

Annual Report 2023

The image shows a man in a dark blue suit and light blue shirt walking on a city street, looking at a smartphone. In the foreground, a large tablet displays the Saxo TraderGO trading interface, and a smartphone displays a watchlist.

Saxo TraderGO

TRADING RESEARCH ACCOUNT

Watchlists Screener Alerts SaxoSelect

Stocks Europe

| Instrument | Last traded | Net | % | Bid | Ask |
|-------------------|-------------|---------|--------|----------|----------|
| Allianz SE | 173,82 | 0,32 | 0,18% | 173,80 | 173,82 |
| BP Plc | 456,25 | 7,25 | 1,61% | 456,25 | 456,35 |
| ENI | 12,348 | 0,388 | 3,24% | 12,346 | 12,350 |
| GSK PLC | 1,412,20 | -15,80 | -1,09% | 1,412,20 | 1,412,80 |
| Nestle SA | 115,28 | -1,96 | -1,67% | 115,26 | 115,28 |
| HSBC Holdings Plc | 531,40 | -6,80 | -1,26% | 531,40 | 531,50 |
| Novartis AG | 81,07 | -0,79 | -0,97% | 81,07 | 81,08 |
| | 4,952,50 | 12,50 | 0,25% | 4,952,50 | 4,953,50 |
| | 318,90 | -5,10 | -1,57% | 318,90 | 318,95 |
| | 2,5075 | 0,0105 | 0,42% | 2,5070 | 2,5085 |
| | 4,2830 | -0,0250 | -0,58% | 4,2830 | 4,2840 |
| | 118,30 | -1,58 | -1,32% | 118,28 | 118,32 |
| | 103,40 | -0,30 | -0,29% | 103,36 | 103,38 |
| | 294,90 | -2,15 | -0,72% | 294,90 | 294,95 |
| | 103,56 | 0,32 | 0,31% | 103,54 | 103,56 |
| | 37,95 | 0,15 | 0,40% | 37,95 | 37,96 |
| | 18,846 | -0,142 | -0,75% | 18,852 | 18,856 |
| | 127,76 | -0,82 | -0,64% | 127,74 | 127,76 |
| | 82,44 | -0,54 | -0,65% | 82,44 | 82,45 |
| | 678,50 | -4,10 | -0,60% | 678,30 | 678,40 |
| | 355,25 | -6,65 | -1,84% | 355,25 | 355,30 |
| | 47,09 | 0,61 | 1,31% | 47,09 | 47,10 |

Product overview Charts

Apple Inc.

167,57 0,00 / 0,00% 04:15:00

Bid 167,59 Ask 167,62 Low 167,14 High 169,86 52 week range 129,04 Volume 182,94 Rating Overweight 11:15

NASDAQ Open 15 minutes delayed

Overview Research Analysis Fundamentals Market Depth

Intraday 1M 3M 6M 1Y 3Y 5Y YTD All time

Intraday 22 augustus 2022

APPL:usd

Price 167,57

Indicative price. Prices delayed by 15 minutes. Time Zone: Greenwich Mean Time

Trade Signals

No signals available

Trade Blotter Closed Positions SaxoSelect Investments

Filter

| Status | L/S | Amount | Pos. open | Current price | P/L | P/L (DKK) | Trades | Take Profit / Stop Loss | Orders | % Price |
|--------|-----|--------|-----------|---------------|-----|-----------|--------|-------------------------|--------|---------|
| | | | | | | | | | | |

Cash: 0,00 Cash available: 0,00 Account value: 0,00 Account value shield: Off

MARKET DATA PROVIDED BY SAXO BANK • DATA DISCLAIMER

Smartphone Watchlist:

9:41

Watchlists Positions Orders Ch...

Stock US

| Instrument | Price | % |
|-----------------------|-----------|--------|
| Abbott Laboratori... | 119,87 | 0,88% |
| AT&T Inc. | 28,93 | -0,31% |
| Bank of America | 144,57 | 0,02% |
| Berkshire Hathaw... | 419,40100 | -0,80% |
| Berkshire Hathaw... | 279,24 | 0,59% |
| Chevron Corp. | 102,93 | -1,02% |
| Cisco Systems Inc. | 53,26 | 0,53% |
| CitiGroup Inc. | 67,93 | -0,41% |
| Coca-Cola Co. | 54,32 | 0,82% |
| ConocoPhillips | 59,01 | -2,11% |
| General Electric C... | 12,98 | 0,46% |
| Goldmand Sachs | 367,67 | -0,59% |
| HP Inc. | 30,28 | 0,33% |

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Saxo Bank Group

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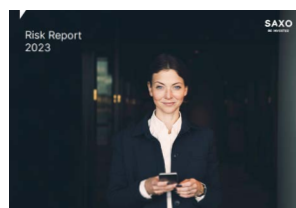
Saxo Bank A/S

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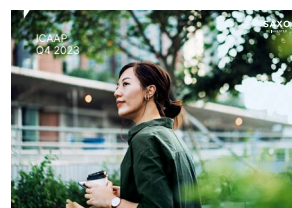
Statement and auditor's report

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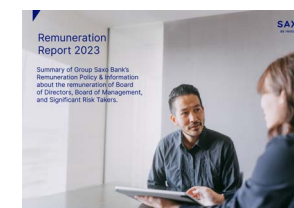
Other statutory reports



Risk report 2023
www.home.saxo/about-us/icaap-and-risk-reports



ICAAP Q4 2023
www.home.saxo/about-us/icaap-and-risk-reports



Remuneration report 2023
www.home.saxo/about-us/investor-relations

Letter from the CEO

In 2023, we have passed several key milestones. More than 1.1 million clients – curious people with opinions, dreams, and financial aspirations – now trust us with more than DKK 745 billion in client assets. This is a significant increase from less than 200k clients and DKK 113 billion in client assets just five years ago. With the continued growth of our investor clients and partners, we are focused on further diversifying revenue streams, increasing recurring revenue, and continuing to grow client assets.

Building a competitive Saxo

In 2023, we have made further progress in building a more competitive, resilient and relevant Saxo. We have lowered prices in some markets and will be rolling out more competitive and simple pricing structures for all markets in the early parts of 2024. Another important driver of our growth in client funding has been the introduction of our innovative interest rate model, where we empower clients to earn market-leading interest on their uninvested cash, free from the usual constraints, such as lock-up periods. When rates rise, our clients are the first to benefit. This is core to optimise the return for each client and create a win-win approach as foundation for our relationship with our clients and world around us.

Focus on core markets and activities

To improve our scalability, cost efficiency and focus on our core markets, we have reduced our presence in non-core markets. We have made decisions to write down certain software assets marking the finalisation of the BinckBank integration. Furthermore, we sold our 50% interest in Saxo Geely Tech Holding which has improved

our run rate as well as aided our focus on our core activities. While these decisions have impacted our financials in 2023, we do believe it is the right thing to do for both our clients and Saxo.

Strengthening our processes

In May 2023, the Danish Financial Supervisory Authority (the Danish FSA) conducted an inspection at Saxo. The inspection focused on our internal anti-money laundering processes and procedures for our financial and institutional clients and relations. We subsequently received a report with several enforcement orders relating to our processes. This is clearly not satisfactory, considering the high standards we strive to meet. It is our firm belief that prudence and a strong compliance culture are not merely regulatory requirements but the foundation and drivers of our commercial success. That is why it must be a core part of our DNA and ingrained in everything we do.

Throughout 2023, a top priority has been placed on strengthening our anti-money laundering procedures and processes. We have made significant investments, organisational changes, and extensive improvements in this area and have maintained an ongoing dialogue with the Danish FSA both during and after their inspection in 2023. This area will remain a core focus for the future as well.

SIFI designation

2023 marked Saxo Bank's appointment as a Systemically Important Financial Institution (SIFI), which is a responsibility we embrace with humility and determination. Our capital management ensures Saxo is always in a strong

capital position with significant ongoing cash generation, which supports our financial flexibility towards strategy execution. We expect to continue having a disciplined capital distribution in the future while maintaining our Standard & Poor's investment grade credit rating of at least BBB.

Thank you

Personally, I am both impressed and energised seeing our many dedicated Saxonians taking ownership with a curious and learning mindset, always thinking about how we can provide a better experience for our growing client and partner base. We will continue to build on our people and culture to excel in the future.

Looking into 2024

In 2024, we are committed to deliver on key initiatives that include the global roll-out of simpler and more competitive pricing structures, to further enhance our scalability while maintaining a high level of compliance and building out our digital client onboarding journey. The deliveries will help improve our Digital, Platform First approach, ensuring our content for clients and partners is timely, relevant, engaging and actionable. We will strive for further client satisfaction and continue our roll-out of products and services to improve our revenue generation. By growing revenues and continuously optimising and automating our processes, we will improve our profitability, and scale. After intense investments as well as integrating BinckBank fully, Saxo is now in a great place. Concluding on 2023 and looking into 2024, Saxo's business is stronger, more resilient, and better than ever positioned to deliver future long-term sustainable growth.

“Saxo is servicing more than 1.1 million clients. That's a record high and up from less than 200k clients just five years ago.”



Copenhagen, 29 February 2024

Kim Fournais
CEO and Founder

Saxo at a glance

Our story

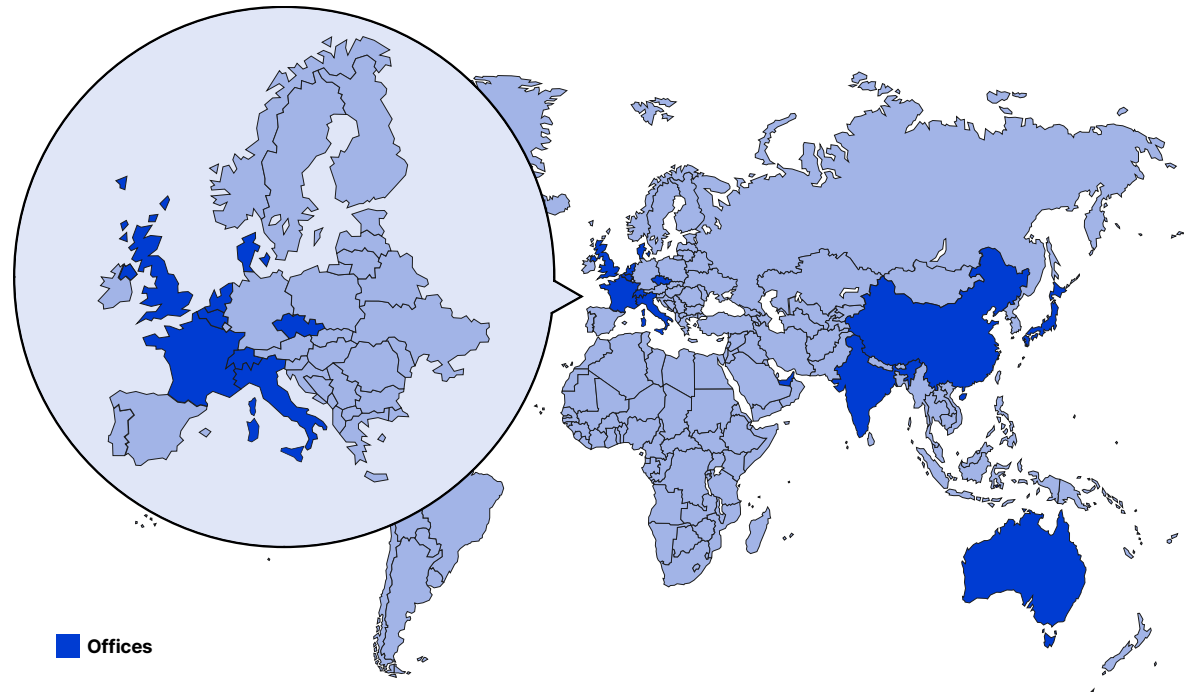
- **1992** Saxo Bank is founded
- **1998** Launched the first Saxo platform
- **2001** Partnered with first white label client
- **2006** Expanded internationally
- **2015** Launched SaxoTraderGO
- **2018** Launched SaxoInvestor and SaxoTraderPRO
- **2019** Acquisition of BinckBank
- **2022** Launched SaxoPartnerConnect
- **2023** SIFI designation and investment grade rating from S&P

1,159,000
end clients

745 DKK billion
Client assets

57 million trades
executed in 2023

More than **70,000**
tradable instruments



4,481 DKK million
Total income

653 DKK million
Adjusted net profit

2,300 employees with
68 nationalities and
71% men / **29%** women

More than **140** industry awards
for our trading platforms

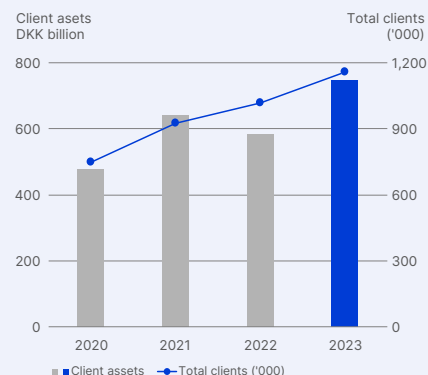
We power **490**
wholesale partners

Performance highlights

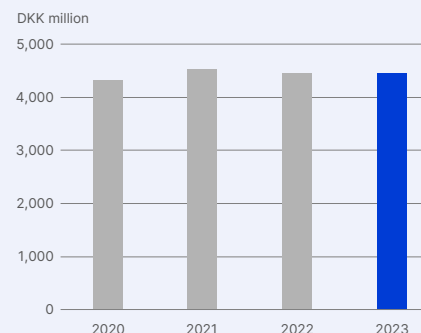
Despite challenging trading conditions and continued geopolitical tension in 2023, the Saxo Bank Group delivered an adjusted net profit ³⁾ of DKK 653 million.

- Continued uncertain macro environment and low market volatility led to lower trading and investment activity, which was offset by higher interest income
- Financial performance was impacted by implemented cost efficiencies, which led to a reduction of 152 FTEs in 2023. An impairment loss on software of DKK 400 million following the finalisation of the migration of BinckBank as well as a loss of DKK 94 million from the divestment of the 50% interest in Saxo Geely Tech Holding in order to optimise our business operations and focus on core markets and clients
- Introduction of a new client interest rate model, where Saxo Bank promptly passes on rate hikes to its clients, ensuring that they benefit from the increased interest rates automatically, and immediately
- The Saxo Bank Group continued to grow the number of end clients to a new record level of more than 1.1 million and an all time high of DKK 745 billion in client assets, positively impacted by net funding of cash and securities of DKK 74 billion in 2023
- Appointed as SIFI by the Danish FSA and received a BBB rating with a positive outlook from Standard & Poor's, highlighting the Saxo Bank Group's strong capital position and business model as well as cautious approach to Risk Management

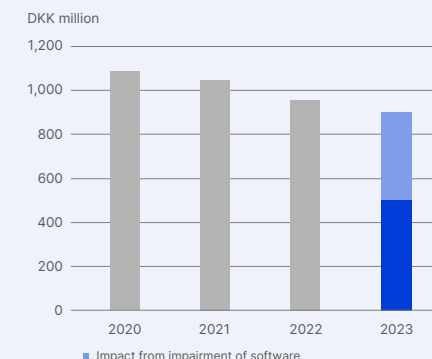
Client assets ¹⁾ 745 DKK billion
Total clients ²⁾ 1,159,000 clients



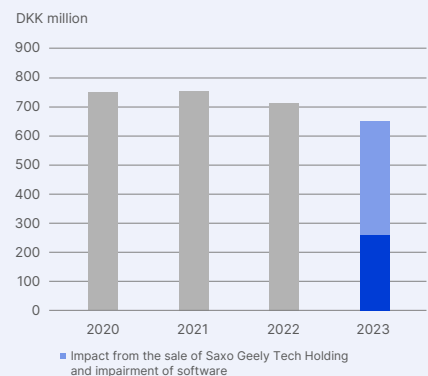
Total income ³⁾ 4,481 DKK million



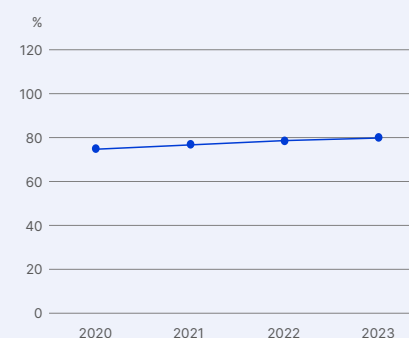
Operating profit 502 DKK million
Adj. operating profit ³⁾ 902 DKK million



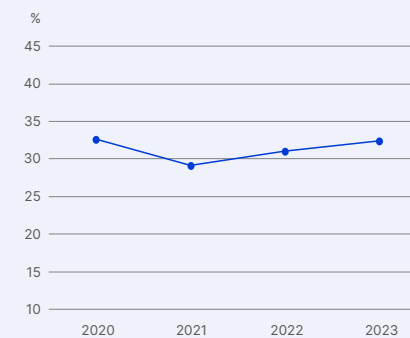
Net profit 260 DKK million
Adjusted net profit ³⁾ 653 DKK million



Adjusted cost/income ratio ³⁾ 80%



Total capital ratio 32%



¹⁾ Client assets are defined as value of client cash and value of open positions end of year for all clients.

²⁾ Clients are defined as number of active clients who have positive client assets end of year, including end clients of our institutional wholesale partners.

³⁾ These are Alternative Performance Measures. For definition, see note 10.2 in the consolidated financial statements.

5-year financial highlights

| | 2023 | 2022 | 2021 | 2020 | 2019 ¹⁾ |
|--|--------|--------|--------|--------|--------------------|
| Statement of profit or loss (DKK million) | | | | | |
| Net interest, fees and commissions | 3,308 | 2,991 | 3,213 | 3,064 | 1,974 |
| Price and exchange rate adjustments | 1,164 | 1,444 | 1,279 | 1,251 | 637 |
| Total income ²⁾ | 4,481 | 4,455 | 4,527 | 4,324 | 2,689 |
| Gain from disposal of IP rights | - | - | - | - | 638 |
| Operating expenses | -3,579 | -3,499 | -3,478 | -3,237 | -2,933 |
| Impairment of intangible assets | -400 | - | - | - | -186 |
| Acquisition and integration costs | - | - | - | - | -98 |
| Operating profit | 502 | 956 | 1,048 | 1,087 | 110 |
| Adjusted operating profit ²⁾ | 902 | 956 | 1,048 | 1,087 | -244 |
| Share of net profit/loss from joint ventures | -108 | -7 | -18 | -7 | -0 |
| Profit before tax | 395 | 949 | 1,031 | 1,080 | 109 |
| Net profit | 260 | 711 | 755 | 750 | 40 |
| Adjusted net profit ²⁾ | 653 | 711 | 755 | 750 | -200 |
| Statement of financial position (DKK million) | | | | | |
| Loans and other receivables at amortised cost | 3,217 | 4,258 | 5,471 | 4,811 | 9,883 |
| Deposits | 70,108 | 69,702 | 68,577 | 60,197 | 59,311 |
| Subordinated debt | 752 | 729 | 770 | 776 | 1,140 |
| Total equity | 6,366 | 7,118 | 7,183 | 7,401 | 7,082 |
| Total assets | 89,381 | 90,448 | 91,122 | 78,784 | 74,930 |
| Acquisition of intangible assets | 508 | 565 | 710 | 561 | 566 |

| | 2023 | 2022 | 2021 | 2020 | 2019 ¹⁾ |
|--|--------|--------|--------|--------|--------------------|
| Employees | | | | | |
| Number of full-time equivalent staff (end of year) | 2,332 | 2,484 | 2,473 | 2,214 | 2,113 |
| Hereof employed in India | 983 | 1,028 | 967 | 718 | 624 |
| Clients | | | | | |
| Total clients (Number of end clients ('000)) ³⁾ | 1,159 | 1,018 | 926 | 749 | 561 |
| Client assets (DKK billion) | 745 | 584 | 640 | 478 | 384 |
| Hereof assets under management (DKK billion) | 8 | 8 | 12 | 9 | 8 |
| Trades (Number of trades (million)) | 57 | 69 | 63 | 64 | 34 |
| Financial ratios ⁴⁾ | | | | | |
| Total capital ratio | 31.8% | 31.0% | 29.1% | 32.6% | 32.9% |
| Tier 1 capital ratio | 27.3% | 26.6% | 25.0% | 27.9% | 26.3% |
| Return on equity before tax | 5.9% | 13.3% | 14.1% | 14.9% | 1.7% |
| Return on equity after tax | 3.9% | 9.9% | 10.3% | 10.4% | 0.6% |
| Adjusted return on equity after tax ²⁾ | 9.7% | 9.9% | 10.3% | 10.4% | -3.2% |
| Cost/income ratio ²⁾ | 91.0% | 78.7% | 77.1% | 75.0% | 96.7% |
| Adjusted cost/income ratio ²⁾ | 79.9% | 78.5% | 76.8% | 74.9% | 109.1% |
| Loans and other receivables proportional to total equity | 0.51 | 0.60 | 0.76 | 0.65 | 1.40 |
| Liquidity coverage ratio | 326.4% | 272.0% | 252.7% | 324.1% | 450.1% |
| Sum of large exposures/CET1 capital | 51.6% | 23.2% | 29.0% | 22.3% | 28.3% |

¹⁾ Key figures and ratios are impacted by acquisition of BinckBank N.V. from August 2019.

²⁾ These measures are Alternative Performance Measures. For definition, see note 10.2 in the consolidated financial statements.

³⁾ Clients are defined as number of active clients who have positive client assets end of year, including end clients of our institutional wholesale partners.

⁴⁾ For definitions, see note 10.2 in the consolidated financial statements.

Key events of the year 2023



January 2023
Market-based electricity emission
 We purchased Renewable Energy Certificates for our four largest offices (Denmark, the Netherlands, India and Singapore) to offset our market-based electricity emissions to zero for these locations.



April 2023
Received BBB rating
 Saxo Bank A/S received a BBB rating with a positive outlook from Standard & Poor's, highlighting the Group's strong capital position and business model.



June 2023
SIFI
 The Danish FSA appointed Saxo Bank A/S as a Systemically Important Financial Institution (SIFI).



September 2023
Collaboration with AUSIEX on International Trading Solution
 AUSIEX, a significant wholesale trading platform, joined forces with Saxo to roll out an integrated international trading platform tailored for financial advisors in Australia.



December 2023
Launch of funds offering in the UK
 The offering allows UK investors to trade the full width of the investment spectrum from short-term instruments like options to funds.

| JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER |
|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|
|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|

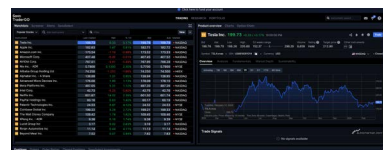
February 2023
New interest rate model
 Starting from February, Saxo introduced a new interest rate model, where we promptly pass on rate hikes to our clients ensuring that they benefit from the increased interest rates automatically and immediately.



June 2023
Divestment of interest in Saxo Geely Tech Holding
 In order to optimise our business operations and focus on core markets and clients, we divested our 50% interest in Saxo Geely Tech Holding.



September 2023
Partnership with Mastercard AiiA
 In collaboration with Mastercard AiiA, Saxo has pioneered open banking payments within our investment platforms, streamlining the process for clients to seamlessly transfer funds into their investment accounts.



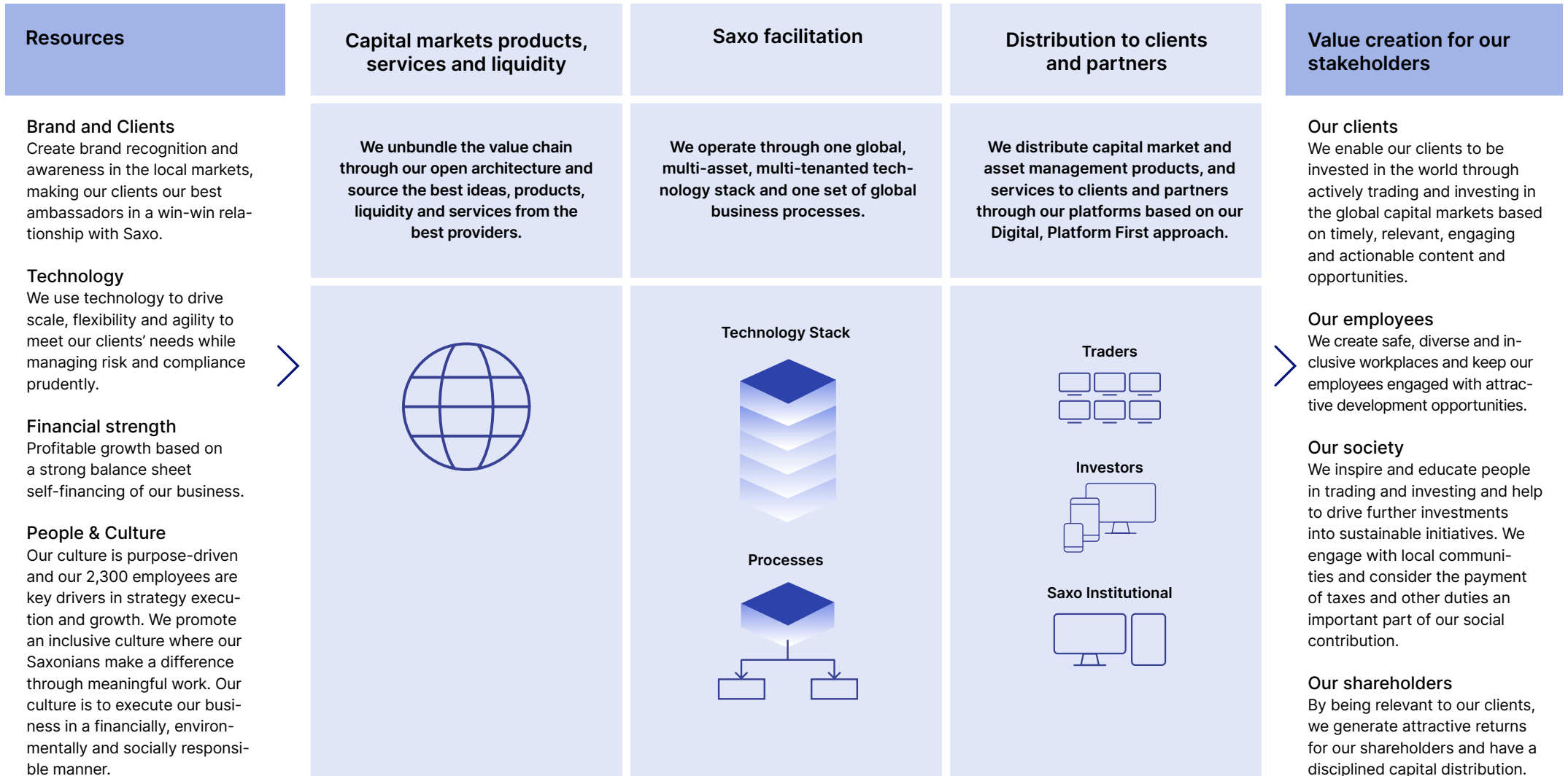
September 2023
Launch of Forex trading to Dutch traders
 We responded to the evolving demands of our Dutch clients by launching Forex trading in the Netherlands, enhancing our product spectrum, and solidifying our footprint in the Dutch market.



Our business model and strategy

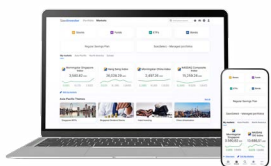


Our business model and how we create value

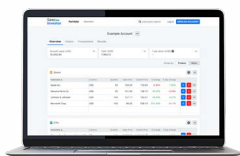


Servicing our clients and partners

Our range of platforms, financial products and services cater to our clients and partners across no to little investing experience to professional trading experience, low to high risk tolerance levels, and short to long-term horizons. Based on our Digital, Platform First approach, the platforms are designed to support all client needs, including diversifying and risk managing a multi-asset class portfolio. Our aim is to ensure everything we offer to clients and partners is available digitally on our platforms.



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



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



SaxoTraderGO our more advanced platform that on top of what is available on SaxoInvestor also 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

Products and Services

| | | | | | | | | | | | | | |
|------------------------------|------------------|-------|--------------|-----------------------|--------|----------------------|---------------------|--------------------|-------------------------|---------|------------|-----------|------------------|
| Multi currency cash accounts | Asset Management | Bonds | Mutual Funds | Exchange Traded Funds | Stocks | Securities financing | Structured products | FX Spot & Forwards | Contract-for-difference | Options | FX options | Crypto FX | Contract futures |
| Cash | AM | BO | MF | ETF | EQ | SF | SP | FX | CFD | LO | FXO | CFX | FU |

Our strategy

Saxo's purpose is to Get Curious People Invested in the World, and it starts with our clients. At Saxo, we believe when people invest, they unlock a new curiosity for the world around them to learn, explore, and ask questions, which we believe at the end will help our clients grow their savings and assets. Fulfilling the need for every person to save and invest efficiently into the capital markets is what we do. When people are invested, they get more curious on the world and how they can make an impact.

Our strategy is based on always fulfilling our clients' needs. Embedded in everything we do, we focus relentlessly on client satisfaction which we measure systematically through NPS and micro surveys to constantly improve.

Our clients and partners

We serve three business areas which are traders, investors and Saxo Institutional. The complementarity of meeting the needs of each business area is evidenced by our diversified revenue streams. For each area, we have identified a set of personas that enable us to deliver a tailored Saxo experience. The characteristics of the personas drive how we communicate and engage with our clients, ensuring we follow the communication principle of always being timely, relevant, engaging and actionable.

The path forward for Saxo is to gain scale. To achieve this, we plan to continue our trajectory towards becoming more relevant for traders, expand our reach to more investors in selected markets, and further strengthen our Saxo Institutional business, all while we manage risk and compliance prudently. Sustainability is a vital part of our offering and our way of conducting business, and we will further strengthen this, continuing to enable our clients to invest responsibly and embed environmental consciousness across our operation.

Our platforms, products and services

We sell multi-asset platforms and services to our clients and partners based on our Digital, Platform First approach, built with our clients' and partners' needs in mind. Our aim is to ensure everything we offer is intuitive and easily accessible in our platforms. That goes for all products and services, market and educational content, tools to build and risk manage portfolios, services like margin and stock lending, and reporting.

Focus on core markets and strengthening of processes

In Saxo, we believe being close to the clients and partners requires agility, and a constant commitment to improve how we satisfy their needs. We continue to grow our footprint in the markets where we have significant presence and reduce our footprint outside of those markets. Whether we like it or not, the geopolitical risks are present and is a factor we need to manage prudently. Focusing our business in selected markets will help us both grow and de-risk, which will yield a higher overall quality in our income, while also making our business more resilient.

We will furthermore continue to strengthening our procedures and processes within the anti-money laundering area on top of the significant investments and extensive improvements done in 2023. This will together with enhanced focus on core markets remain a top priority going forward.

Building a competitive Saxo

To build further scale in our focus markets, attract new clients and grow our client assets, we have introduced a new interest rate model without the usual lock-ups, and Saxo offers some of the highest interest rates in the industry. We believe it is the best way to gain a long-term competitive advantage, and deliver on our clients' needs. To further strengthen our competitive position, we are lowering prices across many products in 2024 which again will drive more flow and a larger share of wallet from our clients and partners.

Understanding and meeting clients' needs is both our point of departure and continued focus. We call it "the phase of constant improvement", as we meticulously work to improve our clients' experience with Saxo. While we develop and track client journeys locally in our offices, we build and run our technology and processes centrally to ensure scale, agility and compliance globally.

Our technology

The technology that allows us to execute our strategy in a scalable and prudent way is the foundation of Saxo. We have built a flexible, agile and scalable technology infrastructure, that enables us to operate more efficiently and reduce our time to market.

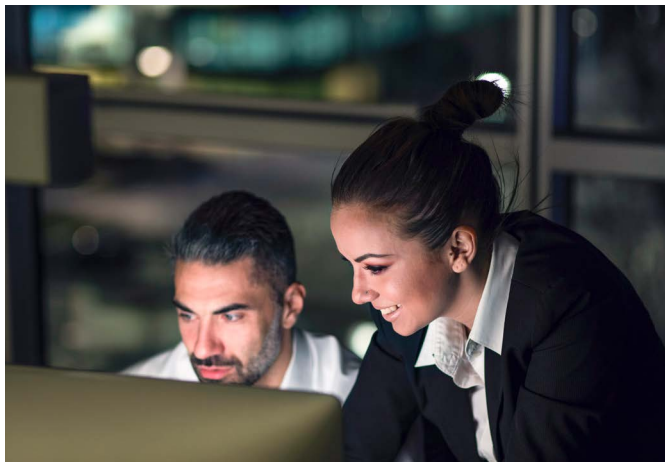
Our people and culture

Our people and culture are a natural and integral part of our strategy, and a key ingredient for our success. We strive to have a workplace culture that fosters diversity in our people, inclusion in our culture, and equality in our approach to generate value for all of Saxo's stakeholders and Saxo. It is our ambition to drive organisational performance and agility through three simple principles: pursue win-win, apply common sense and take ownership.

Unique position for future growth

With our strategy, including the quality of our platforms and breadth of our products and services coupled with globally leading competitive prices and focus on core markets, Saxo is well positioned for future growth and delivering on our promises to our clients and partners and adding value to all our stakeholders and people.

> Traders



Total income **1,724** DKK million Client assets **33** DKK billion

Strategic ambition

Focus on experienced and professional traders to grow market share as an international, leading provider of advanced online trading platforms, products and services.

Progress 2023

- Launched pre and post market access functionality in markets such as Australia, Hong Kong, Singapore, Japan, Italy and the UK
- Launched Forex trading to the Dutch market, offering a competitive edge in the local market
- Expanded FX options offering with several next generation features such as FX option strategy trade ticket and FX portfolio based margin
- Enabled new pre-trade feature in the SaxoTraderPRO options chain such as Probability Envelope Chart, Implied Volatility Smiles and 3D Volatility Chart

Investors



Total income **1,399** DKK million Client assets **270** DKK billion

Strategic ambition

Become the preferred provider for the active investor, buy and hold investor and delegator in selected geographies.

Progress 2023

- Extended the securities lending offering in Denmark, Hong Kong, CEE and MENA region
- Introduced our innovative interest model that enables clients to receive high interest rates on their cash deposits in DKK, EUR and USD
- Launched a new mobile design for the investor platform enhancing the client usability
- Incorporated a new instant funding channel powered by Mastercard AiiA, allowing clients to receive their deposits within minutes
- Launched funds offering in the UK allowing UK investors to access more than 6,000 global funds from top fund managers

Saxo Institutional



Total income **1,331** DKK million Client assets **434** DKK billion

Strategic ambition

Institutional wholesale

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

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

Progress 2023

- Went live with all the 12 Danish banks under the SDC white label partnership
- Saxo Australia secured its largest institutional deal with leading Australian wholesale trading platform AUSIEX
- Hosted the Saxo partner conference in October 2023 bringing more than 100 partners together in Saxo HQ showcasing our newest technology
- Signed a white label partnership with the fourth largest bank in Portugal to go live in Q1 2024

Traders

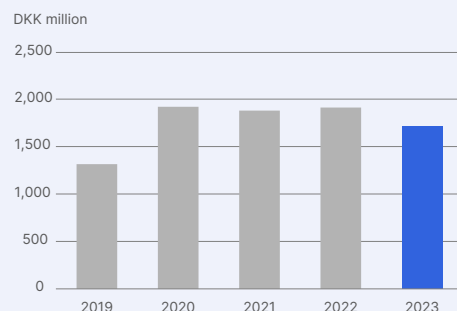
The number of trader clients was 33,000 at 31 December 2023 with client assets of DKK 33 billion compared to 38,000 trader clients at 31 December 2022 and client assets of DKK 30 billion.

The uncertain macroeconomic environment with rising inflation and low volatility in financial markets led to lower trading activity, which resulted in total income of DKK 1,724 million in 2023 compared to DKK 1,913 million in 2022 corresponding to a decrease of 10%.

Recurring income in the trader area ended at 47% in 2023 compared to 38% in 2022, mainly due to lower transactional income. This was partly offset by higher interest earnings following the higher interest environment, despite clients having reduced the average overnight exposures on CFDs in 2023.

Geographically, Rest of Europe constituted a higher share of total income in 2023 as our offices in Czech Republic and France experienced positive growth during the year, while all other offices performed in line with or below last year.

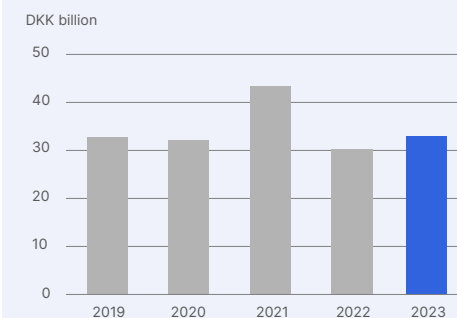
Total income ¹⁾



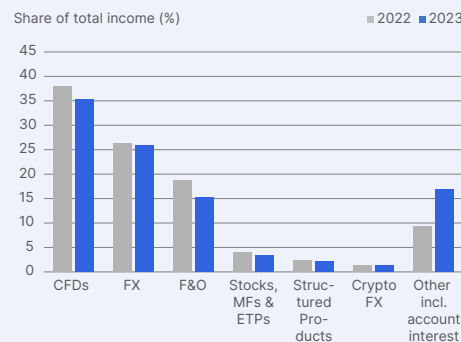
Total clients



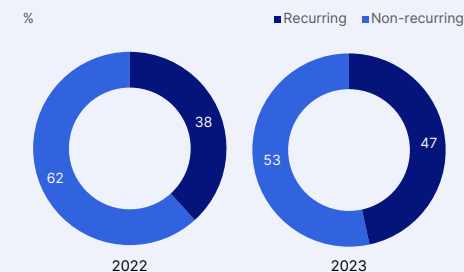
Client assets



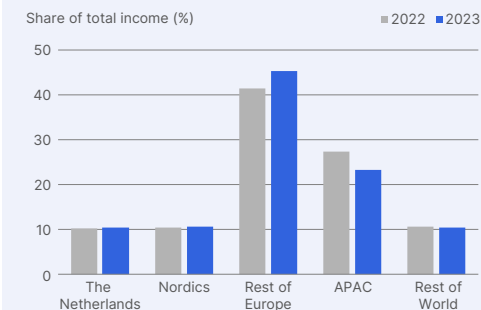
Products and Services



Split of total income



Geography



¹⁾ Total income is an Alternative Performance Measure. For definition, see note 10.2 in the consolidated financial statements.

Investors

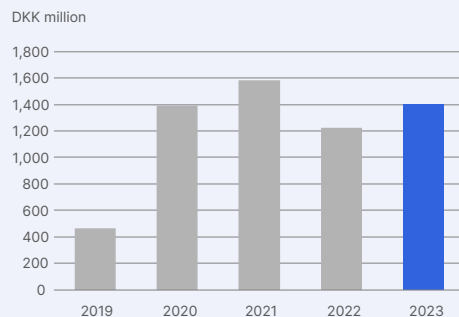
The number of investor clients remained stable at 424,000 with client assets growing to DKK 270 billion at 31 December 2023 compared to DKK 234 billion at 31 December 2022. The increase in client assets was mainly driven by the positive development in the global equity market.

The market activity in 2023 was influenced by continued high macroeconomic uncertainty, low volatility in the equity markets as well as a higher interest rate environment. This led to lower investing activity within the client base.

Total income increased by 14% to DKK 1,399 million as the lower transactional revenue was more than offset by higher interest earnings. The change in income composition resulted in a recurring income share of 61% in 2023 compared to 46% in 2022.

The lower investing activity impacted the revenue composition with decreased share of income from stocks, CFDs and FX products compared to an increased share of interest earnings.

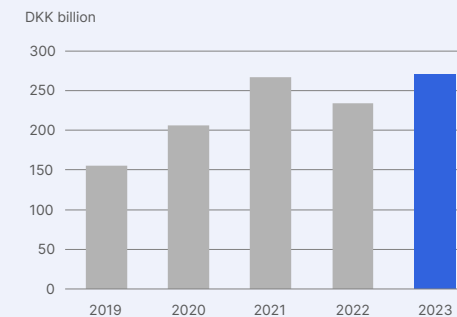
Total income ¹⁾



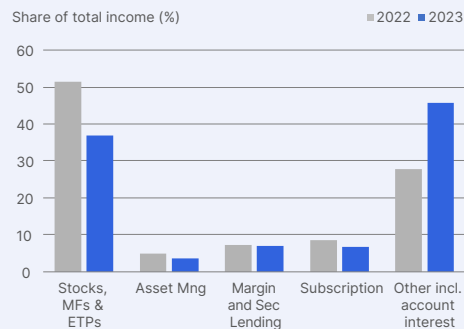
Total clients



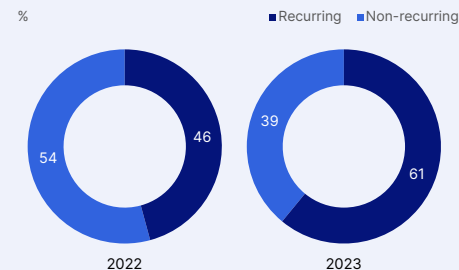
Client assets



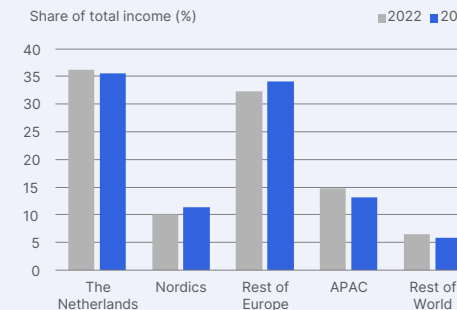
Products and Services



Split of total income



Geography



¹⁾ Total income is an Alternative Performance Measure. For definition, see note 10.2 in the consolidated financial statements.

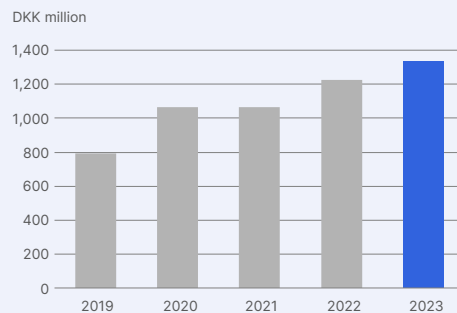
Saxo Institutional

The number of Saxo Institutional clients increased by 37% and reached a new high of 613,000 end clients at 31 December 2023. The growth in number of clients was a result of the onboarding of new strategic partners, including the 12 Danish banks under the SDC white label partnership as well as the continued onboarding of new end clients from existing partners. Client Assets increased by 38% during 2023 and ended the year at DKK 434 billion.

Total income increased by 8% to DKK 1,331 million in 2023. Trading conditions impacted the revenue composition causing an increased share of revenue from interest earnings. Furthermore, bonds were more attractive in 2023 driving increased income compared to 2022. The change in product mix further increased the recurring income share to 56% in 2023 compared to 40% in 2022.

The institutional business area consists of both institutional wholesale partners and institutional direct clients. While the institutional direct client was facing the same challenges as the trader business area causing a small decrease in income from 2022 to 2023, the income from the institutional wholesale area increased by 12% in the same period.

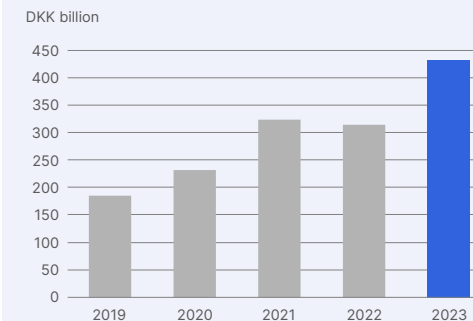
Total income ¹⁾



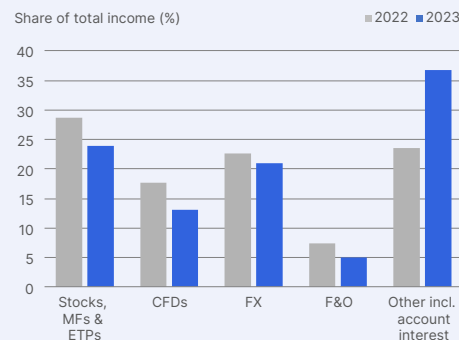
Total clients



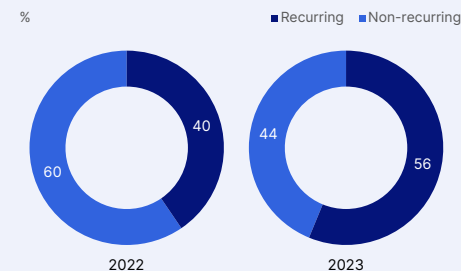
Client assets



Products and Services



Split of total income



¹⁾ Total income is an Alternative Performance Measure. For definition, see note 10.2 in the consolidated financial statements.

Our key business risks

The Saxo Bank Group 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 the Saxo Bank Group's risk appetite.

The Saxo Bank Group strives to be observant and responsive to changes in the external environment, but may be subject to external events beyond its control such as political or central bank interventions, macro events or changes in technology.

The conflict in the Middle East and the on-going war between Russia and Ukraine led to continued high geopolitical uncertainty and instability during 2023. The Group operates with an international presence in Europe, MENA and APAC regions and is exposed to events beyond its core markets. The inflationary environment through-out 2023 continued to cause financial uncertainty, however, while geopolitical and macroeconomic events may impact the Group's operations, such events can also cause volatility on financial markets which can increase the earnings of the Group, as clients trade more during times of high volatility.

Nevertheless, uncertain or unfavourable macroeconomic or geopolitical conditions can impact the Group's operations negatively or cause demand for the Saxo Bank Group's products and services to decline or lead to changes in client behaviour. Risk factors which could adversely affect the Saxo Bank Group's future financial position and results are described in the following.

| Non-financial risks | | | |
|--|---|--|---|
| Operational risk | Financial crime risk | Regulatory risk | Technology, information and cyber risk |
| The Group is subject to the risk of incurring losses and damages to its reputation caused by people, processes, systems, and external factors. This includes third-party risk. | Like other financial institutions, the Group is exposed to financial crime risks, including Anti-Money Laundering (AML) risk, risk of international sanctions breaches, and tax evasion risk. | As part of the regulated financial industry, the Group is subject to financial regulation and is dependent on preserving its license. | Technology, information and cyber risks are inherent in the Group's Digital, Platform First business model, as the Group is dependent on the availability of its trading platforms. |
| <p>⚠ Risk drivers</p> <p>The external threat environment can impact the Group's operations and vendors (supply chain risk).</p> | <p>⚠ Risk drivers</p> <p>The Group's Digital Platform First service model increases the complexity of ensuring adequate Know Your Customer (KYC) processes.</p> | <p>⚠ Risk drivers</p> <p>Failing to comply with applicable regulation.</p> | <p>⚠ Risk drivers</p> <p>The geopolitical situation influences the level of cyber security threats.</p> |
| <p>✔ Mitigation</p> <ul style="list-style-type: none"> The Group has established a framework for the management of operational risks, which includes regular risk assessments and the mitigation of any risks that exceed the approved risk appetite The Group conducts proactive risk assessments of all its vendors and outsourcing providers | <p>✔ Mitigation</p> <ul style="list-style-type: none"> As part of mitigating financial crime risk, the Group restricts third-party payments The Group conducts regular AML monitoring and sanctions screening The Group has established a framework for the management of financial crime risks, which includes regular risk assessments and the mitigation of risks that exceed the approved risk appetite | <p>✔ Mitigation</p> <ul style="list-style-type: none"> The Group conducts self-assessments against applicable regulation and monitors upcoming regulatory changes The Group manages risks of regulatory breaches through its framework for non-financial risks, which includes regular risk assessments and the mitigation of any risks that exceed the risk appetite | <p>✔ Mitigation</p> <ul style="list-style-type: none"> The Group has invested significant resources in the establishment of a best-in-class cyber resilience setup and framework The Group has established a framework for the management of technology, information and cyber risks, which includes regular risk assessments and the mitigation of any risks that exceed the approved risk appetite |

| Financial risks | | | | |
|--|--|--|--|--|
| Capital risk | Credit risk & counterparty credit risk | IRRBB (Interest Rate Risk in the Banking Book) | Liquidity risk | Market risk |
| Saxo Bank A/S is licensed as a credit institution in Denmark and is subject to EU and national capital requirements. | When investing its liquidity surplus and facilitating client trading, the Group is exposed to credit risks on bond issuers and against prime brokers and partner banks and from market price gaps. | The Group invests its liquidity surplus in covered- and government bonds in the banking book as hold-to-maturity. | When receiving client funds, investing the liquidity buffer and facilitating client trading, the Group is exposed to liquidity risk. | As a facilitator, the Group only incurs limited market risk when hedging client trades and as a result of receiving client funds in different currencies. |
| <p>⚠ Risk drivers</p> <p>Other risk types such as credit and market risks and operating losses which can materialise into capital risk.</p> | <p>⚠ Risk drivers</p> <p>Credit events related to bond issuers and other credit institutions. Rare and unpredictable market price gap events in financial markets.</p> | <p>⚠ Risk drivers</p> <p>Changes in market interest rates</p> | <p>⚠ Risk drivers</p> <p>Traditional drivers of liquidity risk can be bank runs where clients withdraw funds quickly. Market price gap events may also cause client collateral to be insufficient to cover margin requirements thus causing a liquidity event.</p> | <p>⚠ Risk drivers</p> <p>Changes in market rates such as interest rates and foreign exchange rates.</p> |
| <p>✔ Mitigation</p> <ul style="list-style-type: none"> The Group has a very strong capital position with capital far in excess of legal minimum requirements The Group uses capital planning, forecasting and reporting in its capital management The Group has a capital contingency plan in place and uses early warning indicators to warn against low levels of capital The Group has a minimum capital buffer in excess of regulatory minimum requirements | <p>✔ Mitigation</p> <ul style="list-style-type: none"> The Group places a large part of its liquidity surplus with central banks and in highly rated government and mortgage bonds The Group works with large international financial institutions many of which are Systemically Important Financial Institution (SIFI) or Global SIFIs The Group performs timely monitoring and reporting of credit risk The Group uses margin as collateral for future price variations and stop-out procedures if margin levels become insufficient | <p>✔ Mitigation</p> <ul style="list-style-type: none"> The Group invests in relatively short-term bonds to match the duration of received deposits The Group performs close monitoring and reporting of positions in the Banking Book and allocates capital to deviations between fair value and amortised cost values The Group swaps fixed interest rate to variable and attempts to match rates on client deposits with matching assets | <p>✔ Mitigation</p> <ul style="list-style-type: none"> The Group places a large part of its liquidity surplus with central banks and in relatively short-term and highly rated government and mortgage bonds The Group monitors liquidity risk closely within the day and reports liquidity to management on a daily basis. | <p>✔ Mitigation</p> <ul style="list-style-type: none"> The Group has defined low net exposure limits for market risk in its Risk Appetite Statement and Market Risk Policy and has no proprietary trading positions The Group actively hedges its market risk and currency risk to a minimum and has very low net exposures on the market risk area |

Outlook

Financial outlook 2024

The 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.

Going into 2024, the macro environment remains uncertain which is expected to influence the trading activity among our clients. However, the positive momentum seen in the global equity markets during 2023 and beginning signs of a stabilised interest rate and inflation level could change the risk sentiment, especially among our investor clients. Furthermore, the positive development in net interest income is expected to continue in 2024.

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 as well as focusing on core markets. In January 2024, the Saxo Bank Group announced significant price cuts across global markets to improve the competitiveness and further empower investors to make more of their returns. In the short term, this is expected to negatively impact revenues for 2024, but also attract new clients to the Saxo offering and hence grow the number of total clients.

On the cost side, we seek to ensure that the cost base is lowered compared to 2023 adjusted for the impairment of software as efficiency savings are expected to offset the inflationary pressure.

Given the short-term impact from the new global pricing and that the market conditions for 2024 remain uncertain with regards to volatility, inflation, and changes to central bank statements on financial markets, the Saxo Bank Group expects net profit in the range of DKK 850-1,000 million in 2024.

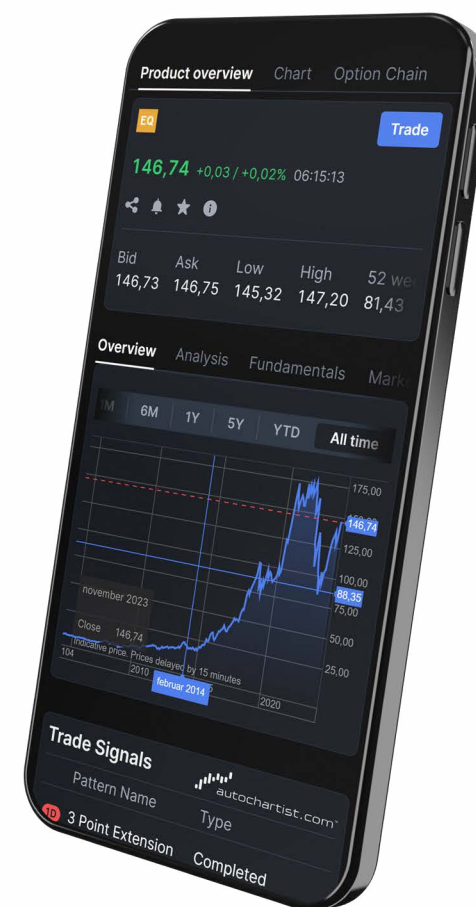
2023 performance versus outlook

The adjusted net profit for 2023 of DKK 653 million ended in the low end of our half-year guidance of DKK 650-800 million. The adjusted net profit of DKK 653 million excluded impairment of software of DKK 299 million, net of tax and the loss of DKK 94 million from the divestment of the joint venture Saxo Geely Tech Holding A/S.

| DKK million | Outlook | | Performance 2023 ¹⁾ |
|-------------|--------------------|---------------------|--------------------------------|
| | Annual Report 2022 | Interim Report 2023 | |
| Net profit | 650-800 | 650-800 | 653 |

¹⁾ Net profit of DKK 260 million adjusted for impairment of software, net of tax of DKK 299 million and loss from the divestment of Saxo Geely Tech Holding A/S of DKK 94 million.

| DKK million | 2024 |
|---------------------|-----------|
| Expected net profit | 850-1,000 |



Our performance



Financial review

In 2023, the Saxo Bank Group realised a net profit of DKK 653 million when adjusting for impairment of software, net of tax of DKK 299 million and loss of DKK 94 million from the divestment of the joint venture Saxo Geely Tech Holding A/S. Taking into account the difficult trading conditions, the result is considered acceptable and in the low end of our guidance.

The Saxo Bank Group realised an adjusted net profit of DKK 653 million in an uncertain macroeconomic environment. Rising inflation and low volatility in financial markets resulted in lower trading and investing activity compared to 2022, while the higher interest rates had a positive impact on the financial performance for 2023. Despite decreasing trading and investing activity, the net inflow of new clients continued in 2023, resulting in more than 1.1 million end clients and record high client assets of DKK 745 billion by the end of December 2023, including positive net funding from clients of DKK 74 billion.

Statement of profit or loss

| DKK million | 2023 | 2022 |
|---|--------------|--------------|
| Net interest, fees and commissions | 3,308 | 2,991 |
| Price and exchange rate adjustments | 1,164 | 1,444 |
| Total income | 4,481 | 4,455 |
| Staff costs and admin. expenses | -2,877 | -2,839 |
| Amortisation, depreciation and impairment | -1,079 | -620 |
| Share of net loss from joint ventures | -108 | -7 |
| Profit before tax | 395 | 949 |
| Net profit | 260 | 711 |
| Adjusted net profit¹⁾ | 653 | 711 |

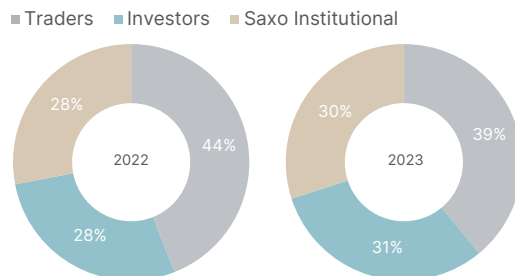
¹⁾ Net profit of DKK 260 million adjusted for impairment of software, net of tax of DKK 299 million and loss from the divestment of Saxo Geely Tech Holding A/S of DKK 94 million.

Net interest, fees and commissions increased to DKK 3,308 million (2022: DKK 2,991 million) as a result of higher net interest income from the liquidity and the bond portfolio but also impacted by the introduction of a new client interest rate model with a larger sharing of interest rates with the clients. The positive impact from the increased interest rates was partly offset by lower net fee and commission income following the difficult trading conditions and low financial market volatility.

Price and exchange rate adjustments amounted to an income of DKK 1,164 million for 2023 (2022: DKK 1,444 million), a decrease predominantly driven by lower exchange-rate revenue from trading in international stocks and lower trading in FX products compared to 2022.

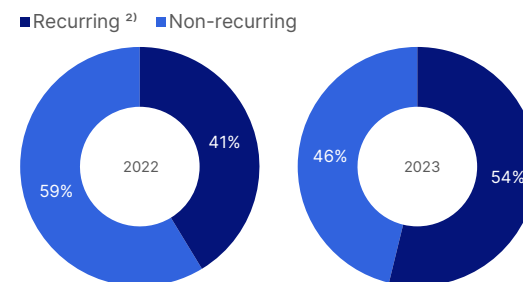
Total income increased slightly to DKK 4,481 million for 2023 (2022: DKK 4,455 million) and continued to diversify among our business areas with trader clients accounting for 39%, investor clients 31% and Saxo Institutional 30%. The increase in total income was driven by the investor and Saxo Institutional business areas that benefitted the most from the increase in interest income. In 2023, traders experienced a decrease in total income mainly driven by reduced client activity across margin products following the increase in interest rates and the low market volatility.

Split of total income by business areas



The above development also led to an increase in the share of recurring revenue, which in 2023 accounted for 54% compared to 41% in 2022.

Split of total income (recurring vs. non-recurring)



²⁾ Recurring revenue constitutes income deriving from clients' cash and asset positions as opposed to transaction driven income, which is classified as non-recurring revenue.

Staff cost and administrative expenses amounted to DKK 2,877 million in 2023 and were stable compared to 2022. The costs were affected by consultancy and termination costs related to implemented efficiency savings, which has led to a reduction of 152 FTEs to 2,332 FTEs by the end of 2023.

Amortisation, depreciation and impairment increased to DKK 1,079 million in 2023 (2022: DKK 620 million) due to an impairment of DKK 400 million related to software assets. The impairment loss was identified following the finalisation of the migration of Binck-Bank highlighting the importance of one global technology stack. Further, the pace of digital development, including the continuous and agile introduction of new features on the trading platform has made it more difficult to evidence the direct economic benefits from some functionalities.

Due to stable development in both total income and cost levels, the **adjusted cost/income ratio** ended at 80% for 2023.

In order to optimise our business operations and focus on core markets and clients, Saxo Bank A/S in June 2023 divested its 50% interest in Saxo Geely Tech Holding A/S, including loan notes to Geely Financials Denmark A/S and received a corresponding amount of Saxo Bank A/S shares in return. The divestment resulted in a loss of DKK 94 million recognised in **Share of net profit/loss from joint ventures**.

- With the sale of Saxo Geely Tech Holding A/S, the ownership structure of Saxo Bank A/S is Geely Financial Denmark 49.88%, Fournais Holding 28.09%, Sampo 19.83% and other minority shareholders.

The **effective tax rate** increased to 34.2% in 2023 compared to 25.1% in 2022, primarily due to non-deductible loss from the divestment of the 50% interest in Saxo Geely Tech Holding A/S.

Financial result in second half of 2023

Total income in the second half of 2023 was DKK 2,239 million compared to DKK 2,242 million in the first half of 2023. As second half of 2023 was negatively impacted by impairment of software, consultancy and termination costs related to implemented efficiency savings, total operating expenses increased to DKK 2,256 million in the second half of 2023 compared to DKK 1,722 million in the first half of 2023. This resulted in a net loss in the second half of 2023 of DKK 22 million compared to a net profit of DKK 282 million in the first half of 2023.

Statement of financial position

| DKK million | 2023 | 2022 |
|---|--------|--------|
| Cash in hand and demand deposits with central banks | 38,766 | 20,595 |
| Bonds at amortised cost | 23,883 | 45,295 |
| Loans and other receivables at amortised cost | 3,217 | 4,258 |
| Total assets | 89,381 | 90,448 |
| Deposits | 70,108 | 69,702 |
| Shareholders' equity | 5,907 | 6,656 |

The continued positive 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 39 billion as of 31 December 2023 compared to DKK 21 billion at 31 December 2022. The increase in cash in hand and demand deposits with central banks was besides client depos-

its also impacted by a reduction of the bond portfolio to enhance the liquidity position of the Group. This was done after increased liquidity market turmoil in March 2023. **Bonds at amortised cost** amounted to DKK 24 billion as of 31 December 2023 compared to DKK 45 billion at 31 December 2022.

Loans and other receivables at amortised cost amounted to DKK 3 billion as of 31 December 2023 compared to DKK 4 billion at 31 December 2022 and primarily relates to the Margin Lending offering.

Total shareholders' equity amounted to DKK 5.9 billion as of 31 December 2023 compared to DKK 6.7 billion as of 31 December 2022. Total shareholders' equity was affected by the net profit for 2023 of DKK 260 million, paid dividend for 2022 of DKK 411 million, paid interim dividend of DKK 300 million in December 2023 as well as received treasury shares of DKK 300 million from the sale of the 50% interest in Saxo Geely Tech Holding A/S.

In December 2023, the share capital of Saxo Bank A/S was reduced by a nominal amount of DKK 1,513,550 to a nominal amount of DKK 73,693,899 by cancelling shares held by Saxo Bank A/S. The capital reduction was registered in the Danish Commerce and Companies Agency on 2 January 2024.

Danish FSA inspection

In May 2023, the Danish FSA conducted an inspection at Saxo Bank A/S. The inspection focused on the anti-money laundering framework related to white label partners and financial clients within the institutional business area. In addition, the inspection also concerned internal controls and Saxo Bank's compliance function. In February 2024, Saxo Bank A/S has received 12 enforcement orders. Following the inspection Saxo Bank has made significant changes and investments to strengthen anti-money laundering procedures and processes and is in dialogue with the Danish FSA on the formal follow-up and closure of the orders.

The Danish FSA's overall assessment of Saxo Bank's inherent risk of being used for anti-money laundering or terrorist financing has been lowered from high to medium-high.

Changes to the Board of Directors

Marika Frederiksson retired from her position as member of the Board of Directors. The decision was a consequence of Saxo Bank's designation as a Systemically Important Financial Institution (SIFI) that comes with limitations on the number of directorships each director may have.

Changes to the Board of Management

As of 17 January 2024, John Carmichael was appointed Chief Risk and Compliance Officer and member of the Board of Management and Executive Team. John Carmichael served as the Saxo Bank Group's Head of Internal Audit from 2008 and until his appointment as Chief Risk and Compliance Officer. This appointment aligns with our ongoing commitment to further reinforce Saxo's governance structures, risk management and compliance, following the designation as a SIFI.

Events after the reporting date

After the reporting date, there have been no events that materially affected the assessment of this annual report for 2023. See also the section regarding the Danish FSA inspection.

Capital & Liquidity

Capital

Licensed in an EU member state, Saxo Bank A/S 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 2023, the Saxo Bank Group continued to have a strong capital position with a comfortable buffer to the regulatory requirements.

| DKK million | 2023 | | 2022 | |
|-------------------------------------|-------|-------|-------|-------|
| Common equity tier 1 capital (CET1) | 3,973 | 24.5% | 4,033 | 24.0% |
| Total tier 1 capital | 4,422 | 27.3% | 4,481 | 26.6% |
| Total capital | 5,161 | 31.8% | 5,221 | 31.0% |

As of 31 December 2023, the Saxo Bank Group's Internal Capital Adequacy Assessment Process (ICAAP) resulted in a capital requirement of 11.8% of the Risk Exposure Amount (REA), equivalent to DKK 1.9 billion. As such, the CET1 buffer was DKK 2.3 billion, equivalent to 14.0% 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.

| % | 2023 | 2022 |
|----------------------|------|------|
| CET 1 buffer | 14.0 | 12.9 |
| Total capital buffer | 16.1 | 14.2 |

The total REA of the Saxo Bank Group was DKK 16.2 billion as of 31 December 2023.

Following an on-site Anti-Money Laundering (AML) inspection in 2023, the Danish FSA increased Saxo Bank's AML Pillar II add-on from DKK 25 million to DKK 150 million. This has been included in the ICAAP Q4 and annual report 2023.

The ICAAP 2023 report provides additional information on Saxo Bank A/S's and the Saxo Bank Group's total capital, including regulatory capital disclosures, REA and capital requirements.

Liquidity

As of 31 December 2023, the Saxo Bank Group had a Liquidity Coverage Ratio (LCR) of 326.4% and a Net Stable Funding Ratio (NSFR) of 342.3% 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 323.7% and 174.4%, respectively.

Rating

Saxo Bank A/S received a rating from Standard & Poor's in the first half of 2023. The BBB rating with a positive outlook highlights Saxo Bank A/S's strong capital position and business model, as well as sound approach to risk management.

| | |
|---------------------------------|-------------------|
| Saxo Bank Issuer Credit Rating: | BBB |
| Outlook: | Positive |
| Rating Agency: | Standard & Poor's |
| Rating date: | 12 April 2023 |

SIFI

Saxo Bank A/S was appointed Systemically Important Financial Institutions (SIFI) by the Danish FSA in June 2023.

As a SIFI, Saxo Bank A/S will be subject to higher capital requirements. To cover the increased MREL requirement, a senior non-preferred issuance will likely be pursued in 2024.

Saxo has received its SIFI MREL-requirement. Per 31 December 2023, Saxo covered its phased-in MREL requirement using its regulatory capital.

The SIFI MREL requirement will be phased-in during the period from 1 January 2024 to 1 January 2029.

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.

| Saxo Bank A/S | Guidance value | 2023 | 2022 |
|-----------------------------|----------------|--------|--------|
| Sum of large exposures | <175% | 36.4% | 20.8% |
| Lending growth | <20% | 4.7% | 19.3% |
| Property exposure | <25% | 26.4% | 32.4% |
| Liquidity requirement ratio | >100% | 271.9% | 169.6% |

Saxo Bank A/S has only minimal property exposure and is not engaged in lending activity towards the real estate market. Total loans and receivables in Saxo Bank A/S amounted to DKK 372 million as of 31 December 2023.

Property exposure was 26.4% as of 31 December 2023, primarily due to a loan from Saxo Bank A/S to the subsidiary Ejendomsselskabet Bygning 119 A/S amounting to DKK 183 million as of 31 December 2023 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.

Sustainability



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. In 2024, the series will expand to include the following new topics.

Women investing stories - shrinking the investing gap



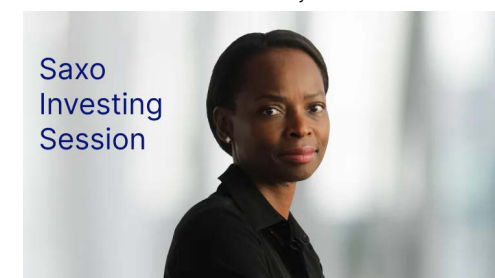
Intro to options - Part I



Advanced options - part II



ESG - how to make a difference with your investments



Using CFDs to potentially boost returns



Using FX to potentially boost returns



Using Futures to potentially boost returns



Why and how to use bonds in your portfolio



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

Sustainability

At Saxo, we are committed to demonstrate that financial success and sustainability are not mutually exclusive. We support our clients to be able to make informed investment decisions that align with both their financial objectives and their personal values for sustainability. In parallel, we strive to enhance our own operations by integrating a stronger emphasis on sustainable business practices, while making tangible progress towards our ESG ambitions. In preparation for new ESG reporting and regulatory requirements, we have also begun to utilize our approach to sustainability across various areas of our business, enabling us to make more informed adjustments to our business model and strategy.

For further details on our business model, please refer to page 9.

Our sustainability strategy is anchored on three strategic drivers:

- Enable responsible investing
- Environmental consciousness
- Future-focused business

These drivers provide clarity on the larger impact we aim to achieve, focus on where responsibility is rooted, and accountability across our organisation activities for generating sustainable value in the short, medium, and long term.

Enable responsible investing

Enable and educate clients to invest responsibly

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 this increased interest from investors, heightened regulatory scrutiny and our commitment to support clients' ambitions to align their investments with their values, we have strengthened our ESG offering in recent years. We will continue to do so to support this as one of our strategic drivers "Enable Responsible Investing".

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 rating tools to the platform.

For SaxoWealthCare, we have partnered with BlackRock and Amundi to deliver ESG-considered portfolios to our clients, and for clients seeking an even stronger ESG profile, we offer a portfolio that commits to a minimum of 80% of sustainable investments via our SaxoSelect offering in partnership with Brown Advisory.

Both SaxoWealthCare ESG-considered portfolios and SaxoSelect Brown Advisory Ethical Selection Portfolio adhere to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR), but they do not have sustainable investments as their objective and therefore do not adhere to Article 9 of SFDR. However, they strive to contribute to the positive development of society, by making use of a combination of exclusions, ESG integration and sustainability focus.

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

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.

Support to clients to invest responsibly



Saxo's strategic drivers

Enable responsible investing

Enable and educate clients to invest responsibly

We enable clients to invest in a diverse range of responsible financial products through our intuitive platform and tools.

Environmental consciousness

Powering investing, sustainably

We have the ambition to incorporate environmental consciousness into our business and are committed to being part of a more sustainable future.

Future-focused business

Pursue win-win across our operations and stakeholders

We place a strong emphasis on ethical conduct, responsible business practices and fostering an inclusive workplace.

> In 2023, we continued our “Saxo Investing Sessions” webinar series, focused on inspiring and educating clients on a range of topics from basic strategies for investing to more advanced trading approaches. Additionally, the “Saxo Market Call” has been running as a daily podcast since 2019, with a focus on providing relevant and timely information to investors to make informed investment decisions. Within 2023, the podcast hit 1.4 million downloads, and provided a clear indication that investors see Saxo as a trusted source.

Environmental consciousness

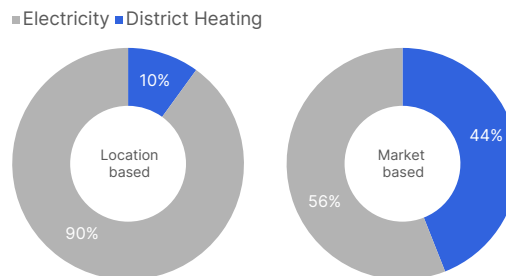
Powering investing, sustainably

We have the ambition to incorporate environmental consciousness into our business operations and are committed to be part of a more sustainable future. When assessing our operational impact on the environment, we can see the biggest risk of emissions comes from our energy use, and so it is imperative that we seek to shift towards renewable energy solutions and reduce our avoidable emissions in this area.

| | 2023 | 2022 |
|---|-------|-------|
| Emissions | | |
| CO ₂ e scope 1 - company cars (tons CO ₂ e) | 169 | 242 |
| CO ₂ e scope 2 - market based (tons CO ₂ e) | 287 | 2,494 |
| CO ₂ e scope 2 - location based (tons CO ₂ e) | 1,278 | 1,512 |
| Energy | | |
| Total electricity consumption (MWh) | 4,307 | 4,621 |
| Renewable energy (electricity) | 90% | - |

In 2023, we have reduced emissions across both scope 1 and scope 2 compared to 2022. Our approach to reducing emissions has also included various initiatives across the offices including the addition of lighting timers or sensors and guidelines on light use in off-business hours. To improve Saxo’s environmental performance, we implemented a new company car policy in December 2023, where only fully electric company cars (EVs) are available for selection.

Breakdown of scope 2 emissions 2023



Notable reductions in scope 2 emissions have been achieved in 2023 due to the purchase of local renewable electricity for our four largest consuming offices in Denmark, the Netherlands, India and Singapore. In total, we reduced our market based scope 2 emissions by 88%. We intend to continue our focus on reducing avoidable emissions and reduce our environmental footprint.

Combining environmental goals with social impact

In India, we purchased a combination of International Renewable Energy Certificates (I-RECs) and Distributed Renewable Energy Certificates (D-RECs) which allows us to support both environmental and social impact. The D-RECs contribute to solar-powered installations in off-grid rural communities, providing consistent power to schools, healthcare clinics, and other community areas. This project is managed by The Solar Village Project, a non-profit organisation dedicated to provide clean, renewable energy to underserved communities. Find out more about the Solar Village Project at www.solarvillageproject.org.

Emissions calculation methodology

Saxo employs the Greenhouse Gas Protocol Guidance methodology for converting the collected information to CO₂. Car fuel in litres of diesel and gasoline is converted to kg of CO₂ using a factor of 2.5 from the EIA and IPCC 2006 report. Due to the absence of country-specific fuel carbon contents, calculations are based on the Tier 1 approach, regardless of year and country aspects. In Denmark and the Netherlands, where district heating is employed, yearly factors in kgCO₂/GJ are obtained from the Danish Energy Agency and the initiative of the Ministry of Economic Affairs and Climate, respectively.

Electricity consumption is converted using country and year-specific emission factors from sources such as the International Energy Agency (IEA), Department of Environment, Food and Rural Affairs (DEFRA), and the European Association of Issuing Bodies (AIB).

▸ **Future-focused business**

Pursue win-win across our operations and stakeholders

Saxo's third strategic driver for sustainability, future-focused business, emphasises ethical conduct, responsible business practice, and an inclusive workplace. In 2023, the KPIs for this strategic area have been focused on diversity & inclusion and employee health & wellbeing.

Diversity and inclusion

The Saxo Bank Group is committed to fostering a diverse and inclusive workplace where all employees feel valued, respected, and empowered to contribute their best. We believe that a diverse workforce is essential to innovation, creativity, and long-term success.

The Saxo Bank Group has adopted a diversity and inclusion policy which outlines Saxo's work for diversity and inclusion across the organisation. Saxo has defined 8 principles for diversity and inclusion covering:

- Human rights
- Gender equality
- Cultural diversity
- Age equality
- Ability variation and accessibility
- Promotions, development, and retention
- Equal pay
- Discrimination, bullying and harassment

The policy also describes the target figures for the proportion of the underrepresented gender in the Board of Directors and other levels of management.

| Gender diversity | 2023 | 2022 |
|---------------------------------------|-------------|-------------|
| Board of Directors | | |
| Total number of members | 6 | 7 |
| Underrepresented gender | 17% | 29% |
| Target | 30% | 30% |
| Year of achievement of target figures | 2024 | 2024 |
| Other levels of management | | |
| Total number of members | 32 | 37 |
| Underrepresented gender | 28% | 19% |
| Target | 30% | 30% |
| Year of achievement of target figures | 2025 | 2025 |

In the beginning of 2023, the Board of Directors had a diversity of 29%. In September 2023, the Board of Directors was reduced from 7 to 6 members as Marika Frederiksson retired from her position as member of the Board of Directors. The decision was a consequence of Saxo Bank A/S's designation as a Systemically Important Financial Institution (SIFI) that comes with limitations on the number of directorships each director may have. Therefore, we didn't achieve our target for 2023. As of 31 December 2023, women accounted for 17% of our Board of Directors. More focus and a continued effort will be placed on this target in the coming year.

Women in other levels of management increased from 19% in 2022 to 28% by the end of 2023 and thereby close to our target of having 30% women in other levels of management by 2025.

The representation of women in Saxo's global workforce and women in leadership roles have increased compared to 2022.

| Representation of women | 2023 | 2022 |
|----------------------------------|-------------|-------------|
| Women in Saxo's global workforce | 29% | 27% |
| Women in leadership roles | 23% | 19% |

Potential risks for people, culture, and execution at Saxo

- Our employees and culture are essential for Saxo's success and growth. If Saxo employees are not engaged, there is an increased risk of them leaving the company
- We are pleased to see a decrease in the unmanaged attrition from 17% to 12.1%, and will continue to focus on strengthening engagement and development opportunities in Saxo as these are crucial elements for employee engagement, performance, and retention
- If our employees do not have the right or necessary competencies to perform at their best, it has a harmful impact on our business, clients, and brand

Employee Engagement Survey

We are proud to have achieved a 94% participation rate in our 2023 Employee Engagement Survey (EES). Our HiPO score of 73% indicates a strong overall performance despite a one-point drop from the previous year. Every year, areas of improvement based on the EES results for the Saxo Bank Group are identified. In 2023, we chose to focus on improving the following areas:

- Improve our shared clarity, focus and accountability for Saxo's strategic direction
- Further strengthen and build a culture that promotes inclusivity, through enhanced awareness, behaviours and trainings across Saxo
- Enhance engagement and collaboration between senior leadership and the rest of the organization

To support these improvement areas, we have developed a variety of in-person and digital learning opportunities. By being part of these learning sessions and utilizing their supporting materials, our leaders can better mitigate for the risks we have identified in connection to our people, culture, and execution. Additionally, leaders are better equipped to facilitate meaningful employee engagement sessions and strategy implementation workshops.

To ensure we are fostering a culture of constant learning and improvement, we have increased focus on employee development through our Fit-for-Future process and governance. We are offering learning sessions for leaders on how to facilitate effective Fit-for-Future conversations while creating a strong link between strate-

▸ gy, team priorities and individual objectives. The aim for our Fit-for-Future process is for each employee to understand how they contribute and make a difference by defining and agreeing on clear objectives for the year and identifying areas for their growth and development.

Competency building

In 2023, we have started to map what competencies we have currently, and target what we need in place to be a competitive, yet responsible and future-focused business. This process will enable us to mitigate risks around attrition, performance and employee engagement.

Our first steps in building the competencies we can see are needed, include the launch of new Learning Catalogue as a service for our leaders and employees. The catalogue includes various learning opportunities in specific areas where upskilling is required. The different courses and materials also help to strengthen employee engagement and our shared culture. We also have a governance structure in place for mandatory trainings such as Code of conduct, Information & Cyber security training, Data protection training, Anti Money Laundering training etc.

Diversity and inclusion

We are committed to continue our progress in creating a more diverse and inclusive workplace. We will continue to focus on developing and promoting women into leadership positions, increasing the representation of women in our global workforce, and strengthening our inclusive culture. We believe that diversity and inclusion are essential to our long-term success, and we are committed to making Saxo a place where everyone feels valued, respected, and empowered.

Responsible business practices

Sustainability in other areas of our business

Connecting with our local communities

Local partnerships with associations focused on investing enablement help Saxo to deepen our connection to our local community in a meaningful way. In Denmark and Singapore, Saxo engages

with different associations on a regular basis by co-hosting educational events, podcasts, webinars, and investing competitions on Saxo simulation accounts. By engaging with people in the communities we operate in, we hope 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 responsibly invested in it.

Since 2022, our office in Singapore has 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.

Throughout the year, our local offices are encouraged to support and volunteer in their local communities through partnerships with charities. In 2023, Saxo employees volunteered their time in the following ways:

- In Denmark at the Kubernetes Community Days Event focused on gathering adopters and technologists for education and collaboration in open source and cloud native discussions. In this one event, DKK 280,000 was collectively raised for Coding Pirates which is an organisation focused on empowering the next generation of IT enthusiasts
- In Singapore donating gifts to the Boys Brigade, which gathers and donates groceries and gifts for distribution to the needy during the Christmas season
- In India as a donor for organisations such as the Clean India (Swachh Bharat) Fund and SEWA

In 2023, we partnered with SEWA, a Self Employed Women's Association in India, to distribute fuel-efficient stoves to hundreds of rural households in India. This initiative significantly reduces pollution, deforestation, and improves cooking conditions for women. Aligning with Saxo's commitment to environmental and social responsibility, we are making a positive impact through reduced emissions and improved lives for those involved.

Human rights and ethical standards

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 approach to 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.

Whistleblowing

Saxo is committed to maintaining a high ethical standard in all its operations. While employees are encouraged to raise concerns directly to their manager, Compliance or HR, we believe that an important part of this commitment is providing a safe and anonymous way for employees and other stakeholders to report concerns about misconduct or behaviour that could harm employees, clients, business partners, or the reputation or financial well-being of Saxo. Irrespective which option is used, Saxo takes all reports of misconduct seriously and will investigate them thoroughly.

| Whistleblower reports ¹⁾ | 2023 | 2022 | 2021 | 2020 | 2019 |
|-------------------------------------|------|------|------|------|------|
| Reports received | 2 | 6 | 3 | 4 | 2 |
| Hereof substantiated | 1 | 1 | 0 | 1 | 0 |
| Hereof not substantiated | 1 | 5 | 3 | 3 | 2 |

¹⁾ Reports count under the year of receipt. All reports have been assessed and closed.

▸ Safeguarding our clients

As a global facilitator to capital markets for traders, investors, and Saxo Institutional, Saxo is deeply committed to delivering secure digital solutions. We continuously confront challenges such as cybersecurity threats and the potential misuse of our platform for activities including money laundering, terrorism financing, and sanctioned transactions. Failing to manage these risks adequately could result in financial exploitation of our clients and our institution, as well as legal repercussions and fines, harming our strategic goals.

In recent years, Saxo has made significant investments in enhancing security and preventing financial crime, with the aim of protecting our clients and upholding our business integrity.

Saxo Bank has reinforced its cybersecurity posture considerably and enacted numerous policies, procedures, and tools. These include an intensified focus on vendor management processes to further strengthen our operational resilience and regulatory compliance, which have been improved with continuous reviews of vital vendor relationships across the organisation.

Improving Saxo's client authentication experience and security

Mitigating the impact of fraudulent activities on our clients and institution is of the utmost importance. Given the increasing risk of external fraud to financial institutions, we continually assess our risk landscape and the effectiveness of our controls. In 2023, we implemented a new client authentication solution on our platform to enhance account security for all direct clients and lay a solid foundation for future improvements and standards.

We persistently strive to improve and take necessary steps to bolster data protection within our organisation.

Anti-bribery and corruption

It is a priority for Saxo to exercise all due efforts to ensure that corruption does not occur in our business activities. Saxo's commitment to fair dealing is embedded in our Anti-Bribery and Cor-

ruption Policy. Upholding high standards of openness, integrity and accountability, the Board of Directors ensures a zero-tolerance approach to corruption and has a general ban on giving gifts or other benefits to government officials.

All Saxo employees, business partners and intermediaries have a responsibility to avoid any involvement in corrupt practices and employees are prohibited from directly or indirectly offering or accepting benefits or rewards for engaging in improper activities to gain an advantage. All employees also have a responsibility to report concerns or suspicion of bribery and corruption to local compliance teams or through the whistleblower system. All employees receive anti-bribery and corruption training.

To monitor effectiveness, the Saxo Bank Group has appointed an Anti-Bribery and Corruption Officer, who, along with Group Compliance, assesses relevant procedures periodically through risk-based monitoring.

In 2023, there has been an increased focus on the anti-bribery and corruption area with the strengthening of policies. There were no bribery reports in 2023 and moving forward we continue having focus on and creating awareness around avoiding cases of bribery and corruption.

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.

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.

In 2023, data ethics has been included as a part of the mandatory, annual data protection training module for all employees.

The principles can be found at:

www.home.saxo/legal/privacy-policy/data-ethics-policy.

EU Taxonomy reporting

The Saxo Bank Group comply with the European Commission's Taxonomy disclosure requirements, presenting the proportion of assets aligned with environmentally sustainable activities.

For the first time, the Saxo Bank Group is reporting on Green Asset Ratio (GAR) based on input from financial and non-financial counterparties, including their Taxonomy KPIs. At the reporting date, most counterparties had not submitted their Taxonomy KPIs and thus taxonomy eligible and non-eligible activities related to additional four environmental objectives are not reported for the financial year 2023 due to insufficient data.

Our total GAR based on turnover amounted to 0.005% of total covered assets, and total GAR based on CAPEX amounted to 0.013% of total covered assets as at 31 December 2023. The total GAR covers the two climate-related EU environmental objectives.

Main KPI for the Saxo Bank Group predominantly relate to Danish mortgage bonds. The environmental alignment assessment is not possible to accomplish due to data deficiencies. Additional KPIs for the Saxo Bank Group's assets under management, SaxoSelect and SaxoWealthCare, are identified under the scope for GAR calculations. However, due to lack of data from financial counterparties, the environmental alignment assessment was only carried out for a limited number of positions.

| Green Asset Ratio (GAR) | Total carrying amount (DKK million) | Total environmentally sustainable assets based on Turnover (DKK million) | Total environmentally sustainable assets based on CapEx (DKK million) | KPI based on Turnover (%) | KPI based on CapEx (%) |
|--|--|---|--|----------------------------------|-------------------------------|
| Main KPI | | | | | |
| GAR stock | 3,388 | - | - | - | - |
| Of which financial undertakings | 3,388 | - | - | - | - |
| Additional KPIs | | | | | |
| GAR flow | - | - | - | - | - |
| Financial guarantees | 58 | - | - | - | - |
| Assets under management | 7,888 | 0.417 | 1,048 | 0.005% | 0.013% |
| Key figures | | | | | |
| Assets excluded from the numerator but covered in the denominator for GAR calculation (DKK million) | | | | | 12,669 |
| Assets excluded both from the numerator and the denominator- not covered for GAR calculation (DKK million) | | | | | 73,325 |
| Total GAR assets (DKK million) | | | | | 16,056 |
| Total assets (DKK million) | | | | | 89,381 |
| Coverage ratio | | | | | 18% |

The above table is unaudited and has been prepared to the best of our ability. Please refer to the appendix "Management review (continued), Sustainability – EU Taxonomy disclosure", which includes the Saxo Bank Group's Taxonomy reporting as outlined in Annex VI of the EU Taxonomy Delegated Act.

Governance



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.

Board of Directors

Saxo Bank A/S's Board of Directors is made up of six members elected by the general meeting. The members of the Board of Directors are elected for a one year term and are eligible for re-election.

In 2023, one board member retired, decreasing the total number of board members from seven to six.

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.

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.

Changes to the Board of Directors

In September 2023, Marika Fredriksson retired from the Board of Directors.

Board committees

Audit Committee

The Audit Committee is made up of two 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
- Reviewing the effectiveness of the internal audit control and risk management
- Monitoring the statutory audit, including evaluating the independence of the external auditors

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 among others:

- Overseeing the Group's risk, compliance and capital management, including the overall actual and future risk appetite and strategy
- Monitoring the implementation of the strategies for capital and liquidity management as well as for all other relevant risks.

Nomination Committee

The Nomination Committee operates as a preparatory committee for the Board of Directors with respect to matters such as nomination of candidates to the Board of Directors and the Board of Management, regular assessment and evaluation of the competencies in the Board of Directors, the Board of Management and their individual members, succession planning and diversity and inclusion.

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:

- Reviewing the Remuneration Policy
- Assessing the actual remuneration of board members, board committees and the Board of Management

Board of Management

The Board of management is responsible for the day-to-day management of the Group. The daily management of the business lines in Saxo Bank A/S is carried out by the Executive Team and the Executive Operating Committee.

Changes to the Board of Management

Per 17 January 2024, John Carmichael was appointed Chief Risk and Compliance Officer and member of the Board of Management and Executive Team. This appointment aligns with our ongoing commitment to further reinforce Saxo's governance structures, risk management and compliance, following the designation as a Systemically Important Financial Institution (SIFI).

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.

Governance Framework



▸ Board of Directors



Kari Stadigh (1955) – Chair
 Joined the Board in 2020
 Appointed Chair in 2021
 Term expires in 2025

Board committees
 None

Competencies
 Strong 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)
- American Tire Works Oy (C)
- Metso Corporation (C)



Henrik Normann (1953) – Vice Chair
 Joined the Board in 2015
 Appointed Vice Chair in 2018
 Term expires in 2025

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)
- Ferring Holding SA (BM)



Henrik Andersen (1967) – Board Member
 Joined the Board in 2022
 Term expires in 2025

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 business, 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)



Patrick Lapveteläinen (1966) – Board Member
 Joined the Board in 2018
 Term expires in 2025

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

- Enento Group Plc. (C)
- Mandatum Plc. (C)
- Mandatum Holding Ltd. (C)
- Mandatum Life Insurance Company Limited (C)



Donghui Li (1970) – Board Member
 Joined the Board in 2018
 Term expires in 2025

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)
- Aston Martin Lagonda Global Holdings (BM)
- Genius Auto Finance Co. Limited (C)
- Lotus Group International Limited (C)
- Polestar Automotive Holding UK PLC (BM)
- Volvo Car Corporation (BM)

C: Chair of the Board of Directors
 BM: Member of the Board of Directors
 ICM: Investment Committee Member

▸ Board of Directors



Xia Li (1973) – Board Member
 Joined the Board in 2022
 Term expires in 2025

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 and board member of multiple companies.

Directorships and other offices

- Zhejiang Geely Holding Group (VP & CEO of Financial Sector)
- Zhejiang Genius & Guru Investment Co., Ltd. (CEO & BM)
- Zhejiang Wisdom Puhua Financial Leasing Co., Ltd. (C)
- Geely Financial Technology Co., Ltd. (C)
- Genius Auto Finance Co., Ltd. (BM)
- Union Property & Casualty Insurance Co., Ltd. (BM)

C: Chair of the Board of Directors
 BM: Member of the Board of Directors
 ICM: Investment Committee Member

Board of Management



Kim Fournais (1966) – CEO and Founder

Directorships and other offices

- Fournais Holding A/S (CEO & BM)
- Vejrø ApS (C)



Søren Kyhl (1968) - Deputy CEO and COO
 Joined Saxo Bank A/S in 2016

Directorships and other offices

None



Mads Dorf Petersen (1976) - CFO
 Joined Saxo Bank A/S in 2009

Directorships and other offices

None



John Carmichael (1970) - CRCO
 Joined Saxo Bank A/S in 2008

Directorships and other offices

None

Meeting attendance

| Member | Board | Board committees | | |
|----------------------------|-------|------------------|------------|--------------|
| | | Audit | Board Risk | Remuneration |
| Kari Stadigh, Chair | 11/11 | - | - | - |
| Henrik Normann, Vice Chair | 11/11 | - | 11/11 | - |
| Henrik Andersen | 9/11 | 5/5 | - | - |
| Patrick Lapveteläinen | 10/11 | - | 11/11 | 3/3 |
| Donghui Li | 4/11 | - | - | - |
| Xia Li | 11/11 | 5/5 | 11/11 | 2/3 |
| Lars Andreasen | - | 5/5 | - | - |

Left the board in 2023

| | | | | |
|-----------------------------------|-----|-----|---|---|
| Marika Frederiksson ¹⁾ | 5/9 | 2/3 | - | - |
|-----------------------------------|-----|-----|---|---|

¹⁾ Marika Frederiksson retired from the Board of Directors and Audit Committee in September 2023.

Awards

In 2023, Saxo continued to be recognised for its industry-leading platforms, pricing, products and services with key award wins. Over the years, the Saxo Bank Group has received more than 140 industry awards for our trading platforms.



Good Money Guide

The Good Money Guide Awards aim to champion financial services firms that excel in innovation, product, and customer service.

- Best CFD Broker 2023
- Best DMA/Professional Trading Account 2023



ForexBrokers.com

Saxo won the title as Best-in-Class within several categories:

- Desktop Platform
- Mobile Trading apps
- Platform Technology
- Platforms & Tools
- VIP Client Experience



Canstar Outstanding Value Award

Canstar found that SaxoTraderGO is well suited to the casual investor, issuing a score of 43.43 points from a maximum of 45. This was well above the market average score of 38.78.



Cashcow Awards 2023

Saxo was recognised with the 2023 Cash Innovation Award in the Netherlands. Furthermore, Saxo was awarded Best Broker again at the Cashcow Awards, an initiative of Cash magazine, Cashcow.nl and investor club Bull Up.



Quamnet Green Leadership ESG Award

This award recognises and celebrates the remarkable achievements of companies that have demonstrated outstanding leadership in the areas of Environmental, Social and Governance (ESG) practices.



2023 Professional Trader Awards

Saxo Bank won awards for the Best Professional Trading Platform for Direct Market Access. The Professional Trader Awards aim to uncover and reward those brokers who are leading the way when it comes to technology and performance tools, trading conditions, accounts and execution, low margin rates, loyalty programs and client relationship services.



Mozo Experts Choice Awards 2023

- Casual ASX Trader
- Casual ETF Trader

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Statement of profit or loss

| DKK million | Note | 2023 | 2022 |
|--|------|---------------|---------------|
| Interest income calculated using the effective interest method | 1.1 | 2,234 | 641 |
| Other interest income | 1.1 | 1,673 | 1,335 |
| Interest expense | 1.2 | -1,908 | -531 |
| Fee and commission income | 1.3 | 2,635 | 2,942 |
| Fee and commission expense | 1.4 | -1,327 | -1,397 |
| Price and exchange rate adjustments | 1.5 | 1,164 | 1,444 |
| Other income | | 8 | 20 |
| Total income | | 4,481 | 4,455 |
| Staff costs and administrative expenses | 2.1 | -2,877 | -2,839 |
| Amortisation, depreciation and impairment | 4.5 | -1,079 | -620 |
| Other expenses | | -26 | -47 |
| Impairment charges financial assets etc. | | 4 | 7 |
| Total operating expenses | | -3,978 | -3,499 |
| Operating profit | | 502 | 956 |
| Share of net profit/loss from joint ventures | 8.1 | -108 | -7 |
| Profit before tax | | 395 | 949 |
| Tax | 3.1 | -135 | -238 |
| Net profit | | 260 | 711 |
| Attributable to: | | | |
| Shareholders of Saxo Bank A/S | | 227 | 677 |
| Additional tier 1 capital holders | | 36 | 36 |
| Non-controlling interests | | -4 | -3 |
| Net profit | | 260 | 711 |

Statement of comprehensive income

| DKK million | Note | 2023 | 2022 |
|--|------|------------|------------|
| Net profit | | 260 | 711 |
| Other comprehensive income | | | |
| Remeasurement of defined benefit plans | | -2 | 25 |
| Tax | 3.1 | -0 | -5 |
| Net total, that will not be reclassified to profit or loss in subsequent periods | | -2 | 20 |
| Exchange rate adjustments foreign entities | | 36 | 66 |
| Hedge of net investments in foreign entities | 9.4 | 17 | -32 |
| Reclassification to statement of profit or loss due to divestment of joint venture | | -2 | - |
| Share of other comprehensive income in joint ventures, net of tax | | -17 | -11 |
| Tax | 3.1 | -4 | 7 |
| Net total, that may be reclassified to profit or loss in subsequent periods | | 30 | 30 |
| Total other comprehensive income | | 28 | 50 |
| Total comprehensive income | | 287 | 761 |
| Attributable to: | | | |
| Shareholders of Saxo Bank A/S | | 255 | 727 |
| Additional tier 1 capital holders | | 36 | 36 |
| Non-controlling interests | | -3 | -3 |
| Total comprehensive income | | 287 | 761 |

Statement of financial position

| DKK million | Note | 2023 | 2022 |
|--|------|---------------|---------------|
| Assets | | | |
| Cash in hand and demand deposits with central banks | 4.2 | 38,766 | 20,595 |
| Receivables from credit institutions and central banks | 4.2 | 5,177 | 3,464 |
| Financial assets at fair value | 4.1 | 13,743 | 11,226 |
| Bonds at amortised cost | 4.3 | 23,883 | 45,295 |
| Loans and other receivables at amortised cost | 4.4 | 3,217 | 4,258 |
| Current tax assets | | 217 | 171 |
| Investments in joint ventures | 8.1 | - | 418 |
| Intangible assets | 4.5 | 2,693 | 3,124 |
| Tangible assets | 4.5 | 1,206 | 1,227 |
| Deferred tax assets | 3.2 | 21 | 14 |
| Other assets | 4.7 | 459 | 655 |
| Total assets | | 89,381 | 90,448 |

| DKK million | Note | 2023 | 2022 |
|---|------|---------------|---------------|
| Liabilities | | | |
| Debt to credit institutions and central banks | 4.2 | 3,543 | 4,729 |
| Financial liabilities at fair value | 4.1 | 7,198 | 6,625 |
| Deposits | 4.8 | 70,108 | 69,702 |
| Current tax liabilities | | 130 | 114 |
| Other liabilities | 4.9 | 867 | 770 |
| Deferred tax liabilities | 3.2 | 159 | 354 |
| Provisions | 4.10 | 257 | 305 |
| Subordinated debt | 5.3 | 752 | 729 |
| Total liabilities | | 83,015 | 83,330 |
| Equity | | | |
| Share capital | 5.1 | 74 | 75 |
| Reserves | | 1,382 | 1,352 |
| Retained earnings | | 4,452 | 4,818 |
| Proposed dividend | | - | 411 |
| Equity, shareholders of Saxo Bank A/S | | 5,907 | 6,656 |
| Additional tier 1 capital | 5.2 | 452 | 452 |
| Non-controlling interests | | 6 | 10 |
| Total equity | | 6,366 | 7,118 |
| Total liabilities and equity | | 89,381 | 90,448 |

Statement of changes in equity

| DKK million | Note | Shareholders of Saxo Bank A/S | | | | | | | Additional tier 1 capital | Non-controlling interests | Total equity | |
|---|------|-------------------------------|-----------------------|---------------------|---------------------|--------------|-------------------|-------------------|---------------------------|---------------------------|--------------|--------------|
| | | Share capital | Share premium reserve | Translation reserve | Revaluation reserve | Reserves | Retained earnings | Proposed dividend | | | | Total |
| 2023 | | | | | | | | | | | | |
| Equity at 1 January | | 75 | 996 | 303 | 52 | 1,352 | 4,818 | 411 | 6,656 | 452 | 10 | 7,118 |
| Net profit | | - | - | - | - | - | 227 | - | 227 | 36 | -4 | 260 |
| Total other comprehensive income | 5.4 | - | - | 30 | -0 | 30 | -2 | - | 28 | - | 0 | 28 |
| Total comprehensive income | | - | - | 30 | -0 | 30 | 225 | - | 255 | 36 | -3 | 287 |
| Transactions with owners | | | | | | | | | | | | |
| Tier 1 interest payment | | - | - | - | - | - | - | - | - | -36 | - | -36 |
| Treasury shares purchased ¹⁾ | | - | - | - | - | - | -300 | - | -300 | - | - | -300 |
| Capital reduction ¹⁾ | | -2 | - | - | - | - | 2 | - | - | - | - | - |
| Declared dividend | | - | - | - | - | - | -300 | -411 | -711 | - | - | -711 |
| Share-based payments | 2.4 | - | - | - | - | - | 8 | - | 8 | - | - | 8 |
| Equity at 31 December | | 74 | 996 | 333 | 52 | 1,382 | 4,452 | - | 5,907 | 452 | 6 | 6,366 |
| 2022 | | | | | | | | | | | | |
| 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 |

¹⁾ The treasury shares were received from Geely Financials Denmark A/S as consideration for the divestment of the 50% interest in Saxo Geely Tech Holding A/S. The shares were cancelled in December 2023 by a capital reduction of a nominal amount of DKK 1,513,550.

Statement of capital

| DKK million | Note | 2023 | 2022 |
|---|------|---------------|---------------|
| Tier 1 capital | | | |
| Equity 31 December | | 5,907 | 6,656 |
| Proposed dividend | | - | -411 |
| Intangible assets | | -2,025 | -2,336 |
| Deferred tax liabilities, intangible assets | | 117 | 141 |
| Deferred tax assets | | -4 | -0 |
| Prudent valuation adjustments | | -21 | -17 |
| Common equity tier 1 capital (net after deduction) | | 3,973 | 4,033 |
| Additional tier 1 capital | 5.2 | 448 | 448 |
| Total tier 1 capital | | 4,422 | 4,481 |
| Tier 2 capital | | | |
| Subordinated debt | 5.3 | 740 | 740 |
| Total tier 2 capital | | 740 | 740 |
| Total capital | | 5,161 | 5,221 |
| Risk exposure amounts | | | |
| Credit risk | | 7,021 | 7,859 |
| Market risk | | 811 | 854 |
| Operational risk | | 8,379 | 8,104 |
| Total risk exposure amounts | | 16,212 | 16,817 |
| Capital ratios | | | |
| Common equity tier 1 capital ratio | | 24.5% | 24.0% |
| Tier 1 capital ratio | | 27.3% | 26.6% |
| Total capital ratio | | 31.8% | 31.0% |

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

The unaudited Risk Report 2023 provides further information on the assessment of the regulatory capital and is available at www.home.saxo/about-us/icaap-and-risk-reports.

Cash flow statement

| DKK million | Note | 2023 | 2022 |
|---|------|---------------|----------------|
| Cash flow from operating activities | | | |
| Profit before tax | | 395 | 949 |
| Taxes paid | | -414 | -253 |
| Non-cash operating items | 7.1 | 1,340 | -30 |
| Changes in operating capital | 7.2 | 19,918 | -13,422 |
| Cash flow from operating activities | | 21,239 | -12,756 |
| Cash flow from investing activities | | | |
| Acquisition of intangible and tangible assets | 4.5 | -556 | -583 |
| Cash flow from investing activities | | -556 | -583 |
| Cash flow from financing activities | | | |
| Paid interest on additional tier 1 capital | | -36 | -36 |
| Dividends paid to shareholders | | -711 | -803 |
| Repayments on lease commitments | | -52 | -64 |
| Cash flow from financing activities | 7.4 | -800 | -903 |
| Net increase/(decrease) in cash and cash equivalents | | 19,883 | -14,242 |
| Cash and cash equivalents at 1 January | | 24,054 | 38,296 |
| Cash and cash equivalents at 31 December | 7.3 | 43,937 | 24,054 |

1 Total income

| DKK million | 2023 | 2022 |
|--|---------------|--------------|
| 1.1 Interest income | | |
| Credit institutions and central banks | 1,596 | 274 |
| Bonds at amortised cost | 411 | 208 |
| Loans and other receivables at amortised cost | 226 | 159 |
| Total interest income calculated using the effective interest method | 2,234 | 641 |
| Derivative financial instruments | 1,673 | 1,335 |
| Total other interest income | 1,673 | 1,335 |
| Total interest income | 3,908 | 1,976 |
| Hereof interest received due to negative interest rates | - | 34 |
| 1.2 Interest expense | | |
| Credit institutions and central banks | -33 | -114 |
| Deposits | -1,569 | -180 |
| Bonds at amortised cost | -2 | -67 |
| Subordinated debt | -69 | -44 |
| Interest expense leases | -9 | -9 |
| Total interest expense calculated using the effective interest method | -1,682 | -415 |
| Derivative financial instruments | -226 | -116 |
| Total other interest expense | -226 | -116 |
| Total interest expense | -1,908 | -531 |
| Hereof interest paid due to negative interest rates | - | -101 |

| DKK million | 2023 | 2022 |
|--|---------------|---------------|
| 1.3 Fee and commission income | | |
| Trading with securities and derivative financial instruments | 2,503 | 2,846 |
| Asset management fees | 37 | 42 |
| Other fee and commission income | 95 | 54 |
| Total fee and commission income | 2,635 | 2,942 |
| 1.4 Fee and commission expense | | |
| Trading with securities and derivative financial instruments | -1,317 | -1,385 |
| Other fee and commission expense | -10 | -12 |
| Total fee and commission expense | -1,327 | -1,397 |
| 1.5 Price and exchange rate adjustments | | |
| Listed securities | 608 | -0 |
| Foreign exchange | 835 | 1,067 |
| Derivative financial instruments ¹⁾ | -240 | 377 |
| Disposal of bonds at amortised cost | -39 | - |
| Total price and exchange rate adjustments | 1,164 | 1,444 |

¹⁾ Other than foreign exchange.

Listed securities are used to economically hedge exposures on CFDs on single stocks issued by the Saxo Bank Group (recognised in listed securities). As a result, fair value adjustments of securities are to a large extent offset by fair value adjustments of CFDs (recognised in derivative financial instruments).

The Saxo Bank Group has in 2023 disposed a portion of its bond portfolio, which was held at amortised cost, to enhance the Group's liquidity position. This was done after increased liquidity market turmoil in March 2023. Total bonds disposed amounted to DKK 13.3 billion and resulted in an immediate loss of DKK 39 million.

2 Staff costs and administrative expenses

| DKK million | Note | 2023 | 2022 |
|--|------|---------------|---------------|
| 2.1 Staff costs and administrative expenses | | | |
| Staff costs | | -1,564 | -1,511 |
| Administrative expenses | | -1,314 | -1,328 |
| Total staff costs and administrative expenses | | -2,877 | -2,839 |
| Staff costs | | | |
| Salaries | | -1,538 | -1,489 |
| Share-based payments | 2.4 | -8 | -7 |
| Defined benefit plans | | -7 | -8 |
| Defined contribution plans | | -132 | -125 |
| Social security expenses and financial services employer tax | | -181 | -189 |
| Staff costs transferred to software under development | | 303 | 308 |
| Total staff costs | | -1,564 | -1,511 |
| Number of full-time-equivalent staff (average) | | 2,439 | 2,504 |

2.2 Pension plans and other long-term employee benefit obligations

Most of the 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.

The 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 | 2023 | 2022 |
|---|------|-----------|-----------|
| Defined benefit plans | | | |
| Net obligations: | | | |
| Present value of defined benefit obligations | | 108 | 91 |
| Fair value of plan assets | | 95 | 81 |
| Total defined benefit plans, net obligations | 4.9 | 13 | 10 |

The Saxo Bank Group expects to pay DKK 5 million in contribution to defined benefit pension plans during 2024.

| DKK million | 2023 | 2022 |
|--|------------|------------|
| 2.3 Remuneration of management and other significant risk takers | | |
| Remuneration of Board of Management | | |
| Salaries and other remuneration | -28 | -33 |
| Defined contribution plans | -3 | -4 |
| Severance pay | - | -14 |
| Share-based payments | -2 | -1 |
| Total remuneration of Board of Management | -33 | -52 |
| Number of Board of Management members end of year | 3 | 3 |
| Remuneration of Board of Directors and paid Committee members | | |
| Fixed remuneration | -7 | -6 |
| Total remuneration of Board of Directors and paid Committee members | -7 | -6 |
| Number of Board of Directors and paid Committee members end of year | 7 | 8 |

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

Remuneration of other significant risk takers

| | | |
|--|-------------|-------------|
| Salaries and other remuneration | -142 | -129 |
| Variable remuneration | -5 | -0 |
| Share-based payments | -2 | -3 |
| Total remuneration of other significant risk takers | -149 | -132 |
| Number of other significant risk takers end of year | 59 | 56 |

The 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.

The Saxo Bank Group's Remuneration Report for 2023 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 www.home.saxo/about-us/investor-relations.

2 Staff costs and administrative expenses

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 3,082,820 warrants to Board of Management and certain employees in the 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.

2023 **2022**

Key assumptions applied in the valuation of the warrants granted

| | | |
|---------------------------------|----------------|----------------|
| Share price (DKK) | 198 | 205 |
| Volatility | 0.25 to 0.27 | 0.25 to 0.29 |
| Risk-free interest rate | 3.00% to 3.01% | 0.42% to 2.11% |
| Exercise price (DKK) | 275 | 275 |
| Expected remaining life (years) | 2.1 to 6.3 | 2.9 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.

Expected dividend is not incorporated into the measurement of fair value. The exercise prices for outstanding warrants are reduced by dividend distributions, if the dividend payouts for the year exceed 50% of net profit.

2 Staff costs and administrative expenses

> 2.4 Share-based payments

| Warrants outstanding | Number of warrants | Exercise period | Exercise price DKK ¹⁾ | Expiry year | Fair value at grant date DKK million |
|-----------------------------------|--------------------|-----------------|----------------------------------|-------------|--------------------------------------|
| Warrants granted in 2020 | 1,275,730 | 2025 | 180 | 2025 | 16 |
| Warrants granted in 2020 | 100,000 | 2025-2026 | 180 | 2026 | 1 |
| Warrants granted in 2021 | 186,619 | 2025 | 185-194 | 2025 | 3 |
| Warrants granted in 2021 | 394,240 | 2025-2026 | 180-194 | 2026 | 8 |
| Warrants granted in 2021 | 24,965 | 2026-2027 | 185-194 | 2027 | 1 |
| Warrants granted in 2022 | 295,388 | 2025 | 266-270 | 2025 | 5 |
| Warrants granted in 2022 | 83,488 | 2025-2026 | 266-270 | 2026 | 2 |
| Warrants granted in 2022 | 83,488 | 2026-2027 | 266-270 | 2027 | 2 |
| Warrants granted in 2022 | 22,109 | 2027-2028 | 266-270 | 2028 | 1 |
| Warrants granted in 2023 | 262,652 | 2025 | 275 | 2025 | 4 |
| Warrants granted in 2023 | 93,535 | 2026 | 275 | 2026 | 2 |
| Warrants granted in 2023 | 112,735 | 2026-2027 | 275 | 2027 | 3 |
| Warrants granted in 2023 | 112,735 | 2027-2028 | 275 | 2028 | 4 |
| Warrants granted in 2023 | 33,936 | 2028-2029 | 275 | 2029 | 1 |
| Warrants granted in 2023 | 1,200 | 2029-2030 | 275 | 2030 | 0 |
| Total warrants outstanding | 3,082,820 | | | | 52 |

¹⁾ Exercise price for warrants granted in 2020 until 2022 are reduced by dividends contributions.

| Number of warrants outstanding | Average exercise price per warrant, DKK | Board of Management | Employees | Total |
|---|---|---------------------|------------------|------------------|
| Number of warrants outstanding at 1 January 2022 | 210 | 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 | 222 | 440,717 | 2,520,310 | 2,961,027 |
| Granted | 275 | 112,793 | 564,000 | 676,793 |
| Forfeited | 204 | - | -555,000 | -555,000 |
| Number of warrants outstanding at 31 December 2023 | 214 | 553,510 | 2,529,310 | 3,082,820 |
| Fair value at grant date (DKK million) | | 11 | 40 | 52 |

Total costs recognised in 2023 as staff costs for services received in exchange of warrants granted amounted to DKK 8 million (2022: DKK 7 million).

2 Staff costs and administrative expenses

| DKK million | 2023 | 2022 |
|---------------------------------|------------|-----------|
| 2.5 Fees to auditors | | |
| Audit: | | |
| Deloitte | -10 | -7 |
| Total audit | -10 | -7 |
| Non-audit services: | | |
| Assurance engagements | -1 | -1 |
| Tax assistance | -4 | -0 |
| Other services | -0 | -1 |
| Total non-audit services | -4 | -2 |
| Total | -14 | -9 |

Saxo Bank's policy is to follow the 70% fee cap restriction on non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab, Denmark, the auditor of the parent company. Deloitte Statsautoriseret Revisionspartnerselskab complied with the 70% fee cap restriction in 2023.

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

3 Tax

| DKK million | 2023 | 2022 |
|--|--------------|--------------|
| 3.1 Income tax | | |
| Effective tax rate | | |
| Profit before tax | 395 | 949 |
| Tax using the Danish tax rate 25.2% (2022: 22.0%) | -99 | -209 |
| Effect of tax rates in foreign jurisdictions | 9 | 0 |
| Change in tax rate | 6 | -36 |
| Change in value of tax assets | 0 | -12 |
| Non-capitalised tax assets | -9 | -6 |
| Non tax-deductible expenses and non taxable income, net | -12 | -12 |
| Withholding tax and other taxes | -2 | -2 |
| Effect of tax of net profit/loss in joint ventures | -27 | -1 |
| Adjustments to tax previous years, net | -1 | 40 |
| Total tax recognised in statement of profit or loss | -135 | -238 |
| Effective tax rate | 34.2% | 25.1% |

In 2022, the bill for increase of the corporate tax rate from 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 change in tax rate, the deferred tax assets and deferred tax liabilities have been remeasured. The net impact of the remeasurement was in 2023 a tax income of DKK 6 million (2022: tax expense of DKK 36 million), which was recognised in the statement of profit or loss.

Effective from 1. January 2024, Pillar II income tax legislation has been implemented in Denmark and in a number of jurisdictions where the Group's subsidiaries operate. The legislation is expected to have no or insignificant impact on the Group.

3 Tax

DKK million

2023

2022

> **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 | -344 | -4 | -348 | -201 | 7 | -194 |
| Change in deferred tax for the year | 206 | -0 | 206 | -39 | -5 | -44 |
| Change in tax rate | 6 | - | 6 | -36 | - | -36 |
| Withholding tax and other taxes | -2 | - | -2 | -2 | - | -2 |
| Adjustments to tax previous years, net | -1 | - | -1 | 40 | - | 40 |
| Total tax for the year | -135 | -4 | -139 | -238 | 2 | -236 |

Tax in other comprehensive income

| | Recognised item before tax | Tax | Net of tax | Recognised item before tax | Tax | Net of tax |
|--|----------------------------|-----------|------------|----------------------------|----------|------------|
| Exchange rate adjustments foreign entities | 36 | - | 36 | 66 | - | 66 |
| Hedge of net investments in foreign entities | 17 | -4 | 13 | -32 | 7 | -25 |
| Reclassification to statement of profit or loss due to divestment of joint venture | -2 | - | -2 | - | - | - |
| Remeasurement of defined benefit plans | -2 | -0 | -2 | 25 | -5 | 20 |
| Share of other comprehensive income in joint ventures, net of tax | -17 | - | -17 | -11 | - | -11 |
| Total | 32 | -4 | 28 | 48 | 2 | 50 |

3 Tax

| DKK million | 2023 | 2022 |
|---|-------------|-------------|
| 3.2 Deferred tax assets and liabilities | | |
| Deferred tax at 1 January, net | -340 | -234 |
| Change in deferred tax for the year | 206 | -32 |
| Change in tax rate | 6 | -36 |
| Change in value of tax assets | - | -12 |
| Adjustments to tax previous years, net | -1 | 7 |
| Recognised in net profit/loss from joint ventures | -8 | -33 |
| Exchange rate adjustments | -1 | -0 |
| Deferred tax at 31 December, net | -138 | -340 |

| DKK million | Deferred tax assets | | Deferred tax liabilities | |
|---|---------------------|------------|--------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Intangible assets | - | - | -117 | -141 |
| Tangible assets | 18 | 18 | -78 | -81 |
| Bonds at amortised cost | - | - | -47 | -170 |
| Tax losses carried forward | 4 | 0 | - | - |
| Deferred income | - | - | - | -222 |
| Provisions | 86 | 258 | -4 | -2 |
| Total before offset | 108 | 276 | -246 | -616 |
| Offset within legal tax jurisdictions | -87 | -262 | 87 | 262 |
| Deferred tax assets and liabilities at 31 December | 21 | 14 | -159 | -354 |

Unrecognised tax assets related to tax losses amounted to DKK 35 million at 31 December 2023 (31 December 2022: DKK 25 million).

4 Statement of financial position

| DKK million | Note | 2023 | 2022 |
|---|-------|---------------|---------------|
| 4.1 Financial assets and financial liabilities at fair value | | | |
| Derivative financial instruments with positive fair value | 6.1.4 | 9,712 | 10,369 |
| Listed securities | | 3,986 | 851 |
| Interest swaps (fair value hedge) | 9.4 | 41 | - |
| Investment securities | | 3 | 6 |
| Total financial assets at fair value | 6.1.1 | 13,743 | 11,226 |
| Derivative financial instruments with negative fair value | 6.1.4 | 6,967 | 6,593 |
| Interest swaps (fair value hedge) | 6.1.4 | 13 | 33 |
| Obligation to repurchase securities | | 218 | - |
| Total financial liabilities at fair value | | 7,198 | 6,625 |

Listed securities are used to economically hedge exposure on CFDs on single stocks issued by the Saxo Bank Group. As a result, fair value adjustments of securities are to a large extent offset by fair value adjustments of CFDs.

4 Statement of financial position

| DKK million | Note | 2023 | | | 2022 | | |
|--|-------|-----------------------------------|----------------|-----------------------|-----------------------------------|----------------|-----------------------|
| | | Fair value through profit or loss | Amortised cost | Total carrying amount | Fair value through profit or loss | Amortised cost | Total carrying amount |
| 4.2 Classification and measurement of financial instruments | | | | | | | |
| Financial assets | | | | | | | |
| Cash in hand and demand deposits with central banks | | - | 38,766 | 38,766 | - | 20,595 | 20,595 |
| Receivables from credit institutions and central banks | | - | 5,177 | 5,177 | - | 3,464 | 3,464 |
| Financial assets at fair value | | 13,743 | - | 13,743 | 11,226 | - | 11,226 |
| Bonds at amortised cost | | - | 23,883 | 23,883 | - | 45,295 | 45,295 |
| Loans and other receivables at amortised cost | | - | 3,217 | 3,217 | - | 4,258 | 4,258 |
| Convertible loan notes at fair value | | - | - | - | 267 | - | 267 |
| Other assets | | - | 459 | 459 | - | 655 | 655 |
| Total financial assets | 6.1.1 | 13,743 | 71,501 | 85,244 | 11,493 | 74,268 | 85,761 |
| Financial liabilities | | | | | | | |
| Debt to credit institutions and central banks | | - | 3,543 | 3,543 | - | 4,729 | 4,729 |
| Financial liabilities at fair value | | 7,198 | - | 7,198 | 6,625 | - | 6,625 |
| Deposits | 4.8 | - | 70,108 | 70,108 | - | 69,702 | 69,702 |
| Subordinated debt | 5.3 | - | 752 | 752 | - | 729 | 729 |
| Other liabilities | | - | 867 | 867 | - | 770 | 770 |
| Total financial liabilities | | 7,198 | 75,270 | 82,469 | 6,625 | 75,931 | 82,556 |

4 Statement of financial position

| DKK million | Note | 2023 | | | | | 2022 | | | | |
|--|-------|--------------------------------------|--------------------------------|--|---------------------|-----------------------------|--------------------------------------|--------------------------------|--|---------------------|-----------------------------|
| | | Quoted market price Level 1 | Observable input Level 2 | Non- observable input Level 3 | Total fair value | Total carrying amount | Quoted market price Level 1 | Observable input Level 2 | Non- observable input Level 3 | Total fair value | Total carrying amount |
| 4.2 Classification and measurement of financial instruments | | | | | | | | | | | |
| Fair value hierarchy | | | | | | | | | | | |
| Financial assets and liabilities recognised at fair value | | | | | | | | | | | |
| Listed securities | | 3,986 | - | - | 3,986 | 3,986 | 851 | - | - | 851 | 851 |
| Derivative financial instruments with positive fair value ¹⁾ | 6.1.4 | - | 9,753 | - | 9,753 | 9,753 | - | 10,262 | 107 | 10,369 | 10,369 |
| Convertible loan notes at fair value | 8.1 | - | - | - | - | - | - | - | 267 | 267 | 267 |
| Investment securities | | - | - | 3 | 3 | 3 | - | - | 6 | 6 | 6 |
| Derivative financial instruments with negative fair value ¹⁾ | 6.1.4 | - | 6,980 | - | 6,980 | 6,980 | - | 6,625 | - | 6,625 | 6,625 |
| Obligation to repurchase securities | | - | 218 | - | 218 | 218 | - | - | - | - | - |
| 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 | - | 23,534 | - | 23,534 | 23,883 | - | 44,236 | - | 44,236 | 45,295 |
| Loans and other receivables at amortised cost | 6.1.1 | - | - | 3,208 | 3,208 | 3,217 | - | - | 4,247 | 4,247 | 4,258 |
| Subordinated debt | 5.3 | - | - | 737 | 737 | 752 | - | - | 729 | 729 | 729 |

¹⁾ Including interest swaps used for fair value hedge.

4 Statement of financial position

| DKK million | 2023 | 2022 |
|--|----------|------------|
| > 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 | 380 | 358 |
| Disposals | -373 | -156 |
| Gains and losses recognised in statement of profit or loss: | | |
| Unrealised fair value adjustments | -3 | 178 |
| Total fair value at 31 December - level 3 | 3 | 380 |

As of 31 December 2023, financial instruments (level 3) consisted of investment securities. As of 31 December 2022, loan notes with conversion rights amounting to DKK 267 million were included in level 3. Loan notes with conversion rights were presented in the statement of financial position as part of 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, securities, 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 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 | 2023 | 2022 |
|--|----------|-----------|
| 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 | -0.43% | -0.18% |
| Interest income | 3 | 3 |
| Carrying amount 31 December of bonds reclassified | 96 | 1,057 |
| Fair value 31 December of bonds reclassified | 96 | 1,052 |
| Fair value adjustments not recognised due to reclassification | 0 | -5 |

4.4 Loans and other receivables at amortised cost

| | | |
|--|--------------|--------------|
| Loans collateralised with securities (margin lending) | 3,106 | 4,207 |
| Trading clients (cash collateral provided in security lending) | 110 | 50 |
| Accrued interest on loans | - | 2 |
| Total loans and other receivables at amortised cost | 3,217 | 4,258 |

4 Statement of financial position

DKK million

4.5 Intangible and tangible assets

| | Intangible assets | | | | | | Tangible assets | | | |
|---|-------------------|----------------------------|----------------------------------|----------------------|------------|---------------|--------------------|------------------------------|---------------------|--------------|
| | Goodwill | Software under development | Software developed and purchased | Client relationships | Trademarks | Total | Land and buildings | Other equipment and fixtures | Right-of-use assets | Total |
| 2023 | | | | | | | | | | |
| Cost at 1 January | 1,478 | 215 | 4,236 | 422 | 23 | 6,375 | 1,147 | 614 | 214 | 1,976 |
| Additions | - | 508 | - | - | - | 508 | - | 48 | 82 | 130 |
| Transfer from internal development | - | -576 | 569 | - | - | -6 | - | 6 | - | 6 |
| Disposals | - | -32 | -1,387 | - | -23 | -1,443 | - | -90 | -85 | -175 |
| Exchange rate adjustments | 48 | - | 0 | 4 | - | 52 | 1 | -1 | -1 | -1 |
| Cost at 31 December | 1,526 | 115 | 3,417 | 426 | - | 5,485 | 1,148 | 577 | 210 | 1,936 |
| Amortisation, depreciation and impairment at 1 January | -163 | - | -2,898 | -167 | -23 | -3,251 | -174 | -468 | -107 | -749 |
| Amortisation and depreciation | - | - | -493 | -40 | - | -532 | -27 | -66 | -48 | -142 |
| Impairment | - | - | -405 | - | - | -405 | - | - | - | - |
| Disposals | - | - | 1,386 | - | 23 | 1,410 | - | 90 | 72 | 162 |
| Exchange rate adjustments | -11 | - | -0 | -3 | - | -15 | -0 | 2 | -6 | -4 |
| Amortisation, depreciation and impairment at 31 December | -174 | - | -2,409 | -209 | - | -2,792 | -201 | -440 | -89 | -730 |
| Carrying amount at 31 December | 1,352 | 115 | 1,008 | 217 | - | 2,693 | 947 | 138 | 121 | 1,206 |

4 Statement of financial position

DKK million

> 4.5 Intangible and tangible assets

| 2022 | Intangible assets | | | | | | Tangible assets | | | |
|---|-------------------|----------------------------|----------------------------------|----------------------|------------|---------------|--------------------|------------------------------|---------------------|--------------|
| | 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 |

4 Statement of financial position

DKK million

> 4.5 Intangible and tangible assets

Intangible assets

The 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 relate to the acquisition of BinckBank N.V in 2019.

In 2023, the Group recognised an impairment of DKK 405 million (2022: DKK 2 million) related to certain functionalities on the online trading and investment platforms. By having one global platform some functionalities have been replaced and at the same time, the pace of digital development, including the continuous and agile introduction of new features on the trading platform, have made it more difficult to evidence the economic benefits from some functionalities. Following the impairment, the assets are fully written down.

In 2023, the Saxo Bank Group expensed DKK 15 million (2022: DKK 18 million) for development projects, primarily planning costs.

Tangible assets

| Domicile properties | Copenhagen | | Amsterdam | |
|---|------------|------|-----------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Carrying amount | 591 | 602 | 356 | 372 |
| Carrying amount if the domicile property were carried under the cost method | 524 | 534 | 356 | 372 |

The Group applied a rate of return in the range of 5.5%-7.5% in 2023 (2022: 4.5%-6.5%) for its domicile properties. The fair value of the property in Amsterdam has been validated by an independent valuer.

The key input in the asset return model is the rate of return and market rent. The value of domicile properties decreases with DKK 74 million (2022: DKK 103 million) if the rate of return increases with 0.5%-point.

Right-of-use assets

The Saxo Bank Group is the lessee in a number of lease agreements, involving mainly leasing of office premises. The average lease term is 3 years (2022: 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 (2022: DKK 0 million). For disclosure of the lease liabilities, see note 4.9 Other liabilities.

DKK million

4.6 Impairment test

Goodwill

The cash flow projections are based on earnings projections for each of the Cash Generating Units (CGUs) for a 5-year forecast period. For 2024, 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.

| Key assumptions | Carrying amount goodwill | Forecast revenue growth (average year 2-5) | Growth in terminal period | Post tax discount rate |
|-----------------------------|--------------------------|--|---------------------------|------------------------|
| 2023 | | | | |
| BinckBank N.V. | 474 | 3.0% | 2.0% | 9.3% |
| Saxo Bank (Schweiz) AG | 327 | 4.3% | 1.1% | 7.8% |
| Nordic activities | 338 | 6.8% | 1.4% | 9.6% |
| Saxo Capital Markets UK Ltd | 162 | 3.0% | 2.0% | 11.2% |
| Other | 51 | - | - | - |
| Total | 1,352 | | | |
| 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 | | | |

The carrying amount of other goodwill represented 4% (2022: 4%) of total goodwill. Other goodwill is mainly related to Group entities in India. Discount rates between 11%-17% (2022: 11%-14%) and a growth rate in the terminal period of 2% (2022: 2%) were applied in the impairment test for other goodwill.

Impairment test result

No impairment loss was recognised on goodwill in 2023 or in 2022.

4 Statement of financial position

| DKK million | Note | 2023 | 2022 |
|---|------|---------------|---------------|
| 4.7 Other assets | | | |
| Accrued interest and commissions | | 100 | 71 |
| VAT and other receivables from authorities | | 86 | 302 |
| Prepayments | | 216 | 211 |
| Other receivables | | 57 | 72 |
| Total other assets | | 459 | 655 |
| 4.8 Deposits | | | |
| Demand deposits, trading clients | | 69,916 | 69,480 |
| Pension funds | | 193 | 223 |
| Total deposits | | 70,108 | 69,702 |
| Deposits on demand included DKK 2,574 million (2022: DKK 3,352 million) required by the Saxo Bank Group as collateral for unrealised client trading positions as at 31 December 2023. | | | |
| 4.9 Other liabilities | | | |
| Suppliers and other accruals | | 336 | 331 |
| Staff commitments | | 353 | 280 |
| Lease liabilities | | 145 | 127 |
| Defined benefit plans, net obligation | 2.2 | 13 | 10 |
| Provision for guarantees | | - | 9 |
| Other obligations | | 20 | 12 |
| Total other liabilities | | 867 | 770 |
| Lease liabilities maturity | | | |
| Within 1 year | | 34 | 38 |
| From 1 to 5 years | | 107 | 86 |
| More than 5 years | | 4 | 3 |
| Total lease liabilities | | 145 | 127 |

When measuring the lease liability, the Saxo Bank Group has applied an incremental borrowing rate to discount future lease payments between 1.2%-10.0% p.a. (equal to 2022).

| DKK million | 2023 | 2022 |
|--|------------|------------|
| 4.10 Provisions | | |
| Provisions at 1 January | 305 | 312 |
| Additional provisions recognised | 86 | 90 |
| Used during the year | -71 | -11 |
| Transferred to other liabilities | - | -47 |
| Reversal of unused provisions | -63 | -39 |
| Total provisions at 31 December | 257 | 305 |
| Provisions comprise litigations, claims and restructuring costs including costs for reorganisation of the 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. | | |
| 4.11 Assets deposited as collateral | | |
| Cash in hand and demand deposits with central banks | 372 | 380 |
| Receivables from credit institutions and central banks | 1,053 | 1,124 |
| Bonds at amortised cost | 7,364 | 8,551 |
| Loans and other receivables at amortised cost | 110 | 50 |
| Receivables from credit institutions 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, loans and other receivables and receivable from credit institutions also serve as collateral for securities lending transactions with clients. | | |

4 Statement of financial position

| DKK million | Note | 2023 | 2022 |
|--|-------|------------|------------|
| 4.12 Contingent and other contractual commitments | | | |
| Financial guarantees | 6.1.1 | 58 | 54 |
| Total guarantees, net of allowance | | 58 | 54 |
| Other contractual commitments | | 270 | 334 |
| Total other contractual commitments | | 270 | 334 |

In the ordinary course of business, the Saxo Bank Group is party in certain disputes and legal proceedings, including tax matters and ongoing dialogue with local financial supervision authorities.

Management continuously assesses these risks and their likely outcome. It is management's assessment that these disputes and proceedings will not have a material impact on the financial position of the Group beyond what is already recognised in the statement of financial position.

Tax audits and other tax related cases are ongoing. Management has assessed that the provision made for uncertain tax positions not yet settled with the local tax authorities are adequate. However, the actual obligation may differ and is subject to the results of the cases with the relevant tax authorities.

Based on the Danish FSA's inspection in May 2023 focused on the anti-money laundering procedures and processes related to white label partners and financial clients within the institutional business area, Saxo Bank has received 12 enforcement orders. Whether or not a penalty will be imposed for this, and the amount of any such penalty, remains uncertain at present, and therefore no provision is allocated to this possibility.

Other dialogues with financial supervision authorities are ongoing in the Group's entities. Management has assessed that the provision made for uncertainties related to these dialogues are adequate, based on the Group's current knowledge. However, the actual obligation may differ and is subject to decisions made by the relevant authorities.

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 impracticable 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.

5 Equity and capital

| | 2023 | 2022 |
|--|-------------------|-------------------|
| 5.1 Share capital | | |
| Number of shares outstanding | | |
| Shares issued at 1 January | 75,207,449 | 75,207,449 |
| Capital reduction ¹⁾ | -1,513,550 | - |
| Total number of shares outstanding at 31 December | 73,693,899 | 75,207,449 |

¹⁾ The capital reduction was completed in December 2023 and registered in the Danish Commerce and Companies Agency on 2 January 2024.

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.

No dividend is proposed for 2023 (2022: DKK 5.47 per share equivalent to DKK 411,445,055). In December 2023, an interim dividend of DKK 4.07 per share, equivalent to DKK 300,000,000 was declared (2022: DKK 4.02 equivalent to DKK 302,184,600).

Treasury shares

Treasury shares had been received from Geely Financials Denmark A/S as consideration for the divestment of the 50% interest in Saxo Geely Tech Holding A/S, including loan notes.

| Holding of treasury shares | Number of shares | Nominal value DKK | Percentage of ordinary shares | Purchase price DKK million |
|------------------------------------|------------------|-------------------|-------------------------------|----------------------------|
| Holding at 1 January 2023 | - | - | - | - |
| Purchase of treasury shares | 1,513,550 | 1,513,550 | 2.01% | 300 |
| Cancellation of treasury shares | -1,513,550 | -1,513,550 | -2.01% | -300 |
| Holding at 31 December 2023 | - | - | - | - |

5 Equity and capital

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 the 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 the Saxo Bank Group or Saxo Bank A/S. Capital ratios at the reporting date are disclosed in statement of capital for the Saxo Bank Group and Saxo Bank A/S.

The exchange-rate adjusted value of the additional tier 1 capital as of 31 December 2023 would translate into DKK 447 million (2022: 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 optional 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 | 2023 | 2022 |
|---|---------------|---------------|---------------|-----------|---------------------|--------|------------|------------|
| 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.

5 Equity and capital

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 Saxo Bank A/S'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 | 2023 | 2022 |
|----------|---------------|---------------|---------------|------------|---------------------|-------|-------|------------|------------|
| EUR | 100 | 2019 | Saxo Bank A/S | 03.07.2029 | Fixed ¹⁾ | 5.50% | 5.00 | 745 | 741 |
| | | | | | | | | 20 | 20 |
| | | | | | | | | -13 | -33 |
| | | | | | | | | 752 | 729 |

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

³⁾ See note 7.4 Liabilities arising from financing activities.

5 Equity and capital

DKK million

5.4 Total other comprehensive income

| | Translation reserve | Revaluation reserve | Retained earnings | Total |
|--|------------------------|------------------------|----------------------|-----------|
| 2023 | | | | |
| Exchange rate adjustments foreign entities | 36 | - | - | 36 |
| Hedge of net investments in foreign entities | 17 | - | - | 17 |
| Reclassification to statement of profit or loss due to divestment of joint venture | -2 | - | - | -2 |
| Revaluation of domicile properties | - | -0 | 0 | - |
| Remeasurement of defined benefit plans | - | - | -2 | -2 |
| Share of other comprehensive income in joint ventures, net of tax | -17 | - | - | -17 |
| Tax | -4 | 0 | -0 | -4 |
| Total other comprehensive income | 30 | -0 | -2 | 28 |
| 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 |

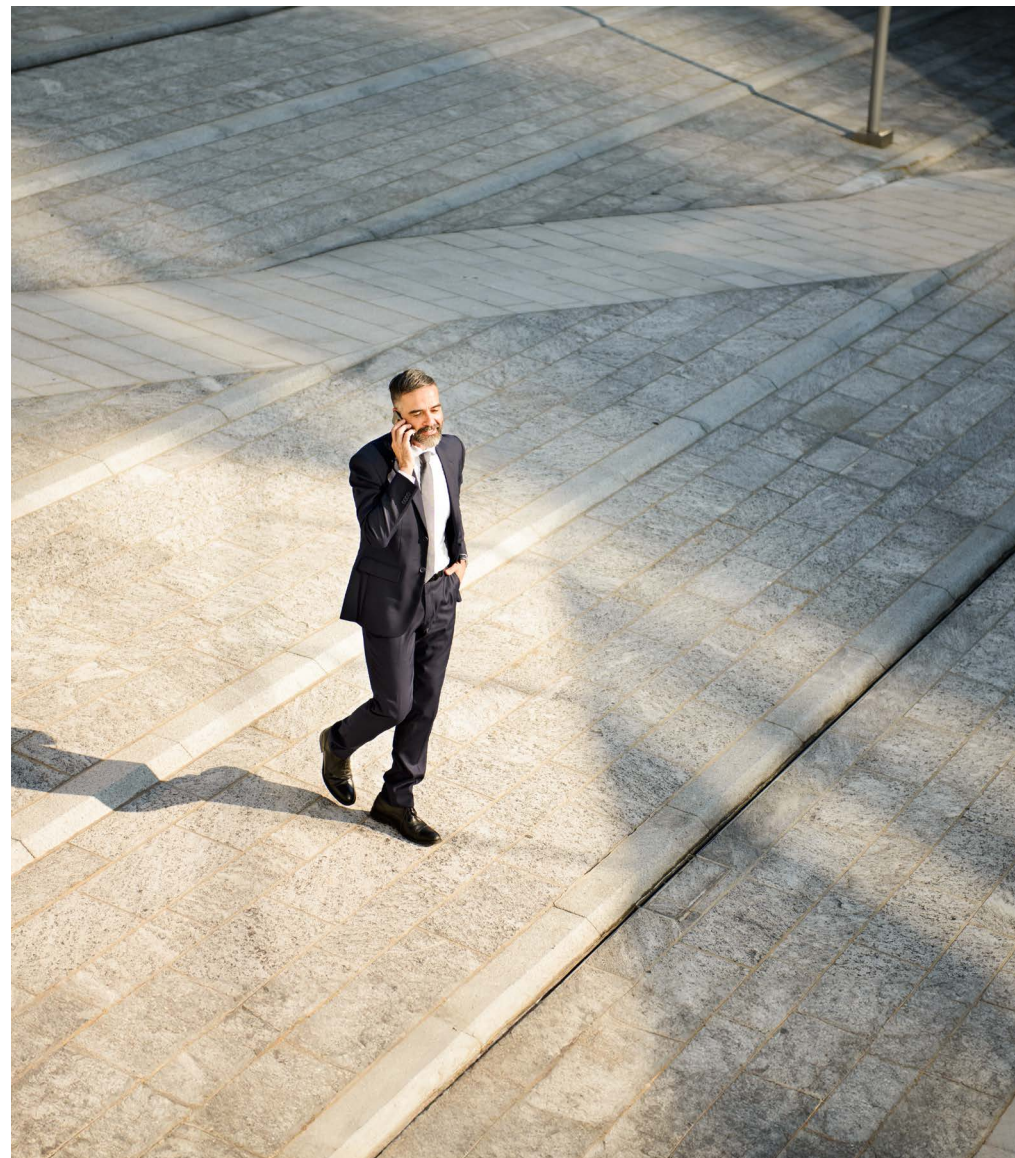
6 Risk management

Risk management framework

The Saxo Bank Group strives to maintain a prudent risk strategy and risk appetite as the basis for a holistic and proactive risk management framework and promotion of adherence to its risk culture.

The Board of Directors decides the overall risk strategy, risk management framework and governance structure including policies and risk appetite. The Board of Management is tasked with the daily management of the company including implementing policies and guidelines decided by the Board of Directors.

The Chief Risk Officer (CRO) has the overall responsibility of supporting the Board of Directors and Board of Management in establishing, maintaining and implementing the Group's risk management framework as well as maintaining an overview of the total risk profile of the Group and for ensuring that all risks are identified and managed as appropriate.



6 Risk management

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), defined as margin trading risk
- Credit risk on margin lending clients
- 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

Roles and responsibilities

The Board of Directors is responsible for defining the Group's Credit Policy, the Group's credit risk appetite and for approving large individual credit risk limits.

The Credit Risk team within Trading is 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 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

Margin trading risk is a market-risk-driven credit risk exposure using derivatives as the exposure. This risk is different from credit risk which stems from traditional lending activities since margin trading exposure values may change as a result of market movements.

The Group offers margin trading to clients supported by a real-time risk management system that performs stop-out procedures on positions if collateral becomes insufficient relative to the margin requirement. The system thus supports that the Group will not incur any losses in normal market situations. In case of a sudden market price gap for a financial instrument, 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 may leave the Group with a margin trading loss related to a client position.

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.

Margin lending

The Group offers margin lending within defined leverage limits. A margin lending account enables clients in certain jurisdictions to pledge securities as collateral for a loan, which can be used to leverage positions. The Group manages risks from margin lending using the same tools as used for managing margin trading risk. The Group uses credit assessments of clients as required in relevant jurisdictions for margin lending client approvals.

Credit institutions, central banks and bonds

The Saxo Bank Group incurs credit risk against credit institutions when placing part of its liquidity surplus with other predominantly large international banks many of which are global SIFI-institutions. 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, the Saxo Bank Group is exposed to credit risk through bond holdings obtained as part of the Group's liquidity management process. The bonds are highly rated government and mortgage bonds. The Saxo Bank Group also incurs counterparty credit risk against the Group's financial partners (prime brokers) when providing market liquidity in the products offered on the trading platforms.

6 Risk management

| DKK million | Note | 2023 | | | | 2022 | | | |
|---|-------|-----------------------------------|--|---------------------|---------------|-----------------------------------|--|---------------------|---------------|
| | | Margin trading and margin lending | Credit institutions, central banks and bonds | Other ¹⁾ | Total | Margin trading and margin lending | Credit institutions, central banks and bonds | Other ¹⁾ | Total |
| 6.1.1 Credit risk exposure | | | | | | | | | |
| Statement of financial position items | | | | | | | | | |
| Cash in hand and demand deposits with central banks | 6.1.3 | - | 38,770 | - | 38,770 | - | 20,597 | - | 20,597 |
| Receivables from credit institutions and central banks | 6.1.3 | - | 5,181 | - | 5,181 | - | 3,468 | - | 3,468 |
| Financial assets at fair value | 6.1.4 | 9,712 | - | 4,031 | 13,743 | 10,369 | - | 857 | 11,226 |
| Bonds at amortised cost | 6.1.5 | - | 23,887 | - | 23,887 | - | 45,302 | - | 45,302 |
| Loans and other receivables at amortised cost | 6.1.2 | 3,115 | - | 110 | 3,225 | 4,221 | - | 50 | 4,271 |
| Convertible loan notes at fair value | 8.1 | - | - | - | - | - | - | 267 | 267 |
| Impairment allowance | 6.1.6 | -8 | -13 | - | -21 | -13 | -12 | - | -25 |
| Total credit exposure in statement of financial position | | 12,818 | 67,825 | 4,141 | 84,785 | 14,578 | 69,354 | 1,174 | 85,106 |
| Off-balance items | | | | | | | | | |
| Guarantees | 6.1.6 | - | - | 58 | 58 | - | - | 63 | 63 |
| Impairment allowance | 6.1.6 | - | - | - | - | - | - | -9 | -9 |
| Credit exposure off-balance items | | - | - | 58 | 58 | - | - | 54 | 54 |
| Total credit exposure net of impairment | | 12,818 | 67,825 | 4,199 | 84,843 | 14,578 | 69,354 | 1,227 | 85,159 |

¹⁾ Other mainly consisted of listed securities.

In 2022, the Group had a credit risk exposure of DKK 267 million related to convertible loan notes. The convertible loan notes were sold in 2023, see note 8.1 Investment in joint ventures. The convertible loan notes were in 2022 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.

6 Risk management

DKK million

2023

2022

> **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 |
|--|-----------------|------------|----------------------------|-----------------|--------------------|-----------------|------------|----------------------------|-----------------|--------------------|
| Cash in hand and demand deposits with central banks | 38,770 | -4 | 38,766 | - | 38,766 | 20,597 | -2 | 20,595 | - | 20,595 |
| Receivables from credit institutions and central banks | 5,181 | -4 | 5,177 | - | 5,177 | 3,468 | -3 | 3,464 | - | 3,464 |
| Bonds at amortised cost | 23,887 | -4 | 23,883 | - | 23,883 | 45,302 | -7 | 45,295 | - | 45,295 |
| Loans and other receivables at amortised cost: | | | | | | | | | | |
| Loans collateralised with securities (margin lending) | 3,115 | -8 | 3,106 | 3,099 | 7 | 4,219 | -13 | 4,207 | 4,192 | 15 |
| Trading clients (cash collateral provided in security lending) | 110 | - | 110 | 110 | - | 50 | - | 50 | 50 | - |
| Accrued interest on loans | - | - | - | - | - | 2 | - | 2 | - | 2 |
| Guarantees | 58 | - | 58 | - | 58 | 63 | -9 | 54 | - | 54 |
| Total | 71,121 | -21 | 71,100 | 3,209 | 67,891 | 73,701 | -34 | 73,666 | 4,242 | 69,424 |

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

6 Risk management

| DKK million | 2023 | 2022 |
|--|--------------|--------------|
| 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 | 2,422 | 3,055 |
| Other businesses | 853 | 1,257 |
| Total | 3,275 | 4,312 |
| Geographical distribution: | | |
| Denmark | 132 | 88 |
| The Netherlands | 2,909 | 3,920 |
| Other countries | 234 | 303 |
| Total | 3,275 | 4,312 |
| Collateral held against lending activities - Loans and other receivables at amortised cost | | |
| An essential element of the 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. | | |
| Credit exposure net of impairment | 3,275 | 4,312 |
| Collateral: | | |
| Listed securities (collateralised loans) | 3,209 | 4,220 |
| Guarantees | 0 | 22 |
| Total collateral | 3,209 | 4,242 |
| Total unsecured credit exposure - Loans and other receivables at amortised cost and guarantees | 65 | 70 |

6 Risk management

DKK million

2023

2022

6.1.3 Credit risk - Credit institutions and central banks

The 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.

| Receivables from credit institutions and central banks by credit rating category | Credit institutions | Central banks | Total | Credit institutions | Central banks | Total |
|--|---------------------|---------------|---------------|---------------------|---------------|---------------|
| AAA | - | 38,692 | 38,692 | 1,777 | 20,513 | 22,290 |
| AA | - | 73 | 73 | 1,032 | 82 | 1,114 |
| AA- | 478 | - | 478 | 1 | - | 1 |
| A- | 4,521 | - | 4,521 | 442 | - | 442 |
| BBB | - | - | - | 54 | - | 54 |
| BBB- | 164 | - | 164 | 130 | - | 130 |
| BB- | 10 | - | 10 | 7 | - | 7 |
| B | 3 | - | 3 | 21 | - | 21 |
| Total | 5,177 | 38,766 | 43,942 | 3,464 | 20,595 | 24,060 |

| Receivables from credit institutions and central banks by geography | Credit institutions | Central banks | Total | Credit institutions | Central banks | Total |
|---|---------------------|---------------|---------------|---------------------|---------------|---------------|
| Denmark | 550 | 11,811 | 12,361 | 130 | 297 | 427 |
| The Netherlands | 593 | 24,606 | 25,199 | 1,045 | 16,526 | 17,571 |
| Germany | 588 | - | 588 | 469 | 1 | 470 |
| United Kingdom | 502 | - | 502 | 430 | - | 430 |
| France | 124 | 23 | 147 | 107 | 24 | 131 |
| Switzerland | 53 | 2,276 | 2,329 | 40 | 3,689 | 3,729 |
| The US | 1,150 | - | 1,150 | 38 | 58 | 96 |
| Asia | 803 | - | 803 | 850 | - | 850 |
| Other | 813 | 50 | 864 | 356 | - | 356 |
| Total | 5,177 | 38,766 | 43,942 | 3,464 | 20,595 | 24,060 |

Receivables from credit institutions and central banks can be withdrawn on-demand except from mandatory reserve deposits of DKK 454 million (2022: DKK 478 million) and cash placed as collateral in security lending of DKK 32 million (2022: DKK 0 million). The mandatory reserve deposits and the cash collateral are not free for withdrawal.

No collateral was received for receivables from credit institutions at 31 December 2023 or at 31 December 2022.

6 Risk management

| DKK million | 2023 | | | 2022 | | |
|---------------------------------|-----------------|---------------------|---------------------|-----------------|---------------------|---------------------|
| 6.1.4 Credit risk - Derivatives | Notional amount | Positive fair value | Negative fair value | Notional amount | Positive fair value | Negative fair value |
| Currency contracts | | | | | | |
| Forward/futures purchased | 19,723 | 226 | -175 | 19,312 | 439 | -332 |
| Forward/futures sold | 22,571 | 86 | -169 | 24,433 | 139 | -369 |
| Options purchased | 27,775 | 40 | -255 | 14,836 | 42 | -129 |
| Options written | 28,259 | 339 | -34 | 14,522 | 118 | -35 |
| Unsettled spot purchased | 20,370 | 741 | -116 | 15,165 | 1,218 | -100 |
| Unsettled spot sold | 18,086 | 893 | -91 | 16,557 | 778 | -92 |
| Interest rate contracts | | | | | | |
| Forward/futures purchased | 5,529 | 6 | -35 | 5,977 | 101 | -1 |
| Forward/futures sold | 5,493 | 30 | -3 | 5,935 | 0 | -120 |
| Options purchased | 3,326 | 1 | -2 | 3,202 | 1 | -4 |
| Options written | 3,326 | 2 | -1 | 3,202 | 4 | -1 |
| Interest swaps | 9,545 | 41 | -13 | 744 | - | -33 |
| Equity contracts | | | | | | |
| Forward/futures purchased | 17,996 | 1,207 | -933 | 17,663 | 2,094 | -458 |
| Forward/futures sold | 14,769 | 1,019 | -33 | 17,384 | 769 | -294 |
| Options purchased | 127,381 | - | -4,574 | 81,761 | - | -4,186 |
| Options written | 127,285 | 4,571 | - | 81,733 | 4,186 | -1 |
| Commodity contracts | | | | | | |
| Forward/futures purchased | 3,311 | 90 | -38 | 3,863 | 118 | -70 |
| Forward/futures sold | 3,535 | 42 | -88 | 3,897 | 59 | -101 |
| Options purchased | 2,426 | 2 | -34 | 1,639 | 4 | -20 |
| Options written | 2,426 | 34 | -2 | 1,639 | 20 | -3 |
| Other contracts | | | | | | |
| Turbos | 383 | 385 | -383 | 277 | 279 | -277 |
| Total derivatives | | 9,753 | -6,980 | | 10,369 | -6,625 |

Interest swaps are used for hedge, see note 9.4 Hedge accounting.

The 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.

6 Risk management

DKK million

2023

2022

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 US. The Saxo Bank Group has defined the type of bonds and the minimum rating requirements on the individual bonds in the risk appetite statements.

| | Danish mortgage bonds | Government bonds | Total | Danish mortgage bonds | Government bonds | Total |
|---|-----------------------|------------------|---------------|-----------------------|------------------|---------------|
| Bond portfolio by rating category | | | | | | |
| AAA | 1,043 | 1,417 | 2,460 | 14,144 | 2,008 | 16,152 |
| AA+ | 2,345 | 6,370 | 8,715 | 300 | 14,304 | 14,604 |
| AA | - | 9,895 | 9,895 | - | 11,421 | 11,421 |
| Other investment grade | - | 2,725 | 2,725 | 0 | 2,867 | 2,867 |
| Accrued interest | - | - | 130 | - | - | 252 |
| Fair value adjustment due to hedge accounting ¹⁾ | - | - | -41 | - | - | - |
| Total | 3,388 | 20,407 | 23,883 | 14,444 | 30,599 | 45,295 |
| Bond portfolio by geography | | | | | | |
| Denmark | 3,388 | - | 3,388 | 14,444 | - | 14,444 |
| France | - | 6,713 | 6,713 | - | 8,174 | 8,174 |
| Spain | - | 1,903 | 1,903 | - | 2,867 | 2,867 |
| The US | - | 8,420 | 8,420 | - | 13,821 | 13,821 |
| Other | - | 3,372 | 3,372 | - | 5,737 | 5,737 |
| Accrued interest | - | - | 130 | - | - | 252 |
| Fair value adjustment due to hedge accounting ¹⁾ | - | - | -41 | - | - | - |
| Total | 3,388 | 20,407 | 23,883 | 14,444 | 30,599 | 45,295 |

¹⁾ The Saxo Bank Group uses interest swaps to manage the interest risk on part of the bonds at amortised cost, see note 9.4 Hedge accounting.

6 Risk management

6.1.6 Credit risk - Expected credit loss

The 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 the 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

The 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.

6 Risk management

DKK million

2023

2022

> **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 | 38,770 | - | - | 38,770 | 20,597 | - | - | 20,597 |
| Receivables from credit institutions and central banks | 5,181 | - | - | 5,181 | 3,468 | - | - | 3,468 |
| Loans and other receivables at amortised cost | 3,217 | - | 8 | 3,225 | 4,258 | - | 13 | 4,271 |
| Bonds at amortised cost | 23,887 | - | - | 23,887 | 45,302 | - | - | 45,302 |
| Guarantees | 58 | - | - | 58 | 54 | - | 9 | 63 |
| Total | 71,113 | - | 8 | 71,121 | 73,679 | - | 22 | 73,701 |
| Impairment allowance | | | | | | | | |
| Demand deposits with central banks | 4 | - | - | 4 | 2 | - | - | 2 |
| Receivables from credit institutions and central banks | 4 | - | - | 4 | 3 | - | - | 3 |
| Loans and other receivables at amortised cost | - | - | 8 | 8 | - | - | 13 | 13 |
| Bonds at amortised cost | 4 | - | - | 4 | 7 | - | - | 7 |
| Guarantees | - | - | - | - | - | - | 9 | 9 |
| Total | 13 | - | 8 | 21 | 12 | - | 22 | 34 |

6 Risk management

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 |
|--|-----------------------------|----------------------------|----------------------------|-----------|
| 2023 | | | | |
| Impairment allowance 1 January | 12 | - | 22 | 34 |
| Impairment for the year | 1 | - | - | 1 |
| Reversal of impairment from previous years | - | - | -4 | -4 |
| Amounts written down | - | - | -10 | -10 |
| Impairment allowance 31 December | 13 | - | 8 | 21 |
| 2022 | | | | |
| Impairment allowance 1 January | 14 | - | 26 | 41 |
| Reversal of impairment from previous years | - | - | -4 | -4 |
| Amounts written down | -2 | - | - | -2 |
| Impairment allowance 31 December | 12 | - | 22 | 34 |

6.1.7 Securities lending

The Saxo Bank Group offers securities lending primarily to clients in Denmark, 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 nor 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.

| DKK million | 2023 | 2022 |
|---|-------|------|
| Receivables due to securities lending | 943 | 569 |
| Collateral received (bonds) | 1,028 | 714 |
| Liabilities due to securities lending (clients) | 1,325 | 569 |
| Collateral pledged (bonds and cash) | 1,588 | 664 |
| Collateral pledged (receivables from credit institutions) | 236 | - |

Cash provided as collateral in securities lending amounted to DKK 110 million at 31 December 2023 (31 December 2022: DKK 50 million) and was recognised in the statement of financial position in loans and other receivables at amortised cost, see note 6.1.1 Credit risk exposure.

6 Risk management

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

The 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.

Roles and responsibilities

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 and has no proprietary trading positions. Furthermore, the Group actively hedges its market risk and currency risk to a minimum and has very low net exposures on the market risk area. Market risk exposures are monitored intra-day by the trading department against the limits set in the Risk Appetite Statement.

Group Risk and Capital Management performs 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.

Foreign exchange risk

The Group incurs foreign exchange (FX) risk as a result of trading products on behalf of clients and hedging the risks of those trades. Furthermore, foreign exchange risk can arise from management and composition of balance sheet positions.

The foreign exchange risk limits are defined based on market availability, liquidity and volatility of the relevant currency.

| DKK million | | 2023 | | 2022 | |
|------------------------------------|------------|----------|------------------|------------|------------------|
| | | Exposure | Sensitivity (1%) | Exposure | Sensitivity (1%) |
| 6.2.1 Foreign exchange risk | | | | | |
| Long positions | | | | | |
| USD | 39 | 0 | USD | 382 | 4 |
| EUR | 35 | 0 | JPY | 34 | 0 |
| AUD | 14 | 0 | NOK | 11 | 0 |
| ZAR | 11 | 0 | CNY | 6 | 0 |
| CHF | 7 | 0 | AED | 2 | - |
| Other | 23 | 0 | Other | 8 | 0 |
| Total long positions | 130 | 1 | | 444 | 4 |
| Short positions | | | | | |
| INR | 27 | 0 | EUR | 207 | 2 |
| CNY | 14 | 0 | HUF | 42 | 0 |
| GBP | 12 | 0 | HKD | 35 | 0 |
| NZD | 7 | 0 | INR | 15 | 0 |
| HUF | 6 | 0 | CHF | 15 | 0 |
| Other | 20 | 0 | Other | 57 | 1 |
| Total short positions | 85 | 1 | | 371 | 4 |
| Total | | 2 | | | 8 |

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

6.2.2 Equity risk

Equity exposures stem from hedging of the client trading flow, where equity positions are held for shorter time periods. At 31 December 2023, the Group had listed securities of DKK 3,986 million (31 December 2022: 851 million). The exposure consists of mostly large and liquid securities listed on major stock exchanges. All positions in the portfolio are opened with the purpose of hedging market risk in other products, and as a result the Group incurs limited overall net equity risk.

At 31 December 2023, the net equity exposure was DKK 20 million (31 December 2022: DKK 25 million).

6 Risk management

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.

At 31 December 2023, the net exposure was DKK 7 million (31 December 2022: DKK 10 million).

6.2.4 Interest rate risk

Exposures towards interest rate movements are managed either under the regulatory trading book or the banking book. The regulatory trading book exposures stem from hedging of the client trading flow.

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.

To manage interest rate risk from its tier 2 issuance, the Group has entered into a fixed/floating interest rate swap, where the Group receives fixed interest payments and pays floating rate. The Group has also entered into a fair value hedge in relation to its bond portfolio, where it pays fixed interest rate and receives floating rate. The fair value hedge on the bond portfolio reduces the Group's overall asset duration by replacing fixed and longer term interest rates with the more short duration floating rate which also matches the interest rate which the Group pays to clients on the deposit side.

| | Capital-at-Risk | | Earnings-at-Risk | |
|---------------------------|-----------------|---------------|------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Risk amount (DKK million) | 29 | 214 | 66 | 64 |
| Scenario | Parallel down | Parallel down | Gradual down | Gradual down |

6.3 Liquidity risk

Liquidity risk is defined as the risk that:

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

The 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 the Saxo Bank Group at all times has a strong liquidity position with a safe margin to the regulatory and internally defined minimum requirements.

At 31 December 2023, 70% (31 December 2022: 73%) of the Group's assets consisted of on-demand deposits with central banks and highly rated government and mortgage backed securities providing for a highly liquid asset composition.

Roles and responsibilities

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.

The Group's treasury function resides with the Asset & Liability Management function (ALM) within Group Trading and Treasury and is the first line of defence for managing liquidity risk within the Group's defined risk appetite and for adherence to the Liquidity Risk Policy.

The Group Risk and Capital Management function (GRCM), which is the independent second line control function, monitors and reviews the liquidity risk profile and control environment, providing second line independent oversight of the management of liquidity risk. GRCM is furthermore responsible for preparing the Group's Internal Liquidity Adequacy Assessment Process (ILAAP) in close collaboration with ALM in Trading & Treasury.

6 Risk management

> Liquidity monitoring and reporting

To monitor liquidity risk, the 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 Liquidity Coverage Ratio (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 the Saxo Bank Group's internally required level of liquidity. The ILAAP is approved by the Board of Directors

The Group's primary liquidity metric is the regulatory Liquidity Coverage Ratio (LCR), which is calculated for total currencies as well as for the Group's significant currencies.

The Board of Directors' 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 ILAAP, but adjustments can occur on a continuous basis. 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. The process is documented in the ILAAP Report. At 31 December 2023, the LCR ratio for the Saxo Bank Group was 326.4% (31 December 2022: 272.0%).

The Group monitors a range of indicators for early signs of liquidity risk. These are designed to immediately identify the emergence of increased liquidity risk in order to maximise the time available to execute appropriate mitigating management actions.

Funding

The Saxo Bank Group has a strong funding base and a diversified portfolio of deposits ranging from retail deposits from private clients to large deposits from financial clients and partners. The Group's primary funding metric is the Net Stable Funding Ratio (NSFR). The purpose of the 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. The Saxo Bank Group continues to have a stable funding structure. At 31 December 2023, the NSFR ratio for the Saxo Bank Group was 342.3% (31 December 2022: 282.9%).

The main components requiring stable funding in the 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

To ensure that the 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. These tests are carried out regularly and the stress scenarios include: A market wide stress scenario where general market conditions impacting the Group are stressed, an idiosyncratic stress where factors related to the 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 plausible events, whereas the combined scenario is considered extremely severe but still plausible.

In the unlikely event that it should be needed, 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.

6 Risk management

6.4 Capital

Regulatory requirements

The Saxo Bank Group's total regulatory capital consists of common equity tier 1, additional tier 1 and tier 2 capital instruments. The minimum capital requirements, defined as a percentage of the 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, the Saxo Bank Group must meet:

- The individually assessed capital requirement under pillar II
- The capital conservation, the countercyclical and the SIFI capital buffers

The statement of capital for the 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.

Capital position

The Saxo Bank Group has a strong capital position. Compared to the 8% minimum requirement, the Pillar II internal capital requirement of 3.8%, the MREL of 18.1% and a combined buffer requirement of 3.9% (31 December 2022: 3.7%), the Group had a total capital ratio of 31.8% as at 31 December 2023. The Group publishes its Internal Capital Adequacy Assessment Process on a quarterly basis at [ICAAP Report and reports capital ratios and related information quarterly to regulators](#).

ICAAP process & Pillar II requirement

The pillar II requirement is described in the Capital Requirement Directive (CRD) and is implemented in the Danish Financial Business Act and further detailed in the ICAAP Guideline. Following the methodology in the ICAAP Guideline, the 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.

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 the Saxo Bank Group is sufficient to withstand highly unlikely, however not implausible events. A number of stress scenarios have been outlined in the various risk areas. Management mitigating actions, like contingency plans and insurance coverage, are considered. The 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

In addition to the minimum capital requirements, institutions are required to hold a capital conservation buffer of 2.5% of REA and a countercyclical capital buffer. In Denmark it is the Minister for Economic Affairs who sets the level of the countercyclical capital buffer based on advice from the Systemic Risk Council. As a SIFI-institution, Saxo Bank A/S will be subject to a 1% SIFI buffer from 31 December 2024.

The systemic risk buffer does not apply in Denmark by 31 December 2023, but the Systemic Risk Council has proposed to impose a 7% systemic risk buffer from 30 June 2024, subject to the approval process at both national and EU levels, to be applied to lending exposures against Danish real estate companies. The Group does not have such exposures (but one limited intra-group exposure exists on sub-consolidated level between Saxo Bank A/S and a real-estate subsidiary company) and the proposal, if it is approved, is therefore not expected to have any significant impact on the Group.

Minimum Requirement for own funds and Eligible Liabilities (MREL)

Saxo Bank A/S is subject to the Minimum Requirement for own funds and Eligible Liabilities (MREL), which is a requirement to hold capital instruments or liabilities which can be used to absorb losses and recapitalise the company via bail-in. For SIFI-institutions a smaller part of the MREL-requirement can be covered by non-subordinated liabilities or senior preferred debt. Bail-in means that the resolution authorities in the event of resolution can convert or write-down certain liabilities to absorb losses or recapitalise the company to meet obligations under the resolution strategy.

The preferred resolution strategy for Saxo Group is a single point of entry (SPE) strategy which is intended to keep the Group intact and preserve critical functions due to the systemic importance of the Group with a number of critical functions in Denmark which need to be maintained in resolution. The preferred strategy for Saxo Bank Group is therefore to recapitalise the Group via bail-in and write-down of capital instruments and eligible liabilities. To allow for such a recapitalisation, the MREL-requirement is set at twice the ICAAP-requirement (Pillar I + Pillar II requirements) plus the combined buffer requirement excluding the countercyclical buffer requirement. In addition to this requirement, SIFI-institutions shall also meet the combined buffer requirement, which is to be covered by CET1. The Group is also subject to a parallel MREL-requirement based on the leverage ratio exposure measure or the non-risk-based MREL-requirement. It is the highest of the two requirements which applies. For the time being, it is the risk-based MREL-requirement which is the Group's applicable requirement.

Saxo Bank A/S has received its SIFI MREL-requirement including subordination requirement which has been published at [www.home.saxo/about-us/icaap-and-risk-reports](#). At 31 December 2023, the Group covered its phased-in MREL requirement using its regulatory capital. The Group receives its MREL requirement decision from the Danish FSA on a yearly basis.

The SIFI MREL requirement will be phased-in in the period from 1 January 2024 to 1 January 2029.

Capital risk

Capital risk is the risk that the Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions.

6 Risk management

▸ **Roles and responsibilities**

Within capital risk, the Board of Directors defines the Group's Capital Policy and Risk Appetite Statement for capital risk as well as the overall principles of the capital management. The Board also approves the Group's ICAAP, internal stress tests and the Recovery Plan.

The Board Risk Committee supports the Board of Directors and reviews the risk profile, the capital risk appetite and the impact of stress scenarios on the Group's ICAAP.

The Group's Asset-Liability Committee (ALCO) is tasked with the management of assets and liabilities with the goal to optimize the use of capital and liquidity, while ensuring that exposures remain within the risk appetite.

Group Trading & Treasury performs capital management and planning of the capital structure of the Group. Group Risk & Capital Management (GRCM) develops the framework of capital management, including the assessment of the capital requirements and is responsible for ensuring that the Group adheres to the risk appetite and policies on the capital area as decided by the Board of Directors.

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, the Saxo Bank Group has defined a minimum level above the CRR requirement in its risk appetite statement.

At 31 December 2023, the Group's leverage ratio was 5.1% (31 December 2022: 5.5%). The 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
- 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.

7 Cash flow statement

| DKK million | Note | 2023 | 2022 |
|--|------|---------------|----------------|
| 7.1 Non-cash operating items | | | |
| Share of net profit/loss from joint ventures | 8.1 | 108 | 7 |
| Amortisation, depreciation and impairment | 4.5 | 1,079 | 620 |
| Impairment charges financial assets etc. | | -4 | -7 |
| Other non-cash operating items | | 157 | -651 |
| Total non-cash operating items | | 1,340 | -30 |
| 7.2 Changes in operating capital | | | |
| Receivables from credit institutions and central banks | | -2 | -2 |
| Financial assets/liabilities at fair value | | -1,885 | -1,850 |
| Loans and other receivables at amortised cost | | 1,044 | 1,212 |
| Bonds at amortised cost | | 21,441 | -12,901 |
| Other assets | | 326 | 2 |
| Debt to credit institutions and central banks | | -1,192 | -456 |
| Deposits | | 121 | 934 |
| Other liabilities and provisions | | 66 | -360 |
| Total changes in operating capital | | 19,918 | -13,422 |
| 7.3 Cash and cash equivalents | | | |
| Cash in hand and demand deposits with central banks | | 38,766 | 20,595 |
| Amounts due from credit institutions and central banks within three months | | 5,171 | 3,459 |
| Cash and cash equivalents at 31 December | | 43,937 | 24,054 |
| 7.4 Liabilities arising from financing activities | | | |
| Cash and non-cash changes | | | |
| Subordinated debt at 1 January | | 729 | 770 |
| Fair value adjustment due to fair value hedge | | 20 | -42 |
| Amortisation | | 2 | 2 |
| Net interest on subordinated debt | | 0 | 0 |
| Exchange rate adjustments | | 2 | -0 |
| Total subordinated debt at 31 December | 5.3 | 752 | 729 |

8 Joint ventures

8.1 Investments in joint ventures

Saxo Bank A/S had a 50% interest in Saxo Geely Tech Holding A/S, a jointly controlled entity, owning a subsidiary in China providing IT-services in Mainland China. In June 2023, Saxo Bank A/S divested the 50% interest in Saxo Geely Tech Holding A/S, including loan notes. The divestment resulted in a net loss of DKK 94 million recognised in share of net profit/loss from joint ventures.

| DKK million | 2023 | 2022 |
|---|-------------|-----------|
| Share of net profit/loss from joint ventures | | |
| 50% share of net profit/loss | -13 | -61 |
| Fair value adjustments of loan notes, net of tax | - | 54 |
| Divestment loss | -94 | - |
| Total share of net profit/loss from joint ventures | -108 | -7 |

50% of other comprehensive income from Saxo Geely Tech Holding A/S, net of intercompany eliminations, amounted to a loss of DKK 17 million in 2023 (2022: loss of DKK 11 million). Saxo Bank A/S has since February 2021 and until the divestment hedged foreign currency risk (EUR and CNY) of the net investment in the joint venture. Note 9.4 provides information on hedge accounting.

Reclassification of accumulated foreign exchange adjustments etc. recognised in equity had a positive impact on the divestment loss of DKK 2 million.

| DKK million | 2023 | 2022 |
|---|----------|------------|
| Carrying amount of investments in joint ventures | | |
| 50% share of the equity in the joint venture | - | 834 |
| Convertible loan notes at fair value | - | 267 |
| Intercompany elimination | - | -684 |
| Total investments in joint ventures | - | 418 |

At 31 December 2022, Saxo Bank A/S had a receivable (loan notes) of DKK 267 million from Saxo Geely Tech Holding A/S. The loan notes included conversion rights and were presented as part of investments in joint ventures. In 2023, Saxo Bank A/S divested the loans note as part of the divestment of the 50% interest in Saxo Geely Tech Holding A/S.

9 Other disclosure requirements

DKK million

2023

2022

9.1 Expected maturity of statement of financial position items

The 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).

| | < 1 year | > 1 year | < 1 year | > 1 year |
|--|----------|----------|----------|----------|
| Assets | | | | |
| Cash in hand and demand deposits with central banks | 38,766 | - | 20,595 | - |
| Receivables from credit institutions and central banks | 5,177 | - | 3,464 | - |
| Financial assets at fair value | 11,296 | 2,447 | 8,851 | 2,375 |
| Bonds at amortised cost | 16,817 | 7,066 | 19,388 | 25,906 |
| Loans and other receivables at amortised cost | 3,217 | - | 4,258 | - |
| Current tax assets | 217 | - | 171 | - |
| Investments in joint ventures | - | - | - | 418 |
| Intangible assets | 344 | 2,350 | 467 | 2,657 |
| Tangible assets | 142 | 1,064 | 153 | 1,074 |
| Deferred tax assets | - | 21 | - | 14 |
| Other assets | 434 | 26 | 623 | 32 |
| Liabilities | | | | |
| Debt to credit institutions and central banks | 3,543 | - | 4,729 | - |
| Financial liabilities at fair value | 4,757 | 2,441 | 4,190 | 2,436 |
| Deposits | 69,916 | 193 | 69,480 | 223 |
| Current tax liabilities | 130 | - | 114 | - |
| Other liabilities | 727 | 141 | 626 | 145 |
| Deferred tax liabilities | - | 159 | - | 354 |
| Provisions | 252 | 6 | 305 | - |
| Subordinated debt | 20 | 731 | 20 | 709 |

9 Other disclosure requirements

DKK million

2023

2022

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.

| | On demand | Within 3 months | From 3 to 12 months | From 1 to 5 years | More than 5 years | Total | On demand | Within 3 months | From 3 to 12 months | From 1 to 5 years | More than 5 years | Total |
|--|---------------|-----------------|---------------------|-------------------|-------------------|---------------|---------------|-----------------|---------------------|-------------------|-------------------|---------------|
| Debt to credit institutions and central banks | 3,543 | - | - | - | - | 3,543 | 4,729 | - | - | - | - | 4,729 |
| Deposits | 69,916 | - | - | - | 193 | 70,108 | 69,480 | - | - | - | 223 | 69,702 |
| Obligation to repurchase securities | 218 | - | - | - | - | 218 | - | - | - | - | - | - |
| Subordinated debt | - | - | 41 | 170 | 766 | 977 | - | - | 43 | 169 | 805 | 1,017 |
| Total financial liabilities (non-derivatives) | 73,677 | - | 41 | 170 | 959 | 74,847 | 74,209 | - | 43 | 169 | 1,028 | 75,449 |
| Currency contracts | - | 734 | 106 | 0 | - | 841 | - | 886 | 172 | 0 | - | 1,058 |
| Interest rate contracts | - | 51 | 2 | 2 | - | 55 | - | 153 | 3 | 2 | - | 158 |
| Equity contracts | - | 2,144 | 1,346 | 2,051 | - | 5,540 | - | 1,599 | 1,221 | 2,118 | - | 4,938 |
| Commodity contracts | - | 76 | 81 | 5 | - | 161 | - | 95 | 94 | 5 | - | 194 |
| Turbos | - | - | - | - | 383 | 383 | - | - | - | - | 277 | 277 |
| Total financial liabilities (derivatives) | - | 3,004 | 1,534 | 2,058 | 383 | 6,980 | - | 2,734 | 1,489 | 2,125 | 277 | 6,625 |
| Guarantees | 58 | - | - | - | - | 58 | 54 | - | - | - | - | 54 |
| Total financial liabilities (other) | 58 | - | - | - | - | 58 | 54 | - | - | - | - | 54 |
| Total | 73,735 | 3,004 | 1,575 | 2,229 | 1,341 | 81,885 | 74,262 | 2,734 | 1,532 | 2,295 | 1,305 | 82,128 |

In note 6.3, management, monitoring and reporting of liquidity risk is described.

9 Other disclosure requirements

DKK million

9.3 Offsetting financial assets and liabilities

| | Gross amount | Offsetting | Net carrying amount in the statement of financial position | Amounts not offset but subject to master netting agreements and similar agreements | | | Net amount |
|--|---------------|------------|--|--|-----------------|----------------------|--------------|
| | | | | Financial instruments | Cash collateral | Financial collateral | |
| 2023 | | | | | | | |
| Financial assets | | | | | | | |
| Derivatives financial instruments with positive fair value | 9,753 | - | 9,753 | -3,656 | -4,171 | -927 | 999 |
| Total | 9,753 | - | 9,753 | -3,656 | -4,171 | -927 | 999 |
| Financial liabilities | | | | | | | |
| Derivatives financial instruments with negative fair value | 6,980 | - | 6,980 | -3,656 | -181 | - | 3,143 |
| Total | 6,980 | - | 6,980 | -3,656 | -181 | - | 3,143 |
| 2022 | | | | | | | |
| Financial assets | | | | | | | |
| Derivatives financial instruments with positive fair value | 10,369 | - | 10,369 | -3,539 | -5,364 | -510 | 955 |
| Total | 10,369 | - | 10,369 | -3,539 | -5,364 | -510 | 955 |
| Financial liabilities | | | | | | | |
| Derivatives financial instruments with negative fair value | 6,625 | - | 6,625 | -3,539 | -590 | -22 | 2,474 |
| Total | 6,625 | - | 6,625 | -3,539 | -590 | -22 | 2,474 |

Assets and liabilities are offset when the 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 999 million (31 December 2022: DKK 955 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.

The Saxo Bank Group determines a margin requirement for trading clients. The margin requirement maintained by the 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. The 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.

9 Other disclosure requirements

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 and interest rate risk.

Hedge of net investments - foreign currency risk

The 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 matches 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. The 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 |
|---|-----------------|-----------------|--|---|---|
| 2023 | | | | | |
| Hedged item: | | | | | |
| Foreign exchange risk related to net investment in foreign entities | | 6,152 | | | -16 |
| Hedging instruments: | | | | | |
| Foreign currency derivatives and other foreign positions | -6,225 | -6,225 | Financial liabilities at fair value/Deposits | -95 | 16 |
| Hedge ineffectiveness | | | Price and exchange rate adjustments | | -0 |
| 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 | -6,555 | -6,555 | Financial liabilities at fair value/Deposits | -105 | -32 |
| Hedge ineffectiveness | | | Price and exchange rate adjustments | | 1 |

In 2023, DKK 2 million (2022: DKK 0 million) has been reclassified from the translation reserve to statement of profit or loss. The impact on other comprehensive income in translation reserve is disclosed in statement of changes in equity.

9 Other disclosure requirements

DKK million

> 9.4 Hedge accounting

Fair value hedge - Tier 2 capital - interest rate risk

The Saxo Bank Group uses interest rate swaps to manage the interest rate risk on tier 2 capital. At 31 December 2023, interest swaps were in place with a notional amount of DKK 745 million (2022: 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 in 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 curves 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 |
|-----------------------|-----------------|-----------------|-------------------------------------|--|---|
| 2023 | | | | | |
| Hedged item: | | | | | |
| Tier 2 capital | | 745 | Subordinated debt | 13 | -20 |
| Hedging instruments: | | | | | |
| Interest rate swap | EUR 100 mio | 13 | Financial liabilities at fair value | | 20 |
| | | | Price and exchange rate adjustments | | - |
| Hedge ineffectiveness | | | | | |
| 2022 | | | | | |
| Hedged item: | | | | | |
| Tier 2 capital | | 741 | Subordinated debt | 33 | 43 |
| Hedging instruments: | | | | | |
| Interest rate swap | EUR 100 mio | 33 | Financial liabilities at fair value | | -43 |
| | | | Price and exchange rate adjustments | | - |
| Hedge ineffectiveness | | | | | |

9 Other disclosure requirements

DKK million

> 9.4 Hedge accounting

Fair value hedge - Bonds - Interest rate risk

Starting from 2023, Saxo Bank Group uses interest rate swaps to manage the interest rate risk on the bond portfolio. At 31 December 2023, interest swaps were in place with a notional amount of DKK 8,800 million. The portfolio consists of Overnight Index Swap (OIS), where the Saxo Bank Group is hedging the fixed interest rate from the bond portfolio by receiving overnight rates instead. The maturity of the interest rate swaps range from Q1 2024 to Q4 2025. The credit risk in the portfolio is low and not expected to be a driver in value changes of the hedged items.

There is an economic relationship between the hedged items and the hedging instruments as the terms of each interest rate swap match the terms of subsection of the fixed rate bond portfolio (i.e., notional amount, currency and maturity). The hedge ratio is determined for each subsection of the portfolio, by considering the overall interest rate risk in that time bucket and how that corresponds to the risk appetite. A hedge effectiveness test is performed regularly to assess the hedging relationship and to ensure the validity of the hedge accounting treatment, including an assessment of the impact of non-interest driven components. Hedge ineffectiveness arises if the value of the hedged items diverges from the hedging instrument, which for this portfolio can happen due to divergence in bond yields from OIS curves or from the timing mismatch in the cash flows and maturities. The former could for example be due to changes in the credit perception of the bond issuers or due to the change in the market liquidity of the instruments, while the latter is due to the hedge being implemented on a portfolio level rather than instrument level.

| | Notional amount | Carrying amount | Line item | Accumulated fair value adjustments included in the hedged item | Change in fair value used for measuring hedge ineffectiveness |
|-------------------------|-----------------|-----------------|-------------------------------------|--|---|
| 2023 | | | | | |
| Hedged item: | | | | | |
| Bonds at amortised cost | 8,800 | 8,886 | Bonds at amortised cost | -41 | -41 |
| Hedging instruments: | | | | | |
| Interest rate swap | 8,800 | 41 | Financial assets at fair value | 41 | 41 |
| Hedge ineffectiveness | | | Price and exchange rate adjustments | | - |

9 Other disclosure requirements

DKK million

9.5 Related parties

Geely Financials Denmark A/S is the parent company of Saxo Bank A/S and, by owning 49.88% of the share capital, considered to have de facto control of Saxo Bank A/S.

At 31 December 2023, 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 |

| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
|---|--------------------|------|-----------------------------------|------|------------------------------------|------|------------------------------|------|
| | Board of Directors | | Board of Management ¹⁾ | | Parties with controlling influence | | Joint ventures ²⁾ | |
| Convertible loan notes | - | - | - | - | - | - | - | 267 |
| Deposits (liabilities) | 0 | 0 | 1 | 0 | - | - | - | - |
| Other assets | - | - | - | - | 0 | 0 | 0 | 6 |
| Fees and commissions | 0 | 0 | 0 | 0 | - | - | 0 | - |
| Other services | - | - | -0 | -0 | 0 | 0 | 2 | 8 |
| Purchase of treasury shares | - | - | - | - | 300 | - | - | - |
| Disposal of shares and loan notes in joint venture | - | - | - | - | 300 | - | - | - |
| Dividend paid | 1 | 0 | 198 | 221 | 359 | 408 | - | - |
| Capital increase (including conversion of convertible loan notes) | - | - | - | - | - | - | - | 156 |

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

²⁾ Two of Saxo Bank A/S's Board of Management members held Board of Director positions in Saxo Financial Technology Limited Company, until the disposal of the investment in 2023. No fee was 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's Board of Directors or Board of Management or to persons related to these.

9 Other disclosure requirements

9.6 Group entities

| | Local currency million | Net profit | Equity | Ownership |
|---|------------------------------|---------------|--------|-----------|
| Subsidiaries | | | | |
| Financial institutions | | | | |
| BG Saxo SIM S.p.A, Italy | EUR | -1 | 7 | 80% |
| Saxo Bank (Schweiz) AG, Switzerland | CHF | 9 | 62 | 100% |
| Saxo Bank Securities Ltd., Japan | JPY | 68 | 1,823 | 100% |
| Saxo Capital Markets HK, Hong Kong | HKD | -25 | 168 | 100% |
| Saxo Capital Markets Pte. Ltd., Singapore | SGD | 42 | 227 | 100% |
| Saxo Capital Markets Pty Ltd., Australia | AUD | 5 | 40 | 100% |
| Saxo Capital Markets UK Ltd., UK | GBP | 10 | 65 | 100% |
| BinckBank N.V., the Netherlands | EUR | 31 | 516 | 100% |
| Other | | | | |
| Saxo Far East (HK) Limited, Hong Kong | HKD | 1 | 32 | 100% |
| Ejendomsselskabet bygning 119 A/S, Denmark | DKK | 26 | 299 | 100% |
| Initto A/S, Denmark | DKK | -1 | 23 | 100% |
| Saxo Group India Private Limited, India | INR | 475 | 1,621 | 100% |
| Saxo Asgard Computer Technology (Shanghai) Co. Ltd., China Mainland | CNY | 4 | 7 | 100% |
| Joint venture | | | | |
| Saxo Geely Tech Holding A/S, Denmark ¹⁾ | EUR | -17 | 224 | 50% |

¹⁾ In 2023, Saxo Bank A/S divested its 50% interest in the joint venture Saxo Geely Tech Holding A/S.

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

In February 2024, the Saxo Bank Group has received 12 enforcement orders from the Danish FSA related to an inspection in May 2023 focusing on the anti-money laundering procedures and processes related to white label partners and financial clients within the institutional business area.

There have been no events that materially affected the assessment of this annual report for 2023.

10 Key figures and ratios

| | 2023 | 2022 | 2021 | 2020 | 2019 ¹⁾ |
|--|--------|--------|--------|--------|--------------------|
| 10.1 Key figures and ratios | | | | | |
| Statement of profit or loss (DKK million) | | | | | |
| Net interest, fees and commissions | 3,308 | 2,991 | 3,213 | 3,064 | 1,974 |
| Price and exchange rate adjustments | 1,164 | 1,444 | 1,279 | 1,251 | 637 |
| Other income | 8 | 20 | 35 | 8 | 716 |
| Total income | 4,481 | 4,455 | 4,527 | 4,324 | 3,327 |
| Staff costs and administrative expenses | -2,877 | -2,839 | -2,912 | -2,708 | -2,582 |
| Amortisation, depreciation and impairment | -1,079 | -620 | -518 | -448 | -612 |
| Operating profit | 502 | 956 | 1,048 | 1,087 | 110 |
| Share of net profit/loss from joint ventures | -108 | -7 | -18 | -7 | -0 |
| Profit before tax | 395 | 949 | 1,031 | 1,080 | 109 |
| Net profit | 260 | 711 | 755 | 750 | 40 |
| Statement of financial position (DKK million) | | | | | |
| Loans and other receivables at amortised cost | 3,217 | 4,258 | 5,471 | 4,811 | 9,883 |
| Deposits | 70,108 | 69,702 | 68,577 | 60,197 | 59,311 |
| Subordinated debt | 752 | 729 | 770 | 776 | 1,140 |
| Total equity | 6,366 | 7,118 | 7,183 | 7,401 | 7,082 |
| Total assets | 89,381 | 90,448 | 91,122 | 78,784 | 74,930 |
| Other | | | | | |
| Client assets (DKK billion) | 745 | 584 | 640 | 478 | 384 |
| Number of full-time equivalent staff (end of year) | 2,332 | 2,484 | 2,473 | 2,214 | 2,113 |

¹⁾ Key figures and ratios are impacted by acquisition of BinckBank N.V. from August 2019.

10 Key figures and ratios

| | 2023 | 2022 | 2021 | 2020 | 2019 ¹⁾ |
|--|--------|--------|--------|--------|--------------------|
| > 10.1 Key figures and ratios | | | | | |
| Financial ratios | | | | | |
| Total capital ratio | 31.8% | 31.0% | 29.1% | 32.6% | 32.9% |
| Tier 1 capital ratio | 27.3% | 26.6% | 25.0% | 27.9% | 26.3% |
| Return on equity before tax | 5.9% | 13.3% | 14.1% | 14.9% | 1.7% |
| Return on equity after tax | 3.9% | 9.9% | 10.3% | 10.4% | 0.6% |
| Income/cost ratio | 109.9% | 127.1% | 129.6% | 133.3% | 103.4% |
| Interest rate risk/tier 1 capital | 3.9% | 10.7% | 4.2% | 3.5% | 4.2% |
| Foreign exchange rate risk/tier 1 capital | 2.9% | 9.9% | 5.4% | 8.9% | 5.5% |
| Value at risk of foreign exchange rate risk/tier 1 capital | 0.0% | 0.3% | 0.1% | 0.0% | 0.0% |
| Loans and other receivables plus impairment charges/deposits | 4.6% | 6.1% | 8.0% | 8.1% | 16.7% |
| Loans and other receivables proportional to total equity | 0.51 | 0.60 | 0.76 | 0.65 | 1.40 |
| Growth in loans and other receivables | -24.5% | -22.2% | 13.7% | -51.3% | >1,000% |
| Liquidity coverage ratio | 326.4% | 272.0% | 252.7% | 324.1% | 450.1% |
| Sum of large exposures /CET1 capital | 51.6% | 23.2% | 29.0% | 22.3% | 28.3% |
| Loss and provisions ratio | -0.1% | -0.2% | 0.1% | 0.5% | 0.1% |
| Return on assets | 0.3% | 0.8% | 0.8% | 1.0% | 0.1% |

¹⁾ Key figures and ratios are impacted by acquisition of BinckBank N.V. from August 2019.

10 Definitions of key figures and ratios

10.2 Definitions of key figures and ratios

| | |
|---|--|
| 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/tier1 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 charges) 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 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)

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.

| | |
|--|--|
| Total income | Net interest, fees and commissions plus price and exchange rate adjustments plus other income. |
| Adjusted operating profit | Operating profit adjusted for impairment charges on intangible assets, gains from disposal of IP rights and acquisition and integration costs. |
| Adjusted net profit | Net profit adjusted for impairment charges on intangible assets, gains from disposal of IP rights, divestment gains and losses and acquisition and integration costs. |
| Cost/income ratio | Total operating expenses divided by total income and share of net profit/loss from joint ventures. |
| Adjusted cost/income ratio | Total operating expenses adjusted for impairment charges on intangible assets, gains from disposal of IP rights and acquisition and integration costs divided by total income. |
| Adjusted return on equity after tax | Adjusted net profit as a percentage of average total equity. |

11 Basis of preparation

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. The loan notes were disposed in 2023.

In note 4.2, 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 impact from disposal of 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. In 2023 is recognised an impairment of DKK 405 million (2022: DKK 2 million).

Assessment of impairment entails use of judgement and estimates.

Note 4.5 Intangible and tangible assets provides information on the impairment and 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 2022, the bill for increase of the corporate tax rate from 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 change in tax rate, the deferred tax assets and deferred tax liabilities was remeasured. In 2022 the impact on deferred tax assets and deferred tax liabilities was estimated to a tax expense of DKK 36 million. The determination of the impact entailed use of estimates and was subject to adjustments until the increase in tax rate was fully implemented at 31 December 2023. The net impact of the remeasurement was in 2023 a tax income of DKK 6 million, see note 3.1 Income tax.

Measurement of provisions

In the ordinary course of business, the Saxo Bank Group is party in certain disputes and legal proceedings, including tax matters. Management continuously assess these risks and their likely outcome. 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. The outcome depends on future events, which are by nature uncertain. The assessment entails use of judgement and estimates.

Note 4.10 and 4.12 provide information on provision and contingent liabilities.

11.2 Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRSs), as adopted by the EU, and the requirements in the Danish FSA's executive order on the application of IFRSs by entities subject to the Danish Financial Business Act.

On 29 February 2024, the Board of Directors and Board of Management reviewed and adopted the Annual Report for the financial year 2023 for Saxo Bank A/S. The Annual Report will be submitted for approval by the shareholders of Saxo Bank A/S at the Annual General Meeting on 18 March 2024.

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.

11 Basis of preparation

▸ Saxo Bank A/S and its subsidiaries together are referred to as “the Saxo Bank Group” or “the Group”.

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.

Implementation of IFRS standards and amendments relevant and applicable from 1 January 2023 for the Saxo Bank Group

The following standards and amendments applicable in EU from 1 January 2023 have been implemented:

- 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 arising from a single transaction
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

Implementation of the amendments has not entailed any changes to the accounting policies, except from that the Group has applied the temporary exception issued by the IASB in May 2023 from accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Change in comparative figures

Certain insignificant changes have been made to the comparative figures for 2022 due to reclassifications.

Fair value measurement and disclosure

Items are measured at historical cost, except for listed securities and financial derivatives measured at fair value. Assets and liabilities measured at fair value are categorised within the fair value hierarchy and disclosed in the relevant notes.

For the purpose of fair value disclosures, management has assessed that the fair values of cash and cash equivalents and other current and non-current financial assets and liabilities approximates their carrying amount largely due to the short-term maturities of these instruments. The fair value of bonds, loans and subordinated loans, including methods and assumptions used to estimate the fair value, are disclosed in 4.2 Classification and measurement of financial instruments.

Basis of consolidation

The consolidated financial statements comprise Saxo Bank A/S and subsidiaries controlled by Saxo Bank A/S. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances, income and expenses and gains and losses on intra-group transactions are eliminated.

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

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any gain or loss is recognised in other income and expenses, net. Any investment retained is recognised at fair value on initial recognition.

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

Foreign currency translation

The consolidated financial statements are presented in Danish kroner (DKK), which is Saxo Bank A/S's functional currency. Transactions in currencies other than the functional currency of the respective Group entities are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the respective functional currencies of the Group entities 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 in the consolidated financial statements of Group entities with a functional currency other than DKK, the statements of profit or loss and statements of cash flows are translated at the exchange rates at the transaction date and the statements of financial position are translated at the exchange rates at the reporting date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date.

Foreign exchange 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.

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 and recognised in the statement of profit or loss over the period to maturity.

Securities lending

Clients' securities lending, through the 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.

If the Group disposes securities received in securities lending to a third party an obligations to deliver securities (obligations to repurchase securities) is recognised in the statement of financial position.

11 Basis of preparation

▸ Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position if the 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.

Statement of profit or loss Interest, fees and commissions

Interest income and expense related to financial assets and financial liabilities measured at amortised cost is recognised using the effective interest method.

The interest rate risk on part of the bond portfolio and the subordinated debt at amortised cost are hedged by interest swaps applying fair value hedge accounting. Note 9.4 provides more information on hedge accounting.

Interest on 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.

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.

Listed securities are used to economically hedge exposures on CFDs on single stocks issued by the Saxo Bank Group. The fair value adjustments on listed securities and the CFDs respectively are recognised and disclosed gross. The fair value adjustments of securities offset to a large extent the fair value adjustments of CFDs.

Staff costs and administrative expenses

Staff costs include salaries and other remuneration. Administrative expenses includes other employee related costs, marketing costs, IT costs, consultants and general administration costs.

In staff costs are included share-based payments which include warrants granted. The warrants are measured at fair value at the grant date by using the Black and Scholes valuation model and are recognised 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.

The Saxo Bank Group has entered into retirement benefits schemes with the majority of the 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, the 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. The 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. 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.

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 at 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.

Tax

Income tax comprises current tax and changes in deferred tax, including effects due to change in tax rate, and is recognised in statement of profit or loss or other comprehensive income.

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 tax paid on account.

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. 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.

11 Basis of preparation

▸ 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 the Saxo Bank Group has access at that date.

The 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, 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.

The 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.

Note 4.2 Classification and measurement of financial instruments provides information on to which level in the fair value hierarchy the different financial instruments are classified.

Amortised cost measurement

The amortised cost is the amount at which the financial assets or liability is measured at initial recognition minus repayments, plus or minus the cumulative amortisation using the effective interest method, adjusted for any loss allowance.

Financial instruments

The 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 expected credit loss.

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. Financial liabilities are subsequently measured at amortised cost, except from derivative financial liabilities. Amounts due to credit institutions, central banks, deposits and subordinated debt 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 the Saxo Bank Group and not recognised in the statement of financial position.

Fair value through profit and loss

Assets that do not meet the criteria for amortised cost are measured at fair value through profit and loss.

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.

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.

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

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

Investments in joint ventures

Joint arrangements whereby the 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. Long-term convertible loan notes (receivable) from the Groups joint venture 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.

Profit or loss from the investments in joint ventures represents the Group's share of the profit and loss after tax. Unrealised gains on transactions with joint ventures are eliminated in proportion to the Group's ownership share of the entities.

Intangible assets

Any unallocated purchase price (positive amount) in an acquisition is recognised as goodwill. Goodwill relates mainly knowhow. Goodwill related to acquisition of a foreign entity are treated as an asset belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date. 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.

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. 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.

11 Basis of preparation

- 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 CGUs, a discounted cash flow model is applied.

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 the Saxo Bank Group and 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, 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.

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.

Provisions

Provisions are recognised if the 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.

Other assets and other liabilities

The 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 etc.

Contingent liabilities

Contingent liabilities comprise:

- possible obligations that arise from a past event and whose existence will only be confirmed by the occurrence or non-occurrence of future events; and
- obligations that are not recognised as the amount cannot be measured sufficiently reliable or it is not probable that economic benefits will be required to settle the obligation

Shareholders' equity

Share premium reserve

The share premium reserve comprises amounts above the nominal share capital paid by shareholders when shares are issued. To transfer the share premium to retained earnings approval from the Danish FSA is required.

Translation reserve

Translation reserve comprises foreign exchange differences arising from the translation of financial statements of foreign entities with a functional currency other than DKK as well as from the translation of non-current balances which are considered part of the investment in foreign entities and fair value adjustments (net of tax) of derivative or a non-derivative financial liability designated as the hedging instrument, when hedging a net investment in a foreign entity.

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

Proposed dividends are recognised as a liability at the date when the dividends are adopted at the Annual General Meeting (declaration date). Dividends proposed for the year are shown separately in shareholders' equity

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 IFRS Accounting Standards (IFRSs) and interpretations

IASB has published the following standards and amendments to existing IFRSs that are not yet mandatory for the preparation of the consolidated financial statements of the Saxo Bank Group for the year ended 31 December 2023:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7: Statement of Cash Flows and Disclosures: Supplier Finance Arrangements
- Amendments to IAS 21: Effect of Changes in Foreign Exchange Rates

The Saxo Bank Group adopts new IFRSs 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 2023.

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Statement of profit or loss

| DKK million | Note | 2023 | 2022 |
|---|------|--------------|--------------|
| Interest income | 1.1 | 2,721 | 1,540 |
| Interest expense | 1.2 | -1,519 | -515 |
| Net interest income | | 1,202 | 1,024 |
| Fee and commission income | 1.3 | 2,288 | 2,511 |
| Fee and commission expense | 1.4 | -2,015 | -2,455 |
| Net interest, fees and commissions | | 1,475 | 1,081 |
| Price and exchange rate adjustments | 1.5 | 1,167 | 1,445 |
| Operating income | | 2,641 | 2,526 |
| Other income | | 59 | 42 |
| Staff costs and administrative expenses | 2.1 | -1,980 | -1,932 |
| Amortisation, depreciation and impairment | 4.4 | -1,057 | -508 |
| Other expenses | | -6 | -15 |
| Impairment charges financial assets etc. | | -13 | 11 |
| Result from subsidiaries and joint ventures | | 524 | 640 |
| Profit before tax | | 169 | 764 |
| Tax | 3.1 | 94 | -50 |
| Net profit | | 263 | 714 |
| Attributable to: | | | |
| Equity method reserve | | -166 | 326 |
| Retained earnings | | 93 | -362 |
| Declared interim dividend | | 300 | 302 |
| Proposed dividend | | - | 411 |
| Additional tier 1 capital holders | | 36 | 36 |
| Net profit | | 263 | 714 |

Statement of comprehensive income

| DKK million | Note | 2023 | 2022 |
|--|------|------------|------------|
| Net profit | | 263 | 714 |
| Other comprehensive income | | | |
| Other comprehensive income in subsidiaries, net of tax | | -2 | 20 |
| Net total that will not be reclassified to profit or loss in subsequent periods | | -2 | 20 |
| Exchange rate adjustments foreign entities | | 36 | 66 |
| Hedge of net investments in foreign entities | | 17 | -32 |
| Reclassification to statement of profit or loss due to divestment of joint venture | | -2 | - |
| Share of other comprehensive income in joint ventures, net of tax | | -17 | -11 |
| Tax | 3.1 | -4 | 7 |
| Net total that may be reclassified to profit or loss in subsequent periods | | 30 | 30 |
| Total other comprehensive income | | 28 | 50 |
| Total comprehensive income | | 291 | 764 |
| Attributable to: | | | |
| Equity method reserve | | -138 | 376 |
| Retained earnings | | 393 | 352 |
| Additional tier 1 capital holders | | 36 | 36 |
| Total comprehensive income | | 291 | 764 |

Statement of financial position

| DKK million | Note | 2023 | 2022 |
|--|------|---------------|---------------|
| Assets | | | |
| Cash in hand and demand deposits with central banks | | 11,814 | 298 |
| Receivables from credit institutions and central banks | 4.1 | 13,203 | 7,890 |
| Loans and other receivables at amortised cost | 4.2 | 372 | 355 |
| Bonds at amortised cost | 4.3 | 15,314 | 34,513 |
| Securities | 5.1 | 3,989 | 857 |
| Investments in subsidiaries | | 6,365 | 6,394 |
| Investments in joint ventures | | - | 418 |
| Intangible assets | 4.4 | 2,622 | 3,060 |
| Tangible assets | 4.4 | 90 | 103 |
| Current tax assets | | 73 | 77 |
| Deferred tax assets | 3.2 | 1 | 0 |
| Other assets | 4.5 | 9,503 | 10,186 |
| Prepayments | | 183 | 173 |
| Total assets | | 63,527 | 64,323 |

| DKK million | Note | 2023 | 2022 |
|---|------|---------------|---------------|
| Liabilities | | | |
| Debt to credit institutions and central banks | 4.6 | 10,742 | 12,839 |
| Deposits | 4.7 | 38,082 | 36,330 |
| Current tax liabilities | | 43 | 33 |
| Other liabilities | 4.8 | 7,309 | 6,785 |
| Total debt | | 56,176 | 55,987 |
| Deferred tax liabilities | 3.2 | 69 | 284 |
| Provision for guarantees | | - | 9 |
| Other provisions | | 170 | 204 |
| Total provisions | | 239 | 498 |
| Subordinated debt | 4.9 | 752 | 729 |
| Equity | | | |
| Share capital | | 74 | 75 |
| Share premium reserve | | 996 | 996 |
| Equity method reserve | | 2,300 | 2,435 |
| Retained earnings | | 2,538 | 2,739 |
| Proposed dividend | | - | 411 |
| Shareholders of Saxo Bank A/S | | 5,908 | 6,657 |
| Additional tier 1 capital | | 452 | 452 |
| Total equity | 4.10 | 6,360 | 7,109 |
| Total liabilities and equity | | 63,527 | 64,323 |

Statement of changes in equity

DKK million

| 2023 | Share capital | Share premium reserve | Equity method reserve | Retained earnings | Proposed dividend | Total | Additional tier 1 capital | Total |
|--|---------------|-----------------------|-----------------------|-------------------|-------------------|--------------|---------------------------|--------------|
| Equity at 1 January | 75 | 996 | 2,435 | 2,739 | 411 | 6,657 | 452 | 7,109 |
| Net profit | - | - | -166 | 393 | - | 227 | 36 | 263 |
| Other comprehensive income | | | | | | | | |
| Exchange rate adjustments foreign entities | - | - | 36 | - | - | 36 | - | 36 |
| Hedge of net investments in foreign entities | - | - | 17 | - | - | 17 | - | 17 |
| Reclassification to statement of profit or loss due to divestment of joint venture | - | - | -2 | - | - | -2 | - | -2 |
| Other comprehensive income in subsidiaries, net of tax | - | - | -2 | - | - | -2 | - | -2 |
| Share of other comprehensive income in joint ventures, net of tax | - | - | -17 | - | - | -17 | - | -17 |
| Tax | - | - | -4 | - | - | -4 | - | -4 |
| Total comprehensive income | - | - | -138 | 393 | - | 255 | 36 | 291 |
| Transactions with owners | | | | | | | | |
| Tier 1 interest payments | - | - | - | - | - | - | -36 | -36 |
| Treasury shares purchased ¹⁾ | - | - | - | -300 | - | -300 | - | -300 |
| Capital reduction ¹⁾ | -2 | - | - | 2 | - | - | - | - |
| Declared dividend | - | - | - | -300 | -411 | -711 | - | -711 |
| Share-based payments | - | - | 3 | 5 | - | 8 | - | 8 |
| Equity at 31 December | 74 | 996 | 2,300 | 2,538 | - | 5,908 | 452 | 6,360 |

¹⁾ The treasury shares were received from Geely Financials Denmark A/S as consideration for the divestment of the 50% interest in Saxo Geely Tech Holding A/S. The shares were cancelled in December 2023 by a capital reduction of a nominal amount of DKK 1,513,550.

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 capital

| DKK million | Note | 2023 | 2022 |
|---|------|---------------|---------------|
| Tier 1 capital | | | |
| Equity at 31 December | | 5,908 | 6,657 |
| Proposed dividend | | - | -411 |
| Intangible assets | | -1,846 | -2,120 |
| Deferred tax liabilities, intangible assets | | 113 | 143 |
| Deferred tax assets | | -0 | -0 |
| Prudent valuation adjustments | | -20 | -16 |
| Common equity tier 1 capital | | 4,155 | 4,252 |
| Additional tier 1 capital | 4.10 | 448 | 448 |
| Total tier 1 capital | | 4,603 | 4,700 |
| Tier 2 capital | | | |
| Subordinated debt | 4.9 | 740 | 740 |
| Total tier 2 capital | | 740 | 740 |
| Total capital | | 5,343 | 5,440 |
| Risk exposure amounts | | | |
| Credit risk | | 13,278 | 13,065 |
| Market risk | | 811 | 626 |
| Operational risk | | 4,386 | 4,304 |
| Total risk exposure amounts | | 18,475 | 17,995 |
| Capital ratios | | | |
| Common equity tier 1 capital ratio | | 22.5% | 23.6% |
| Tier 1 capital ratio | | 24.9% | 26.1% |
| Total capital ratio | | 28.9% | 30.2% |

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

The unaudited Risk Report 2023 provides further information on the assessment of the regulatory capital and is available at www.home.saxo/about-us/icaap-and-risk-reports.

1 Operating income

| DKK million | 2023 | 2022 |
|--|---------------|---------------|
| 1.1 Interest income | | |
| Credit institutions and central banks | 751 | 121 |
| Loans and other receivables at amortised cost | 77 | 58 |
| Bonds at amortised cost | 367 | 196 |
| Derivative financial instruments | 1,526 | 1,165 |
| Total interest income | 2,721 | 1,540 |
| Hereof interest received due to negative interest rates | - | 41 |
| 1.2 Interest expense | | |
| Credit institutions and central banks | -282 | -146 |
| Deposits | -973 | -155 |
| Bonds at amortised cost | -2 | -67 |
| Subordinated debt | -69 | -44 |
| Derivative financial instruments | -193 | -102 |
| Interest expense leases | -0 | -0 |
| Total interest expense | -1,519 | -515 |
| Hereof interest paid due to negative interest rates | - | -24 |
| 1.3 Fee and commission income | | |
| Trading with securities and derivative financial instruments | 2,288 | 2,511 |
| Total fee and commission income | 2,288 | 2,511 |
| 1.4 Fee and commission expense | | |
| Trading with securities and derivative financial instruments | -2,015 | -2,455 |
| Total fee and commission expense | -2,015 | -2,455 |

| DKK million | 2023 | 2022 |
|--|--------------|--------------|
| 1.5 Price and exchange rate adjustments | | |
| Listed securities | 608 | -0 |
| Foreign exchange | 862 | 1,080 |
| Derivative financial instruments ¹⁾ | -265 | 365 |
| Disposal of bonds at amortised cost | -39 | - |
| Total price and exchange rate adjustments | 1,167 | 1,445 |

¹⁾ Other than foreign exchange.

Listed securities are used to economically hedge exposures on CFDs on single stocks issued by Saxo Bank A/S (recognised in listed securities). As a result, fair value adjustments of securities are to a large extent offset by fair value adjustments of CFDs (recognised in Derivative financial instruments).

Saxo Bank A/S has in 2023 disposed a portion of its bond portfolio, which was held at amortised cost, to enhance Saxo Bank A/S's liquidity position. This was done after increased liquidity market turmoil in March 2023. Total bonds disposed amounted to DKK 13.3 billion and resulted in an immediate loss of DKK 39 million.

2 Staff costs and administrative expenses

| DKK million | 2023 | 2022 |
|--|---------------|---------------|
| 2.1 Staff costs and administrative expenses | | |
| Staff costs | -942 | -870 |
| Administrative expenses | -1,037 | -1,062 |
| Total staff costs and administrative expenses | -1,980 | -1,932 |
| 2.1.1 Staff costs | | |
| Salaries | -879 | -810 |
| Share-based payments | -5 | -5 |
| Defined contribution plans | -92 | -87 |
| Social security expenses and financial services employer tax | -131 | -133 |
| Staff costs transferred to software under development | 165 | 166 |
| Total staff costs | -942 | -870 |
| Number of full-time-equivalent staff (average) | 832 | 816 |

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 statements.

2.1.2 Remuneration of other significant risk takers

| | | |
|--|------------|------------|
| Salaries and other remuneration | -76 | -63 |
| Variable remuneration | -2 | - |
| Share-based payments | -1 | -2 |
| Total remuneration of other significant risk takers | -79 | -65 |
| Number of other significant risk takers end of year | 23 | 20 |

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 the 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.

The Saxo Bank Group's Remuneration Report for 2023 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 www.home.saxo/about-us/investor-relations.

3 Tax

| DKK million | 2023 | 2022 |
|--|---------------|-------------|
| 3.1 Income tax | | |
| Effective tax rate | | |
| Profit before tax | 169 | 764 |
| Tax using the Danish tax rate 25.2% (2022: 22.0%) | -43 | -168 |
| Effect of tax rates in foreign jurisdictions | 0 | 0 |
| CFC taxation | -5 | -7 |
| Change in tax rate | 7 | -44 |
| Non tax-deductible expenses and non taxable income, net | 6 | -6 |
| Withholding tax and other taxes | -1 | -0 |
| Effect of tax of result in subsidiaries and joint ventures | 132 | 141 |
| Adjustments to tax previous years, net | -3 | 34 |
| Total tax recognised in statement of profit or loss | 94 | -50 |
| Effective tax rate | -55.6% | 6.6% |

In 2022, the bill for increase of the corporate tax rate from 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards was enacted. Due to the change in tax rate, the deferred tax assets and deferred tax liabilities were remeasured. The net impact of the remeasurement was in 2023 a tax income of DKK 7 million (2022: tax expense of DKK 44 million), which was recognised in the statement of profit or loss.

3 Tax

| > DKK million | 2023 | | | 2022 | | |
|--|--|---|---|--|---|---|
| 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 | -128 | -4 | -132 | -19 | 7 | -12 |
| Change in deferred tax for the year | 219 | - | 219 | -21 | - | -21 |
| Change in tax rate | 7 | - | 7 | -44 | - | -44 |
| Withholding tax and other taxes | -1 | - | -1 | -0 | - | -0 |
| Adjustments to tax previous years, net | -3 | - | -3 | 34 | - | 34 |
| Total tax for the year | 94 | -4 | 90 | -50 | 7 | -43 |
| Tax in other comprehensive income | | | | | | |
| | Recognised item before tax | Tax | After tax | Recognised item before tax | Tax | After tax |
| Exchange rate adjustments foreign entities | 36 | - | 36 | 66 | - | 66 |
| Hedge of net investments in foreign entities | 17 | -4 | 13 | -32 | 7 | -25 |
| Other comprehensive income in subsidiaries, net of tax | -2 | - | -2 | 20 | - | 20 |
| Reclassification to statement of profit or loss due to divestment of joint venture | -2 | - | -2 | - | - | - |
| Share of other comprehensive income in joint ventures, net of tax | -17 | - | -17 | -11 | - | -11 |
| Total | 32 | -4 | 28 | 43 | 7 | 50 |

3 Tax

| DKK million | 2023 | 2022 |
|--|------------|-------------|
| 3.2 Deferred tax assets and liabilities | | |
| Deferred tax at 1 January, net | -284 | -194 |
| Change in deferred tax for the year | 219 | -21 |
| Change in tax rate | 7 | -44 |
| Adjustments to tax previous years, net | -1 | 8 |
| Recognised in Result from joint venture | -8 | -33 |
| Exchange rate adjustments | -1 | 0 |
| Deferred tax at 31 December, net | -69 | -284 |

| | Deferred tax assets | | Deferred tax liabilities | |
|---|---------------------|------------|--------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Intangible assets | - | - | -113 | -143 |
| Tangible assets | 18 | 18 | - | - |
| Bonds at amortised cost | - | - | -47 | -170 |
| Deferred income | - | - | - | -222 |
| Provisions | 74 | 233 | - | - |
| Total before offset | 92 | 251 | -160 | -535 |
| Offset within legal tax jurisdictions | -91 | -251 | 91 | 251 |
| Deferred tax assets and liabilities at 31 December | 1 | 0 | -69 | -284 |

4 Statement of financial position

| DKK million | 2023 | 2022 |
|---|---------------|--------------|
| 4.1 Receivables from credit institutions and central banks | | |
| Demand deposits, credit institutions | 13,203 | 7,890 |
| Total receivables from credit institutions and central banks | 13,203 | 7,890 |

No collateral was received at 31 December 2023 or at 31 December 2022.

| | | |
|---|------------|------------|
| 4.2 Loans and other receivables at amortised cost and guarantees | | |
| By term to maturity: | | |
| Demand deposits, subsidiaries | 114 | 84 |
| Demand deposits, loans collateralised with securities (margin lending) | 75 | 51 |
| From 1 to 5 years, subsidiaries | 183 | - |
| More than 5 years, subsidiaries | - | 220 |
| Guarantees, subsidiaries | 288 | 289 |
| Guarantees | 36 | 36 |
| Total loans and other receivables at amortised cost and guarantees | 695 | 680 |

| | | |
|---|-------------|-------------|
| Loans, other receivables and guarantees by sector and industry | | |
| Finance and insurance | 63% | 60% |
| Real estate activities | 26% | 32% |
| Non-financial corporations | 11% | 7% |
| Total corporate sector | 100% | 100% |
| Private clients | 0% | 0% |
| Total loans, other receivables and guarantees by sector and industry | 100% | 100% |

4 Statement of financial position

> DKK million

| | 2023 | | | | | 2022 | | | | |
|---|-------------------------|------------|----------------------------|-----------------|--------------------|-------------------------|------------|----------------------------|-----------------|--------------------|
| | Maximum credit exposure | Impairment | Exposure before collateral | Collateral held | Remaining exposure | Maximum credit exposure | Impairment | Exposure before collateral | Collateral held | Remaining exposure |
| 4.2 Loans and other receivables at amortised cost and guarantees | | | | | | | | | | |
| Loans colateralised with securities (margin lending) | 75 | - | 75 | 75 | -0 | 51 | - | 51 | 35 | 16 |
| Subsidiaries | 297 | - | 297 | 294 | 3 | 304 | - | 304 | 270 | 34 |
| Off balance items | | | | | | | | | | |
| Guarantees issued to subsidiaries | 288 | - | 288 | - | 288 | 289 | - | 289 | - | 289 |
| Other guarantees | 36 | - | 36 | - | 36 | 45 | -9 | 36 | - | 36 |
| Total | 695 | - | 695 | 368 | 327 | 689 | -9 | 680 | 305 | 375 |

DKK million

| | 2023 | | | | 2022 | | | |
|--|-----------------------------|----------------------------|----------------------------|-----------|-----------------------------|----------------------------|----------------------------|-----------|
| | 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 |
| Impairment allowance 1 January | 24 | - | 10 | 34 | 31 | - | 17 | 48 |
| Impairment for the year | 16 | - | - | 16 | 2 | - | - | 2 |
| Reversal of impairment from previous years | - | - | - | - | -9 | - | -5 | -14 |
| Amounts written down | - | - | -10 | -10 | - | - | -2 | -2 |
| Impairment allowance 31 December | 40 | - | - | 40 | 24 | - | 10 | 34 |

4 Statement of financial position

| DKK million | 2023 | | | 2022 | | |
|---|------------------------------|-------------------------|---------------|------------------------------|-------------------------|---------------|
| 4.3 Bonds at amortised cost | Danish mortgage bonds | Government bonds | Total | Danish mortgage bonds | Government bonds | Total |
| Bonds at amortised cost | 3,388 | 11,887 | 15,275 | 14,469 | 19,860 | 34,329 |
| Accrued interest | | | 80 | | | 184 |
| Fair value adjustment due to hedge accounting ¹⁾ | | | -41 | | | - |
| Total | 3,388 | 11,887 | 15,314 | 14,469 | 19,860 | 34,513 |

¹⁾ Saxo Bank A/S uses interest swaps to manage the interest risk on part of the bonds at amortised cost, see note 4.11 Hedge accounting.

Danish mortgage bonds are rated AAA-AA+ and Government bonds are primarily rated AAA-AA. Credit ratings are based on Standard & Poors's ratings. At 31 December 2023, expected credit loss (ECL) relating to bonds amounted to DKK 3 million (31 December 2022: DKK 4 million).

The fair value of bonds at amortised cost amounted to DKK 15,174 million at 31 December 2023 (31. December 2022: DKK 33,858 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.

4 Statement of financial position

DKK million

4.4 Intangible and tangible assets

| | Intangible assets | | | | Tangible assets | | |
|---|-------------------|----------------------------|----------------------------------|---------------|------------------------------|---------------------|-------------|
| | Goodwill | Software under development | Software developed and purchased | Total | Other equipment and fixtures | Right-of-use assets | Total |
| 2023 | | | | | | | |
| Cost at 1 January | 1,479 | 255 | 4,568 | 6,302 | 391 | 28 | 419 |
| Additions | - | 562 | - | 562 | - | 6 | 6 |
| Transfer from internal development | - | -632 | 600 | -32 | 32 | - | 32 |
| Disposals | - | -32 | -1,449 | -1,481 | - | -9 | -9 |
| Exchange rate adjustments | 48 | -0 | - | 48 | -0 | -0 | -1 |
| Cost at 31 December | 1,527 | 153 | 3,718 | 5,398 | 423 | 25 | 448 |
| Amortisation, depreciation and impairment at 1 January | -164 | - | -3,079 | -3,243 | -299 | -16 | -315 |
| Amortisation and depreciation | - | - | -541 | -541 | -42 | -9 | -52 |
| Impairment | - | - | -464 | -464 | - | - | - |
| Disposals | - | - | 1,481 | 1,481 | - | 9 | 9 |
| Exchange rate adjustments | -11 | - | 1 | -10 | 0 | 0 | 0 |
| Amortisation, depreciation and impairment at 31 December | -175 | - | -2,601 | -2,776 | -341 | -16 | -357 |
| Carrying amount at 31 December | 1,352 | 153 | 1,117 | 2,622 | 82 | 8 | 90 |

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

In 2023, Saxo Bank A/S recognised an impairment of DKK 464 million (2022: DKK 2 million) related to certain functionalities on the online trading and investment platforms. By having one global platform some functionalities have been replaced and at the same time, the pace of digital development, including the continuous and agile introduction of new features on the trading platform, have made it more difficult to evidence the economic benefits from some functionalities. Following the impairment, the assets are fully written down.

4 Statement of financial position

DKK million

| | Intangible assets | | | | Tangible assets | | |
|---|-------------------|----------------------------|----------------------------------|---------------|------------------------------|---------------------|-------------|
| | Goodwill | Software under development | Software developed and purchased | Total | Other equipment and fixtures | Right-of-use assets | Total |
| 2022 | | | | | | | |
| 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.

4 Statement of financial position

| DKK million | 2023 | 2022 |
|---|---------------|---------------|
| 4.5 Other assets | | |
| Derivative financial instruments with positive fair value | 9,369 | 10,090 |
| Receivables from subsidiaries | 130 | 78 |
| Other receivables | 4 | 19 |
| Total other assets | 9,503 | 10,186 |
| 4.6 Debt to credit institutions and central banks | | |
| Debt on demand | 10,742 | 12,839 |
| Total debt to credit institutions and central banks | 10,742 | 12,839 |
| Debt on demand included DKK 0 million (2022: DKK 22 million) placed by clients as collateral for unrealised client trading positions at 31 December 2023. | | |
| 4.7 Deposits | | |
| Deposits on demand | 36,785 | 35,034 |
| Within 3 months | 1,105 | 1,073 |
| Pension funds | 193 | 223 |
| Total deposits | 38,082 | 36,330 |
| Deposits on demand included DKK 2,574 million (2022: DKK 3,352 million) placed as collateral for unrealised client trading positions at 31 December 2023. | | |
| 4.8 Other liabilities | | |
| Derivative financial instruments with negative fair value | 6,594 | 6,345 |
| Obligation to repurchase securities | 218 | - |
| Suppliers and other accruals | 212 | 204 |
| Staff commitments | 229 | 186 |
| Other obligations including payables to subsidiaries | 55 | 50 |
| Total other liabilities | 7,309 | 6,785 |

4.9 Subordinated debt

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

The fair value of subordinated debt amounted to DKK 737 million at 31 December 2023 (31 December 2022: 729 million) For subordinated debt, an estimate of the current return required by the market is applied to measure the fair value.

4.10 Total equity

At 31 December 2023, the share capital consisted of 73,693,899 shares (2022: 75,207,449) with a nominal value of DKK 1. The capital reduction was completed in December 2023 and registered in the Danish Commerce and Companies Agency on 2 January 2024.

Saxo Bank received treasury shares from Geely Financials Denmark A/S as consideration for the divestment of the 50% interest in Saxo Geely Tech Holding A/S, including loan notes. The treasury shares were cancelled in December 2023 by a capital reduction of a nominal amount of DKK 1,513,550. Detailed information on treasury shares are disclosed in note 5.1 Share capital in the consolidated financial statements.

No dividend is proposed for 2023 (2022: DKK 5.47 per share equivalent to DKK 411,445,055). In December 2023, an interim dividend of DKK 4.07 per share, equivalent to DKK 300,000,000 was declared (2022: DKK 4.02 equivalent to DKK 302,184,600).

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 interest on bonds. 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.

4 Statement of financial position

| DKK million | 2023 | 2022 |
|--|------------|------------|
| 4.12 Contingent and other contractual commitments | | |
| Guarantees | | |
| Financial guarantees | 36 | 36 |
| Guarantees issued to subsidiaries | 288 | 289 |
| Total guarantees | 323 | 325 |
| Other contractual commitments | | |
| Lease commitments towards subsidiaries | 171 | 216 |
| Other contractual commitments | 257 | 319 |
| Total other contractual commitments | 429 | 535 |

In the ordinary course of business Saxo Bank A/S is party in certain disputes and legal proceedings, including tax matters and ongoing dialogue with local financial supervision authorities.

Management continuously assesses these risks and their likely outcome. It is management's assessment that these disputes and proceedings will not have a material impact on the financial position of Saxo Bank A/S beyond what is already recognised in the statement of financial position.

Tax audits and other tax related cases are ongoing. Management has assessed that the provision made for uncertain tax positions not yet settled with the local tax authorities are adequate. However, the actual obligation may differ and is subject to the results of the cases with the relevant tax authorities.

Based on the Danish FSA's inspection in May 2023 focused on the anti-money laundering procedures and processes related to white label partners and financial clients within the institutional business area, Saxo Bank has received 12 enforcement orders. Whether or not a penalty will be imposed for this, and the amount of any such penalty, remains uncertain at present, and therefore no provision is allocated to this possibility.

Other dialogues with financial supervision authorities are ongoing in Saxo Bank A/S's entities. Management has assessed that the provision made for uncertainties related to these dialogues are adequate, based on Saxo Bank A/S's current knowledge. However, the actual obligation may differ and is subject to decisions made by the relevant authorities.

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 | 2023 | 2022 |
|--|-------|-------|
| 4.13 Assets deposited as collateral | | |
| Bonds at amortised cost | 8,659 | 8,531 |
| Receivables from credit institutions and central banks | 1,053 | 1,122 |
| Loans and other receivables at amortised cost | 110 | 50 |

Receivables from credit institutions 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, loans and other receivables and receivable from credit institutions also serve as collateral for securities lending transactions with clients.

5 Risk management

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'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
- Credit risk on central banks and credit institutions receiving parts of Saxo Bank A/S'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's liquidity surplus

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 is a global multi-asset facilitator and has no proprietary position taking. Saxo Bank A/S's client-based trading flow is executed and hedged automatically between the client and the market to minimise the intermediate market risk. However, some limited and mostly temporary market risks can arise from client trading related to Saxo Bank A/S's optimisation of the hedging of client trades.

Foreign exchange risk

Saxo Bank A/S incurs Foreign Exchange (FX) risk as a result of trading products on behalf of clients and hedging the risks of those trades. Furthermore, FX risk can arise from management and composition of balance sheet positions.

The foreign exchange risk limits are defined based on market availability, liquidity and volatility of the relevant currency.

Equity risk

Equity exposures stem from hedging of the client trading flow where equity positions are held for shorter time periods. At 31 December 2023 Saxo Bank A/S had listed securities of DKK 3,986 million at 31 December 2023 (31 December 2022: DKK 851 million). The exposure consists of mostly large and liquid securities listed on major stock exchanges. All positions in the portfolio are opened with the purpose of hedging market risk in other products, and as a result Saxo Bank A/S incurs limited overall net equity risk.

At 31 December 2023, the net equity exposure was DKK 20 million (31 December 2022: DKK 25 million).

Listed securities are measured based on quoted prices, see note 4.2 Classification and measurement of financial instruments in the consolidated financial statements.

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.

At 31 December 2023, the net exposure was DKK 7 million (31 December 2022: DKK 10 million).

Interest rate risk

Exposures towards interest rate movements are managed either under the regulatory trading book or the banking book. The regulatory trading book exposures stem from hedging of the client trading flow.

In the banking book, the interest rate risk exposures primarily originate from Saxo Bank A/S'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, Saxo Bank A/S calculates stress tests in accordance with the definitions in the ICAAP-guideline.

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.

Saxo Bank A/S has a low appetite for liquidity risk and the overall strategy of liquidity risk management is to ensure that Saxo Bank A/S at all times has a strong liquidity position with a safe margin to the regulatory and internally defined minimum requirements.

At 31 December 2023, 64% (31 December 2022: 66%) of the Saxo Bank A/S's assets consist of on-demand deposits with central banks and credit institutions and highly rated government and mortgage backed securities providing for a highly liquid asset composition.

The risk exposures, policies and procedures to monitor the risks for Saxo Bank A/S are the same as for the 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 2023 provides additional information about Saxo Bank A/S's risk management approach. Risk Report 2023 is available at www.home.saxo/about-us/icaap-and-risk-reports.

5 Risk management

5.2 Credit risk - Derivatives

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

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

Derivative financial instruments with positive value DKK 9,369 million (2022: DKK 10,090 million) are included in other assets and derivative financial instruments with negative value DKK 6,594 million (2022: DKK 6,345 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 622 (31 December 2022: DKK 712 million). Saxo Bank A/S accepts margin trading risk against 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.

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.

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 A/S holds a limited amount of non-performing loans and guarantees. These are classified as stage 3 subject to ongoing stress test calculations and are fully impaired.

5 Risk management

5.4 Securities lending

Saxo Bank A/S offers securities lending to its clients and subsidiaries.

Receivables relating to the third party who is borrowing securities and payables to clients lending their 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 client.

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

| DKK million | 2023 | 2022 |
|---|-------|------|
| Receivables due to securities lending | 943 | 569 |
| Collateral received (bonds) | 1,028 | 714 |
| Liabilities from securities lending (subsidiaries) | 1,325 | 569 |
| Collateral pledged (bonds and cash) | 1,588 | 664 |
| Collateral pledged (receivables from credit institutions) | 32 | - |

Cash provided as collateral in securities lending amounted to DKK 110 million at 31 December 2023 (31 December 2022: DKK 50 million) was recognised in the statement of financial position in loans and other receivables at amortised cost.

6 Other disclosure requirements

6.1 Related parties

Geely Financials Denmark A/S is the parent company of Saxo Bank A/S and, by owning 49.88% of the share capital, considered to have de facto control of 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 2023, the following shareholders are registered as holders of more than 5% of the share capital of Saxo Bank A/S:

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

6 Other disclosure requirements

| DKK million | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
|--|--------------------|------|-----------------------------------|------|------------------------------------|------|--------------|--------|------------------------------|------|
| | Board of Directors | | Board of Management ¹⁾ | | Parties with controlling influence | | Subsidiaries | | Joint ventures ²⁾ | |
| Convertible loan notes | - | - | - | - | - | - | - | - | - | 267 |
| Loans and other receivables at amortised cost | - | - | - | - | - | - | 297 | 304 | - | - |
| Receivables from credit institutions | - | - | - | - | - | - | 9,505 | 5,631 | - | - |
| Deposits (liabilities) | 0 | 0 | 1 | 0 | - | - | 1,808 | 1,926 | - | - |
| Debt to credit institutions | - | - | - | - | - | - | 7,490 | 8,271 | - | - |
| Trading liabilities (Trading assets) | - | - | - | - | - | - | 5,726 | 5,762 | - | - |
| Other assets | - | - | - | - | 0 | 0 | 131 | 78 | 0 | 6 |
| Other liabilities | - | - | - | - | - | - | 53 | 49 | - | - |
| Interest income | - | - | - | - | - | - | 689 | 299 | - | - |
| Interest expenses | - | - | - | - | - | - | -320 | -132 | - | - |
| Fee and commission income | 0 | 0 | 0 | 0 | - | - | 23 | 22 | 0 | - |
| Fee and commission expense | - | - | - | - | - | - | -788 | -1,136 | - | - |
| Other services (income) | - | - | - | - | 0 | 0 | 61 | 39 | 2 | 8 |
| Other services (expense) | - | - | -0 | -0 | - | - | -82 | -84 | - | - |
| Client support services | - | - | - | - | - | - | -18 | -14 | - | - |
| Leases | - | - | - | - | - | - | -48 | -46 | - | - |
| Disposal of customer contracts | - | - | - | - | - | - | - | 2 | - | - |
| Purchase of treasury shares | - | - | - | - | 300 | - | - | - | - | - |
| Disposal of shares and loan notes in joint venture | - | - | - | - | 300 | - | - | - | - | - |
| IT support services | - | - | - | - | - | - | 345 | 377 | - | - |
| Dividend from subsidiaries | - | - | - | - | - | - | 680 | 318 | - | - |
| Dividend paid | 1 | 0 | 198 | 221 | 359 | 408 | - | - | - | - |
| Capital increases (including conversion of convertible loan notes) | - | - | - | - | - | - | 20 | 24 | - | 156 |
| Liabilities due to security lending (off balance) | - | - | - | - | - | - | 1,077 | 569 | - | - |
| Collateral pledged due to security lending | - | - | - | - | - | - | 1,321 | 664 | - | - |
| Guarantees issued | - | - | - | - | - | - | 288 | 289 | - | - |

¹⁾ Includes parties being both part of the Board of Management and having significant influence.

²⁾ Two of Saxo Bank A/S's Board of Management members held Board of Director positions in Saxo Financial Technology Limited Company, until the disposal of the investment in 2023. No fee was charged.

Remuneration to Board of Directors and Board of Management is disclosed in note 2.3 Remuneration of management and significant risk takers in the consolidated financial statements. Saxo Bank A/S has not provided any loans, pledges or guarantees to any member of Saxo Bank A/S'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.

6 Other disclosure requirements

DKK million

2023

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 | 132 | 44 | -11 | - | 11 |
| Belgium | Sales and marketing | 190 | 3 | -1 | - | 27 |
| China | Sales and marketing, IT support services | 25 | -11 | -1 | 0 | 9 |
| Czech Republic | Sales and marketing | 46 | 4 | -1 | - | 33 |
| Denmark | Other activities ²⁾ | 49 | 37 | -10 | - | - |
| France | Sales and marketing | 142 | 17 | -5 | - | 21 |
| Hong Kong | Trading and investment | 53 | -29 | -1 | - | 18 |
| India | IT support services and business support services | 405 | 55 | -16 | - | 983 |
| Italy | Trading and investment | 8 | -17 | -0 | - | 16 |
| Japan | Trading and investment | 43 | -14 | 5 | - | 16 |
| Netherlands | Trading and investment | 1,474 | 308 | -78 | - | 199 |
| Singapore | Trading and investment | 768 | 277 | -56 | 0 | 99 |
| Switzerland | Trading and investment | 304 | 45 | -9 | - | 34 |
| UK | Trading and investment | 425 | 119 | -29 | - | 59 |

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 the Saxo Bank Group's significant subsidiaries.

6.3 Events after the reporting date

In February 2024, Saxo Bank A/S has received 12 enforcement orders from the Danish FSA related to an inspection in May 2023 focusing on the anti-money laundering procedures and processes related to white label partners and financial clients within the institutional business area.

There have been no events that materially affected the assessment of this annual report for 2023.

7 Key figures and ratios

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|--------|--------|--------|--------|--------|
| Statement of profit or loss (DKK million) | | | | | |
| Net interest, fees and commissions | 1,475 | 1,081 | 951 | 805 | 809 |
| Price and exchange rate adjustments | 1,167 | 1,445 | 1,239 | 1,248 | 617 |
| Staff costs and administrative expenses | -1,980 | -1,932 | -1,736 | -1,726 | -1,699 |
| Impairment charges financial assets etc. | -13 | 11 | -14 | -13 | -4 |
| Result from subsidiaries and joint ventures | 524 | 640 | 724 | 775 | 183 |
| Profit before tax | 169 | 764 | 809 | 837 | 46 |
| Net profit | 263 | 714 | 757 | 751 | 39 |
| Statement of financial position (DKK million) | | | | | |
| Loans and other receivables at amortised cost | 372 | 355 | 298 | 304 | 87 |
| Deposits | 38,082 | 36,330 | 33,425 | 25,235 | 22,962 |
| Subordinated debt | 752 | 729 | 770 | 776 | 1,140 |
| Total equity | 6,360 | 7,109 | 7,177 | 7,397 | 7,022 |
| Total assets | 63,527 | 64,323 | 59,107 | 45,414 | 38,334 |
| Employees | | | | | |
| Number of full-time-equivalent staff (average) | 832 | 816 | 784 | 692 | 717 |
| Ratios | | | | | |
| Total capital ratio | 28.9% | 30.2% | 29.5% | 34.1% | 40.5% |
| Tier 1 capital ratio | 24.9% | 26.1% | 25.4% | 29.4% | 33.2% |
| Return on equity before tax | 2.5% | 10.7% | 11.1% | 11.6% | 0.7% |
| Return on equity after tax | 3.9% | 10.0% | 10.4% | 10.4% | 0.6% |
| Income/cost ratio | 105.5% | 131.3% | 137.7% | 141.2% | 102.1% |
| Interest rate risk/tier 1 capital | 1.9% | 6.6% | 4.2% | 2.8% | 1.6% |
| Foreign exchange rate risk/tier 1 capital | 2.8% | 4.6% | 4.0% | 3.7% | 2.5% |
| Value at risk of foreign exchange rate risk/tier 1 capital | 0.0% | 0.1% | 0.1% | 0.0% | 0.0% |
| Loans and other receivables plus impairment charges/deposits | 1.0% | 1.0% | 0.9% | 1.3% | 0.5% |
| Loans and other receivables proportional to total equity | 0.06 | 0.05 | 0.04 | 0.04 | 0.01 |
| Growth in loans and other receivables | 4.7% | 19.3% | -2.1% | 247.9% | -27.1% |
| Liquidity coverage ratio | 323.7% | 183.4% | 194.0% | 186.2% | 234.3% |
| Sum of large exposures /CET 1 capital | 36.4% | 20.8% | 27.3% | 20.2% | 23.1% |
| Loss and provisions ratio | 1.9% | -1.6% | 2.2% | 2.2% | 1.1% |
| Return on assets | 0.4% | 1.1% | 1.3% | 1.7% | 0.1% |

See note 10.2 Definitions of key figures and ratios in the consolidated financial statements.

8 Basis of preparation

Accounting policies

The financial statements of Saxo Bank A/S have been prepared in accordance with the Danish Financial Business Act and the Executive order on Financial Statements for credit institutions and investment companies, etc.

The accounting policies for Saxo Bank A/S are the same as for the 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 2022 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'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'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 and subordinated debt, 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, and the fair value of subordinated debt is disclosed in note 4.9 Subordinated debt.

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.

Statement and
auditor's report



Statement by the management

The Board of Directors and the Board of Management have today reviewed and adopted the annual report of the Saxo Bank Group for 2023.

The consolidated financial statements are presented in accordance with the IFRS Accounting Standards as adopted by the EU. The Parent Company's financial statements are prepared in accordance with the Danish Financial Business Act and the Executive Order on Financial Statements for credit institutions and investment companies etc.

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 2023.

Moreover, in our opinion, the management's review includes a fair view of developments in the Group's and the Parent Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

The management will submit the annual report to the general meeting for approval.

Copenhagen, 29 February 2024

Board of Management

Kim Fournais
CEO & Founder

Søren Kyhl
Deputy CEO and
Chief Operating Officer

Mads Dorf Petersen
Chief Financial Officer

John Carmichael
Chief Risk and
Compliance Officer

Board of Directors

Kari Stadigh
Chair

Henrik Normann
Vice Chair

Henrik Andersen

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 2023, which comprise the statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of capital and notes, including material accounting policy information, for the Group as well as the Parent and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for financial companies in Denmark, 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 2023 and of its financial performance and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for financial companies in Denmark.

Further, in our opinion, the parent financial statements give a true and fair view of the financial position of the Parent at 31 December 2023 and of its financial performance for the financial year 1 January – 31 December 2023 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 5 years up to and including the financial year 2023.

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 2023. 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 | |
| <p>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.</p> <p>Given the high volume of the trades, we determined this to be a significant item for our audit.</p> <p>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.</p> | <p>Our examination included the following elements</p> <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> - Physical security in data centres - Logical access management - Change management - Incident management • Testing of relevant business process internal controls relevant to revenue recognition including <ul style="list-style-type: none"> - Clients' cash account management - Clients' 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 review

Management is responsible for the Management review.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the Management review, 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 review and, in doing so, consider whether the Management review 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 review provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the Management review is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the information required by relevant law and regulations. We did not identify any material misstatement of the Management review.

▸ **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, 29 February 2024

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Anders Oldau Gjelstrup
State-Authorised Public Accountant
MNE no 10777

Jens Ringbæk
State-Authorised Public Accountant
MNE no 27735

An aerial photograph of a rural landscape during the golden hour. A two-lane asphalt road winds through the scene, with a white van and a dark car visible on it. The landscape is a mix of green fields, some with distinct rows of crops, and areas of dense trees. A small pond is visible in the middle ground, surrounded by lush vegetation. The sun is low in the sky, creating long shadows and a warm, golden light across the entire scene.

Appendix
Management review (continued)

Appendix: Management review (continued)

Sustainability – EU Taxonomy Disclosures

Reporting principles

The preparation of the EU Taxonomy reporting is based on the consolidated financial statements and has been prepared in accordance with Regulation (EU) 2020/852 Taxonomy Regulation and Regulation (EU) 2021/2178 Disclosure Delegated Act.

The EU Taxonomy is a classification system to identify environmentally sustainable economic activities. Taxonomy Regulation Article 3 sets out the criteria that an economic activity must meet to qualify as environmentally sustainable. Such criteria include the following:

- substantially contributing to one or more of the six EU environmental objectives
- doing no significant harm to the other five EU environmental objectives
- complying with minimum safeguards covering social and governance standards

The six EU environmental objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In accordance with Annex XI of the EU Taxonomy Delegated Act and to elaborate on the steps taken to disclose quantitative information outlined in Annex V, the subsequent section provides contextual details on definitions and limitations.

Taxonomy KPIs definitions

Green assets ratio (GAR) stock Taxonomy-aligned activities as a proportion of total covered assets

Total assets covered Gross carrying amount of total assets excluding exposure towards central governments, supranational issuers (government bonds, swap, VAT, wealth tax, current tax assets and deferred tax assets), central banks and trading assets.

The GAR calculation involves excluding certain categories from the numerator while including them in the denominator. Exclusions encompass exposure to financial and non-financial undertakings not subject to the Non-Financial Reporting Directive (NFRD), derivatives, on-demand interbank loans, cash-related assets, and other on-balance sheet assets.

Saxo Bank's GAR numerator comprise predominantly of Danish mortgage bonds, classified under debt securities toward credit institutions.

Concerning off-balance sheet KPIs, the relevant KPI for Saxo to conduct eligibility and alignment assessments is green ratio for assets under management. The KPI is the proportion of assets under management from undertakings Taxonomy-aligned economic activities, compared to total asset under management.

Data limitation

When assessing Taxonomy eligibility and alignment for financial and non-financial undertakings, actual published information provided by counterparties is required. However, as at the reporting date, most financial and non-financial counterparties had not submitted their taxonomy reporting for 2023. Therefore, reporting is based primarily on published data from 2022. Furthermore, non-financial companies did not report on the four additional environmental in 2022 and generally the alignment percentage reported was very low. For asset under management KPIs, the reporting is only based on the Stock.

Taxonomy reporting templates

Following the assessment of eligibility and alignment conditions for GAR calculation, the only identified environment objectives for the Saxo Bank Group are Climate Change Mitigation and Climate Change Adaptation, considering undertakings reporting. Reporting on Taxonomy-eligibility for the four additional environmental objectives implemented in 2023 is not possible due to lack of data and consequently, those columns are excluded from the templates. The development reporting is required in the second year of taxonomy alignment reporting, therefore, templates for 2022 are not included. The Saxo Bank Group's banking book holds no exposure to sectors covered by the Taxonomy. In terms of flow, the Saxo Bank Group did not incur any new exposures towards taxonomy eligible sectors during 2023. In relation to Annex XII of the EU Taxonomy Delegated Act, the Saxo Bank Group does not carry out, fund or have exposure to nuclear energy and fossil gas related activities and thus template 2-5 are not included.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

| | Total environmentally sustainable assets DKK million | KPI based on the Turnover | KPI based on the CapEx | % coverage (% of assets covered by the KPI over banks' total assets) | % of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V) | % of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V) |
|-------------------------------|---|---------------------------|------------------------|--|---|--|
| Main KPI | | | | | | |
| Green asset ratio (GAR) stock | - | - | - | 18% | 14% | 82% |
| Additional KPIs | | | | | | |
| Green asset ratio (GAR) flow | - | - | - | - | - | - |
| Trading book | - | - | - | - | - | - |
| Financial guarantees | - | - | - | - | - | - |
| Assets under management | 1.465 | 0.005% | 0.013% | - | - | - |
| Fees and commissions income | - | - | - | - | - | - |

1. Assets for the calculation of GAR based on turnover

DKK million

| | | 31 December 2023 | | | | | | | | | | | | |
|--|--|--|-------|------|---|------|--|---|---|---|--|------|---|------|
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | | TOTAL (CCM + CCA) | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | |
| | | Of which environmentally sustainable (Taxonomy-aligned) | | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | |
| | | Total [gross] carrying amount | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | 3,024 | - | - | - | - | - | - | - | - | - | - | - | - |
| 35 | Loans and advances | 3,024 | - | - | - | - | - | - | - | - | - | - | - | - |
| 36 | of which loans collateralised by commercial immovable property | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 37 | of which building renovation loans | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 38 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 39 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | 193 | - | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Loans and advances | 193 | - | - | - | - | - | - | - | - | - | - | - | - |
| 42 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 43 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 44 | Derivatives | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 45 | On demand interbank loans | 5,177 | - | - | - | - | - | - | - | - | - | - | - | - |
| 46 | Cash and cash-related assets | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 47 | Other categories of assets (e.g. Goodwill, commodities etc.) | 4,276 | - | - | - | - | - | - | - | - | - | - | - | - |
| 48 | Total GAR assets | 16,056 | 3,388 | - | - | - | - | - | - | - | 3,388 | - | - | - |
| 49 | Assets not covered for GAR calculation | 73,325 | - | - | - | - | - | - | - | - | - | - | - | - |
| 50 | Central governments and Supranational issuers | 20,814 | - | - | - | - | - | - | - | - | - | - | - | - |
| 51 | Central banks exposure | 38,766 | - | - | - | - | - | - | - | - | - | - | - | - |
| 52 | Trading book | 13,745 | - | - | - | - | - | - | - | - | - | - | - | - |
| 53 | Total assets | 89,381 | 3,388 | - | - | - | - | - | - | - | 3,388 | - | - | - |
| Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations | | | | | | | | | | | | | | |
| 54 | Financial guarantees | 58 | - | - | - | - | - | - | - | - | - | - | - | - |
| 55 | Assets under management - KPI based on the Turnover | 7,888 | - | - | - | - | - | - | - | - | - | - | - | - |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 57 | Of which equity instruments | 7,888 | 8.54 | 0.42 | - | 0.01 | 0.25 | - | - | - | 8.54 | 0.42 | - | 0.01 |

1. Assets for the calculation of GAR based on CapEx

DKK million

| | | 31 December 2023 | | | | | | | | | | | | | |
|--|--|--|--------------------------|-----------------------|-------------------|--------------------------|--|-------------------|--------------------------|-----------------------|--|--------------------------|-----------------------|-------------------|--|
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | | TOTAL (CCM + CCA) | | | | |
| | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | Of which towards taxonomy relevant sectors (Taxonomy-eligible) | | | | |
| | | Of which environmentally sustainable (Taxonomy-aligned) | | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | Of which environmentally sustainable (Taxonomy-aligned) | | | | |
| | | Total [gross] carrying amount | Of which Use of Proceeds | Of which transitional | Of which enabling | Of which Use of Proceeds | Of which transitional | Of which enabling | Of which Use of Proceeds | Of which transitional | Of which enabling | Of which Use of Proceeds | Of which transitional | Of which enabling | |
| | | | | | | | | | | | | | | | |
| 34 | SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations | 3,024 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 35 | Loans and advances | 3,024 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 36 | of which loans collateralised by commercial immovable property | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 37 | of which building renovation loans | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 38 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 39 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 40 | Non-EU country counterparties not subject to NFRD disclosure obligations | 193 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 41 | Loans and advances | 193 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 42 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 43 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 44 | Derivatives | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 45 | On demand interbank loans | 5,177 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 46 | Cash and cash-related assets | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 47 | Other categories of assets (e.g. Goodwill, commodities etc.) | 4,276 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 48 | Total GAR assets | 16,056 | 3,388 | - | - | - | - | - | - | - | 3,388 | - | - | - | |
| 49 | Assets not covered for GAR calculation | 73,325 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 50 | Central governments and Supranational issuers | 20,814 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 51 | Central banks exposure | 38,766 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 52 | Trading book | 13,745 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 53 | Total assets | 89,381 | 3,388 | - | - | - | - | - | - | - | 3,388 | - | - | - | |
| Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations | | | | | | | | | | | | | | | |
| 54 | Financial guarantees | 58 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 55 | Assets under management - KPI based on CapEx | 7,888 | - | - | - | - | - | - | - | - | - | - | - | - | |
| 56 | Of which debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 57 | Of which equity instruments | 7,888 | 8.62 | 1.05 | - | 0.02 | 0.02 | - | - | - | 8.62 | 1.05 | - | 0.02 | |

3. GAR KPI stock based on turnover

| | | 31 December 2023 | | | | | | | | | | | | | |
|---|--|--|--------------------------|-----------------------|-------------------|--|--------------------------|-----------------------|-------------------|--|--------------------------|-----------------------|-------------------|------------------------------------|------|
| % (compared to total covered assets in the denominator) | | Climate Change Mitigation (CCM) | | | | Climate Change Adaptation (CCA) | | | | TOTAL (CCM + CCA) | | | | Proportion of total assets covered | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | |
| | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | Of which Use of Proceeds | Of which transitional | Of which enabling | | Of which Use of Proceeds | Of which transitional | Of which enabling | | |
| 1 | Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation | 100% | - | - | - | - | - | - | - | 100% | - | - | - | - | 3.8% |
| 2 | Financial undertakings | 100% | - | - | - | - | - | - | - | 100% | - | - | - | - | 3.8% |
| 3 | Credit institutions | 100% | - | - | - | - | - | - | - | 100% | - | - | - | - | 3.8% |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | 100% | - | - | - | - | - | - | - | 100% | - | - | - | - | 3.8% |
| 6 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Non-financial undertakings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | Households | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | of which building renovation loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 28 | Local government financing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 | Collateral obtained by taking possession: residential and commercial immovable properties | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | Total GAR assets | 21% | - | - | - | - | - | - | - | 21% | - | - | - | - | 18% |

3. GAR KPI stock based on CapEx

| | | 31 December 2023 | | | | | | | | | | | | | |
|---|--|--|--------------------------|-----------------------|-------------------|--|--------------------------|-----------------------|-------------------|--|--------------------------|-----------------------|-------------------|------------------------------------|------|
| % (compared to total covered assets in the denominator) | | Climate Change Mitigation (CCM) | | | | Climate Change Adaptation (CCA) | | | | TOTAL (CCM + CCA) | | | | Proportion of total assets covered | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | |
| | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | Of which Use of Proceeds | Of which transitional | Of which enabling | | Of which Use of Proceeds | Of which transitional | Of which enabling | | |
| 1 | Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation | 100% | - | - | - | - | - | - | - | 100% | - | - | - | - | 3.8% |
| 2 | Financial undertakings | 100% | - | - | - | - | - | - | - | 100% | - | - | - | - | 3.8% |
| 3 | Credit institutions | 100% | - | - | - | - | - | - | - | 100% | - | - | - | - | 3.8% |
| 4 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Debt securities, including UoP | 100% | - | - | - | - | - | - | - | 100% | - | - | - | - | 3.8% |
| 6 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Other financial corporations | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | of which investment firms | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | of which management companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | of which insurance undertakings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Non-financial undertakings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Debt securities, including UoP | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | Households | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | of which loans collateralised by residential immovable property | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | of which building renovation loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | of which motor vehicle loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 28 | Local government financing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 29 | Housing financing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 30 | Other local government financing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 | Collateral obtained by taking possession: residential and commercial immovable properties | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | Total GAR assets | 21% | - | - | - | - | - | - | - | 21% | - | - | - | - | 18% |

5. KPI off-balance sheet exposures based on turnover

| % (compared to total eligible off-balance sheet assets) | | 31 December 2023 | | | | | | | | | | | | | | |
|---|------------------------------------|--|-------|--------------------------|-----------------------|-------------------|--|---|--------------------------|-------------------|---|--|--------------------------|-----------------------|-------------------|--------|
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | | | TOTAL (CCM + CCA) | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | Of which Use of Proceeds | Of which enabling | | | Of which Use of Proceeds | Of which transitional | Of which enabling | |
| 1 | Financial guarantees (FinGuar KPI) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Assets under management (AuM KPI) | 0.11% | 4.88% | - | 2.22% | 58.97% | - | - | - | - | - | 0.11% | 4.88% | - | 2.22% | 58.97% |

5. KPI off-balance sheet exposures based on CapEx

| % (compared to total eligible off-balance sheet assets) | | 31 December 2023 | | | | | | | | | | | | | | |
|---|------------------------------------|--|--------|--------------------------|-----------------------|--|---|---|--------------------------|--|---|--------------------------|-----------------------|-------------------|-------|-------|
| | | Climate Change Mitigation (CCM) | | | | Climate Change Adaptation (CCA) | | | | TOTAL (CCM + CCA) | | | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible) | | | | | | |
| | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned) | | | | | | |
| | | | | Of which Use of Proceeds | Of which transitional | Of which enabling | | | Of which Use of Proceeds | Of which enabling | | Of which Use of Proceeds | Of which transitional | Of which enabling | | |
| 1 | Financial guarantees (FinGuar KPI) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 2 | Assets under management (AuM KPI) | 0.11% | 12.16% | - | 1.47% | 1.64% | - | - | - | - | - | 0.11% | 12.16% | - | 1.47% | 1.64% |

Template 1 Nuclear and fossil gas related activities - Disclosure according to Annex XII

| Row | Nuclear energy related activities | |
|--------------------------------------|--|----|
| 1. | The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | No |
| 2. | The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | No |
| 3. | The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | No |
| Fossil gas related activities | | |
| 4. | The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | No |
| 5. | The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | No |
| 6. | The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | No |

Template 2 to 5 are excluded due to "no" exposure to any of the items listed above.

