

# INTERIM REPORT FIRST HALF 2022



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## FINANCIAL REVIEW

In the first six months of 2022, the Saxo Bank Group realised a net profit of DKK 302 million, 41% down compared to same period last year. The result was not satisfactory though affected by difficult market conditions during the first half of 2022. Despite volatility in financial markets, trading activity materialised lower than in the same period last year, adversely affecting Saxo Bank's transactional revenue. At the same time, the cost level remained almost unchanged, not least driven by the postponement of the completion of the BinckBank migration.

In response to the financial results of the first six months and the bleak view ahead, cost and efficiency savings actions have been initiated to adjust our cost structure to the lower activity level.

The first six months of 2022 were characterised by Investor clients not trading or trading less compared to the same period last year as a result of the uncertain market conditions and volatility in financial markets not least with the Russian invasion of Ukraine earlier this year. The same trend was seen on the trading activity within the Trader commercial area.

Despite decreasing trading activities, the net inflow of new clients continued in 2022 and led to a total of 874.000 clients at 30 June 2022. Total client assets decreased to DKK 591 billion, mainly driven by the equity market decline, partly offset by positive net funding from clients.

### KEY FIGURES AND RATIOS • SAXO BANK GROUP

	First half 2022	First half 2021	2021
<b>Income statement (DKK million)</b>			
Total income	2,145	2,435	4,527
- Hereof Trading Related Earnings	2,066	2,455	4,562
Total costs	-1,757	-1,751	-3,478
Net profit	302	512	755
<b>Statement of financial position (DKK million)</b>			
Loans and other receivables at amortised cost	5,185	5,462	5,471
Deposits	73,919	65,921	68,577
Subordinated debt	787	814	770
Total equity	7,021	7,156	7,183
Total assets	95,714	86,081	91,122
<b>Employees</b>			
Number of full-time equivalent staff (end-of-period)	2,551	2,490	2,510
- Hereof employed in India	1,042	933	968
<b>Clients</b>			
Client assets (DKK billion)	591	595	640
Total clients (Number of end clients ('000))	874	796	820

## FINANCIAL REVIEW

### KEY FIGURES AND RATIOS • SAXO BANK GROUP

	First half 2022	First half 2021	2021
<b>Ratios</b>			
Total capital ratio	28.1%	29.8%	29.1%
Tier 1 capital ratio	24.1%	25.6%	25.0%
Return on equity before tax <sup>1)</sup>	11.5%	18.7%	14.2%
Return on equity after tax <sup>1)</sup>	8.3%	13.8%	10.4%
Cost/income ratio <sup>2)</sup>	80.9%	71.6%	77.1%
Loans and other receivables proportional to Total equity	0.74	0.76	0.76
Liquidity coverage ratio	279.6%	315.6%	252.7%
Sum of large exposures/CET1 capital	24.6%	21.6%	29.0%
Return on assets <sup>1)</sup>	0.6%	1.2%	0.8%

<sup>1)</sup> Annualised.

<sup>2)</sup> Including Share of net profit from joint ventures.

**Net interest and net fees and commissions** was DKK 1,359 million for the first six months of 2022, a decrease of DKK 442 million compared to the same period last year, mainly due to lower trading activity following the uncertain market conditions and volatility in financial markets.

**Price and exchange rate adjustments** amounted to DKK 777 million for the first six months of 2022, an increase of DKK 153 million compared to the same period last year. The increase was predominantly stemming from negative fair value adjustments on the bond portfolio in 2021 of DKK 142 million. As per 1 July 2021, bonds held in the Group Treasury portfolio were reclassified from fair value to amortised cost and accordingly, no fair value adjustments were recorded in 2022.

**Total income** for the first six months of 2022 was DKK 2,145 million compared to DKK 2,435 million in the same period last year, corresponding to a decrease of 12%.

Trading Related Earnings in the first six months of 2022 was DKK 2,066 million, with Trader clients accounting for 45%, Investor clients 28% and Saxo Institutional 27%. Compared to 31 December 2021, the Investor area's relative share has declined (31 December 2021: 36%), while both Traders (31 December 2021: 41%) and Saxo Institutional (31 December 2021: 23%) have increased.

Recurring revenue for the first six months of 2022 increased to 32% compared to 29% for the same period last year.

**Staff cost and administrative expenses** amounted to DKK 1,432 million for the first six months of 2022, a decrease of DKK 50 million compared to same period last year. The decrease was mainly due to additional temporary staff and high IT costs in 2021 in connection with the migration of the former BinckBank.

Despite BinckBank migration costs being lower than in 2021, the first six months of 2022 were still significantly affected by integration and migration costs for the BinckBank migration.

Recent years' high level of investments in our platforms, new products and digitization to improve the Saxo Experience as well as successfully finalising the BinckBank migration led to increased **depreciation, amortisation and impairment** of DKK 303 million in the first six months of 2022, an increase of DKK 50 million compared to same period last year.

The lower revenue compared to an almost unchanged cost level resulted in a **cost/income ratio** of 81% for the first six months of 2022. In response to that, cost and efficiency savings actions have been initiated to adjust our cost structure to the lower activity level.

In June 2022, Saxo Bank A/S converted loan notes of EUR 21 million to share capital in the joint venture Saxo Geely Tech Holding A/S. Fair value adjustment of the loan notes impacted net profit with DKK 55 million, recognised in **Share of net profit from joint ventures**.

**Profit before tax** ended at DKK 415 million. The **effective tax rate** increased to 27.3% for the first six months of 2022, primarily due to remeasurement of deferred tax assets and liabilities. The remeasurement was due to enactment in June 2022 of an increase in the corporate tax rate for the financial sector in Denmark. The corporate tax rate will for the financial sector in Denmark increase from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards. The estimated impact was a net increase of deferred tax liabilities of DKK 27 million as per 30 June 2022.

## FINANCIAL REVIEW

### Statement of financial position

The cash inflow from clients' deposits were placed with counterparty banks, in bonds and other interest-bearing assets. Cash in hand and demand deposits with central banks amounted to DKK 24 billion as of 30 June 2022 compared to DKK 32 billion at 31 December 2021.

**Bonds at amortised cost** amounted to DKK 44 billion as of 30 June 2022 compared to DKK 31 billion at 31 December 2021. The increase in the bond portfolio was mainly allocation from Cash in hand and demand deposits with central banks and placement of excess liquidity from client funding/Deposits.

**Loans and other receivables at amortised cost** were DKK 5.2 billion as of 30 June 2022 compared to DKK 5.5 billion as of 31 December 2021, a decrease of 5%.

**Total shareholders' equity** decreased by 1.5% to DKK 6.6 billion as of 30 June 2022 compared to DKK 6.7 billion as of 31 December 2021. Total shareholders' equity was affected by the result for the first six months of 2022 of DKK 302 million and paid dividend for 2021 of DKK 500 million.

The Board of Directors proposes a dividend of DKK 4.02 per share to be declared at the Board meeting on the 7 September 2022. Total dividend proposed for the first six months amounts to DKK 302 million.

### Changes to the Board of Directors

At the Annual General meeting in March 2022, Preben Damgaard and Yifan Zhang retired from the Board of Directors. Henrik Andersen and Xia Li were appointed to the Board of Directors at extraordinary General meetings in April 2022 and May 2022, respectively.

### Capital & Liquidity

Licensed in an EU member state, the Saxo Bank Group is subject to the capital requirements set out in the Capital Requirement Regulation (CRR) as well as in the Capital Requirement Directive (CRD), which have been implemented into national regulation in Denmark.

As of 30 June 2022, the Saxo Bank Group continued to have a strong capital position with a comfortable buffer in line with regulatory requirements. An overview of the regulatory capital figures as of 30 June 2022 is presented below.

The result for the first six months of 2022 is recognised in accordance with the Capital Requirement Directive (CRD) and -Regulation (CRR).

The proposed dividend of DKK 302 million is deducted from the regulatory capital as per 30 June 2022 in accordance with regulation.

DKK million	30 June 2022		31 Dec. 2021	
Common equity tier 1 capital (CET1)	4,092	21.8%	3,994	22.4%
Total tier 1 capital	4,540	24.1%	4,442	25.0%
Total capital	5,280	28.1%	5,182	29.1%

As of 30 June 2022, the Saxo Bank Group's Internal Capital Adequacy Assessment Process (ICAAP) resulted in a capital requirement of 12.2% of the Risk Exposure Amount (REA), equivalent to DKK 2.3 billion. As such, the CET1 buffer was DKK 2.3 billion, equivalent to 12.4% of REA.

The total capital buffer is defined as the difference between total capital and the ICAAP capital requirement, including combined buffer requirement, measured as a percentage of REA.

Percentage (%)	30 June 2022	31 Dec. 2021
<b>CET1 buffer</b>	12.4	12.9
<b>Total Capital buffer</b>	13.3	14.0

The total REA of the Saxo Bank Group was DKK 18.8 billion as of 30 June 2022.

The ICAAP Q2 2022 Report provides additional information on Saxo Bank A/S' and the Saxo Bank Group's Total capital (including regulatory capital disclosures), REA and capital requirements.

### Liquidity

As of 30 June 2022, the Saxo Bank Group had a Liquidity Coverage Ratio (LCR) of 279.6% and a Net Stable Funding Ratio (NSFR) of 260.1%, thereby meeting the regulatory minimum requirement as well as the internal Board-approved requirement (ILAAP) by a safe margin. The LCR and NSFR for Saxo Bank A/S were 183.5% and 145.6%, respectively.

### The Supervisory Diamond

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

The liquidity measure in the Supervisory Diamond uses Liquidity Coverage Ratio (LCR) with a three-month, forward-looking approach, as opposed to the 30-day outflow period in the LCR key figure.

Saxo Bank A/S	Guidance value	30 June 2022	31 Dec. 2021
Percentage (%)			
Sum of large exposures	<175%	29.8%	27.3%
Lending growth	<20%	20.1%	-2.1%
Property exposure	<25%	36.6%	41.9%
Liquidity requirement ratio	>100%	168.4%	175.0%

## FINANCIAL REVIEW

As of 30 June 2022, Saxo Bank A/S did not comply with the lending growth and property exposure measures. Consequently, the Danish FSA has been informed that Saxo Bank exceeded the Supervisory Diamond's guidance values.

Lending growth was 20.1% in Saxo Bank A/S as of 30 June 2022, primarily due to two client loans from Saxo Bank A/S in 2022 of DKK 77 million. The two loans are fully collateralised. Total loans and receivables in Saxo Bank A/S amounted to DKK 345 million as of 30 June 2022.

Property exposure was 36.6% in Saxo Bank A/S as of 30 June 2022, primarily due to a loan from Saxo Bank A/S to the subsidiary Ejendomsselskabet Bygning 119 A/S amounting to DKK 238 million as of 30 June 2022 related to the Group's domicile property. As collateral Saxo Bank A/S has a mortgage deed in the domicile property.

### Events after the reporting date

There have been no events that have materially affected the assessment of this Interim Report 2022 after the reporting date.

## FINANCIAL OUTLOOK 2022

The Saxo Bank Group operates in global financial markets, and income generation is subject to volatility within the currency, equity and commodity markets, as well as fluctuating interest rates.

The first six months of 2022 have been characterised by challenging market conditions for our clients with a negative trend in the global equity markets, high inflation and increasing interest rates. This has led to a risk-off sentiment and lower trading activity especially among our Investor clients. However, we have also seen some income resilience from both the Trader commercial area, driven by performance in the first quarter, as well as higher return on liquidity portfolio following the steepening yield curves.

Our strategic focus remains unchanged with a continued emphasis on rolling out new products and services and finalising the migration of BinckBank. However, given the current market conditions, actions have been initiated to adjust the cost structure to the lower activity level.

Nonetheless, as a continued lower level of trading activity will result in lower revenue generation through the remainder of the year, and that the implemented actions on the cost side will only mitigate the adverse effects of the market situation, The Saxo Bank Group specifies the full-year 2022 guidance to a Net Profit in the level around DKK 600 million, and thus the lower end of the previously guided Net Profit range.

# INTERIM FINANCIAL STATEMENTS

## **SAXO BANK GROUP**



## INCOME STATEMENT – SAXO BANK GROUP

DKK million	Note	First half 2022	First half 2021
Interest income calculated using the effective interest method	3	144	114
Other interest income	3	593	663
Interest expense	4	-211	-148
<b>Net interest income</b>		<b>526</b>	<b>629</b>
Fee and commission income	5	1,583	2,004
Fee and commission expense	6	-751	-832
Price and exchange rate adjustments	7	777	624
<b>Operating income</b>		<b>2,135</b>	<b>2,424</b>
Other income		10	10
<b>Total income</b>		<b>2,145</b>	<b>2,435</b>
Staff costs and administrative expenses		-1,432	-1,482
Depreciation, amortisation and impairment		-303	-253
Other expenses		-24	-16
Impairment charges financial assets etc.	8	1	0
<b>Total costs</b>		<b>-1,757</b>	<b>-1,751</b>
<b>Share of net profit from joint ventures</b>		<b>27</b>	<b>9</b>
<b>Profit before tax</b>		<b>415</b>	<b>693</b>
Tax	9	-113	-181
<b>Net profit</b>		<b>302</b>	<b>512</b>
<b>Net profit attributable to:</b>			
Shareholders of Saxo Bank A/S		284	495
Additional tier 1 capital holders		18	18
Non-controlling interests		-1	-1
<b>Net profit</b>		<b>302</b>	<b>512</b>

## STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK GROUP

DKK million	First half 2022	First half 2021
<b>Net profit</b>	<b>302</b>	<b>512</b>
<b>Other comprehensive income</b>		
Remeasurement of defined benefit pension plans	14	2
Tax	-3	-0
Items that will not be reclassified to income statement	11	2
Exchange rate adjustments foreign entities	81	6
Hedge of net investments in foreign entities	-72	-20
Share of other comprehensive income in joint ventures, net of tax	9	12
Tax	16	4
Items that are or may be reclassified to income statement	34	2
<b>Total other comprehensive income</b>	<b>46</b>	<b>4</b>
<b>Total comprehensive income</b>	<b>347</b>	<b>516</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of Saxo Bank A/S	330	498
Additional tier 1 capital holders	18	18
Non-controlling interests	-1	-1
<b>Total comprehensive income</b>	<b>347</b>	<b>516</b>

## STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP

DKK million	Note	30 June 2022	31 December 2021
<b>ASSETS</b>			
Cash in hand and demand deposits with central banks	8	24,000	32,035
Receivables from credit institutions and central banks	8	5,794	6,481
Financial assets at fair value	10, 11	11,420	10,460
Bonds at amortised cost	8, 11	43,688	31,336
Loans and other receivables at amortised cost	8, 11	5,185	5,471
Current tax assets		302	113
Investments in joint ventures	11	472	402
Intangible assets		3,096	3,046
Tangible assets		1,271	1,297
Deferred tax assets		32	33
Other assets		454	447
<b>Total assets</b>		<b>95,714</b>	<b>91,122</b>
<b>LIABILITIES</b>			
Debt to credit institutions and central banks		5,672	5,178
Financial liabilities at fair value	10, 11	6,778	7,667
Deposits		73,919	68,577
Current tax liabilities		82	96
Other liabilities		847	1,071
Deferred tax liabilities		311	267
Provisions		297	312
Subordinated debt	11, 12	787	770
<b>Total liabilities</b>		<b>88,693</b>	<b>83,938</b>
<b>EQUITY</b>			
Share capital		75	75
Reserves		1,357	1,323
Retained earnings		4,823	4,827
Proposed dividend		302	500
<b>Equity, shareholders of Saxo Bank A/S</b>		<b>6,557</b>	<b>6,725</b>
Additional tier 1 capital	13	452	452
Non-controlling interests		12	7
<b>Total equity</b>	13	<b>7,021</b>	<b>7,183</b>
<b>Total liabilities and equity</b>		<b>95,714</b>	<b>91,122</b>

## STATEMENT OF CHANGES IN EQUITY – SAXO BANK GROUP

DKK million	Shareholders of Saxo Bank A/S							Total	Additional tier 1 capital	Non-controlling interests	Total equity
	Share capital	Share premium reserve	Translation reserve	Revaluation reserve	Total reserves	Retained earnings	Proposed dividend				
<b>2022</b>											
<b>Equity at 1 January</b>	<b>75</b>	<b>996</b>	<b>274</b>	<b>53</b>	<b>1,323</b>	<b>4,827</b>	<b>500</b>	<b>6,725</b>	<b>452</b>	<b>7</b>	<b>7,183</b>
Net profit	-	-	-	-	-	-18	302	284	18	-1	302
<b>Other comprehensive income</b>											
Exchange rate adjustments foreign entities	-	-	81	-	81	-	-	81	-	0	81
Hedge of net investments in foreign entities	-	-	-72	-	-72	-	-	-72	-	-	-72
Revaluation of domicile properties	-	-	-	-0	-0	0	-	-	-	-	-
Remeasurement of defined benefit pension plans	-	-	-	-	-	14	-	14	-	-	14
Share of other comprehensive income in joint ventures, net of tax	-	-	9	-	9	-	-	9	-	-	9
Tax	-	-	16	0	16	-3	-	13	-	-	13
Total other comprehensive income	-	-	34	-0	34	11	-	46	-	0	46
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>-0</b>	<b>34</b>	<b>-7</b>	<b>302</b>	<b>330</b>	<b>18</b>	<b>-1</b>	<b>347</b>
Tier 1 interest payment	-	-	-	-	-	-	-	-	-18	-	-18
Declared dividend	-	-	-	-	-	-	-500	-500	-	-	-500
Share-based payments	-	-	-	-	-	3	-	3	-	-	3
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	6	6
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-500</b>	<b>-497</b>	<b>-18</b>	<b>6</b>	<b>-510</b>
<b>Equity at 30 June</b>	<b>75</b>	<b>996</b>	<b>308</b>	<b>52</b>	<b>1,357</b>	<b>4,823</b>	<b>302</b>	<b>6,557</b>	<b>452</b>	<b>12</b>	<b>7,021</b>
<b>2021</b>											
<b>Equity at 1 January</b>	<b>75</b>	<b>996</b>	<b>222</b>	<b>53</b>	<b>1,271</b>	<b>4,848</b>	<b>751</b>	<b>6,945</b>	<b>452</b>	<b>4</b>	<b>7,401</b>
Net profit	-	-	-	-	-	239	256	495	18	-1	512
<b>Other comprehensive income</b>											
Exchange rate adjustments foreign entities	-	-	6	-	6	-	-	6	-	0	6
Hedge of net investments in foreign entities	-	-	-20	-	-20	-	-	-20	-	-	-20
Revaluation of domicile properties	-	-	-	-0	-0	0	-	-	-	-	-
Remeasurement of defined benefit pension plans	-	-	-	-	-	2	-	2	-	-	2
Share of other comprehensive income in joint ventures, net of tax	-	-	12	-	12	-	-	12	-	-	12
Tax	-	-	4	0	4	-1	-	4	-	-	4
Total other comprehensive income	-	-	2	-0	2	2	-	4	-	0	4
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-0</b>	<b>2</b>	<b>241</b>	<b>256</b>	<b>498</b>	<b>18</b>	<b>-1</b>	<b>516</b>
Tier 1 interest payment	-	-	-	-	-	-	-	-	-18	-	-18
Declared dividend	-	-	-	-	-	-	-751	-751	-	-	-751
Share-based payments	-	-	-	-	-	4	-	4	-	-	4
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	4	4
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-751</b>	<b>-748</b>	<b>-18</b>	<b>4</b>	<b>-761</b>
<b>Equity at 30 June</b>	<b>75</b>	<b>996</b>	<b>224</b>	<b>53</b>	<b>1,273</b>	<b>5,092</b>	<b>256</b>	<b>6,696</b>	<b>452</b>	<b>8</b>	<b>7,156</b>

## STATEMENT OF TOTAL CAPITAL – SAXO BANK GROUP

DKK million	30 June 2022	31 December 2021
<b>Tier 1 capital</b>		
Equity end of the reporting period	6,557	6,725
Proposed dividend	-302	-500
Intangible assets	-2,307	-2,419
Deferred tax liabilities, intangible assets	177	220
Deferred tax assets	-15	-13
Prudent valuation adjustments	-18	-18
<b>Common equity tier 1 capital</b>	<b>4,092</b>	<b>3,994</b>
Additional tier 1 capital	448	448
<b>Total tier 1 capital</b>	<b>4,540</b>	<b>4,442</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>5,280</b>	<b>5,182</b>
<b>Risk exposure amounts</b>		
Credit risk	9,669	9,107
Market risk	1,997	1,558
Operational risk	7,138	7,138
<b>Total risk exposure amounts</b>	<b>18,804</b>	<b>17,803</b>
<b>Capital ratios</b>		
Common equity tier 1 capital ratio	21.8%	22.4%
Tier 1 capital ratio	24.1%	25.0%
Total capital ratio	28.1%	29.1%

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 2022	First half 2021
Profit before tax	415	693
Taxes paid	-293	-214
<i>Adjustment for non-cash operating items:</i>		
Share of net profit from joint ventures	-27	-9
Depreciation, amortisation and impairment	303	253
Impairment charges financial assets etc.	-1	-0
Other non-cash operating items	140	-436
<b>Total</b>	<b>536</b>	<b>287</b>
<i>Changes in operating capital:</i>		
Receivables from credit institutions and central banks	8	5
Financial assets/liabilities at fair value	-1,835	-865
Loans and other receivables at amortised cost	289	-662
Bonds	-12,356	-1,495
Other assets	13	42
Debt to credit institutions and central banks	489	1,347
Deposits	5,190	5,792
Provisions and other liabilities	-220	340
<b>Cash flow from operating activities</b>	<b>-7,886</b>	<b>4,791</b>
Acquisition of intangible and tangible assets	-289	-358
<b>Cash flow from investing activities</b>	<b>-289</b>	<b>-358</b>
Paid interest on additional tier 1 capital	-18	-18
Dividends paid to shareholders	-500	-375
Transactions with non-controlling interests	6	4
Repayments on lease commitments	-29	-27
<b>Cash flow from financing activities</b>	<b>-541</b>	<b>-416</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-8,716</b>	<b>4,016</b>
Cash and cash equivalents at 1 January	38,510	34,980
<b>Cash and cash equivalents at 30 June</b>	<b>29,794</b>	<b>38,996</b>
Cash in hand and demand deposits with central banks	24,000	32,579
Amounts due from credit institutions and central banks within three months	5,794	6,417
<b>Cash and cash equivalents at 30 June</b>	<b>29,794</b>	<b>38,996</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 2022 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 2022 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 2021. Note 11 in the Annual Report for 2021 contains a comprehensive description of Saxo Bank Group's accounting policies.

#### Implementation of IFRS standards and amendments applicable from 1 January 2022

- \* Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
- \* Amendments to IAS 16 Property Plant and Equipment: Proceeds before intended use
- \* Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts – costs of fulfilling a contract
- \* Annual Improvements to IFRS Standards 2018-2020

Saxo Bank Group adopts the new standards and amendments when they become mandatory in the EU.

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 2021 due to reclassifications.

#### 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.

Significant estimates and judgements are disclosed in note 11 in the Saxo Bank Group Annual Report for 2021 and are unchanged compared to 2021, except for:

#### Measurement of deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognised and measured on the basis of tax regulation enacted and measured at the tax rate that applies to the period when the deferred tax is expected to be utilised. In June 2022, the bill for increase of the corporate tax rate from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards for the financial sector in Denmark has been enacted. The impact of the increase in corporate tax rate is estimated to DKK 27m, see note 9. The determination of the impact entails use of estimates and will be subject to adjustments on an ongoing basis.

## NOTES – SAXO BANK GROUP

Note	DKK million	First half 2022	First half 2021
<b>3</b>	<b>Interest income</b>		
	Credit institutions and central banks	22	6
	Bonds at amortised cost	49	1
	Loans and other receivables at amortised cost	73	107
	<b>Total interest income calculated using the effective interest method</b>	<b>144</b>	<b>114</b>
	Bonds at fair value	-	106
	Derivative financial instruments	593	556
	<b>Total other interest income</b>	<b>593</b>	<b>663</b>
	<b>Total interest income</b>	<b>737</b>	<b>777</b>
	Hereof interest received due to negative interest rates	30	31
<b>4</b>	<b>Interest expense</b>		
	Credit institutions and central banks	-92	-88
	Bonds at amortised cost	-50	-
	Deposits	-17	-10
	Subordinated debt	-20	-19
	Interest expense leases	-5	-4
	<b>Total interest expense calculated using the effective interest method</b>	<b>-183</b>	<b>-122</b>
	Derivative financial instruments	-28	-26
	<b>Total other interest expense</b>	<b>-28</b>	<b>-26</b>
	<b>Total interest expense</b>	<b>-211</b>	<b>-148</b>
	Hereof interest paid due to negative interest rates	-76	-88
<b>5</b>	<b>Fee and commission income</b>		
	Trading with securities and derivative financial instruments	1,542	1,932
	Asset management fees	22	32
	Other fee and commission income	20	40
	<b>Total fee and commission income</b>	<b>1,583</b>	<b>2,004</b>



## NOTES – SAXO BANK GROUP

Note	DKK million	First half 2022	First half 2021
<b>6</b>	<b>Fee and commission expense</b>		
	Trading with securities and derivative financial instruments	-742	-816
	Other fee and commission expense	-9	-16
	<b>Total fee and commission expense</b>	<b>-751</b>	<b>-832</b>
<b>7</b>	<b>Price and exchange rate adjustments</b>		
	Bonds at fair value	-	-142
	Securities	15	35
	Foreign exchange	553	559
	Derivative financial instruments <sup>1)</sup>	209	172
	<b>Total price and exchange rate adjustments</b>	<b>777</b>	<b>624</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

DKK million	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>30 June 2022</b>				
Impairment allowance 1 January 2022	9	-	32	41
Changes due to change in credit risk (net)	-3	-	-1	-4
<b>Impairment allowance 30 June 2022</b>	<b>6</b>	<b>-</b>	<b>31</b>	<b>37</b>
<b>31 December 2021</b>				
Impairment allowance 1 January 2021	8	-	39	48
Decrease due to redemptions and derecognitions	-	-	-7	-7
Changes due to change in credit risk (net)	1	-	-	1
<b>Impairment allowance 31 December 2021</b>	<b>9</b>	<b>-</b>	<b>32</b>	<b>41</b>

## NOTES – SAXO BANK GROUP

### Note

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

##### Credit risk - Expected credit loss

DKK million	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>30 June 2022</b>				
<b>Financial assets at amortised cost before allowance</b>				
Demand deposits with central banks	24,002	-	-	24,002
Receivables from credit institutions and central banks	5,794	-	-	5,794
Loans and other receivables at amortised cost <sup>1)</sup>	5,185	-	12	5,197
Bonds at amortised cost	43,696	-	-	43,696
Guarantees	51	-	14	65
<b>Total</b>	<b>78,728</b>	<b>-</b>	<b>26</b>	<b>78,755</b>
<b>Impairment allowance</b>				
Demand deposits with central banks	2	-	-	2
Receivables from credit institutions and central banks	1	-	-	1
Loans and other receivables at amortised cost	-	-	12	12
Bonds at amortised cost	8	-	-	8
Guarantees	-	-	14	14
<b>Total</b>	<b>11</b>	<b>-</b>	<b>26</b>	<b>37</b>
<b>31 December 2021</b>				
<b>Financial assets at amortised cost before allowance</b>				
Demand deposits with central banks	32,038	-	-	32,038
Receivables from credit institutions and central banks	6,487	-	-	6,487
Loans and other receivables at amortised cost <sup>1)</sup>	5,468	-	14	5,482
Bonds at amortised cost	31,341	-	-	31,341
Guarantees	36	-	16	52
<b>Total</b>	<b>75,370</b>	<b>-</b>	<b>29</b>	<b>75,399</b>
<b>Impairment allowance</b>				
Demand deposits with central banks	3	-	-	3
Receivables from credit institutions and central banks	6	-	-	6
Loans and other receivables at amortised cost	-	-	11	11
Bonds at amortised cost	5	-	-	5
Guarantees	-	-	16	16
<b>Total</b>	<b>14</b>	<b>-</b>	<b>26</b>	<b>41</b>

<sup>1)</sup> Loans at amortised cost DKK 5,169 million (31 December 2021: DKK 5,469 million) are fully collateralised by listed securities.

The Risk management note 6 in the Annual Report for 2021 contains a detailed description of the Group's credit risk.

## NOTES – SAXO BANK GROUP

Note	DKK million	First half 2022	First half 2021
<b>9</b>	<b>Income tax - effective tax rate</b>		
	Profit before tax	415	693
	Tax using the Danish tax rate 22%	-91	-153
	Effect of tax rates in foreign jurisdictions	-6	-18
	Effect from changes in tax rate	-27	-0
	Non tax-deductible expenses	-6	-6
	Withholding tax and other taxes	-3	0
	Effect of tax of result in joint ventures	6	2
	Adjustment to tax previous years	14	-7
	<b>Total income tax recognised in income statement</b>	<b>-113</b>	<b>-181</b>
	<b>Effective tax rate</b>	<b>27.3%</b>	<b>26.2%</b>

In first half of 2022, the income tax is negatively impacted by remeasurement of deferred tax assets and liabilities. The remeasurement is due to enactment in June 2022 of an increase in the corporate tax rate for the financial sector in Denmark. The corporate tax rate will for the financial sector in Denmark increase from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards. The estimated impact on deferred tax assets and liabilities 30 June 2022 is DKK 27 million, which is recognised in the income statement.

### 10 Financial assets and financial liabilities at fair value

DKK million	30 June 2022	31 December 2021
Listed securities	91	149
Interest swaps (fair value hedge)	6	10
Investment securities	6	6
Derivative financial instruments with positive fair value	11,317	10,295
<b>Total financial assets at fair value</b>	<b>11,420</b>	<b>10,460</b>
Derivative financial instruments with negative fair value	6,778	7,667
<b>Total financial liabilities at fair value</b>	<b>6,778</b>	<b>7,667</b>

## NOTES – SAXO BANK GROUP

### Note

#### 11 Classification and measurement of financial instruments

DKK million	Quoted market price Level 1	Observable input Level 2	Non- observable input Level 3	Total fair value	Total carrying amount
<b>30 June 2022</b>					
<b>Financial assets and liabilities recognised at fair value in statement of financial position <sup>1)</sup></b>					
Listed securities	91	-	-	91	91
Derivative financial instruments with positive value	-	11,217	100	11,318	11,317
Interest swaps	-	6	-	6	6
Convertible loan notes at fair value <sup>2)</sup>	-	-	269	269	269
Investment securities	-	-	6	6	6
Derivative financial instruments with negative value	-	6,778	-	6,778	6,778
<b>Financial assets and liabilities recognised at amortised cost in statement of financial position</b>					
Bonds at amortised cost	-	43,103	-	43,103	43,688
Loans and other receivables at amortised cost	-	-	5,221	5,221	5,185
Subordinated debt	-	-	792	792	787
<b>31 December 2021</b>					
<b>Financial assets and liabilities recognised at fair value in statement of financial position <sup>1)</sup></b>					
Listed securities	149	-	-	149	149
Derivative financial instruments with positive value	-	10,213	82	10,295	10,295
Interest swaps	-	10	-	10	10
Convertible loan notes at fair value <sup>2)</sup>	-	-	270	270	270
Investment securities	-	-	6	6	6
Derivative financial instruments with negative value	-	7,667	0	7,667	7,667
<b>Financial assets and liabilities recognised at amortised cost in statement of financial position</b>					
Bonds at amortised cost	-	31,320	-	31,320	31,336
Loans and other receivables at amortised cost	-	-	5,499	5,499	5,471
Subordinated debt	-	-	798	798	770

<sup>1)</sup> Listed securities, derivatives, interest swaps and investment securities are presented as Financial assets and financial liabilities at fair value (note 10) in the statement of financial position.

<sup>2)</sup> Convertible loan notes at fair value are presented as Investments in joint ventures in the statement of financial position.

## NOTES – SAXO BANK GROUP

Note	DKK million	30 June 2022	31 December 2021
<b>11</b>	<b>Classification and measurement of financial instruments (continued)</b>		
	<b>Financial instruments measured at the basis of non-observable input level 3</b>		
	Fair value at 1 January	358	428
	Additions	18	-
	Disposals	-156	-119
	Gains and losses recognised in income statement:		
	Realised fair value adjustments	0	-
	Unrealised fair value adjustments	155	50
	<b>Fair value end of period - level 3</b>	<b>375</b>	<b>358</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 with conversion rights amounting DKK 269 million as at 30 June 2022 (31 December 2021: DKK 270 million).

In 2022, loan notes of DKK 156 million (2021: DKK 112 million) were converted to new shares in the joint venture.

The convertible loan notes DKK 269 million (31 December 2021: DKK 270 million) are in Saxo Bank Group measured at fair value based on unobservable inputs (level 3) by using a discounted cash flow model. In first half 2022, fair value adjustments of the loan notes impacted the net profit with DKK 55 million (first half 2021: DKK 21 million) and was recognised in Share of net profit from joint ventures. The key input in the valuation model is the discount rate of 15.8% (31 December 2021: 15.7%). Had a discount rate of 10.0% been applied 30 June 2022, a gain of DKK 102 million (31 December 2021: DKK 136 million) should have been recognised and had a discount rate of 20.0% been applied, a gain of DKK 32 million (31 December 2021: Loss of DKK 93 million) should have been recognised. Repayment period for the loan notes is 8 years.

### Financial instruments measured at fair value

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

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

Exchange traded products e.g. structured products, 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, CFDs on Indices, FX Forwards and FX Options are measured based on industry standard valuation models and classified as level 2.

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

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

## NOTES – SAXO BANK GROUP

### Note

#### 11 Classification and measurement of financial instruments (continued)

##### Financial instruments measured at amortised cost

For financial assets and financial liabilities measured at amortised cost, the fair value is estimated 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.

For bonds at amortised cost, fair value is based on quoted prices if traded in an active market. The fair value measurement for covered bonds, where quoted prices are not deemed an accurate market-based measurement, is based on a quote from the primary market maker.

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

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

#### 12 Subordinated debt

Cur- rency	Nominal value	Year of issue	Borrower	Maturity	Interest	Rate	Years	30 June 2022	31 December 2021
EUR	100	2019	Saxo Bank A/S	03.07.2029	Fixed <sup>1)</sup>	5.50%	5.00	741	740
								41	20
								6	10
<b>Total subordinated debt</b>								<b>787</b>	<b>770</b>

<sup>1)</sup> The interest rate is fixed the first five years after issuance. The following 5 years, the interest rate is fixed at the EUR mid-swap rate plus 5.7115%.

Note 5.3 in the Saxo Bank Group Annual Report for 2021 provides more detailed information.

#### 13 Equity and additional tier 1 capital

The Board of Directors proposes an interim dividend of DKK 4.02 per share (30 June 2021: DKK 3.41 per share) or a total of DKK 302,184,600 (30 June 2021: DKK 256,327,106) for Saxo Bank A/S. In addition, dividend of DKK 500 million was declared in March 2022.

Cur- rency	Nominal value	Year of issue	Borrower	Maturity	Interest	Rate	Years	30 June 2022	31 December 2021
EUR	60	2019	Saxo Bank A/S	Perpetual	Fixed <sup>1)</sup>	8.125%	5.50	448	448
								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 2021 provides more detailed information.

## NOTES – SAXO BANK GROUP

### Note

#### 14 Related parties

The related party transactions in the first half of 2022 were of same nature as the ones disclosed in note 9.5 in the Saxo Bank Group Annual Report for 2021.

#### 15 Contingent and other contractual commitments

DKK million	30 June 2022	31 December 2021
<b>Guarantees</b>		
Financial guarantees	51	36
<b>Total guarantees, net of allowance</b>	<b>51</b>	<b>36</b>
<b>Other contractual commitments</b>		
Other contractual commitments <sup>1)</sup>	826	191
<b>Total other contractual commitments</b>	<b>826</b>	<b>191</b>

<sup>1)</sup> Including commitments of DKK 642 million (31 December 2021: DKK 0 million) related to purchased bonds with long settlement date.

In the normal course of business, the Group is involved in various disputes and legal proceedings, including tax matters, that are carefully evaluated when preparing the financial statements.

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.

## NOTES – SAXO BANK GROUP

Note	DKK million	30 June 2022	31 December 2021
<b>16</b>	<b>Assets deposited as collateral</b>		
	Cash in hand and demand deposits with central banks	386	343
	Receivables from credit institutions and central banks	857	724
	Bonds at amortised cost	11,064	10,543

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.

### 17 Events after the reporting date

There has been no events that have materially affected the assessment of this Interim Report 2022 after the reporting date.



## NOTES – SAXO BANK GROUP

Note	First half 2022	First half 2021
<b>18 Key figures and ratios</b>		
<b>Income statement (DKK million)</b>		
Net interest and net fees and commissions	1,359	1,801
Price and exchange rate adjustments	777	624
Staff costs and administrative expenses	-1,432	-1,482
Impairment charges financial assets etc.	1	0
Share of net profit from joint ventures	27	9
Profit before tax	415	693
Net profit	302	512
<b>Statement of financial position (DKK million)</b>		
Loans and other receivables at amortised cost	5,185	5,462
Deposits	73,919	65,921
Subordinated debt	787	814
Total equity	7,021	7,156
Total assets	95,714	86,081
<b>Employees</b>		
Number of full-time-equivalent staff (end of period)	2,551	2,490
<b>Ratios</b>		
Total capital ratio	28.1%	29.8%
Tier 1 capital ratio	24.1%	25.6%
Return on equity before tax <sup>1)</sup>	11.5%	18.7%
Return on equity after tax <sup>1)</sup>	8.3%	13.8%
Income/cost ratio <sup>2)</sup>	123.6%	139.6%
Interest rate risk	5.5%	-1.2%
Foreign exchange rate risk/Tier 1 capital	14.2%	10.9%
Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.1%
Loans and other receivables plus impairment charges/Deposits	7.0%	8.3%
Loans and other receivables proportional to Total equity	0.74	0.76
Growth in loans and other receivables	-5.2%	13.5%
Liquidity coverage ratio	279.6%	315.6%
Sum of large exposures/CET1 capital	24.6%	21.6%
Loss and provisions ratio	0.0%	0.0%
Return on assets <sup>1)</sup>	0.6%	1.2%

<sup>1)</sup> Annualised.

<sup>2)</sup> Including Share of net profit from joint ventures.

Please refer to Saxo Bank Group's Annual Report 2021 page 94 for definitions of key figures and ratios.

# INTERIM FINANCIAL STATEMENTS

**SAXO BANK A/S**

## INCOME STATEMENT – SAXO BANK A/S

DKK million	Note	First half 2022	First half 2021
Interest income	2	608	614
Interest expense	3	-171	-85
<b>Net interest income</b>		<b>437</b>	<b>529</b>
Fee and commission income		1,357	1,285
Fee and commission expense		-1,353	-1,260
<b>Net interest, fees and commissions</b>		<b>440</b>	<b>554</b>
Price and exchange rate adjustments	4	782	592
<b>Operating income</b>		<b>1,222</b>	<b>1,146</b>
Other income		22	21
Staff costs and administrative expenses		-954	-956
Depreciation, amortisation and impairment		-244	-183
Other expenses		-7	-4
Impairment charges financial assets etc.	5	-6	-3
Result from subsidiaries and joint ventures		309	518
<b>Profit before tax</b>		<b>341</b>	<b>539</b>
Tax	6	-39	-27
<b>Net profit</b>		<b>302</b>	<b>513</b>
<b>Net profit attributable to:</b>			
Equity method reserve		-14	369
Retained earnings		-4	-130
Proposed dividend for the period		302	256
Additional tier 1 capital holders		18	18
<b>Net profit</b>		<b>302</b>	<b>513</b>

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

DKK million	First half 2022	First half 2021
<b>Net profit</b>	<b>302</b>	<b>513</b>
<b>Other comprehensive income</b>		
Other comprehensive income from subsidiaries, net of tax	11	2
Items that will not be reclassified to income statement	11	2
Exchange rate adjustments foreign entities	81	6
Hedge of net investments in foreign entities	-72	-20
Other comprehensive income in subsidiaries, net of tax	-	0
Share of other comprehensive income in joint ventures, net of tax	9	12
Tax	16	4
Items that are or may be reclassified to income statement	34	2
<b>Total other comprehensive income</b>	<b>46</b>	<b>4</b>
<b>Total comprehensive income</b>	<b>348</b>	<b>516</b>
<b>Total comprehensive income attributable to</b>		
Equity method reserve	31	373
Retained earnings	299	126
Additional tier 1 capital holders	18	18
<b>Total comprehensive income</b>	<b>348</b>	<b>516</b>

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

DKK million	Note	30 June 2022	31 December 2021
<b>ASSETS</b>			
Cash in hand and demand deposits with central banks		984	772
Receivables from credit institutions and central banks	5	10,447	9,864
Loans and other receivables at amortised cost	5	345	298
Bonds at amortised cost		32,672	27,756
Securities		97	155
Investments in subsidiaries		6,040	5,985
Investments in joint ventures		472	402
Intangible assets		2,993	2,890
Tangible assets		103	97
Current tax assets		159	122
Deferred tax assets		0	1
Other assets		12,124	10,618
Prepayments		216	147
<b>Total assets</b>		<b>66,652</b>	<b>59,107</b>
<b>LIABILITIES</b>			
Debt to credit institutions and central banks		13,629	9,782
Deposits		38,187	33,425
Current tax liabilities		5	9
Other liabilities		6,607	7,565
<b>Total debt</b>		<b>58,427</b>	<b>50,781</b>
Deferred tax liabilities		250	194
Provisions for guarantees	5	14	16
Other provisions		163	169
<b>Total provisions</b>		<b>427</b>	<b>378</b>
<b>Subordinated debt</b>		<b>787</b>	<b>770</b>
<b>EQUITY</b>			
Share capital		75	75
Share premium reserve		996	996
Equity method reserve		2,090	2,058
Retained earnings		3,094	3,095
Proposed dividend		302	500
<b>Shareholders of Saxo Bank A/S</b>		<b>6,558</b>	<b>6,725</b>
Additional tier 1 capital		452	452
<b>Total equity</b>	11	<b>7,010</b>	<b>7,177</b>
<b>Total liabilities and equity</b>		<b>66,652</b>	<b>59,107</b>

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

DKK million	Shareholders of Saxo Bank A/S							Additional tier 1 capital	Total
	Share capital	Share premium reserve	Equity method reserve	Retained earnings	Proposed dividend	Total			
<b>2022</b>									
<b>Equity at 1 January</b>	<b>75</b>	<b>996</b>	<b>2,058</b>	<b>3,095</b>	<b>500</b>	<b>6,725</b>	<b>452</b>	<b>7,177</b>	
Net profit	-	-	-14	-4	302	284	18	302	
<b>Other comprehensive income</b>									
Exchange rate adjustments in foreign entities	-	-	81	-	-	81	-	81	
Hedge of net investments in foreign entities	-	-	-72	-	-	-72	-	-72	
Other comprehensive income in subsidiaries, net of tax	-	-	11	-	-	11	-	11	
Share of other comprehensive income in joint ventures, net of tax	-	-	9	-	-	9	-	9	
Tax	-	-	16	-	-	16	-	16	
Total other comprehensive income	-	-	46	-	-	46	-	46	
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-4</b>	<b>302</b>	<b>330</b>	<b>18</b>	<b>348</b>	
Tier 1 interest payments	-	-	-	-	-	-	-18	-18	
Declared dividend	-	-	-	-	-500	-500	-	-500	
Share-based payments	-	-	1	2	-	3	-	3	
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>-500</b>	<b>-497</b>	<b>-18</b>	<b>-516</b>	
<b>Equity at 30 June</b>	<b>75</b>	<b>996</b>	<b>2,090</b>	<b>3,094</b>	<b>302</b>	<b>6,558</b>	<b>452</b>	<b>7,010</b>	
<b>2021</b>									
<b>Equity at 1 January</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	-130	256	495	18	513	
<b>Other comprehensive income</b>									
Exchange rate adjustments in foreign entities	-	-	6	-	-	6	-	6	
Hedge of net investments in foreign entities	-	-	-20	-	-	-20	-	-20	
Other comprehensive income in subsidiaries, net of tax	-	-	2	-	-	2	-	2	
Share of other comprehensive income in 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>-130</b>	<b>256</b>	<b>498</b>	<b>18</b>	<b>516</b>	
Tier 1 interest payment	-	-	-	-	-	-	-18	-18	
Declared dividend	-	-	-	-	-751	-751	-	-751	
Share-based payments	-	-	1	3	-	4	-	4	
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>-751</b>	<b>-747</b>	<b>-18</b>	<b>-765</b>	
<b>Equity at 30 June</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>	

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

DKK million	30 June 2022	31 December 2021
<b>Tier 1 capital</b>		
Equity end of the reporting period	6,558	6,725
Proposed dividend	-302	-500
Intangible assets	-2,060	-2,161
Deferred tax liabilities, intangible assets	170	198
Deferred tax assets	-	-3
Prudent valuation adjustments	-17	-17
<b>Common equity tier 1 capital</b>	<b>4,349</b>	<b>4,242</b>
Additional tier 1 capital	448	448
<b>Total tier 1 capital</b>	<b>4,797</b>	<b>4,690</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>5,536</b>	<b>5,430</b>
<b>Risk exposure amounts</b>		
Credit risk	13,401	13,318
Market risk	1,973	1,505
Operational risk	3,609	3,609
<b>Total risk exposure amounts</b>	<b>18,983</b>	<b>18,432</b>
<b>Capital ratios</b>		
Common equity tier 1 capital ratio	22.9%	23.0%
Tier 1 capital ratio	25.3%	25.4%
Total capital ratio	29.2%	29.5%

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

## NOTES – SAXO BANK A/S

### Note

#### 1 Accounting policies

The interim financial statements of Saxo Bank A/S for the first half of 2022 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 2022 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 2021.

#### Changes to comparative figures

Certain minor changes have been made to the comparative figures for 2021 due to reclassifications.

#### 2 Interest income

DKK million	First half 2022	First half 2021
Credit institutions and central banks	4	3
Loans and other receivables at amortised cost	62	30
Bonds at amortised cost	47	-
Bonds at fair value	-	106
Derivative financial instruments	495	474
<b>Total interest income</b>	<b>608</b>	<b>614</b>

Hereof interest received due to negative interest rates	18	19
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#### 3 Interest expense

Credit institutions and central banks	-22	-14
Bonds at amortised cost	-50	-
Deposits	-56	-28
Subordinated debt	-20	-19
Derivative financial instruments	-23	-24
Interest expense leases	-0	-0
<b>Total interest expense</b>	<b>-171</b>	<b>-85</b>

Hereof interest paid due to negative interest rates	-7	-10
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#### 4 Price and exchange rate adjustments

Bonds at fair value	-	-142
Foreign exchange	564	557
Derivative financial instruments <sup>1)</sup>	218	177
<b>Total price and exchange rate adjustments</b>	<b>782</b>	<b>592</b>

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



## NOTES – SAXO BANK A/S

### Note

#### 5 Loans and other receivables at amortised cost

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

DKK million	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>30 June 2022</b>				
Impairment allowance 1 January 2022	31	-	17	48
Impairment for the period	10	-	-	10
Reversal of impairment from previous years	-4	-	-3	-7
<b>Impairment allowance 30 June 2022</b>	<b>37</b>	<b>-</b>	<b>14</b>	<b>51</b>
<b>31 December 2021</b>				
Impairment allowance 1 January 2021	17	-	24	41
Impairment for the year	14	-	-0	14
Reversal of impairment from previous years	-	-	-7	-7
<b>Impairment allowance 31 December 2021</b>	<b>31</b>	<b>-</b>	<b>17</b>	<b>48</b>

#### 6 Tax

In first half of 2022, the income tax is negatively impacted by remeasurement of deferred tax assets and liabilities. The remeasurement is due to enactment in June 2022 of an increase in the corporate tax rate for the financial sector in Denmark. The corporate tax rate will for the financial sector in Denmark increase from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards. The estimated impact on deferred tax assets and liabilities 30 June 2022 is DKK 34 million, which is recognised in the income statement.

#### 7 Bonds at amortised cost

The fair value of Bonds at amortised cost amounted to DKK 32,333 million at 30 June 2022 (31 December 2021: DKK 27,603 million).

#### 8 Related parties

The related party transactions in the first half of 2022 were of same nature as the ones disclosed in note 6.1 in Saxo Bank A/S' Annual Report for 2021 (part of the Saxo Bank Groups Annual Report).

## NOTES – SAXO BANK A/S

Note	DKK million	30 June 2022	31 December 2021
<b>9</b>	<b>Contingent and other contractual commitments</b>		
	<b>Guarantees</b>		
	Guarantees issued to subsidiaries	271	278
	Financial guarantees	36	22
	<b>Total guarantees</b>	<b>307</b>	<b>299</b>
	<b>Other contractual commitments</b>		
	Lease commitments towards subsidiaries	242	262
	Other contractual commitments <sup>1)</sup>	822	187
	<b>Total other contractual commitments</b>	<b>1,064</b>	<b>450</b>

<sup>1)</sup> Including commitments of DKK 642 million (31 December 2021: DKK 0 million) related to purchased bonds with long settlement date.

In the normal course of business, Saxo Bank A/S is involved in various disputes and legal proceedings, including tax matters that are carefully evaluated when preparing the financial statements.

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.

### 10 Assets deposited as collateral

DKK million	30 June 2022	31 December 2021
Bonds at amortised cost	10,632	10,183
Receivables from credit institutions and central banks	855	724

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

### 11 Equity

Information on proposed and declared dividend is disclosed in note 13 Equity and additional tier 1 capital in the consolidated interim financial statements.

### 12 Events after the reporting date

There has been no events that have materially affected the assessment of this Interim Report 2022 after the reporting date.

## NOTES – SAXO BANK A/S

Note	First half 2022	First half 2021
<b>13 Key figures and ratios</b>		
<b>Income statement (DKK million)</b>		
Net interest, fees and commissions	440	554
Price and exchange rate adjustments	782	592
Staff costs and administrative expenses	-954	-956
Impairment charges financial assets etc.	-6	-3
Result from subsidiaries and joint ventures	309	518
Profit before tax	341	539
Net profit	302	513
<b>Statement of financial position (DKK million)</b>		
Loans and other receivables at amortised cost	345	287
Deposits	38,187	29,436
Subordinated debt	787	814
Total equity	7,010	7,149
Total assets	66,652	51,497
<b>Employees</b>		
Number of full-time-equivalent staff (avg.)	821	762
<b>Ratios</b>		
Total capital ratio	29.2%	31.2%
Tier 1 capital ratio	25.3%	27.1%
Return on equity before tax <sup>1)</sup>	9.4%	14.5%
Return on equity after tax <sup>1)</sup>	8.4%	13.8%
Income/cost ratio <sup>2)</sup>	128.1%	147.1%
Interest rate risk	7.9%	2.6%
Foreign exchange rate risk/Tier 1 capital	12.9%	9.6%
Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.1%
Loans and other receivables plus impairment charges/Deposits	0.9%	1.0%
Loans and other receivables proportional to Total equity	0.05	0.04
Growth in loans and other receivables	15.8%	-5.6%
Liquidity coverage ratio	183.5%	218.9%
Sum of large exposures/CET1 capital	29.8%	18.6%
Loss and provisions ratio	-1.0%	-0.5%
Return on assets <sup>1)</sup>	0.9%	2.0%

<sup>1)</sup> Annualised.

<sup>2)</sup> Including Share of net profit from joint ventures.

Please refer to Saxo Bank Group's Annual Report 2021 page 94 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 2022 for Saxo Bank A/S.

The consolidated interim financial statements for the first half of 2022 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 2022 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 2022.

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

Copenhagen, 7 September 2022

## BOARD OF MANAGEMENT

Kim Fournais  
CEO & Founder

Søren Kyhl  
Deputy CEO and Chief Operating Officer

Mette Ingeman Pedersen  
Chief Financial Officer

Steen Blaafalk  
Chief Risk and Compliance Officer

## BOARD OF DIRECTORS

Kari Stadigh  
Chairman

Henrik Normann  
Vice Chairman

Henrik Andersen

Patrick Lapveteläinen

Donghui Li

Xia Li

## COMPANY INFORMATION

### Company

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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 Normann	Vice Chairman of the Board
Henrik Andersen	Member of the Board
Patrick Lapveteläinen	Member of the Board
Donghui Li	Member of the Board
Xia Li	Member of the Board

### Board of Management

Kim Fournais	CEO & Founder
Søren Kyhl	Deputy CEO and Chief Operating Officer
Mette Ingeman Pedersen	Chief Financial Officer
Steen Blaafoalk	Chief Risk and Compliance 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