2009

SAXO BANK

ANNUAL REPORT
2009

SAXO BANK

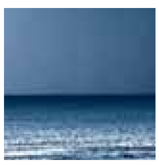
Mankind has always looked towards the horizon.
We are attracted to it. It’s something we dream about.
We want to conquer it and move beyond it.

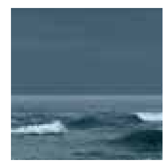
At the same time, the horizon is a frontier.
It’s something we fear because it’s unknown.
We wonder what might lie beyond this horizon.

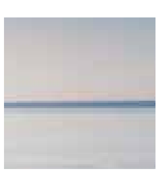
The fact is, the horizon looks the same to everyone.
No matter which side we’re on, we see the same horizon.
And we all dream about what’s on the other side.

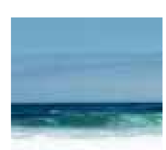
When you make the horizon your goal,
you will always be moving forward.

CONTENTS









THE ENGLISH CHANNEL
LOCATION: OMAHA BEACH, NORMANDY, FRANCE
DIRECTION: NORTH

MANAGEMENT REPORT

SAXO BANK'S CO-CEOS AND CO-FOUNDERS,
KIM FOURNAIS AND LARS SEIER CHRISTENSEN

REVIEW OF THE YEAR

THE ECONOMIC CONDITIONS

Business conditions in 2009 were characterised by low visibility and high uncertainty in the financial markets.

The financial crisis that began in 2008 changed the business climate. The bankruptcies and meltdowns in the financial sector lead to the issue of various governmental rescue programmes and financial stimulus packages. The governmental intervention provided liquidity to the financial markets and even though the balance was fragile the confidence in the economic system seemed to be somewhat restored at the end of 2009. However, investors' risk appetite, which decreased in the economic turmoil, has not returned to the pre-crisis level.

FINANCIAL RESULTS

In this challenging environment the viability of Saxo Bank's business model was confirmed. Being an online trading and investment bank that is not engaged in traditional lending activities and is not dependant on the traditional loan financing business, Saxo Bank is somewhat resilient but not unaffected by the financial environment.

After a relatively slow beginning to the year, business picked up during the second half of 2009. Operating income for the year ended at DKK 2,228 million compared to DKK 2,518 million in 2008. Net profit was DKK 201 million with 80% earned in the second half of the year. Seen in the light of the macroeconomic conditions, parti-

KEY FIGURES AND RATIOS

SAXO BANK GROUP

(DKK millions)	**2009**	**2008**	**2007**	**2006**	**2005**
Operating income	2,227.5	2,518.2	1,564.4	1,002.0	633.9
Net profit before tax	269.4	468.6	364.9	205.1	222.9
Net profit	201.4	339.2	275.2	144.1	158.1
Total equity	2,335.1	1,416.7	1,093.1	432.1	335.9
Total assets	16,064.0	10,456.1	9,996.2	6,155.6	4,306.2
Clients' collateral deposits	14,903.1	8,717.1	9,180.7	5,708.0	3,683.0
Assets under management	20,725.0	-	-	-	-
Solvency ratio (Pillar I)	19.0%	17.5%	18.2%	13.7%	14.6%
Return before tax on Total equity	14.4%	37.3%	47.8%	53.4%	81.1%
Average number of employees	927	1,297	1,011	622	329

See page 81 for definitions.

cularly in the first half of the year, and the inclusion of a number of non-recurring costs associated with the ongoing streamlining of the Bank, Saxo Bank finds the result satisfactory.

The results were achieved on the back of continued growth in collateral deposits and assets placed with the Bank. Thus, the value of clients' collateral deposits related to the online trading business increased more than 70% to approximately DKK 15 billion as at 31 December 2009.

In addition, the Bank had assets under management in Saxo Asset Management of more than DKK 20 billion at the end of 2009.

SOLVENCY AND ICAAP

At the end of December 2009, the solvency ratio for the Bank was 19.0% after inclusion of net profit for the year against 17.5% at the end of 2008.

Under Danish law, Saxo Bank must publish the result of its Internal Capital Adequacy Assessment Process (ICAAP) at 31 December 2009.

The calculation of the ICAAP result is based on an internal process during which management assesses the overall risks of the Bank. The ICAAP is updated regularly as the capital requirement is subject to change as the business, as well as the risks and controls, change both internally and externally.

As at 31 December 2009, Saxo Bank's ICAAP result showed a capital requirement of 8% of risk weighted items equal to DKK 624 million. Thus, with a base capital of DKK 1,485 million, the capital buffer was DKK 861 million.

PARTICIPATION IN THE DANISH STATE GUARANTEE SCHEME

In response to the financial sector crisis and difficult financial markets, the Danish parliament passed the Governmental Guarantee Scheme (Bank Package I) in October 2008. Saxo Bank chose to participate in the scheme.

The scheme, which is set to expire on 30 September 2010, includes an unconditional state guarantee for the obligations of Danish banks, except for subordinated debt and covered bonds. If this scheme is not extended or replaced, money deposited by a customer in a Danish bank will still be covered by a government backed guarantee with a cap of EUR 100,000 per customer.

The Danish state charges an annual guarantee commission of DKK 7.5 billion. Through the Private Contingency Association, the participating banks are jointly and severally liable for payment of the commission and for a guarantee commitment of DKK 20 billion, half of which falls due only if the losses incurred by the sector as a whole exceed DKK 25 billion. In 2009, Saxo Bank expensed a guarantee commission of DKK 29 million and DKK 35 million related to the loss guarantee in the income statement.

TRANSFORMATION OF THE BANK

Continued structural change

In autumn 2008, Saxo Bank announced the execution of a restructuring plan with the aim of steering the Bank into a new phase. The overall goal was to maintain growth while ensuring profitability and efficiency along the way. The external events following the financial crisis have proved the soundness of the decisions taken.

2009 has focused on the continued execution of the transition initiatives that embarked the consolidation and streamlining of the Bank. Accordingly, Saxo Bank has implemented a range of new corporate policies, introduced new methods and implemented new supporting systems to secure the increased professionalisation and efficiency of the Bank. Furthermore, management has focused on decreasing the number of back office staff in relation to front line staff. This focus has lead to knowledge upgrades within various areas of the Bank as well as outsourcing of non-core functions.

New strategic direction

Traditionally, Saxo Bank primarily targeted the sophisticated trader. However, over recent years the strategic aim of the Bank has been to expand the product and service offerings to reach a broader client audience.

The ability to combine technology with the emerging needs and preferences of the traders and investors reflects some of the core abilities of the Bank which is pivotal to the strategic direction. In 2009, the Bank laid the foundation for a clearer segmentation and thereby a more focused approach to the market.

Key in the new market segmentation is the type of client, the level of expertise and the degree of risk appetite. Although financial products share many of the same characteristics the needs of the clients, with respect to service, product package and degree of online product capabilities, can be very different. However, the core in the product and service offerings across the new market segmentation remains the usage of the technology capabilities of Saxo Bank.

Accordingly target customers are categorised in four groups.

1. The Sophisticated Trader is traditionally the core client of Saxo Bank. The trader is an expert in one or more financial products and is interested in the broad product suite and tools provided in the SaxoTrader. The Sophisticated Trader is a demanding client and requires expert service.

2. The Self-directed Trader is interested in an online and broad financial product suite that enables full self-service. The trader is price sensitive and uses communities and other online discussion groups to determine the next trade to make.

3. The Self-directed Investor is a new target group. The Investor has much less risk appetite than the Trader and needs access to investor information and analysis before investment decisions are taken. The Self-directed Investor is online and informationoriented and requires a full self-service concept.

4. The High-Net-Worth Investor is an institutional investor or a client with significant investable assets. This segment requires expert personal service. In order to service the High-Net-Worth Investor, expertise and a documented track record are required. The High-Net-Worth Investor operates off-line and emphasises the importance of personal service and relationship management.

As a natural development the organisation of the Bank was in 2009 aligned to address the changed business direction. While approaching the newly defined customer groups separately from a commercial point of view the key driver in the new business structure remains the utilisation of the core technological capabilities of the Bank across all segments. The aim is to service clients through technology and capacity utilisation as well as to exercise business synergies in full.

The traditional part of Saxo Bank is the Commercial Group that provides products and services to traders. In order to enhance the service offering to the Sophisticated Trader, Saxo Bank established a Trade Advisory Team. The focus of the team is to provide a structured and professional service to clients. Furthermore, the team provides guidance to increase client awareness of risk management.

A newly established Banking and Online Investment business area will focus on the development of a new product and service suite that is designed to cater for the Self-directed Investor. This suite includes the launch of a new equity offering, an online wealth management platform and eventually traditional banking and pension products, the latter aimed at the Nordic market.

Finally, Saxo Asset Management was launched in 2009 to cater for the top segment of High-Net-Worth Investors. The new business area is the combined concept of three asset management businesses acquired in 2009.

Product enhancements

A range of new products and services were introduced to the trading platform during 2009.

In June 2009 the Bank launched CFDs on Commodities. Saxo Bank's offering of CFDs on Commodities allows for investing in oil, grains, softs, energies, carbon quotes, gold and other precious metals similar to trading any other CFD product. CFDs on Commodities give traders and investors direct exposure to the underlying commodity with the trading features of a CFD.

Another initiative in 2009 was the launch of the FX Option Board. The Option Board offers an all-in-one view providing a full market picture that prices various options based on standardised dates and strike prices, FX-spot levels and maturity dates that are all streamed into the board.

In late 2009, the TradeMentor education programme was launched. TradeMentor enables clients to develop practical trading experience by actively engaging in live trades. The education programme uses web video tutorials and downloadable content. The TradeMentor programme gives clients the chance to learn how to master various investment products as well as to understand and evaluate risks related to trading and investment.

Finally, TradeMaker was launched in 2009. TradeMaker, which is available on all Saxo Bank trading platforms, is a real-time trade idea generator for the FX and CFD trading markets. The content of the trade idea generator is based on independent investment ideas primarily from third parties. TradeMaker provides entry, target and stop price levels for trading ideas on major and minor currency crosses, index and CFDs on Commodities. Each idea is linked to a chart image and text displaying and explaining the idea and how to manage it. A pre-populated order ticket facilitates fast execution of the entry and related orders.

System enhancements

A part of the professionalisation plan was to increase the commercial efficiency of the Bank. The entire client onboarding sequence was redesigned and systems are being implemented to support the client flow and enhance the client experience.

The online universe of the Bank was enhanced during 2009 through the face-lift of the corporate visual identity and the release of a new upgraded web presence of the Bank. By the end of 2009 Saxo Bank's corporate web presence covered 28 different regions supported in 24 languages.

Another system enhancement is related to the client's experience when deciding to become a client of Saxo Bank. The on-boarding sequence has been redesigned to facilitate an easy and simple way to become a client .

Additionally, Saxo Bank introduced debit/credit card funding which makes it faster and easier for clients to fund their accounts.

To focus on client retention and to service the clients of the Bank more professionally a new CRM system was implemented. The CRM system provides a scalable solution that enables standardisation, e.g. sales and service procedures, while providing commercial staff with better client information.

Sourcing

During 2009, the Bank continued the focus on outsourcing of non-core functions.

An important step to increase bandwidth and take advantage of outsourcing was the acquisition of a 40% stake in the IT sourcing company Initto A/S. The acquisition includes an option to acquire the entire company at a later stage. Through development centres in Delhi and Ukraine

Saxo Bank can take advantage of additional IT development resources at competitive prices. In this way, Saxo Bank has strengthened its IT development capabilities and created a basis for further offshore activities.

In December, Saxo Bank and NNIT A/S, a subsidiary of the Danish listed company, Novo Nordisk A/S, reached an agreement to outsource certain IT operations and support functions of Saxo Bank.

Another means to focus on core activities is through the use of external consultants. The increased usage of external consultants as project staff for standalone projects and maintenance of generic software components created a flexible and scalable source of manpower.

ACQUISITIONS AND GEOGRAPHICAL EXPANSION

A number of acquisitions were made during 2009 with the aim of expanding the Bank geographically and acquiring new business areas complementary to the Bank's existing business.

Expansion of the Bank's geographical reach within the traditional part of the business was done both through acquisitions and the establishment of local sales offices. The primary aim is to get closer to the clients. The chosen strategy entails moving the front-end closer to clients. The back-end, including on-boarding of clients, customer support, execution and processing of trades etc. remain at the main locations.

Saxo Bank acquired the Introducing Brokers, FF Returns and Catosa in the Netherlands and subsequently launched Saxo Bank Netherlands in September 2009. To strengthen the competitive position in Japan the FX-business from the White Label Partner, Astmax, was acquired in June 2009. Subsequently Saxo Bank Japan was launched.

The second route in the geographical expansion was to continue the opening of more local sales offices in key markets to improve client sales and service. During 2009 Saxo Bank opened offices in Milan, Athens, Dubai, Prague and Madrid.

In 2009 the German desk of the Bank was transferred from Copenhagen to Saxo Bank Switzerland. In order to create both cost and operational synergies Saxo Bank Switzerland subsequently merged its sales offices to one location situated outside Zurich.

Based on an analysis of the future growth potential of the southern part of Spain, management decided to vacate the Marbella office that was established in 2006 and move activities to Madrid.

To strengthen the concept for the high-net-worth individuals and institutional investors in Denmark, the Bank acquired Fondsmæglerselskabet Sirius Kapitalforvaltning A/S (Sirius) in January 2009 and Capital Four Management Fondsmæglerselskab A/S (Capital Four) in June 2009. Additionally, Saxo Bank acquired a 51% stake in Global Evolution Fondsmæglerselskab A/S (Global Evolution) in June 2009. The three entities are now branded as part of Saxo Asset Management and provide financial expertise to manage client assets and portfolios.

The Banking and Online investment business area was launched at the start of 2009. This was manifested through the acquisition of 39% of the online investor forum, EuroInvestor. In December 2009, a further strategic step was taken when Saxo Bank acquired 25% of the Portuguese online wealth management provider, Banco Best.

Another strategic aim for the Banking and Online Investment business area is the broadening of the product offering of the Bank. On 3 December 2009, Saxo Bank announced the acquisition of the Nordic activities of E*Trade which will enable Saxo Bank to offer several new products, including pension products, to the Nordic market. The acquisition is expected to be completed during the first half of 2010 subject to usual closing conditions.

FINANCIAL REVIEW

Saxo Bank Group reported a net profit of DKK 201 million for 2009. As foreseen at the beginning of the year, the market situation in 2009 was difficult. This meant that the anticipated growth in income and net profit compared to 2008 did not materialise. However, seen in light of the macroeconomic conditions and considering the fact that a number of non-recurring costs associated with the ongoing streamlining of the Bank were incurred, the decrease from the record high net profit of DKK 339 million reported in 2008 is seen as satisfactory.

2009 started off with high volatility and low risk willingness from the trading and investor community. During the second half of 2009 volatility across asset classes reverted to a lower range, and market activity increased towards previous levels.

Operating income in 2009 reached DKK 2,228 million for the Group, compared to DKK 2,518 million in 2008. In addition to the external events following the financial crisis, the 12% year-on-year decrease in operating income can be explained by the volatility in the market for September and October 2008, providing unusually high activity for the Bank.

Saxo Bank continued its ongoing effort to optimise transaction flow and thereby maximise profitability. This included more active management and monitoring of the internationalisation of parts of the FX and CFD flows. Furthermore, the continued development of AMMA (an Automated Market Making Agent) implemented at the end of 2008 helped in the optimisation of the flow handling.

The composition of Operating Income reflects the strengthening of products outside the traditional FX business. CFDs and equities, in particular increased their relative share of the Bank's income, as they benefitted from the rally in the equity market.

The total number of client accounts increased by 14% during the year. This was achieved through the Bank's white label partnerships, which accounted for 7%, partnerships with Introducing Brokers accounting for 2%, and direct sales efforts for 5%.

Costs for the year were DKK 1,967 million for the Group, a decrease of 4% on the previous year. The reduction in costs represents a net effect of the restructuring carried out in September 2008 and further investments including acquisitions made during 2009.

Saxo Bank continued to invest in geographical expansion, product and platform developments, systems upgrades and the establishment of new business areas. Even though such investments have no or limited impact on income in the short run, Saxo Bank finds that it is the right time to take advantage of the many opportunities available to take the Bank to the next level.

A main component of the Group's costs is staff costs which decreased compared to 2008. The decrease is primarily a consequence of the staff reductions carried out in September 2008 which lowered the run-rate cost level of the Bank.

The decrease in staff costs and administrative expenses of 6% are partly offset by higher depreciation. The increase in depreciation of 18% reflects the Banks continued investments in product enhancements enabling a range of new products and services to be introduced on the trading platform. In addition, depreciation includes DKK 27 million in write-downs regarding vacated offices.

Costs include contributions to the Danish State Guarantee Scheme under Bank Package I with a total amount of DKK 64 million in 2009, up from DKK 13 million in 2008. The contributions to the Danish State Guarantee Scheme are recognised with DKK 29 million under "Other expenses" and DKK 35 million under "Loss and provisions for bad debt". Other losses on bad debt, net of DKK 10 million are estimated based on an individual assessment of the underlying receivables, which is in turn based on an assessment of the present weighted value of the most likely future cash flow from the receivable.

Result of participating interest in associates of DKK 1 million reflects the Bank's minority stake in EuroInvestor.

Net profit of DKK 201 million was impacted by a number of non-recurring items, the net effect of which had a significant negative impact on the result.

BALANCE SHEET

Client cash deposits in the Group increased from DKK 6.8 billion to DKK 11.0 billion or 61%. This explains a large part of the increase in "Total assets", which increased from DKK 10.5 billion in 2008 to DKK 16.1 billion in 2009, an increase of 54%. The cash inflow from client cash deposits is placed in counterpart banks, bonds and other interest-bearing assets.

The clients' cash deposits underline the growth in clients' collateral deposits related to the online trading business which increased more than 70% during the year to DKK 14.9 billion as at 31 December 2009.

In absolute terms the development was mainly driven by the Bank's private client business but the partner business and the institutional business also more than doubled their collateral deposits.

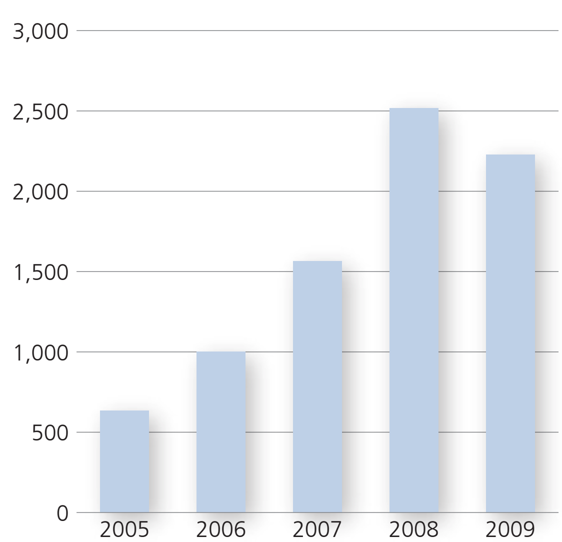
In addition, Saxo Bank grew its assets under management in Saxo Asset Management significantly. The acquired companies, Sirius, Capital Four and the 51% stake in Global Evolution, grew assets under management organically from approximately DKK 10 DKK billion at the time of aquisition to more than DKK 20 billion as at 31 December 2009.

Until December 2009, Saxo Bank leased its head office premises in Denmark on a 19 year lease. As part of a review of its capital structure the Bank decided to acquire the premises. This increased "Total assets" by approximately DKK 700 million.

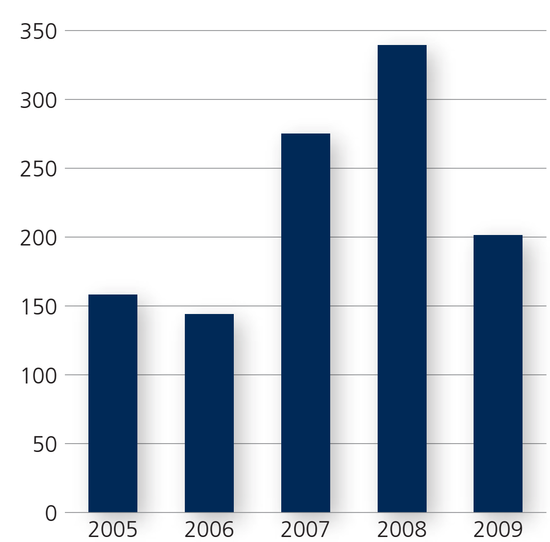
The Bank's subordinated loans are unchanged from last year, amounting in total to DKK 409 million, at the end of the 2009 financial year.

Shareholders' equity increased by 64% to DKK 2,325 million in 2009 compared to DKK 1,417 million at the end of 2008.

Operating income 2005-09
DKK million



Net profit 2005-09
DKK million



Including minority interests, total equity was DKK 2,335 million as at 31 December 2009. In December Saxo Bank offered new ordinary shares with pre-emptive rights to existing shareholders. This added DKK 325 million to equity. In addition, Saxo Bank issued new shares in connection with acquisitions during the year. Thus, in total the share capital in Saxo Bank A/S was increased by 7,344,480 new shares, adding DKK 644 million to equity.

Since Saxo Bank A/S chose to participate in Bank Package I, Saxo Bank A/S cannot pay dividends to its shareholders for 2009. The Board therefore proposes to the annual general meeting that the total profit for the year, DKK 201 million, be allocated to equity.

OUTLOOK 2010

Saxo Bank expects the cyclical recovery to continue and prevail during the first half of 2010, with the absence of the risk aversion seen in 2009. However, looking at the entire year the Bank still finds the overall market situation uncertain and visibility remains low.

Saxo Bank expects to continue the ongoing development of its traditional trading business. The focus remains on efficiency, profitability and optimisation of the entire value chain.

Within the new business areas catering for the Self-directed Investor Saxo Bank expects to continue the initiatives started in 2009. Integration of the Nordic activities of E*Trade, the establishment of an Online Wealth Management solution and initiatives aiming at enhancing the equity offering are all areas high on the agenda.

Cost control and capital management are ongoing themes for Saxo Bank in 2010. With a close eye on the overall cost development, the Group will continue its investments in products, platforms and new business areas. At the same time, system enhancements and knowledge upgrades are expected.

With a proven viable business model Saxo Bank is confident that the Group has a solid foundation for its operations in 2010. In the absence of further negative external

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words “may”, “will”, “should”, “expect”, “anticipate”, “believe”, “estimate”, “plan”, “predict,” “intend” or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. Saxo Bank has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of Saxo Bank. Although Saxo Bank believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ. As a result, you should not rely on these forward-looking statements. Saxo Bank undertakes no obligation to update or revise any forward-looking statements.

GOVERNING TEXT

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

market influence, the Bank expects to continue to create value for its stakeholders.

POST BALANCE SHEET EVENTS

No events occurring after the balance sheet date have had significant influence on the financial position of Saxo Bank A/S or the Group.

ANNUAL GENERAL MEETING

The Bank's annual general meeting will be held at 3 p.m. on Tuesday, 6 April 2010 at Philip Heymans Allé 15, 2900 Hellerup, Denmark.

SHAREHOLDER INFORMATION

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

Espirito Santo Financial Group, S.A., L-2520 Luxembourg.

Fournais Holding A/S, DK-2850 Nærum, Denmark.

GA Global Investments Limited, CY-1066 Nicosia, Cyprus.

Lars Seier Christensen Holding A/S, DK-2840 Holte, Denmark.

CAPITAL MANAGEMENT

The purpose of the Bank's capital management practice is to ensure that the Bank has sufficient capital at all times to cover the risks associated with its activities. The framework for the Bank's capital management is rooted in the Capital Requirement Directive's (CRD) Pillars I and II, where Pillar I contains a set of rules for calculating the capital requirement, while Pillar II describes the framework for the Bank's Internal Capital adequacy assessment process and the supervisory review.

Internal Capital Adequacy Assessment Process (ICAAP)
Saxo Bank's ICAAP process follows four steps:

Step 1: Capital requirements using CRD (Pillar I)
Step 2: Risk self-assessment
Step 3: Stress testing
Step 4: Capital adequacy determination

Capital requirements using CRD Pillar I
The first step calculates the minimum capital using the Capital Requirements Directive, Pillar I.

Saxo Bank uses the following methods to calculate risk-weighted assets for the three types of risks:

- Credit risk: The standard method
- Market risk: The standard method
- Operational risk: Basic indicator method

Saxo Bank does not take diversification effects into account. The capital charges for each risk category are simply aggregated.

Risk self-assessment
The second step is to assess the actual risks to which the Bank is exposed. Different risk types have been examined and split into major risk categories. Different methods are applied to assess the Bank's capital need in each category.

Credit risk
To assess the credit risk to which the Bank is exposed the different counterparty types are examined and the outstanding counterparty risk is determined in each case or each segment wherever possible. The risk is assessed us-

ing impact and likelihood based on empirical data and credit ratings wherever applicable. In a similar fashion the credit risk is determined on outstanding credit lines and accepted bank guarantees.

Using this input, a portfolio credit risk model using Monte Carlo simulation is employed, running one million scenarios with an assumed 10% event correlation. This yields the loss distribution due to credit risk. The Bank uses expected shortfall (average of events greater than Value-at -Risk) with a 99% confidence level.

Furthermore, credit risk outside the traded portfolio, including tangible assets and off-balance sheet items, is added using the standard method under the CRD.

Market risk

Market risk is determined using the internal market risk model of the Bank. The model employs full diversification effects implied by risk factors within the traded portfolio.

Interest risk outside the traded portfolio is determined by stressing the interest curve one percentage point and evaluating the impact.

Operational and Business risk

The risk from the Bank's operations including compliance and legal risk, is assessed through an interview process where likelihood and impact levels of events are determined in cooperation with the applicable stakeholders. In addition, the Bank integrates external risk events into its risk management programme in order to determine factors that could materialise and challenge the Bank's risk overview. Third party risk experts in cooperation with internal parties carry out the assessment of external data. The risks are analysed using the derived scenarios and the same simulation model as described under credit risk.

Liquidity risk

The liquidity risk is determined as the increased cost of raising capital in a very illiquid market. Saxo Bank has determined the liquidity risk based on scenarios with a liquidity shortfall within the Bank.

Buffer

Saxo Bank includes a buffer to take into account increased trading activity and growth. The buffer also includes all other risks in Pillar 2.

The capital needs for each risk category are aggregated using addition.

Stress testing

The third step in the ICAAP estimates the capital and earnings effects of stress test scenarios regardless of the previous capital adequacy levels.

Stress tests are developed on the basis of the risk register. One or more stress scenarios are made in the major categories, consisting of one or more events from the register in the applicable risk category. Furthermore, Saxo Bank uses a number of combined stress scenarios, combining multiple events across risk categories. One of the combined events entails a close to unlikely chain of events, in order to ensure the utmost degree of stress. Where applicable, the stress test takes insurance coverage into account.

The stress scenarios are updated and reviewed according to changes in the market and economic environment, at least once a year.

Capital adequacy determination

To determine the appropriate level of capital, the results of the three steps are compared – both in nominal terms and as percentages. For steps two and three, the percentage is determined by using the risk weighted assets calculated in step 1 as denominator. This represents the minimum regulatory required 8% of the risk weighted assets.

The largest percentage is determined and is considered as the minimum solvency level within which the Bank should operate.

Capital planning

Part of the ICAAP is planning future capital needs in relation to the business environment, growth and strategic plans in the years to come. Potential major changes to the risk profile, and thereby future solvency needs, are estimated using the ICAAP. This could be changes in the business strategy or competitive landscape, significant increases in traded volumes, fundamental changes in the market conditions, changes in the internal organisation, M&A activity, material changes in regulatory requirements or introductions of new products. This input is used in the strategic decision-making process by the Board of Directors and the Board of Management.

Furthermore, the result of the ICAAP is used as input to the capital plan and the capital contingency plan.

The capital plan is a function of the estimated (budgeted) forecast of capital, risk and earnings.

The result of the ICAAP step three (stress testing) is used as input to the capital contingency plan. The financial consequences following the various scenarios and potential management actions are estimated using the methodology described under the ICAAP step two - whereby the most likely net financial consequences from a scenario appears. The potential management actions are revised should the estimated net financial consequences bring Saxo Bank below the required minimum capital level.

A full ICAAP is performed as often as required, but at least once a year. Capital adequacy levels, adjusted according to the ongoing limit utilisation, are reported to the Danish FSA on a quarterly basis.

RISK FACTORS

Similar to other financial institutions, Saxo Bank is exposed to risk. The various risks are actively monitored and the Bank strives to mitigate those risks that the Bank has influence upon in order to ensure that risks are within the Bank's risk appetite. In addition, the Bank is subject to external events beyond its control, e.g. acts of terror, political intervention, meltdown of the financial markets, changes in technology or other rare and unpredictable exogenous events.

The Bank strives to be observant and responsive to changes in the external environment. This is put into practice through the creation of relevant scenarios and related relevant actions. These are reviewed and challenged regularly in order to ensure that the Bank recognises important environmental changes early, thus enabling the Bank to respond to these changes in a timely manner. Nevertheless, there can be no assurance that these responses will prove to be sufficient, as other factors, not accounted for in the scenarios, may cause actual developments to differ significantly from the Bank's expectations.

Some of the risk factors, which may adversely effect the Bank's future growth, activities, financial position and results, are described below. This is neither an exhaustive description of the risk factors to which the Bank is subject, nor are these factors listed in any order of priority.

BUSINESS RISK

The competitive environment
The Bank faces increased competition in selected segments of the financial services market. Technology spreads out making it easier to replicate existing trading platforms and enabling newcomers to start up at low cost. As a result, many low cost players have been attracted to the market place. In addition, some of these new players operate in an unregulated territory, offer higher leverage and require low initial collateral. Consequently, these newcomers may lead

to increased price competition, which could have a material adverse impact on the Bank. Although the Bank seeks to differentiate its offerings from its competitors and enter into new markets broadening its product offerings, it may not be successful in reducing the effects of increased competition. Thus, the increased competition may decrease the Bank's revenue or margins and thereby have a material adverse effect on the Bank.

The regulatory environment
Operating within the financial services industry, the Bank is subject to considerable regulation, which may constrain its operations. In particular, the recent financial crisis has increased the public demand for enhanced regulation of the financial services industry. Hence, increased regulatory requirements, e.g. greater scope, disclosure and supervision, can be expected and thus the Bank's compliance costs may increase in the future. Although the Bank continuously monitors and accommodates regulatory changes, it cannot be ruled out that the Bank might fail to adhere to certain regulations. The Bank's failure to comply with applicable regulations could result in substantial costs, losses and other negative consequences such as revocation of license(s).

Furthermore, additional liquidity and capital requirements could be enforced and other new regulations and/or taxes could be implemented. Such potential changes may constrain the Bank's ability to provide products and services to its customers or may increase the costs of providing such products and services.

Deleveraging
The Bank believes that the potential growth in demand for its products generally correlates with market volatility as well as the general economic conditions. Thus, the demand for the Bank's products is subject to changes in market conditions as well as customers' attitude towards risk and other factors beyond the Bank's control. While the Bank historically has been less sensitive to economic cycles than the financial services industry in general, a change in customers' risk attitude might present a material challenge for the Bank. Periods of low risk appetite mean lower activity and reduced demand for the Bank's margin-related products. If the Bank is not able to reduce its costs or compensate for the decline in the demand for margin-related products through enhanced revenue from non-margin products, it could have a material adverse effect on the Bank's results and financial position.

Acquisitions and new offices
The Bank has expanded significantly in recent years both through acquisitions and the establishment of local sales offices. The Bank intends to continue to develop and expand its business. If the Bank fails to manage and integrate the new offices as well as acquired businesses successfully, its financial results could be adversely affected. In addition, the Bank may incur substantial costs, delays or other operational or financial problems in integrating acquired businesses or in establishing new offices.

Furthermore, there is a risk that an acquired entity or established office is not able to maintain or develop its customer base in line with expectations or generate expected margins and income. Although the Bank analyses each target, these assessments are subject to various assumptions concerning profitability, growth, interest rates etc. Thus, there can be no assurance that the Bank's assessment of new offices and acquisition candidates will prove to be correct as other factors, not accounted for in the analysis, may cause actual developments to differ significantly from the Bank's expectations.

In addition, acquisitions of companies expose the Bank to the risk of unforeseen obligations with respect to employees, customers, suppliers, public authorities or other parties. Such obligations may have a material adverse effect on the Bank.

International operations
The fact that the Bank operates in various countries and pursues a decentralised structure means that the Bank is subject to additional risk factors. The Bank's decentralised organisational structure implies that local managers retain a certain autonomy based on guidelines established by the parent company. Although the Bank has various reporting requirements in place as well as control systems in order to monitor decentralised business units, these measures might not prove sufficient to ensure that local managers adhere

to all guidelines and local regulations. Therefore, it cannot be ruled out that the Bank could experience an incident that may have a material adverse effect on the Bank.

OPERATIONAL RISK

Operational risks are inherent in all business activities and therefore can never be completely eliminated. However, the Bank continues to strengthen its risk management framework and continuously seeks to understand the business' exposure to risks arising from failures in internal controls, operational processes or the systems that support them. In addition, the Bank seeks to maintain appropriate levels of insurance. However, the Bank may incur liabilities that are not covered by insurance as not all claims are insurable. Thus, there can be no assurance that the Bank will not experience major incidents of a nature that are not covered by insurance and which could thereby have a material negative impact on the Bank's financial performance. Additionally the insurance taken out might prove inadequate.

Product flaws

The software that supports the Bank's operations is modified and updated on an ongoing basis to accommodate new products and business ideas. However, despite test procedures in place aiming at ensuring that implemented software is flawless, there can be no assurance that these procedures will prove to be sufficient to analyse all aspects of the software. As a result, the Bank may incur financial losses.

Business disruption

The Bank is highly dependent on the continuous operation of its IT infrastructure. Extensive automation is paramount for the Bank to reduce errors and processing time. Therefore, system failures could impact the Bank's services to its clients or critical internal business processes. For example, the complete loss of IT infrastructure means that the Bank and its clients are unable to see their exposures as well as execute trades electronically, which during market turmoil could result in material losses. Consequently, a system outage may have a severe financial and reputational impact on the Bank.

The success and smooth operation of the Bank to a large extent depends on staff being able to perform their daily tasks. In a catastrophic event such as a global pandemic or severe fire, a large proportion of staff might not be able to carry out their daily duties. As a result, the Bank might be affected adversely.

Although the Bank has contingency plans in place that cover the above-mentioned situations, and these are reviewed and challenged regularly, there can be no assurance that the contingency plans will prove to be sufficient, as actual developments might differ significantly from what is accounted for in the plans.

Third parties

Saxo Bank's business model relies to a certain extent on Introducing Brokers or white label partners who have a direct relationship with the client but who delegate the work of the operation and trade execution to Saxo Bank. Although the Bank has procedures in place to manage the risk associated with such Introducing Brokers and white label partners there can be no assurance that an unlawful or unethical act by the broker or partner would not have a negative effect on Saxo Bank's reputation or otherwise have a material adverse effect on the Bank's financial results.

Furthermore, Saxo Bank relies on outsourced service providers to perform certain functions. These service providers also face technology and operating risks and any significant failures by them, including the improper use or disclosure of the Bank's confidential information, could cause Saxo Bank to incur losses and could harm the Bank's reputation. An interruption in or the cessation of service by any external service provider as a result of systems failures, capacity constraints, financial difficulties or for any other reason, and the Bank's inability to make alternative arrangements in a timely manner could disrupt the Bank's operations.

Fraud

Although the Bank has controls in place, these might not prove to be sufficient. The high number of transactions and interactions increases the risk of irregularities or mistakes.Consequently, incorrect or unauthorised activities could affect the Bank severely.

Security risk
Cyber attacks on financial institutions are increasing and become more sophisticated and targeted than ever before. As with any other business solution, the Bank's trading infrastructure might be exploited or misused by cyber criminals. Despite the fact that the Bank has taken steps to protect its infrastructure, the Bank might still be vulnerable to sophisticated and targeted attacks. Consequently, emerging threats could harm the Bank and its clients, which might affect the Bank financially or harm its reputation.

CREDIT RISK

The Bank incurs credit risks in relation to its brokerage operations. The nature of the credit risk depends on the type of counterparties in question. Hence, credit risks sustained from retail and small institutional clients derive from the possibility that posted collateral may not offset sustained deficits. In response, the Bank uses a near real-time monitoring system, which can notify and intervene immediately. Selected major institutions can benefit from trading on trading and credit lines. These institutions pose a credit risk, as these institutions in case of default may not be able to meet their financial obligations. In recognition, the Bank utilises daily settlement of sustained losses. Besides, granted credit and trading lines are monitored daily.

The Bank also faces credit risks from liquidity providers, financial brokers and counterparties. The counterpart default risk from this category of counterpart constitutes one of the largest single credit risks there is. In acknowledgement of the severity of the risk, the Bank only operates with regulated counterparts with high credit ratings. A common factor of the various credit risks in which the Bank has become engaged, is that the risk stems from adverse market movements or severe changes in macroeconomic and financial factors, all of which are beyond the Bank's influence. Despite measures taken within credit risk management the Bank may experience losses that may have a material adverse effect on the Bank.

MARKET RISK

As part of offering competitive prices the Bank's trading function's main role is to optimise the trading flow i.e. determine the timing of covering the risk in the market. As foreign exchange constitutes the majority of the Bank's trading activities, the Bank holds spot, forward and option positions within foreign exchange. In addition, a part of the Bank's exposure is related to equity markets via CFD positions. The volatility of the equity markets is considerably higher than foreign exchange. Furthermore, in connection with efforts to optimise the return on the Bank's funds, the Bank incurs interest rate risks through investments in bonds.

Although the investment strategies are based upon analysis of the market, these evaluations are subject to various assumptions about market development. Actual developments may differ significantly from the Bank's expectations. Consequently, in case of, for example, significant adverse movements in the foreign exchange, equity or interest rate markets or other external events outside the Bank's control, these exposures may have a material adverse effect on the Bank in spite of the fact that the Bank monitors market exposures and losses closely intra-day. In addition, it cannot be ruled out that staff engaged in decisions regarding the optimisation of the flow could misjudge the situation, or otherwise take decisions that end up having a material negative impact on the Bank's financial position.

2009 MILESTONES

JANUARY: Saxo Bank acquires Fondsmæglerselskabet Sirius Kapitalforvaltning A/S

Saxo Bank Milan opens

FEBRUARY: TradeMaker, a real-time trade idea generator for the Forex and CFD trading market, is launched

Saxo Bank acquires a 39% stake in Euro-Investor.com, a leading provider of online investment information in Europe since 1997

MAY: Kotak Securities, one of India's leading stock broking houses, launches SaxoTrader in India

Saxo Bank Prague opens

Saxo Bank wins 27 awards in Euromoney's annual FX Poll and is 23rd in the world for overall market share

Saxo Bank becomes the first Danish bank in the GCC region when Saxo Bank Dubai receives its license

JUNE: Saxo Bank acquires Capital Four Management Fondsmæglerselskab A/S and a 51% stake in Global Evolution Fondsmæglerselskab A/S

Commodity Contracts for Difference (CFDs) are introduced on SaxoTrader

Saxo Bank launches its FX service in Japan with the acquisition of Astmax FX Co., Ltd.

JULY: Cortal Consors, a subsidiary of BNP Paribas, launches cortalconsors-derivatives.com with Saxo Bank

FX Option Board is introduced on SaxoTrader

Saxo Bank launches a website designed for media partners to embed daily stories and weekly issues during the Tour de France

SEPTEMBER: Saxo Bank Amsterdam opens

Saxo Bank Athens opens

NOVEMBER: Saxo Bank wins FX Week's Best Bank for FX for investors for the fourth year running

The TradeMentor, a trading education programme that enables investors to get practical trading experience by actively engaging in live trades, is launched

DECEMBER: Saxo Bank enters into an agreement to acquire E*Trade's Nordic business

Saxo Bank acquires a 25% stake in Banco Best, a Portuguese online wealth management bank

Saxo Bank acquires a 40% stake in Initto, an IT services provider with offices in India and Ukraine

THE NORTH ATLANTIC OCEAN
LOCATION: JOKULSARLON, ICELAND
DIRECTION: SOUTH

OPERATIONAL REVIEW

BUSINESS MODEL

The strategic direction of Saxo Bank in the recent years has aimed at broadening the product and service offerings to reach a broader client audience. A new market segmentation separates the type of client, the level of expertise and the degree of risk appetite which categorises the target customers into four groups: The Sophisticated Trader, The Self-directed Trader, The Self-directed Investor and The High-Net-Worth Investor.

The largest business area remains the service and product offerings to the traders. The move into other business areas is a long-term strategic goal in order to broaden the offering, thereby diversifying the Bank's income stream.

BUSINESS MODEL VIS-À-VIS THE SELF-DIRECTED TRADER

The best description of Saxo Bank's traditional business model is that of the facilitator. The Bank offers products and services provided by others and makes them accessible through online trading platforms. The platforms are SaxoWebTrader, SaxoTrader, SaxoMiniTrader and SaxoMobileTrader. These platforms give clients and partners access to trading in currencies, CFDs, shares, futures, options and other derivatives, as well as bonds, ETFs and other investment products. The platforms offer real-time prices, graphs, risk management, training, news, etc.

PLATFORMS AND SERVICES

Saxo Bank was among the first financial institutions in the world to develop an internet-based information and investment trading platform. The SaxoTrader platforms enable Saxo Bank to offer dealing and market making services to clients by providing direct access to tradable prices and rates across the global capital markets.

Trade and order execution is reported to Saxo Bank's clients via the platforms on a real-time basis. It takes place with full transparency of trade or order execution details, audit log events and mark-to-market based revaluation of all traded positions, portfolios and client accounts. These transactions are combined with instant trade or order execution notifications along with detailed and historical client account statements, comprehensive trade and portfolio-based risk management analysis.

Although the majority of the Bank's business is conducted electronically, Saxo Bank maintains dedicated 24-hour support desks and assigns a team of account managers to serve each client. Saxo Bank might be an entrepreneur when it comes to online banking, but the real advantage rests in the fact that the Bank combines technology with human interaction.

FACILITATION FOR SELF-DIRECTED TRADERS

Saxo Bank's primary function is to act as a professional and regulated facilitator of investment and trading. The online trading platforms enable clients to trade in exchange-traded securities or derivative contracts by routing the orders directly to the markets and relevant exchanges. This is done via one of Saxo Bank's liquidity and infrastructure partners. Saxo Bank may also act as client counterpart for products that are traded over-the-counter (OTC).

The liquidity and infrastructure partners of Saxo Bank are large financial institutions. By entering into an active cooperation with these institutions, Saxo Bank has ensured access to a one-stop trade execution, settlement and custody offering.

PRODUCTS

Tradable products such as currencies, shares, bonds, CFDs, futures, options and other derivatives represent the core of Saxo Bank's traditional offering.

Saxo Bank offers online FX trading in more than 150 different currency crosses. Additionally, the Bank offers FX options which are a more advanced type of currency trading. FX options can be used to facilitate a number of trading and hedging strategies on a medium to long-term investment timeline.

Trading shares online with Saxo Bank provides equities from more than 20 of the world's major stock exchanges ranking from the US markets to exchanges in Europe, Asia and Australia.

Clients are increasingly looking to contracts for difference (CFDs) as a more flexible method of trading stocks online. CFD trading is carried out on live prices on Saxo Bank's online trading platforms, without the delays of normal stock trading, such as waiting for fills from the stock exchange.

Online futures trading gives access to a range of products – from oil and metals to currencies, bonds, agricultural and indices. Futures enable clients to either speculate in, or hedge against, price movements of the underlying asset.

Saxo Bank offers various exchange traded funds (ETFs) and exchange traded commodities (ETCs) that are tradable on live prices. Trading ETFs and ETCs online provides clients with a flexible way to access stock and commodities markets.

PRIVATE CLIENTS

Saxo Bank has taken professional trading to the private space, providing this segment with direct access to the global capital markets. Realising that the markets may be global, but that most private clients still prefer to be assisted in their own language, Saxo Bank services the clients through websites with 24 languages.

Private clients have access to market news and analysis in the Equity, Futures and Forex markets delivered from various information and analysis providers in the financial industry. For CFDs, Stocks, Futures and other financial asset classes, Saxo Bank delivers price feeds, including an online subscription tool which enables clients to access live prices from more than 35 exchanges and news providers.

To empower private clients in an often complex online trading market, Saxo Bank provides an education site at www.saxoeducation.com. Moreover, Saxo Bank organises local investment seminars to help clients and other investors understand topics such as online FX trading, how to trade a CFD or use Saxo Bank's trading platforms. Finally, Saxo Bank has launched TradeMentor, an education programme which offers the clients the opportunity to develop practical trading experience by actively engaging in live trades.

INSTITUTIONAL CLIENTS

Saxo Bank offers a range of trading and settlement services as well as API/B2B solutions for hedge funds, banks, international corporations and proprietary trading houses. Saxo Bank provides access to multi-asset trading, Tier-1 liquidity, competitive pricing and execution, real-time cross-product risk management, automated settlement and post-trade services.

INTRODUCING BROKERS

Saxo Bank's solutions for Introducing Brokers recognise their different needs. The platforms, flexible account structure, easy-to-manage trading set-up, dedicated front and back office service and marketing support are just a few elements of the overall offering.

WHITE LABEL SOLUTIONS

One of the main advantages offered by Saxo Bank is a White Label solution built around a customised version of Saxo Bank's platforms branded under the White Label Partner's name. Saxo Bank offers the technology, the knowledge and the infrastructure to enable partners to enter or expand in the online trading market.

Saxo Bank's partner offering entails a partner-branded or co-branded multi-asset platform. It provides the partners with integrated front and back-office infrastructure, real-time risk management, client base development tools, dedicated partnership services and go-to-market strategies to help partners develop their business.

STRATEGIC DIRECTION

TRADER AND INVESTOR VIEW

Traditionally, Saxo Bank primarily targeted the sophisticated trader. However, over recent years the strategic aim of the Bank has been to broaden the product and service offerings to reach an expanding client audience. The ability to combine technology with the emerging needs and preferences of traders and investors reflects some of the core abilities of the Bank which is pivotal to the strategic direction. In 2009, the Bank laid the foundation for a clearer segmentation and approach to the market.

Key in the new market segmentation is the type of client, the level of expertise and the degree of risk appetite. Although financial products share many of the same characteristics, the needs of clients, with respect to service, product package and degree of online product capabilities, can be very different. However, the core of the product and service offerings throughout the new market segmentation remains the usage of the technology capabilities of Saxo Bank.

Accordingly, target customers are categorised in four groups:

1. The Sophisticated Trader is traditionally the core client of Saxo Bank. The trader is an expert in one or more financial products and is interested in the broad product suite and tools provided in SaxoTrader. The Sophisticated Trader is a demanding client and requires expert service.

2. The Self-directed Trader is interested in an online and broad financial product suite that enables full self service. The trader is price sensitive and uses communities and other online discussion groups to determine the next trade to make.

3. The Self-directed Investor is a new target group. The investor has much less risk appetite than the trader. The Self-directed Investor is online and information-oriented and requires a full self-service concept.

4. The High-Net-Worth Investor is an institutional investor or a client with significant investable assets. This segment requires expert personal service. In order to service the High-Net-Worth Investor, expertise and a documented track record are required. The High-Net-Worth Investor operates off-line and emphasises the importance of personal service and relationship management.

As a consequence of the changed business direction the organisation of the Bank has been aligned. While approaching the newly defined customer groups separately from a commercial point of view the key driver in the new business structure remains the utilisation of the core technological capabilities of the Bank across all segments. The aim is to service clients through technology and capacity utilisation as well as to exercise business synergies in full.

The traditional part of Saxo Bank is the Commercial Group that provides products and services to the traders (segment 1 and 2). In order to enhance the service offering to the Sophisticated Trader, Saxo Bank has established a Trade Advisory Team. The focus of the team is to provide a structured and professional service to clients. Furthermore, the team provides guidance to increase client awareness of risk management.

A newly established Banking and Online Investment business area will focus on the development of a new product and service suite that is designed to cater for the Self-directed Investor (segment 3). This suite includes the launch of a new equity offering, an online wealth management platform and eventually traditional banking and pension products to the Nordic market.

Finally, Saxo Asset Management was launched in 2009 to cater for the top segment of investors which are defined as the high-net-worth individual and institutional investors (segment 4).

SAXO ASSET MANAGEMENT

The acquisitions of Sirius, Capital Four and a 51% stake of Global Evolution marked a new era for the Bank in the area of Asset Management.

The strategy is to become a long-term business partner in asset management and the provider of tailored, innovative, transparent solutions for high-net-worth individuals and institutional investors. The first step was taken with the three acquisitions made in 2009 that established a strong Nordic presence with core competencies resting within Danish Bonds, Nordic Stocks as well as high-yield and emerging market bonds.

During 2009, Saxo Asset Management grew its asset under management from practically nil to more than DKK 20 billion at the end of 2009. This was achieved through acquisitions and through significant organic growth through the on-boarding of new high-net-worth individuals and institutional investors.

The main focus during 2009 was to integrate the three companies and to combine the core competencies in a strong Asset Management offering while increasing market share. This resulted in the launch of the Saxo Asset Management concept under which each of the three companies benefits from their individual brand and client recognition while at the same time linking their brand to that of Saxo Bank.

BANKING AND ONLINE INVESTMENT

The build-up of the Banking and Online Investment business area was taken in three separate steps.

EuroInvestor

The first strategic move in the new business area was taken in February 2009 when the Bank announced the acquisition of a minority stake in the Danishlisted company, EuroInvestor, which specialises in providing online investment information through the website, EuroInvestor.com. EuroInvestor has approximately 1.4 million unique users per month spread across Europe.

Saxo Bank believes that investor communities and financial news portals have an important role to play in the future market of online financial services. For the Self-directed Investors the financial communities are a common centre of reference that facilitate market discussions and the exchange of investment ideas.

It is the intention of Saxo Bank to explore the potential synergies in bridging the online universe of the communities and the trading platforms of the Bank.

Banco Best

In December 2009, the next strategic step was taken when Saxo Bank acquired 25% of the Portuguese online wealth management provider, Banco Best.

The acquisition was another way of extending the product and service offering within the Banking and Online business area. The acquisition gives access to the online investment platform of Banco Best, which offers investors a wide range of investment products from independent asset management providers worldwide.

The aim of the acquisition is to develop an online wealth management offering that caters for the Self-directed Investor searching for a full self-service concept.

E*Trade

An important strategic aim for the Banking and Online Investment business area is the broadening of the product offering of the Bank. In December 2009, Saxo Bank announced the acquisition of the Nordic activities of E*Trade which will enable Saxo Bank to offer investment products to the Nordic market. The acquisition is expected to be completed during the first half of 2010 subject to usual closing conditions.

The acquisition gives instant access to 50,000 active clients with assets under management of more than DKK 5 billion in Denmark, Norway, Sweden, Finland and the Baltic countries.

BUSINESS REVIEW

PRODUCT DEVELOPMENT

In 2009, product development was focused on delivering new financial products in order to broaden the bank's offerings.

In June 2009 the Bank launched CFDs on Commodities. Saxo Bank's offering of CFDs on commodities is similar to trading in any other CFD product and allows for investing in oil, grains, softs, carbon quotes, energies, gold and other precious metals. CFDs on commodities give traders and investors direct exposure to the underlying commodity with the trading features of a CFD.

Another initiative in 2009 was the launch of the FX Option Board. The Option Board offers an all-in-one view providing a full market picture that prices various options based on standardised dates and strike increments, FX-spot levels and maturity dates that are all streamed and tradable into the board.

PLATFORMS

A part of the product programme plan was the development and release of the TradeMaker platform. The platform is a real-time trade idea generator for the FX and CFD trading markets, which is available as an integral part of all Saxo Bank's existing trading platforms. The trade ideas, which are primarily provided from independent third parties, provide entry, target and stop price levels for trading ideas on major and minor currency crosses, index and commodity CFDs. Each idea is linked to a chart image and text displaying and explaining the idea and how to manage it. A pre-populated order ticket facilitates fast execution of the entry and related orders.

Late 2009 the TradeMentor education programme was launched. The TradeMentor enables clients to develop practical trading experience by actively engaging in live trades. The education programme uses web video tutorials and downloadable content. The TradeMentor programme gives clients the chance to learn how to master various investment products as well as understand and evaluate risks related to trading and investment.

The combination of technology and the ability to understand the emerging needs and preferences of traders and investors remain a guiding star to the development of financial products and services of the Bank – a virtue that in 2010 is expected to bring new technology and developments in the service of the clients of Saxo Bank.

An example of a new platform focus area is the development of a corporate solution suite that began in late 2009. Based on the technological competences of Saxo Bank, the aim is to develop a platform and a service offering to the corporate segment that offers an online and fast execution of corporate currency transactions at competitive prices.

AWARDS

Over the past several years, Saxo Bank has gained industry recognition for its online trading platforms, technology and service. 2009 was no different, with Saxo Bank picking up awards from financial publications, such as FX Week and Euromoney.

For the fourth year running, Saxo Bank won FX Week's Best Bank for FX for Investors. Once again, Saxo Bank was voted into the top spot by FX market professionals and readers of the industry's newsletter FX Week.

Saxo Bank came first in five categories in Euromoney's FX Poll for 2009, whose winners are determined by voting traders and investors. In the Multi-Bank Ratings category Saxo Bank won top prize for its speed of execution, price & volume transparency and its effective & innovative risk-management tools. The Bank also won the first prize for its consistent pricing in FX Options. Saxo Bank also came in first in the Single Bank Ratings category for its quality & reliability of repricing.

GEOGRAPHICAL EXPANSION

Following the geographical expansion that began in 2006 Saxo Bank continued to open more local sales offices in key markets to improve client sales and service.

Saxo Bank acquired the two Dutch Introducing Brokers, Catosa and FF Returns, and subsequently launced Saxo Bank Netherlands in September 2009. To strengthen the position in Japan the FX-business from the White Label Partner, Astmax, was acquired in June 2009. Subsequently, Saxo Bank Japan was launched.

Additionally, the geographical expansion continued through the opening of more local sales offices in key markets. During 2009 Saxo Bank opened offices in Milan, Athens, Dubai, Prague and Madrid.

In 2009 the German desk of the Bank was transferred from Copenhagen to Saxo Bank Switzerland. In order to create both cost and operational synergies Saxo Bank Switzerland subsequently merged its sales offices in one location situated outside Zürich.

Based on an analysis of the future growth potential of the southern part of Spain, management decided to vacate the Marbella office that was established in 2006 and move the activities to Madrid.

PRIVATE CLIENT FOCUS

Part of the development initiatives in 2009 was the focus on upgrading the web presence of the Bank by developing of a new global website. In addition, the aim was to enhanse the client experience through both technical and methodological enhancements.

The online universe of the Bank was enhanced during 2009 through the facelift of the corporate visual identity and the release of a new web presence of the Bank. By the end of 2009 Saxo Bank's corporate web presence covered 28 different regions supported in 24 languages. In connection with the web presence of Saxo Bank the methodology and techniques in lead generation and lead tracking was optimised, resulting in increased lead quality and enhanced sales performance.

Another part of the 2009 development programme plan was to increase the commercial efficiency of the Bank. As a consequence, the entire client on-boarding sequence was analysed and redesigned and systems are being implemented to support the client flow and to enhance the client experience in general.

The focus of system enhancements was related to the clients' experience when deciding to become a client of Saxo Bank. The on-boarding sequence was redesigned to facilitate an easy and simple way to become a client of the Bank. Additionally, debit/credit card funding was introduced which makes it faster and easier for clients to fund their accounts.

To service the clients of the Bank professionally a new CRM system was implemented. Another aim for the implementation was to provide a scalable solution that enables standardisation of e.g. sales and service procedures while providing commercial staff with better client information.

Other key deliverables in 2009 were marketing campaigns supporting product launches (TradeMaker, CFDs on commodities, FX options) as well as the activation of the cycling sponsorship with Riis Cycling.

Saxo Bank was the sole main sponsor of Team Saxo Bank in 2009. The year offered many events which gave the Bank exposure and increased the general awareness of the Saxo Bank brand across countries and markets.

The activation of the sponsorship included traditional branding campaigns in target countries, marketing initiatives and client events e.g. during races or as stand-alone sessions with the riders of Team Saxo Bank.

PARTNER FOCUS

In 2009, Saxo Bank established a dedicated Partner Business function and gathered key competencies throughout the Bank to focus on enhancing the partner concept. The structural change was motivated by the wish to improve the partner offering of the Bank and to accelerate partner business as well as to retain existing partner business. During the year partner business focused on streamlining and standardising the partner concept.

At the end of 2009, partner business managed co-operations with other financial institutions in more than 80 countries.

THE REGIONS

While all Business Units hold the same business objectives of servicing their clients whilst growing a profitable business, the units vary in size, coverage (single country to multi country, for instance) and in complexity. Some are run from local country based offices while others are run more remotely primarily out of Copenhagen, London, Singapore and Switzerland.

ASIA PACIFIC

In the Asia Pacific region, Saxo Bank continued to make progress in 2009. Singapore is used as the Bank's hub in

Asia. Thus the operational responsibility for the business in Japan and Australia rests with the Singapore based management team. Both the private client and the institutional businesses achieved growth with revenue diversified across markets and segments.

In Japan, Saxo Bank strengthened the competitive position through the acquisition of FX business Astmax that secured the entry to the retail FX market.

Following the ground work of 2008, the partner business in Australia improved the performance returning solid revenue growth in 2009. Furthermore, consistent growth is reported in the Hong Kong-based partner business.

EASTERN EUROPE

2009 saw the revenue from both private client business as well as institutional business grow compared to 2008. The growth was assisted by focus on the high-net-worth client segment, introduction of a premium account concept targeted at wealthier traders and investors. Another factor contributing to growth was the rollout of the enhanced local web presence.

During 2009 the partner business held several conferences and other events targeted banks and brokerage houses in Eastern Europe. The proactive approach allowed Eastern Europe to on-board a significant number of institutional clients and partners during the year.

FRANCE

Saxo Bank acquired the French FX broker Cambiste in 2008 to gain a stronger foothold in the French market. Following the acquisition, the company was granted a French Banking license. In 2009, the focus was to make the Saxo Bank brand known in the French trading industry. This was addressed through public relations and the cycling sponsorship. In addition, the French business benefitted from the awards of the Bank which generated substantial press coverage.

2009 resulted in strong growth compared to 2008, primarily driven by the private client business while the partner business focused on implementing the first partners of the Bank in France.

Additionally, the French organisation celebrated the opening of the new office in Paris.

LATIN

Following years of growth, both in terms of earnings and volume, 2009 proved to be another strong year for the Latin region. Although Portugal is still the biggest country in the region in terms of revenue, the sales momentum in countries like Spain, Panama and Colombia amongst others, was significant, resulting in a geographical diversification in the business of the Latin region.

During the year, the effort of consolidating and developing the partnerships initiated in 2008 was the main driver for the growth on the institutional side. The private client business focused on targeting more experienced clients representing larger funding of collateral deposits.

MIDDLE EAST

2009 constituted a major step forward in the Middle East region for Saxo Bank, with the opening of Saxo Bank (Dubai) Ltd. in Dubai's International Financial Centre. The office, which is the first physical representation in the Middle East for Saxo Bank, is a regional head office for Saxo Bank's activities in this region.

Backed up by a comprehensive marketing and PR effort, the effects of the new local presence have already been noticed in 2009, with an increase in clients' collateral deposits, and a month-to-month growth in earnings throughout the year. The region which historically has focused on FX derived revenue also began to see growth in products such as CFDs and futures.

Upgrades in the Arabic content were added to the local website and marketing material in general was improved.

The effort to increase the Arabic communication content will continue during 2010.

NORDIC REGION

Overall the region grew its business in 2009 and successfully tested new approaches to engage in the market. The Bank implemented a new segmentation of the Nordic clientele and organised the region in accordance hereto.

The prime target segment is the high-net-worth clients. The basics, in order to serve this clientele, are a combination of online services, financial knowledge and a personal relationship with the client. Focus on this segment resulted in an increased level of client satisfaction and higher profitability.

Another targeted segment is the online private client who prefers to develop and execute his or her own investment strategies online and cost-efficiently. The online service level was improved in 2009 for both new and existing clients. This resulted in lower costs and increased online efficiency.

The partner strategy focused on developing the business in close cooperation with existing partners.

SOUTHERN EUROPE

Southern Europe is one of the largest regions in Saxo Bank. The region has increased clients' collateral deposits successfully during 2009. A key driver was the increased geographical footprint that resulted in a changed composition of clients - towards a more diversified portfolio with less individual client dependencies.

In Milan, Amsterdam and Athens offices were opened during the year. These milestones were taken with the expectation of increasing local market share through personal and more direct relationships with clients.

During 2009, the institutional team in Southern Europe has engaged in a number of white label partnerships from larger regional Banks.

SWITZERLAND

During 2009 the Swiss organisation went through several structural changes. The German team, which was previously based in Copenhagen moved to Zurich and at the same time the market responsibility for Germany, Austria and Lichtenstein was transferred to the Swiss operation. These markets which are predominantly German speaking, called for the Geneva and Zürich offices to be merged into one new Swiss office. The new office in Zollikon was operational as of 14 December 2009.

Along with the organisational transition, the Swiss organisation grew the business. Private business, in particular, reported a stable performance.

UK

A strengthened management team and a new approach to the markets in the UK and North America delivered improvements in the overall performance. Operational efficiencies and product enhancements e.g. an upgrade of the web presence and the introduction of spread betting, led to a turnaround in business. Top line and client collateral deposits saw improvements together with a reduced cost base.

The UK-focused marketing campaign launched in late 2008 and carried through 2009 helped to improve the recognition of the Saxo Bank brand in the UK and the more targeted approach to specific client segments helped generate new institutional relationships as well as business from high-net-worth and professional trading clients. Latterly, the focus on cross asset trading and online FX Options capability have improved customer loyalty, particularly with professional private trading clients.

THE BALTIC SEA
LOCATION: RUEGEN, GERMANY
DIRECTION: EAST

FINANCIAL STATEMENTS

INCOME STATEMENT
1 JANUARY – 31 DECEMBER

		Saxo Bank Group		Saxo Bank A/S	
(DKK 1,000)	Note	2009	2008	2009	2008
Interest income	2	363,019	576,255	355,753	567,426
Interest expense	3	(85,679)	(381,052)	(88,929)	(371,995)
Net interest income		**277,340**	**195,203**	**266,824**	**195,431**
Fees and commissions income	4	969,504	674,668	826,191	575,097
Fees and commissions expense	5	(1,329,166)	(1,287,610)	(1,335,939)	(1,264,565)
Net interest, fees and commissions		**(82,322)**	**(417,739)**	**(242,924)**	**(494,037)**
Price and exchange rate adjustments	6	2,309,824	2,935,930	1,987,705	2,491,362
Operating income		**2,227,502**	**2,518,191**	**1,744,781**	**1,997,325**
Other income	7	8,236	3,696	5,380	5,419
Staff costs and administrative expenses	8	(1,736,706)	(1,855,438)	(1,443,613)	(1,622,597)
Depreciation, amortisation and write-down of intangible and tangible assets	9	(153,978)	(130,233)	(99,225)	(96,504)
Other expenses [a]		(30,997)	(13,681)	(29,095)	(13,681)
Loss and provisions for bad debts [b]	10	(45,692)	(53,912)	(43,474)	(52,677)
Income from associates	15	988	-	988	-
Income from subsidiaries	16	-	-	117,817	192,267
Profit before tax		**269,353**	**468,623**	**253,559**	**409,552**
Tax	11	(68,002)	(129,406)	(51,973)	(70,335)
Net profit		**201,351**	**339,217**	**201,586**	**339,217**
Proposed allocation of net profit:					
Minority interests part of net profit		(235)	-	-	-
Equity method reserve		-	-	117,817	192,267
Allocated to retained earnings		201,586	339,217	83,769	146,950
Total allocation		**201,351**	**339,217**	**201,586**	**339,217**

[a] Includes DKK 29 million related to contribution to the Danish Private Contingency Association (2008: DKK 8 million).
[b] Includes DKK 35 million related to the loss guarantee to the Danish Private Contingency Association (2008: DKK 5 million).

BALANCE SHEET
AT 31 DECEMBER

(DKK 1,000)	Note	Saxo Bank Group 2009	Saxo Bank Group 2008	Saxo Bank A/S 2009	Saxo Bank A/S 2008
ASSETS					
Cash in hand and demand deposits with central banks		171,756	14,977	478	208
Receivables from credit institutions and central banks	12	4,144,074	2,539,306	2,744,409	1,688,798
Loans and advances	13	92,159	85,286	176,660	109,503
Bonds at fair value	14	7,222,331	4,787,021	6,454,976	4,786,989
Equities		3,571	314	3,233	-
Investments in associates	15	256,171	-	253,047	-
Investments in subsidiaries	16	-	-	932,046	536,256
Goodwill	17	684,432	451,448	684,432	451,448
Other intangible assets	18	289,407	158,524	254,214	139,385
Domicile premises	19	727,885	44,563	-	-
Other tangible assets	20	146,785	193,186	93,623	113,132
Deferred tax assets	23	16,348	36,735	406	13,638
Tax receivables	23	39,147	10,378	35,985	10,268
Other assets		2,202,149	2,075,891	2,212,526	2,059,695
Prepayments		67,759	58,443	57,316	52,137
Total assets		**16,063,974**	**10,456,072**	**13,903,351**	**9,961,457**

BALANCE SHEET
AT 31 DECEMBER

		Saxo Bank Group		Saxo Bank A/S	
(DKK 1,000)	Note	**2009**	**2008**	**2009**	**2008**
LIABILITIES					
Debt to credit institutions and central banks	21	478,479	15,100	19,345	1,286
Deposits	22	10,963,597	6,815,587	9,432,622	6,463,254
Company tax liabilities	23	27,995	40,318	2,164	816
Other liabilities		1,583,839	1,650,869	1,492,534	1,591,087
Total debt		**13,053,910**	**8,521,874**	**10,946,665**	**8,056,443**
Pensions and similar liabilities		3,010	3,927	-	-
Deferred tax liabilities	23	65,526	6,208	38,777	-
Other provisions	24	197,142	97,980	183,643	78,931
Total provisions		**265,678**	**108,115**	**222,420**	**78,931**
Subordinated loans	25	**409,283**	**409,362**	**409,283**	**409,362**
EQUITY					
Share capital		66,513	59,168	66,513	59,168
Equity method reserve		-	-	367,823	255,834
Retained earnings		2,258,470	1,357,553	1,890,647	1,101,719
Total shareholders' equity		**2,324,983**	**1,416,721**	**2,324,983**	**1,416,721**
Minority interests		10,120	-	-	-
Total equity		**2,335,103**	**1,416,721**	**2,324,983**	**1,416,721**
Total equity and liabilities		**16,063,974**	**10,456,072**	**13,903,351**	**9,961,457**

Contingent and contractual liabilities	26
Related parties	27
Key figures and ratios, Saxo Bank Group	28
Key figures and ratios, Saxo Bank A/S	29

CAPITAL STATEMENT
AT 31 DECEMBER

Saxo Bank Group

(DKK 1,000)	Share capital	Proposed dividend	Retained earnings	Minority interests	Total
Equity 1 January 2008	**58,982**	**90,832**	**943,237**	**-**	**1,093,051**
Net profit for the year	-	-	339,217	-	339,217
Exchange rate adjustments	-	-	24,231	-	24,231
Dividend paid for 2007	-	(90,832)	-	-	(90,832)
Warrants	-	-	21,500	-	21,500
Increase in share capital	186	-	29,368	-	29,554
Equity 31 December 2008	**59,168**	**-**	**1,357,553**	**-**	**1,416,721**
Net profit for the year	-	-	201,586	(235)	201,351
Exchange rate adjustments	-	-	42,348	-	42,348
Hedge of net investments in subsidiaries, net of tax	-	-	2,340	-	2,340
Acquisition	-	-	-	10,355	10,355
Warrants	-	-	17,500	-	17,500
Increase in share capital	7,345	-	637,143	-	644,488
Equity 31 December 2009	**66,513**	**-**	**2,258,470**	**10,120**	**2,335,103**

CAPITAL STATEMENT
AT 31 DECEMBER

Saxo Bank A/S (DKK 1,000)	Share capital	Equity method reserve	Proposed dividend	Retained earnings	Total
Equity 1 January 2008	**58,982**	**38,208**	**90,832**	**905,029**	**1,093,051**
Net profit for the year	-	192,267	-	146,950	339,217
Exchange rate adjustments	-	25,359	-	(1,128)	24,231
Dividend paid for 2007	-	-	(90,832)	-	(90,832)
Warrants	-	-	-	21,500	21,500
Increase in share capital	186	-	-	29,368	29,554
Equity 31 December 2008	**59,168**	**255,834**	**-**	**1,101,719**	**1,416,721**
Net profit for the year	-	117,817	-	83,769	201,586
Exchange rate adjustments	-	(5,828)	-	48,176	42,348
Hedge of net investments in subsidiaries, net of tax	-	-	-	2,340	2,340
Warrants	-	-	-	17,500	17,500
Increase in share capital	7,345	-	-	637,143	644,488
Equity 31 December 2009	**66,513**	**367,823**	**-**	**1,890,647**	**2,324,983**

The share capital increased by 7,344,480 shares with a nominal value of DKK 1 in 2009.
As at 31 December 2009, the share capital consisted of 66,512,614 shares with a nominal value of DKK 1, of which 2,928,012 are preference shares.

Saxo Bank A/S has outstanding warrants as follows:

Year of issue		Amount issued	Expired/ Lapsed	Out-standing	Strike Price	Expiry
2006	Board of Directors	72,382	(72,382)	-	87,73	2009
2007	Board of Directors	51,364	-	51,364	110,00	2010
2007	Employees	510,280	-	510,280	110,00	2010
2007	Employees	1,595,000	(577,500)	1,017,500	110,00	2011-14
2008	Board of Management	1,770,000	-	1,770,000	159,00	2011
2008	Employees	307,000	(37,000)	270,000	159,00	2011
2008	Employees	543,596	-	543,596	159,00	2011-14
2008	Employees	229,244	-	229,244	159,15	2011-14
Total		**5,078,866**	**(686,882)**	**4,391,984**		

The exercising of warrants issued to employees and Board of Management in 2007 and 2008 is conditional on the presence and performance of the holders concerned.

SOLVENCY
AT 31 DECEMBER

	Saxo Bank Group		Saxo Bank A/S	
(DKK 1,000)	**2009**	**2008**	**2009**	**2008**
Total equity	2,335,103	1,416,721	2,324,983	1,416,721
Deduction in core capital:				
Intangible assets [a]	(1,158,799)	(609,972)	(1,123,606)	(590,833)
Deferred tax assets	(16,348)	(36,735)	(406)	(13,638)
Core capital	**1,159,956**	**770,014**	**1,200,971**	**812,250**
Investments in associates [b]	(46,767)	-	(46,767)	-
Subordinated loans, reduced value	372,075	390,755	372,075	390,755
Base capital	**1,485,264**	**1,160,769**	**1,526,279**	**1,203,005**

[a] Including goodwill from associates of DKK 185.0 million (2008: DKK 0 million).
[b] Relate to investments from associates, which are credit institutions, excluding goodwill.

	Saxo Bank Group 2009	Saxo Bank Group 2008	Saxo Bank A/S 2009	Saxo Bank A/S 2008
Weighted items with credit risk:				
Counterparty risk etc.	90,736	129,725	90,736	129,725
Credit risk outside the trading portfolio	1,694,767	943,573	1,674,263	1,212,358
Weighted items with market risk:				
Interest risk	990,926	150,997	990,926	150,997
Share price risk	98,439	153,329	98,609	153,329
Commodity risk	55,516	-	55,516	-
Foreign exchange rate risk	1,690,086	3,260,563	1,259,146	3,128,031
Operational risk	3,181,140	2,002,054	2,768,200	1,914,983
Total weighted items	**7,801,610**	**6,640,241**	**6,937,396**	**6,689,423**
Capital requirement 8% of total weighted items	**624,129**	**531,219**	**554,992**	**535,154**
Core capital ratio	**14.9%**	**11.6%**	**17.3%**	**12.1%**
Solvency ratio	**19.0%**	**17.5%**	**22.0%**	**18.0%**

Saxo Bank uses the following methods:

- Credit risk: The standard method
- Market risk: The standard method
- Operational risk: The basic indicator method
- Counterparty risk: The market value method. The risk is calculated using netting and credit risk reduction by the expanded method for financial collateral.

SOLVENCY
AT 31 DECEMBER

	Saxo Bank Group		Saxo Bank A/S	
Solvency requirements for items with market risk (DKK 1,000)	**2009 Weighted items**	**8%**	**2009 Weighted items**	**8%**
Debt instruments	990,926	79,274	990,926	79,274
Shares	98,439	7,875	98,609	7,889
Commodities	55,516	4,441	55,516	4,441
Foreign exchange rate risk	1,690,086	135,207	1,259,146	100,732
Total	**2,834,967**	**226,797**	**2,404,197**	**192,336**

In 2009 the weighted items with market risk have on average amounted to approximately DKK 2.9 billion for Saxo Bank A/S (2008: DKK 3.4 billion) and DKK 3.1 billion for the Group (2008: DKK 3.9 billion).
The counterparty risk is reported under Solvency Requirements for items with a credit risk.

	Saxo Bank Group		Saxo Bank A/S	
Solvency requirements for items with credit risk (DKK 1,000)	**2009 Weighted items**	**8%**	**2009 Weighted items**	**8%**
Receivables from credit institutions	489,134	39,131	214,335	17,147
Counterparty risk with credit institutions	62,311	4,985	62,311	4,985
Exposure against institutions	**551,445**	**44,116**	**276,646**	**22,132**
Balance sheet items	233,762	18,701	1,279,572	102,366
Off balance items	29,442	2,355	29,417	2,353
Counterparty risk with clients	1,553,797	124,304	1,553,797	124,304
Credit risk, mitigation	(1,525,372)	(122,030)	(1,525,372)	(122,030)
Exposure against clients	**291,629**	**23,330**	**1,337,414**	**106,993**
Balance sheet items	942,429	75,394	150,939	12,075
Exposures in other items	**942,429**	**75,394**	**150,939**	**12,075**
Total	**1,785,503**	**142,840**	**1,764,999**	**141,200**

In 2009, the weighted items with credit risk have on average amounted to approximately DKK 1.5 billion for Saxo Bank A/S (2008: DKK 1.7 billion) and DKK 1.3 billion for the Group (2008: DKK 1.7 billion).
Credit risk mitigation relates to margin deposits and other securities.

	Saxo Bank Group		Saxo Bank A/S	
Solvency requirements for operational risk (DKK 1,000)	**2009 Weighted items**	**8%**	**2009 Weighted items**	**8%**
Operational risk	3,181,140	254,491	2,768,200	221,456
Total	**3,181,140**	**254,491**	**2,768,200**	**221,456**

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

GENERAL

The Annual Report for 2009 has been prepared in accordance with the Danish Financial Business Act, the Danish executive order on financial reports for credit institutions and investment companies, etc., and guidance issued by The Danish Financial Supervisory Authority.

The accounting policies are unchanged compared to last year.

Determination of the useful life of software is based on periodic assessments of actual technical life and planned use. Internally developed software is deemed to have a longer technical life than acquired standard applications. Based on this assessment, the depreciation period of internally developed software has been changed from 3 to 5 years. The depreciation charge in current and future years is changed accordingly. The positive effect of the changed depreciation period of DKK 20 million is included in the income statement in Depreciation, amortisation and write-down of intangible and tangible assets. Depreciation of acquired software is unchanged in 3 years.

Consolidation

The consolidated financial statements include the Parent Company Saxo Bank A/S and its subsidiaries, in which the parent company exercises a controlling interest. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements are prepared by adding accounting items of similar content. Intercompany transactions, balances and gains and losses from intercompany transactions are eliminated.

Foreign currency exchange

The presentation currency of the consolidated financial statements is Danish kroner. The functional currency of each of the Group's units is the currency used in the primary financial environment in which the individual entity operates. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

Transactions in foreign currency are translated at the exchange rate of the unit's functional currency at the transaction date. Monetary items in foreign currency are translated at the exchange rates at the balance sheet date.

Realised and unrealised gains and losses are recognised in the income statement as exchange rate adjustments.

When translating net investments with a functional currency other than DKK, income and expenses are translated at the exchange rates on the transaction date, and assets and liabilities are translated at the exchange rates at the balance sheet date. Exchange rate gains and losses are recognised directly on equity. Foreign exchange adjustments of balances, which are considered part of the net investments, are recognised in the consolidated financial statements directly on equity.

Danish State Guarantee

The Bank has joined the Danish State Guarantee (Bank Package I) arrangement expiring on 30 September 2010. Guarantee commission is recognised in the income statement on a straight-line basis over the guarantee period and included in Other charges. The liability to cover possible losses under the arrangement is recognised as a provision when a loss is probable and can be measured reliably. Such amounts are recognised in the income statement as Loss and provisions for bad debts. The remaining liability not provided for is included in Contingent and contractual liabilities.

INCOME STATEMENT

Interest and commission

Interest revenues and interest expenses, commission and premiums on forward transactions are accrued over the

1 Accounting Policies · continued

lifetime of the transactions. Dividends, fees and other commission revenue are recognised as income when received.

Received and paid fees and commissions result from trading with equities, derivative financial instruments and from investment management.

Net interest, fees and exchange rate revenues are not separated on markets geographically, as markets do not vary.

BALANCE SHEET

Receivables from credit institutions and central banks
Receivables from credit institutions and central banks are measured at amortised cost less provisions for impairment as described under loans and advances.

Loans and advances
Loans and advances are measured at amortised cost less provisions for impairment.

If objective evidence exists of impairment of a loan or an advance, then the relevant loan or advance is tested for impairment.

Impairment exists if the carrying amount exceeds the present value of the expected future payment on the loan or advance. The impairment is calculated based on an individual assessment of the present weighted value of the most likely future cash flows from the underlying receivable. The impairment charge is adjusted if the present value of the expected future cash flows is changed.

Subsidiaries
Subsidiaries are recognised and measured in accordance with the equity method, calculated in accordance with the Group's accounting policies. Consequently, the net revaluation is recognised as an Equity method reserve in equity.

Acquired subsidiaries are included in the financial statements on the date of acquisition.

The purchase method is applied when acquiring new subsidiaries, according to which the net assets acquired (assets, including identifiable intangible assets less liabilities and contingent liabilities), are stated at their fair value on the acquisition date.

Associates
Associates are businesses in which the Group has holdings and significant influence but not control. The Group classifies undertakings as associates if Saxo Bank A/S directly or indirectly holds 20-50% of the voting rights.

Associates are recognised at cost on the date of acquisition and are subsequently measured according to the equity method. The proportionate share of the net profit or loss, net of tax of the individual associate is included in Income from associates.

Intangible and tangible assets
Intangible and tangible assets are recognised at cost less any accumulated depreciation, amortisation and write-down.

Goodwill arises on the acquisition of subsidiaries and associates and is calculated as the difference between the cost of acquisition and the fair value of the net assets, including contingent liabilities, at the time of acquisition. Goodwill is recognised in the functional currency of the undertaking acquired. Goodwill on associates is recognised under Investments in associates.

The costs of in-house software development, which are clearly defined and identifiable, are recognised as intangible assets when it is probable, that it will provide future economic benefits.

When acquiring customer related contracts the fair value of these contracts is recognised as customer related intan-

1 Accounting Policies · continued

gible assets. Amortisation is recognised over the expected lifetime of the contracts.

Trademarks are measured based on the relief from royalty method under which the value is calculated based on expected future cash flows for the trademarks on the basis of key assumptions about expected useful life, royalty rate and growth rate, and a theoretically calculated tax effect.

Domicile premises are measured at cost plus property improvement expenditure and less depreciation and impairment charges.

The intangible and tangible assets are generally amortised and depreciated on a straight-line basis over the estimated useful life. Amortisation and depreciation periods are as follows:

Software	3-5 years
Client relations	4-6 years
Trademarks	15 years
Domicile premises	50 years
Leasehold improvements	5 years
Fixtures, equipment and vehicles	3-5 years
IT equipment	3-5 years
Aeroplane	Based on number of hours in air

Intangible and tangible assets are tested for impairment if indications of impairment exist. An impaired asset is written down to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Depreciation, amortisation and impairment write-down are recognised in the income statement.

Securities and derivative financial instruments
Purchase and sale of financial assets are accounted for on the trade date.

Listed securities are recognised at officially quoted prices. Securities are measured at the fair value in the balance sheet. Value adjustments of securities are recognised in the income statement.

Derivative financial instruments (open spot transactions, forward exchange transactions, futures and options, etc.) are measured at fair value, which is determined on the basis of the closing prices on the balance sheet date. Changes in its fair value are recognised in the income statement as a component of Price and exchange rate adjustments.

For matching positions mid prices are applied as the basis for determining the fair value of the matching position and bid/ask prices on the open net position, respectively.

When a derivative (or a non-derivative financial liability) is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging Instrument is recognised directly on equity, in the foreign currency translation reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement. The amount recognised on equity is removed and included in the income statement on disposal of the foreign operation.

Derivative financial instruments with a positive fair value are recognised as Other assets while instruments with a negative fair value are recognised as Other liabilities.

Net premiums on forward transactions related to foreign exchange and securities are presented in the income statement as interest receivable.

Proposed dividends
The Board of Directors' proposal for dividends for the year submitted to the general meeting is included as a separate reserve in shareholders' equity. The dividends are recognised as a liability when the general meeting has adopted the proposal.

1 Accounting Policies · continued

Warrants
The Board of Directors, the Board of Management and other employees have been granted warrants under different programmes.

The warrants are measured at fair value at the time of allocation and are recognised in the income statement under Staff costs and administrative expenses over the vesting period with a corresponding entry in equity.

In connection with initial recognition of the warrants, the expected number of exercisable warrants is estimated. Subsequent adjustments are made for changes in the estimate.

The fair value of the warrants is estimated using the Black Scholes valuation method. The calculation takes into account the terms and conditions under which the warrants are allocated.

Tax
Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for Goodwill, that is not tax deductible. Temporary differences from acquisitions related to assets or liabilities recognised at the acquisition date, such as recognition of Client relations, are included in the balance sheet at the acquisition date. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

		Saxo Bank Group		Saxo Bank A/S	
Note	(DKK 1,000)	**2009**	**2008**	**2009**	**2008**
2	**Interest income**				
	Receivables from credit institutions and central banks	26,281	84,252	25,057	73,210
	Loans and advances	12,929	39,616	16,349	44,246
	Bonds	58,207	196,425	57,949	196,425
	Derivative financial instruments	265,602	255,951	256,398	253,545
	Other interest income	-	11	-	-
	Total interest income	**363,019**	**576,255**	**355,753**	**567,426**
3	**Interest expense**				
	Credit institutions and central banks	(8,689)	(110,030)	(7,853)	(109,092)
	Deposits	(25,606)	(206,801)	(29,692)	(198,651)
	Subordinated loans	(18,070)	(32,162)	(18,070)	(32,162)
	Derivative financial instruments	(33,314)	(32,059)	(33,314)	(32,059)
	Other interest expense	-	-	-	(31)
	Total interest expense	**(85,679)**	**(381,052)**	**(88,929)**	**(371,995)**
4	**Fees and commissions income**				
	Trading with equities and derivative financial instruments	969,504	674,668	826,191	575,097
	Total fees and commission income	**969,504**	**674,668**	**826,191**	**575,097**
5	**Fees and commissions expense**				
	Trading with equities and derivative financial instruments	(1,329,166)	(1,287,610)	(1,335,939)	(1,264,565)
	Total fees and commission expense	**(1,329,166)**	**(1,287,610)**	**(1,335,939)**	**(1,264,565)**
6	**Price and exchange rate adjustments**				
	Bonds	25,259	32,423	25,269	32,425
	Foreign exchange	2,049,473	2,420,254	1,751,021	2,070,639
	Derivative financial instruments	235,092	483,253	211,415	388,298
	Total price and exchange rate adjustments	**2,309,824**	**2,935,930**	**1,987,705**	**2,491,362**

		Saxo Bank Group		Saxo Bank A/S	
Note	(DKK 1,000)	**2009**	**2008**	**2009**	**2008**
7	**Other income**				
	Gain on disposal of tangible assets	3,018	260	901	260
	Administrative services	16	16	2,223	2,398
	Other	5,202	3,420	2,256	2,761
	Total other income	**8,236**	**3,696**	**5,380**	**5,419**
8	**Staff costs and administrative expense**				
	Salaries and remuneration to Board of Directors and Board of Management (including warrants):				
	Board of Directors	(2,752)	(3,773)	(2,752)	(3,773)
	Board of Management	(26,971)	(25,876)	(26,971)	(25,876)
	Total	**(29,723)**	**(29,649)**	**(29,723)**	**(29,649)**
	Staff costs:				
	Salaries (including warrants)	(709,499)	(887,127)	(569,327)	(760,837)
	Pensions	(54,586)	(59,854)	(47,839)	(55,379)
	Social security expenses	(79,618)	(71,559)	(61,115)	(70,784)
	Total staff costs	**(834,703)**	**(1,018,540)**	**(678,281)**	**(887,000)**
	Other administrative expenses	(863,280)	(807,249)	(735,609)	(705,948)
	Total staff costs and administrative expenses	**(1,736,706)**	**(1,855,438)**	**(1,443,613)**	**(1,622,597)**
	Average number of employees				
	Average number of employees during the financial year converted into full-time equivalents	**927**	**1,297**	**695**	**939**
	Audit fees [a]				
	Fees for statutory audit	(2,485)	(1,993)	(1,924)	(1,848)
	Fees for services other than audit	(5,008)	(3,257)	(4,825)	(3,207)
	Total audit fees	**(7,493)**	**(5,250)**	**(6,749)**	**(5,055)**
	[a] Fee to the auditors elected by the annual general meeting to perform the statutory audit.				
9	**Depreciation, amortisation and write-down of intangible and tangible assets**				
	Intangible assets	(60,820)	(52,066)	(49,334)	(46,371)
	Tangible assets	(93,158)	(78,167)	(49,891)	(50,133)
	Total depreciation, amortisation and write-down of intangible and tangible assets	**(153,978)**	**(130,233)**	**(99,225)**	**(96,504)**

		Saxo Bank Group		Saxo Bank A/S	
Note	(DKK 1,000)	**2009**	**2008**	**2009**	**2008**
10	**Loss and provisions for bad debt**				
	Receivables from credit institutions and central banks	-	(43,300)	-	(43,300)
	Loans and advances	(11,534)	(6,966)	(9,316)	(5,731)
	The Private Contingency Association, loss guarantee	(35,354)	(4,551)	(35,354)	(4,551)
	Adjustment of prior years' provisions	1,196	905	1,196	905
	Total loss and provisions for bad debt	**(45,692)**	**(53,912)**	**(43,474)**	**(52,677)**
	The provisions for impairment of loans and advances are based on an individual assessment. No impairment loss has been recognised on a portfolio basis.				
11	**Tax**				
	Taxation on profit for the year	(54,472)	(135,941)	(27,890)	(99,724)
	Changes in deferred tax	(10,066)	7,133	(12,597)	29,987
	Adjustment of prior years' taxation	(3,464)	(598)	(11,486)	(598)
	Total tax	**(68,002)**	**(129,406)**	**(51,973)**	**(70,335)**
	Tax paid during the year	58,377	79,788	25,191	69,659
	Current tax rate	25.0%	25.0%	25.0%	25.0%
	Effective tax rate	25.2%	27.6%	38.6%	32.4%
	25% tax on profit for the year before tax	(67,397)	(117,166)	(67,397)	(102,388)
	25% of result in subsidiaries, reversal	-	-	33,709	48,067
	Non tax-deductible expenses	(4,484)	(7,642)	(2,792)	(15,416)
	Difference in the tax rate and other adjustments	3,879	(4,598)	(15,493)	(598)
	Total tax	**(68,002)**	**(129,406)**	**(51,973)**	**(70,335)**

Note	(DKK 1,000)	Saxo Bank Group 2009	Saxo Bank Group 2008	Saxo Bank A/S 2009	Saxo Bank A/S 2008
12	**Receivables from credit institutions and central banks**				
	Receivables from credit institutions and central banks on demand	4,144,074	2,539,306	2,744,409	1,688,798
	Total receivables from credit institutions and central banks	**4,144,074**	**2,539,306**	**2,744,409**	**1,688,798**
	Receivables of DKK 129 million from credit institutions have been adjusted for an impairment loss of DKK 43.3 million (2008: DKK 43.3 million).				
	Receivables from credit institutions and central banks by geography:				
	Denmark	1,781,920	705,618	1,738,506	705,418
	Europe, excluding Denmark	447,096	620,904	361,411	577,053
	USA	211,751	188,302	211,314	188,302
	Australia	413,277	116,743	413,277	116,743
	Asia	1,290,030	907,739	19,901	101,282
	Total receivables from credit institutions and central banks	**4,144,074**	**2,539,306**	**2,744,409**	**1,688,798**
13	**Loans and advances**				
	Loans and advances on demand	92,159	85,286	176,660	109,503
	Including:				
	Investment brokers	29,352	829	29,352	829
	Clients	62,807	84,457	45,152	48,021
	Subsidiaries	-	-	102,156	60,653
	Total loan and advances	**92,159**	**85,286**	**176,660**	**109,503**
	Clients loans and advances not covered by negative market values of open financial contracts, deposits or other securities, amount to DKK 1.7 million after impairment provisions (2008: DKK 2.2 million).				
	Loans, advances and guarantees by sector and industry				
	Credit, finance and insurance	1%	31%	20%	10%
	Other businesses	42%	-	58%	55%
	Total corporate sector	**43%**	**31%**	**78%**	**65%**
	Private customers	57%	69%	22%	35%
	Total loans, advances and guarantees	**100%**	**100%**	**100%**	**100%**

		Saxo Bank Group		Saxo Bank A/S	
Note	(DKK 1,000)	**2009**	**2008**	**2009**	**2008**
14	**Bonds at fair value**				
	Quoted on NASDAQ OMX Nordic	1,923,381	1,713,607	1,914,903	1,713,607
	Quoted on other stock exchanges	5,298,950	3,073,414	4,540,073	3,073,382
	Total bonds at fair value	**7,222,331**	**4,787,021**	**6,454,976**	**4,786,989**
	Average weighted duration of bonds, years	1.22	0.32	1.27	0.32
15	**Investments in associates**				
	Cost, beginning	-	-	-	-
	Additions	255,183	-	252,059	-
	Total cost, end	**255,183**	**-**	**252,059**	**-**
	Revaluation, beginning	-	-	-	-
	Net profit for the year after tax	988	-	988	-
	Revaluation, end	**988**	**-**	**988**	**-**
	Total investments in associates	**256,171**	**-**	**253,047**	**-**

Associates [a)]	**Statutory result (DKK 1,000)**	**Statutory equity (DKK 1,000)**	**Ownership**
Company			
EuroInvestor A/S, Copenhagen (included from 1 February 2009)	2,903	45,733	38.89%
Initto A/S, Ballerup (included from 31 December 2009)	1,631	(177)	40.00%
Banco Best S.A., Lisboa (included from 31 December 2009)	17,666	178,291	25.00%

Translation to Danish Kroner as at the balance sheet date.

[a)] The Statutory result and Statutory equity is derived from the latest published Annual reports. Immaterial participations are left out.

		Saxo Bank Group		Saxo Bank A/S	
Note	(DKK 1,000)	**2009**	**2008**	**2009**	**2008**
16	**Investments in subsidiaries**				
	Cost, beginning	-	-	280,422	240,046
	Additions	-	-	448,202	78,824
	Goodwill related to acquisitions	-	-	(164,401)	(38,448)
	Total cost, end	**-**	**-**	**564,223**	**280,422**
	Revaluation, beginning	-	-	255,834	38,208
	Net profit for the year after tax	-	-	117,817	192,267
	Exchange rate adjustments	-	-	(5,828)	25,359
	Revaluation, end	**-**	**-**	**367,823**	**255,834**
	Total investments in subsidiaries	**-**	**-**	**932,046**	**536,256**

Subsidiaries [a]	**Statutory result (DKK 1,000)**	**Statutory equity (DKK 1,000)**	**Ownership**
Financial institutions			
Saxo Bank (Switzerland) SA, Switzerland	4,114	189,475	100%
Saxo Capital Markets Pte. Ltd., Singapore	107,236	405,107	100%
Saxo Bank Japan K.K., Japan (incl Astmax FX Co., Ltd., consolidated from 1 July 2009)	15,222	22,335	100%
Saxo Banque France SAS, France	3,273	50,258	100%
Investpad SAS, France	(387)	(9,338)	100%
Saxo Bank Dubai Ltd., Dubai (established 1 May 2009)	1,020	40,207	100%
Global Evolution Fondsmæglerselskab A/S, Kolding, (consolidated from 1 June 2009)	(244)	10,533	51%
Capital Four Management Fondsmæglerselskab A/S, Hellerup, (consolidated from 1 June 2009)	2,436	6,157	100%
Fondsmæglerselskabet Sirius Kapitalforvaltning A/S, Hellerup, (consolidated from 1 January 2009)	1,022	8,387	100%
SBSF Ltd., UK, (established 1 September 2009)	(845)	(830)	100%
Saxo Capital Markets BV, Holland, (consolidated from 30 September 2009)	(426)	4,305	100%
Other			
Saxo Soft A/S, Hellerup	(2,620)	(466)	100%
I.I.Real Estate A/S, Hellerup	(1,444)	561	100%
Saxo Jet A/S, Hellerup	(3,456)	(10,018)	100%
Ejendomsselskabet Bygning 119 A/S, Hellerup, (consolidated from 31 December 2009)	-	50,609	100%

Translation to Danish Kroner as described in note 1.

[a] Unless otherwise stated the statutory result covers the period 1 January - 31 December 2009 - except additions during the year.

Note	(DKK 1,000)	Saxo Bank Group 2009	Saxo Bank Group 2008	Saxo Bank A/S 2009	Saxo Bank A/S 2008
17	**Goodwill**				
	Cost, beginning	451,448	413,000	451,448	413,000
	Exchange rate adjustments	48,176	-	48,176	-
	Additions	184,808	38,448	184,808	38,448
	Total cost, end	**684,432**	**451,448**	**684,432**	**451,448**
	Total goodwill	**684,432**	**451,448**	**684,432**	**451,448**
	Goodwill related to acquisitions in 2008 and 2009 of DKK 58 million is dependent on the acquired companies' performance (2008: DKK 19 million). The purchase price and goodwill amount may be reduced if the stipulated performance is not realised.				
18	**Other intangible assets**				
	Cost, beginning	243,830	160,776	218,934	140,327
	Exchange rate adjustments	(1,083)	(3)	10	(55)
	Reclassification	-	352	-	18
	Additions	192,339	98,431	163,899	94,204
	Disposals	(308)	(15,726)	(303)	(15,560)
	Total cost, end	**434,778**	**243,830**	**382,540**	**218,934**
	Amortisation and write-down, beginning	(85,306)	(48,846)	(79,549)	(48,846)
	Exchange rate adjustments	601	140	403	108
	Reclassification	-	(94)	-	-
	Amortisation for the year	(58,400)	(48,383)	(47,293)	(42,688)
	Write-down in the year	(2,420)	(3,683)	(2,041)	(3,683)
	Reversal of amortisation and write-down, disposals	154	15,560	154	15,560
	Total amortisation and write-down, end	**(145,371)**	**(85,306)**	**(128,326)**	**(79,549)**
	Total other intangible assets	**289,407**	**158,524**	**254,214**	**139,385**
	Value of client relations included in other intangible assets	**37,133**	**18,750**	**4,075**	**-**

		Saxo Bank Group		Saxo Bank A/S	
Note	(DKK 1,000)	**2009**	**2008**	**2009**	**2008**
19	**Domicile premises**				
	Cost, beginning	53,797	52,080	-	-
	Exchange rate adjustments	-	(225)	-	-
	Reclassification	-	1,809	-	-
	Additions	700,000	133	-	-
	Disposals	(22,514)	-	-	-
	Total cost, end	**731,283**	**53,797**	**-**	**-**
	Depreciation and write-down, beginning	(9,234)	(1,318)	-	-
	Exchange rate adjustmens	-	5	-	-
	Reclassification	-	4	-	-
	Depreciation for the year	(429)	(705)	-	-
	Write-down in the year	(5,997)	(7,220)	-	-
	Reversal of depreciation and write-down, disposals	12,262	-	-	-
	Total depreciation and write-down, end	**(3,398)**	**(9,234)**	**-**	**-**
	Total domicile premises	**727,885**	**44,563**	**-**	**-**
20	**Other tangible assets**				
	Cost, beginning	300,986	211,649	195,265	172,068
	Exchange rate adjustments	9,114	706	1,087	(2,420)
	Reclassification	-	(2,161)	-	(18)
	Additions	54,320	150,757	37,038	85,600
	Disposals	(59,947)	(59,965)	(43,865)	(59,965)
	Total cost, end	**304,473**	**300,986**	**189,525**	**195,265**
	Depreciation and write-down, beginning	(107,800)	(88,041)	(82,133)	(83,255)
	Exchange rate adjustments	(1,469)	211	1,679	1,073
	Reclassification	-	90	-	-
	Depreciation for the year	(58,376)	(54,666)	(49,891)	(40,057)
	Write-down in the year	(28,356)	(15,576)	-	(10,076)
	Reversal of depreciation and write-down, disposals	38,313	50,182	34,443	50,182
	Total depreciation and write-down, end	**(157,688)**	**(107,800)**	**(95,902)**	**(82,133)**
	Total other tangible assets	**146,785**	**193,186**	**93,623**	**113,132**
21	**Debt to credit institutions and central banks**				
	Debt on demand	9,779	1,500	19,345	1,286
	Within 3 months	1,132	309	-	-
	3–12 months	12,557	929	-	-
	1–5 years	61,159	2,907	-	-
	More than 5 years	393,852	9,455	-	-
	Total debt to credit institutions and central banks	**478,479**	**15,100**	**19,345**	**1,286**

		Saxo Bank Group		Saxo Bank A/S	
Note	(DKK 1,000)	**2009**	**2008**	**2009**	**2008**
22	**Deposits**				
	Deposits on demand	10,963,597	6,815,587	9,432,622	6,463,254
	Total deposits	**10,963,597**	**6,815,587**	**9,432,622**	**6,463,254**
23	**Tax**				
	Deferred tax assets [a]				
	Deferred tax assets, beginning	36,735	50,169	13,638	7,743
	Exchange rate adjustments	215	2,629	131	(1,813)
	Transferred	(20,205)	(662)	(11,042)	101
	Changes in the year	(580)	(15,766)	(2,321)	7,607
	Deferred tax assets, acquisitions	183	365	-	-
	Total deferred tax assets	**16,348**	**36,735**	**406**	**13,638**
	Deferred tax liabilities				
	Deferred tax liabilities, beginning	(6,208)	(24,881)	-	(20,899)
	Exchange rate adjustments	(10)	(76)	-	-
	Transferred	(23,735)	(101)	(27,512)	(101)
	Changes in the year	(9,486)	22,899	(10,276)	22,380
	Deferred tax, acquisitions	(26,087)	(4,049)	(989)	(1,380)
	Total deferred tax liabilities	**(65,526)**	**(6,208)**	**(38,777)**	**-**
	Provisions for deferred tax liabilities are related to:				
	Intangible and tangible assets	(79,420)	(37,705)	(52,657)	(31,497)
	Provisions for bad debts	-	13,110	-	13,110
	Other provisions	13,894	18,387	13,880	18,387
	Total deferred tax liabilities	**(65,526)**	**(6,208)**	**(38,777)**	**-**
	Tax receivables / liabilities				
	Tax receivables, beginning	10,378	40,537	10,268	40,245
	Company tax liabilities, beginning	(40,318)	(13,661)	(816)	-
	Exchange rate adjustments	343	(828)	-	(130)
	Taxation on profit for the year	(54,472)	(135,941)	(27,890)	(99,724)
	Transferred	43,940	763	38,554	-
	Adjustments to prior years	(3,464)	(598)	(11,486)	(598)
	Receivable/payable tax, acquisitions	(3,632)	-	-	-
	Tax paid during the year	58,377	79,788	25,191	69,659
	Total tax receivables / liabilities, net	**11,152**	**(29,940)**	**33,821**	**9,452**
	Total tax receivables	**39,147**	**10,378**	**35,985**	**10,268**
	Total company tax liabilities	**(27,995)**	**(40,318)**	**(2,164)**	**(816)**

[a] The Group's deferred tax assets consist primarily of tax losses carried forward.

		Saxo Bank Group		Saxo Bank A/S	
Note	(DKK 1,000)	2009	2008	2009	2008
24	**Other provisions**				
	Restructuring etc.	143,687	77,689	130,188	74,342
	The Danish Private Contingency Association	39,905	4,551	39,905	4,551
	Other	13,550	15,740	13,550	38
	Total other provisions	**197,142**	**97,980**	**183,643**	**78,931**
25	**Subordinated loans**				
	Subordinated loans	409,283	409,362	409,283	409,362
	Total subordinated loans	**409,283**	**409,362**	**409,283**	**409,362**

Hereof included in Base capital DKK 372.1 million (2008: DKK 390.8 million).

	Loan amount	Obtained	Due	Interest rate	Margin first period		Margin second period	
	EUR million				Rate	Years	Rate	Years
FIH Erhvervsbank	10	2006	2014	EURIBOR	2.25%	5	4.00%	3
Xenon Capital Plc.	1	2007	2019	EURIBOR	2.95%	10	3.95%	3
Dekania CDO II	7	2007	2019	EURIBOR	2.95%	10	3.95%	3
Dekania CDO III	12	2007	2019	EURIBOR	2.95%	10	3.95%	3
Xenon Capital Plc.	15	2007	2020	EURIBOR	2.95%	10	3.95%	3
The Bank of New York Mellon	10	2007	2020	EURIBOR	2.95%	10	3.95%	3

There are no unusual terms related to the subordinated loans.
There have been no significant costs related to obtaining the subordinated loans.

		Saxo Bank Group		Saxo Bank A/S	
Note	(DKK 1,000)	2009	2008	2009	2008
26	**Contingent and contractual liabilities**				
	Guarantees	45,311	89,612	45,261	89,612
	Total guarantees	**45,311**	**89,612**	**45,261**	**89,612**
	Other liabilities				
	Rent commitments towards subsidiaries	-	-	678,034	2,064
	Other commitments	356,441	960,206	322,059	922,996
	Total other liabilities	**356,441**	**960,206**	**1,000,093**	**925,060**

Note 26 continues

Note

26 Contingent and contractual liabilities – continued

Of the Bank's bond holdings nominal EUR 392 million (2008: EUR 415 million), with a fair value of DKK 2.9 billion (2008: DKK 3.1 billion), are held in custody with institutions with full right of disposal for the Bank. The bonds serve as security for the Bank's ongoing financial business with the individual institution.

The actual demand for collateral varies from day to day with the development in the open positions and were in total 55% (2008: 24%) of the fair value of the bond holdings provided as security at the end of 2009.

Of the Bank's deposits with investment brokers, banks and other credit institutions, DKK 432 million (2008: DKK 660 million) have likewise been provided as security for the Bank's ongoing financial business.

Debt to credit institutions is secured by mortgage deed of DKK 477 million on the Bank's property.

Related to the acquisitions Saxo Bank A/S has issued claims warrants with a strike price of DKK 1 to cover potential claims from the sellers of the acquired companies. The maximum number of shares is 1,160,138. As at 31 December 2009 there has been no actual claim.

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

Saxo Bank A/S has agreed to support Saxo Jet A/S and Saxo Soft A/S with the necessary liquidity for the operation up until the ordinary general meeting in the companies beginning of 2011.

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

Saxo Bank A/S is participating through the Private Contingency Association in the Danish state guarantee under the Act on Financial Stability adopted by the Danish parliament in October 2008. The scheme, which is set to expire on 30 September 2010, includes an unconditional state guarantee for the obligations of Danish banks, except for subordinated debt and covered bonds.

Each bank's share of the state guarantee commission and the commitment to cover losses is calculated on the basis of the part of the bank's capital base that can be allocated to activities covered by the guarantee. As at 31 December 2009, Saxo Bank A/S' remaining share amounts to a guarantee commission of DKK 23 million and a commitment to cover losses of DKK 40 million. The latter amount, which is the main part of the guarantees in the table above, only becomes payable if the Danish financial sector's need for capital exceeds DKK 25 billion.

27 Related parties

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

Saxo Bank A/S provides administrative services and IT services to subsidiaries and the former now demerged parent company, Internet Invest Holding A/S.

Saxo Bank A/S is renting the office premises, Philip Heymans Allé 15, Hellerup, from Ejendomsselskabet Bygning 119 A/S, formerly owned primarily by Fournais Holding A/S and Lars Seier Christensen Holding A/S but on 21 December 2009 acquired by Saxo Bank A/S. The Bank is renting the office premises, Smakkedalen 2, Gentofte, from I.I.Real Estate A/S. The Bank has bought services related to Software development from Saxo Soft A/S and is leasing an aeroplane from Saxo Jet A/S. Saxo Bank A/S sub-rents part of Philip Heymans Allé 15, Hellerup to Fondsmæglerselskabet Sirius Kapitalforvaltning A/S and Capital Four Management Fondsmæglerselskab A/S.

Saxo Bank A/S has White Label Partner agreements with Saxo Bank (Switzerland) SA, Saxo Capital Markets Pte. Ltd., Singapore and Saxo Banque France, SAS. In addition, Saxo Bank A/S has agreements with Saxo Capital Markets Pte. Ltd. and Saxo Bank Dubai Ltd. regarding servicing Saxo Bank A/S' clients.

Saxo Bank A/S has an agreement with Fondsmæglerselskabet Sirius Kapitalforvaltning A/S concerning asset management of part of the Bank's bond portfolio.

All transactions and agreements with related parties are based on market terms.

The following shareholders are registered directly or indirectly as holders of more than 5% of the share capital of the Bank:
Espirito Santo Financial Group, S.A., L-2520 Luxembourg.
Fournais Holding A/S, DK-2850 Nærum, Denmark.
GA Global Investments Limited, CY-1066 Nicosia, Cyprus.
Lars Seier Christensen Holding A/S, DK-2840 Holte, Denmark.

KEY FIGURES AND RATIOS, SAXO BANK GROUP

Note	(DKK 1,000)	2009	2008	2007	2006	2005
28	**KEY FIGURES**					
	Net interest, fees and commissions receivable	(82,322)	(417,739)	(208,713)	(82,923)	(101,652)
	Price and exchange rate adjustments	2,309,824	2,935,930	1,773,162	1,084,886	735,565
	Staff costs and administrative expenses	(1,736,706)	(1,855,438)	(1,138,226)	(761,235)	(392,695)
	Loss and provisions for bad debts [a)]	(45,692)	(53,912)	(3,062)	(2,317)	(122)
	Income from associates	988	-	-	-	-
	Net profit	201,351	339,217	275,249	144,130	158,093
	Loans and advances	92,159	85,286	118,160	121,780	92,965
	Subordinated loans	409,283	409,362	410,031	149,143	74,614
	Total equity	2,335,103	1,416,721	1,093,051	432,110	335,881
	Total assets	16,063,974	10,456,072	9,996,237	6,155,561	4,306,155
	Average number of employees	927	1,297	1,011	622	329
	RATIOS					
	Solvency ratio	19.0%	17.5%	18.2%	13.7%	14.6%
	Core capital ratio	14.9%	11.6%	9.3%	9.5%	11.4%
	Return before tax on Total equity	14.4%	37.3%	47.8%	53.4%	81.1%
	Return after tax on Total equity	10.7%	27.0%	36.1%	37.5%	57.5%
	Income proportional to cost	1.14	1.23	1.30	1.26	1.54
	Interest rate risk	5.1%	1.6%	2.9%	1.2%	1.9%
	Foreign exchange rate risk / Core capital	145.7%	423.4%	507.4%	547.8%	495.1%
	Value at risk of foreign exchange rate risk / Core capital	4.4%	4.8%	5.7%	10.2%	15.6%
	Loans, advances and provisions / Deposits	0.9%	1.3%	1.7%	2.8%	2.8%
	Loans and advances proportional to Total equity	0.0	0.1	0.1	0.3	0.3
	Growth of Loans and advances	8.1%	(27.8)%	(3.0)%	31.0%	(9.4)%
	Additional liquidity / liquidity requirement	763.3%	741.9%	789.0%	744.1%	782.5%
	The total of large engagements / Base capital	14.1%	31.5%	32.2%	75.2%	118.5%
	Loss and provisions ratio (loans and advances)	6.9%	3.4%	2.3%	1.9%	0.1%

[a)] Includes DKK 35 million related to the loss guarantee to the Danish Private Contingency Association (2008: DKK 5 million).

See page 81 for definitions.

KEY FIGURES AND RATIOS, SAXO BANK A/S

Note	(DKK 1,000)	2009	2008	2007	2006	2005
29	**KEY FIGURES**					
	Net interest, fees and commissions receivable	(242,924)	(494,037)	(215,816)	(79,353)	(99,702)
	Price and exchange rate adjustments	1,987,705	2,491,362	1,634,605	1,084,169	735,763
	Staff costs and administrative expenses	(1,443,613)	(1,622,597)	(1,071,557)	(744,273)	(395,218)
	Loss and provisions for bad debts [a)]	(43,474)	(52,677)	(3,062)	(2,317)	(122)
	Income from subsidiaries and associates	118,805	192,267	59,631	(17,929)	(202)
	Net profit	201,586	339,217	275,249	144,130	158,093
	Loans and advances	176,660	109,503	168,965	174,691	121,317
	Subordinated loans	409,283	409,362	410,031	149,143	74,614
	Total equity	2,324,983	1,416,721	1,093,051	432,110	335,881
	Total assets	13,903,351	9,961,457	9,028,629	6,124,647	4,288,600
	Average number of employees	695	939	868	566	318
	RATIOS					
	Solvency ratio	22.0%	18.0%	20.0%	13.8%	14.6%
	Core capital ratio	17.3%	12.1%	10.9%	9.6%	11.4%
	Return before tax on Total equity	13.6%	32.6%	46.0%	54.4%	81.1%
	Return after tax on Total equity	10.8%	27.0%	36.1%	37.5%	57.5%
	Income proportional to cost	1.16	1.23	1.32	1.26	1.54
	Interest rate risk	7.2%	1.5%	2.4%	1.2%	1.9%
	Foreign exchange rate risk / Core capital	104.8%	385.1%	436.9%	539.8%	495.1%
	Value at risk of foreign exchange rate risk / Core capital	2.2%	4.5%	5.0%	10.0%	15.6%
	Loans, advances and provisions / Deposits	2.0%	1.8%	2.7%	3.9%	3.6%
	Loans and advances proportional to Total equity	0.1	0.1	0.2	0.4	0.4
	Growth of Loans and advances	61.3%	(35.2)%	(3.4)%	44.0%	18.3%
	Additional liquidity / liquidity requirement	720.4%	687.4%	774.6%	742.9%	786.3%
	The total of large engagements / Base capital	-	15.3%	16.1%	74.4%	118.5%
	Loss and provisions ratio (loans and advances)	3.5%	2.4%	1.7%	1.3%	0.1%

[a)] Includes DKK 35 million related to the loss guarantee to the Danish Private Contingency Association (2008: DKK 5 million).

See page 81 for definitions.

NOTES – SAXO BANK RISK MANAGEMENT

Saxo Bank's overall risk framework is established by the Board of Directors through instructions and polices that set the scope for Saxo Bank's risk taking and activities. The Board Instructions determine risk limits for market, credit and liquidity risks. In addition, the Board of Directors has issued a credit policy which establishes the guidelines for managing counterparties and credit limits.

The Board of Management applies the instructions and policies through implementation of a risk management framework. The ongoing monitoring and control of the risks is delegated and centralised in a department for risk management.

Saxo Bank operates its trading business using the Bank's online investment trading platform. This entails a trade execution flow which allows for market-making functions in selected instruments. Other traded instruments supported by the Bank are offered on a hedged basis.

During the year, the Board of Directors monitors and adjusts Bank's overall risk parameters for foreign exchange, CFDs and other investment trading in response to the continued changes in market conditions and overall trading volumes.

RISK EXPOSURE

Saxo Bank is exposed to a number of risks which can be categorised as follows:

- Market risk: The risk of loss due to movements in market risk factors.
- Credit risk: The risk that counterparts of the Bank fail to fulfil their obligations.
- Operational risk: The risk of loss resulting from inadequate or failed processes, people or systems.
- Liquidity risk: The risk of being unable to meet obligations as they fall due.
- Business risk: The risk related to the macro-environment and the competitive environment within the banking industry.

MARKET RISK

Market risk is defined as the risk of loss due to movements in market risk factors such as foreign exchange, equities, commodities and interest rates.

The Board of Directors has set limits for the different risk factor types via the Board Instructions; these are allocated within the trading organisation and Treasury.

The market risk of the Bank is quantified and monitored against exposure, loss and Value-at-Risk limits. Exposure and loss limit utilisations are monitored on five minute intervals, while Value-at-Risk limit utilisation is evaluated on an end-of-day basis.

Exposure limits on foreign exchange are segmented into more granular levels based on instrument characteristics such as market availability, liquidity and volatility. On foreign exchange options limits are also set on the Greeks: delta, gamma, vega and theta. Such limits assure that the different risk elements (underlying price, volatility and time-decay) from options are maintained.

A new Value-at-Risk model was introduced in 2009. Value-at-Risk estimates a potential loss with a certain confidence on a portfolio given a defined holding period. The Bank calculates Value-at-Risk using Monte-Carlo simulations to account for non-linear instruments. Limits across the trading organisation have been defined in terms of Value-at-Risk. To supplement Value-at-Risk a stress testing framework was implemented during 2009. Based on the most important risk factors in terms of exposures and Value-at-Risk contributors, a number of stress tests have been constructed to determine the Bank's vulnerability to large unexpected changes in these risk factors. Furthermore, a set of stress tests replicating changes experienced in known historical events are also performed.

MARKET RISK
At 31 December

	Saxo Bank Group		Saxo Bank A/S	
(DKK 1,000)	**2009**	**2008**	**2009**	**2008**
Assets in foreign currency, total	14,629,536	7,819,864	12,993,285	7,309,569
Liabilities in foreign currency, total	12,325,724	8,736,757	10,689,784	8,227,653
Foreign exchange rate risk	1,690,086	3,260,563	1,259,146	3,128,031
Foreign exchange rate risk as a percentage of core capital	145.7%	423.4%	104.8%	385.1%
Value-at-Risk of foreign exchange rate risk	50,798	36,981	26,481	36,296
Value-at-Risk of foreign exchange rate risk as a percentage of core capital	4.4%	4.8%	2.2%	4.5%
Interest rate risk				
Interest rate risk on financial instruments included in the trading portfolio	71,091	1,294	71,091	1,294
Interest rate risk on bonds not included in the trading portfolio	22,766	11,859	16,784	11,859
Interest rate risk on loans not included in the trading portfolio	(34,760)	(1,023)	(1,023)	(1,023)
Total interest rate risk	**59,097**	**12,130**	**86,852**	**12,130**
Total interest rate risk by currency:				
DKK	36,283	(4,139)	70,020	(4,139)
EUR	21,127	13,967	18,319	13,967
USD	618	120	(2,556)	120
JPY	691	1,742	691	1,742
GBP	937	(277)	937	(277)
CHF	301	110	301	110
Other	(860)	607	(860)	607

Interest rate risk is calculated by a transformation of the interest rate curve with one percentage point.
An interest rate increase/decrease on the items not included in the trading portfolio of one percentage point will result in a profit/loss of DKK 15.8 million for Saxo Bank A/S (2008: 10.8 million) and DKK 12.0 million for the Group (2008: DKK 10.8 million).

MARKET RISK
At 31 december

Saxo Bank Group and Saxo Bank A/S

DERIVATIVE FINANCIAL INSTRUMENTS / Specified by remaining life

	3 months and below		3 months to 1 year		1 year to 5 years [a]	
(DKK 1,000)	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value
Currency contracts						
Forwards/futures bought	8,267,988	(37,896)	2,177,775	(17,930)	-	-
Forwards/futures sold	7,437,459	68,590	1,431,303	17,981	-	-
Options bought	23,194,608	193,717	4,608,101	109,249	90	3
Options written	21,030,545	(187,656)	5,895,434	(110,910)	1,117	(17)
Interest rate contracts						
Forwards/futures bought	3,148,070	(14,199)	4,367,262	1,662	218,657	(573)
Forwards/futures sold	3,157,894	11,497	4,361,455	(986)	221,037	304
Options bought	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Equity contracts						
Forwards/futures bought	8,882,142	239,185	14,145	91	-	-
Forwards/futures sold	9,217,293	141,433	14,203	(33)	-	-
Options bought	-	-	422,697	18,087	-	-
Options written	-	-	321,321	(5,397)	-	-
Commodity contracts						
Forwards/futures bought	1,914,269	13,609	1,006,010	4,885	447,968	2,553
Forwards/futures sold	1,922,450	24,850	1,019,353	12,770	447,761	(2,998)
Options bought	2,256	412	6,768	1,235	32,651	5,480
Options written	2,253	(423)	6,760	(1,270)	32,651	(5,717)

[a] No derivative financial instruments have a remaining life exceeding 5 years.

MARKET RISK
At 31 December

Saxo Bank Group and Saxo Bank A/S

DERIVATIVE FINANCIAL INSTRUMENTS [a)]

(DKK 1,000)	2009 Notional amount	2009 Net market value	2008 Notional amount	2008 Net market value	2009 Market value Positive	2009 Market value Negative	2008 Market value Positive	2008 Market value Negative
Currency contracts								
Forwards/futures bought	10,445,763	(55,826)	7,647,876	53,143	81,776	(137,602)	155,050	(101,907)
Forwards/futures sold	8,868,762	86,571	6,983,238	122,160	130,848	(44,277)	216,585	(94,425)
Options bought	27,802,799	302,969	16,638,162	704,887	302,969	-	704,887	-
Options written	26,927,096	(298,583)	16,654,472	(673,119)	-	(298,583)	-	(673,119)
Interest rate contracts								
Forwards/futures bought	7,733,989	(13,110)	2,104,846	6,709	4,951	(18,061)	17,964	(11,255)
Forwards/futures sold	7,740,386	10,815	2,107,286	1,665	14,953	(4,138)	14,816	(13,151)
Options bought	-	-	-	-	-	-	-	-
Options written	-	-	-	-	-	-	-	-
Equity contracts								
Forwards/futures bought	8,896,287	239,276	2,408,140	(18,153)	297,542	(58,266)	60,813	(78,966)
Forwards/futures sold	9,231,496	141,400	2,724,814	373,610	387,287	(245,887)	437,909	(64,299)
Options bought	422,697	18,087	182,352	2,870	18,087	-	2,870	-
Options written	321,321	(5,397)	72,941	(1,329)	-	(5,397)	-	(1,329)
Commodity contracts								
Forwards/futures bought	3,368,247	21,047	625,935	13,121	38,871	(17,824)	28,773	(15,652)
Forwards/futures sold	3,389,564	34,622	633,305	(11,188)	66,295	(31,673)	17,880	(29,068)
Options bought	41,675	7,127	53,595	8	7,127	-	8	-
Options written	41,664	(7,410)	53,595	(8)	-	(7,410)	-	(8)
Total		**481,588**		**574,376**	**1,350,706**	**(869,118)**	**1,657,555**	**(1,083,179)**

UNSETTLED SPOT TRANSACTIONS [a)] (DKK 1,000)

Currency contracts								
Foreign exchange, transactions bought	22,284,351	113,329	7,948,098	117,699	254,090	(140,761)	171,487	(53,788)
Foreign exchange, transactions sold	22,877,702	391,274	6,350,558	71,370	484,248	(92,974)	150,222	(78,852)
Total	**45,162,053**	**504,603**	**14,298,656**	**189,069**	**738,338**	**(233,735)**	**321,709**	**(132,640)**

[a)] Relates to the trading portfolio and are included in Other assets and Other liabilities.

Credit risk
Credit risk is defined as the risk that counterparts of the Bank fail to fulfil their agreed obligations.

Being an online trading and investment bank that is not engaged in traditional lending activities, Saxo Bank's credit risk exposure is deemed to be of less significance than market risk exposure.

The Bank operates in accordance with the credit policy approved by the Board of Directors. The policy sets guidelines on accepted counterparties and thereby diversification of the Bank's engagements. The policy also sets guidelines on counterparty credit limits, considering creditworthiness, geography and other measures aiming at minimising the credit risk undertaken. Furthermore, the policy addresses accepted forms of collateral as well as leverage factors on individual instrument classes for margin trading. The policy is revised as needed and at least once a year.

The Bank has set limits of authority and has segregated duties so as to maintain impartiality during limit setting, the approval process and the following control hereof. Limit setting is done based on client classification. An internal credit evaluation is performed and daily monitoring is performed on issued lines. A periodic line utilisation review is performed to monitor and follow up on issued lines. All lines are re-evaluated at least once a year.

The credit risk due to counterparts' loss on margin trading risk is monitored on a real-time basis, automatically and manually, with the execution of risk mitigative intervention in due time to avoid any credit loss situation occurring. As mentioned the Bank does not engage in traditional lending activities. These two factors have been fundamental in the Bank's ability to handle the 2008-09 credit crisis.

The Bank is exposed to four main sources of credit and counterparty risk as described below.

Margin sufficiency
The first type of credit risk arises as a result of losses sustained by the counterpart on margin trading. This risk is monitored on a real-time basis, both automatically and manually, with the execution of stop-outs in due time to avoid credit loss situations.

Credit lines
The second type of credit risk arises as a result of credit lines offered to certain counterparties subject to credit assessment.

Deposits, bills and interest bearing assets
The third type of credit risk arises as a result of the Bank's placement of funds with credit institutions or in bills and bonds.

CREDIT RISK
At 31 december

(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
Credit risk, derivative financial instruments	**2009**	**2008**	**2009**	**2008**
Positive market value, counterparty with risk weighted of 20%	365,181	747,174	365,181	747,174
Positive market value, counterparty with risk weighted of 100%	915,221	1,226,403	915,221	1,226,403
Total credit risk, derivative financial instruments	**1,280,402**	**1,973,577**	**1,280,402**	**1,973,577**
Provisions against loans, advances and guarantees	**11,788**	**4,587**	**11,788**	**4,587**

Settlement risk

Settlement risk is the risk that Saxo Bank delivers one leg of a transaction but the counterparty fails to meet its obligation. Saxo Bank has entered into settlement agreements to decrease settlement risk on foreign exchange. This includes give-up agreements to the Bank's prime brokers (PB) and continuous linked settlements (CLS). Even so, the Bank occasionally endures settlement risk when trades are not matched in CLS but have to be gross settled against a given counterpart.

The above mentioned credit related risks are managed on an ongoing basis by risk policies, systems and procedures approved by the Board of Management.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems from internal and external events.

The Bank evaluates its exposure and establishes processes for managing operational risk. This includes an evaluation of rare events that could cause significant loss, a so-called Black Swan.

Saxo Bank's operational risk management framework consists of seven key components: Risk identification, Risk analysis, Risk evaluation, Risk responses, Monitor, report & review, Organisation and Policies.

Risk Identification

The aim of risk identification is to identify the Bank's potential risk exposures. This includes:

- Risk collection: Ensures that potential risk events are gathered within the company
- Risk categorisation: Ensures that risk events are classified under required categories
- Risk assessment: Evaluates risks in terms of likelihood and impact

Risk events are gathered through interviews and input from external experts, and thereafter documented and maintained in the Bank's risk register. This risk register contains, amongst other things, the expected likelihood, expected impact and extreme case impact of each identified risk event.

Risk Analysis

The content of the risk register is analysed through analytical approaches including scenario analysis and Monte Carlo simulations. The latter method is used to generate random loss scenarios based on assessed probabilities and impact. The result is a loss distribution, which forms the basis for the determination of expected loss, Value-at-Risk and expected shortfall with one year horizon. Assumptions are made on confidence levels as well as on the correlation between the various events.

Risk Evaluation

The outcome of the risk analysis is discussed in workshops with various stakeholders within the Bank. The aim of the workshops is to validate and challenge the results. The stakeholders have an opportunity to question, accept or reject the results. If a stakeholder questions the results, further investigation or revision of the applied methodology is carried out. Furthermore, the stakeholders have the opportunity to challenge the validity and relevance of the appropriate stress scenarios and propose new scenarios.

Risk Responses

To address risks each material risk is assigned to an appropriate entity within the Bank. The response to a risk is based on the criticality and cause identified during the risk identification process. In general, risks are

- Eliminated
- Mitigated
- Transferred
- Retained

In some cases, combined actions are taken to address an issue. For example, the residual risk after implementing a control can be covered by insurance.

Monitor, Report and Review

The monitoring process assists in the early detection and correction of errors and the prevention of or reduction in the potential impact of a loss event. Wherever relevant and possible, business units report operational errors and related losses on a daily basis. The operations error or incidents are captured in a central loss register.

Organisation

The risk management set-up, including roles and responsibilities, is documented and described.

Policy

Operational risk has been implemented to be able to support an 'Internal Capital Adequacy Assessment Process' (ICAAP). The requirements and guidelines concerning operational risk within the Bank are captured in the relevant ICAAP documentation.

Liquidity Risk

Liquidity risk is defined as the risk of only being able to meet liquidity commitments at increased cost or, ultimately, being unable to meet obligations as they fall due.

The Bank monitors the liquidity risk on a regular basis and aims to maintain a positive stable funding. The risk management focuses on both short-term and long-term structural liquidity risk, and employs a policy of excess cash placement in short term prime grade bonds, securing the Bank's ability to meet obligations as they fall due. The Bank's ability to meet obligations is also strengthened by its non-lending policy. Thus, Saxo Bank has not been exposed to the liquidity challenges generally seen in the financial sector during the financial crisis.

The Bank monitors its liquidity reserves as well as the duration on collateral placement daily.

Business Risk

Business risks include types of risk related to the macro-environment, the competitive environment within the banking industry and Saxo Bank related circumstances. Examples could be changes in the economic environment, the legislative environment, the political environment or failure of a cost intensive business project.

The key potential business risks are identified, assessed and discussed as part of the ICAAP process using the same likelihood and impact scale as applied in the assessment of operational and legal & compliance risks. The result of the assessment is subsequently analysed through analytical approaches including scenario analyses and Monte Carlo simulations.

In addition, a Black Swan function facilitates regular meetings aiming at discussing key elements of the Bank's current risk landscape. The goal is together with key managers and selected external participants to challenge the current views about the future business environment and discuss potential alternative scenarios and relevant responses.

STATEMENT BY THE MANAGEMENT

STATEMENT OF THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

The Board of Directors and Board of Management have considered and approved the annual report for 2009 for Saxo Bank A/S.

The annual report has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2009, and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2009. Moreover, in our opinion, the Management Report and Operational Review 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.

The 2009 annual report is submitted for the approval of the Annual General Meeting.

Copenhagen, 17 March 2010

BOARD OF MANAGEMENT

Lars Seier Christensen
Co-CEO and Co-founder

Kim Fournais
Co-CEO and Co-founder

BOARD OF DIRECTORS

Henrik Thufason
Chairman of the Board

Florian Wendelstadt
Vice Chairman of the Board

John Korsø Jensen

Dionysios Nicolaos Malamatinas

Julian Michael Simmonds

THE INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SAXO BANK A/S

We have audited the consolidated financial statements and the Parent Company financial statements of Saxo Bank A/S for the financial year 1 January – 31 December 2009 on pages 40-71. The consolidated financial statements and Parent Company financial statements comprise the Income Statement, Balance Sheet, Capital Statement, Solvency and Notes to the financial statement for the Group as well as for the Parent Company. The consolidated financial statements and the Parent Company financial statements have been prepared in accordance with the Danish Financial Business Act.

In addition to our audit, we have read the Management's review (Management Report and Operational Review) prepared in accordance with the Danish Financial Business Act and issued a statement in this regard.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of the consolidated financial statements and Parent Company financial statements in accordance with the Danish Financial Business Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and Parent Company financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Furthermore, it is the responsibility of Management to prepare a Management review that gives a fair review in accordance with the Danish Financial Business Act.

AUDITORS' RESPONSIBILITY AND BASIS OF OPINION

Our responsibility is to express an opinion on the consolidated financial statements and Parent Company financial statements based on our audit. We conducted our audit in accordance with the Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that whether the consolidated financial statements and the Parent Company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the Parent Company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the Parent Company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements and the Parent Company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the Parent Company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

OPINION

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2009 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2009 in accordance with the Danish Financial Business Act.

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Business Act, we have read the Management's review (Management Report and Operational Review). We have not performed any other procedures in addition to the audit of the consolidated financial statements and the Parent Company financial statements. On this basis, it is our opinion that the information given in the Management's review (Management Report and Operational Review) is consistent with the consolidated financial statements and the Parent Company financial statements.

Copenhagen, 17 March 2010
KPMG
Statsautoriseret Revisionspartnerselskab

Henrik O. Larsen State Authorised Public Accountant	Lars Rhod Søndergaard State Authorised Public Accountant

BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

Management and Directorships held by the Board of Directors and the Board of Management in Danish companies apart from the Group's subsidiaries (Chairman (CM), Board member (BM)).

BOARD OF DIRECTORS:

Henrik Thufason, Chairman of the Board and independent member of the audit committee with qualifications within accounting

Management and Directorships in Danish companies:
E-Staters A/S (BM); Mermaid Asset Management Fondsmæglerselskab A/S (BM); Peacock Holding A/S (BM); The Art Exhibit Group ApS (CM); UEG ApS (CM); Webadvances A/S (BM).

Florian Wendelstadt, Vice Chairman of the Board

John Korsø Jensen, Member of the Board and member of the audit committee

Management and Directorships in Danish companies:
Bioadvice A/S (CM); EMI Group Denmark A/S (CM); EMI Music Denmark A/S (CM); EMI-Casadida Music Publishing ApS (CM); Emi Music Publishing (Denmark) A/S (CM); Fournais Holding A/S (CM); Karrierekonsult A/S (CM); Lars Seier Christensen Holding A/S (CM); Monofiber Holding A/S (CM); Monofiber A/S (CM); Riemann Holding A/S (CM); Scani Holding ApS (CM); Schoeller-Plast-Enterprise A/S (CM); A/S Ventureinstituttet (CM); Bluecom Holding A/S (BM); ClubSuperCar A/S (BM); Deltaq Portefølje Holding I ApS (BM); Deltaq Portefølje Holding II ApS (BM); Deltaq Portefølje Holding III ApS (BM); Deltaq Portefølje Holding IV ApS (BM); Deltaq Portefølje Holding V ApS (BM); Ferd. Andersens Legat (BM); Hauen Holding A/S (BM); Multi-Wing Holding ApS (BM); Multi-Wing International A/S (BM); Multi-Wing Group ApS (BM); Thorn Lighting A/S (BM); Ravnsnæs Invest A/S (BM); Riemann Trading ApS (BM); Riemann & Co. A/S (BM).

Julian Michael Simmonds, Member of the Board and member of the audit committee

Dionysios Nicolaos Malamatinas, Member of the Board

BOARD OF MANAGEMENT:

Lars Seier Christensen, Co-CEO and Co-founder

Management and Directorships in Danish companies:
Lars Seier Christensen Holding A/S (CEO & BM); ClubSuperCar A/S (BM).

Kim Fournais, Co-CEO and Co-founder

Management and Directorships in Danish companies:
Fournais Holding A/S (CEO & BM); Vejrø ApS (CM).

THE PACIFIC OCEAN
LOCATION: ENSENADA DE LOS CHOROS, CHILE
DIRECTION: WEST

COMPANY INFORMATION

SAXO BANK IN BRIEF

Established in 1992 and headquartered in Copenhagen, Saxo Bank is a fully licensed and regulated European investment bank specialising in online trading and investment. The Bank provides a wide range of products and platforms, giving private clients, partners, institutions, banks and brokers, instant and reliable access to financial markets.

2009 was a year of geographical expansion for Saxo Bank. In addition to its established offices in London, Zurich, Madrid, Paris, Singapore, Sydney and Tokyo, Saxo Bank opened new offices in Milan, Prague, Amsterdam and Athens, and received regulatory approval to operate a regional office in the Dubai International Financial Centre (DIFC) under the supervision of the Dubai Financial Services Authority.

Saxo Bank has developed three specialised trading platforms; the browser-based SaxoWebTrader, the downloadable SaxoTrader and the SaxoMobileTrader, a mobile phone trading platform. All platforms are fully integrated under each client account. The Bank has consistently been awarded key accolades from industry publications, such as FX Week and Euromoney. In 2007, Saxo Bank's founders received the coveted Achievement Award from FX Week in New York for their outstanding contribution and their strong commitment to the success of the e-FX industry.

Saxo Bank provides its client base with access to over 155 FX crosses (incl. Gold and Silver), more than 6,000 CFDs, Futures and other asset classes, as well as portfolio and fund management solutions. Saxo Bank's trading platforms are offered to Introducing Brokers and financial institutions, as well as being rebranded and customised for its White Label business.

In 2009, Saxo Bank developed its asset management business through the purchase of Sirius and Capital Four, as well as a 51% stake in Global Evolution. The asset management activities of the Bank now include expertise within Danish bonds, Nordic Stocks, high-yield and emerging market bonds.

Saxo Bank's financial expertise is derived from approximately 800 staff. The employees come from more than 70 different countries and serve a client base spread across more than 170 countries.

The major shareholders of Saxo Bank A/S are the two founders' holding companies, Fournais Holding A/S and Lars Seier Christensen Holding A/S, which own 30 percent each. General Atlantic, a private equity investment firm, owns 22 percent of the Bank and Espirito Santo Financial Group, Portugal's third biggest financial group, with its subsidiary Banco Espirito Santo Group, Portugal's largest private bank, together holds 9.9 percent of the Bank's shares. The remaining interest is mainly held by a number of current and former employees of Saxo Bank.

Upholding and protecting basic standards such as the freedom of speech, freedom of religion and property rights, as well as freedom of association and the recognition of the right to collective bargaining, is an integrated part of Saxo Bank's value system. Over the years, the Bank has followed up on its beliefs by funding organisations, books and other initiatives promoting the principles of limited government, free markets and human rights.

ADDRESSES

AMSTERDAM
Saxo Bank Nederland
WTC Amsterdam
B-Tower 15th floor
Strawinskylaan 1527
1077 XW
Amsterdam
Phone: +31 20 333 2131
Fax: +31 20 333 2149
www.saxobank.nl
nederland@saxobank.com

BEIJING
Saxo Bank A/S Beijing
Representative Office
Lufthansa Center S116
No. 50 Liangmaqiao Road
Chaoyang District
Beijing 100125
People's Republic of China
Phone: +86 10 6466 2908
Fax: +86 10 6466 2808
chinainfo@saxobank.com

CAPITAL FOUR MANAGEMENT FONDSMÆGLER-SELSKAB A/S
Philip Heymans Allé 15
2900 Hellerup
Denmark
Phone: +45 39 77 41 42
www.capital-four.com
info@capital-four.com

COPENHAGEN
Saxo Bank A/S
Philip Heymans Allé 15
2900 Hellerup
Denmark
Phone: +45 39 77 40 00
Fax: +45 39 77 42 00
Reg. No. 1149
CVR. No. 15731249
www.saxobank.com
info@saxobank.com

DUBAI
Saxo Bank (Dubai) Limited
Currency House
1st Floor
DIFC
P.O. Box: 506830
Dubai, UAE
Phone: +971 4 381 6000
Fax: +971 4 325 9209
www.saxobank.ae
Dubai@saxobank.com

FONDSMÆGLERSEL-SKABET SIRIUS KAPITAL-FORVALTNING A/S
Philip Heymans Allé 15
2900 Hellerup
Denmark
Phone: +45 39 77 40 00
www.siriuskapital.
saxobank.com
siriuskapital@siriuskapital.dk

GLOBAL EVOLUTION FONDSMÆGLER-SELSKAB A/S
Kokholm 3B
6000 Kolding
Denmark
Phone: +45 79 32 11 11
www.globalevolution.com
em@globalevolution.com

GREECE
Saxo Bank AS Hellas
(Greece)
4 Vasilissis Sofias Avenue
10674 Athens
Greece
Phone: +30 211 181 2 181
Fax: +30 211 181 2 180
Free phone:
Greece: 800 500 5050
Cyprus: 800 932 93
www.saxobank.gr
greekdesk@saxobank.com

LONDON
Saxo Bank A/S London
40 Bank Street
Canary Wharf
London E14 5DA
United Kingdom
Phone: +44 207 151 2000
Fax: +44 207 151 2001
www.saxobank.co.uk
londoninfo@saxobank.com

MADRID
Saxo Bank A/S
Sucursal en España
Velázquez 94, 1 planta
28006 Madrid
Phone: +34 91 781 8845
Fax: +34 91 781 7020
www.saxobank.es
fomad@saxobank.com

MILAN
Saxo Bank a/s Italia
Corso Monforte 15
20122 Milano
Italy
Phone: +39 0236682929
Fax: +39 0236682969
www.saxobank.it
italiandesk@saxobank.com

PARIS
Saxo Banque France
10 rue de la Paix
75002 Paris
France
Phone: +33 1 78 94 56 40
Fax: +33 1 78 94 56 49
www.saxobanque.fr
conseiller@saxobanque.fr

PRAGUE
Saxo Bank Prague
Betlémský Palác
Husova 5
Praha 1, 110 00
Czech Republic
Phone: +420 22620 1580
Fax: +420 22620 1581
www.saxobank.cz

SINGAPORE
Saxo Capital Markets
Pte. Ltd.
3 Church Street
Level 30 Samsung Hub
Singapore 049483
Singapore
Phone: +65 6303 7800
Fax: +65 6303 7808
www.saxomarkets.com.sg
info@saxomarkets.com.sg

SYDNEY
Saxo Bank A/S Australia
Representative Office
Level 56 MLC Centre
19-29 Martin Place
Sydney, NSW 2000
Australia
Phone: +61 2 9238 1945
Fax: +61 2 9238 6363
australiainfo@saxobank.
com.

TOKYO
Saxo Bank Japan K.K.
Kamiyacho Sankei
Building 10F
1-7-2 Azabudai
Minato-ku
106-0041 Tokyo
Japan
Phone: 81 3 5545 6351
Fax: +81 3 5545 6352
www.saxobank.jp
inst@saxobank.com

ZURICH
Saxo Bank (Switzerland) SA
Rietstrasse 4
Postfach 509
CH-8702 Zollikon
Switzerland
Phone: +41 58 317 95 00
Fax: +41 58 317 95 01
www.saxobank.ch
contact@saxobank.ch

DEFINITIONS

Key figures and ratios are prepared in accordance with the Danish Financial Business Act.

Additional liquidity / liquidity requirement
Cash in hand and demand deposits with central banks plus Receivables from credit institutions and central banks plus Bonds at fair value, less the liquidity requirement (see below) as a percentage of the liquidity requirement.

Core capital ratio
Total equity including Net profit less Intangible assets including goodwill in associates, Proposed dividend and Deferred tax assets as a percentage of weighted items.

Income proportional to cost
Operating income plus Other income, Income from associates and Income from subsidiaries proportional to Staff costs and administrative expenses plus Depreciation, amortisation and write-down of intangible and tangible assets plus Other expenses and Loss and provisions for bad debts.

Foreign exchange rate risk / Core capital
Foreign exchange rate risk as a percentage of Core capital.

Growth of Loans and advances
Increase in Loans and advances as a percentage of the previous financial year.

Interest rate risk
Interest rate risk under market risk as a percentage of Core capital.

Liquidity requirement
10 % of Total assets plus Guarantees, less Total equity and Subordinated loans.

Loans and advances proportional to Total equity
Loans and advances proportional to Total equity.

Loans, advances and provisions / Deposits
Loans and advances gross (before provisions) as a percentage of Deposits.

Loss and provisions ratio
Loss and provisions for bad debts on Loans and advances as a percentage of Loans and advances plus Guarantees.

Return before tax on Total equity
Profit before tax as a percentage of average Total equity.

Return after tax on Total equity
Net profit as a percentage of average Total equity.

Solvency ratio
The solvency ratio measures Base capital as a percentage of weighted items.

The total of large engagements / Base capital
Large engagements as a percentage of Base capital.

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