

# INTERIM REPORT FIRST HALF 2020



## CONTENTS

### **3 | MANAGEMENT REPORT**

- 3 | Letter from the CEO
- 4 | Key events of the period
- 4 | Saxo at a glance
- 5 | Financial review
- 7 | Financial outlook 2020

### **8 | INTERIM FINANCIAL STATEMENTS - SAXO BANK GROUP**

- 9 | Income statement
- 10 | Statement of comprehensive income
- 11 | Statement of financial position
- 12 | Statement of changes in equity
- 13 | Statement of total capital
- 14 | Cash flow statement
- 15 | Notes

### **25 | INTERIM FINANCIAL STATEMENTS - SAXO BANK A/S**

- 26 | Income statement
- 27 | Statement of comprehensive income
- 28 | Statement of financial position
- 29 | Statement of changes in equity
- 30 | Statement of total capital
- 31 | Notes

### **35 | STATEMENT BY THE MANAGEMENT**

### **36 | COMPANY INFORMATION**

## LETTER FROM THE CEO

The first six months of 2020 have been extraordinary in many ways. COVID-19 has impacted the global community and all the markets we operate in. The human and economic consequences have been immense. As with many other organisations, we have had to quickly adapt to new ways of working, effectively going from 17 offices to more than 2000 virtual offices, as Saxonians worked from home - all the while welcoming a record number of new clients and keeping the bank fully operational.

The financial result for the first half of 2020 is very satisfactory, driven by a combination of external factors such as the increased volatility in global capital markets, and the continued execution on our strategy, which includes considerable investments in digitisation, scalable infrastructure, processes and an improved Saxo Experience. The execution of our strategy has increased Saxo Bank's relevance to the investor segment which has grown by more than 200 percent and diversified Saxo Bank Group's revenue streams significantly. The result of the first six months include a number of records for Saxo Bank, such as all-time high client assets, a record number of trades, a record number of new clients as well as record growth in our equity trading business.

While the first half of the year has been extraordinary and more challenging than anyone could have imagined when we started the year, we have maintained momentum in driving key strategic initiatives such as setting up our tech joint venture with Geely Sweden Holding AB in mainland China while at the same time we have continued to invest in developing our mainland China strategy, expanding landmark partnerships such as the one with Banca Generali (BGSaxo SIM S.p.A.), as well as forging our agreement with a significant group of five Danish regional banks and integrating BinckBank N.V. into the Saxo Bank Group. The continued integration of BinckBank into the Saxo Bank Group has also led to significantly increased scale and has reduced cost and complexity.

Over the past six months we have seen the acceleration of an important global trend, with more people taking greater ownership of their investments. The growth of the industry comes with a task for investment providers to support their clients - not only by giving access to financial markets, but also timely, relevant information as well as the tools to help them make informed investment decisions and manage their risk. We help clients navigate the markets with, for example, personalised news and alerts, online education, webinars, risk management tools and opportunities to diversify their investments - all of this is combined with an attractive price offering. Through this strategy, we continue to deliver on our vision to empower clients to make more informed investment decisions.

At this half-year mark, we reflect on an extraordinary period marked by both uncertainty and volatility. Saxonians across the world have delivered a massive team effort to get through these challenging times, enabling us to support our clients by helping them navigate and find opportunities in these difficult market conditions - and this I am very proud of.

Best regards,



**Kim Fournais**  
Founder and CEO



## KEY EVENTS OF THE PERIOD

### February

Chief Economist Steen Jakobsen warns clients of underestimated impact of COVID-19 on the economy and financial markets.

A new transparent loyalty program, SaxoRewards, is launched and implemented in Singapore.

### April

The tech joint venture with Geely Sweden Holding AB is announced and will be set up in the megacity of Chongqing in southwest China, one of the most important cities in the region.

### March

“2020 stock market crash”: global equities record historic falls in March following widespread concerns about the impact of COVID-19.

A new record in the number of daily new clients is reached: 1,891

### May

Regular Savings Plan is launched in Singapore, to enable clients to make regular savings and investments through managed portfolios.

The first COVID-19 antibody tests are offered to Saxonians and their immediate families.

Saxo Bank and five Danish SDC member banks (Sparekassen Vendsyssel, Sparekassen Thy, Middelfart Sparekasse, Frøs Sparekasse and Jutlander Bank) announce a partnership agreement, which will give the banks' combined 500,000 clients access to Saxo Bank's investment solutions.

## SAXO AT A GLANCE

- **Employees:** 2,081
- **Total end clients:** More than 620,000
- **Clients' assets:** 395 billion
- **White label partners:** More than 300
- **Tradable instruments:** 40,000
- **Trades executed:** 34 million

## FINANCIAL REVIEW

Saxo Bank Group (the Group) reported a net profit of DKK 529 million for the first six months of 2020, compared to a net loss of DKK 139 million as of June 2019. Operating income for Saxo Bank Group amounted to DKK 2.3 billion as of June 2020 compared to DKK 1.1 billion as of June 2019, an increase of 107%. BinckBank N.V. is included in the Group reporting from August 2019. The result is deemed very satisfactory.

Saxo Bank Group saw record levels of new clients and continued inflows of client assets in first half of 2020. The direct client base grew by more than 80,000 new active clients, bringing the Group's total to a record of more than 620,000 clients. Total client assets reached DKK 395 billion as of 30 June 2020, a new record for the Group, up from DKK 375 billion as of 31 December 2019.

Staff costs and administrative expenses for Saxo Bank Group amounted to DKK 1.3 billion for the first six months of 2020, an increase of 24% compared to DKK 1.1 billion in the first half of 2019. Staff costs primarily increased due to the acquisition of BinckBank N.V. in 2019. Saxo Bank Group continues to deliver on its strategy execution plan by investing in technology, digitisation and scalability, while at the same time reducing cost and complexity through efficiency and saving measures initiated in 2019. The continued successful integration of BinckBank N.V. is a result of strong efforts and teamwork across the Saxo Bank Group.

Other expenses for Saxo Bank Group were DKK 19 million, an increase of DKK 15 million compared to the first six months of 2019, which primarily relates to Deposit Guarantee Schemes due to the increase in client deposits in the six months of 2020.

EBITDA reached DKK 967 million compared to DKK 57 million in the first half of 2019.

Impairment charges for loans and receivables etc. in first half of 2020 were DKK 20 million and related mainly to client credit loss as well as expected credit loss.

### Statement of financial position

Loans and other receivables at amortised cost were DKK 8.5 billion as of 30 June 2020 compared to DKK 9.9 billion as of 31 December 2019, a decrease of 14%.

Other assets decreased by 57% to DKK 447 million as of 30 June 2020 compared to 31 December 2019 primarily due to repayment made by 50% owned joint venture Saxo Geely Tech Holding A/S on loan notes of EUR 75 million.

Further, Saxo Bank A/S converted loan notes of EUR 75 million to share capital in the joint venture Saxo Geely Tech Holding A/S which affected investments in joint ventures.

EUR 45 million tier 1 capital and tier 2 subordinated debt of EUR 50 million were redeemed at first possible call date in February and April 2020, respectively.

Total shareholder equity increased by 8% in the first six months of 2020 to DKK 6.7 billion as of 30 June 2020, compared to DKK 6.2 billion as of 31 December 2019.

### KEY FIGURES AND RATIOS • SAXO BANK GROUP

(DKK million)	First half 2020	First half 2019	First half 2018	First half 2017	First half 2016
Operating income	2,302	1,110	1,506	1,558	1,459
EBITDA	967	57	398	496	429
Profit before tax	704	(164)	209	312	216
Net profit	529	(139)	153	233	162
Total equity	7,185	5,387	4,763	4,470	4,078
Total assets	80,654	37,529	38,772	40,846	36,797
Clients' assets	394,903	130,826	110,435	98,298	82,032
- Hereof Assets under Management	8,047	-	-	13,038	14,052
Total capital ratio <sup>1)</sup>	30.3%	31.9%	27.6%	20.0%	21.5%
Return on equity before tax <sup>2)</sup>	21.5%	-6.5%	8.9%	14.0%	10.6%
Full-time-equivalent staff (end of period)	2,081	1,737	1,619	1,555	1,585
Hereof employed in India	652	612	535	472	421

<sup>1)</sup> Net profit is not included in the Total Capital as of 30 June 2020.

<sup>2)</sup> Annualised.

Please refer to Saxo Bank Group's Annual Report 2019 page 106 for definitions of key figures and ratios.

## Capital & Liquidity

Licensed in an EU member state, the Saxo Bank Group is required to fulfil the capital requirements set out in the CRD IV and CRR/CRR2 which are based on the principles set out in Basel III.

The ICAAP Report Q2 2020 provides additional information regarding Saxo Bank A/S' and Saxo Bank Group's total capital, risk exposure amounts and capital requirements. The report is available at [www.home.saxo/about-us/investorrelations](http://www.home.saxo/about-us/investorrelations).

As of 30 June 2020, the Saxo Bank Group continued to have a strong capital position with a comfortable buffer in line with regulatory requirements. The table below gives an overview of the regulatory capital figures as of 30 June 2020. The interim report is not audited and the Saxo Bank Group has not requested permission to recognise the interim profit in the CET1 capital, hence net profit is not included in the total capital as of 30 June 2020. Figures for 31 December are after inclusion of the total comprehensive income for the year 2019.

	30 June 2020 <sup>1)</sup>		31 Dec. 2019
	DKKm	%	%
<b>Saxo Bank Group</b>			
Common equity tier 1 capital (CET1)	3,680	22.9%	21.6%
Total tier 1 capital	4,128	25.7%	26.3%
Total capital	4,867	30.3%	32.9%

<sup>1)</sup> Net profit is not included in the Total Capital as of 30 June 2020.

The total risk exposure amount of Saxo Bank Group was DKK 16.1 billion as of 30 June 2020 compared with DKK 16.8 billion as of 31 December 2019.

As of 30 June 2020, Saxo Bank Group's Internal Capital Adequacy Assessment Process (ICAAP) resulted in a capital requirement of 13.6% of the risk exposure amount, equivalent to DKK 2.2 billion. As such the CET1 buffer was DKK 2.4 billion, equivalent to 15.2% of risk exposure amount.

As of 30 June 2020, Saxo Bank Group reported a LCR ratio of 319.3%, thereby fulfilling the regulatory and ILAAP requirements.

## The Supervisory Diamond

The Danish FSA applies a number of specific risk indicators and threshold values for Danish banks, known as Supervisory Diamond. Saxo Bank A/S' fulfilment of the Danish liquidity Supervisory Diamond requirement is disclosed below.

### SUPERVISORY DIAMOND • SAXO BANK A/S

	Limit values	30 June 2020
Funding ratio	< 1	0,0
Liquidity requirement ratio	> 100%	157,6%
Sum of large exposures	< 175%	10,2%
Lending growth	< 20%	-98,0%
Property exposure	< 25%	13,0%

The liquidity measure for the Supervisory Diamond uses the LCR-ratio (Liquidity Coverage Ratio) but with three months forward looking approach rather than the 30 days outflow period in the regular LCR.

Lending growth in the Supervisory Diamond is measured year-on-year where the regular key figure is measured from beginning of the reporting period.

As of 30 June 2020 Saxo Bank A/S complied with all the limit values.

### Events after the reporting date

There have been no events that have materially affected the assessment of this Interim Report 2020 after the reporting date.

## FINANCIAL OUTLOOK 2020

Due to the nature of Saxo Bank Group's activities, the forecast of trading related income is highly dependent on the volatility of currency and stock markets as well as interest rate levels.

Following the outbreak of COVID-19, volatility in financial markets has increased significantly leading to increased activity among the Saxo Bank Group's clients.

At present, the uncertainty related to the consequences of the continued outbreak of COVID-19 and the impact on volatility of the financial markets for 2020 is unpredictable.

We do foresee a continued positive growth in operating income for the remainder of 2020, albeit at a lower level than what we have seen for the first six months.

Saxo Bank Group continues its significant investment in scalability, technology and digitisation, while at the same time pursuing a strong and sustainable cost discipline. Furthermore, we continue to invest in developing and implementing our mainland China strategy. The operating cost for the final months of 2020 is subject to the successful execution of the integration plans for BinckBank N.V.

With that in mind and based on the result for first six months of 2020, Saxo Bank Group expects to end 2020 with a positive net profit in the range of DKK 600-850 million.

# INTERIM FINANCIAL STATEMENTS

**SAXO BANK GROUP**



## INCOME STATEMENT – SAXO BANK GROUP

Note	(1,000 DKK)	First half 2020	First half 2019
3	Interest income calculated using the effective interest method	154,991	52,426
3	Other interest income	576,641	651,444
4	Interest expense	(177,646)	(123,326)
	<b>Net interest income</b>	<b>553,986</b>	<b>580,544</b>
5	Fee and commission income	1,787,828	714,056
6	Fee and commission expense	(771,319)	(507,176)
	<b>Net interest, fees and commissions</b>	<b>1,570,495</b>	<b>787,424</b>
7	Price and exchange rate adjustments	731,574	322,332
	<b>Operating income</b>	<b>2,302,069</b>	<b>1,109,756</b>
	Other income	2,371	1,591
8	Staff costs and administrative expenses	(1,347,398)	(1,090,536)
	Depreciation, amortisation and impairment of intangible and tangible assets	(214,193)	(180,920)
	Other expenses	(18,961)	(3,755)
9	Impairment charges loans and receivables etc.	(19,982)	266
	Result from joint ventures	(127)	-
	<b>Profit before tax</b>	<b>703,779</b>	<b>(163,598)</b>
	Tax	(174,991)	24,569
	<b>Net profit</b>	<b>528,788</b>	<b>(139,029)</b>
	<b>Net profit attributable to:</b>		
	Shareholders of Saxo Bank A/S	503,587	(155,216)
	Additional tier 1 capital holders	24,680	16,187
	Non-controlling interests	521	-
	<b>Net profit</b>	<b>528,788</b>	<b>(139,029)</b>

## STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK GROUP

(1,000 DKK)	First half 2020	First half 2019
<b>Net profit</b>	<b>528,788</b>	<b>(139,029)</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to income statement:		
Remeasurement of defined benefit plans	10,947	(3,425)
Tax	(2,314)	724
Items that will not be reclassified to income statement	8,633	(2,701)
Items that are or may be reclassified subsequently to income statement:		
Exchange rate adjustments	(57,272)	22,202
Hedge of net investments in foreign entities	62,552	(13,439)
Fair value adjustment of cash flow hedges:		
Effective portion of changes in fair value	(2,533)	(10,627)
Net amount transferred to income statement	5,582	6,079
Tax	(14,491)	3,899
Items that are or may be reclassified subsequently to income statement	(6,162)	8,114
<b>Total other comprehensive income</b>	<b>2,471</b>	<b>5,413</b>
<b>Total comprehensive income</b>	<b>531,259</b>	<b>(133,616)</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of Saxo Bank A/S	506,214	(149,803)
Additional tier 1 capital holders	24,680	16,187
Non-controlling interests	365	-
<b>Total comprehensive income</b>	<b>531,259</b>	<b>(133,616)</b>

## STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP

Note	(1,000 DKK)	30 June 2020	31 Dec. 2019
<b>ASSETS</b>			
	Cash in hand and demand deposits with central banks	31,084,217	24,276,476
9	Receivables from credit institutions and central banks	3,821,283	6,478,343
10	Financial assets at fair value	28,536,160	25,467,603
	Bonds at amortised cost	3,858,945	3,349,675
9	Loans and other receivables at amortised cost	8,521,933	9,883,253
	Current tax assets	41,856	159,201
	Investments in joint ventures	299,318	300,315
	Intangible assets	2,630,707	2,516,054
	Tangible assets	1,364,940	1,412,106
	Deferred tax assets	47,879	37,475
	Other assets	446,703	1,049,898
	<b>Total assets</b>	<b>80,653,941</b>	<b>74,930,400</b>
<b>LIABILITIES</b>			
	Debt to credit institutions and central banks	3,821,641	3,563,948
10	Financial liabilities at fair value	3,073,502	2,256,435
	Deposits	64,045,959	59,311,073
	Current tax liabilities	105,844	31,063
	Other liabilities	1,201,631	1,076,326
	Deferred tax liabilities	133,234	167,634
	Provisions	271,211	302,407
12	Subordinated debt	815,702	1,139,555
	<b>Total liabilities</b>	<b>73,468,724</b>	<b>67,848,441</b>
<b>EQUITY</b>			
	Share capital	75,207	75,207
	Share premium	996,288	996,288
	Translation reserve	241,281	249,607
	Hedging reserve	(33,454)	(35,774)
	Revaluation reserve	44,089	46,926
	Retained earnings	5,404,714	4,890,975
	<b>Shareholders of Saxo Bank A/S</b>	<b>6,728,125</b>	<b>6,223,229</b>
13	Additional tier 1 capital	451,801	797,763
	Non-controlling interests	5,291	60,967
	<b>Total equity</b>	<b>7,185,217</b>	<b>7,081,959</b>
	<b>Total liabilities and equity</b>	<b>80,653,941</b>	<b>74,930,400</b>

## STATEMENT OF CHANGES IN EQUITY – SAXO BANK GROUP

### Shareholders of Saxo Bank A/S

(1,000 DKK)	Share capital	Share premium	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Total	Additional tier 1 capital	Non-controlling interests	Total
<b>Equity at 1 January 2020</b>	<b>75,207</b>	<b>996,288</b>	<b>249,607</b>	<b>(35,774)</b>	<b>46,926</b>	<b>4,890,975</b>	<b>6,223,229</b>	<b>797,763</b>	<b>60,967</b>	<b>7,081,959</b>
Net profit	-	-	-	-	-	503,587	503,587	24,680	521	528,788
<b>Other comprehensive income</b>										
Exchange rate adjustments	-	-	(57,116)	-	-	-	(57,116)	-	(156)	(57,272)
Hedge of net investments in foreign entities	-	-	62,552	-	-	-	62,552	-	-	62,552
Fair value adjustment of cash flow hedges	-	-	-	3,049	-	-	3,049	-	-	3,049
Revaluation of domicile properties	-	-	-	-	(3,637)	3,637	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	-	10,947	10,947	-	-	10,947
Tax	-	-	(13,762)	(729)	800	(3,114)	(16,805)	-	-	(16,805)
Total other comprehensive income	-	-	(8,326)	2,320	(2,837)	11,470	2,627	-	(156)	2,471
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(8,326)</b>	<b>2,320</b>	<b>(2,837)</b>	<b>515,057</b>	<b>506,214</b>	<b>24,680</b>	<b>365</b>	<b>531,259</b>
<b>Transactions with owners</b>										
Additional tier 1 capital <sup>1)</sup>	-	-	-	-	-	(1,161)	(1,161)	(336,086)	-	(337,247)
Tier 1 interest payment	-	-	-	-	-	-	-	(34,556)	-	(34,556)
Share-based payments	-	-	-	-	-	1,008	1,008	-	-	1,008
Treasury shares	-	-	-	-	-	6,485	6,485	-	-	6,485
Transactions with non-controlling interests	-	-	-	-	-	(7,650)	(7,650)	-	(56,041)	(63,691)
<b>Equity at 30 June 2020</b>	<b>75,207</b>	<b>996,288</b>	<b>241,281</b>	<b>(33,454)</b>	<b>44,089</b>	<b>5,404,714</b>	<b>6,728,125</b>	<b>451,801</b>	<b>5,291</b>	<b>7,185,217</b>

### Shareholders of Saxo Bank A/S

(1,000 DKK)	Share capital	Share premium	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Total	Additional tier 1 capital	Non-controlling interests	Total
<b>Equity at 1 January 2019</b>	<b>68,284</b>	<b>-</b>	<b>213,181</b>	<b>(37,885)</b>	<b>49,597</b>	<b>4,913,000</b>	<b>5,206,177</b>	<b>345,991</b>	<b>-</b>	<b>5,552,168</b>
Net profit	-	-	-	-	-	(155,216)	(155,216)	16,187	-	(139,029)
<b>Other comprehensive income</b>										
Exchange rate adjustments	-	-	22,202	-	-	-	22,202	-	-	22,202
Hedge of net investments in foreign entities	-	-	(13,439)	-	-	-	(13,439)	-	-	(13,439)
Fair value adjustment of cash flow hedges	-	-	-	(4,548)	-	-	(4,548)	-	-	(4,548)
Revaluation of domicile properties	-	-	-	-	(3,213)	3,213	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	-	(3,425)	(3,425)	-	-	(3,425)
Tax	-	-	2,956	943	707	17	4,623	-	-	4,623
Total other comprehensive income	-	-	11,719	(3,605)	(2,506)	(195)	5,413	-	-	5,413
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>11,719</b>	<b>(3,605)</b>	<b>(2,506)</b>	<b>(155,411)</b>	<b>(149,803)</b>	<b>16,187</b>	<b>-</b>	<b>(133,616)</b>
<b>Transactions with owners</b>										
Tier 1 interest payments	-	-	-	-	-	-	-	(16,368)	-	(16,368)
Share-based payments and repurchase	-	-	-	-	-	(15,560)	(15,560)	-	-	(15,560)
<b>Equity at 30 June 2019</b>	<b>68,284</b>	<b>-</b>	<b>224,900</b>	<b>(41,490)</b>	<b>47,091</b>	<b>4,742,029</b>	<b>5,040,814</b>	<b>345,810</b>	<b>-</b>	<b>5,386,624</b>

1) Transaction costs DKK 1.2 million are deducted in retained earnings.

## STATEMENT OF TOTAL CAPITAL – SAXO BANK GROUP

(1,000 DKK)	30 June <sup>1)</sup> 2020	31 Dec. 2019
<b>Tier 1 capital</b>		
Total equity 1 January excl. non-controlling interests	6,223,229	5,206,177
Net profit excl. non-controlling interests	-	39,377
Accrued interest (dividend) on Additional tier 1 capital, net of tax	-	(36,236)
Cost of issuance of Additional tier 1 capital	-	(6,927)
Share-based payments	-	(23,597)
Total other comprehensive income	2,627	37,505
Treasury shares	-	3,325
Change in Common equity tier 1 capital (CET1 capital)	-	1,003,605
Common equity tier 1 capital from subsidiaries	-	35,024
Hedging reserve	33,454	35,774
Intangible assets	(2,726,761)	(2,612,107)
Deferred tax liabilities, intangible assets	191,414	205,807
Deferred tax assets	(12,801)	(219,969)
Prudent valuation adjustments	(31,616)	(27,732)
<b>Common equity tier 1 capital (net after deduction)</b>	<b>3,679,546</b>	<b>3,640,026</b>
Additional tier 1 capital	448,270	783,072
<b>Total tier 1 capital</b>	<b>4,127,815</b>	<b>4,423,098</b>
<b>Tier 2 capital</b>		
Subordinated debt	739,003	1,119,820
<b>Total tier 2 capital</b>	<b>739,003</b>	<b>1,119,820</b>
<b>Total capital</b>	<b>4,866,819</b>	<b>5,542,918</b>
<b>Risk exposure amounts</b>		
Credit risk	5,632,333	6,786,804
Market risk	3,510,541	3,451,054
Operational risk	6,938,623	6,585,622
<b>Total risk exposure amounts</b>	<b>16,081,497</b>	<b>16,823,480</b>
Common equity tier 1 ratio	22.9%	21.6%
Tier 1 capital ratio	25.7%	26.3%
Total capital ratio	30.3%	32.9%

1) Net profit is not included in the Total Capital as of 30 June 2020 as Saxo Bank Group has not requested permission to recognise the interim profit in the CET1 capital.

Total capital is calculated in accordance with CRR stipulated by the Danish Financial Supervisory Authority.

## CASH FLOW STATEMENT – SAXO BANK GROUP

(1,000 DKK)	First half 2020	First half 2019
<b>Cash flow from operating activities</b>		
Profit before tax	703,779	(163,598)
Tax paid	(100,818)	(31,596)
<i>Adjustment for non-cash operating items:</i>		
Result from joint ventures	127	-
Amortisation and impairment charges of intangible assets	140,702	130,389
Depreciation and impairment charges of tangible assets	73,490	50,532
Impairment charges loans and receivables etc.	19,982	(266)
Other non-cash operating items	56,266	9,038
<b>Total</b>	<b>893,528</b>	<b>(5,501)</b>
<i>Changes in operating capital:</i>		
Receivables from credit institutions and central banks	5,844	5,453
Derivative financial instruments	643,769	437,486
Loans and other receivables at amortised cost	1,320,104	(4,289,762)
Bonds	(3,414,413)	405,920
Other assets	660,779	77,380
Debt to credit institutions and central banks	258,691	(1,202,303)
Deposits	4,779,230	4,147,106
Provisions and other liabilities	117,882	57,928
<b>Cash flow from operating activities</b>	<b>5,265,414</b>	<b>(366,293)</b>
<b>Cash flow from investing activities</b>		
Acquisition of intangible and tangible assets	(277,893)	(289,784)
<b>Cash flow from investing activities</b>	<b>(277,893)</b>	<b>(289,784)</b>
<b>Cash flow from financing activities</b>		
Repayment additional tier 1 capital included in equity, including transaction costs	(337,247)	-
Paid interest on additional tier 1 capital	(34,556)	(16,369)
Repayment of tier 2 capital	(373,348)	-
Transactions with non-controlling interests	(63,690)	-
Cash payments related to leases	(28,694)	(26,466)
Share based payments	52	(17,142)
Treasury shares	6,485	-
<b>Cash flow from financing activities</b>	<b>(830,998)</b>	<b>(59,977)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,156,523</b>	<b>(716,054)</b>
Cash and cash equivalents at 1 January	30,748,977	4,731,907
<b>Cash and cash equivalents at 30 June</b>	<b>34,905,500</b>	<b>4,015,853</b>
<b>Cash and cash equivalents at 30 June</b>		
Cash in hand and demand deposits with central banks	31,084,217	2,027,875
Amounts due from credit institutions and central banks within three months	3,821,283	1,987,978
<b>Cash and cash equivalents at 30 June</b>	<b>34,905,500</b>	<b>4,015,853</b>

## NOTES – SAXO BANK GROUP

### Note

---

#### 1 Accounting policies

The interim financial statements of Saxo Bank Group for the first half of 2020 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 for the first half 2020 has not been subject to audit or review.

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.

The accounting policies have not been changed compared to those applied in the Annual Report 2019. Note 1 in the Annual Report for 2019 contains a comprehensive description of Saxo Bank Group's accounting policies.

#### Implementation of IFRS standards and amendments applicable from 1 January 2020

Standards and amendments applicable in EU from 1 January 2020 have been implemented. The following amendments to standards have been implemented 1 January 2020:

- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 3: Business Combinations
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to References to the Conceptual Framework in IFRS Standards

Implementation of the amendments has not entailed changes to the accounting policies.

#### Change in comparative figures

Certain minor changes have been made to the comparative figures for 2019 due to reclassifications.

#### 2 Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires, in some cases, the use of judgements and estimates by management, that form the basis of presentation, recognition and measurement of Saxo Bank Group's assets, liabilities, income and expenses.

The estimates and judgements made are based on historical experience and other factors that management assesses to be reasonable, but by nature, are associated with uncertainty and unpredictability. The assumptions may be incomplete, unexpected future events or situations may occur, and other parties may arrive at other estimated values.

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

- classification of financial instruments
- fair value measurement of financial instruments
- measurement of expected credit loss on financial assets at amortised cost
- measurement of goodwill and other intangible assets

Note 2 in the Saxo Bank Group Annual Report for 2019 contains a comprehensive description of the critical accounting estimates and judgements.

## NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	First half 2020	First half 2019
<b>3</b>	<b>Interest income</b>		
	Credit institutions and central banks	34,278	52,426
	Bonds at amortised cost	6,885	-
	Loans and other receivables	113,828	-
	<b>Total interest income calculated using the effective interest method</b>	<b>154,991</b>	<b>52,426</b>
	Bonds at fair value	103,654	112,249
	Derivative financial instruments	470,158	538,257
	Other interest income	2,829	938
	<b>Total other interest income</b>	<b>576,641</b>	<b>651,444</b>
	<b>Total interest income</b>	<b>731,632</b>	<b>703,870</b>
	Interest received due to negative interest rates DKK 15.9 million (2019: 5.0 million) is recognised as interest income.		
<b>4</b>	<b>Interest expense</b>		
	Credit institutions and central banks	(83,008)	(22,392)
	Deposits	(21,298)	(20,339)
	Subordinated debt	(37,367)	(27,162)
	Interest expense leases	(5,226)	(5,461)
	<b>Total interest expense calculated using the effective interest method</b>	<b>(146,899)</b>	<b>(75,354)</b>
	Derivative financial instruments	(30,326)	(47,972)
	Other interest expense	(421)	-
	<b>Total other interest expense</b>	<b>(30,747)</b>	<b>(47,972)</b>
	<b>Total interest expense</b>	<b>(177,646)</b>	<b>(123,326)</b>
	Interest paid due to negative interest rates DKK 68.9 million (2019: 6.0 million) is recognised as interest expense.		
<b>5</b>	<b>Fee and commission income</b>		
	Trading with securities and derivative financial instruments	1,727,922	701,963
	Asset management fees	29,463	-
	Other fee and commission income	30,443	12,093
	<b>Total fee and commission income</b>	<b>1,787,828</b>	<b>714,056</b>
<b>6</b>	<b>Fee and commission expense</b>		
	Trading with securities and derivative financial instruments	(767,909)	(503,173)
	Other fee and commission expenses	(3,410)	(4,003)
	<b>Total fee and commission expense</b>	<b>(771,319)</b>	<b>(507,176)</b>



## NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	First half 2020	First half 2019
<b>7</b>	<b>Price and exchange rate adjustments</b>		
	Bonds at fair value	(94,656)	(52,042)
	Securities	(1,453)	(86)
	Foreign exchange	570,585	259,717
	Derivative financial instruments <sup>1)</sup>	257,098	114,743
	<b>Total price and exchange rate adjustments</b>	<b>731,574</b>	<b>322,332</b>
	1) Other than foreign exchange		

### 8 Staff costs and administrative expenses

In first half of 2020 a new warrants programme was introduced in Saxo Bank Group, where 2,692,765 warrants with a right to subscribe for shares in Saxo Bank A/S were granted to Board of Management and certain employees. The warrants may be exercised during 2025 due to certain conditions. The fair value of the warrants granted was estimated to DKK 37 million.

In total DKK 1 million (2019: DKK 2 million) regarding warrants was recognised as Staff cost and administrative expenses with a corresponding increase in equity as of 30 June 2020.

The warrants are accounted for as equity-settled transactions.

### 9 Loans and other receivables at amortised cost

The credit exposure net of impairment for loans and other receivables at amortised cost and guarantees was DKK 8.559 million as of 30 June 2020 (31 December 2019: DKK 9.945 million). The credit exposure after deduction of collateral was DKK 84 million (31 December 2019: DKK 82 million).

The credit exposure before provision and collateral was DKK 8.643 million (31 December 2019: DKK 9.981 million) of which DKK 8.530 million (31 December 2019: DKK 9.889 million) was in stage 1, DKK 10 million (31 December 2019: DKK 3 million) was in stage 2 and DKK 103 million (31 December 2019: DKK 61 million) was in stage 3.

The Risk management note in the Annual Report for 2019 contains a detailed description of the credit risk related to lending activities.

#### Impairment allowance in total for financial assets at amortised cost and guarantees

	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>30 June 2020</b>				
Impairment allowance 1 January 2020	15,052	66	27,448	42,566
Decreases due to redemptions and derecognition	632	-	5,000	5,632
Increases due to origination and acquisition	(296)	(7)	(2,481)	(2,784)
Changes due to change in credit risk (net)	7,935	149	11,785	19,869
Changes due to modifications with derecognition (net)	(2,735)	-	-	(2,735)
Other	(757)	-	-	(757)
<b>Impairment allowance 30 June 2020</b>	<b>19,831</b>	<b>208</b>	<b>41,752</b>	<b>61,791</b>
<b>31 December 2019</b>				
Impairment allowance 1 January 2019	2,265	-	21,817	24,082
Decreases due to redemptions and derecognition	(356)	(15)	(497)	(868)
Increases due to origination and acquisition	9,844	356	-	10,200
Changes due to change in credit risk (net)	3,299	(275)	6,270	9,294
Changes due to modifications with derecognition (net)	-	-	(142)	(142)
<b>Impairment allowance 31 December 2019</b>	<b>15,052</b>	<b>66</b>	<b>27,448</b>	<b>42,566</b>

## NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	30 June 2020	31 Dec. 2019
<b>10</b>	<b>Financial assets and liabilities at fair value</b>		
	Listed bonds	23,713,586	20,802,540
	Listed securities	109,564	122,298
	Derivative financial instruments with positive fair value	4,713,010	4,542,765
	<b>Total financial assets at fair value</b>	<b>28,536,160</b>	<b>25,467,603</b>
	Derivative financial instruments with negative fair value	3,068,326	2,248,494
	Financial liabilities designated at fair value	5,176	7,941
	<b>Total financial liabilities at fair value</b>	<b>3,073,502</b>	<b>2,256,435</b>

## NOTES – SAXO BANK GROUP

Note (1,000 DKK)

### 11 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
<b>30 June 2020</b>					
<b>Financial assets</b> <sup>1), 2), 3)</sup>					
Trading portfolio bonds	23,713,586	-	-	23,713,586	23,713,586
Listed securities	109,564	-	-	109,564	109,564
Derivative financial instruments with positive value	2,619,419	1,959,517	134,074	4,713,010	4,713,010
Bonds at amortised cost	3,858,527	-	-	3,858,527	3,858,945
Interest swaps	-	35,980	-	35,980	35,980
Loans and other receivables at amortised cost	-	-	8,360,933	8,360,933	8,521,933
Convertible loan notes at fair value	-	-	332,592	332,592	332,592
Investment securities	-	-	6,277	6,277	6,277
<b>Financial liabilities</b> <sup>1), 2)</sup>					
Derivative financial instruments with negative value	2,238,290	830,036	-	3,068,326	3,068,326
Financial liabilities designated at fair value	5,176	-	-	5,176	5,176
Interest swaps	-	117,475	-	117,475	117,475
Subordinated debt	-	-	800,922	800,922	815,702
<b>31 December 2019</b>					
<b>Financial assets</b> <sup>1), 2), 3)</sup>					
Trading portfolio bonds	20,802,540	-	-	20,802,540	20,802,540
Listed securities	122,298	-	-	122,298	122,298
Derivative financial instruments with positive value	2,162,418	2,228,431	151,916	4,542,765	4,542,765
Bonds at amortised cost	3,349,469	-	-	3,349,469	3,349,675
Interest swaps	-	8,145	-	8,145	8,145
Loans and other receivables at amortised cost	-	-	9,722,253	9,722,253	9,883,253
Convertible loan notes at fair value	-	-	893,863	893,863	893,863
Investment securities	-	-	7,756	7,756	7,756
<b>Financial liabilities</b> <sup>1), 2)</sup>					
Derivative financial instruments with negative value	1,643,153	605,341	-	2,248,495	2,248,494
Financial liabilities designated at fair value	7,941	-	-	7,941	7,941
Interest swaps	-	104,395	-	104,395	104,395
Subordinated debt	-	-	1,180,127	1,180,127	1,139,555

<sup>1)</sup> Trading portfolio bonds, listed securities, derivatives and financial liabilities designated at fair value are presented in the statement of financial position as Financial assets and liabilities at fair value, note 10.

<sup>2)</sup> Investment securities and interest swaps are presented in the statement of financial position as Other assets and Other liabilities.

<sup>3)</sup> Convertible loan notes at fair value is presented in the statement of financial position as Investments in joint ventures.

## NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	30 June 2020	31 Dec. 2019
11	<b>Fair value hierarchy for financial instruments (continued)</b>		
	<b>Financial instruments valued at the basis of non-observable input - level 3</b>		
	Fair value at 1 January	1,053,535	156,278
	Additions	-	898,207
	Disposals including repayment of loan notes	(579,113)	-
	<i>Gains and losses recognised in income statement:</i>		
	Realised fair value adjustments recognised in price and exchange rate adjustments	(0)	67
	Unrealised fair value adjustments recognised in price and exchange rate adjustments	(1,479)	(1,017)
	<b>Fair value end of period</b>	<b>472,943</b>	<b>1,053,535</b>

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

Financial instruments (level 3) consist primarily of convertible loan notes amounting DKK 333 million as at 30 June 2020 (31 December 2019: DKK 894 million).

The convertible loan notes are measured at fair value based on unobservable inputs (level 3) by using a discounted cash flow model. The key input in the valuation model is the discount rate of 15%. The conversion will be at fair value hence the fair value of the conversion right is insignificant. Had a discount rate of 10% been applied it would result in a gain of DKK 144 million (31 December 2019: DKK 72 million) and had a discount rate of 20% been applied it would result in a loss of DKK 90 million (31 December 2019: DKK 45 million).

### 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 securities, futures, ETO's, CFD single equities and turbos 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. Saxo Bank Group applies valuation techniques for FX instruments. Valuation techniques used are different 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. This fair value is adjusted for credit value adjustment based on the clients' worthiness. Convertible loan notes are measured at fair value using a discounted cash flow model. Investment securities are primarily measured based on third party pricing information (level 3).

Saxo Bank 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 an orderly transaction between market participants at the measurement date.

### 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.

Bonds at amortised cost consist of an investment portfolio of readily marketable bonds that are primarily traded by professional market parties without the intermediation of a regulated market. Price quotes are available from brokers on request.

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

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

## NOTES – SAXO BANK GROUP

Note	(1,000 DKK)										30 June 2020	31 Dec. 2019
<b>12</b>	<b>Subordinated debt</b>											
				Margin first period		Margin second period		Margin third period				
	<b>Cur- rency</b>	<b>Year of issue</b>	<b>Maturity</b>	<b>Interest</b>	<b>Rate</b>	<b>Years</b>	<b>Rate</b>	<b>Years</b>	<b>Rate</b>	<b>Years</b>		
	EUR	2015	14.04.2025	Fixed/EURIBOR	14.40%	0.25	12.00%	4.75	12.30%	5.00	-	370,885
	EUR	2019	03.07.2029	Fixed/ EUR mid swap rate	5.50%	5.00	EUR mid swap rate + 5.716%	5.00	-	-	739,003	740,790
	Accrued interest on subordinated debt										40,719	19,735
	Fair value adjustment due to hedge accounting										35,980	8,145
	<b>Total subordinated debt</b>										<b>815,702</b>	<b>1,139,555</b>

Subordinated tier 2 notes issued in 2015 for nominal EUR 50 million has been optionally redeemed by Saxo Bank A/S on the first call date 14 April 2020.

Note 22 in the Saxo Bank Group Annual Report for 2019 provides more detailed information.

### 13 Additional tier 1 capital

Cur- rency	Year of issue	Maturity	Interest	Nominal	Rate	Years	30 June 2020	31 Dec. 2019
EUR	2014	Perpetual	Fixed	45,000	9.750%	5.25	-	334,802
EUR	2019	Perpetual	Fixed <sup>1)</sup>	60,000	8.125%	5.50	448,270	448,270
Accrued interest on additional tier 1 capital							3,531	14,691
<b>Total additional tier 1 capital</b>							<b>451,801</b>	<b>797,763</b>

<sup>1)</sup> The interest rate is fixed the first five years and six months after issuance. Hereafter the interest rate is fixed every fifth year at the 5-year mid-swap rate plus 8.482% until redemption

Tier 1 notes issued in 2014 for nominal EUR 45 million has been optionally redeemed by Saxo Bank A/S on the first call date 26 February 2020.

Note 23 in the Saxo Bank Group Annual Report for 2019 provides more detailed information.

### 14 Related parties

In March 2020 Saxo Bank A/S converted loan notes to Saxo Geely Tech Holding A/S of EUR 75 million to share capital in the joint venture. Furthermore one loan note of EUR 75 million has been repaid by Saxo Geely Tech Holding A/S in 2020.

In first half of 2020 a new warrants programme was introduced in Saxo Bank Group, where 2,692,765 warrants with a right to subscribe for shares in Saxo Bank A/S were granted. Hereof, 137,765 warrants were granted to Board of Management. See note 8 for further information.

Besides the above the nature of related party transactions in the first half of 2020 are all of same nature as the ones disclosed in note 31 in the Saxo Bank Group Annual Report for 2019.

## NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	30 June 2020	31 Dec. 2019
<b>15</b>	<b>Contingent and other contractual commitments</b>		
	<b>Guarantees</b>		
	Financial guarantees	35,423	33,609
	Suretyship and other guarantees	14,691	14,781
	<b>Total guarantees</b>	<b>50,114</b>	<b>48,390</b>
	<b>Loan commitments etc.</b>		
	Undrawn credit facilities (mortgage quotations issued)	2,869	13,540
	<b>Total loan commitments etc.</b>	<b>2,869</b>	<b>13,540</b>
	<b>Other contractual commitments</b>		
	Other contractual commitments	158,741	172,567
	<b>Total other contractual commitments</b>	<b>158,741</b>	<b>172,567</b>

Due to the business volume of Saxo Bank 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 financial position.

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

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

Due to Geely Financials Denmark A/S' controlling influence in Saxo Bank A/S, Saxo Bank A/S and its Danish subsidiaries joint from 14 september 2018 a Danish joint taxation with Geely Financials Denmark A/S as the administration company. Saxo Bank A/S and its Danish subsidiaries are taxed jointly with all Danish entities in the Danish joint taxation and is jointly and severally liable with these for payments of Danish corporate tax and withholding tax etc.

### 16 Assets deposited as collateral

	30 June 2020	31 Dec. 2019
<b>Financial assets deposited as collateral</b>		
Cash in hand and demand deposits with central banks	60,476	65,796
Receivables from credit institutions and central banks	637,928	543,707
Bonds at fair value	5,753,720	2,346,746
Bonds at amortised cost	1,752,509	2,351,714
<b>Other assets deposited as collateral</b>		
Domicile property	365,664	365,664

Saxo Bank Group has placed cash as security for an interest swap entered to hedge the Group's mortgage debt.

Saxo Bank Group has bonds at fair value held in custody with credit institutions. Receivables from credit institutions and central banks and bonds at amortised cost serve as collateral. The assets serve as collateral for Saxo Bank Group's ongoing financial business with the individual credit institution. The actual demand for collateral varies from day to day in line with the fair value of Saxo Bank Group open positions against these credit institutions.

Debt to credit institutions is secured by mortgage deed on Saxo Bank Group's domicile properties.

### 17 Events after the reporting date

There have been no events that have materially affected the assessment of this Interim Report 2020 after the reporting date.

## NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	First half 2020	First half 2019
<b>18</b>	<b>Key figures and ratios</b>		
	<b>Highlights</b>		
	<b>Income statement</b>		
	Net interest, fees and commissions	1,570,495	787,424
	Price and exchange rate adjustments	731,574	322,332
	Staff costs and administrative expenses	(1,347,398)	(1,090,536)
	Impairment charges loans and receivables etc.	(19,982)	266
	Result from joint ventures	(127)	-
	Net profit	528,788	(139,029)
	<b>Statement of financial position</b>		
	Loans and other receivables at amortised cost	8,521,933	4,289,868
	Deposits	64,045,959	25,560,458
	Subordinated debt	815,702	365,365
	Total equity	7,185,217	5,386,624
	Total assets	80,653,941	37,529,120
	Full-time-equivalent staff (end of period)	2,081	1,737
	<b>EBITDA</b>		
	Net profit before tax	703,779	(163,598)
	<i>Adjusted for:</i>		
	Depreciation and amortisation	214,193	180,920
	Result from associates and joint ventures	127	-
	Interest expenses, non-core	49,221	39,745
	<b>EBITDA</b>	<b>967,320</b>	<b>57,067</b>
	<b>Key figures and ratios <sup>1)</sup></b>		
	Total capital ratio <sup>2)</sup>	30.3%	31.9%
	Tier 1 capital ratio <sup>2)</sup>	25.7%	28.9%
	Return on equity before tax <sup>3)</sup>	21.5%	-6.5%
	Return on equity after tax <sup>3)</sup>	16.1%	-5.6%
	Income/cost ratio	144.0%	87.2%
	Interest rate risk	2.7%	2.6%
	Foreign exchange rate risk/Tier 1 capital	6.9%	4.5%
	Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.0%
	Loans and other receivables plus impairment charges/Deposits	13.4%	16.8%
	Loans and other receivables proportional to Total equity	1.19	0.80
	Growth in loans and other receivables	-13.8%	>1,000%
	Liquidity coverage ratio	319.3%	315.5%
	Sum of large exposures/CET1 capital	12.0%	8.3%
	Loss and provisions ratio	-0.2%	0.0%
	Return on assets <sup>3)</sup>	1.3%	-0.7%

<sup>1)</sup> Net profit is not included in the Total Capital as of 30 June 2020 as Saxo Bank Group has not requested permission to recognise the interim profit in the core capital.

<sup>2)</sup> Key figures and ratios are impacted by acquisition of BinckBank N.V., see note 24 Acquisition of businesses in Saxo Bank Groups Annual Report 2019.

<sup>3)</sup> Annualised.

Please refer to Saxo Bank Group's Annual Report 2019 page 106 for definitions of key figures and ratios.





# INTERIM FINANCIAL STATEMENTS

**SAXO BANK A/S**

## INCOME STATEMENT – SAXO BANK A/S

Note	(1,000 DKK)	First half 2020	First half 2019
2	Interest income	554,941	635,207
3	Interest expense	(91,446)	(110,145)
	<b>Net interest income</b>	<b>463,495</b>	<b>525,062</b>
	Fee and commission income	1,057,607	693,486
	Fee and commission expense	(1,134,118)	(810,602)
	<b>Net interest, fees and commissions</b>	<b>386,984</b>	<b>407,946</b>
4	Price and exchange rate adjustments	714,304	329,092
	<b>Operating income</b>	<b>1,101,288</b>	<b>737,038</b>
	Other income	21,984	16,108
5	Staff costs and administrative expenses	(882,925)	(822,531)
	Depreciation, amortisation and impairment of intangible and tangible assets	(133,589)	(152,204)
	Other expenses	(739)	(2,495)
6	Impairment charges loans and receivables etc.	(9,782)	213
	Result from subsidiaries and joint ventures	469,316	45,007
	<b>Profit before tax</b>	<b>565,553</b>	<b>(178,864)</b>
	Tax	(37,286)	39,835
	<b>Net profit</b>	<b>528,267</b>	<b>(139,029)</b>
	<b>Net profit attributable to:</b>		
	Equity method reserve	464,054	(225,881)
	Additional tier 1 capital holders	24,680	16,187
	Retained earnings	39,533	70,665
	<b>Net profit</b>	<b>528,267</b>	<b>(139,029)</b>

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

(1,000 DKK)	First half 2020	First half 2019
<b>Net profit</b>	<b>528,267</b>	<b>(139,029)</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to income statement:		
Other comprehensive income from subsidiaries, net of tax	8,633	(2,701)
Items that will not be reclassified to income statement	8,633	(2,701)
Items that are or may be reclassified subsequently to income statement:		
Exchange rate adjustments	(57,116)	22,202
Hedge of net investments in foreign entities	62,552	(13,439)
Other comprehensive income from subsidiaries, net of tax	2,320	(3,605)
Tax	(13,762)	2,956
Items that are or may be reclassified subsequently to income statement	(6,006)	8,114
<b>Total other comprehensive income</b>	<b>2,627</b>	<b>5,413</b>
<b>Total comprehensive income</b>	<b>530,894</b>	<b>(133,616)</b>
<b>Total comprehensive income attributable to:</b>		
Equity method reserve	466,680	(220,468)
Additional tier 1 capital holders	24,680	16,187
Retained earnings	39,533	70,665
<b>Total comprehensive income</b>	<b>530,893</b>	<b>(133,616)</b>

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

Note	(1,000 DKK)	30 June 2020	31 Dec. 2019
<b>ASSETS</b>			
	Cash in hand and demand deposits with central banks	364,925	280,442
6	Receivables from credit institutions and central banks	4,574,673	5,416,481
6	Loans and other receivables at amortised cost	86,776	87,356
	Bonds at fair value	22,787,092	19,873,943
	Investment securities	6,277	7,756
	Investments in subsidiaries	5,686,258	5,590,167
	Investments in joint ventures	299,318	580,430
	Intangible assets	1,892,704	1,726,924
	Tangible assets	83,853	83,749
	Tax receivables	45,992	63,541
	Deferred tax assets	25,735	21
	Other assets	4,372,945	4,550,359
	Prepayments	128,707	72,861
	<b>Total assets</b>	<b>40,355,255</b>	<b>38,334,030</b>
<b>LIABILITIES</b>			
	Debt to credit institutions and central banks	5,269,455	4,236,231
	Deposits	23,609,563	22,961,950
	Tax liabilities	44,004	860
	Other liabilities	3,214,488	2,742,165
	<b>Total debt</b>	<b>32,137,510</b>	<b>29,941,206</b>
	Deferred tax liabilities	-	17,426
6	Provisions for guarantees	22,470	19,970
	Other provisions	199,080	194,313
	<b>Total provisions</b>	<b>221,550</b>	<b>231,709</b>
	<b>Subordinated debt</b>	<b>815,702</b>	<b>1,139,555</b>
<b>EQUITY</b>			
	Share capital	75,207	75,207
	Share premium	996,288	996,288
	Equity method reserve	1,379,599	920,517
	Retained earnings	4,277,598	4,231,785
	<b>Shareholders of Saxo Bank A/S</b>	<b>6,728,692</b>	<b>6,223,797</b>
	Additional tier 1 capital	451,801	797,763
	<b>Total equity</b>	<b>7,180,493</b>	<b>7,021,560</b>
	<b>Total liabilities and equity</b>	<b>40,355,255</b>	<b>38,334,030</b>

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

(1,000 DKK)	Shareholders of Saxo Bank A/S						
	Share capital	Share premium	Equity method reserve	Retained earnings	Total	Additional tier 1 capital	Total
<b>Equity at 1 January 2020</b>	<b>75,207</b>	<b>996,288</b>	<b>920,517</b>	<b>4,231,784</b>	<b>6,223,796</b>	<b>797,763</b>	<b>7,021,559</b>
Net profit	-	-	464,054	39,533	503,587	24,680	528,267
<b>Other comprehensive income</b>							
Exchange rate adjustments	-	-	(57,116)	-	(57,116)	-	(57,116)
Hedge of net investments in foreign entities	-	-	62,552	-	62,552	-	62,552
Other comprehensive income from subsidiaries, net of tax	-	-	10,953	-	10,953	-	10,953
Tax	-	-	(13,762)	-	(13,762)	-	(13,762)
Total other comprehensive income	-	-	2,627	-	2,627	-	2,627
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>466,681</b>	<b>39,533</b>	<b>506,214</b>	<b>24,680</b>	<b>530,894</b>
<b>Transactions with owners</b>							
Additional tier 1 capital <sup>1)</sup>	-	-	-	(1,161)	(1,161)	(336,086)	(337,247)
Tier 1 interest payments	-	-	-	-	-	(34,556)	(34,556)
Share-based payments	-	-	52	956	1,008	-	1,008
Treasury shares	-	-	-	6,485	6,485	-	6,485
Other equity movements, from subsidiaries	-	-	(7,650)	-	(7,650)	-	(7,650)
<b>Equity at 30 June 2020</b>	<b>75,207</b>	<b>996,288</b>	<b>1,379,600</b>	<b>4,277,597</b>	<b>6,728,692</b>	<b>451,801</b>	<b>7,180,493</b>

(1,000 DKK)	Shareholders of Saxo Bank A/S						
	Share capital	Share premium	Equity method reserve	Retained earnings	Total	Additional tier 1 capital	Total
<b>Equity at 1 January 2019</b>	<b>68,284</b>	<b>-</b>	<b>745,242</b>	<b>4,393,219</b>	<b>5,206,745</b>	<b>345,991</b>	<b>5,552,736</b>
Net profit	-	-	(225,881)	70,665	(155,216)	16,187	(139,029)
<b>Other comprehensive income</b>							
Exchange rate adjustments	-	-	22,202	-	22,202	-	22,202
Hedge of net investments in foreign entities	-	-	(13,439)	-	(13,439)	-	(13,439)
Other comprehensive income from subsidiaries, net of tax	-	-	(6,306)	-	(6,306)	-	(6,306)
Tax	-	-	2,956	-	2,956	-	2,956
Total other comprehensive income	-	-	5,413	-	5,413	-	5,413
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(220,468)</b>	<b>70,665</b>	<b>(149,803)</b>	<b>16,187</b>	<b>(133,616)</b>
<b>Transactions with owners</b>							
Tier 1 interest payments	-	-	-	-	-	(16,368)	(16,368)
Share-based payments and repurchase	-	-	-	(15,560)	(15,560)	-	(15,560)
<b>Equity at 30 June 2019</b>	<b>68,284</b>	<b>-</b>	<b>524,774</b>	<b>4,448,324</b>	<b>5,041,382</b>	<b>345,810</b>	<b>5,387,192</b>

1) Transaction costs DKK 1.2 million are deducted in retained earnings.

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

(1,000 DKK)	30 June <sup>1)</sup> 2020	31 Dec. 2019
<b>Tier 1 capital</b>		
Total equity 1 January	6,223,796	5,206,745
Net profit	-	39,377
Accrued interest (dividend) on Additional tier 1 capital	-	(36,236)
Cost of issuance of Additional tier 1 capital	-	(6,927)
Share-based payments	-	(23,597)
Total other comprehensive income	2,627	37,505
Treasury shares	-	3,325
Change in Common equity tier 1 capital (CET1 capital)	-	1,003,605
Intangible assets	(1,988,758)	(1,822,979)
Deferred tax liabilities, intangible assets	139,648	132,390
Deferred tax assets	-	(196,917)
Prudent valuation adjustments	(29,671)	(25,899)
<b>Common equity tier 1 capital (net after deduction)</b>	<b>4,347,642</b>	<b>4,310,392</b>
Additional tier 1 capital	448,270	783,072
<b>Total tier 1 capital</b>	<b>4,795,912</b>	<b>5,093,464</b>
<b>Tier 2 capital</b>		
Subordinated debt	739,003	1,119,820
<b>Total tier 2 capital</b>	<b>739,003</b>	<b>1,119,820</b>
<b>Total capital</b>	<b>5,534,915</b>	<b>6,213,284</b>
<b>Risk exposure amounts</b>		
Credit risk	8,260,972	8,880,714
Market risk	3,379,706	3,273,698
Operational risk	3,199,219	3,199,219
<b>Total risk exposure amounts</b>	<b>14,839,897</b>	<b>15,353,631</b>
Common equity tier 1 ratio	29.3%	28.1%
Tier 1 capital ratio	32.3%	33.2%
Total capital ratio	37.3%	40.5%

1) Net profit is not included in the Total Capital as of 30 June 2020 as Saxo Bank has not requested permission to recognise the interim profit in the CET1 capital.

The Total capital is calculated in accordance with CRR 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 2020 have been prepared in accordance with the Danish Financial Business Act and the Danish executive order on financial reports for credit institutions and investment companies, etc.

The interim report for the first half of 2020 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 2019.

	First half 2020	First half 2019
<b>2 Interest income</b>		
Credit institutions and central banks	4,800	7,324
Loans and other receivables	52,702	52,166
Bonds	103,654	107,244
Derivative financial instruments	392,560	468,473
Other interest income	1,225	-
<b>Total interest income</b>	<b>554,941</b>	<b>635,207</b>
Interests received due to negative interest rates DKK 10.6 million (2019: 5.0 million) is recognised as interest income.		
<b>3 Interest expense</b>		
Credit institutions and central banks	(8,083)	(6,687)
Deposits	(21,094)	(28,694)
Subordinated debt	(37,367)	(27,162)
Derivative financial instruments	(24,130)	(47,243)
Interest expense leases	(408)	(359)
Other interest expense	(364)	-
<b>Total interest expense</b>	<b>(91,446)</b>	<b>(110,145)</b>
Interests paid due to negative interest rates DKK 0 million (2019: 0 million) is recognised as interest expense.		
<b>4 Price and exchange rate adjustments</b>		
Bonds at fair value	(95,582)	(49,048)
Foreign exchange	551,442	261,612
Derivative financial instruments <sup>1)</sup>	258,444	116,528
<b>Total price and exchange rate adjustments</b>	<b>714,304</b>	<b>329,092</b>

<sup>1)</sup> Other than foreign exchange

## NOTES – SAXO BANK A/S

Note (1,000 DKK)

### 5 Staff costs and administrative expenses

In first half of 2020 a new warrants programme was introduced in Saxo Bank Group. For detailed information, see note 8 Staff costs and administrative expenses in the consolidated interim statements.

### 6 Loans and other receivables at amortised cost

Impairment allowance in total for financial assets at amortised cost and guarantees

	Stage 1		Stage 2	Stage 3	Total
	12 months	ECL	Lifetime ECL	Lifetime ECL	
<b>30 June 2020</b>					
Impairment allowance 1 January 2020	6,376	-	-	21,118	27,494
Impairment for the period	7,162	-	-	5,000	12,162
Reversal of impairment from previous years	-	-	-	(2,380)	(2,380)
Amounts written down	-	-	-	(123)	(123)
<b>Impairment allowance 30 June 2019</b>	<b>13,538</b>	<b>-</b>	<b>-</b>	<b>23,615</b>	<b>37,153</b>
<b>31 December 2019</b>					
Impairment allowance 1 January 2019	2,264	-	-	21,804	24,068
Impairment for the period	5,172	-	-	-	5,172
Reversal of impairment from previous years	(1,060)	-	-	(686)	(1,746)
<b>Impairment allowance 31 December 2019</b>	<b>6,376</b>	<b>-</b>	<b>-</b>	<b>21,118</b>	<b>27,494</b>

### 7 Related parties

In March 2020 Saxo Bank A/S converted loan notes to joint venture Saxo Geely Tech holding A/S of EUR 75 million to share capital in the joint venture. Furthermore one loan note of EUR 75 million has been repaid by Saxo Geely Tech Holding A/S in 2020.

In first half of 2020 a new warrants programme was introduced in Saxo Bank Group, where 2,692,765 warrants with a right to subscribe for shares in Saxo Bank A/S were granted. Hereof, 137,765 warrants were granted to Board of Management. See note 8 in the consolidated interim statements for further information.

Besides the above the nature of related-party transactions in the first half of 2020 are all of same nature as the ones disclosed in note 22 in Saxo Bank A/S' Annual Report for 2019 (part of the Saxo Bank Groups Annual Report).



## NOTES – SAXO BANK A/S

Note	(1,000 DKK)	30 June 2020	31 Dec. 2019
<b>8</b>	<b>Contingent and other contractual commitments</b>		
	<b>Guarantees</b>		
	Financial guarantees	253,757	174,214
	Guarantees issued to subsidiaries	28,013	27,533
	Other guarantees	14,311	14,011
	<b>Total guarantees</b>	<b>296,081</b>	<b>215,758</b>
	<b>Other contractual commitments</b>		
	Rent commitments towards subsidiaries	331,920	349,743
	Other contractual commitments	148,254	155,914
	<b>Total other contractual commitments</b>	<b>480,174</b>	<b>505,657</b>

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

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

Due to Geely Financials Denmark A/S' controlling influence in Saxo Bank A/S, Saxo Bank A/S and its Danish subsidiaries joint from 14 september 2018 a Danish joint taxation with Geely Financials Denmark A/S as the administration company. Saxo Bank A/S and its Danish subsidiaries are taxed jointly with all Danish entities in the Danish joint taxation and is jointly and severally liable with these for payments of Danish corporate tax and withholding tax etc.

<b>9</b>	<b>Assets deposited as collateral</b>		
	<b>Financial assets deposited as collateral</b>	<b>30 June 2020</b>	<b>31 Dec. 2019</b>
	Bonds at fair value	5,753,720	2,346,746
	Receivables from credit institutions and central banks	247,062	210,748

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

### 10 Events after the reporting date

For detailed information, see note 17 Events after the reporting date in the consolidated interim financial statements.

## NOTES – SAXO BANK A/S

Note	(1,000 DKK)	First half 2020	First half 2019
<b>11</b>	<b>Key figures and ratios</b>		
	<b>Highlights</b>		
	<b>Income statement</b>		
	Net interest, fees and commissions	386,984	407,946
	Price and exchange rate adjustments	714,304	329,092
	Staff costs and administrative expenses	(882,925)	(822,531)
	Impairment charges loans and receivables etc.	(9,782)	213
	Income from subsidiaries and joint ventures	469,316	45,007
	Net profit	528,267	(139,029)
	<b>Statement of financial position</b>		
	Loans and other receivables at amortised cost	86,776	4,396,644
	Deposits	23,609,563	22,719,207
	Subordinated debt	815,702	365,365
	Total equity	7,180,493	5,387,192
	Total assets	40,355,255	35,090,339
	Full-time-equivalent staff (avg.)	708	729
	<b>Key figures and ratios <sup>1)</sup></b>		
	Total capital ratio	37.3%	32.2%
	Tier 1 capital ratio	32.3%	29.1%
	Return on equity before tax <sup>2)</sup>	17.3%	-7.2%
	Return on equity after tax <sup>2)</sup>	16.1%	-5.6%
	Income/cost ratio	155.1%	81.7%
	Interest rate risk	0.8%	2.9%
	Foreign exchange rate risk/Tier 1 capital	4.7%	3.6%
	Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.0%
	Loans and other receivables plus impairment charges/Deposits	0.4%	19.4%
	Loans and other receivables proportional to Total equity	0.0	0.8
	Growth in loans and other receivables	-0.7%	>1,000%
	Liquidity coverage ratio	168.5%	225.6%
	Sum of large exposures/CET1 capital	10.2%	7.1%
	Loss and provisions ratio	-2.6%	0.0%
	Return on assets <sup>2)</sup>	2.6%	-0.8%

<sup>1)</sup> Net profit is not included in the Total Capital as of 30 June 2020 as Saxo Bank Group has not requested permission to recognise the interim profit in the core capital.

<sup>2)</sup> Annualised.

Please refer to Saxo Bank Group's Annual Report 2019 page 106 for definitions of key figures and ratios.

## STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management have considered and approved the interim report first half 2020 for Saxo Bank A/S.

The consolidated interim financial statements for the first half of 2020 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 2020 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the period 1 January - 30 June 2020.

Moreover, in our opinion, the Management Report include a fair review of developments in the Group's and the Parent Company's operations and financial position and describe the significant risks and uncertainty factors that may affect the Group and the Parent Company.

Copenhagen, 20 August 2020

## BOARD OF MANAGEMENT

Kim Fournais  
Founder and CEO

Søren Kyhl  
Deputy CEO and Chief Operating Officer

Steen Blaafalk  
Chief Financial and Risk Officer

## BOARD OF DIRECTORS

Daniel Donghui Li  
Chairman

Henrik Michael Normann  
Vice Chairman

Yi lan Zhang

John Patrick Sture Lapveteläinen

Preben Damgaard Nielsen

## COMPANY INFORMATION

### Company

Address: Saxo Bank A/S  
Philip Heymans Allé 15  
2900 Hellerup  
Denmark

Phone: +45 3977 4000

Fax: +45 3977 4200

Email: [saxobankdanmark@saxobank.com](mailto:saxobankdanmark@saxobank.com)

Reg. No.: 1149

CVR No.: 15 73 12 49

Website: [www.home.saxo](http://www.home.saxo)

### Board of Directors

Daniel Donghui Li	Chairman of the Board
Henrik Michael Normann	Vice Chairman of the Board
Yi Ian Zhang	Member of the Board
John Patrick Sture Lapveteläinen	Member of the Board
Preben Damgaard Nielsen	Member of the Board

### Board of Management

Kim Fournais	Founder and CEO
Søren Kyhl	Deputy CEO and Chief Operating Officer
Steen Blaafalk	Chief Financial and Risk Officer

### Shareholders

The following shareholders have registered shareholdings of more than 5% of Saxo Bank A/S' share capital:

Fournais Holding A/S, DK-2850 Nærum, Denmark  
Geely Financials Denmark A/S, DK-1609 København, Denmark  
Sampo Plc. FI-00100 Helsinki, Finland