

# INTERIM REPORT FIRST HALF 2021





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## LETTER FROM THE CEO

Against the backdrop of the pandemic and the global recovery, the first quarter of 2021 saw unprecedented market moves. The bull market in equities continued and reached new all-time highs, while cryptocurrencies and speculative stocks stole the show, with Bitcoin topping out in April and falling by nearly 50 percent. No one could have predicted this less than a year ago as uncertainty loomed, and COVID-19 reaped havoc on communities and economies around the world.

As many countries now slowly transition to a more normal state of affairs, we continue to see an increased interest in trading from both experienced investors and the many individuals investing their savings for the first time. This marks an acceleration of a global trend in motion before the pandemic, of more people taking greater ownership and control of their savings and investments. This greater participation and empowerment of retail investors will continue to be a dominant market force for the foreseeable future. It will be a force for good not only for society and the economy, but for the many people who are now better equipped to fulfill their financial aspirations while making an impact by investing based on their beliefs and values.

Timely, relevant, and unbiased access to information and products can help our clients make optimal financial decisions. Amidst the great and rapid changes within financial markets and the world of investing, we have focused on supporting our clients with risk management, education, tools, and relevant market research to better navigate the markets and recent unprecedented events.

During the first six months of the year, more than 159,000 new active clients opened an account with Saxo Bank - we are both proud and humbled that an increasing number of people continue to put their trust in us. Today, we service more than 790,000 clients and hold DKK 595 billion in clients' assets, which is another record-breaking milestone in Saxo Bank's 29-year history. It took 25 years to reach the DKK 100 billion milestone and then 4 years to add an additional DKK 500 billion in clients' assets.

The financial results for the first half of the year is solid with a total operating income of DKK 2.4 billion and a net profit of DKK 512 million. This indicates that we are heading in the right strategic direction as we put an even stronger focus on providing our clients with inspirational and educational content and a better experience when using our platforms.

In H1, we doubled down on the final process of fully integrating BinckBank as we have continued migrating and welcoming the former BinckBank clients in France, Belgium, the Netherlands to Saxo Bank's platforms. Transitions from the old to the new is not always easy - and that is why we are moving clients in phases while paying close attention to their feedback during the process.

Most clients transitioning from BinckBank will use the new SaxoInvestor platform: an enhanced version built on clients' feedback. It combines the best of Saxo and Binck, offering the market's broadest and most relevant product suite in both equities and funds, as well as more complex products such as warrants, turbos and SRDs, and it gives investors the tools, data and services needed to navigate markets. The enhanced SaxoInvestor platform will also be available to our clients in many other countries over the coming year as a key part of our long-term strategy to further grow our presence in the investor segment. To better support all our clients and give them an improved Saxo Experience, in the past six months we have also introduced new products including margin lending and eIPOs.

In May, we were very proud to become the first licensed bank and financial institution in the world to receive the Cloud Security Alliance (CSA) Security, Trust & Assurance Registry (STAR) Level 2 Attestation and Trusted Cloud Provider accreditation. It is a distinct honour that is a testament to Saxo's commitment to technology and security as well as the strength, power, and security of our business model. Technology plays a key role in driving a world-class client experience, and we continue to deliver on key technology initiatives such as cloud migration, microservices and DevOps. Internally, we are enhancing our processes for a better client experience, and to ensure that we are always compliant in all jurisdictions even as we onboard and serve more clients than ever.

An exciting new product that we have launched in most markets is Crypto FX, making Saxo Bank one of the first banks in the world to offer seamless trading in major cryptocurrencies as FX spot pairs. The new offering, which lets clients trade Bitcoin, Ethereum and Litecoin against EUR, USD, and JPY from a single margin account, offers a reliable, regulated, and transparent access to crypto markets, giving investors new opportunities to diversify their portfolios and hedge the most popular cryptocurrencies. We are encouraged by the interest so far and look forward to bringing more innovative products to our clients in the second half of the year.

We remain fully committed to giving the best experience to our growing client base. This requires constant innovation, improvement and strategic investments. With this in mind, we continue to deliver on our strategy execution plan by investing in constant improvement of the experience, which is referred to as the SaxoExperience, by leveraging technology, digitisation and scalability while at the same time optimising our processes to reduce cost and complexity.

As we look ahead to the next six months, we continue to strive to build on the trust of our growing number of clients and partners, as we constantly enhance our offering to ensure they can make the most of market opportunities.

Best regards,





**Kim Fournais**  
Founder and CEO



## KEY EVENTS FIRST HALF 2021

January	February	March	April	May	June
<p>Launches SaxoLite, developed by Saxo FinTech, for Mainland Chinese clients including eIPOs, Stock Connect, global ETFs</p>	<p>Launches SaxoInvestor platform, including margin lending and eIPOs. in Hono Kona</p>	<p>The most successful first quarter in Saxo's history with close to 100,000 new clients</p>	<p>Migration of BinckBank's Dutch clients active in equities and ETF's to the Saxo Platform</p>	<p>Launches Crypto FX product on Bitcoin, Ethereum and Litecoin</p>	<p>Nine more regional banks joins our partnership with the initial five banks under SDC in Denmark</p>
	<p>Launch of internal equity and equity option trading tripled account openings per month in 2021 in Tokyo office</p>	<p>Launches updated vision: "Enable people to fulfill their financial aspirations and make an impact"</p>		<p>Migration of BinckBank's Belgium clients active in equities and ETF's to the Saxo Platform</p>	
	<p>Reaches milestone of DKK 500 billion in clients' assets</p>	<p>Executes the legal merger of Saxo Banque France SAS and BinckBank France</p>			<p>Reaches clients' assets of DKK 595 billion with net new funding above DKK 50 billion for H1 2021.</p>
		<p>Kari Stadigh is appointed as new chairman of Saxo Bank Group</p>			

	Customer experience
	Greater China
	Foundation & Strategy
	BinckBank integration

- Employees: **2,490** • Total end clients: **More than 790,000** • Clients' assets: **595 billion**
  - Tradable instruments: **More than 40,000** • Trades executed: **34 million**
  - White label partners: **More than 120** • Financial intermediates: **More than 300**

## FINANCIAL REVIEW

The Saxo Bank Group (the Group) reported a net profit of DKK 512 million for the first six months of 2021, compared to DKK 529 million for the same period last year. Operating income for Saxo Bank Group amounted to DKK 2.4 billion for the first six months of 2021 compared to DKK 2.3 billion for the same period last year, an increase of 5%. The result is solid.

The Saxo Bank Group saw record levels of new clients and continued inflows of client assets in the first half of 2021. The Group reached a record of more than 790,000 clients and total clients' assets reached DKK 595 billion as of 30 June 2021.

EBITDA of DKK 1 billion was at the same level as the first six months of 2020.

Staff costs and administrative expenses for Saxo Bank Group amounted to DKK 1.5 billion for the first six months of 2021, an increase of 10% compared to DKK 1.3 billion in the first half of 2020. The increase is primarily due to significant investments in strategic initiatives. The Group continues to deliver on its strategy execution plan by investing in constant improvement of the client experience, which is referred to as the SaxoExperience, by leveraging technology, digitisation and scalability, while at the same time optimising our processes to reduce cost and complexity.

### Statement of financial position

Saxo Bank A/S converted loan note of EUR 15 million to share capital in the joint venture Saxo Geely Tech Holding A/S which affected Investments in joint ventures. Fair value adjustment of the loan notes impacted the net profit with DKK 21 million recognised in Result from joint ventures.

At the Annual General Meeting in March 2021 dividend of DKK 751 million has been declared. Payment of 50% of the declared dividend has been deferred to October 2021 and affects Other liabilities.

Total shareholders' equity amounted to DKK 6.7 billion as of 30 June 2021 compared to DKK 6.9 billion as of 31 December 2020 and was affected by the result of the period and declared dividend for 2020.

The Board of Directors propose a dividend of 3.41 per share to be declared at the Extraordinary General Meeting on the 9 September 2021. Total dividend proposed for the first six months amounts to DKK 256 million.

### Reclassification of bond portfolio applicable from 1 July 2021

As per 1 July 2021 a new Group interest rate strategy will imply changes to the business model for managing the Saxo Bank Group bond portfolio. The bond portfolio measured at fair value per 30 June 2021 will due to the change in business model be reclassified from fair value to amortised cost with effect from 1 July 2021. See note 1 for further information.

### Changes to the Board of Directors

At the Annual General meeting in March 2021 Yi lan Zhang retired from the Board of Directors. Kari Stadigh and Yifan Zhang was appointed to the Board of Directors. Kari Stadigh has assumed the position of chairman.

## KEY FIGURES AND RATIOS • SAXO BANK GROUP

DKK million	First half 2021	First half 2020	First half 2019	First half 2018	First half 2017
Operating income	2,424	2,302	1,110	1,506	1,558
EBITDA	963	967	57	398	496
Profit before tax	693	704	(164)	209	312
Net profit	512	529	(139)	153	233
Total equity	7,156	7,185	5,387	4,763	4,470
Total assets	86,081	80,654	37,529	38,772	40,846
Clients' assets	594,699	394,903	130,826	110,435	98,298
- Hereof Assets under Management	10,850	8,047	-	-	13,038
Total capital ratio <sup>1)</sup>	29.8%	30.3%	31.9%	27.6%	20.0%
Return on equity before tax <sup>2)</sup>	18.7%	21.5%	-6.5%	8.9%	14.0%
Full-time-equivalent staff (end of period)	2,490	2,081	1,737	1,619	1,555
Hereof employed in India	933	652	612	535	472

<sup>1)</sup> Net profit is not included in the total capital as of 30 June 2020 and 2021.

<sup>2)</sup> Annualised.

Please refer to Saxo Bank Group's Annual Report 2020 page 92 for definitions of key figures and ratios.

## Capital & Liquidity

Licensed in an EU member state, the Saxo Bank Group is subject to the capital requirements in the Capital Requirement Directive (CRD) and Regulation (CRR) which are based on the international principles set out by the Basel Committee on Banking Supervision.

The ICAAP Report Q2 2021 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).

The interim report is not audited hence net profit is not included in the total capital and solvency ratios as of June 2021.

The Saxo Bank Group continued to have a strong capital position with a comfortable buffer to regulatory minimum requirements end of June 2021. The table below gives an overview of the regulatory capital figures.

Saxo Bank Group	30 June 2021 <sup>1)</sup>		31 Dec. 2020	
	DKKm	%	DKKm	%
Common equity tier 1 capital (CET1)	4,062	23.1%	3,934	25.1%
Total tier 1 capital	4,510	25.6%	4,382	27.9%
Total capital	5,250	29.8%	5,122	32.6%

<sup>1)</sup> Net profit is not included in the total capital as of 30 June 2021.

The total risk exposure amount of Saxo Bank Group was DKK 17.6 billion as of 30 June 2021 compared with DKK 15.7 billion as of 31 December 2020.

Saxo Bank Group's Internal Capital Adequacy Assessment Process (ICAAP) resulted in a capital requirement of 13.3% of the risk exposure amount, equivalent to DKK 2.3 billion as of 30 June 2021. As such the Total Capital buffer was DKK 2.9 billion, equivalent to 16.5% of risk exposure amount.

Saxo Bank Group reported a LCR ratio of 315.6%, thereby fulfilling the regulatory and ICAAP requirements as of 30 June 2021.

## The Supervisory Diamond

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

The Supervisory Diamonds' lending growth measure is year-to-year where the regular key figure is measured from beginning of the reporting period.

The liquidity measure in the Supervisory Diamond uses the LCR-ratio (Liquidity Coverage Ratio) with three months forward looking approach as opposed to the 30 days outflow period in the regular LCR key figure.

Saxo Bank A/S	Limit value	30 June 2021	31 Dec. 2020
Sum of large exposures	<175%	18.6%	20.2%
Lending growth	<20%	230.7%	247.9%
Property exposure	<25%	44.6%	50.1%
Funding ratio	<1	0.0077	0.0091
Liquidity requirement ratio	>100%	196.1%	173.9%

Lending growth was 230.7% and property exposure was 44.6% as of 30 June 2021 primarily due to the mortgage loan in Saxo Bank's domicile property has been refinanced in 2020 by a loan from Saxo Bank A/S to the subsidiary Ejendomsselskabet Bygning 119 A/S which amounted to DKK 266 million as of June 2021. As collateral for the loan Saxo Bank A/S has mortgage deed in the domicile property. Total loans and receivables in Saxo Bank A/S amounted to 287 million as of 30 June 2021.

As of 30 June 2021, Saxo Bank A/S did not comply with lending growth and property exposure measures. As a consequence, the Danish FSA has been informed of Saxo Bank A/S exceeding the Supervisory Diamond's limit values.

## Events after the reporting date

There have been no events that have materially affected the assessment of this Interim Report 2021 after the reporting date.



## FINANCIAL OUTLOOK 2021

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

Following the COVID-19 pandemic, volatility in financial markets increased, which also lead to increased activity among the Saxo Bank Group's clients.

The revenues are expected to be lower in the second half of 2021 due to lower levels of volatility.

The Group continues to invest heavily in the constant improvement of the SaxoExperience, including high levels of investments into technology, digitisation and scalability.

At the same time, the Group will complete the integration of BinckBank N.V. in the second half of 2021. The integration process consumes a great deal of resources and produces more cost and complexity as the Group temporarily operates two parallel infrastructures and setups pending the full integration. After the completion of the integration, all clients will be served on the Saxo Bank Group's infrastructure and platforms.

Furthermore, The Group continues to invest in developing and implementing its mainland China strategy. The operating cost for the final months of 2021 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 2021, the Saxo Bank Group now expects to end 2021 with a positive net profit in the range of DKK 650-800 million. The Group previously expected a net profit for the full year in the range of DKK 500-800 million as stated in the Annual Report 2020.

# INTERIM FINANCIAL STATEMENTS

## **SAXO BANK GROUP**

## INCOME STATEMENT – SAXO BANK GROUP

Note	DKK million	First half 2021	First half 2020
3	Interest income calculated using the effective interest method	102	155
3	Other interest income	675	577
4	Interest expense	(148)	(178)
	<b>Net interest income</b>	<b>629</b>	<b>554</b>
5	Fee and commission income	2,004	1,788
6	Fee and commission expense	(832)	(771)
	<b>Net interest, fees and commissions</b>	<b>1,801</b>	<b>1,570</b>
7	Price and exchange rate adjustments	624	732
	<b>Operating income</b>	<b>2,424</b>	<b>2,302</b>
	Other income	10	2
	Staff costs and administrative expenses	(1,482)	(1,347)
	Depreciation, amortisation and impairment	(253)	(214)
	Other expenses	(16)	(19)
8	Impairment charges financial assets etc.	0	(20)
	Result from joint ventures	9	(0)
	<b>Profit before tax</b>	<b>693</b>	<b>704</b>
	Tax	(181)	(175)
	<b>Net profit</b>	<b>512</b>	<b>529</b>
	<b>Net profit attributable to:</b>		
	Shareholders of Saxo Bank A/S	495	504
	Additional tier 1 capital holders	18	25
	Non-controlling interests	(1)	1
	<b>Net profit</b>	<b>512</b>	<b>529</b>

## STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK GROUP

DKK million	First half 2021	First half 2020
<b>Net profit</b>	<b>512</b>	<b>529</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to income statement:		
Remeasurement of defined benefit plans	2	11
Tax	(0)	(2)
Items that will not be reclassified to income statement	2	9
Items that are or may be reclassified to income statement:		
Exchange rate adjustments	6	(57)
Hedge of net investments in foreign entities	(20)	63
Fair value adjustment of cash flow hedges:		
Effective portion of changes in fair value	-	(3)
Net amount transferred to income statement	-	6
Other comprehensive income from joint ventures, net of tax	12	-
Tax	4	(14)
Items that are or may be reclassified to income statement	2	(6)
<b>Total other comprehensive income</b>	<b>4</b>	<b>2</b>
<b>Total comprehensive income</b>	<b>516</b>	<b>531</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of Saxo Bank A/S	498	506
Additional tier 1 capital holders	18	25
Non-controlling interests	(1)	0
<b>Total comprehensive income</b>	<b>516</b>	<b>531</b>

## STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP

Note	DKK million	30 June 2021	31 Dec. 2020
<b>ASSETS</b>			
8	Cash in hand and demand deposits with central banks	32,579	29,052
8	Receivables from credit institutions and central banks	6,417	5,932
9	Financial assets at fair value	32,447	30,627
	Bonds at amortised cost	4,054	3,399
8	Loans and other receivables at amortised cost	5,462	4,811
	Current tax assets	128	108
	Investments in joint ventures	413	380
	Intangible assets	2,891	2,756
	Tangible assets	1,298	1,325
	Deferred tax assets	34	33
	Other assets	358	360
	<b>Total assets</b>	<b>86,081</b>	<b>78,784</b>
<b>LIABILITIES</b>			
	Debt to credit institutions and central banks	5,738	4,393
9	Financial liabilities at fair value	4,409	4,281
	Deposits	65,921	60,197
	Current tax liabilities	82	70
	Other liabilities	1,365	1,039
	Deferred tax liabilities	270	286
	Provisions	325	342
11	Subordinated debt	814	776
	<b>Total liabilities</b>	<b>78,925</b>	<b>71,383</b>
<b>EQUITY</b>			
	Share capital	75	75
	Share premium reserve	996	996
	Translation reserve	224	222
	Revaluation reserve	53	53
	Retained earnings	5,092	4,848
	Proposed dividend	256	751
	<b>Equity, shareholders of Saxo Bank A/S</b>	<b>6,696</b>	<b>6,945</b>
12	Additional tier 1 capital	452	452
	Non-controlling interests	8	4
	<b>Total equity</b>	<b>7,156</b>	<b>7,401</b>
	<b>Total liabilities and equity</b>	<b>86,081</b>	<b>78,784</b>

## STATEMENT OF CHANGES IN EQUITY – SAXO BANK GROUP

Shareholders of Saxo Bank A/S											
DKK million	Share capital	Share premium reserve	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Proposed dividend	Total	Additional tier 1 capital	Non-controlling interests	Total
<b>Equity at 1 January 2021</b>	<b>75</b>	<b>996</b>	<b>222</b>	<b>-</b>	<b>53</b>	<b>4,848</b>	<b>751</b>	<b>6,945</b>	<b>452</b>	<b>4</b>	<b>7,401</b>
Net profit	-	-	-	-	-	495	-	495	18	(1)	512
<b>Other comprehensive income</b>											
Exchange rate adjustments	-	-	6	-	-	-	-	6	-	0	6
Hedge of net investments in foreign entities	-	-	(20)	-	-	-	-	(20)	-	-	(20)
Revaluation of domicile properties	-	-	-	-	(0)	0	-	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	-	2	-	2	-	-	2
Other comprehensive income from joint venture, net of tax	-	-	12	-	-	-	-	12	-	-	12
Tax	-	-	4	-	0	(1)	-	4	-	-	4
Total other comprehensive income	-	-	2	-	(0)	2	-	4	-	0	4
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>(0)</b>	<b>497</b>	<b>-</b>	<b>498</b>	<b>18</b>	<b>(1)</b>	<b>516</b>
<b>Transactions with owners</b>											
Proposed dividend	-	-	-	-	-	(256)	256	-	-	-	-
Declared dividend	-	-	-	-	-	-	(751)	(751)	-	-	(751)
Tier 1 interest payment	-	-	-	-	-	-	-	-	(18)	-	(18)
Share-based payments	-	-	-	-	-	4	-	4	-	-	4
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	4	4
<b>Equity at 30 June 2021</b>	<b>75</b>	<b>996</b>	<b>224</b>	<b>-</b>	<b>53</b>	<b>5,092</b>	<b>256</b>	<b>6,696</b>	<b>452</b>	<b>8</b>	<b>7,156</b>
Shareholders of Saxo Bank A/S											
DKK million	Share capital	Share premium reserve	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Proposed dividend	Total	Additional tier 1 capital	Non-controlling interests	Total
<b>Equity at 1 January 2020</b>	<b>75</b>	<b>996</b>	<b>250</b>	<b>(36)</b>	<b>47</b>	<b>4,891</b>	<b>-</b>	<b>6,223</b>	<b>798</b>	<b>61</b>	<b>7,082</b>
Net profit	-	-	-	-	-	504	-	504	25	1	529
<b>Other comprehensive income</b>											
Exchange rate adjustments	-	-	(57)	-	-	-	-	(57)	-	(0)	(57)
Hedge of net investments in foreign entities	-	-	63	-	-	-	-	63	-	-	63
Fair value adjustment of cash flow hedges	-	-	-	3	-	-	-	3	-	-	3
Revaluation of domicile properties	-	-	-	-	(4)	4	-	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	-	11	-	11	-	-	11
Tax	-	-	(14)	(1)	1	(3)	-	(17)	-	-	(17)
Total other comprehensive income	-	-	(8)	2	(3)	11	-	3	-	(0)	2
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>2</b>	<b>(3)</b>	<b>515</b>	<b>-</b>	<b>506</b>	<b>25</b>	<b>0</b>	<b>531</b>
<b>Transactions with owners</b>											
Additional tier 1 capital <sup>1)</sup>	-	-	-	-	-	(1)	-	(1)	(336)	-	(337)
Tier 1 interest payment	-	-	-	-	-	-	-	-	(35)	-	(35)
Share-based payments	-	-	-	-	-	1	-	1	-	-	1
Treasury shares	-	-	-	-	-	6	-	6	-	-	6
Transactions with non-controlling interests	-	-	-	-	-	(8)	-	(8)	-	(56)	(64)
<b>Equity at 30 June 2020</b>	<b>75</b>	<b>996</b>	<b>241</b>	<b>(33)</b>	<b>44</b>	<b>5,405</b>	<b>-</b>	<b>6,728</b>	<b>452</b>	<b>5</b>	<b>7,185</b>

<sup>1)</sup> Transaction costs of DKK 1 million are deducted in retained earnings.

## STATEMENT OF TOTAL CAPITAL – SAXO BANK GROUP

DKK million	30 June <sup>1)</sup> 2021	31 Dec. 2020
<b>Tier 1 capital</b>		
Equity end of the reporting period	6,696	6,945
Net profit excl. non-controlling interests	(495)	-
Total other comprehensive income	(4)	-
Share-based payments	(4)	-
Proposed dividend	-	(751)
Intangible assets	(2,311)	(2,445)
Deferred tax liabilities, intangible assets	232	235
Deferred tax assets	(16)	(15)
Prudent valuation adjustments	(37)	(35)
<b>Common equity tier 1 capital (net after deduction)</b>	<b>4,062</b>	<b>3,934</b>
Additional tier 1 capital	448	448
<b>Total tier 1 capital</b>	<b>4,510</b>	<b>4,382</b>
<b>Tier 2 capital</b>		
Subordinated debt	740	740
<b>Total tier 2 capital</b>	<b>740</b>	<b>740</b>
<b>Total capital</b>	<b>5,250</b>	<b>5,122</b>
<b>Risk exposure amounts</b>		
Credit risk	8,732	5,270
Market risk	1,793	3,348
Operational risk	7,084	7,084
<b>Total risk exposure amounts</b>	<b>17,610</b>	<b>15,702</b>
Common equity tier 1 ratio	23.1%	25.1%
Tier 1 capital ratio	25.6%	27.9%
Total capital ratio	29.8%	32.6%

1) Net profit is not included in the total capital as of 30 June 2021 as Saxo Bank A/S has not requested permission to recognise the interim profit in the CET1 capital.

Total capital is calculated in accordance with the Capital Requirement Directive (CRD) and -Regulation (CRR).

## CASH FLOW STATEMENT – SAXO BANK GROUP

DKK million	First half 2021	First half 2020
<b>Cash flow from operating activities</b>		
Profit before tax	693	704
Taxes paid	(163)	(101)
<i>Adjustment for non-cash operating items:</i>		
Result from joint ventures	(9)	0
Amortisation and impairment charges of intangible assets	183	141
Depreciation and impairment charges of tangible assets	71	73
Impairment charges loans and receivables etc.	(0)	20
Other non-cash operating items	(436)	56
<b>Total</b>	<b>338</b>	<b>894</b>
<i>Changes in operating capital:</i>		
Receivables from credit institutions and central banks	5	6
Derivative financial instruments	(865)	644
Loans and other receivables at amortised cost	(662)	1,320
Bonds	(1,495)	(3,414)
Other assets	42	661
Debt to credit institutions and central banks	1,347	259
Deposits	5,792	4,779
Provisions and other liabilities	289	118
<b>Cash flow from operating activities</b>	<b>4,791</b>	<b>5,265</b>
<b>Cash flow from investing activities</b>		
Acquisition of intangible and tangible assets	(358)	(278)
<b>Cash flow from investing activities</b>	<b>(358)</b>	<b>(278)</b>
<b>Cash flow from financing activities</b>		
Paid dividend	(375)	-
Repayment additional tier 1 capital, net of transaction costs	-	(337)
Paid interest on additional tier 1 capital	(18)	(35)
Repayment of subordinated debt, net of transaction costs	-	(373)
Transactions with non-controlling interests	4	(64)
Repayment on lease commitments	(27)	(29)
Share-based payments	-	0
Treasury shares	-	6
<b>Cash flow from financing activities</b>	<b>(416)</b>	<b>(831)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,016</b>	<b>4,157</b>
Cash and cash equivalents at 1 January	34,980	30,749
<b>Cash and cash equivalents at 30 June</b>	<b>38,996</b>	<b>34,906</b>
<b>Cash and cash equivalents at 30 June</b>		
Cash in hand and demand deposits with central banks	32,579	31,084
Amounts due from credit institutions and central banks within three months	6,417	3,821
<b>Cash and cash equivalents at 30 June</b>	<b>38,996</b>	<b>34,906</b>



## NOTES – SAXO BANK GROUP

### Note

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#### 1 Accounting policies

The interim financial statements of Saxo Bank Group for the first half of 2021 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 2021 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 million, except otherwise stated. As a result, rounding discrepancies may occur because totals have been rounded off and the underlying decimals are not presented to financial statement users.

The accounting policies have not been changed compared to those applied in the Annual Report 2020. Note 11 in the Annual Report for 2020 contains a comprehensive description of Saxo Bank Group's accounting policies.

#### Implementation of IFRS standards and amendments applicable from 1 January 2021

Standards and amendments applicable in EU from 1 January 2021 have been implemented. The following amendments to standards have been implemented 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (Phase 2)
- Amendments to IFRS 4: Insurance Contracts – deferral of IFRS 9

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

#### Change in comparative figures

Certain minor changes have been made to the comparative figures for 2020 due to reclassifications.

#### Reclassification of bond portfolio applicable from 1 July 2021

Saxo Bank Group's financial assets may be classified into the following measurement categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

Classification and subsequent measurement of the financial assets depends on Saxo Bank Group's business model for managing the financial asset and the contractual cash flow characteristics of the asset. Until the end of June 2021 Saxo Bank Group has in its bond portfolio held bonds both measured at amortised cost and at fair value based on the present business model.

On Board meeting 15 June 2021 a new Group interest rate strategy has been decided and will imply changes to the business model applied for managing the bonds held in the Group Treasury portfolio. The change will impact the measurement of the bonds measured at fair value until end of June 2021. Thus, per 1 July 2021 this portfolio will be reclassified out of the fair value measurement category into the amortised cost measurement category.

The reclassification is based on the Board decision 15 June 2021 to establish a new interest risk strategy of the Saxo Bank Group and to introduce a new risk management framework for the management of the interest rate risk, thereby aligning the framework across the Group. The new governance framework for the management of the interest rate risk will be effective from end of June 2021 and apply for all activities and exposures of Saxo Bank A/S and the Group, that are allocated to the regulatory Banking Book as defined in the Capital Requirement Regulation (the CRR2 – EU 2019/876).

With the introduction of the new risk management framework, defined in the Saxo Bank Group Interest Rate Risk in the Banking Book Policy, the Board of Directors has decided that the primary focus will be the structural interest rate risk/earnings risk, however balanced with a view on other interest rate risk measures, such as the changes in the net present value of interest rate sensitive instruments. As such, the business model will be to generate earnings through the management and investment of client deposits and own funds, with focus on managing the risk on future earnings rather than the potential daily fluctuations of the fair value of the portfolio and at the same time optimising the usage of regulatory capital, minimizing complexity, and limiting liquidity risk.

## NOTES – SAXO BANK GROUP

### Note

#### 1 Accounting policies

##### Reclassification of bond portfolio applicable from 1 July 2021 (continued)

The strategy is expressed through the Saxo Bank Group Interest Rate Risk in the Banking Book Policy and the Risk Appetite Statements, where the Board of Directors has decided the acceptable impact of fluctuating interest rates on both earnings and economic value, and through Group Treasury's investment mandate, where the Board of Directors decides the appropriate instruments and strategies to manage the liquidity buffer portfolio.

The implementation of the new interest rate risk strategy entails that bonds previously measured at fair value will be managed with the objective to hold those bonds for collection of contractual cash flows, where those cash flows represent solely payments of principal and interests ("SPPI") and hence be measured at amortised cost from 1 July 2021.

The management reporting and management systems are changed accordingly.

Reclassified financial assets	Reclassified from	Reclassified to	Reclassification date	Reclassified carrying amount
Bonds	Financial assets at fair value	Bonds at amortised cost	1 July 2021	DKK 26 billion

The reclassification is not a change in accounting policy. For accounting purposes, the bonds are reclassified at 1 July 2021, which is the first day of the first reporting period following the change in business model. Amortised cost is applied prospectively from this date.

The fair value at the reclassification date for the bonds concerned become its new gross carrying amount and is used when applying the effective interest method from 1 July 2021. The reclassification has no impact on net profit or equity in first half of 2021. At the reclassification date 1 July 2021 an impairment loss (Expected Credit Loss - ECL) of DKK 3 million will be recognised in the income statement. The ECL is recognised as an adjustment to the gross carrying amount.

#### 2 Critical accounting estimates and judgements

In preparing the consolidated financial statements, management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of Saxo Bank Group's assets, liabilities, income, and expenses. The estimates and judgements made are based on historical experience and other factors that management assesses to be reliable, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove to be incomplete or incorrect. Uncertainty about these judgements and estimates could result in outcomes that require adjustments to the carrying amount of assets or liabilities in future periods.

Areas involving significant estimates and judgements:

- Classification 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 11 in the Saxo Bank Group Annual Report for 2020 contains a comprehensive description of significant accounting estimates and judgements.

## NOTES – SAXO BANK GROUP

Note	DKK million	First half 2021	First half 2020
<b>3</b>	<b>Interest income</b>		
	Credit institutions and central banks	6	34
	Bonds at amortised cost	1	7
	Loans and other receivables	95	114
	<b>Total interest income calculated using the effective interest method</b>	<b>102</b>	<b>155</b>
	Bonds at fair value	106	104
	Derivative financial instruments	556	470
	Other interest income	12	3
	<b>Total other interest income</b>	<b>675</b>	<b>577</b>
	<b>Total interest income</b>	<b>777</b>	<b>732</b>
	Hereof interest received due to negative interest rates	31	16
<b>4</b>	<b>Interest expense</b>		
	Credit institutions and central banks	(88)	(83)
	Deposits	(10)	(21)
	Subordinated debt	(19)	(37)
	Interest expense leases	(4)	(5)
	<b>Total interest expense calculated using the effective interest method</b>	<b>(122)</b>	<b>(147)</b>
	Derivative financial instruments	(25)	(30)
	Other interest expense	(1)	(0)
	<b>Total other interest expense</b>	<b>(26)</b>	<b>(31)</b>
	<b>Total interest expense</b>	<b>(148)</b>	<b>(178)</b>
	Hereof interest paid due to negative interest rates	(88)	(75)
<b>5</b>	<b>Fee and commission income</b>		
	Trading with securities and derivative financial instruments	1,932	1,728
	Asset management fees	32	29
	Other fee and commission income	40	30
	<b>Total fee and commission income</b>	<b>2,004</b>	<b>1,788</b>
<b>6</b>	<b>Fee and commission expense</b>		
	Trading with securities and derivative financial instruments	(816)	(768)
	Other fee and commission expenses	(16)	(3)
	<b>Total fee and commission expense</b>	<b>(832)</b>	<b>(771)</b>

## NOTES – SAXO BANK GROUP

Note	DKK million	First half 2021	First half 2020
<b>7</b>	<b>Price and exchange rate adjustments</b>		
	Bonds at fair value	(143)	(95)
	Securities	(1)	(1)
	Foreign exchange	595	571
	Derivative financial instruments <sup>1)</sup>	172	257
	<b>Total price and exchange rate adjustments</b>	<b>624</b>	<b>732</b>

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

### 8 Impairment charges financial assets etc.

#### Consolidated impairment allowance for financial assets at amortised cost and guarantees

	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>30 June 2021</b>				
Impairment allowance 1 January 2021	8	-	39	48
Decreases due to redemptions and derecognition	(0)	-	-	(0)
Increases due to origination and acquisition	1	-	-	1
Changes due to change in credit risk (net)	(1)	-	(7)	(8)
<b>Impairment allowance 30 June 2021</b>	<b>7</b>	<b>-</b>	<b>33</b>	<b>40</b>
<b>31 December 2020</b>				
Impairment allowance 1 January 2020	15	-	27	42
Disposal of mortgages portfolio	(13)	-	(5)	(18)
Decrease due to redemptions and derecognition	-	-	(3)	(3)
Changes due to change in credit risk (net)	6	-	20	26
<b>Impairment allowance 31 December 2020</b>	<b>8</b>	<b>-</b>	<b>39</b>	<b>48</b>

## NOTES – SAXO BANK GROUP

Note DKK million

### 8 Impairment charges financial assets etc. (continued)

#### Credit risk - Expected credit loss

<b>30 June 2021</b>	<b>Stage 1 12 months ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL</b>	<b>Total</b>
<b>Financial assets at amortised cost before provision</b>				
Demand deposits with central banks	32,582	-	-	32,582
Receivables from credit institutions and central banks	6,420	-	-	6,420
Loans and other receivables at amortised cost <sup>1)</sup>	5,459	-	19	5,478
Bonds at amortised cost	4,055	-	-	4,055
Guarantees	31	-	25	55
<b>Total</b>	<b>48,548</b>	<b>-</b>	<b>43</b>	<b>48,591</b>

#### Impairment allowance

Demand deposits with central banks	3	-	-	3
Receivables from credit institutions and central banks	3	-	-	3
Loans and other receivables at amortised cost	-	-	16	16
Bonds at amortised cost	1	-	-	1
Guarantees	-	-	16	16
<b>Total</b>	<b>8</b>	<b>-</b>	<b>32</b>	<b>40</b>

<b>31 December 2020</b>	<b>Stage 1 12 months ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL</b>	<b>Total</b>
<b>Financial assets at amortised cost before provision</b>				
Demand deposits with central banks	29,055	-	-	29,055
Receivables from credit institutions and central banks	5,938	-	-	5,938
Loans and other receivables at amortised cost <sup>1)</sup>	4,812	-	16	4,828
Bonds at amortised cost	3,400	-	-	3,400
Guarantees	4	-	58	62
<b>Total</b>	<b>43,207</b>	<b>-</b>	<b>75</b>	<b>43,282</b>

#### Impairment allowance

Demand deposits with central banks	3	-	-	3
Receivables from credit institutions and central banks	5	-	-	5
Loans and other receivables at amortised cost	-	-	17	17
Bonds at amortised cost	1	-	-	1
Guarantees	-	-	22	22
<b>Total</b>	<b>8</b>	<b>-</b>	<b>39</b>	<b>48</b>

<sup>1)</sup> Loans at amortised cost DKK 5,407 million (31 December 2020: DKK 4,759) are fully collateralised by listed securities.

The Risk management note 6 in the Annual Report for 2020 contains a detailed description of the Group's credit risk.

## NOTES – SAXO BANK GROUP

Note	DKK million	30 June 2021	31 Dec. 2020
<b>9</b>	<b>Financial assets and liabilities at fair value</b>		
	Listed bonds <sup>1)</sup>	25,905	25,070
	Listed securities	120	104
	Interest swaps (fair value hedge)	35	17
	Investment securities	6	6
	Derivative financial instruments with positive fair value	6,381	5,430
	<b>Total financial assets at fair value</b>	<b>32,447</b>	<b>30,627</b>
	Derivative financial instruments with negative fair value	4,409	4,281
	<b>Total financial liabilities at fair value</b>	<b>4,409</b>	<b>4,281</b>

<sup>1)</sup> Bonds DKK 25,905 million are reclassified to Bonds at amortised cost 1 July 2021, see note 1.

## NOTES – SAXO BANK GROUP

Note DKK million

### 10 Fair value information of 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 2021</b>					
<b>Financial assets <sup>1), 2)</sup></b>					
Bonds at fair value	11,738	14,167	-	25,905	25,905
Listed securities	120	-	-	120	120
Derivative financial instruments with positive value	-	6,290	91	6,381	6,381
Bonds at amortised cost	-	4,053	-	4,053	4,054
Interest swaps	-	35	-	35	35
Loans and other receivables at amortised cost	-	-	5,484	5,484	5,462
Convertible loan notes at fair value	-	-	277	277	277
Investment securities	-	-	6	6	6
<b>Financial liabilities <sup>1)</sup></b>					
Derivative financial instruments with negative value	-	4,409	-	4,409	4,409
Subordinated debt	-	-	847	847	814
<b>31 December 2020</b>					
<b>Financial assets <sup>1), 2)</sup></b>					
Bonds at fair value	10,331	14,739	-	25,070	25,070
Listed securities	104	-	-	104	104
Derivative financial instruments with positive value	-	5,340	90	5,430	5,430
Bonds at amortised cost	-	3,433	-	3,433	3,399
Interest swaps	-	17	-	17	17
Loans and other receivables at amortised cost	-	-	4,834	4,834	4,811
Convertible loan notes at fair value	-	-	331	331	331
Investment securities	-	-	6	6	6
<b>Financial liabilities <sup>1)</sup></b>					
Derivative financial instruments with negative value	-	4,281	0	4,281	4,281
Subordinated debt	-	-	788	788	776

<sup>1)</sup> Bonds at fair value, listed securities, derivatives, interest swaps and investment securities are presented in the statement of financial position as Financial assets and liabilities at fair value, note 9.

<sup>2)</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	DKK million	30 June 2021	31 Dec. 2020
<b>10</b>	<b>Fair value information of financial instruments (continued)</b>		
	<b>Financial instruments measured at the basis of non-observable input - level 3</b>		
	Fair value at 1 January	428	1,054
	Additions	1	-
	Disposals	-	(623)
	<i>Gains and losses recognised in income statement:</i>		
	Realised fair value adjustments	(54)	(0)
	Unrealised fair value adjustments	-	(3)
	<b>Fair value end of period</b>	<b>374</b>	<b>428</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 277 million as at 30 June 2021 (31 December 2020: DKK 331 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% unchanged from 31 December 2020. Had a discount rate of 10% been applied 30 June 2021 it would result in a gain of DKK 129 million (31 December 2020: DKK 139 million) and had a discount rate of 20% been applied 30 June 2021 it would result in a loss of DKK 99 million (31 December 2020: DKK 100 million).

### Financial instruments measured at fair value

Financial assets and liabilities traded in active markets for identical assets or liabilities are measured at fair value based on quoted market prices. Listed bonds and listed securities are measured based on quoted prices and classified as level 1.

If quoted prices are not available, fair value is established using interbank quoted prices or valuation techniques. Interbank quoted prices are generally provided by several other major financial institutions. Valuation techniques used are different standard option pricing models. In most cases the valuation is substantially based on observable input, such as interbank quoted prices and implied volatility. If the elements of unobservable inputs constitute a significant part in the valuation of the financial assets or liabilities these are classified as level 3.

The fair value measurement of covered bonds, where quoted prices are not deemed an accurate market-based measurement, are based on a quote from the primary market maker and broker and hence classified as level 2.

Exchange traded products e.g. structured products, stocks, ETFs, futures, bonds are valued using interbank quoted prices, however differentiation of whether the market is active or not, is not assessed and due to this the instruments are classified as level 2.

For OTC derivatives e.g. CFDs and FX instruments quoted prices are not available, however the most significant input in the valuation is the quoted price for the underlying asset. Such derivatives are classified as level 2 as quoted prices are not available for identical products.

CFDs on Futures, CFD on Indices, FX Forwards and FX Options are measured based on industry standard valuation models and classified as level 2.

Convertible loan notes are measured at fair value based on estimation of expected future cash flows by using a discounted cash flow model and classified as level 3 due to unobservable input in the valuation.

Saxo Bank Group has an ongoing process of assessing the best valuation technique and changes in the valuation process are implemented when relevant. 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

### 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	DKK million										30 June 2021	31 Dec. 2020
<b>11</b>	<b>Subordinated debt</b>											
	<b>Cur- rency</b>	<b>Nominal value</b>	<b>Year of issue</b>	<b>Borrower</b>	<b>Maturity</b>	<b>Interest</b>	<b>Margin first period</b>		<b>Margin second period</b>			
							<b>Rate</b>	<b>Years</b>	<b>Rate</b>	<b>Years</b>		
	EUR	100	2019	Saxo Bank A/S	03.07.202 9	Fixed/EUR mid swap rate	5.50%	5.00	EUR mid swap rate + 5.7115%	5.00	740	739
	Accrued interest on subordinated debt										41	20
	Fair value adjustment due to hedge accounting										34	17
	<b>Total subordinated debt</b>										<b>814</b>	<b>776</b>

Note 5.3 in the Saxo Bank Group Annual Report for 2020 provides more detailed information.

<b>12</b>	<b>Additional tier 1 capital</b>											
	<b>Cur- rency</b>	<b>Nominal value</b>	<b>Year of issue</b>	<b>Borrower</b>	<b>Maturity</b>	<b>Interest</b>	<b>Rate</b>	<b>Years</b>			<b>30 June 2021</b>	<b>31 Dec. 2020</b>
	EUR	60	2019	Saxo Bank A/S	Perpetual	Fixed <sup>1)</sup>	8.125%	5.50			448	448
	Accrued interest on additional tier 1 capital										4	4
	<b>Total additional tier 1 capital</b>										<b>452</b>	<b>452</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

Note 5.2 in the Saxo Bank Group Annual Report for 2020 provides more detailed information.

### 13 Related parties

The nature of related party transactions in the first half of 2021 are of same nature as the ones disclosed in note 9.5 in the Saxo Bank Group Annual Report for 2020.

## NOTES – SAXO BANK GROUP

Note	DKK million	30 June 2021	31 Dec. 2020
<b>14</b>	<b>Contingent and other contractual commitments</b>		
	<b>Guarantees</b>		
	Financial guarantees	35	36
	Other guarantees	3	4
	<b>Total guarantees</b>	<b>39</b>	<b>39</b>
	<b>Other contractual commitments</b>		
	Other contractual commitments	245	224
	<b>Total other contractual commitments</b>	<b>245</b>	<b>224</b>

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

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

Due to Geely Financials Denmark A/S' controlling influence in Saxo Bank A/S, Saxo Bank A/S and its Danish subsidiaries entered from 14 September 2018 into a Danish joint taxation with Geely Financials Denmark A/S. Geely Financials Denmark A/S is the administration company. Saxo Bank A/S and its Danish subsidiaries are jointly and severally liable for Danish corporate taxes and for any obligation to withhold taxes on interests, royalties and dividends for the entities in the joint taxation.

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

### 15 Assets deposited as collateral

	30 June 2021	31 Dec. 2020
<b>Financial assets deposited as collateral</b>		
Cash in hand and demand deposits with central banks	356	315
Receivables from credit institutions and central banks	467	1,156
Bonds at fair value	9,102	6,747
Bonds at amortised cost	2,580	2,832

Receivables from credit institutions and central banks and bonds serve as collateral for the ongoing financial business with credit institutions. The actual demand for collateral varies from day to day in line with the fair value of open positions against these credit institutions.

Bonds also serve as collateral for securities lending transactions with clients.

### 16 Events after the reporting date

There has been no events that have materially affected the assessment of this Interim Report 2021 after the reporting date.

## NOTES – SAXO BANK GROUP

Note	DKK million	First half 2021	First half 2020
<b>17</b>	<b>Key figures and ratios</b>		
	<b>Income statement</b>		
	Net interest, fees and commissions	1,801	1,570
	Price and exchange rate adjustments	624	732
	Staff costs and administrative expenses	(1,482)	(1,347)
	Impairment charges financial assets etc.	0	(20)
	Result from joint ventures	9	(0)
	Profit before tax	693	704
	Net profit	512	529
	<b>Statement of financial position</b>		
	Loans and other receivables at amortised cost	5,462	8,522
	Deposits	65,921	64,046
	Subordinated debt	814	816
	Total equity	7,156	7,185
	Total assets	86,081	80,654
	Full-time-equivalent staff (end of period)	2,490	2,081
	<b>EBITDA</b>		
	Net profit before tax	693	704
	<i>Adjusted for:</i>		
	Depreciation, amortisation and impairments	253	214
	Result from joint ventures	(9)	0
	Interest expenses, non-core	25	49
	<b>EBITDA</b>	<b>963</b>	<b>967</b>
	<b>Key figures and ratios <sup>1)</sup></b>		
	Total capital ratio	29.8%	30.3%
	Tier 1 capital ratio	25.6%	25.7%
	Return on equity before tax <sup>2)</sup>	18.7%	21.5%
	Return on equity after tax <sup>2)</sup>	13.8%	16.1%
	Income/cost ratio	139.6%	144.0%
	Interest rate risk	-1.2%	2.7%
	Foreign exchange rate risk/Tier 1 capital	10.9%	6.9%
	Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.1%
	Loans and other receivables plus impairment charges/Deposits	8.3%	13.4%
	Loans and other receivables proportional to Total equity	0.76	1.19
	Growth in loans and other receivables	-35.9%	-13.8%
	Liquidity coverage ratio	315.6%	319.3%
	Sum of large exposures/CET1 capital	21.6%	12.0%
	Loss and provisions ratio	0.0%	-0.2%
	Return on assets <sup>2)</sup>	1.2%	1.3%

<sup>1)</sup> Net profit is not included in the total capital as of 30 June 2020 and 2021 as Saxo Bank A/S has not requested permission to recognise the interim profit in the CET1 capital.

<sup>2)</sup> Annualised.

Please refer to Saxo Bank Group's Annual Report 2020 page 92 for definitions of key figures and ratios.



# INTERIM FINANCIAL STATEMENTS

**SAXO BANK A/S**

## INCOME STATEMENT – SAXO BANK A/S

Note	DKK million	First half 2021	First half 2020
2	Interest income	614	555
3	Interest expense	(85)	(91)
	<b>Net interest income</b>	<b>529</b>	<b>463</b>
	Fee and commission income	1,285	1,058
	Fee and commission expense	(1,260)	(1,134)
	<b>Net interest, fees and commissions</b>	<b>554</b>	<b>387</b>
4	Price and exchange rate adjustments	592	714
	<b>Operating income</b>	<b>1,146</b>	<b>1,101</b>
	Other income	21	22
	Staff costs and administrative expenses	(956)	(883)
	Depreciation, amortisation and impairment	(183)	(134)
	Other expenses	(4)	(1)
5	Impairment charges loans and receivables	(3)	(10)
	Result from subsidiaries and joint ventures	518	469
	<b>Profit before tax</b>	<b>539</b>	<b>566</b>
	Tax	(27)	(37)
	<b>Net profit</b>	<b>513</b>	<b>528</b>
	<b>Net profit attributable to:</b>		
	Equity method reserve	369	464
	Additional tier 1 capital holders	18	25
	Retained earnings	(130)	40
	Dividend for the period	256	-
	<b>Net profit</b>	<b>513</b>	<b>528</b>

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

DKK million	First half 2021	First half 2020
<b>Net profit</b>	<b>513</b>	<b>528</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to income statement:		
Other comprehensive income from subsidiaries, net of tax	2	9
Items that will not be reclassified to income statement	2	9
Items that are or may be reclassified to income statement:		
Exchange rate adjustments	6	(57)
Hedge of net investments in foreign entities	(20)	63
Other comprehensive income from subsidiaries, net of tax	0	2
Other comprehensive income from joint ventures, net of tax	12	-
Tax	4	(14)
Items that are or may be reclassified to income statement	2	(6)
<b>Total other comprehensive income</b>	<b>4</b>	<b>3</b>
<b>Total comprehensive income</b>	<b>516</b>	<b>531</b>
<b>Total comprehensive income attributable to:</b>		
Equity method reserve	373	467
Additional tier 1 capital holders	18	25
Retained earnings	126	40
<b>Total comprehensive income</b>	<b>516</b>	<b>531</b>

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

Note	DKK million	30 June 2021	31 Dec. 2020
<b>ASSETS</b>			
	Cash in hand and demand deposits with central banks	1,363	202
5	Receivables from credit institutions and central banks	7,140	6,282
5	Loans and other receivables at amortised cost	287	304
	Bonds at fair value	25,905	24,623
	Securities	6	6
	Investments in subsidiaries	5,863	5,437
	Investments in joint ventures	413	380
	Intangible assets	2,687	2,514
	Tangible assets	92	81
	Tax receivables	93	77
	Deferred tax assets	0	1
	Other assets	7,505	5,417
	Prepayments	143	92
	<b>Total assets</b>	<b>51,497</b>	<b>45,414</b>
<b>LIABILITIES</b>			
	Debt to credit institutions and central banks	8,957	7,241
	Deposits	29,436	25,235
	Tax liabilities	5	2
	Other liabilities	4,696	4,308
	<b>Total debt</b>	<b>43,094</b>	<b>36,786</b>
	Deferred tax liabilities	158	162
5	Provisions for guarantees	16	22
	Other provisions	267	270
	<b>Total provisions</b>	<b>441</b>	<b>454</b>
	<b>Subordinated debt</b>	<b>814</b>	<b>776</b>
<b>EQUITY</b>			
	Share capital	75	75
	Share premium reserve	996	996
	Equity method reserve	2,014	1,640
	Retained earnings	3,355	3,483
9	Proposed dividend	256	751
	<b>Shareholders of Saxo Bank A/S</b>	<b>6,697</b>	<b>6,945</b>
	Additional tier 1 capital	452	452
	<b>Total equity</b>	<b>7,149</b>	<b>7,397</b>
	<b>Total liabilities and equity</b>	<b>51,497</b>	<b>45,414</b>



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

### Shareholders of Saxo Bank A/S

DKK million	Share capital	Share premium reserve	Equity method reserve	Retained earnings	Proposed dividend	Total	Additional tier 1 capital	Total
<b>Equity at 1 January 2021</b>	<b>75</b>	<b>996</b>	<b>1,640</b>	<b>3,483</b>	<b>751</b>	<b>6,945</b>	<b>452</b>	<b>7,397</b>
Net profit	-	-	369	126	-	495	18	513
<b>Other comprehensive income</b>								
Exchange rate adjustments	-	-	6	-	-	6	-	6
Hedge of net investments in foreign entities	-	-	(20)	-	-	(20)	-	(20)
Other comprehensive income from subsidiaries, net of tax	-	-	2	-	-	2	-	2
Other comprehensive income from joint ventures, net of tax	-	-	12	-	-	12	-	12
Tax	-	-	4	-	-	4	-	4
Total other comprehensive income	-	-	4	-	-	4	-	4
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>373</b>	<b>126</b>	<b>-</b>	<b>498</b>	<b>18</b>	<b>516</b>
<b>Transactions with owners</b>								
Proposed dividend	-	-	-	(256)	256	-	-	-
Declared dividend	-	-	-	-	(751)	(751)	-	(751)
Tier 1 interest payments	-	-	-	-	-	-	(18)	(18)
Share-based payments	-	-	1	3	-	4	-	4
<b>Equity at 30 June 2021</b>	<b>75</b>	<b>996</b>	<b>2,014</b>	<b>3,355</b>	<b>256</b>	<b>6,697</b>	<b>452</b>	<b>7,149</b>

### Shareholders of Saxo Bank A/S

DKK million	Share capital	Share premium reserve	Equity method reserve	Retained earnings	Proposed dividend	Total	Additional tier 1 capital	Total
<b>Equity at 1 January 2020</b>	<b>75</b>	<b>996</b>	<b>921</b>	<b>4,232</b>	<b>-</b>	<b>6,224</b>	<b>798</b>	<b>7,022</b>
Net profit	-	-	464	40	-	504	25	528
<b>Other comprehensive income</b>								
Exchange rate adjustments	-	-	(57)	-	-	(57)	-	(57)
Hedge of net investments in foreign entities	-	-	63	-	-	63	-	63
Other comprehensive income from subsidiaries, net of tax	-	-	11	-	-	11	-	11
Tax	-	-	(14)	-	-	(14)	-	(14)
Total other comprehensive income	-	-	3	-	-	3	-	3
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>467</b>	<b>40</b>	<b>-</b>	<b>506</b>	<b>25</b>	<b>531</b>
<b>Transactions with owners</b>								
Additional tier 1 capital <sup>1)</sup>	-	-	-	(1)	-	(1)	(336)	(337)
Tier 1 interest payments	-	-	-	-	-	-	(35)	(35)
Share-based payments	-	-	0	1	-	1	-	1
Treasury shares	-	-	-	6	-	6	-	6
Other equity movements, from subsidiaries	-	-	(8)	-	-	(8)	-	(8)
<b>Equity at 30 June 2020</b>	<b>75</b>	<b>996</b>	<b>1,380</b>	<b>4,278</b>	<b>-</b>	<b>6,729</b>	<b>452</b>	<b>7,180</b>

<sup>1)</sup> Transaction costs of DKK 1 million are deducted in retained earnings.

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

DKK million	30 June <sup>1)</sup> 2021	31 Dec. 2020
<b>Tier 1 capital</b>		
Equity end of reporting period	6,697	6,945
Net profit	(495)	-
Total other comprehensive income	(4)	-
Share-based payments	(4)	-
Proposed dividend	-	(751)
Intangible assets	(2,027)	(2,203)
Deferred tax liabilities, intangible assets	193	186
Prudent valuation adjustments	(36)	(33)
<b>Common equity tier 1 capital</b>	<b>4,325</b>	<b>4,144</b>
Additional tier 1 capital	448	448
<b>Total tier 1 capital</b>	<b>4,774</b>	<b>4,592</b>
<b>Tier 2 capital</b>		
Subordinated debt	740	740
<b>Total tier 2 capital</b>	<b>740</b>	<b>740</b>
<b>Total capital</b>	<b>5,513</b>	<b>5,332</b>
<b>Risk exposure amounts</b>		
Credit risk	12,569	9,156
Market risk	1,761	3,153
Operational risk	3,314	3,314
<b>Total risk exposure amounts</b>	<b>17,645</b>	<b>15,623</b>
Common equity tier 1 capital ratio	24.5%	26.5%
Tier 1 capital ratio	27.1%	29.4%
Total capital ratio	31.2%	34.1%

<sup>1)</sup> Net profit is not included in the total capital as of 30 June 2021 as Saxo Bank A/S has not requested permission to recognise the interim profit in the CET1 capital.

Total capital is calculated in accordance with the Capital Requirement Directive (CRD) and -Regulation (CRR).

## NOTES – SAXO BANK A/S

Note DKK million

### 1 Accounting policies

The interim financial statements of Saxo Bank A/S for the first half of 2021 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 2021 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 2020.

Reclassification of bonds 1 July 2021 is described in note 1 to the consolidated financial statements.

#### Changes to comparative figures

Certain minor changes have been made to the comparative figures for 2020 due to reclassifications.

	First half 2021	First half 2020
<b>2 Interest income</b>		
Credit institutions and central banks	3	5
Loans and other receivables	74	53
Bonds at fair value	106	104
Derivative financial instruments	430	393
Other interest income	-	1
<b>Total interest income</b>	<b>614</b>	<b>555</b>
Hereof interest received due to negative interest rates	19	11
<b>3 Interest expense</b>		
Credit institutions and central banks	(14)	(8)
Deposits	(28)	(21)
Subordinated debt	(19)	(37)
Derivative financial instruments	(23)	(24)
Interest expense leases	(0)	(0)
Other interest expense	(1)	-
<b>Total interest expense</b>	<b>(85)</b>	<b>(91)</b>
Hereof interest paid due to negative interest rates	(10)	(6)
<b>4 Price and exchange rate adjustments</b>		
Bonds at fair value	(142)	(96)
Foreign exchange	557	551
Derivative financial instruments <sup>1)</sup>	177	258
<b>Total price and exchange rate adjustments</b>	<b>592</b>	<b>714</b>

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

## NOTES – SAXO BANK A/S

**Note** DKK million

### 5 Loans and other receivables at amortised cost

#### Consolidated impairment allowance for financial assets at amortised cost and guarantees

30 June 2021	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Impairment allowance 1 January 2021	17	-	24	41
Impairment for the period	5	-	-	5
Reversal of impairment from previous years	(2)	-	(0)	(2)
Amounts written down	-	-	(7)	(7)
<b>Impairment allowance 30 June 2021</b>	<b>19</b>	<b>-</b>	<b>17</b>	<b>36</b>
<b>31 December 2020</b>				
Impairment allowance 1 January 2020	6	-	21	27
Impairment for the year	11	-	5	16
Reversal of impairment from previous years	-	-	(3)	(3)
<b>Impairment allowance 31 December 2020</b>	<b>17</b>	<b>-</b>	<b>24</b>	<b>41</b>

### 6 Related parties

The nature of related-party transactions in the first half of 2021 are of same nature as the ones disclosed in note 6.1 in Saxo Bank A/S' Annual Report for 2020 (part of the Saxo Bank Groups Annual Report).

## NOTES – SAXO BANK A/S

Note	DKK million	30 June 2021	31 Dec. 2020
<b>7</b>	<b>Contingent and other contractual commitments</b>		
	<b>Guarantees</b>		
	Financial guarantees	278	236
	Guarantees issued to subsidiaries	27	28
	Other guarantees	3	3
	<b>Total guarantees</b>	<b>309</b>	<b>267</b>
	<b>Other contractual commitments</b>		
	Rent commitments towards subsidiaries	282	307
	Other contractual commitments	242	211
	<b>Total other contractual commitments</b>	<b>524</b>	<b>518</b>

Lease commitments DKK 7 million (31 December 2020: DKK 8 million) for low value assets and short-term leases not recognised in statement of financial position are disclosed in other contractual liabilities.

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 Bank's financial position.

Due to Geely Financials Denmark A/S' controlling influence in Saxo Bank A/S, Saxo Bank A/S and its Danish subsidiaries entered from 14 September 2018 a Danish joint taxation with Geely Financials Denmark A/S. Geely Financials Denmark A/S is the administration company. Saxo Bank A/S and its Danish subsidiaries are jointly and severally liable for Danish corporate taxes and for any obligation to withhold taxes on interests, royalties and dividends for the entities in the joint taxation.

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

### **8 Assets deposited as collateral**

	30 June 2021	31 Dec. 2020
<b>Financial assets deposited as collateral</b>		
Bonds at fair value	9,102	6,747
Receivables from credit institutions and central banks	205	878

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.

### **9 Proposed dividend**

The Board of Directors is proposing a dividend of DKK 3.41 per share (31 December 2020: DKK 9.98) or a total of DKK 256,327,106 (31 December 2020: DKK 750,802,131) for Saxo Bank A/S.

### **10 Events after the reporting date**

There has been no events that have materially affected the assessment of this Interim Report 2021 after the reporting date.

## NOTES – SAXO BANK A/S

Note	DKK million	First half 2021	First half 2020
<b>11</b>	<b>Key figures and ratios</b>		
	<b>Income statement</b>		
	Net interest, fees and commissions	554	387
	Price and exchange rate adjustments	592	714
	Staff costs and administrative expenses	(956)	(883)
	Impairment charges loans and receivables	(3)	(10)
	Result from subsidiaries and joint ventures	518	469
	Profit before tax	539	566
	Net profit	513	528
	<b>Statement of financial position</b>		
	Loans and other receivables at amortised cost	287	87
	Deposits	29,436	23,610
	Subordinated debt	814	816
	Total equity	7,149	7,180
	Total assets	51,497	40,355
	Full-time-equivalent staff (avg.)	762	708
	<b>Key figures and ratios <sup>1)</sup></b>		
	Total capital ratio	31.2%	37.3%
	Tier 1 capital ratio	27.1%	32.3%
	Return on equity before tax <sup>2)</sup>	14.5%	17.3%
	Return on equity after tax <sup>2)</sup>	13.8%	16.1%
	Income/cost ratio	147.1%	155.1%
	Interest rate risk	2.6%	0.8%
	Foreign exchange rate risk/Tier 1 capital	9.6%	4.7%
	Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.1%
	Loans and other receivables plus impairment charges/Deposits	1.0%	0.4%
	Loans and other receivables proportional to Total equity	0.04	0.01
	Growth in loans and other receivables	-5.6%	-0.7%
	Liquidity coverage ratio	218.9%	168.5%
	Sum of large exposures/CET1 capital	18.6%	10.2%
	Loss and provisions ratio	-0.5%	-2.6%
	Return on assets <sup>2)</sup>	2.0%	2.6%

<sup>1)</sup> Net profit is not included in the total capital as of 30 June 2020 and 2021 as Saxo Bank A/S has not requested permission to recognise the interim profit in the CET1 capital.

<sup>2)</sup> Annualised.

Please refer to Saxo Bank Group's Annual Report 2020 page 92 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 2021 for Saxo Bank A/S.

The consolidated interim financial statements for the first half of 2021 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 2021 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 2021.

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, 19 August 2021

## 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

Kari Stadigh  
Chairman

Henrik Michael Normann  
Vice Chairman

Daniel Donghui Li

John Patrick Sture Lapveteläinen

Preben Damgaard Nielsen

Yifan Zhang

## COMPANY INFORMATION

### Company

Address:	Saxo Bank A/S Philip Heymans Allé 15 2900 Hellerup Denmark
Phone:	+45 3977 4000
Email:	saxobankdanmark@saxobank.com
Reg. No.:	1149
CVR No.:	15 73 12 49
Website:	<a href="http://www.home.saxo">www.home.saxo</a>

### Board of Directors

Kari Stadigh	Chairman of the Board
Henrik Michael Normann	Vice Chairman of the Board
Daniel Donghui Li	Member of the Board
John Patrick Sture Lapveteläinen	Member of the Board
Preben Damgaard Nielsen	Member of the Board
Yifan Zhang	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 Copenhagen, Denmark  
Sampo Plc. FI-00100 Helsinki, Finland