) 2019/979 or the Danish Executive Order No 1306 of 16 December 2008. APMs are used by the Group when relevant to assess and describe the Group's financial position and provide additional relevant information and tools to enable analysis of the Group's performance. All these measures may not be comparable to similarly titled measures used by other companies.
• Trading related and interest earnings	Trading related and interest earnings is an Alternative Performance Measure and is defined as earnings related to trading activity and earnings derived from clients' cash and asset positions, i.e. total income less other income not allocated to clients and products.
• Total income	Total income is an Alternative Performance Measure and is defined as Operating income plus Other income.
• Cost/income ratio	Cost/income ratio is an Alternative Performance Measure and is defined as total expenses, including impairment charges, divided by total income, including Share of net profit/loss from joint ventures.

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 the 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 and fair value measurement of financial instruments
- Measurement of expected credit loss on financial assets at amortised cost
- Measurement of goodwill and other intangible assets
- Measurement of deferred tax assets and deferred tax liabilities
- Measurement of provisions

Classification and fair value measurement of financial instruments

The financial assets are classified into the different measurement categories based on the business model for managing the financial asset and the contractual cash flow 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.

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, hence not subject to significant estimates. Quoted prices or interbank quoted prices can be applied directly or applied as the most significant input in the valuation e.g. by applying the quoted price for the underlying assets or for a similar financial instrument. In the latter the financial instrument is classified as level 2 in the fair value hierarchy. In addition, if differentiation of whether the market is active or not is not assessed the financial instrument is classified as level 2 in the fair value hierarchy even though interbank quoted prices are directly applied.

Loan notes issued with contain certain conversion rights are measured at fair value based on estimates of expected future cash flow by using a discounted cash flow model, hence substantial non-observable input is applied in the valuation. The key input in the valuation besides the expected cash flow is the discount rate. Measurement of financial assets based on non-observable input is subject to estimates and classified as level 3 in the fair value hierarchy.

In note 4.2 Classifications and measurement of financial instruments the classification, measurement principles and level in the fair value hierarchy for the 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 increased significantly, 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.

Other intangible assets are tested if indications of impairment exist. 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.

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 the composition of goodwill and on assumptions applied in the impairment test.

Measurement of deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognised and measured on the basis of tax regulation enacted and at the tax rate that applies to the period when the deferred tax is expected to be utilised. In June 2022, the bill for increase of the corporate tax rate from the current tax rate of 22.0%, 25.2% in 2023 and 26.0% in 2024 and onwards for the financial sector in Denmark has been enacted. Due to the increase in tax rate, the deferred tax assets and deferred tax liabilities have been remeasured.

The impact on deferred tax assets and deferred tax liabilities is estimated to DKK 36 million at 31 December 2022, which is recognised as a tax expense in the statement of profit of loss see note 3.1 Income tax. The determination of the impact entails use of estimates and is subject to adjustments until the increase in tax rate is fully implemented in 2024.

Measurement of provisions

As part of its ordinary course of business, Saxo Bank Group is and will from time to time be involved in various disputes and legal proceedings, including tax matters. The results of such disputes and legal proceedings may be difficult to predict, and the Group's assessment of the relevant disputes and proceedings may change as they unfold. A provision is recognised for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Management assesses provisions, contingent assets and liabilities, and the likely outcome of pending or probable disputes and legal proceedings etc. on an ongoing basis. The outcome depends on future events, which are by nature uncertain. The assessment entails use of judgement and estimates.

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 24 February 2023, the Board of Directors and Board of Management authorise the Annual Report for the financial year 2022 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 21 March 2023.

Implementation of IFRS standards and amendments applicable from 1 January 2022

The following standards and amendments applicable in EU from 1 January 2022 have been implemented:

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to IAS 16 Property Plant and Equipment: Proceeds before intended use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts – costs of fulfilling a contract
- Annual Improvements to IFRS Standards 2018-2020

Saxo Bank Group adopts the new standards and amendments when they become mandatory in the EU. Implementation of the amendments has not entailed any changes to the accounting policies compared to those applied in the Annual Report 2021.

Basis of preparation

Note 11

Change in comparative figures
Certain insignificant changes have been made to the comparative figures for 2021 due to reclassifications.

Basis of preparation
The Annual report is 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 for the year ended 31 December 2022 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 under 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.

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.

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 statement of profit or loss as foreign exchange rate adjustments.

On recognition of entities with a functional currency other than the presentation currency (DKK), the statement of profit or loss 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 statements of profit or loss 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.

Basis of preparation

Note 11

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
Gain or loss from 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. Gain or losses relating to the ineffective portion is recognised immediately in the statement of profit or loss.

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 statement of profit or loss 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 statement of profit or loss, 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 statement of profit or loss over the period to maturity.

Securities lending transactions
Clients' securities lending, through Saxo Bank Group, to a third party who is borrowing the client's securities is collateralised by bonds or cash. 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. Bonds received or pledged as collateral are not recognised respectively derecognised on the statement of financial position. Cash provided in securities lending is recognised in the statement of financial position in Loans and other receivables at amortised cost.

Statement of profit or loss
Interest, fees and commissions
Interest income and expenses are recognised in the period the interest is attributable to. Interest income and expense related to financial assets and financial liabilities measured at amortised cost is recognised in the statement of profit or loss using the effective interest method. The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate.

Interest and financing of foreign exchange and securities transactions 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.

Fees and commission income and expenses result from trading with securities, derivative financial instruments and from assets under management. Fees and commissions are recognised when the service is 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 and foreign exchange rate adjustments. Any ineffective portion in a hedge accounting relationship is recognised in Price and exchange rate adjustments.

Other income
Other income includes non-financial income e.g. gain from divestments, income from sale of IT services.

Staff costs and administrative expenses
Staff costs include salaries and other remuneration, including share-based payments, and are recognised in the year in which the employee renders the related service.

Administrative expenses includes other employee related costs, marketing costs, IT costs, consultants and general administration costs.

Share-based payments
Share-based payments include warrants granted to members of Board of Management and certain employees of the Group. The warrants are measured at fair value at the grant date by using the Black and Scholes valuation model and are recognised as an expense in Staff costs and administrative expenses over the vesting period and equity.

The model considers the terms and conditions under which the warrants are granted. Subsequent fair value adjustments are not recognised in the statement of profit or loss

Amortisation, depreciation and impairment
Amortisation, depreciation and impairment includes amortisation, depreciation and impairment charges related to Intangible and Tangible assets.

Other expenses
Other expenses includes expenses for participation in the Danish Deposit Guarantee Fund, Danish Resolution Fund and Guarantee Schemes in other jurisdictions, including guarantee commission and provision to cover possible losses under the schemes. In addition losses from divestments and other disposals are included 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.

Share of net profit/loss from from joint ventures
Share of net profit/loss from joint ventures includes the Group's share of net profit/loss in joint ventures and fair value adjustments on loan notes (receivable) from the joint ventures.

Income taxes
Income tax comprises current tax and changes in deferred tax, including changes due to change in tax rate. The income tax relating to the profit before tax for the year is recognised in the statement of profit or loss, while the income tax relating to items recognised in other comprehensive income or directly in equity is recognised in the statement of 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

Basis of preparation

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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 are classified into the following measurement categories:
• Amortised cost
• Fair Value through Profit or Loss (FVPL)

Amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent Solely Payments of Principal and Interests ("SPPI") are measured at amortised cost. 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 using the effective interest rate method.

Fair value through profit and loss
Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (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 statement of profit or loss in Price and exchange rate adjustments.

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 statement of profit or loss. 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.

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.

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

Reclassification of bond portfolio 1 July 2021
Until the end of June 2021 Saxo Bank Group had both bonds measured at amortised cost and at fair value. However a new Group interest rate risk strategy was decided and implied changes to the business model applied for managing the bonds. The change entailed that bonds of DKK 26 billion were reclassified from the fair value measurement category into the amortised cost measurement category applicable from 1 July 2021. Note 4.3 Bonds at amortised cost provide disclosures on bonds reclassified.

Financial assets and financial liabilities at fair value
Financial assets at fair value comprise 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 Classification and measurement of financial instruments.

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 statement of profit or loss 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 statement of profit or loss.

Amounts due to credit institutions, central banks and deposits
Amounts due to credit institutions, 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 obligation 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 the 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 the 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. 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 the software is 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 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.

Basis of preparation

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

The expected useful life is as follows:

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.

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 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. 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.

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. If an increase due to revaluation reverses a revaluation decrease previously recognised in the statement of profit or loss, the increase is recognised in the statement of profit or loss. A decrease in the carrying amount as a result of a revaluation is recognised in the statement of profit or loss, except from when the decrease reverses a previous revaluation increase recognised in equity, then it is recognised 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.

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 statement of profit or loss 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 liability is increased to reflect the accretion of interest and reduced for the lease payments made. Further lease liabilities are changed when remeasurement is required.

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

The 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 statement of profit of loss 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 plans are recognised in the statement of profit or loss in the period to which they relate and any contributions outstanding are recognised in the statement of financial position as Other liabilities.

For defined benefit plans an annual actuarial calculation is made of the present value of future benefits and obligations under the defined benefit plan. For defined benefit 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 etc. Pension costs for the year are recognised in the statement of profit or loss based on actuarial estimates and financial expectations at the beginning of the reporting period. Any difference between the expected development in the 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.

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 applies 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 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.

Tax assets and tax liabilities
Current tax payable and receivable are recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account respectively.

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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. However deferred tax is not recognised on temporary differences relating to goodwill that is not deductible for tax purposes and other items where temporary differences, apart from in business combination, arise at the acquisition date without affecting either the Net profit or the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including deferred tax related to 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 the entity has a legal enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liability relate to income taxes levied by same taxation authority.

Deferred tax is measured according to the tax rules at the reporting date and at the tax rates applicable when the deferred tax is expected to materialise as current tax.

The change in deferred tax as a result of changes in tax rates is recognised in the statement of profit or loss. Changes to deferred tax on items recognised in other comprehensive income are, however, recognised in other comprehensive income.

Shareholders' equity

Share premium reserve

The share premium reserve comprise share premium paid in at capital increase. To transfer the share premium reserve to retained earnings approval from the Danish FSA is required.

Translation reserve

Foreign exchange differences arising from the translation of the financial statements of foreign entities are recognised in equity and presented in the Translation reserve.

Gain or loss from 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. The amount is net of tax.

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. 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.

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 2022:

- IFRS 17: Insurance contracts
- Amendments to IAS 1 and IFRS Practice statement 2: Classification of Liabilities as Current or Non-current and 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

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

None of these standards are expected to have material impact on the consolidated financial statements and does not change the recognition and measurement principles applied in the Annual Report for 2022. Presentation in the Annual Report for 2023 may change due to amendments to IAS 1 which imply that the accounting policies must be more entity-specific and based on materiality.

Financial statements

Saxo Bank A/S

Financial statements

Saxo Bank A/S

NOTES

Statement of profit or loss

DKK million	Note	2022	2021
Interest income	1.1	1,540	1,165
Interest expense	1.2	-515	-217
Net interest income		**1,024**	**948**
Fee and commission income	1.3	2,511	2,441
Fee and commission expense	1.4	-2,455	-2,438
Net interest, fees and commissions		**1,081**	**951**
Price and exchange rate adjustments	1.5	1,445	1,239
Operating income		**2,526**	**2,189**
Other income		42	39
Staff costs and administrative expenses	2	-1,932	-1,736
Amortisation, depreciation and impairment	4.4	-508	-384
Other expenses		-15	-10
Impairment charges financial assets etc.		11	-14
Result from subsidiaries and joint ventures		640	724
Profit before tax		**764**	**809**
Tax	3	-50	-52
Net profit		**714**	**757**
Attributable to:			
Equity method reserve		326	356
Retained earnings		-362	-392
Declared interim dividend		302	256
Proposed dividend		411	500
Additional tier 1 capital holders		36	36
Net profit		**714**	**757**

Statement of comprehensive income

DKK million	Note	2022	2021
Net profit		**714**	**757**
Other comprehensive income			
Other comprehensive income in subsidiaries, net of tax		20	8
Net total that will not be reclassified to profit or loss in subsequent periods		20	8
Exchange rate adjustments foreign entities		66	107
Hedge of net investments in foreign entities		-32	-108
Other comprehensive income in subsidiaries, net of tax		-	0
Share of other comprehensive income in joint ventures, net of tax		-11	30
Tax	3.1	7	24
Net total that may be reclassified to profit or loss in subsequent periods		30	52
Total other comprehensive income		**50**	**60**
Total comprehensive income		**764**	**817**
Attributable to:			
Equity method reserve		376	416
Retained earnings		352	365
Additional tier 1 capital holders		36	36
Total comprehensive income		**764**	**817**

Statement of financial position

DKK million	Note	2022	2021
Assets			
Cash in hand and demand deposits with central banks		298	772
Receivables from credit institutions and central banks	4.1	7,890	9,864
Loans and other receivables at amortised cost	4.2	355	298
Bonds at amortised cost	4.3	34,513	27,756
Securities	5.1	857	155
Investments in subsidiaries		6,394	5,985
Investments in joint ventures		418	402
Intangible assets	4.4	3,060	2,890
Tangible assets	4.4	103	97
Current tax assets		77	122
Deferred tax assets	3.2	0	1
Other assets	4.5	10,219	10,618
Prepayments		173	147
Total assets		**64,356**	**59,107**

DKK million	Note	2022	2021
Liabilities			
Debt to credit institutions and central banks	4.6	12,839	9,782
Deposits	4.7	36,330	33,425
Current tax liabilities		33	9
Other liabilities	4.8	6,753	7,565
Total debt		**55,954**	**50,781**
Deferred tax liabilities	3.2	284	194
Provision for guarantees		9	16
Other provisions		204	169
Total provisions		**498**	**378**
Subordinated debt	4.9	**794**	**770**
Equity			
Share capital		75	75
Share premium reserve		996	996
Equity method reserve		2,435	2,058
Retained earnings		2,739	3,095
Proposed dividend		411	500
Shareholders of Saxo Bank A/S		**6,657**	**6,725**
Additional tier 1 capital		452	452
Total equity	4.10	**7,109**	**7,177**
Total liabilities and equity		**64,356**	**59,107**

Statement of changes in equity

DKK million

2022	Share capital	Share premium reserve	Equity method reserve	Retained earnings	Proposed dividend	Total	Additional tier 1 capital	Total
Equity at 1 January	**75**	**996**	**2,058**	**3,095**	**500**	**6,725**	**452**	**7,177**
Net profit	-	-	326	-60	411	**677**	36	**714**
Other comprehensive income								
Exchange rate adjustments foreign entities	-	-	66	-	-	**66**	-	**66**
Hedge of net investments in foreign entities	-	-	-32	-	-	**-32**	-	**-32**
Other comprehensive income in subsidiaries, net of tax	-	-	20	-	-	**20**	-	**20**
Share of other comprehensive income in joint ventures, net of tax	-	-	-11	-	-	**-11**	-	**-11**
Tax	-	-	7	-	-	**7**	-	**7**
Total comprehensive income	**-**	**-**	**376**	**-60**	**411**	**727**	**36**	**764**
Transactions with owners								
Tier 1 interest payments	-	-	-	-	-	**-**	-36	**-36**
Declared dividend	-	-	-	-302	-500	**-803**	-	**-803**
Share-based payments	-	-	1	5	-	**7**	-	**7**
Equity at 31 December	**75**	**996**	**2,435**	**2,739**	**411**	**6,657**	**452**	**7,109**

Statement of changes in equity

DKK million

2021	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 capital

DKK million	Note	2022	2021
Tier 1 capital			
Equity at 31 December		6,657	6,725
Proposed dividend		-411	-500
Intangible assets		-2,120	-2,161
Deferred tax liabilities, intangible assets		143	198
Deferred tax assets		-0	-3
Prudent valuation adjustments		-16	-17
Common equity tier 1 capital		**4,252**	**4,242**
Additional tier 1 capital	4.10	448	448
Total tier 1 capital		**4,700**	**4,690**
Tier 2 capital			
Subordinated debt	4.9	740	740
Total tier 2 capital		**740**	**740**
Total capital		**5,440**	**5,430**
Risk exposure amounts			
Credit risk		13,065	13,318
Market risk		626	1,505
Operational risk		4,304	3,609
Total risk exposure amounts		**17,995**	**18,432**
Capital ratios			
Common equity tier 1 capital ratio		23.6%	23.0%
Tier 1 capital ratio		26.1%	25.4%
Total capital ratio		30.2%	29.5%

Total capital is calculated in accordance with the Capital Requirement Regulation (CRR).

The unaudited Risk Report 2022 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	2022	2021
1.1 Interest income		
Credit institutions and central banks	121	23
Loans and other receivables at amortised cost	58	47
Bonds	196	115
Derivative financial instruments	1,165	980
Total interest income	**1,540**	**1,165**
Hereof interest received due to negative interest rates	41	32
1.2 Interest expense		
Credit institutions and central banks	-146	-33
Deposits	-155	-50
Bonds at amortised cost	-67	-49
Subordinated debt	-44	-40
Derivative financial instruments	-102	-44
Interest expense leases	-0	-0
Total interest expense	**-515**	-217
Hereof interest paid due to negative interest rates	-24	-33
1.3 Fee and commission income		
Trading with securities and derivative financial instruments	2,511	2,441
Total fee and commission income	**2,511**	**2,441**
1.4 Fee and commission expense		
Trading with securities and derivative financial instruments	-2,455	-2,438
Total fee and commission expense	**-2,455**	**-2,438**
1.5 Price and exchange rate adjustments		
Bonds at fair value	-	-147
Securities	-0	-1
Foreign exchange	1,080	1,075
Derivative financial instruments[1]	365	312
Total price and exchange rate adjustments	**1,445**	**1,239**

[1] Other than foreign exchange.

Staff costs and administrative expenses etc.
Note 2

DKK million	2022	2021
2.1 Staff costs and administrative expenses		
Staff costs	-870	-763
Administrative expenses	-1,062	-973
Total staff costs and administrative expenses	**-1,932**	**-1,736**
2.1.1 Staff costs		
Salaries	-810	-735
Share-based payments	-5	-5
Defined contribution plans	-87	-81
Social security expenses and financial services employer tax	-133	-130
Staff costs transferred to software under development	166	188
Total staff costs	**-870**	**-763**
Number of full-time-equivalent staff (average)	**833**	**795**

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 other significant risk takers and 2.4 Share-based payments in the consolidated financial statemens.

DKK million	2022	2021
2.1.2 Remuneration of other significant risk takers		
Salaries and other remuneration	-63	-67
Variable remuneration	-	-14
Share-based payments	-2	-1
Total remuneration of other significant risk takers	**-65**	**-81**
Number of other significant risk takers end of year	**20**	**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 2022 provides detailed disclosure of remuneration to the Board of Directors and Board of Management. 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	2022	2021
3.1 Income tax		
Effective tax rate		
Profit before tax	764	809
Tax using the Danish tax rate 22%	-168	-178
Effect of tax rates in foreign jurisdictions	0	-1
CFC taxation	-7	-25
Change in tax rate	-44	-
Non tax-deductible expenses and non taxable income, net	-6	-6
Withholding tax and other taxes	-0	-1
Effect of tax of result in subsidiaries and joint ventures	141	160
Adjustments to tax previous years, net	34	-1
Total tax recognised in statement of profit or loss	**-50**	**-52**
Effective tax rate	**6.6%**	**6.4%**

In June 2022, the bill for increase of the corporate tax rate from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards for the financial sector in Denmark has been enacted. Due to the increase in tax rate, the deferred tax assets and deferred tax liabilities have been remeasured. The net impact on deferred tax assets and deferred tax liabilities is estimated to DKK 44 million at 31 December 2022, which is recognised as a tax expense in the statement of profit or loss.

Tax

Note 3

DKK million	2022			2021		
3.1 Income tax						
Tax for the year						
	Statement of profit or loss	**Other comprehensive income**	**Total comprehensive income**	**Statement of profit or loss**	**Other comprehensive income**	**Total comprehensive income**
Current tax	-19	7	**-12**	-51	24	**-27**
Change in deferred tax for the year	-21	-	**-21**	1	-	**1**
Change in tax rate	-44	-	**-44**	-	-	**-**
Withholding tax and other taxes	-0	-	**-0**	-1	-	**-1**
Adjustments to tax previous years, net	34	-	**34**	-1	-	**-1**
Total tax for the year	**-50**	**7**	**-43**	**-52**	**24**	**-28**

Tax in other comprehensive income

	Recognised item before tax	Tax	After tax	Recognised item before tax	Tax	After tax
Exchange rate adjustments foreign entities	66	-	**66**	107	-	**107**
Hedge of net investments in foreign entities	-32	7	**-25**	-108	24	**-84**
Other comprehensive income in subsidiaries, net of tax	20	-	**20**	8	-	**8**
Share of other comprehensive income in joint ventures, net of tax	-11	-	**-11**	30	-	**30**
Total	**43**	**7**	**50**	**36**	**24**	**60**

Tax

Note 3

DKK million	2022	2021
3.2 Deferred tax assets and liabilities		
Deferred tax at 1 January, net	-194	-161
Change in deferred tax for the year	-21	1
Change in tax rate	-44	-
Adjustments to tax previous years, net	8	-22
Recognised in Result from joint venture	-33	-11
Exchange rate adjustments	0	-0
Deferred tax at 31 December, net	**-284**	**-194**

	Deferred tax assets		Deferred tax liabilities	
	2022	2021	2022	2021
Intangible assets	-	-	-143	-198
Tangible assets	18	12	-	-
Bonds at amortised cost	-	-	-170	-3
Deferred income	-	-	-222	-221
Provisions	233	217	-	-
Total before offset	**251**	**229**	**-535**	**-422**
Offset within legal tax jurisdictions	-251	-228	251	228
Deferred tax assets and liabilities at 31 December	**0**	**1**	**-284**	**-194**

Statement of financial position

Note 4

DKK million	2022	2021
4.1 Receivables from credit institutions and central banks		
Demand deposits, credit institutions	7,890	9,864
Total receivables from credit institutions and central banks	**7,890**	**9,864**

No collateral is received 31 December 2022 or 2021.

DKK million	2022	2021
4.2 Loans and other receivables at amortised cost and guarantees		
By term to maturity:		
Demand deposits, subsidiaries	84	48
Demand deposits, loans collateralised with securities (margin lending)	51	-
More than 5 years, subsidiaries	220	250
Guarantees, subsidiaries	289	278
Guarantees	36	22
Total loans and other receivables at amortised cost and guarantees	**680**	**598**
Loans, other receivables and guarantees by sector and industry		
Finance and insurance	60%	58%
Real estate activities	32%	42%
Non-financial corporations	7%	0%
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

DKK million

4.2 Loans and other receivables amortised cost and guarantees

	2022 Maximum credit exposure	2022 Impairment	2022 Exposure before collateral	2022 Collateral held	2022 Remaining exposure	2021 Maximum credit exposure	2021 Impairment	2021 Exposure before collateral	2021 Collateral held	2021 Remaining exposure
Loans colateralised with securities (margin lending)	51	-	**51**	35	**16**	-	-	**-**	-	**-**
Subsidiaries	304	-	**304**	270	**34**	298	-	**298**	250	**48**
Off balance items										
Guarantees issued to subsidiaries	289	-	**289**	-	**289**	278	-	**278**	-	**278**
Other guarantees	45	-9	**36**	-	**36**	38	-16	**22**	-	**22**
Total	**689**	**-9**	**680**	**305**	**375**	**613**	**-16**	**597**	**250**	**347**

4.2.1 Impairment allowance for financial assets at amortised cost and guarantees

	2022 Stage 1 12 months ECL	2022 Stage 2 Lifetime ECL	2022 Stage 3 Lifetime ECL	2022 Total	2021 Stage 1 12 months ECL	2021 Stage 2 Lifetime ECL	2021 Stage 3 Lifetime ECL	2021 Total
Impairment allowance 1 January	31	-	17	**48**	17	-	24	**41**
Impairment for the year	2	-	-	**2**	30	-	-0	**30**
Reversal of impairment from previous years	-9	-	-5	**-14**	-16	-	-7	**-23**
Amounts written down	-	-	-2	**-2**	-	-	-	-
Impairment allowance 31 December	**24**	**-**	**10**	**34**	**31**	**-**	**17**	**48**

4.3 Bonds at amortised cost

	2022 Danish mortgage bonds	2022 Government bonds	2022 Total	2021 Danish mortgage bonds	2021 Government bonds	2021 Total
Bonds at amortised cost	14,469	19,860	**34,329**	12,004	15,612	**27,617**
Accrued interest			**184**			**140**
Total	**14,469**	**19,860**	**34,513**	**12,004**	**15,612**	**27,756**

Danish mortgage bonds are primarily rated AAA and Government bonds are primarily rated AAA-AA. Credit ratings are based on Standard & Poor's ratings. At 31 December 2022, expected credit loss (ECL) relating to bonds amounted to DKK 4 million (31 December 2021: DKK 4 million).

The fair value of bonds at amortised cost amounted to DKK 33,858 million at 31 December 2022 (31 December 2021: DKK 27,603 million). The 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.

Statement of financial position

Note 4

DKK million

4.4 Intangible and tangible assets	Intangible assets				Tangible assets		
2022	Goodwill	Software under development	Software developed and purchased	Total	Other equipment and fixtures	Right-of-use assets	Total
Cost at 1 January	1,447	437	3,781	**5,665**	454	21	**475**
Additions	-	643	1	**644**	-	15	**15**
Transfer from internal development	-	-825	786	**-38**	38	-	**38**
Disposals	-	-	-	**-**	-101	-9	**-110**
Exchange rate adjustments	32	0	-	**32**	0	0	**1**
Cost at 31 December	**1,479**	**255**	**4,568**	**6,302**	**391**	**28**	**419**
Amortisation, depreciation and impairment at 1 January	-156	-	-2,618	**-2,774**	-364	-14	**-378**
Amortisation and depreciation	-	-	-459	**-459**	-36	-11	**-47**
Impairment	-	-	-2	**-2**	-	-	**-**
Disposals	-	-	0	**0**	101	9	**110**
Exchange rate adjustments	-8	-	-	**-8**	-0	-0	**-0**
Amortisation, depreciation and impairment at 31 December	**-164**	**-**	**-3,079**	**-3,243**	**-299**	**-16**	**-315**
Carrying amount at 31 December	**1,315**	**255**	**1,490**	**3,060**	**92**	**11**	**103**

For information on impairment test of goodwill, 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

2021	Goodwill	Software under development	Software developed and purchased	Total	Other equipment and fixtures	Right-of-use assets	Total
	Intangible assets				Tangible assets		
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**
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 test of goodwill, see note 4.6 Impairment test in the consolidated financial statements.

Statement of financial position

Note 4

DKK million	2022	2021
4.5 Other assets		
Derivative financial instruments with positive fair value	10,123	9,706
Receivables from subsidiaries	78	843
Other receivables	19	69
Total other assets	**10,220**	**10,618**

4.6 Debt to credit institutions and central banks

Debt on demand	12,839	9,782
Total debt to credit institutions and central banks	**12,839**	**9,782**

Debt on demand included DKK 22 million (2021: DKK 3 million) placed by clients as collateral for unrealised client trading positions at 31 December 2022.

4.7 Deposits

Deposits on demand	35,034	32,301
Within 3 months	1,073	925
Pension funds	223	200
Total deposits	**36,330**	**33,425**

Deposits on demand included DKK 949 million (2021: DKK 803 million) placed as collateral for unrealised client trading positions at 31 December 2022.

4.8 Other liabilities

Derivative financial instruments with negative fair value	6,312	7,067
Suppliers and other outstanding costs	204	197
Staff commitments	186	240
Other obligations including payables to subsidiaries	50	61
Total other liabilities	**6,753**	**7,565**

4.9 Subordinated debt

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

4.10 Total equity

At 31 December 2022, the share capital consisted of 75,207,449 shares (2021: 75,207,449) with a nominal value of DKK 1.

The Board of Directors proposes a dividend for 2022 of DKK 5.47 per share (2021: DKK 6.65), equivalent to DKK 411,445,055 (2021: DKK 500,414,532). In addition, an interim dividend of DKK 4.02 per share (2021: DKK 3.41), equivalent to DKK 302,184,600 (2021: DKK 256,327,106), was declared in September 2022.

Detailed Information on additional tier 1 capital is disclosed in note 5.2 Additional tier 1 capital in the consolidated financial statements.

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 and solely relates to hedge in Saxo Bank A/S.

Statement of financial position

Note 4

DKK million	2022	2021
4.12 Contingent and other contractual commitments		
Guarantees		
Financial guarantees	36	22
Guarantees issued to subsidiaries	289	278
Total guarantees	**325**	**299**
Other contractual commitments		
Lease commitments towards subsidiaries	216	262
Other contractual commitments	319	187
Total other contractual commitments	**535**	**450**

As part of Saxo Bank A/S' ordinary 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.

As required by Danish legislation, 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 together with Geely Financials Denmark A/S jointly and severally liable for Danish corporate taxes and withholding taxes related to 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	2022	2021
4.13 Assets deposited as collateral		
Bonds at amortised cost	8,531	10,183
Receivables from credit institutions and central banks	1,122	724

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.

Saxo Bank A/S incurs credit risk including counterparty credit risk in support of its business to facilitate access to global capital markets for its clients and partners. The primary sources of Saxo Bank A/S' credit risk exposures are as follows:

- Counterparty credit risk exposure on financial partners (prime brokers) providing market liquidity in the products offered in the trading platforms
- Counterparty credit risk on clients offered margin trading (leveraged trading against collateral), "margin trading risk"
- Credit risk on margin lending clients (collateralised lending)
- Credit risk on central banks and credit institutions receiving parts of Saxo Bank A/S' liquidity surplus as cash deposits
- Credit risk in the form of issuer risk on bond investments (minimum investment grade and primarily high rated government and mortgage bonds) financed by Saxo Bank A/S' liquidity surplus

Saxo Bank A/S does not offer standard retail consumer or wholesale bank lending products.

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

Saxo Bank A/S issues CFDs on single stock to its clients. For part of these CFD positions, the equity exposure is hedged economically by purchasing the underlying listed securities. Listed securities amounted to DKK 851 million at 31 December 2022 (31 December 2021: DKK 149 million).

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 2022 provides additional information about Saxo Bank A/S' risk management approach. Risk Report 2022 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 10,123 million (2021: DKK 9,706 million) are included in Other assets and derivative financial instruments with negative value DKK 6,312 million (2021: DKK 7,067 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 712 million (31 December 2021: DKK 48 million). Saxo Bank A/S accepts margin trading risk covered by collateral, however for the main part of the net exposure collateral received was not considered as the right to offset in case of default has not been verified by a formalised legal opinion.

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.

5.3 Credit risk - Expected credit loss
Saxo Bank A/S 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 change in credit risk of the counterparty compared to the credit risk at initial recognition
- The Probability of Default (PD)
- The Loss Given Default (LGD)
- The Exposure at Default (EAD)

Stage 1: No significant increase in credit risk
For the financial credit exposures 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).

Stage 2: Significant increase in credit risk
Financial assets for which it is identified that the counterparty has a significant credit risk deterioration since initial recognition are classified in stage 2.

The following events are some of the indications of a significant increase in credit risk compared to the determined credit risk on initial recognition of the asset and can imply a transition from stage 1 to 2:

- Significant change in the client's expected commitment or ability to meet payment commitments
- An increase or expected increase in the life-time PD of 0.5%
- The borrower is in arrear for more than 30 days

For exposures classified in stage 2, the expected credit loss is determined based on the PD over the entire contractual term of the asset (lifetime PD).

Stage 3: Impairment
A financial asset is credit-impaired when one or more events with significant impact on the estimated future cash flows of the financial assets have occurred (non-exhaustive):

- The borrower is in arrear for more than 90 days
- The clients is experiencing significant financial difficulties
- The client breaches terms of contract with Saxo Bank A/S
- The clients is at possibility of bankruptcy or in actual bankruptcy

For stage 3 exposures the expected credit loss is calculated as the difference between the accounting value before expected losses less the value of expected future payments from the asset.

Both quantitative and qualitative indicators are applied when assessing the credit risk and whether or not 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, and as a result the expected credit loss is calculated based on a 12-months PD (stage 1), unless the PD has significantly increased since initial recognition. All credit exposures towards credit institutions and central banks are classified as stage 1 at 31 December 2022.

Loans collateralised with securities (margin lending)
Loans collateralised with securities are individually assessed for expected credit loss based on market movements in the value of the client's investments and/or movement in the collateral received. All credit exposures towards margin lending clients are classified as stage 1 at 31 December 2022.

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 at 31 December 2022.

Non-performing loans
Saxo Bank A/S holds a limited amount of non-performing loans and guarantees. These are classified as stage 3 at 31 December 2022, subject to ongoing stress test calculations and are fully impaired.

Risk Management
Note 5

5.4 Securities lending

Saxo Bank A/S started offering securities lending in 2022.

Receivables relating to the third party who is borrowing securities and payables to subsidiaries lending securities to Saxo Bank A/S are disclosed in the below table. Neither the receivable nor the payable is recognised in the statement of financial position as the ownership and control of the securities remain with the holder of the securities.

Saxo Bank A/S receives bonds as collateral from the third party (collateral received) and is obliged to provide either bonds or cash as collateral to the subsidiaries for the securities that they have lent out (collateral pledged or cash provided). Saxo Bank A/S either provides the same bonds as received or own bonds as collateral.

DKK million	2022	2021
Receivables due to securities lending	569	-
Collateral pledged to subsidiaries (bonds)	714	-
Liabilities from securities lending (subsidiaries)	569	-
Collateral pledged (bonds)	664	-

Cash provided as collateral in securities lending amounted to DKK 50 million at 31 December 2022 (31 December 2021: DKK 0 million) was recognised in the statement of financial position in Loans and other receivables at amortised cost.

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 2022, the following shareholders were 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

6.1 Related parties

DKK million	Board of Directors 2022	Board of Directors 2021	Board of Management [1] 2022	Board of Management [1] 2021	Parties with controlling influence 2022	Parties with controlling influence 2021	Subsidiaries 2022	Subsidiaries 2021	Joint ventures [2] 2022	Joint ventures [2] 2021
Convertible loan notes	-	-	-	-	-	-	-	-	267	270
Loans and other receivables	-	-	-	-	-	-	304	298	-	-
Receivables from credit institutions	-	-	-	-	-	-	5,631	6,778	-	-
Deposits (liabilities)	0	0	0	0	-	-	1,926	1,525	-	-
Debt to credit institutions	-	-	-	-	-	-	8,271	6,055	-	-
Trading liabilities (Trading assets)	-	-	-	-	-	-	5,762	143	-	-
Other assets	-	-	-	-	0	0	78	843	0	0
Other liabilities	-	-	-	-	-	-	49	55	-	-
Interest income	-	-	-	-	-	-	196	188	-	-
Interest expense	-	-	-	-	-	-	-24	-43	-	-
Fee and commission income	0	0	0	0	-	-	22	5	-	-
Fee and commission expense	-	-	-	-	-	-	-1,136	-1,072	-	-
Other services (income)	-	-	-	-	0	0	39	38	-	-
Other services (expense)	-	-	-0	-0	-	-	-47	-39	0	-0
Client support services	-	-	-	-	-	-	-14	-17	-	-
Leases	-	-	-	-	-	-	-46	-45	-	-
Subleases	-	-	-	-	-	-	0	0	-	-
Software development	-	-	-	-	-	-	-415	-394	-	-
Dividend from subsidiaries	-	-	-	-	-	-	318	360	-	-
Dividend paid	0	1	221	278	408	513	-	-	-	-
Capital increase (including conversion of convertible loan notes)	-	-	-	-	-	-	24	74	156	111
Liabilities due to securities lending (off balance)	-	-	-	-	-	-	569	-	-	-
Collateral pledged due to securities lending	-	-	-	-	-	-	664	-	-	-
Guarantees issued	-	-	-	-	-	-	24	278	156	-

[1] Includes parties being both part of the Board of Management and having significant influence.
[2] Two of Saxo Bank A/S' Board of Management members hold Board of Director positions in Saxo Financial Technology Limited Company, which is the subsidiary of the joint venture Saxo Geely Tech Holding A/S. No fee is charged.

Remuneration to Board of Directors and Board of Management is disclosed in note 2.3 Remuneration of management and other 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 joint ventures and subsidiaries is disclosed in note 8.1 Investment in joint ventures and 9.6 Group entities in the consolidated financial statements.

Other disclosure requirements
Note 6

DKK million 2022

6.2 Activities by country

Country	Activity	Income [1]	Profit before tax	Tax	Received government grants	Number of full-time-equivalent staff
Australia	Trading and investment	98	27	-9	-	11
Belgium	Sales and marketing	73	6	-1	-	43
China	Sales and marketing, IT support services	62	-53	-2	1	24
Czech Republic	Sales and marketing	48	4	-1	-	41
Denmark	Other activities [2]	47	35	-10	-	-
France	Sales and marketing	117	24	-6	-	41
Hong Kong	Trading and investment	41	-20	-4	1	24
India	IT support services and business support services	433	62	-16	-	1,029
Italy	Trading and investment	18	-3	-10	-	19
Japan	Trading and investment	56	5	-2	-	22
Netherlands	Trading and investment	893	256	-60	-	257
Singapore	Trading and investment	551	267	-41	-	104
Switzerland	Trading and investment	287	79	-16	-	36
UK	Trading and investment	340	134	-27	-	56

[1] Income is defined as the total of Interests income, Fee and commission income and Other income.
[2] Other activities include management of domicile property and other support services.

The table discloses information by country, in which Saxo Bank A/S operates through a subsidiary or a branch.

Note 9.6 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

After the reporting date, there have been no events that materially affected the assessment of the Annual Report 2022.

Key figures and ratios

Note 7

	2022	2021	2020	2019	2018
Statement of profit or loss (DKK million)					
Net interest, fees and commissions	1,081	951	805	809	939
Price and exchange rate adjustments	1,445	1,239	1,248	617	784
Staff costs and administrative expenses	-1,932	-1,736	-1,726	-1,699	-1,454
Impairment charges financial assets etc.	11	-14	-13	-4	-12
Result from subsidiaries and joint ventures	640	724	775	183	202
Profit before tax	764	809	837	46	999
Net profit	714	757	751	39	987
Statement of financial position (DKK million)					
Loans and other receivables at amortised cost	355	298	304	87	120
Deposits	36,330	33,425	25,235	22,962	18,588
Subordinated debt	794	770	776	1,140	370
Total equity	7,109	7,177	7,397	7,022	5,553
Total assets	64,356	59,107	45,414	38,334	32,121
Employees					
Number of full-time-equivalent staff (average)	833	795	707	734	943
Ratios					
Total capital ratio	30.2%	29.5%	34.1%	40.5%	35.5%
Tier 1 capital ratio	26.1%	25.4%	29.4%	33.2%	32.4%
Return on equity before tax	10.7%	11.1%	11.6%	0.7%	19.7%
Return on equity after tax	10.0%	10.4%	10.4%	0.6%	19.5%
Income/cost ratio	131.3%	137.7%	141.2%	102.1%	156.7%
Interest rate risk/Tier 1 capital	6.6%	4.2%	2.8%	1.6%	2.8%
Foreign exchange rate risk/Tier 1 capital	4.6%	4.0%	3.7%	2.5%	3.2%
Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.1%	0.0%	0.0%	0.1%
Loans and other receivables plus impairment charges/Deposits	1.0%	0.9%	1.3%	0.5%	0.8%
Loans and other receivables proportional to Total equity	0.05	0.04	0.04	0.01	0.02
Growth in loans and other receivables	19.3%	-2.1%	247.9%	-27.1%	62.4%
Liquidity coverage ratio	183.4%	194.0%	186.2%	234.3%	195.9%
Sum of large exposures /CET 1 capital	20.8%	27.3%	20.2%	23.1%	7.4%
Loss and provisions ratio	-1.6%	2.2%	2.2%	1.1%	3.1%
Return on assets	1.1%	1.3%	1.7%	0.1%	3.1%

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 insignificant changes have been made to the comparative figures for 2021 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.

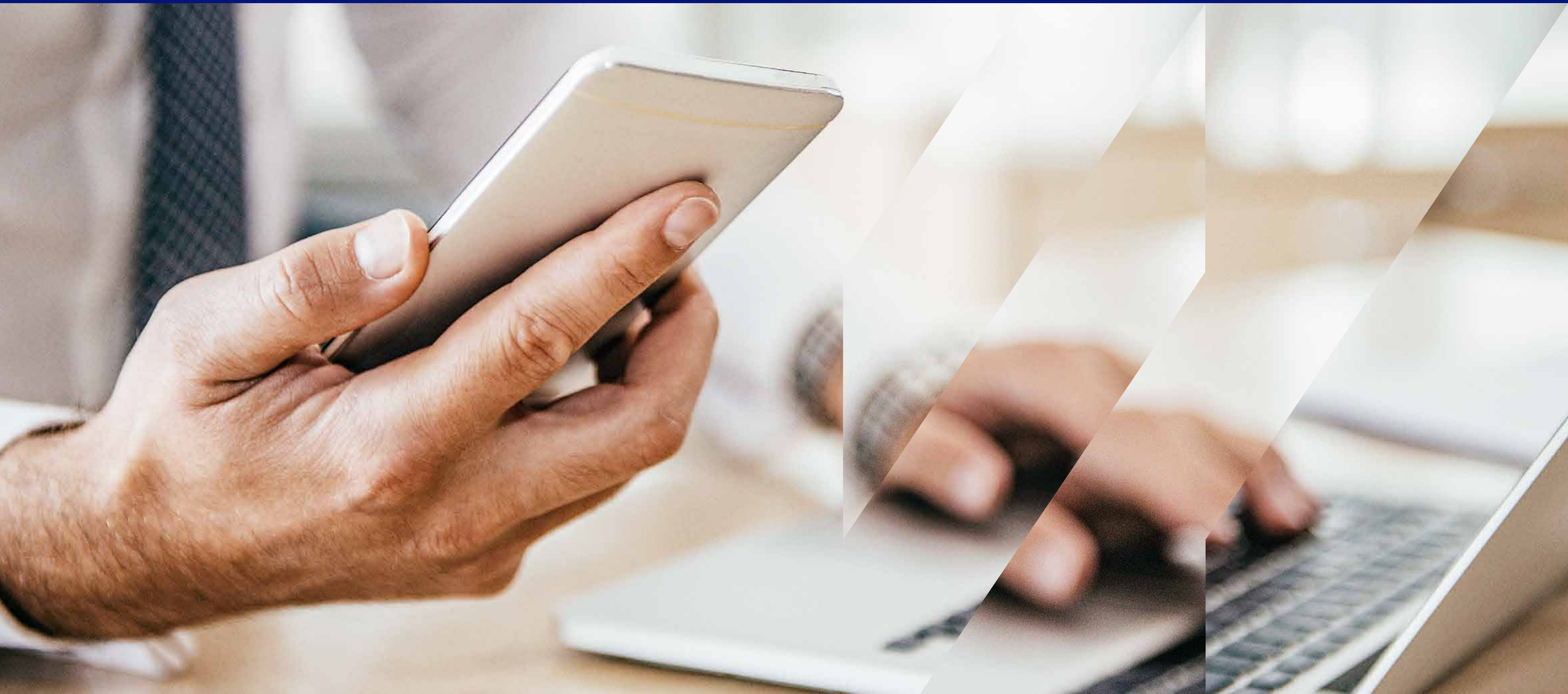
Financial instruments measured at amortised cost
Except for bonds the carrying amount for financial assets and financial liabilities measured at amortised cost is determined a reasonable approximation of the fair value. For this reason the disclosure of the fair value is omitted. Fair value for bonds at amortised cost is disclosed in note 4.3 Bonds at amortised cost.

Fair value measurement
Additional information on fair value measurement is disclosed in note 4.2 Classification and measurement of financial instruments in the consolidated financial statements.

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 2022 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 2022 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 2022.

Moreover, in our opinion, the Management Report includes a fair review of developments in the Group's and the Parent company's operations and financial position (page 3-39) and describes the significant risks and uncertainty factors that may affect the Group and the Parent company.

The 2022 Annual Report is submitted for the approval at the Annual General Meeting.

Copenhagen, 24 February 2023

Board of Management

Kim Fournais
CEO & Founder

Søren Kyhl
Deputy CEO and
Chief Operating Officer

Mads Dorf Petersen
Chief Financial Officer

Board of Directors

Kari Stadigh
Chair

Henrik Normann
Vice Chair

Henrik Andersen

Marika Fredriksson

Patrick Lapveteläinen

Donghui Li

Xia Li

Independent auditor's report

To the shareholders of Saxo Bank A/S

Report on the consolidated financial statements and the parent financial statements Opinion

We have audited the consolidated financial statements and the parent financial statements of Saxo Bank A/S for the financial year 1 January – 31 December 2022, which comprise statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of capital and notes, including a 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 2022 and of its financial performance and cash flows for the financial year 1 January – 31 December 2022 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 financial position of the Parent at 31 December 2022 and of its financial performance for the financial year 1 January – 31 December 2022 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 the 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 4 years up to and including the financial year 2022.

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 – 31 December 2022. 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 self developed 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 centres – 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 • Testing of automated calculation of revenue streams based on input from the client master data and configuration. • 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.

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, 24 February 2023
Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Anders Oldau Gjelstrup
State-Authorised Public Accountant
MNE no 10777

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