

INTERIM REPORT  
**FIRST HALF 2012**



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## FINANCIAL REVIEW

Despite the slowdown in market activity in the second half of 2011 Saxo Bank decided to maintain a high level of investment in geographical expansion and new products. This decision was made because Saxo Bank is of the opinion that the current subdued level of market activity is not a permanent situation. The increase in investment and cost which continued with the unusual market situation that prevailed all through first half of 2012 meant that the Bank's result was significantly lower than in the same period last year.

The first six months of 2012 was an unusual period for the financial markets, influencing trading income in Saxo Bank. The macro environment was characterised by continued low growth and uncertainty driven by the EU debt crisis. The potential risk of a breakdown of the Euro put a damper on investors' market activity.

The combination of the unsolved European situation, low growth and the constantly changing regulatory environment impacted investors' appetite for risk and market involvement. A "wait-and-see" attitude emerged.

In this macro environment, market volatility in most asset classes remained subdued at levels not seen since 2006 and 2008. Foreign exchange moved in tight ranges, with

major currencies like the Swiss Franc and the JPY impacted by the pegging to the EUR and Bank of Japan intervention, respectively. This impacted clients' behaviour and reduced Saxo Bank's profitability in the first six months of 2012.

The FX volumes handled in the first six months of 2012 were lower than the volumes in the second half of 2011. After a pick-up in the third quarter of 2011, volumes went down in the fourth quarter and remained at this relatively low level in the first six months of 2012.

Although the overall trader and investor activity level was moderate in the first half of 2012, Saxo Bank saw continued growth in clients' collateral deposits and assets under management, which are the foundation for future business and profits.

Clients' collateral deposits in Saxo Bank's trading business increased from DKK 26.7 billion as of 31 December 2011 to reach the DKK 30 billion mark at the end of June 2012. This was achieved on the back of a record high number of new onboarded clients gradually increasing during the first six months of 2012. Total assets under management in Saxo Bank's asset management business increased from DKK 33.2 billion as of 31 December 2011 to DKK 35.7 billion as of 30 June 2012. Including collateral deposits in Saxo Privatbank, the Saxo Bank Group's total client collateral deposits and asset under management increased from DKK 68.4 billion as of 31 December 2011 to DKK 74.4 billion as of 30 June 2012.

### KEY FIGURES AND RATIOS, SAXO BANK GROUP

(DKK million)	First half 2012	First half 2011	First half 2010	First half 2009	First half 2008
Operating income	1,416.8	1,769.4	1,992.3	969.4	968.9
Profit before tax	75.6	473.5	728.5	55.2	162.1
Net profit	43.5	345.7	551.2	41.0	120.9
Total shareholders' equity	3,380.1	3,197.6	3,018.8	1,569.0	1,128.1
Total assets	29,926.8	26,801.5	21,233.7	12,200.7	11,911.0
Clients' collateral deposits (trading business)	30,223.4	23,284.7	17,354.9	11,984.3	9,602.8
Assets under management (AuM)	35,694.0	32,357.0	24,606.3	5,954.0	-
Total collateral deposits and AuM	74,424.4	65,212.0	51,195.8	17,938.0	9,602.8
Solvency ratio (Pillar I)	12.1%	12.3%	19.2%	18.9%	10.1%
Return before tax on Total equity	2.3%	15.6%	27.2%	3.7%	14.6%
Average number of employees	1,527	1,365	871	993	1,258

See definitions in Saxo Bank's annual report 2011 page 123.

The consolidated figures for 2010-2012 are prepared in accordance with International Financial Reporting Standards (IFRS). Consolidated figures for 2008 and 2009 are prepared in accordance with the Danish Financial Business Act. Comparative figures for 2008 and 2009 are not restated. The impact on these figures is assessed not to be material.

Operating income for the first six months of 2012 reached DKK 1,417 million for the Group. This is lower than the same period of 2011 and represents a decrease in trading-related income.

Staff costs and administrative expenses of DKK 1,223 million were lower than in the same period of 2011. However, due to higher depreciation and impairment charges, operating costs increased by DKK 72 million to DKK 1,420 million. Saxo Bank continued to invest in enhancing its online trading platform, expanding the product offering and geographical footprint as well as developing its new business areas. Such investments have little or no impact on income in the short term but lead to Saxo Bank being well positioned to capitalise on the many opportunities available and take the Bank to the next level.

As a result of the low level of activity and the continued investments in the business, Saxo Bank's net profit for the first six months of 2012 were DKK 44 million.

The cash inflow from client cash deposits is placed with counterparty banks as well as in bonds and other interest-bearing assets. The return on such assets is correlated with the current low interest environment.

The cash inflow explains a large part of the increase in total assets, which grew from DKK 27.0 billion as of 31 December 2011 to DKK 29.9 billion as of 30 June 2012, an increase of 11%.

The solvency ratio of the Group was 12.1% as of 30 June 2012 after inclusion of net profit for the first six months of 2012. Saxo Bank has assessed that the internal capital requirement of the Group is 9.2% of the risk weighted items, equivalent to DKK 1.34 billion as of 30 June 2012. Thus the capital base of DKK 1.77 billion exceeds the capital requirement by DKK 0.43 billion.

On 20 July 2011, the EU Commission adopted a legislative package to strengthen the regulation of the banking sector. The proposal replaces the current Capital Requirements Directives with a Directive (CRD IV) and a regulation creating a single set of harmonised prudential rules which banks throughout the EU must respect. The proposal sets new capital, liquidity and leverage standards.

A final version of the CRD IV and the related regulation is expected to be adopted in second half of 2012 with implementation from 2013 and gradually over several years.

Saxo Bank is monitoring the final regulation and interpretations closely. The full impact on Saxo Bank is not yet known but Saxo Bank expects to report this in its 2012 annual report.

## **CHANGES IN BOARD OF DIRECTORS**

In May, Saxo Bank announced a new Chairman of the Board. Dennis Malamatinas, formerly the Deputy Chairman, took over as Chairman from Kurt K. Larsen, who had been Chairman since 2010.

The Board of Saxo Bank consists of Dennis Malamatinas, Chairman, Asiff S. Hirji, Deputy Chairman, and members of the Board Kurt K. Larsen, Professor Thomas Plenborg, Karl I. Peterson and Jacob Polny (alternate).

## **POST BALANCE SHEET EVENTS**

No events occurring after the balance sheet date have had significant influence on the financial position of the Bank or the Group as of 30 June 2012.

## **OPERATIONAL DEVELOPMENTS**

### **PRODUCT DEVELOPMENT**

Saxo Bank continued to focus on the development of new products, and in January, the Bank expanded its derivatives offering with the commercial launch of Contract Options on futures and cash indices. This marked the completion of the first phase of one of the largest development projects undertaken by the Bank. Following the successful launch, and a satisfactory client pickup, Saxo Bank is continuing to add new instruments to the Contract Options portfolio.

In March, Saxo Bank enhanced its CFD offering with the addition of Forex CFDs, including six FX currency pairs and a USD index CFD. Forex CFDs track an underlying futures contract, but carry significantly lower margin requirements and allow for smaller trade sizes. Saxo Bank also expanded its offering of Index tracking CFDs, adding the US 2000 CFD and the US Volatility Index CFD which follows the VIX futures contract.

Saxo Bank's equity offering was expanded with a number of new equity trading products. In April, the Athens Stock Exchange was added to the trading platform, providing clients with access to stocks of listed companies in

Greece. Hungarian Single Stock CFDs on the Budapest Stock Exchange were added in May, and Czech Stocks on the Prague Stock Exchange were added in June.

Other new products included Futures contracts for French and Spanish government bonds, as well as two additional Forex metal spot crosses in Platinum and Palladium trading against the US dollar.

In May, Saxo Bank introduced a significant change in the margin requirements for Forex, increasing the half margin threshold from EUR 50,000 to EUR 300,000. With this change, clients require less margin collateral for the same exposure, providing greater flexibility for diversifying or hedging portfolios. Reduced margin requirements for CFDs, including Index Tracker, Commodity and Forex CFDs, were introduced in July.

#### **PLATFORM ENHANCEMENTS**

Developing its online trading platforms is a continuing focus for Saxo Bank, and in 2012 a number of notable platform enhancements have been launched, particularly for the mobile trading arena.

Introduced in 2011, the SaxoTrader app for iPhone and Android is built on HTML5 technology. In February, the app received a significant enhancement to provide retail clients with the ability to access their accounts, manage orders and trade all of the Bank's products on their iPhone or Android devices. The app is also available to Saxo Bank's White Label clients, enabling them to roll out their own version of the app to their respective client bases. An extensive advertising campaign, featuring the world's first base jumping FX trade, accompanied the launch. Many clients migrated to the new app, making it the fastest uptake of any new platform in the Bank's history, and in April, the app received a further upgrade, introducing a new trade ticket with streaming FX spot prices, "drag and click" trading, and a variety of new interactive chart types.

Following the launch of SaxoTrader for iPhone and Android, a dedicated iPad version of the app was launched in July. SaxoTrader for iPad is designed to take advantage of the popular tablet's larger screen size.

In March, Saxo Bank launched a Modern Wealth Management platform for self-directed retail investors. The Modern Wealth Management platform was developed to provide guidance to investors and make wealth management simpler and more transparent. Through the plat-

form, clients are able to invest in UK and international equity markets, gilts and corporate bonds, ETFs and over 2,400 managed funds.

Saxo Bank's flagship SaxoTrader and SaxoWebTrader platforms have also undergone several enhancements, including a new trade ticket with integrated Level 2 trading. Replacing 14 different trade modules, clients can now trade all products through a single ticket, greatly simplifying the platforms. In addition, the platforms have also received a charting upgrade. Utilising Silverlight technology, the new charts provide order management from the chart, faster price updates and enhanced technical studies. The new Silverlight charts work in all major browsers, and allow Apple computer users to use the SaxoWebTrader's built-in advanced charts.

#### **GEOGRAPHICAL EXPANSION**

2011 marked the largest geographical expansion during a calendar year in Saxo Bank's history, with acquisitions or green field setups in seven countries. In 2012, the Bank has continued to open new sales offices in key markets.

In January, Saxo Capital Markets (Australia) Pty Ltd was launched, following the acquisition of Logos Commodities Pty Ltd, the holding company of Commodity Broking Services Pty Ltd. in 2011. The Sydney office extends the Bank's reach in the fast-growing Asia-Pacific region to meet growing demand for retail trading in Australia.

Saxo Bank established another key footprint in March, when Saxo Capital Markets South Africa was made fully operational. The opening of the Johannesburg office enables Saxo Bank to support growing demand for multi-asset trading, as the needs of investors in South Africa continue to diversify in tandem with the changing market dynamics in the region.

Following the 2011 launch of Saxo Bank's subsidiary, FT World, in Cyprus, the Bank opened a new sales office in Limassol to meet increasing demand for financial services from the country's significant number of institutional investors and High Net Worth individuals. The new office also serves as a regional business centre covering all of Central and Eastern Europe.

Saxo Bank is now present in 20 countries, and further geographical expansion is anticipated, including the launch of an office in Warsaw, expected in September.

## **FOREXTRADING.COM**

In March, Saxo Bank launched Forextrading.com, a trade name and brand which provides online trading facilities to private clients through a suite of integrated trading platforms. The offering is designed to cater to the growing number of retail FX traders who use the MT4 platform. This client segment seeks automated trading solutions and integration with third-party social trading tools.

Forextrading.com offers over 60 FX currency pairs, including all major FX crosses as well as Gold and Silver, via a single account type that enables traders to choose their desired target spreads. A lower target spread requires a higher minimum deposit. Clients have access to three MT4-based platforms, for desktop, web and mobile devices.

In China, Saxo Bank launched a Chinese edition of Forextrading.com through its wholly-owned subsidiary, FT World, with offices in Cyprus and Hong Kong.

In May, a separate Saxo Bank-branded MT4 offering was launched in the UK and offered by FT World. SaxoMT4 is designed to provide clients who prefer to trade under the Saxo Bank brand with the same MT4 trading capabilities and simplified accounts provided through Forextrading.com.

## **TRADINGFLOOR.COM**

Originally launched in 2009, TradingFloor.com embodies Saxo Bank's continuing commitment to online communities and content. The website serves as a financial information and analysis portal, as well as a free social community for traders and others interested in the markets. In February, TradingFloor.com underwent a major upgrade, adding enhanced social media features that allow users to share their trading ideas with each other, comment on articles and follow favourite analysts from the Saxo Bank Strategy Team.

A new financial calendar covering major global macroeconomic, corporate and geopolitical events was also added to the website. The calendar provides traders and investors with real-time updates of data events from over 28 countries, as well as upcoming corporate events for constituents of more than 23 global benchmark indices.

Following the Forex Open Positions module introduced in 2011, Saxo Bank launched a Forex Correlations tool on TradingFloor.com in April. The FX Correlations module vis-

ualises data relationships between currency prices and exposures, and between exposures in the major FX currency pairs.

In June, an FX Open Orders module was also launched on the TradingFloor website, providing a snapshot of Saxo Bank clients' aggregated FX open orders on ten major currency pairs. Designed to promote transparency in the Forex market, the new tool enables traders to identify possible support, resistance or break-out points in currency pairs they are interested in.

The new format and tools are also available on TradingFloor.com's Chinese edition, which serves the growing investor base in China.

## **SAXO ASSET MANAGEMENT**

Saxo Bank established the international asset management team, CPH Capital, specialising in global equities in late 2010 under the Saxo Asset Management umbrella. In June 2012, Saxo Bank and Formuepleje, one of Denmark's leading fund managers, entered a strategic agreement on joint ownership of CPH Capital. The agreement is expected to bring CPH Capital to critical mass and increased profitability, and gives Formuepleje access to a strong and experienced portfolio management team.

In 2011, Saxo Properties entered a joint venture with Resolution Property, the pan-European real estate fund, to co-invest DKK 1.9 billion in Copenhagen-based properties. Satisfied with the venture's initial purchases in 2011 and the first six months of 2012, Saxo Properties and Resolution Property anticipate investing the remaining funds in the second part of 2012. Saxo Properties also completed Copenhagen-based property acquisitions in cooperation with Meghraj, a leading UK real estate investor and Cubic Property Fund, a listed UK company.

## **RETAIL BANKING**

Combining the core competencies of Brørup Sparekasse and Saxo EBank, Saxo Privatbank was launched in 2011 to provide private banking products and services to clients. In the last part of 2011 and the first six months of 2012, an integration and restructuring project has taken place in order to establish a dedicated focus towards the Danish market and serve all Danish customers from the same unit of Saxo Bank. Following the successful launch of the Saxo Privatbank offering it has been decided to commence the rebranding of the six branches of Brørup Sparekasse across Jutland as Saxo Privatbank branches.

## INSTITUTIONAL BUSINESS

In early 2012, Saxo Bank introduced Saxo Direct. This offering tailors Saxo Bank's API solution for institutional clients, including retail brokers, hedge funds and asset managers, and represents a significant additional distribution channel for the Bank. While Saxo Direct is a multiproduct offering, the initial focus has been on Foreign Exchange.

Saxo Direct has been well received by clients, and has within a few months established itself as a key contributor of FX volumes in Saxo Bank.

## AWARDS

Saxo Bank was the recipient of a number of industry awards honouring its platforms, services and social media initiatives.

Saxo Bank's use of social media tools such as Facebook, LinkedIn and Twitter was recognised at the Social Forex Awards 2011, where the Bank won in four categories, including Most Social Bank, Best Social Campaign, Best Social Initiative/Innovation and Best Social Research. Inaugurated this year, the Social Forex Awards are voted by members of the LetstalkFX.com community.

For a second year in a row, Saxo Bank was named "Best White Label Solution Provider" at the World Finance 2012 Foreign Exchange Awards. The Bank also won the "Best Mobile Trading Platform" award for its SaxoTrader for iPhone and Android app. The annual World Finance Awards are chosen by a panel of independent industry experts.

In addition, Saxo Bank was named "Best Online Futures and Options Provider" at the MoneyAM Awards 2012, and Saxo Bank (Dubai) Ltd won the "Best FX Platform"

award at the Banker Middle East Product Awards 2012, which spotlight "best in class" products and services from banks in the Gulf region. In July, Saxo Bank was also named "Best Retail Platform" and "Best FX White Label Liquidity Service" at the ninth annual e-FX Awards, sponsored by FX Week Magazine.

Euroinvestor, the investor portal majority-owned by Saxo Bank, won "Best New Financial Service" at the Danish Internet Awards for its Cockpit platform, which enables users to view and share an array of financial information online.

## RISK MANAGEMENT

For a detailed description of the Group's risks and external conditions that may affect the Group, see the Annual Report 2011, Risk Report 2011 and quarterly ICAAP reports published on the Group's website [www.saxoworld.com](http://www.saxoworld.com).

## OUTLOOK 2012

Saxo Bank finds the market situation uncertain and visibility remains low.

With a close eye on the overall cost development, Saxo Bank intends to continue developing its business. Saxo Bank's current investment programme will lead to a number of important product and platform launches in second half of 2012. Focus will also remain on efficiency, profitability and optimisation of the entire value chain.

With a proven viable business model, Saxo Bank is confident that the Group has a solid foundation for its operations in 2012 and the Bank expects to continue to create value for its stakeholders.

#### **FORWARD-LOOKING STATEMENTS**

This report may contain forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects are forward-looking statements. The words "may", "will", "should", "expect", "anticipate", "believe", "estimate", "plan", "predict", "intend" or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. Saxo Bank has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted

in the forward-looking statements and from the past performance of Saxo Bank. Although Saxo Bank believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ. As a result, you should not rely on these forward-looking statements. Saxo Bank undertakes no obligation to update or revise any forward-looking statements.

#### **GOVERNING TEXT**

The interim report has been translated from Danish into English. The Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish version shall prevail.



## INCOME STATEMENT – SAXO BANK GROUP

Note	(DKK 1,000)	First half 2012	First half 2011
2	Interest income	480,484	547,168
3	Interest expense	(117,009)	(132,743)
	<b>Net interest income</b>	<b>363,475</b>	<b>414,425</b>
4	Fee and commission income	496,964	487,550
	Fee and commission expense	(404,470)	(435,833)
	<b>Net interest, fees and commissions</b>	<b>455,969</b>	<b>466,142</b>
5	Price and exchange rate adjustments	960,852	1,303,271
	<b>Operating income</b>	<b>1,416,821</b>	<b>1,769,413</b>
	Other income	68,380	46,414
	Staff costs and administrative expenses	(1,222,679)	(1,243,793)
	Depreciation, amortisation and impairment of intangible and tangible assets	(156,541)	(92,480)
	Other expenses	(7,090)	(7,936)
6	Impairment charges for receivables, loans, advances etc.	(33,267)	(3,020)
	Income from associates and joint ventures	10,016	4,895
	<b>Profit before tax</b>	<b>75,640</b>	<b>473,493</b>
7	Tax	(32,109)	(127,800)
	<b>Net profit</b>	<b>43,531</b>	<b>345,693</b>
	<b>Proposed allocation of net profit</b>		
	Shareholders of Saxo Bank A/S	43,237	345,421
	Non-controlling interests	294	272
	<b>Net profit</b>	<b>43,531</b>	<b>345,693</b>

## STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK GROUP

(DKK 1,000)	First half 2012	First half 2011
<b>Net profit</b>	<b>43,531</b>	<b>345,693</b>
<b>Other comprehensive income</b>		
Exchange rate adjustments	34,900	(8,308)
Fair value adjustment of cash flow hedges:		
Effective portion of changes in fair value	(13,440)	(2,522)
Net amount transferred to profit or loss	6,501	5,934
Hedge of net investments in foreign entities	(24,903)	13,702
Revaluation domicile properties	102,828	-
Other capital movements	(3,899)	2,375
Other comprehensive income from associates and joint ventures	3,809	-
Tax on other comprehensive income	(17,446)	(4,279)
<b>Total other comprehensive income</b>	<b>88,350</b>	<b>6,902</b>
<b>Total comprehensive income</b>	<b>131,881</b>	<b>352,595</b>
<b>Proposed allocation of total comprehensive income</b>		
Shareholders of Saxo Bank A/S	131,587	352,323
Non-controlling interests	294	272
<b>Total comprehensive income</b>	<b>131,881</b>	<b>352,595</b>

## STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP

Note	(DKK 1,000)	30 June 2012	31 Dec. 2011
<b>ASSETS</b>			
	Cash in hand and demand deposits with central banks	1,809,842	1,364,841
6	Receivables from credit institutions and central banks	1,939,773	6,946,639
8	Trading assets	20,019,271	12,932,734
6	Loans and advances at amortised cost	1,672,481	1,690,399
	Investment securities	83,716	59,800
	Current tax assets	67,686	66,623
	Assets held for sale	7,851	7,851
	Investments in associates and joint ventures	327,800	287,949
9	Intangible assets	2,262,206	2,087,013
	Investment properties	19,728	19,407
10	Tangible assets	1,189,380	1,057,646
	Deferred tax assets	152,544	139,895
	Other assets	374,481	357,415
	<b>Total assets</b>	<b>29,926,759</b>	<b>27,018,212</b>

## STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP

Note	(DKK 1,000)	30 June 2012	31 Dec. 2011
	<b>LIABILITIES</b>		
	Debt to credit institutions and central banks	2,208,583	486,238
	Trading liabilities	2,459,853	2,765,450
	Deposits	19,174,863	17,519,441
	Issued bonds at amortised cost	849,884	849,618
	Current tax liabilities	13,969	21,695
	Deferred tax liabilities	278,854	323,616
	Provisions	50,872	106,643
	Other liabilities	602,890	802,968
11	Subordinated debt	906,876	902,512
	<b>Total liabilities</b>	<b>26,546,644</b>	<b>23,778,181</b>
	<b>EQUITY</b>		
	Share capital	66,598	66,598
	Translation reserve	179,917	163,694
	Hedging reserve	(52,326)	(47,122)
	Revaluation reserve	77,421	-
	Retained earnings	3,079,526	3,032,082
	<b>Shareholders of Saxo Bank A/S</b>	<b>3,351,136</b>	<b>3,215,252</b>
	Non-controlling interests	28,979	24,779
	<b>Total shareholders' equity</b>	<b>3,380,115</b>	<b>3,240,031</b>
	<b>Total liabilities and equity</b>	<b>29,926,759</b>	<b>27,018,212</b>
12	<b>Acquisition of businesses</b>		
13	<b>Related parties</b>		
14	<b>Contingent and contractual liabilities</b>		
15	<b>Key figures and ratios</b>		

## STATEMENT OF CHANGES IN EQUITY – SAXO BANK GROUP

(DKK 1,000)	Shareholders of Saxo Bank A/S						Non-controlling interests	Total
	Share capital	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Total		
<b>Shareholders' equity at 1 January 2012</b>	<b>66,598</b>	<b>163,694</b>	<b>(47,122)</b>	<b>-</b>	<b>3,032,082</b>	<b>3,215,252</b>	<b>24,779</b>	<b>3,240,031</b>
Net profit	-	-	-	-	43,237	43,237	294	43,531
<b>Other comprehensive income</b>								
Exchange rate adjustments	-	34,900	-	-	-	34,900	-	34,900
Fair value adjustment of cash flow hedges	-	-	(6,939)	-	-	(6,939)	-	(6,939)
Hedge of net investments in foreign entities	-	(24,903)	-	-	-	(24,903)	-	(24,903)
Revaluation domicile properties	-	-	-	102,828	-	102,828	-	102,828
Other capital movements	-	-	-	-	(3,899)	(3,899)	-	(3,899)
Other comprehensive income from associates	-	-	-	-	3,809	3,809	-	3,809
Tax on other comprehensive income	-	6,226	1,735	(25,407)	-	(17,446)	-	(17,446)
Total other comprehensive income	-	16,223	(5,204)	77,421	(90)	88,350	-	88,350
<b>Total comprehensive income</b>	<b>-</b>	<b>16,223</b>	<b>(5,204)</b>	<b>77,421</b>	<b>43,147</b>	<b>131,587</b>	<b>294</b>	<b>131,881</b>
<b>Transactions with owners</b>								
Acquisitions	-	-	-	-	-	-	5,161	5,161
Share-based payments	-	-	-	-	360	360	-	360
Treasury shares	-	-	-	-	3,937	3,937	-	3,937
Transactions with non-controlling interests	-	-	-	-	-	-	(1,255)	(1,255)
<b>Shareholders' equity at 30 June 2012</b>	<b>66,598</b>	<b>179,917</b>	<b>(52,326)</b>	<b>77,421</b>	<b>3,079,526</b>	<b>3,351,136</b>	<b>28,979</b>	<b>3,380,115</b>
<b>Shareholders' equity at 1 January 2011</b>	<b>66,547</b>	<b>145,709</b>	<b>(10,232)</b>	<b>-</b>	<b>2,668,133</b>	<b>2,870,157</b>	<b>9,883</b>	<b>2,880,040</b>
Net profit	-	-	-	-	345,421	345,421	272	345,693
<b>Other comprehensive income</b>								
Exchange rate adjustments	-	(8,308)	-	-	-	(8,308)	-	(8,308)
Fair value adjustment of cash flow hedges	-	-	3,412	-	-	3,412	-	3,412
Hedge of net investments in foreign entities	-	13,702	-	-	-	13,702	-	13,702
Other capital movements	-	-	-	-	2,375	2,375	-	2,375
Tax on other comprehensive income	-	(3,426)	(853)	-	-	(4,279)	-	(4,279)
Total other comprehensive income	-	1,968	2,559	-	2,375	6,902	-	6,902
<b>Total comprehensive income</b>	<b>-</b>	<b>1,968</b>	<b>2,559</b>	<b>-</b>	<b>347,796</b>	<b>352,323</b>	<b>272</b>	<b>352,595</b>
<b>Transactions with owners</b>								
Acquisitions	-	-	-	-	-	-	17,483	17,483
Share-based payments	-	-	-	-	1,500	1,500	-	1,500
Dividend paid to shareholders	-	-	-	-	(60,205)	(60,205)	-	(60,205)
Increase in share capital	51	-	-	-	6,171	6,222	-	6,222
<b>Shareholders' equity at 30 June 2011</b>	<b>66,598</b>	<b>147,677</b>	<b>(7,673)</b>	<b>-</b>	<b>2,963,395</b>	<b>3,169,997</b>	<b>27,638</b>	<b>3,197,635</b>

## STATEMENT OF CAPITAL BASE – SAXO BANK GROUP

(DKK 1,000)	30 June 2012	31 Dec. 2011
Total shareholders' equity	3,380,115	3,240,031
Revaluation reserve	(77,421)	-
Guaranteed capital	200,230	198,627
Intangible assets <sup>1)</sup>	(2,473,126)	(2,282,326)
Deferred tax liabilities, intangible assets	269,868	232,575
Deferred tax assets	(152,544)	(139,895)
<b>Core Tier 1 capital</b>	<b>1,147,122</b>	<b>1,249,012</b>
Hybrid capital	97,533	97,815
Fair value adjustment of cash flow hedges	52,326	47,122
Investments in associates (50%) <sup>2)</sup>	(42,720)	(37,257)
<b>Tier 1 capital</b>	<b>1,254,261</b>	<b>1,356,692</b>
Subordinated loans, reduced value	480,344	497,291
Revaluation reserve	77,421	-
Investments in associates (50%) <sup>2)</sup>	(42,720)	(37,257)
<b>Capital base</b>	<b>1,769,306</b>	<b>1,816,726</b>
<sup>1)</sup> Including goodwill and other intangible assets from associates and joint ventures of DKK 210.9 million (31 December 2011: DKK 195.3 million).		
<sup>2)</sup> Relate to investments in associates which are credit institutions, excluding goodwill.		
<b>Risk weighted items</b>		
Credit risk	4,233,726	3,930,694
Market risk	4,458,428	3,460,562
Operational risk	5,885,093	5,177,818
<b>Total risk weighted items</b>	<b>14,577,247</b>	<b>12,569,074</b>
Core Tier 1 capital ratio	7.9%	9.9%
Tier 1 capital ratio	8.6%	10.8%
Solvency ratio	12.1%	14.5%

## CASH FLOW STATEMENT – SAXO BANK GROUP

(DKK 1,000)	First half 2012	First half 2011
<b>Cash flow from operating activities</b>		
Profit before tax	75,640	473,493
Adjustment for non-cash operating items:		
Income from associates and joint ventures	(10,016)	(4,895)
Amortisation and impairment charges of intangible assets	116,400	57,656
Depreciation and impairment charges of tangible assets and investment properties	40,141	34,824
Loan impairment charges	33,894	3,020
Tax paid	(109,039)	(78,516)
Other non-cash operating items	(70,250)	(119,310)
<b>Total</b>	<b>76,770</b>	<b>366,272</b>
Changes in operating capital:		
Receivables from credit institutions and central banks	34,672	(473)
Derivative financial instruments	(244,945)	(1,129,045)
Loans and advances at amortised cost	(15,572)	68,563
Bonds	(7,162,430)	(1,630,355)
Other assets	(11,512)	(78,042)
Debt to credit institutions and central banks	1,722,376	16,450
Deposits	1,630,204	3,474,652
Provisions and other liabilities	(252,734)	(158,350)
<b>Cash flow from operating activities</b>	<b>(4,223,171)</b>	<b>929,672</b>
<b>Cash flow from investing activities</b>		
Acquisition of businesses	(16,893)	(89,540)
Cash and cash equivalents from acquisitions	1,669	3,343
Acquisition of associates and other participating interests	(7,431)	-
Acquisition of intangible and tangible assets	(347,736)	(267,912)
<b>Cash flow from investing activities</b>	<b>(370,391)</b>	<b>(354,109)</b>
<b>Cash flow from financing activities</b>		
Redemption of subordinated debt	-	(39,946)
Issued bonds at amortised cost	-	849,494
Dividends paid	-	(60,205)
Increase in share capital	-	6,222
<b>Cash flow from financing activities</b>	<b>-</b>	<b>755,565</b>
Net increase/(decrease) in cash and cash equivalents	(4,593,562)	1,331,128
Cash and cash equivalents at 1 January	8,233,454	3,274,731
Exchange rate adjustments on cash and cash equivalents	66,370	(14,057)
<b>Cash and cash equivalents at 30 June</b>	<b>3,706,262</b>	<b>4,591,802</b>
<b>Cash and cash equivalents at 30 June</b>		
Cash in hand and demand deposits with central banks	1,809,842	837,082
Amounts due from credit institutions and central banks within three months	1,896,420	3,754,720
<b>Cash and cash equivalents at 30 June</b>	<b>3,706,262</b>	<b>4,591,802</b>

## NOTES – SAXO BANK GROUP

### Note

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#### 1 Accounting policies

The interim financial statements of Saxo Bank Group for the first half of 2012 have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for interim reports of financial institutions.

The accounting policies are unchanged compared to those applied in the Group's Annual Report 2011, which provides a full description of the Group's accounting policies. The accounting policy for joint ventures is not part of the accounting policy in the Annual Report 2011. It is not a change in accounting policy but an addition to the accounting policies.

#### Joint ventures

A joint venture is a joint arrangement whereby the Group and the parties involved have joint control of the arrangement and have the rights to the net assets of the arrangement. Investments in joint ventures are measured in accordance with the equity method, which means that the investments are measured at the proportionate share of the net asset value of joint venture at the reporting date. Income from joint ventures comprises the Group's share of the profit or loss after tax.

At acquisition of joint ventures the acquisition method is applied.

The Group has implemented standards, amendments to existing standards and interpretations applicable on 1 January 2012. None of the standards and interpretations have had impact on recognition and measurement in 2012.

#### Critical accounting estimates and judgements

Critical accounting estimates and judgements are described in the Group's Annual Report 2011.

#### Transition to IFRS

Saxo Bank's consolidated financial statements for 2011 were the Group's first financial statements prepared under IFRS.

The transition to IFRS has not affected the Group's financial position or financial performance as reported in the interim report 2011, as the interim report was prepared in accordance with the Danish Financial Business act (previous GAAP) which is compliant with IFRS on recognition and measurement.

Cash flow statement was not a requirement under previous GAAP and consequently not part of the consolidated interim financial statements issued under previous GAAP.

#### Comparative figures

Certain minor changes have been made in the comparative figures for 2011 due to reclassification.

The interim report has not been subject to audit or review.



## NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	First half 2012	First half 2011
<b>2</b>	<b>Interest income</b>		
	Credit institutions and central banks	11,698	19,695
	Loans and advances	90,760	78,494
	Bonds	74,131	159,481
	Derivative financial instruments	303,895	289,498
	<b>Total interest income</b>	<b>480,484</b>	<b>547,168</b>
<b>3</b>	<b>Interest expense</b>		
	Credit institutions and central banks	(24,863)	(19,808)
	Deposits	(31,071)	(32,177)
	Issued bonds	(12,580)	(11,836)
	Subordinated loans	(15,838)	(15,963)
	Guaranteed capital	(7,694)	(8,176)
	Derivative financial instruments	(24,963)	(44,783)
	<b>Total interest expense</b>	<b>(117,009)</b>	<b>(132,743)</b>
<b>4</b>	<b>Fee and commission income</b>		
	Trading with equities and derivative financial instruments	429,485	434,668
	Payment services fees	2,611	709
	Origination fees	10,906	7,287
	Guarantee commissions	428	285
	Asset management fees	48,908	37,605
	Other fee and commission income	4,626	6,996
	<b>Total fee and commission income</b>	<b>496,964</b>	<b>487,550</b>
<b>5</b>	<b>Price and exchange rate adjustments</b>		
	Bonds	(56,408)	(108,637)
	Investment securities	(538)	4
	Foreign exchange	812,896	1,280,520
	Derivative financial instruments	204,902	131,384
	<b>Total price and exchange rate adjustments</b>	<b>960,852</b>	<b>1,303,271</b>

## NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	30 June 2012	31 Dec. 2011
<b>6</b>	<b>Impairment charges for receivables, loans, advances etc.</b>		
	<b>Individual impairment of receivables from credit institutions and central banks</b>		
	Impairment charges at 1 January	26,830	45,255
	Reversals of impairment charges from previous years	-	(17,756)
	Exchange rate adjustments	-	(669)
	Transferred to loans, advances and guarantees	(26,830)	-
	<b>Individual impairment of receivables from credit institutions and central banks, end of period</b>	<b>-</b>	<b>26,830</b>
	<b>Individual impairment of loans, advances and guarantees</b>		
	Impairment charges at 1 January	153,477	91,616
	Impairment charges during the period	39,607	95,276
	Reversals of impairment charges from previous years	(1,786)	(29,689)
	Other	627	(1,231)
	Loss written off	(28,214)	(2,495)
	Transferred from receivables from credit institutions and central banks	26,830	-
	<b>Individual impairment of loans, advances and guarantees, end of period</b>	<b>190,541</b>	<b>153,477</b>
	<b>Collective impairment of loans, advances and guarantees</b>		
	Impairment charges at 1 January	2,816	3,853
	Impairment charges during the period	598	-
	Reversals of impairment charges from previous years	-	(1,037)
	<b>Collective impairment of loans, advances and guarantees, end of period</b>	<b>3,414</b>	<b>2,816</b>

### 7 Tax

The Group's effective tax rate is for the period 1 January – 30 June 2012 48.9% compared to 27.3% for the period 1 January – 30 June 2011. This increase in the effective tax rate is mainly due to the decrease in the profit before tax and thus the non-deductible expenses and unrecognised tax assets comprise a relative higher proportionate share of the profit before tax.

The Danish Parliament has enacted an executive order concerning limitation on utilisation of tax losses carried forward effective for the Group for the income year beginning 1 July 2012 or later. The Group has recognised tax assets related to tax losses carried forward. The executive order has no significant impact on the recognition and measurement of the deferred tax assets.

## NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	30 June 2012	31 Dec. 2011
<b>8</b>	<b>Trading assets</b>		
	Bonds at fair value	15,097,232	7,931,179
	Equities	7,451	19,359
	Derivative financial instruments with positive fair value	4,914,588	4,982,196
	<b>Total trading assets</b>	<b>20,019,271</b>	<b>12,932,734</b>
<b>9</b>	<b>Intangible assets</b>		
	<b>Goodwill</b>		
	Cost at 1 January	1,134,283	978,582
	Additions	22,222	161,537
	Disposals	-	(19,980)
	Reclassification	(11,285)	-
	Exchange rate adjustments	9,317	14,144
	<b>Cost, end of period</b>	<b>1,154,537</b>	<b>1,134,283</b>
	Amortisation and impairment at 1 January	-	-
	<b>Amortisation and impairment, end of period</b>	<b>-</b>	<b>-</b>
	<b>Carrying amount, end of period</b>	<b>1,154,537</b>	<b>1,134,283</b>
<b>10</b>	<b>Tangible assets</b>		

As per 30 June 2012 the Group's domicile properties have been revalued at a fair value of DKK 794.9 million. The increase in fair value due to revaluation surplus is recognised in other comprehensive income, net of tax DKK 77.4 million. No external valuation expert has been involved. The fair value is determined applying an asset return model based on observable prices and other valuation input. A return rate of 5% is applied.

If the domicile properties were carried under the cost method the carrying amount would have been DKK 692 million.

## NOTES – SAXO BANK GROUP

Note		(DKK 1,000)						30 June 2012	31 Dec. 2011
<b>11</b>	<b>Subordinated debt</b>								
	Subordinated loans							609,113	606,070
	Hybrid capital							97,533	97,815
	Guaranteed capital							200,230	198,627
	<b>Total subordinated debt</b>							<b>906,876</b>	<b>902,512</b>
				Margin first period		Margin second period			
	<b>Currency</b>	<b>Year of issue</b>	<b>Maturity</b>	<b>Interest</b>	<b>Rate</b>	<b>Years</b>	<b>Rate</b>	<b>Years</b>	
	EUR	2006	31.03.2014	EURIBOR	2.25%	5	4.00%	3	74,348
	EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	2	7,435
	EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	2	52,044
	EUR	2007	15.12.2019	EURIBOR	2.95%	10	2.95%	2	89,217
	EUR	2007	15.09.2020	EURIBOR	2.95%	10	2.95%	3	111,522
	EUR	2007	15.09.2020	EURIBOR	2.95%	10	3.95%	3	74,348
	DKK	2004	09.12.2012	CIBOR <sub>3</sub>	2.98%	5	2.98%	3	49,413
	DKK	2005	01.11.2013	CIBOR <sub>3</sub>	1.10%	5	2.60%	3	67,356
	DKK	2006	01.11.2014	CIBOR <sub>3</sub>	1.10%	5	2.60%	3	83,430
	<b>Total subordinated loans</b>							<b>609,113</b>	<b>606,070</b>
	Hereof included in Capital base DKK 480.3 million (31 December 2011: DKK 497.3 million).								
	DKK	2009	Perpetual	Fixed	11.11%	5	-	-	97,533
	<b>Total hybrid capital</b>							<b>97,533</b>	<b>97,815</b>
	Hereof included in Capital base DKK 97.5 million (31 December 2011: DKK 97.8 million).								
	DKK	2010	2015	Var.	6.00%	5	-	-	200,230
	<b>Total guaranteed capital</b>							<b>200,230</b>	<b>198,627</b>
	Hereof included in Capital base DKK 200.2 million (31 December 2011: DKK 198.6 million).								
	<b>Total subordinated debt</b>							<b>906,876</b>	<b>902,512</b>

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

Hybrid capital is redeemable from 24 November 2012 at a price of 100. Between 24 November 2012 and 23 November 2014 redemption may be carried out at a price of 100 plus interest, and from 24 November 2014 to 23 November 2015 at a price of 105. The hybrid capital may be redeemed at a price of 110 after 24 November 2015.

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

## NOTES – SAXO BANK GROUP

Note (DKK 1,000)

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### 12 Acquisition of businesses

#### Acquisitions in the first half of 2012

##### **Lembex Trading and Marketing Services Ltd. and Lembex Global Investments Ltd.**

On 2 April 2012 the Group acquired 100% of the shares in Lembex Trading and Marketing Services Ltd. in Israel and Lembex Global Investments Ltd. in Malta. The acquisitions are a strategic step as they give access to the MT4 segment.

Total consideration was DKK 22.4 million. Following recognition of identifiable assets, liabilities and contingent assets at their fair value, the goodwill related to the acquisitions has been measured at DKK 19.1 million. The goodwill represents the value of the expected future profits in the acquired businesses which cannot be attributed to individually identifiable assets, including workforce and know-how.

The acquisitions made in the first half of 2012 are not of a size requiring separate disclosure.

#### Acquisitions in the first half of 2011

##### **Euroinvestor.com A/S**

On 4 April 2011 the Group acquired a further 28% stake in Euroinvestor.com A/S and thereby obtained control of Euroinvestor.com A/S. After the acquisition the Group owned 69% of the share capital (a step acquisition). Following the acquisition the Group has acquired further 3% of the share capital from non-controlling interests. Previously the investment in Euroinvestor.com A/S was accounted for as an investment in associates and recognised using the equity method.

The website Euroinvestor.com is an investor community with real time information about shares, currencies, bonds, mutual funds etc. The Group views the investment in Euroinvestor.com A/S as an important foundation for its focus on investor communities and intends to expand Euroinvestor.com A/S' activities.

Reference is made to the Annual Report 2011 for Saxo Bank A/S for further details of the acquisition.

### 13 Related parties

Parties with significant influence include shareholders with holdings exceeding 20% of Saxo Bank A/S.

Board of Management is due to their significant ownership in Saxo Bank A/S through their holding companies included in parties with significant influence.

Neither Saxo Bank A/S nor any Group companies have provided any loans, pledges or guarantees to any member of Saxo Bank A/S' Board of Directors or Board of Management or to people related to these.

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

The nature of related-party transactions in the first half of 2012 are as disclosed in the Annual Report 2011.

## NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	30 June 2012	31 Dec. 2011
<b>14</b>	<b>Contingent and contractual liabilities</b>		
	<b>Guarantees</b>		
	Financial guarantees	114,555	129,915
	Mortgage finance guarantees	108,646	91,744
	Registration and remortgaging guarantees	43,047	44,279
	Other guarantees	133,975	147,607
	<b>Total guarantees</b>	<b>400,223</b>	<b>413,545</b>
	<b>Contingent liabilities</b>		
	Other unutilised credit facilities	574,078	543,178
	<b>Total contingent liabilities</b>	<b>574,078</b>	<b>543,178</b>
	<b>Contractual liabilities</b>		
	Other contractual commitments	202,779	191,990
	<b>Total contractual liabilities</b>	<b>202,779</b>	<b>191,990</b>

The Group is the lessee in a number of operating leases, involving mainly leasing of office premises, car leasing and other. Note 38 in the Group's Annual Report 2011 provides more information about the future operating lease payments.

Of the Group's bond holdings nominal EUR 492 million (31 December 2011: EUR 433 million), with a fair value of DKK 3.7 billion (31 December 2011: DKK 3.2 billion), are held in custody with institutions with full right of disposal for the Group. The bonds serve as security for the Group's ongoing financial business with the individual institution.

The actual demand for collateral varies from day to day with the development in the open positions and were in total 97% (31 December 2011: 69%) of the fair value of the bond holdings provided as security at 30 June 2012.

Of the Group's deposits with investment brokers, banks and other credit institutions, DKK 77 million (31 December 2011: DKK 265 million) have likewise been provided as security for the Group's ongoing financial business.

Debt to credit institutions is secured by mortgage deed of DKK 477 million on the Group's domicile property (31 December 2011: DKK 477 million).

Related to acquisitions Saxo Bank A/S has issued claims warrants with a strike price of DKK 1 to cover potential claims from the sellers of the acquired companies. The maximum number of shares is 291,180. As at 30 June 2012 there has been no actual claim.

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

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

## NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	First half 2012	First half 2011
<b>15</b>	<b>Key figures and ratios</b>		
	<b>Key figures</b>		
	Net interest, fees and commissions	455,969	466,142
	Price and exchange rate adjustments	960,852	1,303,271
	Staff costs and administrative expenses	(1,222,679)	(1,243,793)
	Impairment charges for receivables, loans, advances etc.	(33,267)	(3,020)
	Income from associates and joint ventures	10,016	4,895
	Net profit	43,531	345,693
	Loans and advances at amortised cost	1,672,481	1,918,558
	Subordinated debt	906,876	902,031
	Total shareholders' equity	3,380,115	3,197,635
	Total assets	29,926,759	26,801,504
	Average number of employees	1,527	1,365
	<b>Ratios</b>		
	Solvency ratio	12.1%	12.3%
	Tier 1 capital ratio	8.6%	9.2%
	Return before tax on Total equity	2.3%	15.6%
	Return after tax on Total equity	1.3%	11.4%
	Income proportional to cost	1.05	1.35
	Interest rate risk	3.9%	5.0%
	Foreign exchange rate risk / Tier 1 capital	209.7%	249.3%
	Value at risk of foreign exchange rate risk / Tier 1 capital	7.4%	9.9%
	Loans, advances and provisions / Deposits	9.7%	11.3%
	Loans and advances proportional to Total equity	0.5	0.6
	Growth of Loans and advances	(1.1)%	(3.6)%
	Additional liquidity / liquidity requirement	479.0%	622.2%
	Loss and provisions ratio (loans and advances)	8.5%	1.1%

See definitions in Saxo Bank's annual report 2011 page 123.

## INCOME STATEMENT – SAXO BANK A/S

Note	(DKK 1,000)	First half 2012	First half 2011
2	Interest income	365,150	419,117
3	Interest expense	(61,286)	(73,718)
	<b>Net interest income</b>	<b>303,864</b>	<b>345,399</b>
	Fee and commission income	439,791	452,635
	Fee and commission expense	(749,514)	(733,309)
	<b>Net interest, fees and commissions</b>	<b>(5,859)</b>	<b>64,725</b>
4	Price and exchange rate adjustments	975,395	1,300,439
	<b>Operating income</b>	<b>969,536</b>	<b>1,365,164</b>
	Other income	41,602	50,806
	Staff costs and administrative expenses	(818,338)	(926,862)
	Depreciation, amortisation and impairment of intangible and tangible assets	(130,504)	(66,383)
	Other expenses	(3,076)	(23,926)
5	Impairment charges for receivables, loans, advances etc.	(24,782)	8,325
	Income from associates and subsidiaries	38,716	58,385
	<b>Profit before tax</b>	<b>73,154</b>	<b>465,509</b>
6	Tax	(30,487)	(120,088)
	<b>Net profit</b>	<b>42,667</b>	<b>345,421</b>
	<b>Proposed allocation of net profit</b>		
	Allocated to retained earnings	385,489	671,641
	Equity method reserve	(342,822)	(326,220)
	<b>Net profit</b>	<b>42,667</b>	<b>345,421</b>



## STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK A/S

(DKK 1,000)	First half 2012	First half 2011
<b>Net profit</b>	<b>42,667</b>	<b>345,421</b>
<b>Other comprehensive income</b>		
Exchange rate adjustments	34,900	(8,308)
Fair value adjustment of cash flow hedges in subsidiaries, net of tax	(5,204)	2,559
Hedge of net investments in foreign entities	(24,903)	13,702
Other capital movements	(3,305)	2,375
Other comprehensive income from subsidiaries, net of tax	77,421	-
Other comprehensive income from associates, net of tax	3,809	-
Tax on other comprehensive income	6,226	(3,426)
<b>Total other comprehensive income</b>	<b>88,944</b>	<b>6,902</b>
<b>Total comprehensive income</b>	<b>131,611</b>	<b>352,323</b>

## STATEMENT OF FINANCIAL POSITION – SAXO BANK A/S

Note	(DKK 1,000)	30 June 2012	31 Dec. 2011
<b>ASSETS</b>			
	Cash in hand and demand deposits with central banks	79,422	101,076
5	Receivables from credit institutions and central banks	910,250	4,679,133
5	Loans and advances at amortised cost	550,596	404,004
	Bonds at fair value	10,673,176	5,476,254
	Equities	14,155	13,649
	Investments in associates	310,066	286,910
	Investments in subsidiaries	1,796,766	2,280,225
	Intangible assets	2,200,138	2,025,135
	Tangible assets	165,955	129,461
	Tax receivables	77,219	8,296
	Deferred tax assets	267	190
	Other assets	5,082,062	5,130,734
	Prepayments	90,450	59,039
	<b>Total assets</b>	<b>21,950,522</b>	<b>20,594,106</b>

## STATEMENT OF FINANCIAL POSITION – SAXO BANK A/S

Note	(DKK 1,000)	30 June 2012	31 Dec. 2011
	<b>LIABILITIES</b>		
	Debt to credit institutions and central banks	245,829	56,531
	Deposits	14,727,263	13,196,947
	Tax liabilities	14,958	21,072
	Other liabilities	2,909,243	3,305,104
	<b>Total debt</b>	<b>17,897,293</b>	<b>16,579,654</b>
	Deferred tax liabilities	246,201	291,454
	Other provisions	39,371	91,230
	<b>Total provisions</b>	<b>285,572</b>	<b>382,684</b>
7	<b>Subordinated debt</b>	<b>408,914</b>	<b>408,933</b>
	<b>EQUITY</b>		
	Share capital	66,598	66,598
	Equity method reserve	118,795	372,673
	Retained earnings	3,173,350	2,783,564
	<b>Total shareholders' equity</b>	<b>3,358,743</b>	<b>3,222,835</b>
	<b>Total liabilities and equity</b>	<b>21,950,522</b>	<b>20,594,106</b>
8	<b>Related parties</b>		
9	<b>Contingent and contractual liabilities</b>		
10	<b>Key figures and ratios</b>		

## STATEMENT OF CHANGES IN EQUITY – SAXO BANK A/S

(DKK 1,000)	Share capital	Equity method reserve	Retained earnings	Total
<b>Shareholders' equity at 1 January 2012</b>	<b>66,598</b>	<b>372,673</b>	<b>2,783,564</b>	<b>3,222,835</b>
Net profit	-	(342,822)	385,489	42,667
<b>Other comprehensive income</b>				
Exchange rate adjustments	-	34,900	-	34,900
Fair value adjustment of cash flow hedges in subsidiaries, net of tax	-	(5,204)	-	(5,204)
Hedge of net investments in foreign entities	-	(24,903)	-	(24,903)
Other capital movements	-	(3,305)	-	(3,305)
Other comprehensive income from subsidiaries, net of tax	-	77,421	-	77,421
Other comprehensive income from associates, net of tax	-	3,809	-	3,809
Tax on other comprehensive income	-	6,226	-	6,226
Total other comprehensive income	-	88,944	-	88,944
<b>Total comprehensive income</b>	<b>-</b>	<b>(253,878)</b>	<b>385,489</b>	<b>131,611</b>
<b>Transactions with owners</b>				
Share-based payments	-	-	360	360
Treasury shares	-	-	3,937	3,937
<b>Shareholders' equity at 30 June 2012</b>	<b>66,598</b>	<b>118,795</b>	<b>3,173,350</b>	<b>3,358,743</b>
<b>Shareholders' equity at 1 January 2011</b>	<b>66,547</b>	<b>737,580</b>	<b>2,066,030</b>	<b>2,870,157</b>
Net profit	-	(326,220)	671,641	345,421
<b>Other comprehensive income</b>				
Exchange rate adjustments	-	(8,308)	-	(8,308)
Fair value adjustment of cash flow hedges in subsidiaries, net of tax	-	2,559	-	2,559
Hedge of net investments in foreign entities	-	13,702	-	13,702
Other capital movements	-	2,375	-	2,375
Tax on other comprehensive income	-	(3,426)	-	(3,426)
Total other comprehensive income	-	6,902	-	6,902
<b>Total comprehensive income</b>	<b>-</b>	<b>(319,318)</b>	<b>671,641</b>	<b>352,323</b>
<b>Transactions with owners</b>				
Share-based payments	-	-	1,500	1,500
Dividend paid to shareholders	-	-	(60,205)	(60,205)
Increase in share capital	51	-	6,171	6,222
<b>Shareholders' equity at 30 June 2011</b>	<b>66,598</b>	<b>418,262</b>	<b>2,685,137</b>	<b>3,169,997</b>

## STATEMENT OF CAPITAL BASE – SAXO BANK A/S

(DKK 1,000)	30 June 2012	31 Dec. 2011
Total shareholders' equity	3,358,743	3,222,835
Intangible assets <sup>1)</sup>	(2,396,412)	(2,220,450)
Deferred tax liabilities, intangible assets	262,830	223,386
Deferred tax assets	(267)	(190)
<b>Core Tier 1 capital</b>	<b>1,224,894</b>	<b>1,225,581</b>
Investments in associates (50%) <sup>2)</sup>	(42,720)	(37,257)
<b>Tier 1 capital</b>	<b>1,182,174</b>	<b>1,188,324</b>
Subordinated loans, reduced value	371,740	390,345
Investments in associates (50%) <sup>2)</sup>	(42,720)	(37,257)
<b>Capital base</b>	<b>1,511,194</b>	<b>1,541,412</b>
<sup>1)</sup> Including goodwill and other intangible assets from associates of DKK 196.3 million (31 December 2011: DKK 195.3 million).		
<sup>2)</sup> Relate to investments in associates which are credit institutions, excluding goodwill.		
<b>Risk weighted items</b>		
Credit risk	3,849,521	4,001,046
Market risk	3,982,720	3,155,555
Operational risk	4,399,672	3,926,953
<b>Total risk weighted items</b>	<b>12,231,913</b>	<b>11,083,554</b>
Core Tier 1 capital ratio	10.0%	11.1%
Tier 1 capital ratio	9.7%	10.7%
Solvency ratio	12.4%	13.9%

## NOTES – SAXO BANK A/S

Note (DKK 1,000)

### 1 Accounting policies

The interim financial statements of Saxo Bank A/S for the first half of 2012 have been prepared in accordance with the Danish Financial Business Act and the Danish executive order on financial reports for credit institutions and investment companies, etc. dated 30 March 2012.

The accounting policies applied are unchanged compared to those followed in the Annual Report 2011. Certain minor changes have been made in the comparative figures for 2011 due to reclassification.

The interim report has not been subject to audit or review.

	First half 2012	First half 2011
<b>2 Interest income</b>		
Credit institutions and central banks	4,683	15,009
Loans and advances	28,290	18,188
Bonds	47,223	132,596
Derivative financial instruments	284,954	253,324
<b>Total interest income</b>	<b>365,150</b>	<b>419,117</b>
<b>3 Interest expense</b>		
Credit institutions and central banks	(12,345)	(8,022)
Deposits	(14,655)	(12,578)
Subordinated loans	(8,790)	(8,430)
Derivative financial instruments	(25,496)	(44,688)
<b>Total interest expense</b>	<b>(61,286)</b>	<b>(73,718)</b>
<b>4 Price and exchange rate adjustments</b>		
Bonds	(40,890)	(109,009)
Foreign exchange	811,749	1,278,178
Derivative financial instruments	204,536	131,270
<b>Total price and exchange rate adjustments</b>	<b>975,395</b>	<b>1,300,439</b>

## NOTES – SAXO BANK A/S

Note	(DKK 1,000)	30 June 2012	31 Dec. 2011
<b>5</b>	<b>Impairment of receivables, loans, advances and guarantees</b>		
	<b>Individual impairment of receivables from credit institutions and central banks</b>		
	Impairment charges at 1 January	26,830	45,255
	Reversals of impairment charges from previous years	-	(17,756)
	Exchange rate adjustments	-	(669)
	Transferred to loans, advances and guarantees	(26,830)	-
	<b>Individual impairment of receivables from credit institutions and central banks, end of period</b>	<b>-</b>	<b>26,830</b>
	<b>Individual impairment of loans, advances and guarantees,</b>		
	Impairment charges at 1 January	50,732	17,729
	Impairment charges during the period	22,161	48,792
	Reversals of impairment charges from previous years	-	(15,789)
	Exchange rate adjustments	627	-
	Transferred from receivables from credit institutions and central banks	26,830	-
	<b>Individual impairment of loans, advances and guarantees, end of period</b>	<b>100,350</b>	<b>50,732</b>
<b>6</b>	<b>Tax</b>		
	The Bank's effective tax rate is for the period 1 January – 30 June 2012 88.5% compared to 29.5% for the period 1 January – 30 June 2011. This increase in the effective tax rate is mainly due to the decrease in the profit before tax and thus the non-deductible expenses and CFC tax comprise a relative higher proportionate share of the profit before tax.		
<b>7</b>	<b>Subordinated debt</b>		
	Subordinated loans	408,914	408,933
	<b>Total subordinated debt</b>	<b>408,914</b>	<b>408,933</b>

Hereof included in Capital base DKK 371.7 million (31 December 2011: DKK 390.3 million).

Currency	Year of issue	Maturity	Interest	Margin first period		Margin second period			
				Rate	Years	Rate	Years		
EUR	2006	31.03.2014	EURIBOR	2.25%	5	4.00%	3	74,348	74,352
EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	2	7,435	7,435
EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	2	52,044	52,045
EUR	2007	15.12.2019	EURIBOR	2.95%	10	2.95%	2	89,217	89,222
EUR	2007	15.09.2020	EURIBOR	2.95%	10	2.95%	3	111,522	111,527
EUR	2007	15.09.2020	EURIBOR	2.95%	10	3.95%	3	74,348	74,352
								<b>408,914</b>	<b>408,933</b>

In case of the Bank's voluntary or compulsory winding-up the subordinated loans will not be repaid until the claims of ordinary creditors have been met. Early redemption of subordinated debt is subject to the approval of the Danish Financial Supervisory Authority.

## NOTES – SAXO BANK A/S

Note (DKK 1,000)

### 8 Related parties

Parties with significant influence include shareholders with holdings exceeding 20% of Saxo Bank A/S.

Board of Management is due to their significant ownership in Saxo Bank A/S through their holding companies included in parties with significant influence.

Saxo Bank A/S has not provided any loans, pledges or guarantees to any member of Saxo Bank A/S' Board of Directors or Board of Management or to people related to these.

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

The nature of related-party transactions in the first half of 2012 are as disclosed in the Annual Report 2011.

	30 June 2012	31 Dec. 2011
<b>9 Contingent and contractual liabilities</b>		
<b>Guarantees</b>		
Financial guarantees	17,438	6,375
Guarantees issued to subsidiaries	90,000	40,000
Other guarantees	28,113	78,016
<b>Total guarantees</b>	<b>135,551</b>	<b>124,391</b>
<b>Contractual liabilities</b>		
Rent commitments towards subsidiaries	628,083	620,972
Other commitments	322,157	365,662
<b>Total contractual liabilities</b>	<b>950,240</b>	<b>986,634</b>

Of the Bank's bond holdings nominal EUR 492 million (31 December 2011: EUR 433 million), with a fair value of DKK 3.7 billion (31 December 2011: DKK 3.2 billion), are held in custody with institutions with full right of disposal for the Bank. The bonds serve as security for the Bank's ongoing financial business with the individual institution.

The actual demand for collateral varies from day to day with the development in the open positions and were in total 97% (31 December 2011: 69%) of the fair value of the bond holdings provided as security at 30 June 2012.

Of the Bank's deposits with investment brokers, banks and other credit institutions, DKK 77 million (31 December 2011: DKK 265 million) have likewise been provided as security for the Bank's ongoing financial business.

Related to acquisitions Saxo Bank A/S has issued claims warrants with a strike price of DKK 1 to cover potential claims from the sellers of the acquired companies. The maximum number of shares is 291,180. As at 30 June 2012 there has been no actual claim.

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

Saxo Bank A/S has agreed to support Saxo Jet A/S, Saxo Soft A/S, Saxo Properties A/S and I.I. Real Estate A/S with the liquidity necessary to support the approved budgets and plans up to and including 31 December 2012.

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



## NOTES – SAXO BANK A/S

Note	(DKK 1,000)	First half 2012	First half 2011
<b>10</b>	<b>Key figures and ratios</b>		
	<b>Key figures</b>		
	Net interest, fees and commissions	(5,859)	64,725
	Price and exchange rate adjustments	975,395	1,300,439
	Staff costs and administrative expenses	(818,338)	(926,862)
	Impairment charges for receivables, loans, advances etc.	(24,782)	8,325
	Income from associates and subsidiaries	38,716	58,385
	Net profit	42,667	345,421
	Loans and advances at amortised cost	550,596	224,401
	Subordinated debt	408,914	410,226
	Total shareholders' equity	3,358,743	3,169,997
	Total assets	21,950,522	19,027,841
	Average number of employees	796	706
	<b>Ratios</b>		
	Solvency ratio	12.4%	12.8%
	Tier 1 capital ratio	9.7%	10.3%
	Return before tax on Total equity	2.2%	15.4%
	Return after tax on Total equity	1.3%	11.4%
	Income proportional to cost	1.07	1.50
	Interest rate risk	6.1%	5.7%
	Foreign exchange rate risk / Tier 1 capital	220.9%	264.4%
	Value at risk of foreign exchange rate risk / Tier 1 capital	6.9%	10.8%
	Loans, advances and provisions / Deposits	4.4%	2.0%
	Loans and advances proportional to Total equity	0.2	0.1
	Growth of Loans and advances	36.3%	(10.2)%
	Additional liquidity / liquidity requirement	334.1%	528.6%
	Loss and provisions ratio (loans and advances)	2.8%	3.6%

See definitions in Saxo Bank's annual report 2011 page 123.

## STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management have considered and approved the interim report first half 2012 of Saxo Bank Group and the Parent Company.

The consolidated interim financial statements for the first half of 2012 have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and the Parent Company's interim financial statements have been prepared in accordance with the Danish Financial Business Act. Furthermore, the interim report has been prepared in accordance with Danish disclosure requirements for interim reports of financial institutions.

In our opinion, the interim 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 30 June 2012 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the period 1 January - 30 June 2012.

Moreover, in our opinion, the Management's Report includes a fair review 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.

Copenhagen, 23 August 2012

### BOARD OF MANAGEMENT

Lars Seier Christensen  
Co-CEO and Co-founder

Kim Fournais  
Co-CEO and Co-founder

### BOARD OF DIRECTORS

Dennis Malamatinas  
Chairman of the Board

Asiff S. Hirji  
Vice Chairman of the Board

Kurt K. Larsen

Thomas Plenborg

Karl I. Peterson

## COMPANY INFORMATION

### Company

Saxo Bank A/S  
Philip Heymans Allé 15  
2900 Hellerup  
Denmark  
Phone: +45 3977 4000  
Fax: +45 3977 4200  
Reg. No.: 1149  
CVR No.: 15 73 12 49  
Website: [www.saxoworld.com](http://www.saxoworld.com)

### Board of Directors

Dennis Malamatinas	Chairman of the Board
Asiff S. Hirji	Deputy Chairman of the Board
Kurt K. Larsen	Member of the Board
Thomas Plenborg	Member of the Board
Karl I. Peterson	Member of the Board

### Board of Management

Lars Seier Christensen	Co-CEO and Co-founder
Kim Fournais	Co-CEO and Co-founder

### Shareholders

The following shareholders (in alphabetic order) have registered shareholdings of more than 5% of the Bank's share capital:

Fournais Holding A/S, DK-2850 Nærum, Denmark.  
Lars Seier Christensen Holding A/S, DK-1256 Copenhagen, Denmark.  
TPG Capital, TX-76102 Fort Worth, United States.