

INTERIM REPORT FIRST HALF 2016



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FINANCIAL REVIEW

Saxo Bank Group reported a net profit of DKK 158 million for the first six months of 2016, and clients' collateral deposits increased by DKK 6 billion to a record high of DKK 82 billion by the end of the first half of 2016.

The Total capital ratio for the Group increased to 21.5% as of 30 June 2016, compared to 20.7% at the end of 2015, retaining a comfortable buffer compared to the capital requirement.

2016 had a positive start with the continued successful inflow of clients' collateral from new and existing clients, some market volatility and general high trading volumes during the first months. Market volatility then turned much lower, and trading volumes decreased as markets stagnated before the UK EU referendum on 23 June 2016. In the final week of June, substantial trading activity materialised as a consequence of the increased volatility given the result of the referendum.

The operating income for the Group reached DKK 1.5 billion, an increase of 94% compared to the first half of 2015, which was impacted significantly by the Swiss event on 15 January 2015.

Operating costs were DKK 1.0 billion for the Group, a decrease of 8% compared to the first half of 2015, primarily attributable to lower marketing cost spend on sponsorships. Impairment charges predominantly for receivables, loans and advances were DKK 72 million, which primarily relates to lending in the subsidiary, Saxo Privatbank A/S.

Depreciation was DKK 175 million in the first half of 2016, which is a decrease of DKK 30 million compared to the first half of 2015, primarily due to extraordinary impairments made on developed software and a number of the assets being fully depreciated in 2015.

STATEMENT OF FINANCIAL POSITION

The continued increase in clients' collateral deposits of DKK 6 billion shows the strength of the business model. The cash inflow from clients' cash deposits is placed with counterparty banks, as well as in bonds and other interest-bearing assets.

Trading assets amounts to DKK 27.8 billion as of 30 June 2016, an increase of DKK 3.5 billion compared to 31 December 2015. The development is primarily due to an increased position in listed bonds and higher cash positions with the Danish central bank.

Total assets grew from DKK 33.5 billion as of 31 December 2015 to DKK 36.8 billion as of 30 June 2016, an increase of 10% primarily due to an increase in listed bonds of DKK 2.6 billion, as mentioned above.

Total shareholders' equity increased by 4% in the first six months of 2016 to DKK 3.70 billion as of 30 June 2016, compared to DKK 3.55 billion at the end of 2015.

No events occurring after the reporting date have had significant impact on the financial position of the Bank or the Group.

KEY FIGURES AND RATIOS • SAXO BANK GROUP

(DKK million)	First half 2016	First half 2015 ¹⁾	First half 2014	First half 2013	First half 2012
Operating income	1,459.1	751.5	1,347.2	1,748.7	1,416.8
EBITDA ²⁾	429.1	(297.0)	448.3	649.0	267.4
Adjusted EBITDA ³⁾	479.0	494.8	388.5	724.7	274.6
Profit before tax	216.3	(592.5)	222.2	406.7	75.6
Net profit	158.2	(484.6)	156.4	266.7	43.5
Total equity	4,077.8	4,095.7	3,650.8	3,633.8	3,357.6
Total assets	36,797.1	38,161.6	29,832.0	27,915.4	29,896.8
Clients' collateral deposits	82,032.0	76,007.0	60,348.6	44,022.5	38,730.4
Assets under management (Wealth management)	14,052.0	14,205.0	13,573.6	13,587.7	13,025.3
Total capital ratio	21.5%	19.4%	15.4%	16.2%	12.0%
Return on equity before tax ⁴⁾	10.6%	(30.2)%	12.4%	23.2%	4.6%
Average number of employees	1,572	1,489	1,440	1,354	1,527

¹⁾ Please note that the numbers for 2015 all include the effect of the Swiss event (Except Adjusted EBITDA).

²⁾ Net profit before tax, depreciation, amortisation, income from associates and joint ventures and non-trading related interest expenses etc.

³⁾ Adjusted EBITDA comprise of EBITDA adjusted for restructuring costs, gains and losses on sale of investments and the impact of other one-off items.

⁴⁾ Annualised.

Please refer to Saxo Bank's Annual Report 2015 page 109 for definitions of key figures and ratios.

CAPITAL & ICAAP

Being based in an EU member state, the Saxo Bank Group applies the capital requirements set out in the CRR and the CRD IV, which are based on the Basel III principles.

As of 30 June 2016, the Common Equity Tier 1 ratio, the Tier 1 capital ratio and the Total capital ratio for the Group were 16.0%, 18.5% and 21.5%, compared with 14.8%, 17.4% and 20.7% as of 31 December 2015.

As of 30 June 2016, the Common Equity Tier 1 capital, Tier 1 capital and Total capital amount to DKK 2.14 billion, DKK 2.48 billion and DKK 2.88 billion.

The improvement in the capital ratios and capital structure in the first half of 2016 are due to the increased capital base from positive net income outweighing the increased total Risk Exposure Amounts.

As of 30 June 2016, DKK 58.7 million subordinated debt issued by the Bank under old regulation is included in the Tier 2 capital.

As of 30 June 2016, the Group's Internal Capital Adequacy Assessment Process (ICAAP) showed a capital requirement of 13.9% of Risk Exposure Amounts, equivalent to DKK 1.87 billion. The Common Equity Tier 1 excess capital was DKK 867.0 million, corresponding to 6.5% of Risk Exposure Amounts.

As of 1 January 2016, phasing in of the capital conservation buffer began. The ICAAP requirement has accordingly been increased with 0.625% of Risk Exposure Amount. As of 30 June 2016, the total combined capital conservation buffer and countercyclical capital buffer requirement amounted to 0.632% of Risk Exposure Amounts.

The ICAAP Report Q2 2016 provides additional information regarding the Bank's and the Group's capital, capital requirements and details about all capital issues. The report is available at www.saxobank.com/investor-relations.

LIQUIDITY & ILAAP

CRD IV and CRR require Saxo Bank Group to monitor and report a short-term Liquidity Coverage Ratio (LCR) and a long-term Net Stable Funding Ratio (NSFR). In Denmark, LCR will be phased in as a new minimum liquidity requirement, i.e. a gradual phasing in of 70% of the full requirement in 2016, 80% in 2017 and 100% in 2018.

As of 30 June 2016, the Group reported a LCR ratio of 120.1%, which even meets the full requirement in 2018 of 100%.

Saxo Bank is required to hold liquidity at least equal to the current Internal Liquidity Adequacy Assessment Process (ILAAP) level as determined by the Board of Directors. This ILAAP level cannot be less than the current minimum regulatory requirements.

The ILAAP is performed quarterly, based on guidelines issued by the DFSA. As of 30 June 2016, the ILAAP concluded that Saxo Bank has a safe operational setup within the liquidity area and that the current level of liquidity is sufficient to uphold the Bank's operation and meet the prudent requirements under the LCR regulatory regime.

The fulfilment of the Danish liquidity Supervisory Diamond requirement is published in the Supervisory Diamond half year 2016 report available at www.saxobank.com/investor-relations.

RISK MANAGEMENT

For a detailed description of the Group's significant risks and external conditions that may affect the Group, see the Annual Report 2015 and Risk Report 2015 or the quarterly ICAAP reports available at www.saxobank.com/investor-relations.

REGULATORY ENVIRONMENT

Saxo Bank A/S is required to comply with Danish regulation and EU regulation on Bank level and Group level. In addition, some of the Group's entities are financial institutions and are required to comply with local regulatory requirements.

Changes in supervision and regulation could potentially have a material affect on the Group's business, the products and services offered, or the value of its assets.

A list of the Bank's subsidiaries can be found in note 38 in the Group's Annual Report for 2015. Description of Saxo Bank's legal, management and organisational structure is also available at www.saxobank.com/investor-relations.

FORTHCOMING REGULATION

The regulatory landscape is expected to continue to undergo changes over the coming years.

For example, the Basel Committee has published several papers including fundamental review of the trading book and market risk framework, revision of the operational risk approach and revision of credit risk. Depending on the final calibration of the regulation and implementation in the EU, this may impact the Group's future level of Risk Exposure Amounts.

Another example is the expected implementation of Margin Requirements for non-centrally cleared derivatives issued by the Basel Committee. According to this, the regulatory margin requirements will be phased in during the coming years where the implementation date is individual based on the extent of the institution's derivatives trading. The Group is expected to be subject to exchange of regulatory Variation Margin during 2017 with counterparties subject to the same regulation. The Group doesn't expect to be subject to exchange of Initial Margin the first years of the phased in period. This may though later have an impact on the Group's business.

Additional information about forthcoming regulation can be found in the Group's Risk Report 2015 in the section "Regulatory Landscape". The Risk Reports are available at www.saxobank.com/investor-relations.

OPERATIONAL REVIEW

STAYING TRUE TO OUR STRATEGY

Saxo Bank's strategy to enhance the client experience and ensure scalability in the operations has continued in 2016. All decision making and resource allocation happens within this framework.

PRIVATE BUSINESS

Saxo Bank's mission to enable private individuals in their investing and trading comes to life through Saxo Bank's technology, multi-asset offering and services. Therefore, Saxo Bank has continued to enhance both its product offering and platform features, so that private clients will be in even better control of their financial potential.

Enhancements include new risk management features and overviews on Saxo Bank's platform, as well as extended service hours and a much stronger expertise offering via #SaxoStrats trade views. Sharing expertise to help clients reach their potential is a key delivery in Saxo Bank's mission to democratise the world of investment and trading.

The January launch of SaxoSelect, Saxo Bank's new offering to private investors looking for discretionarily managed long-term investment portfolios and alpha-generated trading strategies has had a significant uptake in the Saxo Bank countries included in the launch thus far. SaxoSelect is a testament to Saxo's multi-asset platform and market positioning, and is an important part of helping clients manage their risk diversification needs. With SaxoSelect, Saxo Bank is widening its client offering to also incorporate a new client segment: clients who want to participate in global financial markets, but are looking for a discretionary way of doing so, one that allows them full transparency and digital overview.

Saxo Bank is on a continuous path of enhancing the client experience and meeting the individual needs, preferences and goals of investors and traders. Saxo Bank is therefore in the process of improving the internal mechanisms for content sharing and servicing, so that each client will have a more tailored and personalised experience geared to supporting them in the strongest way possible. Measures are also taken to strongly improve clients' capabilities in risk management through the platform as well as expertise services. Saxo Bank's own success follows the success of the clients, with a win-win relationship between the two.

The enhanced client experience has been a focus alongside the streamlining of Saxo Bank's marketing funnel. For the first part of 2016, client acquisition levels have been roughly on par with previous years, but at a significantly reduced cost. This is a result of improved targeting and programmatic media buying, among other things. Digitalising client acquisition and interaction is also a part of building a much more scalable operational machine that allows us to better service and engage with the existing clients and potential new clients.

DIRECT INSTITUTIONAL BUSINESS AND WHITE LABEL OFFERING

The build-out of the 2015 launch of Saxo Markets – the standalone business platform for Saxo Bank's growing institutional client base – continues in 2016.

Saxo Bank's institutional business spans trading, prime brokerage, liquidity and post-trade services, as well as White Label trading solutions. With regulatory requirements for major asset classes converging, Saxo Bank is ideally placed to offer trading capabilities, liquidity and post-service solutions to meet the needs of institutions and their clients.

Saxo Bank's Global Sales Trading team, which supports institutional and sophisticated retail clients, was reinforced in June 2016 to strengthen the service and support offering to institutional clients. This is a strategic move to enhance the experience of this client segment as well as the experience of larger sophisticated private clients.

The first half of 2016 shows an increase in the on-boarding of Hedge Funds, as well as continued strong traction for Saxo Bank's FX Prime Brokerage and API Solution. Partnership deals have also been made with institutions, where Saxo Bank's OpenAPI technology plays a key role.

WHITE LABEL BUSINESS

The Saxo Markets business platform acts as an enhanced and professionalised base from which to approach institutional clients that could benefit from Saxo Bank's technology, including larger institutions with a potential for greater impact in terms of client reach.

Industry changes are pressuring traditional banks to evaluate their historical ownership of the full value chain and technology stack, as they struggle to keep up with

the pace and cost of technological changes. Saxo Bank is seeing increased traction as a Fintech provider and, in parallel, an institution with a comprehensive understanding of banking infrastructure and regulatory matters, for traditional banks looking to outsource their technology needs. This is a key differentiator for Saxo Bank.

Partnering banks benefit from Saxo Bank's ongoing investments in platform innovation and product expansion. This enables Saxo's White Label partners to increase trading volumes at a lower cost and faster time-to-market, while protecting their businesses in an industry landscape where keeping up with technological innovation is a key competitive differentiator.

Saxo Bank enters new partnerships based on the impact that these will have in terms of underlying trading clients who will get access to Saxo Bank's trading platforms and diverse product and asset offering.

KEY NEW PARTNERSHIPS

Saxo Bank's Open Bank Strategy plays an important role in the company's mission to democratise the world of investment and trading. Our trading platform SaxoTraderGO is built on HTML5 using OpenAPI, which offers endless opportunities for customisation and has the power of changing the way trading technology is white labelled in the future. Partners are able to create seamless user experiences within their own client offerings, and here, Saxo Bank has taken a few tangible steps with new and slightly different partnerships in the first half of 2016.

As of August 2016, Saxo Bank has announced new unique partnerships across Asia where Saxo Bank's technology is connecting an expanding user base with knowledge and tools in investment and trading. Users will have access to the latest global markets views across all asset classes, as well as educational content. The new partnership model could potentially be replicated across other regions and countries.

SAXO PRIVATBANK/RETAIL BANKING

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

Following the opening of new branches in Aarhus and Esbjerg in 2015 the first half of 2016 has shown client acquisition for Saxo Privatbank.

Saxo Privatbank continues to focus on Private Banking, offering full-service banking with special attention on investment advisory services. The core offering combines digital solutions for everyday banking transactions, as well as the ability to use advanced tools and services to make sound investment decisions, combined with 360-degree advisory services.

In 2016, Skandia Denmark and Saxo Privatbank signed an agreement coming into effect on 1 September. Customers of Skandia Denmark will be offered Saxo Bank products in association with their Skandia pension commitment.

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

As of 30 June 2016, the total value of client cash deposits (AuM) with Saxo Privatbank amounted to DKK 27.0 billion. Of this amount, DKK 14.1 billion were investments managed by Saxo Wealth Management, while DKK 7.3 billion were clients' direct investments in securities. The remaining DKK 3.2 billion represents clients' cash deposits with Saxo Privatbank. The total balance of loans outstanding amounted to DKK 1.7 billion.

CHANGES TO GEOGRAPHICAL FOOT PRINT

As part of Saxo Bank's constant aim to ensure growth and delivery on business objectives, a refocus of the organisation's geographical footprint has taken place in the first half of 2016. Saxo Bank has reduced its points of direct distribution from 25 offices at the beginning of 2016 to 20 offices after the first half of the year. Offices closed down include Moscow, Warsaw, Athens and Abu Dhabi. A closing of the Saxo Bank office in Panama was announced in November 2015, and this process is expected to be finalised in the first part of second half 2016.

The closing of several offices is anchored in the strategy to increase efforts in a few key markets where Saxo Bank sees significant growth potential, and is, therefore, taking action to go deeper in terms of market offering.

While the main focus of these changes to Saxo Bank's geographical footprint is on ensuring a more efficient distribution and adaptation to markets' potential in order to secure growth, this reduction of complexity in Saxo Bank's physical presence is also influenced by regulatory matters and capital requirements. Reducing the complexity of the Bank's organisational setup is as important as reducing complexity within the operations of the machine and operations at large, in order to deliver on the business goals.

PRODUCT DEVELOPMENT AND PRICING CHANGES

Saxo Bank continues to develop its pricing models across all asset classes to remain one of the most competitive and, perhaps more importantly, transparent brokers in the industry. In the first half of 2016, Saxo Bank introduced FX and CFD pricing for active traders, on top of the Bank's own liquidity, with spreads as low as 0.2 pips for FX, and CFD and Stock commissions from as low as USD 6 per trade. This change synchronised the spot FX pricing with other asset classes by creating a choice between the traditional all-inclusive spreads and the new volume-based pricing (VBP) commission-style model. VBP is now Saxo Bank's global default, with three pricing tiers being made available to Saxo Bank's clients pending client trading volume and patterns.

Saxo Bank further enhanced its pricing and margin scheme by responsible offering margin levels as low as 1% via introduction of tiered margins. This allows Saxo Bank to better match margin requirements to clients' exposure and hence dynamically reduce credit risk.

Saxo Bank believe that the pricing and margin changes along with the upcoming trades to order execution modifications go a long way to continuing the positioning as the market's "Professional Choice". It is with confidence that Saxo Bank's assertions around these changes are sound and have been validated in practice when looking at Saxo Bank's and the clients' results throughout the Brexit referendum. With these tools available, this political and market event was managed in a highly sophisticated manner.

Saxo Bank has substantially expanded its futures and options offering with Brent futures options, Ultra 10-year US Treasury Note, Euro-BONO futures (Spanish 10-year Government Futures), MSCI World Index (EUR) traded on EUREX, and weekly VIX Volatility options.

Saxo Bank has also introduced Intermarket spreads for WTI/Brent and Wheat/Corn. Saxo Bank now offers over 640 stock options across US, European and Asian markets.

Saxo Bank will launch a fully digital bond trading solution, giving customers direct access to a universe of more than 5,000 bonds including more than 3,400 developed-market and 1,600 emerging-market bonds. Orders are routed straight to an optimised dealer auction where the top-end of 40 liquidity providers competes for the orders. Minimum volumes for retail bonds are as low as USD10,000 and customers can trade whenever markets are open. By leveraging this competitive environment in combination with our strong focus on technology, we will be able to offer a faster, fully automated and transparent solution for bond traders.

SAXOTRADERGO

The trading platform remains the focal point of Saxo Bank's core business and the newest platform is SaxoTraderGO. Using HTML5, and built on top of a new OpenAPI, SaxoTraderGO was launched in May 2015 to the French clients and gradually rolled out to the rest of Saxo Bank's private and White Label clients.

SaxoTraderGO is an intuitive multi-asset trading platform for retail private traders and investors. It has been very well received by Saxo Bank's clients and is now Saxo Bank's biggest platform, generating close to 50% of the Bank's earnings.

Approximately 100 external White Label clients have also migrated to or started up on the platform.

Throughout the first half of 2016, the development focus has been on supporting further scalability and performance enhancements. Among the new features are an Equity Market Overview, which provides a comprehensive view of how major stock indices are performing, including gainers and losers, calendar information and news updates, as well as a Period Overview, allowing analysis of broader, long-term trading trends by itemising the profit and loss per traded instrument and cash bookings over a selected period.

SAXOSELECT

The launch of SaxoSelect – Saxo Bank's new digital and automated investment service – in selected markets during January 2016 was met with strong interest from direct clients of Saxo Bank A/S. This new product offering builds on the multi-asset execution capabilities that are the hallmark of Saxo Bank, and represents a perfect illustration of the power of Saxo as a true Fintech company.

With SaxoSelect, clients can invest in strategic growth portfolios (Balanced Portfolios) that offer a high level of diversification, thanks to the use of exchange traded funds, thereby enabling clients to leverage a unique collaboration between Saxo Bank and BlackRock.

SaxoSelect also offers more sophisticated investors the opportunity to invest with alpha-generating signal providers that are pre-selected by Saxo Bank (Trading Strategies).

Building on its initial success, Saxo Bank now plans to roll out SaxoSelect to countries covered by other entities of the Saxo Group over the course of the second half of 2016.

SaxoSelect has captured the attention of numerous existing and new potential White Label and other types of institutional clients who see the relevance of SaxoSelect in the industry's current drive to digitalise investment management services. The development of a SaxoSelect solution for White Label clients to service their client bases is underway.

SUMMARY

Throughout the first half of 2016, Saxo Bank has continued its strategy execution, with key deliveries across both client segments and the product and asset offering. Saxo Bank's end goal is a continuous enhancement of the client experience, which means that Saxo Bank are on a continuous quest to lead the way in investing and trading.

Saxo Bank remains committed to this goal and the strategy for continuing to democratise investment and trading in a way that enables clients to reach their potential.

OUTLOOK 2016

Saxo Bank expects that the global economy will continue to face some turmoil in the coming years. It is expected that in the remaining part of 2016 political and economic headwinds can continue. Growth is expected to remain modest and inflation continues to underperform, which can translate to better conditions and opportunities for investors.

Currency market volatility is anticipated to increase, leading to higher trading activity. Following the UK's EU referendum (Brexit) the implied currency volatility for developed markets spiked higher. The outcome of the referendum had a major impact on the performances of currencies, leading to a general increase in trading activity.

Overall, Saxo Bank continues to find the market situation hard to predict, with continued low visibility, and the situation remains uncertain until the effects of the continued roll-back of various quantitative easing programs currently in effect, become clearer, including the effect of the program being rolled out by the European Central Bank, as well as the effects of Brexit, which will have an impact on the stability of the European market.

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

Cost control, capital and liquidity, compliance and risk management are, more than ever, ongoing themes for Saxo Bank in 2016. With a close eye on the overall cost development, Saxo Bank will continue to invest in products and platforms. At the same time, systems enhancements and knowledge upgrades are expected within the Bank's core business areas.

Saxo Bank is still confident that the Group has a solid foundation for its operation for the remaining part of 2016.

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, a number of risks

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

INCOME STATEMENT – SAXO BANK GROUP

Note	(1,000 DKK)	First half 2016	First half 2015
3	Interest income	612,812	658,444
4	Interest expense	(91,318)	(98,002)
	Net interest income	521,494	560,442
5	Fee and commission income	640,372	648,561
6	Fee and commission expense	(443,683)	(522,073)
	Net interest, fees and commissions	718,183	686,930
7	Price and exchange rate adjustments	740,912	64,618
	Operating income	1,459,095	751,548
	Other income	10,081	26,219
8	Staff costs and administrative expenses	(1,002,497)	(1,094,154)
13	Depreciation, amortisation and impairment of intangible and tangible assets	(174,682)	(204,609)
	Other expenses	(3,897)	(4,484)
10	Impairment charges for loans and receivables etc.	(71,839)	(11,247)
	Income from associates and joint ventures	-	(55,776)
	Profit before tax	216,261	(592,503)
9	Tax	(58,020)	107,944
	Net profit	158,241	(484,559)
	Net profit attributable to:		
	Shareholders of Saxo Bank A/S	156,382	(492,171)
	Additional tier 1 capital holders	16,233	16,425
	Non-controlling interests	(14,374)	(8,813)
	Net profit	158,241	(484,559)

STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK GROUP

(1,000 DKK)	First half 2016	First half 2015
Net profit	158,241	(484,559)
Other comprehensive income		
Items that will not be reclassified subsequently to income statement:		
Actuarial gains/(losses)	(12,675)	(13,320)
Tax on other comprehensive income	2,500	2,527
Items that will not be reclassified subsequently to income statement	(10,175)	(10,793)
Items that are or may be reclassified subsequently to income statement:		
Exchange rate adjustments	(16,342)	198,237
Fair value adjustment of cash flow hedges:		
Effective portion of changes in fair value	(18,839)	6,841
Net amount transferred to profit or loss	7,071	7,134
Hedge of net investments in foreign entities	16,096	(114,227)
Other comprehensive income from associates, net of tax	-	(69)
Tax on other comprehensive income	(1,011)	23,514
Items that are or may be reclassified subsequently to income statement	(13,025)	121,430
Total other comprehensive income, net of tax	(23,200)	110,637
Total comprehensive income	135,041	(373,922)
Total comprehensive income attributable to:		
Shareholders of Saxo Bank A/S	133,182	(381,534)
Additional tier 1 capital holders	16,233	16,425
Non-controlling interests	(14,374)	(8,813)
Total comprehensive income	135,041	(373,922)

STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP

Note	(1,000 DKK)	30 June 2016	31 Dec. 2015
ASSETS			
	Cash in hand and demand deposits with central banks	1,824,262	2,808,010
	Receivables from credit institutions and central banks	2,657,855	1,735,824
11	Trading assets	27,775,590	24,311,589
10	Loans and advances at amortised cost	1,749,833	1,793,022
	Investment securities	41,214	39,287
	Current tax assets	4,827	12,500
13	Intangible assets	1,634,512	1,678,312
	Investment properties	4,500	4,500
	Tangible assets	790,172	804,555
	Deferred tax assets	45,419	56,111
	Other assets	268,893	257,853
	Total assets	36,797,077	33,501,563

STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP

Note	(1,000 DKK)	30 June 2016	31 Dec. 2015
LIABILITIES			
	Debt to credit institutions and central banks	3,339,244	2,807,481
11	Trading liabilities	3,201,289	2,536,624
	Deposits	24,638,081	22,734,633
	Current tax liabilities	66,247	55,838
	Other liabilities	632,645	603,675
	Deferred tax liabilities	1,175	1,400
	Provisions for pensions and similar obligations	33,764	19,679
	Provisions for impairment on guarantees	9,601	-
	Other provisions	122,522	129,736
14	Subordinated debt	674,738	674,070
	Total liabilities	32,719,306	29,563,136
EQUITY			
	Share capital	68,284	68,284
	Translation reserve	229,591	233,380
	Hedging reserve	(61,556)	(52,320)
	Revaluation reserve	54,110	55,597
	Retained earnings	3,408,068	3,244,836
	Shareholders of Saxo Bank A/S	3,698,497	3,549,777
	Additional tier 1 capital	345,944	346,084
	Non-controlling interests	33,330	42,566
	Total equity	4,077,771	3,938,427
	Total liabilities and equity	36,797,077	33,501,563

STATEMENT OF CHANGES IN EQUITY – SAXO BANK GROUP

(1,000 DKK)	Shareholders of Saxo Bank A/S					Total	Additional tier 1 capital	Non-controlling interests	Total
	Share capital	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings				
Equity at 1 January 2016	68,284	233,380	(52,320)	55,597	3,244,836	3,549,777	346,084	42,566	3,938,427
Net profit	-	-	-	-	156,382	156,382	16,233	(14,374)	158,241
Other comprehensive income									
Exchange rate adjustments	-	(16,342)	-	-	-	(16,342)	-	-	(16,342)
Fair value adjustment of cash flow hedges	-	-	(11,768)	-	-	(11,768)	-	-	(11,768)
Hedge of net investments in foreign entities	-	16,096	-	-	-	16,096	-	-	16,096
Revaluation of domicile properties	-	-	-	(1,937)	1,937	-	-	-	-
Actuarial gains / (losses)	-	-	-	-	(12,675)	(12,675)	-	-	(12,675)
Tax on other comprehensive income	-	(3,543)	2,532	450	2,050	1,489	-	-	1,489
Total other comprehensive income	-	(3,789)	(9,236)	(1,487)	(8,688)	(23,200)	-	-	(23,200)
Total comprehensive income	-	(3,789)	(9,236)	(1,487)	147,694	133,182	16,233	(14,374)	135,041
Transactions with owners and equity note holders									
Additional tier 1 interest payment	-	-	-	-	-	-	(16,373)	-	(16,373)
Share based payments	-	-	-	-	11,967	11,967	-	250	12,217
Transactions with non-controlling interests	-	-	-	-	-	-	-	4,888	4,888
Tax	-	-	-	-	3,571	3,571	-	-	3,571
Equity at 30 June 2016	68,284	229,591	(61,556)	54,110	3,408,068	3,698,497	345,944	33,330	4,077,771
Equity at 1 January 2015	66,618	156,516	(60,568)	56,901	3,640,853	3,860,320	337,976	26,928	4,225,224
Net profit	-	-	-	-	(492,171)	(492,171)	16,425	(8,813)	(484,559)
Other comprehensive income									
Exchange rate adjustments	-	198,237	-	-	-	198,237	-	-	198,237
Fair value adjustment of cash flow hedges	-	-	13,975	-	-	13,975	-	-	13,975
Hedge of net investments in foreign entities	-	(114,227)	-	-	-	(114,227)	-	-	(114,227)
Revaluation of domicile properties	-	-	-	(1,512)	1,512	-	-	-	-
Other comprehensive income from associates, net of tax	-	-	-	-	(69)	(69)	-	-	(69)
Actuarial gains / (losses)	-	-	-	-	(13,320)	(13,320)	-	-	(13,320)
Tax on other comprehensive income	-	26,844	(3,346)	371	2,172	26,041	-	-	26,041
Total other comprehensive income	-	110,854	10,629	(1,141)	(9,705)	110,637	-	-	110,637
Total comprehensive income	-	110,854	10,629	(1,141)	(501,876)	(381,534)	16,425	(8,813)	(373,922)
Transactions with owners and equity note holders									
Additional tier 1 interest payment	-	-	-	-	-	-	(8,174)	-	(8,174)
Share based payments	-	-	-	-	8,667	8,667	-	920	9,586
Increase in share capital	1,666	-	-	-	226,499	228,165	-	-	228,165
Transactions with non-controlling interests	-	-	-	-	-	-	-	10,923	10,923
Tax	-	-	-	-	3,858	3,858	-	-	3,858
Equity at 30 June 2015	68,284	267,370	(49,939)	55,760	3,378,001	3,719,476	346,227	29,958	4,095,661

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

(1,000 DKK)	30 June 2016	31 Dec. 2015
Tier 1 capital		
Total equity 1 January excl. non-controlling interests	3,549,777	3,860,320
Net profit excl. non-controlling interests	172,615	(623,263)
Accrued interest (dividend) on additional tier 1 capital	(16,233)	(32,656)
Cost of issuance of additional tier 1 capital	-	(201)
Share-based payments	11,967	12,944
Total other comprehensive income	(23,200)	87,781
Change in common equity tier 1 capital (CET1 capital)	-	237,181
Common equity tier 1 capital from subsidiaries	778	1,147
Hedging reserve	61,556	52,320
Intangible assets	(1,634,512)	(1,678,312)
Deferred tax liabilities, intangible assets	129,500	136,565
Deferred tax assets	(102,872)	(123,265)
Prudent valuation adjustments	(7,741)	(6,673)
Common equity tier 1 capital (net after deduction)	2,141,635	1,923,888
Additional tier 1 capital	334,802	334,802
Tier 1 capital from subsidiaries	98	65
Total tier 1 capital	2,476,535	2,258,755
Tier 2 capital		
Subordinated debt, new regulation	340,062	338,224
Subordinated debt, old regulation, reduced value	58,728	92,385
Tier 2 capital from subsidiaries	163	109
Total tier 2 capital	398,953	430,718
Total capital	2,875,488	2,689,473
Risk exposure amounts		
Credit risk	4,759,252	4,355,232
Market risk	3,479,631	2,916,862
Operational risk	5,136,766	5,703,384
Total risk exposure amounts	13,375,649	12,975,478
Common equity tier 1 ratio	16.0%	14.8%
Tier 1 capital ratio	18.5%	17.4%
Total capital ratio	21.5%	20.7%

The Total Capital is calculated in accordance with CRD IV and CRR which have been applicable from beginning of year 2014 and taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority.

CASH FLOW STATEMENT – SAXO BANK GROUP

(1,000 DKK)	First half 2016	First half 2015
Cash flow from operating activities		
Profit before tax	216,261	(592,503)
Tax paid	(12,029)	(39,075)
<i>Adjustment for non-cash operating items:</i>		
Income from associates and joint ventures	-	55,776
Amortisation and impairment charges of intangible assets	150,878	171,081
Depreciation and impairment charges of tangible assets and investment properties	23,804	33,528
Loan impairment charges	78	422
Other non-cash operating items	(20,549)	150,978
Total	358,443	(219,793)
<i>Changes in operating capital:</i>		
Receivables from credit institutions and central banks	133	5,414
Derivative financial instruments	(153,810)	(635,851)
Loans and advances at amortised cost	43,199	(104,113)
Bonds	(2,637,464)	1,309,249
Other assets	(13,291)	(85,386)
Debt to credit institutions and central banks	531,765	851,356
Deposits	1,910,410	1,527,059
Provisions and other liabilities	26,472	135,924
Cash flow from operating activities	65,857	2,783,859
Cash flow from investing activities		
Divestment of businesses, associates, joint ventures and other participating interests, net of cash	-	34,449
Acquisition of intangible and tangible assets	(117,200)	(130,200)
Cash flow from investing activities	(117,200)	(95,751)
Cash flow from financing activities		
Tier 1 interest payment	(16,373)	(8,174)
Issuance/redemption of subordinated debt	-	345,414
Transactions with non-controlling interests	4,990	10,913
Increase in share capital	-	228,165
Share-based payments	6,000	3,067
Cash flow from financing activities	(5,383)	579,385
Net increase/(decrease) in cash and cash equivalents	(56,726)	3,267,493
Cash and cash equivalents at 1 January	4,538,710	4,543,077
Cash and cash equivalents at 30 June	4,481,984	7,810,570
Cash and cash equivalents at 30 June		
Cash in hand and demand deposits with central banks	1,824,262	5,681,740
Amounts due from credit institutions and central banks with original maturity less than three months	2,657,722	2,128,830
Cash and cash equivalents at 30 June	4,481,984	7,810,570

NOTES – SAXO BANK GROUP

Note

1 Accounting policies

The interim financial statements of Saxo Bank Group for the first half of 2016 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 interim report has not been subject to audit or review.

The Group has not changed its accounting policies compared to those applied in the Groups Annual Report 2015. Note 1 in the Groups Annual Report for 2015 provides a comprehensive description of the Group's accounting policies.

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

2 Critical accounting estimates and judgements

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

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

Critical estimates and judgements have the most substantial impact on the consolidated financial statements in the following areas:

- fair value measurement of financial instruments
- measurement of loans and advances
- measurement of goodwill and other intangible assets
- recognition and measurement of tax assets and liabilities
- measurement of domicile properties - revaluation

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

Note 2 in Groups Annual Report for 2015 provide a comprehensive description of the Groups critical accounting estimates and judgements. Critical accounting estimates and judgements are the same as applied in the Groups Annual Report 2015.

NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	First half 2016	First half 2015
3	Interest income		
	Credit institutions and central banks	25,043	25,867
	Loans and advances	71,261	96,689
	Bonds	63,036	55,901
	Derivative financial instruments	452,544	478,904
	Other interest income	928	1,083
	Total interest income	612,812	658,444
4	Interest expense		
	Credit institutions and central banks	(30,013)	(31,242)
	Deposits	(6,755)	(14,915)
	Subordinated loans	(30,057)	(15,828)
	Guarantor capital	-	(8,883)
	Derivative financial instruments	(24,493)	(27,134)
	Total interest expense	(91,318)	(98,002)
5	Fee and commission income		
	Trading with equities and derivative financial instruments	598,596	594,427
	Payment services fees	3,085	3,110
	Origination fees	14,733	17,884
	Guarantee commissions	909	676
	Asset management fees	8,032	15,887
	Other fee and commission income	15,017	16,577
	Total fee and commission income	640,372	648,561
6	Fee and commission expense		
	Trading with equities and derivative financial instruments	(443,683)	(522,073)
	Total fee and commission expense	(443,683)	(522,073)
7	Price and exchange rate adjustments		
	Bonds	(33,266)	(40,283)
	Equities	(192)	212
	Investment securities	(622)	(184)
	Foreign exchange	565,937	(132,338)
	Derivative financial instruments ¹⁾	209,083	238,967
	Investment properties	(28)	(1,756)
	Total price and exchange rate adjustments	740,912	64,618

1) Other than foreign exchange

Net income from Price and exchange rate adjustments related to Foreign exchange has increased to DKK 566 million in first half of 2016 from DKK -132 million in first half of 2015. First half of 2015 was negatively impacted by the removal of the fixed floor between the Swiss franc and the Euro in January 2015, which resulted in a net loss of approximately DKK 0.7 billion. The net loss was primarily due to credit value adjustments related to foreign exchange contracts with clients who were unable to cover their losses on positions in Swiss franc as disclosed in note 2 Critical accounting estimates and judgements in the Groups Annual Report for 2015.

NOTES – SAXO BANK GROUP

Note (1,000 DKK)

8 Share-based payments

In first half of 2016 745,920 warrants with a right to subscribe for shares in Saxo Bank A/S were sold.

DKK 6.2 million regarding warrants was recognised as Staff cost and administrative expenses (30 June 2015: DKK 7.3 million) with a corresponding increase in equity. Consideration received for warrants sold is recognised directly in equity.

Note 11 in the Groups Annual report for 2015 provides detailed information about warrants granted and not exercised as at 31 December 2015.

9 Tax

The Group's effective tax rate for the period 1 January – 30 June 2016 was 26.8% compared to an effective rate tax of 18.2% for the period 1 January – 30 June 2015. The net profit before tax was negative in 2015 and the effective tax rate was primarily decreasing due to negative income from foreign countries having a tax rate lower than the Danish tax rate of 23.5% and by foreign positive income from countries with a higher tax rate.

	30 June 2016	31 Dec. 2015
10 Impairment allowance for loans and receivables etc.		
Individual impairment allowance for loans, receivables and guarantees		
Impairment allowance at 1 January	126,083	97,987
Impairment for the period	74,219	36,422
Reversals of impairment from previous years	(3,341)	(4,570)
Other	1,185	5,794
Amounts written off	(1,173)	(9,550)
Individual impairment allowance for loans, receivables and guarantees, end of period	196,973	126,083
Collective impairment allowance for loans, receivables and guarantees		
Impairment allowance at 1 January	9,635	6,894
Impairment for the period	1,405	2,984
Reversals of impairment from previous years	(455)	(243)
Collective impairment allowance for loans, receivables and guarantees, end of period	10,585	9,635
11 Trading assets and liabilities		
Listed bonds	21,713,285	19,076,397
Derivative financial instruments with positive fair value	6,058,069	5,230,430
Other securities (unlisted)	4,236	4,762
Total trading assets	27,775,590	24,311,589
Derivative financial instruments with negative fair value	3,201,289	2,536,624
Total trading liabilities	3,201,289	2,536,624

NOTES – SAXO BANK GROUP

Note (1,000 DKK)

12 Fair value hierarchy for financial instruments

	Quoted market price - Level 1	Observable input - Level 2	Non- observable input - Level 3	Total fair value	Total carrying amount
30 June 2016					
Financial assets ¹⁾					
Trading portfolio bonds	21,713,285	-	-	21,713,285	21,713,285
Trading portfolio equities	1,236	-	3,000	4,236	4,236
Derivative financial instruments with positive value	2,278,444	3,489,480	290,145	6,058,069	6,058,069
Loans and advances at amortised cost	-	-	1,738,243	1,738,243	1,749,833
Investment securities	-	-	41,214	41,214	41,214
Financial liabilities					
Derivative financial instruments with negative value	857,054	2,344,235	-	3,201,289	3,201,289
Subordinated debt	-	-	607,268	607,268	674,738
31 December 2015					
Financial assets ¹⁾					
Trading portfolio bonds	19,076,398	-	-	19,076,398	19,076,398
Trading portfolio equities	1,762	-	3,000	4,762	4,762
Derivative financial instruments with positive value	2,090,167	2,857,591	282,672	5,230,430	5,230,430
Loans and advances at amortised cost	-	-	1,751,095	1,751,095	1,793,022
Investment securities	-	-	39,287	39,287	39,287
Financial liabilities					
Derivative financial instruments with negative value	1,302,335	1,234,289	-	2,536,624	2,536,624
Subordinated debt	-	-	606,362	606,362	674,070

¹⁾ Trading portfolio bonds, equities and derivatives are presented in the statement of financial position as Trading assets and Trading liabilities, note 11.

Financial instruments measured at fair value

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

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

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

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

NOTES – SAXO BANK GROUP

Note (1,000 DKK)

12 Fair value hierarchy for financial instruments (continued)

Financial instruments measured at amortised cost

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

Fair value of loans and advances is primarily estimated based on expected future payments, current market interest level and expected loss on the loans.

For subordinated debt an estimate of the current return required by the market at the reporting date is applied to measure the fair value. Transfers between levels of the fair value hierarchy are recognised as of the end of the reporting period during which the changes have occurred.

Financial instruments measured at fair value categorised into level 3 of the fair value hierarchy	30 June 2016	31 Dec. 2015
Fair value at 1 January	324,959	405,146
Additions	5,450	5,357
Disposals	(2,001)	(40,471)
Gains and losses recognised in income statement:		
Fair value adjustments realised	32	498
Fair value adjustments unrealised	5,919	(45,571)
Fair value end of period	334,359	324,959

The fair value adjustments through income statement are recognised in Price and exchange rate adjustments.

At 30 June 2016, financial assets measured and recognised on the basis of non-observable input comprise:

- Client's open CFD contracts in level 3 after credit value adjustment amounts to DKK 290 million (31 December 2015: DKK 283 million). The accumulated unobservable credit value adjustment is DKK 444 million (31 December 2015: DKK 444 million). The credit value adjustment may change with DKK 0/+444 million if the client's creditworthiness or the fair value of collateral received is worse or better than estimated at 30 June 2016. Collateral consist primarily of cash in foreign currency.
- Investment securities DKK 41.2 million (31 December 2015: DKK 39.3 million).

A 20% increase or decrease in the fair value of investment securities measured based on non-observable input would result in a gain or loss of DKK 8.24 million (31 December 2015: DKK 7.86 million).

NOTES – SAXO BANK GROUP

Note

15 Related parties

The nature of related-party transactions in the first half of 2016 are as disclosed in note 34 in the Groups Annual Report for 2015. All transactions and agreements with related parties are settled on an arms-length basis.

16 Assets deposited as collateral

Of the Group's bond holdings, bonds with a nominal value of DKK 4.9 billion (31 December 2015: DKK 4.5 billion), and a fair value of DKK 4.9 billion (31 December 2015: DKK 4.5 billion), are held in custody with institutions. The bonds serve as security for the Group's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Group's open positions against these institutions. At 30 June 2016, 23% (31 December 2015: 24%) of the Group's total fair value of bonds were held in custody.

Of deposits with investment brokers, banks and other credit institutions, DKK 373 million (31 December 2015: DKK 381 million) serve as collateral for the Group's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Group's open positions against these institutions.

The Group has placed cash DKK 94.8 million (31 December 2015: DKK 0 million) as security for an interest swap entered to hedge the Group's mortgage debt. At 31 December 2015 the Group has deposited DKK 85 million with a fair value of DKK 85 million as security for the interest swap.

Debt to credit institutions is secured by mortgage deed of DKK 365 million (31 December 2015: DKK 365 million) on the Group's domicile property.

NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	30 June 2016	31 Dec. 2015
17	Contingent and other contractual commitments		
	Guarantees		
	Financial guarantees	186,153	228,584
	Mortgage finance guarantees	263,498	244,756
	Registration and remortgaging guarantees	108,863	145,325
	Other guarantees	270,141	305,552
	Total guarantees	828,655	924,217
	Loan commitments etc.		
	Other unutilised credit facilities	1,129,764	1,112,919
	Total loan commitments etc.	1,129,764	1,112,919
	Other contractual commitments		
	Other contractual commitments incl. operating leases	360,437	364,702
	Total other contractual commitments	360,437	364,702

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

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

The Group is the lessee in a number of operating leases, involving mainly leasing of office premises and car leasing. Note 33 in the Groups Annual Report for 2015 provides information about the future operating lease payments.

NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	First half 2016	First half 2015
18	Key figures and ratios		
	Key figures		
	Net interest, fees and commissions	718,183	686,930
	Price and exchange rate adjustments	740,912	64,618
	Staff costs and administrative expenses	(1,002,497)	(1,094,154)
	Impairment charges for receivables, loans, advances etc.	(71,839)	(11,247)
	Income from associates and joint ventures	-	(55,776)
	Net profit	158,241	(484,559)
	Loans and advances at amortised cost	1,749,833	1,945,002
	Subordinated debt	674,738	883,946
	Total equity	4,077,771	4,095,661
	Total assets	36,797,077	38,161,639
	Average number of employees	1,572	1,489
	Ratios		
	Total capital ratio	21.5%	19.4%
	Tier 1 capital ratio	18.5%	16.1%
	Return on equity before tax ¹⁾	10.6%	(30.2)%
	Return on equity after tax ¹⁾	7.7%	(24.7)%
	Income proportional to cost	1.17	0.55
	Interest rate risk	3.7%	2.8%
	Foreign exchange rate risk/Tier 1 capital	27.7%	20.4%
	Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.3%
	Loans and advances plus impairment allowance/Deposits	7.9%	8.9%
	Loans and advances proportional to Total equity	0.43	0.47
	Growth in loans and advances	(2.4)%	6.0%
	Additional liquidity/liquidity requirement	399.4%	366.8%
	Sum of large exposures/Total capital	-	-
	Loss and provisions ratio (loans and advances)	2.6%	0.6%
	Return on assets ¹⁾	0.9%	(2.5)%

See definitions in Groups Annual Report 2015 page 109.

¹⁾Annualised

INCOME STATEMENT – SAXO BANK A/S

Note	(1,000 DKK)	First half 2016	First half 2015
2	Interest income	530,576	531,662
3	Interest expense	(77,228)	(65,249)
	Net interest income	453,348	466,413
	Fee and commission income	573,448	569,917
	Fee and commission expense	(841,960)	(938,180)
	Net interest, fees and commissions	184,836	98,150
4	Price and exchange rate adjustments	735,533	368,634
	Operating income	920,369	466,784
	Other income	21,686	35,493
5	Staff costs and administrative expenses	(647,647)	(731,264)
	Depreciation, amortisation and impairment of intangible and tangible assets	(171,543)	(197,539)
	Other expenses	(1,943)	5,545
7	Impairment charges for receivables, loans, advances etc.	(25,126)	(1,851)
	Income from associates, subsidiaries and joint ventures	106,551	(148,768)
	Profit before tax	202,347	(571,600)
6	Tax	(29,732)	95,854
	Net profit	172,615	(475,746)
	Net profit attributable to:		
	Equity method reserve	35,795	(148,768)
	Additional tier 1 capital holders	16,233	16,425
	Retained earnings	120,587	(343,403)
	Net profit	172,615	(475,746)

STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK A/S

(1,000 DKK)	First half 2016	First half 2015
Net profit	172,615	(475,746)
Other comprehensive income		
Items that will not be reclassified subsequently to income statement:		
Other comprehensive income from subsidiaries, net of tax	(10,198)	(10,793)
Items that will not be reclassified subsequently to income statement	(10,198)	(10,793)
Items that are or may be reclassified subsequently to income statement:		
Exchange rate adjustments	(16,342)	198,236
Hedge of net investments in foreign entities	16,096	(114,227)
Other comprehensive income from subsidiaries, net of tax	(9,213)	10,644
Other comprehensive income from associates and joint ventures, net of tax	-	(69)
Tax on other comprehensive income	(3,543)	26,847
Items that are or may be reclassified subsequently to income statement	(13,002)	121,431
Total other comprehensive income, net of tax	(23,200)	110,638
Total comprehensive income	149,415	(365,108)
Total comprehensive income attributable to:		
Equity method reserve	12,595	(38,130)
Additional tier 1 capital holders	16,233	16,425
Retained earnings	120,587	(343,403)
Total comprehensive income	149,415	(365,108)

STATEMENT OF FINANCIAL POSITION – SAXO BANK A/S

Note	(1,000 DKK)	30 June 2016	31 Dec. 2015
ASSETS			
	Cash in hand and demand deposits with central banks	74,336	1,399,428
	Receivables from credit institutions and central banks	1,011,112	612,230
7	Loans and advances at amortised cost	45,657	38,565
	Bonds at fair value	19,726,807	16,806,766
	Equities etc.	4,411	4,516
	Investments in subsidiaries	1,873,201	1,863,256
	Intangible assets	1,658,865	1,703,224
	Tangible assets	63,391	59,827
	Tax receivables	784	1,415
	Deferred tax assets	1,217	66
	Other assets	6,205,021	5,428,142
	Prepayments	48,953	47,801
	Total assets	30,713,755	27,965,236

STATEMENT OF FINANCIAL POSITION – SAXO BANK A/S

Note	(1,000 DKK)	30 June 2016	31 Dec. 2015
LIABILITIES			
	Debt to credit institutions and central banks	4,604,248	4,084,568
	Deposits	17,659,876	16,255,724
	Tax liabilities	39,709	34,043
	Other liabilities	3,535,133	2,902,669
	Total debt	25,838,966	23,277,004
	Deferred tax liabilities	26,264	6,339
	Provisions for impairment on guarantees	23,000	-
	Other provisions	105,778	111,394
	Total provisions	155,042	117,733
	Subordinated debt	674,738	674,070
EQUITY			
	Share capital	68,284	68,284
	Equity method reserve	149,386	136,539
	Retained earnings	3,481,395	3,345,522
	Shareholders of Saxo Bank A/S	3,699,065	3,550,345
	Additional tier 1 capital	345,944	346,084
	Total equity	4,045,009	3,896,429
	Total liabilities and equity	30,713,755	27,965,236

STATEMENT OF CHANGES IN EQUITY – SAXO BANK A/S

(1,000 DKK)	Share capital	Equity method reserve	Retained earnings	Total	Additional tier 1 capital	Total
Equity at 1 January 2016	68,284	136,539	3,345,522	3,550,345	346,084	3,896,429
Net profit	-	35,795	120,587	156,382	16,233	172,615
Other comprehensive income						
Exchange rate adjustments	-	(16,342)	-	(16,342)	-	(16,342)
Hedge of net investments in foreign entities	-	16,096	-	16,096	-	16,096
Other comprehensive income from subsidiaries, net of tax	-	(19,411)	-	(19,411)	-	(19,411)
Tax on other comprehensive income	-	(3,543)	-	(3,543)	-	(3,543)
Total other comprehensive income	-	(23,200)	-	(23,200)	-	(23,200)
Total comprehensive income	-	12,595	120,587	133,182	16,233	149,415
Transactions with owners and equity notes holders						
Additional tier 1 interest payment	-	-	-	-	(16,373)	(16,373)
Share-based payments	-	252	11,715	11,967	-	11,967
Tax	-	-	3,571	3,571	-	3,571
Equity at 30 June 2016	68,284	149,386	3,481,395	3,699,065	345,944	4,045,009
Equity at 1 January 2015	66,618	234,916	3,559,353	3,860,887	337,976	4,198,863
Net profit	-	(148,768)	(343,403)	(492,171)	16,425	(475,746)
Other comprehensive income						
Exchange rate adjustments	-	198,236	-	198,236	-	198,236
Hedge of net investments in foreign entities	-	(114,227)	-	(114,227)	-	(114,227)
Other comprehensive income from subsidiaries, net of tax	-	(149)	-	(149)	-	(149)
Other comprehensive income from associates, net of tax	-	(69)	-	(69)	-	(69)
Tax on other comprehensive income	-	26,847	-	26,847	-	26,847
Total other comprehensive income	-	110,638	-	110,638	-	110,638
Total comprehensive income	-	(38,130)	(343,403)	(381,533)	16,425	(365,108)
Transactions with owners						
Additional tier 1 interest payment	-	-	-	-	(8,174)	(8,174)
Share-based payments	-	-	8,667	8,667	-	8,667
Increase in share capital	1,666	-	226,499	228,165	-	228,165
Tax	-	-	3,858	3,858	-	3,858
Equity at 30 June 2015	68,284	196,786	3,454,974	3,720,044	346,227	4,066,271

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

(1,000 DKK)	30 June 2016	31 Dec. 2015
Tier 1 capital		
Total equity 1 January	3,550,345	3,860,887
Net profit	172,615	(623,264)
Accrued interest (dividend) on additional tier 1 capital	(16,233)	(32,656)
Cost of issuance of additional tier 1 capital	-	(201)
Share-based payments	11,967	12,944
Total other comprehensive income	(23,200)	87,783
Change in common equity tier 1 capital (CET1 capital)	-	237,181
Intangible assets	(1,658,865)	(1,703,224)
Deferred tax liabilities, intangible assets	140,116	148,420
Deferred tax assets	(50,137)	(77,044)
Prudent valuation adjustments	(3,005)	(2,949)
Common equity tier 1 capital (net after deduction)	2,123,603	1,907,877
Additional tier 1 capital	334,802	334,802
Total tier 1 capital	2,458,405	2,242,679
Tier 2 capital		
Subordinated debt, new regulation	340,062	338,224
Subordinated debt, old regulation, reduced value	58,728	92,385
Total tier 2 capital	398,790	430,609
Total capital	2,857,195	2,673,288
Risk exposure amounts		
Credit risk	3,959,569	3,795,520
Market risk	3,091,805	2,502,857
Operational risk	3,232,306	3,724,099
Total risk exposure amounts	10,283,680	10,022,476
Common equity tier 1 ratio	20.7%	19.0%
Tier 1 capital ratio	23.9%	22.4%
Total capital ratio	27.8%	26.7%

The Total Capital is calculated in accordance with CRD IV and CRR which have been applicable from beginning of year 2014 and taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority.

NOTES – SAXO BANK A/S

Note (1,000 DKK)

1 Accounting policies

The interim financial statements of Saxo Bank A/S for the first half of 2016 has been prepared in accordance with the Danish Financial Business Act and the Danish executive order on financial reports for credit institutions and investment companies, etc.

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

The accounting policies for recognition and measurement are unchanged compared to those applied in the Annual Report 2015.

	First half 2016	First half 2015
2 Interest income		
Credit institutions and central banks	8,554	6,711
Loans and advances	43,275	35,833
Bonds	58,422	51,566
Derivative financial instruments	420,325	437,291
Other interest income	(0)	261
Total interest income	530,576	531,662
3 Interest expense		
Credit institutions and central banks	(17,747)	(18,661)
Deposits	(5,084)	(3,578)
Subordinated loans	(30,057)	(15,828)
Derivative financial instruments	(24,340)	(27,182)
Total interest expense	(77,228)	(65,249)
4 Price and exchange rate adjustments		
Bonds	(36,449)	(45,024)
Foreign exchange	561,398	174,838
Derivative financial instruments ¹⁾	210,584	238,820
Total price and exchange rate adjustments	735,533	368,634

¹⁾ Other than foreign exchange

Net income from Price and exchange rate adjustments related to Foreign exchange has increased to DKK 561 million in first half of 2016 from DKK 175 million in first half of 2015. First half of 2015 was negatively impacted by the removal of the fixed floor between the Swiss franc and the Euro in January 2015, which resulted in a net loss. The loss was primarily due to credit value adjustments related to foreign exchange contracts with clients who were unable to cover their losses on positions in Swiss franc, as disclosed in note 2 Critical accounting estimates and judgements in the Groups Annual Report for 2015.

5 Share-based payments

Warrants have been sold in first half of 2016. Information is disclosed in note 8 Share-based payments in the consolidated financial statements.

NOTES – SAXO BANK A/S

Note (1,000 DKK)

6 Tax

The Banks effective tax rate for the period 1 January – 30 June 2016 was 14.7% compared to an effective tax of 16.8% for the period 1 January – 30 June 2015. The profit before tax was negative in first half of 2015.

The decrease in effective tax rate is primarily related to the decrease in the Danish tax rate from 23.5% in 2015 to 22.0% in 2016.

	30 June 2016	31 Dec. 2015
7 Impairment allowance for loans and receivables etc.		
Individual impairment allowance for loans, receivables and guarantees		
Impairment allowance at 1 January	3,260	2,432
Impairment for the period	25,127	828
Reversals of impairment from previous years	(1)	-
Individual impairment allowance for loans, receivables and guarantees, end of period	28,386	3,260

No individual impairment allowance for receivables from credit institutions and central banks has been recognised at 30 June 2016 (31 December 2015: DKK 0 million).

8 Related parties

The nature of related-party transactions in the first half of 2016 are as disclosed in note 21 in the Groups Annual Report for 2015.

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

NOTES – SAXO BANK A/S

Note (1,000 DKK)

9 Assets deposited as collateral

Of the Bank's bond holdings bonds with a nominal value of DKK 4.9 billion (31 December 2015: DKK 4.5 billion), and a fair value of DKK 4.9 billion (31 December 2015: DKK 4.5 billion), are held in custody with institutions. The bonds serve as security for the Bank's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Bank's open positions against these institutions. At 30 June 2016, 25% (31 December 2015: 27%) of the Bank's total fair value of bonds were held in custody.

Of deposits with investment brokers, banks and other credit institutions, DKK 373 million (31 December 2015: DKK 381 million) serve as collateral for the Bank's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Bank's open positions against these institutions.

The Bank has placed cash DKK 94.8 million (31 December 2015: DKK 0 million) as security for an interest swap on behalf of Ejendomsselskabet Bygning 119 A/S. At 31 December 2015 the Bank has deposited bonds nominal DKK 85 million with a fair value of DKK 85 million as security for the interest swap.

	30 June 2016	31 Dec. 2015
10 Contingent and other contractual commitments		
Guarantees		
Financial guarantees	141,460	133,281
Guarantees issued to subsidiaries	27,000	50,000
Other guarantees	94,555	84,425
Total guarantees	263,015	267,706
Other contractual commitments		
Rent commitments towards subsidiaries	480,981	503,527
Other contractual commitments incl. operating leases	174,625	181,499
Total other contractual commitments	655,606	685,026

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

Saxo Bank A/S has issued a letter of undertaking to the Monetary Authorities in Singapore concerning Saxo Capital Markets Pte. Ltd. The effect has been included in the Financial guarantees.

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

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

NOTES – SAXO BANK A/S

Note	(1,000 DKK)	First half 2016	First half 2015
11	Key figures and ratios		
	Key figures		
	Net interest, fees and commissions	184,836	98,150
	Price and exchange rate adjustments	735,533	368,634
	Staff costs and administrative expenses	(647,647)	(731,264)
	Impairment charges for receivables, loans, advances etc.	(25,126)	(1,851)
	Income from associates, subsidiaries and joint ventures	106,551	(148,768)
	Net profit	172,615	(475,746)
	Loans and advances at amortised cost	45,657	57,386
	Subordinated debt	674,738	673,011
	Total equity	4,045,009	4,066,271
	Total assets	30,713,755	31,511,355
	Average number of employees	839	665
	Ratios		
	Total capital ratio	27.8%	23.7%
	Tier 1 capital ratio	23.9%	19.6%
	Return on equity before tax ¹⁾	10.0%	(29.4)%
	Return on equity after tax ¹⁾	8.5%	(24.4)%
	Income proportional to cost	1.24	0.38
	Interest rate risk	4.2%	2.1%
	Foreign exchange rate risk/Tier 1 capital	24.7%	13.6%
	Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.1%
	Loans and advances plus impairment charges/Deposits	0.3%	0.4%
	Loans and advances proportional to Total equity	0.01	0.01
	Growth in loans and advances	18.4%	(17.9)%
	Additional liquidity/liquidity requirement	366.3%	323.0%
	Sum of large exposures/Total Capital	-	-
	Loss and provisions ratio (loans and advances)	7.5%	1.2%
	Return on assets ¹⁾	1.1%	(3.0)%

See definitions in the Groups Annual Report 2015 page 109.

¹⁾Annualised

STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management have considered and approved the interim report first half 2016 of Saxo Bank Group and the Parent Company.

The consolidated interim financial statements for the first half of 2016 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.

Operating 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 2016 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 2016.

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, 29 September 2016

BOARD OF MANAGEMENT

Kim Fournais
CEO and Co-founder

Søren Kyhl
Group Chief Operating Officer

Steen Blaafook
Group Chief Financial and Risk Officer

BOARD OF DIRECTORS

Lone Fønss Schrøder
Chairman of the Board

Henrik Normann
Vice Chairman of the Board

Asiff S. Hirji

Wikawi Oei

Jacob Polny

Thomas Plenborg

COMPANY INFORMATION

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Website: www.saxobank.com

Board of Directors

Lone Fønss Schrøder	Chairman of the Board
Henrik Normann	Vice Chairman of the Board
Asiff S. Hirji	Member of the Board
Jacob Polny	Member of the Board
Thomas Plenborg	Member of the Board
Wikawi Oei	Member of the Board

Board of Management

Kim Fournais	CEO and Co-founder
Steen Blaafalk	Group Chief Financial and Risk Officer
Søren Kyhl	Group Chief Operating Officer

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.
Gold Shine Investment Holding Pte. Ltd., S-048616, Singapore.
Seier Capital A/S, DK-1256 Copenhagen, Denmark.
TPG Merl Sarl, L-2453, Luxembourg.