

2013



ANNUAL REPORT 2013



SERIOUS TRADING. WORLDWIDE

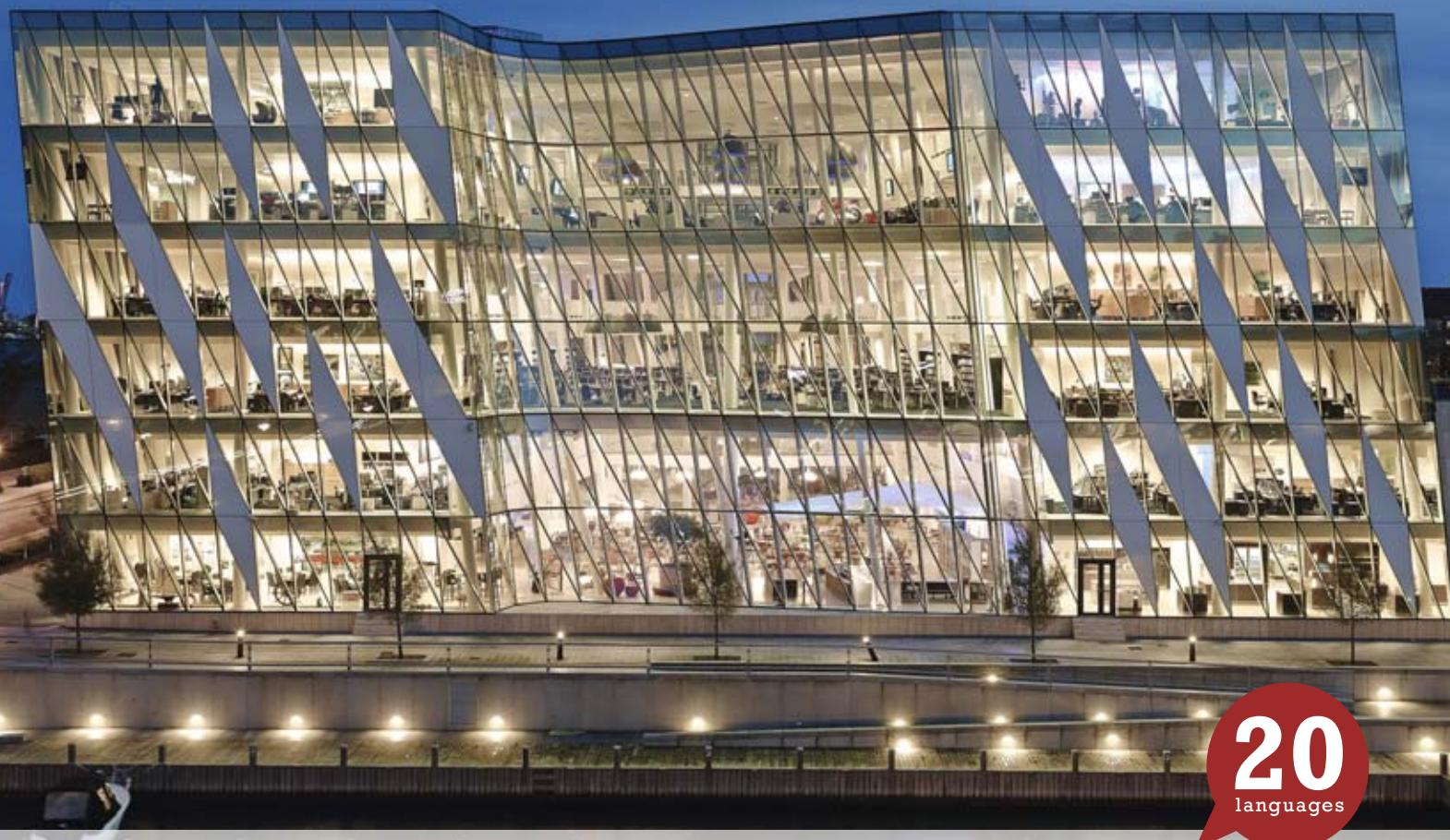
SAXO BANK AT A GLANCE

Saxo Bank is a leading online trading and investment specialist, supporting an international client base from our headquarters in Copenhagen and offices across Europe, Asia, the Middle East, Latin America and Australia.

As a fully licensed and regulated European bank, Saxo Bank offers private investors and institutional clients a complete set of tools for implementing their trading and investment strategies. We enable clients to trade FX, CFDs, ETFs, stocks, futures, options and other derivatives via three specialised and fully integrated multi-asset trading platforms: the browser-based SaxoWebTrader, the

downloadable SaxoTrader and the SaxoTrader app for iPhone and Android devices. Our financial community, TradingFloor.com, is the first multi-asset social trading platform.

Saxo Bank's trading platforms are offered not only to retail clients, but also to Introducing Brokers and financial institutions. In addition, the platforms are white-labelled by more than 100 financial institutions worldwide. Saxo Bank also offers professional portfolio and fund management as well as traditional banking services through Saxo Privatbank.



20
languages

SAXO
BANK

Founded
1992

AUSTRALIA · BELGIUM · BRAZIL ·
FRANCE · GREECE · HONG KONG ·
PANAMA · POLAND · RUSSIA ·
SPAIN · SWITZERLAND · TURKEY

17.3 million trades executed on Saxo Bank's
platforms in 2013 by **87,000** clients.
More than **50** industry awards for our trading platforms.

30,000
financial instruments available
on Saxo Bank's platforms

1,450 employees
in **25** countries

CYPRUS · CZECH REPUBLIC · DENMARK
INDIA · ITALY · JAPAN · NETHERLANDS
· SINGAPORE · SOUTH AFRICA
UAE-DUBAI-UNITED KINGDOM-URUGUAY

FINANCIAL HIGHLIGHTS

2013

Saxo Bank's net profit for the year increased to DKK 162 million in 2013 from DKK 81 million in 2012.

Trading volume and numbers of trades increased across many products compared to 2012.

Clients' collateral deposits increased by DKK 10.4 billion and reached 50.6 billion by the end of the year, a new all-time high.

Non-core activities have been sold during the year.



Among the awards taken home in 2013 were "**Best Broker**" and "**Best Proprietary Platform**" from *Forex Magnates*.

Saxo Bank is a member of the Danish Guarantee Fund for Depositors and Investors, and client deposits are guaranteed by the Fund with up to EUR 100,000.

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REVIEW OF 2013

MANAGEMENT REPORT

Saxo Bank's net profit for the year increased to DKK 162 million in 2013 from DKK 81 million in 2012 and clients' collateral deposits increased by DKK 10.4 billion and reached DKK 50.6 billion by the end of the year, which is a new all-time high.

This is a clear sign of continued confidence in the Bank and an encouraging development in relation to future earnings, as well as a very positive development when looking at the future as clients' collateral deposits are the basis for future trading and investment by the Bank's clients.

It is also positive that across many products, volume and number of trades increased compared to 2012; however low market volatilities and low interest rate levels continued, dampening the improvement of the result.

In fourth quarter operating income was also negatively impacted as credit risk on open CFD contracts with clients of a White Label Client with insufficient collateral after

rapid drop in values of equities caused an unprecedented valuation adjustment of DKK 250 million to cover the credit risk.

In December 2012, the co-founders and co-CEOs of Saxo Bank, Lars Seier Christensen and Kim Fournais, assumed direct responsibility for the Bank's operations on a daily basis and put the focus on developing the Bank's core competences within trading and investment.

Non-core activities have been sold during the year, and a number of investments in systems and software have been written down, impacting the net profit for the year.

Staff costs and administrative expenses have decreased significantly by DKK 460 million to DKK 2.05 billion, resulting in a decreased cost run rate. This is due to the focus on the core competences within trading and investment and the steps taken in November 2012 to reduce the Bank's cost-base.

KEY FIGURES AND RATIOS - SAXO BANK GROUP

| (DKK million) | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|----------|----------|----------|----------|----------|
| Operating income | 2,861.0 | 2,966.4 | 3,526.9 | 3,338.1 | 2,227.5 |
| EBITDA ¹⁾ | 898.0 | 605.9 | 1,155.6 | 1,108.6 | 441.4 |
| Profit before tax | 247.4 | 152.0 | 847.9 | 913.8 | 269.4 |
| Net profit | 162.2 | 80.9 | 617.8 | 643.5 | 201.4 |
| Total shareholders' equity | 3,492.7 | 3,364.5 | 3,240.0 | 2,880.0 | 2,335.1 |
| Total assets | 27,746.2 | 25,623.2 | 27,018.2 | 22,437.7 | 15,210.5 |
| Clients' collateral deposits | 50,644.0 | 40,199.0 | 35,275.3 | 31,296.9 | 15,513.0 |
| Assets under Management (Wealth management) | 12,845.9 | 14,633.8 | 12,240.0 | 12,818.9 | 9,516.0 |
| Total capital ratio, Solvency ratio | 16.2% | 13.5% | 14.5% | 16.5% | 19.0% |
| Return on equity before tax | 7.2% | 4.6% | 27.7% | 35.0% | 14.4% |
| Average number of employees | 1,362 | 1,522 | 1,413 | 964 | 927 |

¹⁾ Net profit before tax, depreciation, amortisation, income from associates and joint ventures and non-trading related interest expenses etc.

See page 112 for definitions.

The consolidated figures for 2013-2010 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. Consolidated figures for 2009 are prepared in accordance with the Danish Financial Business Act. Comparative figures for 2009 are not restated. The impact on these figures is assessed not to be material.

Within its core business areas, Saxo Bank continued to invest in improving its future product offering and competitiveness to enable the Bank to provide good trading possibilities for clients.

CLIENT DEVELOPMENT

The core business of Saxo Bank is online trading in financial instruments for private and institutional traders and investors. The nature of online trading enables Saxo Bank to facilitate cost-efficient trading for clients all over the world from its head office in Denmark, supported by local offices to support sales and client relationships in local markets. In addition to the online trading business, Saxo Bank offers a private banking service through Saxo Privatbank A/S, which operates in Denmark.

A guiding principle for Saxo Bank's development of products and platforms is the goal of providing a positive and inspiring trading experience for our clients. A key element herein is the Bank's focus on client education, particularly in relation to risk management. The purpose is to ensure that clients have adequate knowledge of trading related risks and understand how to trade in ways that are suitable for each individual client, irrespective of their level of professionalism and experience.

An important part of that is TradingFloor.com, the Bank's online community for traders and investors, which has been re-launched in January 2014 with a major facelift and multiple new features, including Saxo TV and social trading. Saxo Bank sees major additional business potential from the attraction of new clients as well as from increasing the rate of retention and reactivation, thereby leading to a higher average lifetime value of its clients.

In recent years, Saxo Bank has developed its platforms and overall offering to better cater for the needs of more sophisticated clients who trade multiple types of assets, products and instruments. In 2013 more clients were multi-asset traders, trading in combinations of FX, equities, commodities and fixed income products.

Saxo Bank sees clear indications that the quality of the multi-asset offering has a positive impact on client activity levels and retention rates. This is illustrated by the fact that more of Saxo Bank's direct private clients who were trading both FX, stocks, CFDs and futures in 2012 remained active traders in 2013.

STRATEGIC DIRECTIONS

The strategic foundation of Saxo Bank consists of our Mission ("Providing the best and most reliable tools to trade global markets – anytime, anywhere") and our Corporate Statement which outlines our values, stakeholders, rules of engagement and our overall goal "to be the world's most profitable and professional facilitator in the global capital markets".

While the Mission and Corporate Statement continue to provide a strategic foundation for Saxo Bank, developments in competition, market trends, demographics, technology and regulation made it relevant to update our strategies and related execution plans in 2013.

As a result, Saxo Bank enhanced its focus on its core business and the development of one common infrastructure with a built-in flexibility to enable the Bank to offer state-of-the-art multi-asset trading platforms on multiple devices, such as PCs, tablets and smartphones, on a cost-efficient basis.

Another important part of the new strategy is an increased focus on large and semi-professional clients in the Private Platinum/VIP segment and on hedge funds, asset managers and other financial institutions in the Institutional Business segment. The recent years' major investments in technology and trading platforms now enable Saxo Bank to offer a very competitive trading solution to these more sophisticated traders.

A strong local representation with offices in selected markets has been a key element in Saxo Bank's growth strategy in recent years, and Saxo Bank will continue to strengthen its local presence in markets where the growth potential and business conditions in general make it rele-

vant to have a local operation. Also in 2013, the strategic geographical expansion continued with new offices, and Saxo Bank is now present in 25 countries.

Another key component of our strategy is a strong focus on the social dimension of trading. To that end, in 2014 Saxo Bank is re-launching its portal for traders and investors, TradingFloor.com, with many new social features such as social trading, blogs and other community functionalities.

AWARDS

Since 2003, Saxo Bank has won over 50 industry awards, and this year we brought home a number of new accolades for our platforms, products and services.

In May 2013, Saxo Bank won the "Outstanding Contribution to the FX Industry" prize at the World Finance Awards 2013 for unparalleled service to clients. The annual World Finance Awards recognise excellence and best

practice across the FX market, and are voted by the readers of World Finance magazine. Saxo Bank also won the "Best FX White Label Liquidity Service" award at FX Week's e-FX Awards 2013.

In November, Saxo Bank was named "Best Broker" and "Best Proprietary Platform" at the Forex Magnates Awards 2013, and at the Shares Awards 2013, Saxo Bank was voted "Best Futures and Options Broker".

Reflecting our focus on providing unique content for traders, Saxo Bank added a number of media awards to our list of honours this year. The French subsidiary, Saxo Banque, won the silver award at Le Grand Prix du Brand Content 2013 in the Banking/Insurance category for "Les Talents du Trading", the trading game broadcasted on BFM Business. The annual awards are designed to recognise the best branded content. In addition, the Bank won two awards at the 34th Annual Telly Awards in June for our SaxoCycling.com integrated marketing campaign.

SOCIAL TRADING

Bringing traders together to share information, and combining community with analysis and online trading – this is the vision behind TradingFloor.com, the world's first multi-asset social trading platform.

Conceived as an alternative to the closed world of trading, TradingFloor.com is built on transparency – ensured by featuring only real traders with real accounts – and peer-to-peer sharing of trading ideas in real time. TradingFloor.com is also the first financial community to provide social trading across multiple assets, enabling currency, commodity and equity investors alike to share their performance, follow other traders and execute trades directly from the TradingFloor.com site.

To empower investors to make more informed decisions, TradingFloor.com combines social trading with a broad range of content, from

the latest financial news to expert analysis from Saxo Bank's own team of analysts and external VIP authors. Saxo TV, the Bank's on-demand business television service, is also integrated with TradingFloor.com, adding another key source of financial insights.

The new TradingFloor.com with social trading features was launched in January 2014. Commenting on the new portal's potential to be a game-changer for traders, Saxo Bank's co-CEOs Kim Fournais and Lars Seier Christensen said at the launch: "We are now enabling investors to share their trades openly, discuss ideas and follow each other. We believe that this may radically change how investors will go about trading in the future, making trading a social experience."

TradingFloor.com is discussed in more detail in the Operational Review on page 19.

TradingFloor.com

TradingFloor.com plays an important role for Saxo Bank in attracting new clients and engaging our existing clients even more. During 2013, we launched a range of enhanced features on the site, which helped generate substantial growth in visits and new memberships.

Visits:

2 million

Unique visitors:

800,000

The number of unique visitors grew by 90% in 2013 compared to 2012.

TradingFloor.com members:

22,000

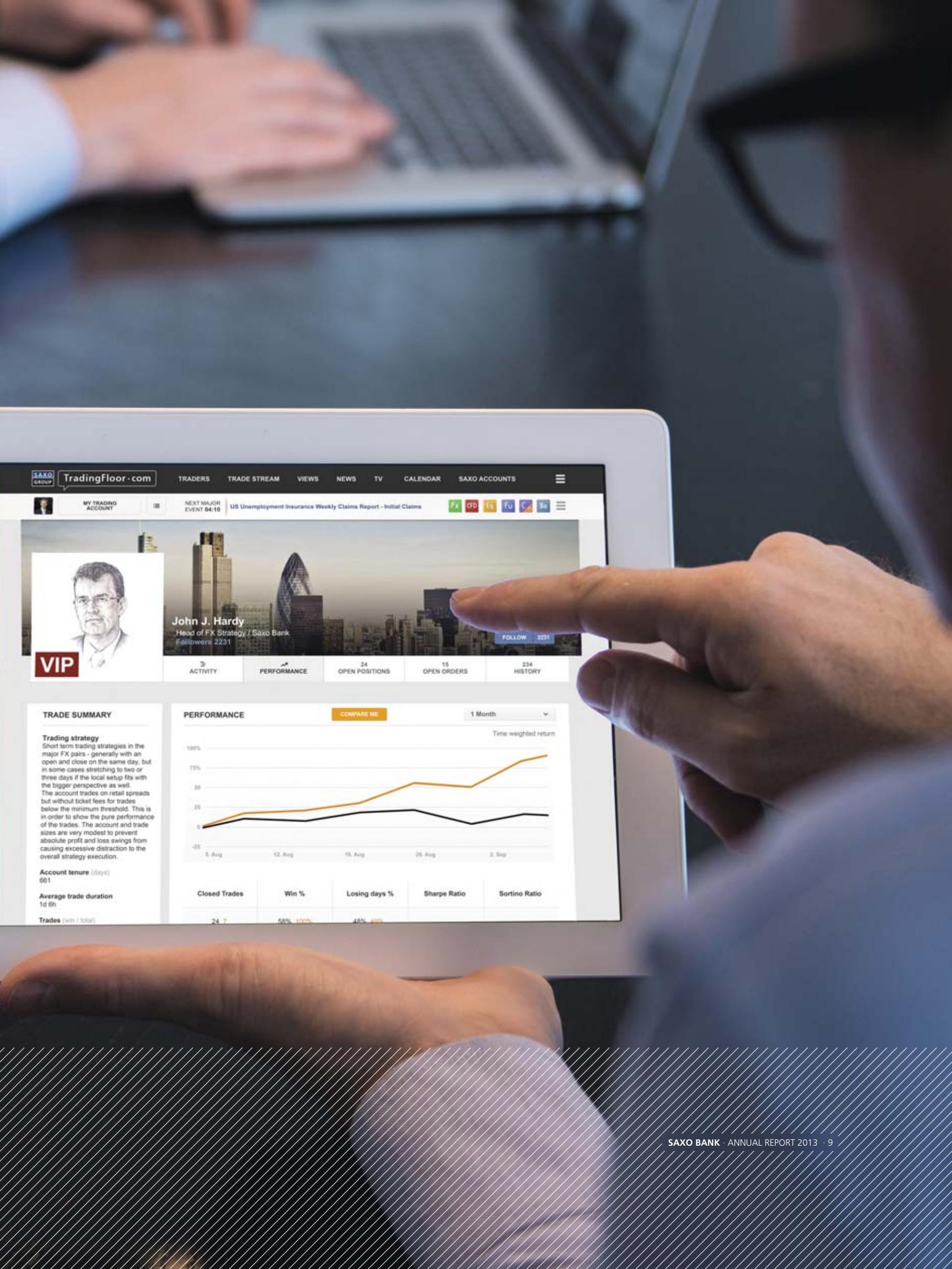
Membership grew by 102% in 2013 compared to 2012.



Growth in visits to TradingFloor.com generated by top 4 social media channels in 2013

Social referral

Social media is a growing platform for Saxo Bank's content distribution and client acquisition strategy. We use the leading social media channels such as Facebook and Twitter to share TradingFloor.com's high quality content to generate viral social referrals to TradingFloor.com



SOCIAL CONTRIBUTION

Saxo Bank has long cherished innovation, integrity and high performance. That is why the Bank supports initiatives in a number of important areas – education and entrepreneurship, arts and literature, as well as sport and health – that celebrate the extraordinary performance of the individual as well as any successful union of human beings in a voluntary, cooperative endeavour.

See www.saxoworld.com for more information.

Through its many activities, Saxo Bank improves talent development and the building of unique competences. In 2013, the Student Trainee Program was launched. All participants are master students with various bachelor degrees within economics and with different international backgrounds including Swedish, Norwegian, Danish, American, Bulgarian and Icelandic. The Student Trainee Program is an opportunity for talented students to achieve practical experience.

In addition, Saxo Bank sponsors many associations and projects which develop the next generation of business talents and leaders, for example The Golden Egg – Competition of Entrepreneurs, Copenhagen Campus, Aarhus Symposium, CBS Case Competition and Foreningen Nydansker – The Association New Danes.

As of 31 December 2013, Saxo Bank employs 1,450 employees, including 761 in Denmark. Throughout the organisation, we encourage diversity in all aspects as this enriches the society. Within Saxo Bank Group there are approximately 59 different nationalities employed.

Saxo Bank has a key focus on securing the best talent regardless of gender, ethnicity or nationality. We recognise

that employee diversity brings a number of important business benefits, among them, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Saxo Bank has a general aim of increasing the number of women in senior management and management positions in general and has implemented a gender diversity policy and gender composition targets for the Board of Directors, senior management and other management levels:

| | Men | Women |
|--|-----|------------|
| Board of Directors | 80% | 20% |
| Chief Executive Officer | | No targets |
| Executive Vice President | 80% | 20% |
| Other career titles with management responsibilities | 67% | 33% |

The targets for the Board of Directors were successfully achieved in 2013, and through hiring, internal training and development, and career advancement opportunities, the Bank is actively working to meet the other targets by the time of approval of the annual report for the financial year 2016.

Saxo Bank is established and has headquarters in Denmark and most of its employees are in Denmark - therefore a significant part of Saxo Bank's social contribution is in Denmark. An important component of this social contribution is taxes and other duties, which are incurred directly and also indirectly where taxes are collected by Saxo Bank on behalf of governments, e.g. payroll taxes. Corporate taxes are only a limited part of the total taxes and duties paid.

In 2013, the total tax contribution made by Saxo Bank amounted to:

| (DKK million) | Denmark | Other countries | Total |
|-------------------------------------|--------------|-----------------|--------------|
| Corporate taxes including CFC taxes | 44.9 | 69.0 | 113.9 |
| Payroll taxes | 319.5 | 38.4 | 357.9 |
| Social taxes | 2.5 | 31.3 | 33.8 |
| Financial services employer taxes | 79.4 | - | 79.4 |
| Property taxes | 5.6 | 1.8 | 7.4 |
| Value added taxes | 92.0 | 7.0 | 99.0 |
| Taxes on dividends | 5.8 | - | 5.8 |
| Other taxes | 3.3 | 13.5 | 16.8 |
| Total taxes | 553.0 | 161.0 | 714.0 |

Tax contribution is prepared on accrued basis for 2013. There will be deviations to subsequent final tax calculation, exchange rate adjustment etc., and divested entities are only included in corporate taxes due to joint taxation.

In addition to the total tax contribution, Saxo Bank contributed indirectly through purchases of services, goods etc. from vendors, which again contributes through their employees, purchases and direct and indirect taxes etc.

REGULATORY ENVIRONMENT

The regulatory environment within the financial sector is continuing to undergo changes. Within the EU, as well as within other international fora, certain key changes to the regulatory environment applying to financial institutions are being discussed. Among the changes is the "Markets in Financial Instruments Directive" (MiFID II), which was adopted by the European Council and European Parliament in January 2014 and which is expected to become effective in 2016. MiFID II includes provisions regarding trading in certain standardised OTC products, enhanced investor protection and transparency regulation, which are all key issues to Saxo Bank.

In addition, the European Market Infrastructure Regulation (EMIR) is expected to impose certain requirements with regard to margin taking effect in 2015 and requirements on clearing with respect to certain standardised derivatives which is expected to take effect in 2014. Saxo Bank is continuously preparing for the impact of these new requirements.

The Fourth edition of the Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CRR) were approved by the EU Council of Ministers end of June 2013 and applicable from 2014. The CRR introduces the first single set of prudential rules for banks across the EU. It applies directly to all banks in EU member states. It should help to ensure that the Basel III international standards for bank capital adequacy are fully respected in all EU member states. EU Banks will be supervised by EU member states' competent authorities, in collaboration with the European Banking Authority (EBA), whose supervisory powers will be expanded.

CRD IV and CRR require Saxo Bank Group to monitor and report new capital requirements and buffers. The Group will be required to set aside more and better capital as a cushion against hard times.

Furthermore, the Group will also be required to hold a "capital conservation buffer" to absorb losses and protect the capital, and a "countercyclical capital buffer" to ensure that in times of economic growth, the Group accumulates a sufficient capital base to enable it to continue supplying a stable supply of credit in stress periods. In Denmark the "capital conservation buffer" will be phased in from 2016 and the "countercyclical capital buffer" from 2015. In addition, member states may require additional buffers.

CRD IV and CRR require Saxo Bank Group to monitor and report a short-term Liquidity Coverage Ratio (LCR), and a long-term Net Stable Funding Ratio (NSFR). In Denmark, LCR will be phased in as a new liquidity requirement, i.e. a gradual phasing-in of 60% of the full requirement in 2015 to 100% in 2018. The Group expects the LCR requirement to be more restrictive than the current Danish regulation due to expected higher liquidity requirements on investment bank activities which are the Group's core business. The Group is monitoring the final regulation and interpretations closely and has taken action based on the estimated impact on the future liquidity regulation.

CRD IV and CRR require Saxo Bank Group to report and monitor their leverage ratios. From 2014, leverage ratios will be assessed under Pillar II (ICAAP requirement).

Lastly, the US FATCA regime, which will become effective in 2014, will impose requirements on the Group to disclose the identity of US clients and requirements to withhold tax.

The Danish FSA has a number of specific risk indicators and threshold values. The Group's compliance in relation to these specific risk indicators is available at: www.saxoworld.com/investorrelations.

Description of the Groups legal, management and organizational structure is also available at: www.saxoworld.com/investorrelations.

CHANGES IN THE BOARD

In December 2013, Asiff S. Hirji and Kurt K. Larsen decided to leave the Board of Saxo Bank. Lone Fønss Schrøder was elected new member of the Board and appointed new Vice Chairman. Jacob Polny joined the Board as ordinary member. The Board of Saxo Bank consists of Dennis Malamatinas, Chairman, Lone Fønss Schrøder, Vice Chairman, Karl I. Peterson, Jacob Polny and Professor Thomas Plenborg.

FINANCIAL REVIEW

Saxo Bank Group reported a net profit of DKK 162 million for 2013 which is an increase of DKK 81 million compared to a net profit of DKK 81 million for 2012.

The result was acceptable considering the negative impact of the business conditions in the global trading market, unrealised credit adjustments of derivatives, results of divestment of non-core activities, and non-recurring costs and write-downs due to the Bank's focus on its core competences within trading and investment.

Saxo Bank's results are directly linked to the clients' trading activity, particularly in relation to FX volumes. Overall, FX volumes increased in 2013 compared with 2012 but were still lower than levels seen in previous years, and volatilities remain low. It is very positive that across many products, volume and number of trades increased compared with 2012; however, low market volatilities and low interest rate levels continue, dampening the positive effect on the result.

Clients' collateral deposits increased by DKK 10.4 billion and reached DKK 50.6 billion by the end of the year, which is a new all-time high. This is a very positive development as clients' collateral deposits are the basis for future trading and investment by clients on the Bank's platform and also a very clear indication of confidence in the Bank.

Operating income reached DKK 2.86 billion for the Group in 2013, compared to DKK 2.97 billion in 2012. This is a decrease of 4% year-on-year. In fourth quarter an extraordinary rapid drop in values of equities led to unrealised losses on CFD contracts for a group of clients under a White Label Client and the placed collateral became insufficient. The Bank's stop-out procedures were delayed because of the White Label Client set-up and then postponed due to clients confirmation of obligations. The Bank's collateral demand has as of the reporting date not been fully met and this causes a credit risk on the value of the open CFD contracts with said clients of a White Label Client. An unprecedented negative adjustment of operating income of DKK 250 million has therefore been made in order to cover the credit risk. The Bank has changed procedures

and risk controls to prevent recurrences in the future. The Bank works as well in close co-operation with said clients to secure the best outcome of the credit situation.

Operating costs for the year were DKK 2.05 billion for the Group, a decrease of 18% from the previous year. The main component of the Group's costs is salaries and other personnel-related costs. The level of the operating costs shows that the run-rate cost level of the Bank was lowered, which is due to the focus on the core competences within trading and investment, as well as the steps taken in November 2012 to reduce the Bank's cost-base.

Impairment charges for receivables, loans, advances etc. of DKK 16.8 million were lower than the total impairment charges of DKK 39.9 million in 2012. DKK 14.6 million stems from retail lending in the subsidiary, Saxo Privatbank A/S.

Divestment of non-core activities such as the asset management companies Capital Four, CPH Capital and Global Evolution, and other companies such as Euroinvestor.com and Saxo Properties, resulted in a net loss of DKK 2 million.

Including write-down of DKK 147 million, depreciation was DKK 561 million compared to DKK 381 million in 2012 which included write-downs of DKK 40 million. Within its core business areas, Saxo Bank continued to invest in improving its future product offering and competitiveness to enable the Bank to provide good trading possibilities for clients.

The effective tax rate for 2013 was 34.5% compared to 46.8% in 2012. This decrease was primarily due to reversal of impairment of deferred tax assets and non tax-deductible expenses.

STATEMENT OF FINANCIAL POSITION

Total assets grew from DKK 25.6 billion as of 31 December 2012 to DKK 27.7 billion as of 31 December 2013, an increase of 8% primarily due to an increase in deposits of DKK 1.4 billion.

Clients' cash deposits in the Group increased from DKK 16.5 billion to DKK 17.9 billion. The cash inflow from clients' cash deposits is placed in counterparty banks, bonds and other interest-bearing assets.

Clients' cash deposits are part of the realised growth in clients' collateral deposits.

Trading assets primarily consist of bonds based on clients' cash deposits and derivative financial instruments with positive fair value / unsettled spot transactions towards client trading. Trading assets increased to DKK 18.4 billion as of 31 December 2013 compared to DKK 14.4 billion as of 31 December 2012, which is the result of increased client trading compared to last year and also the increase in clients' cash deposits.

Loans and advances increased by DKK 195 million to DKK 1.96 billion as of 31 December 2013. Loan and advances are the result of lending activity in Saxo Privatbank A/S and the increase shows the positive development in that area.

Intangible assets decreased from DKK 2.27 billion to DKK 1.91 billion. This reflects the effect of write-down but also that the investments during the year were focused on improving the Bank's future product offering and competitiveness resulting in lower investments compared to last year.

Subordinated debt decreased from DKK 872 million in 2012 to DKK 808 million as of 31 December 2013, including hybrid capital of DKK 106 million and guarantor capital of DKK 204 million.

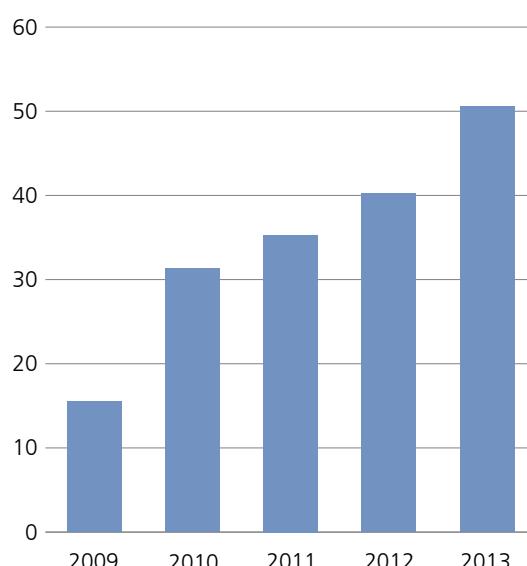
Total shareholders' equity increased by 4% to DKK 3.49 billion in 2013, compared to DKK 3.36 billion at the end of 2012.

OUTLOOK 2014

Saxo Bank expects the recovery of the global economy to continue. Investor confidence is expected to grow, with less risk aversion than has been seen in recent years. However, the markets are expected to remain uncertain until the recovery of the global economy is more certain

Clients' collateral deposits 2009-13

DKK billion



and the effects of the expected roll-back of various quantitative easings are clear.

Overall, the Bank finds the market situation uncertain and visibility remains low.

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

Cost control, capital and liquidity management are, as ever, ongoing themes for Saxo Bank in 2014. With a close eye on overall cost development, the Group will continue its investments in products and platforms. At the same time, system enhancements and knowledge upgrades are expected within the Bank's core business areas.

Saxo Bank is confident that the Group has a solid foundation for its operations in 2014.

CAPITAL & ICAAP

As of 31 December 2013, the Core tier 1 ratio, the Tier 1 capital ratio and the Total capital ratio for the Group were 12.6%, 13.3% and 16.2% after inclusion of the total comprehensive income for the year, compared with 9.1%, 10.1% and 13.5% as of 31 December 2012.

The change in the capital ratios is mainly due to increase in Core tier 1 capital. The risk-weighted assets as of 31 December 2013 were slightly higher compared with 31 December 2012.

As of 31 December 2013, the Group's Internal Capital Adequacy Assessment Process (ICAAP) showed a capital requirement of 13.0% of risk-weighted assets, equivalent to DKK 1.63 billion. The Core tier 1 buffer was DKK 406 million.

The Fourth edition of the Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CRR) were approved by the EU Council of Ministers end of June 2013 and applicable from beginning of January 2014. Implementation of CRD IV in Danish legislation was approved 18 March 2014 and becomes effective end of March 2014 as of when the Group's ICAAP is expected to be DKK 1.7 billion and the capital buffer DKK 0.4 billion. Some of the regulation standards from EBA are still delayed.

Based on draft regulation and draft transition rules issued from Danish FSA and EBA the estimated effect on the total capital (capital base) is expected to be minor beginning of January 2014. All external subordinated debt issued by the Group in the capital calculation does not fulfill the requirements in CRR. None of the subordinated debt will be eligible for inclusion in the capital calculations from end of 2017 and will be reduced stepwise from beginning of 2014 to end of 2017 based on CRR and Danish transition rules.

The estimated impact beginning of January 2014 may change due to final Danish regulation and transition rules and final regulation standards from EBA especially due to pending final standards regarding Prudent Valuation Adjustments in Core tier 1 Capital.

The Group expects an increase in risk-weighted assets implementing CRR beginning of 2014.

The Risk Report 2013 and ICAAP report provide additional information about the Group's Capital, Risk Weighted Assets and ICAAP including the estimated impact of the new regulation beginning of 2014. The reports are available at www.saxo-world.com/investorrelations.

POST BALANCE SHEET EVENTS

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

NUMBER ONE. JUST LIKE YOU.

A NEW GLOBAL COMMUNICATION FRAMEWORK

While our clients come from over 180 countries worldwide, recent surveys show that they share common ground in what they value most about Saxo Bank: our innovative trading platform, our multi-asset offering, personal service and the trust and reliability provided by an established Danish bank.

Based on this fresh client information, we have launched a new global communication campaign which uses all platforms and channels simultaneously. The central message of the campaign is 'Number One. Just like you.'

The campaign's key facts are told via authentic stories which position Saxo Bank as a compellingly credible brand. Each story supports the Bank's brand pillars – Platform, Personal Service, Multi-Asset and Trust – as well as the common motivators for our target group of online traders and investors.

The campaign captures the day-to-day activities of our co-founders and co-CEOs, Kim Fournais and Lars Seier Christensen, on the road, immersed in work, interacting with clients and developing our products. Through the eyes of these two men who embody the Saxo Bank brand, the campaign explores the 'Number One' trading experience that the Bank is renowned for throughout the industry.

THE PLATFORM

Created in 1998, our SaxoTrader platform put the freedom to trade in the hands of investors everywhere. Our platform has been honoured time and again for being faster, more reliable and more powerful than other platforms out there. That's because Saxo Bank is still pushing the envelope and still in love with the idea of setting traders free.

MULTI-ASSET

Diversification has always been an investing mantra, but most online trading providers only offer a small sliver of the investing spectrum. Saxo Bank gives traders access to just about every asset imaginable – and in today's global trading world, multi-asset trading is one of the most powerful edges a trader can have.

PERSONAL SERVICE

Saxo Bank is present in 25 countries around the world, providing access to local knowledge and support in the local language. That's particularly important for our larger clients such as brokers and hedge funds who rely on our local expertise as they develop their online businesses.

TRUST

For today's investors, trust is at a premium when choosing a trading provider. Founded in 1992, Saxo Bank is a fully-licensed Danish bank, subject to Denmark's banking regulations. With over 20 years of reliable service, clients know that Saxo Bank is here for the long term.

clients in
180
countries

20
years

OPERATIONAL REVIEW

PRODUCT DEVELOPMENT

In 2013, Saxo Bank continued to expand the product offering, and we began the year with the launch of four new Chinese Renminbi FX spot crosses, enabling clients to trade the Chinese currency – now one of the world's top ten most traded currencies, according to BIS - against the Euro, Australian Dollar, Japanese Yen and Hong Kong Dollar, in addition to the US dollar. In March, we expanded our range of FX spot precious metals with the addition of a new spot Gold cross against the Russian Rouble, and in May, four additional currency pairs were made available as FX forward outright.

In August, we added two new Russian Rouble pairs to our range of OTC FX options, and in September, our FX spot offering grew with the introduction of four new exotic crosses, enabling clients to trade the Euro against the Israeli Shekel, Gold against the Turkish Lira and the Thai Baht, and Platinum against the South African Rand. This brought our FX spot offering to a total of 179 currency pairs, including 17 spot metal crosses.

Following the launch in 2012, contract options on stock indices, commodities, bonds, currencies and rates have continued to gain traction and volume in 2013, and in June, we added Norwegian index contract options to the offering.

Also in beta and preparing for launch in 2014, our Calendar Spreads solution offers clients a number of margin enhancements, where Saxo Bank begins to implement SPAN (Standard Portfolio Analysis of Risk) margining for futures and options trading.

In March, Saxo Capital Markets UK launched a Stocks & Shares ISA trading account, which allows clients to invest savings in a tax-efficient manner using the Saxo Bank trading platform.

The new Trading Academy on TradingFloor.com was soft-launched in December, with a full launch planned for March 2014. Trading Academy offers a range of educa-

tional content to enhance client awareness and development, including platform tutorials, courses covering trading and financial topics, as well as interactive quizzes and assignments. Students will also be able to share their progress on social media platforms such as Facebook and the new TradingFloor.com.

PLATFORM ENHANCEMENTS

Mobile platforms

In February 2013, a customised keypad was introduced to our iPhone and iPad platforms, making it quicker and easier to select the desired trade size and price. Full-screen charting was also introduced, and 'pinch to zoom' functionality added. In May, the ability to 'Request for Quote' when closing positions was introduced, while in July, we enhanced the web-based platform to cater for Blackberry 10 devices and debuted an Android tablet platform optimised for the Chrome browser.

Desktop and web platforms

For our SaxoTrader platform, the ability to trade US pre-market limits was added in March 2013. In April, trading CFDs on commodities, bonds, FX and expiring stock indices was simplified with the introduction of an amount selector, allowing the selection of units in contract amounts, currency amount per tick or nominal amount. Customised SaxoTrader workspaces were introduced in summer 2013, allowing clients to choose from a range of pre-defined layouts for specific trading styles and interests, each designed and used by Saxo Bank's analysts. In September, the suite of algorithmic orders available on the SaxoTrader was expanded to include the Nighthawk algorithm.

In Saxo Bank's Asia-Pacific region, we rolled out Two-factor authentication in connection with platform log-on to support security and meet compliance requirements. Clients will now be prompted with an input code from a soft token added to their mobile device.

The SaxoWebTrader was upgraded in May with the launch of 'tabbed' modules, enabling clients to arrange their workspaces more efficiently. During 2013, work on the

next generation 'SaxoTrader for Web' was ramped up, aiming for a 2014 launch. This platform is being built to satisfy strong client demand for a simple web-based trading system with enhanced usability and high performance.

Physical delivery of FX, branded as the SaxoTreasurer platform, was also introduced in 2013. Targeting corporate clients, SaxoTreasurer has been launched successfully in the Nordic region, and has generated interest from small and medium-sized companies across Western Europe.

The ERPTrader, our integrated solution for the Microsoft NAV application, is currently in beta and ready for commercial launch in the first quarter of 2014. ERP (Enterprise Resource Planning) is business management software that companies use to manage their value chain, and with the ERPTrader, they can include currency exposure management powered by Saxo Bank.

MT4 development

Saxo Bank's MT4 platform was re-launched in February 2013 with a new name, SaxoMT4, which more clearly reflects that the platform delivers the Bank's superior liquidity and execution services to MetaTrader.

Aimed at traders who prefer the MT4 trading environment, as well as the growing algorithmic trader segment, SaxoMT4 is offered through Saxo Capital Markets CY Ltd, our Cyprus-based subsidiary. Available in 10 languages, the SaxoMT4 offering comprises both FX spot crosses and CFDs on indices and commodities.

DIGITAL MEDIA AND COMMUNITIES

At Saxo Bank, we believe that the way people trade and invest is changing, and we are dedicated to providing our clients with the tools they need to adapt. In 2013, we developed and launched a number of new initiatives designed to bring traders together, and deliver unique digital content providing insights into the market.

TradingFloor.com

Launched in 2009, TradingFloor.com has evolved into a real-time interactive community for traders, with 22,000 members and more than 100,000 unique visitors a month.

TradingFloor.com plays a key role for Saxo Bank in attracting new clients and engaging existing clients even more. To that end, the re-launch of TradingFloor.com in January 2014 has seen it evolve further into a social trading platform, combining social community features, media content and online trading. A private beta version of the new TradingFloor.com, featuring the social trading element, a new design and enhanced user interface was launched in October 2013 for Saxo Bank's UK clients.

The new site enables clients to view and copy trades made by other traders, share and compare their trading activity and performance, find inspiration from the community, and trade multiple asset classes directly from content and video pages. The new TradingFloor.com features only real traders using their Saxo Bank trading accounts to ensure full transparency of traders' performance and trading histories.

In preparation for the re-launch, we introduced a range of new features to TradingFloor.com in 2013, including 'Trade Views' that cover four asset classes in five different languages, the 'Editor's Picks' section, and live coverage of Saxo Bank's #FXDebates and #TradingDebates events in London. In April, our Quarterly Outlooks were rebranded as 'TradingFloor.com Insights' and published as interactive e-books available on Google Play and Apple's App Store. Enhanced newswire feeds from Dow Jones and Deutsche Börse, among others, were introduced with the re-launch of the site.

Saxo Bank built a number of portfolios over the past year, with each portfolio's performance published on TradingFloor.com. The portfolios include the Global Beta, an asset allocation strategy launched in June; the Quant Corner, based on quantitative models analysing Europe's equity markets; the Saxo Bank FX Carry Trade model, designed



to profit from the interest rate spread between two currencies; and the FX Short Term Trading Strategy. In addition, our daily publication, *Saxo Trade Navigator*, launched in May, provides technical insights into almost 200 instruments and can be used to spot daily trade ideas.

Saxo TV

Launched in May 2013, *Saxo TV* is a web-based business television service integrated with *TradingFloor.com*. The team produces up to six items a day, covering all asset classes, and interviews traders, analysts and experts from its studio on *Saxo Bank's* trading floor in Copenhagen. A studio in London also enables the team to interview external contributors.

The aim of *Saxo TV* is to give viewers the insights they need to make more informed decisions in their trading.

The perspective and analysis we add to developing business stories make *Saxo TV* a unique resource for both experienced and novice traders.

Saxo TV will also partner with *Morningstar*, the Chicago-based investment research firm. They will be commissioned to produce unique items for *Saxo TV* that will have more of a US focus. Later in 2014, *Tradingfloor.com* will also provide live streams from *CNBC* and *Bloomberg TV*, as well as video-on-demand from other providers such as the *Wall Street Journal*.

Sala de Inversión

Saxo Bank's Spanish-language financial news and analysis portal, *Sala de Inversión*, increased web traffic to the website in 2013 through a strategic selection of content geared to the site's niche target audience. Conversion

rates also increased, marking Sala de Inversión as an important source of new prospects for Saxo Bank and our institutional clients.

Other Social Media

Social media is an important part of Saxo Bank's communication and marketing strategy, and in 2013, we continued to build our social media presence across the leading social media sites, including Facebook and Twitter.

Saxo Bank now reaches more than 68,000 Twitter users daily across all of our Twitter accounts while our global Facebook site has over 70,000 followers. We are also active on the professional networking site LinkedIn, where we currently have over 8,500 followers.

Euroinvestor

In June 2013, Saxo Bank sold its majority stake in the Danish listed company Euroinvestor.com. Originally acquired in 2011, the majority shareholding was sold to a group of investors which included the previous owners of Euroinvestor, among others.

GEOGRAPHICAL EXPANSION

In recent years, Saxo Bank has expanded its geographical footprint with new sales offices across six continents.

In January 2013, Saxo Capital Markets Menkul Değerler was officially opened in Istanbul. With this new office, Saxo Bank is now well-positioned to meet the needs of investors in this young and buoyant market.

Saxo Bank opened its first Latin American office in Panama in 2010. In addition to the Panama office, which serves institutional clients, Saxo Capital Markets, Agente de Valores in Uruguay was made fully operational in February 2013. Located in Montevideo, the office services all of our retail clients in the region.

Our expansion in Latin America continued in September 2013 when Saxo Bank Brazil was launched in São Paulo. As the largest economy in Latin America, Brazil offers ex-

citing new opportunities for trading and investments. With Brazilian fund managers increasingly seeking to diversify their funds, Saxo Bank's new office in São Paulo is aimed at serving institutional investors with access to a broad range of global assets.

Our continuing global expansion means that Saxo Bank is now present in 25 countries.

INSTITUTIONAL BUSINESS

Institutional clients

During 2013, Saxo Bank increased its focus on offering competitive trading solutions for small and medium-sized institutional clients, including Investment Managers, financial clients, corporates and Introducing Brokers. The segment experienced revenue growth of 8% during the year. The business is spread across geographies, with the majority coming from Switzerland, Singapore and the UK.

A significant effort was made towards Investment Managers, including hedge funds, family offices and independent Asset Managers. Our appeal to this client segment continued to improve as developments were made to improve products, reporting and back-end tools. A stronger service offering was also put in place to accommodate this professional segment. Saxo Bank has a particularly strong appeal to Emerging Investment Managers looking for a platform to trade across asset classes and enjoy risk and reporting solutions that simplify managing their businesses. In 2014, we will launch SaxoSelect, a community connecting Emerging Investment Managers and investors.

By the beginning of the fourth quarter of 2013, Saxo Bank launched SaxoTreasurer, a platform targeting small and medium-sized companies that make regular transactions in foreign currencies, where physical delivery is required. The product was initially rolled out in the Nordic Region, but will be rolled out globally during 2014. The solution makes it possible for corporations to save significant transaction costs on their foreign currency transactions.

Within the API-based business, developments towards building an agency product led to the launch of Saxo Prime. The first clients have started trading and expectations are that we will see strong pickup of Saxo Prime from institutional clients looking for a neutral and efficient execution venue.

White Label business

Within the White Label business, Saxo Bank added several major banks to its ranks of clients during 2013. Whereas the bulk of our White Label client base remains in Europe, significant growth is being achieved outside Europe in areas such as the Middle East, South Africa, Asia and Latin America.

The appeal of the White Label model has proven to go well beyond facilitation of retail client business. Increasingly, banks and other financial institutions are employing the branded platforms in order to service their Private Bank clients, internal and external asset managers, small to medium-sized institutions, internal trading flow etc. This is a trend we expect to continue, and as a result, 2014 will see investments in further enhancing the White Label offering to meet the demands of retail end users as well as more demanding, professional counterparties.

SAXO PRIVATBANK

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

In 2013, Saxo Privatbank took further steps in providing a full-service banking offering distinguished by capital market products and directed at clients with sound financials. Our focus remains on intelligent investment and savings

solutions that give clients the ability to choose between the best products across markets.

During the year, new products have been launched that add transparency and provide substantial value for both private and corporate clients. The most important of these are SaxoTreasurer, providing physical delivery of FX for corporates, and SaxoInvestor, which offers portfolio risk management and allocation tools.

Saxo Privatbank experienced attractive growth in 2013 in both number of clients and client balances, and in November 2013, a branch was opened in Odense, Denmark's third largest city.

During the year, Saxo Privatbank further strengthened its wealth management team and changed its name from Sirius Kapitalforvaltning to Saxo Wealth Management, clarifying asset management's position as an integrated part of the Bank's core business.

In 2014, Saxo Privatbank will integrate Saxo Bank's trading platform with the current banking infrastructure (SDC) thereby replacing Saxo Privatbank's existing legacy system on the trading and investment side. The solution will be available for other banks to use and will add the Bank's White Label Client capabilities.

The total value of cash deposits and investments by clients of Saxo Privatbank amounted to DKK 22.9 billion by the end of 2013. Of this amount, DKK 12.8 billion was investments managed by Saxo Wealth Management on behalf of clients, while DKK 7.1 billion was clients' direct investments in securities, with the remaining DKK 3.0 billion representing clients' cash deposits with Saxo Privatbank. The total balance of loans outstanding amounted to DKK 1.7 billion.

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 facts or regarding future events or prospects, constitute forward-looking statements. Saxo Bank has based these forward-looking statements on its current views with respect to future

events, a number of risks and uncertainties which could cause actual results to differ materially from those predicted in the forward-looking statements 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 differ materially. As a result, you should not rely on these forward-looking statements. Saxo Bank undertakes no obligation to update or revise any forward-looking statements.

ON THE GO TRADING

Today's digital technology has made going mobile a part of our daily lives, and with Saxo Bank's trading apps, clients have easy and convenient access to the financial markets, and can trade on the go, anytime and anywhere.

First launched in 2012, our mobile trading apps are built on HTML5 technology, allowing us to quickly expand our list of supported devices in 2013.

SaxoTrader for iPhone and iPad provides financial news and analysis, quotes and charts, while the Bank's clients can also view their account status, place orders and trade from the palm of their hands. Saxo Bank is dedicated to making the mobile trading experience as easy as possible, and in 2013 we also upgraded our apps with a custom trading keypad and additional charting capabilities that make trading on a smartphone or tablet faster and more intuitive.

Saxo Bank is where the clients are.

“Today, it is more important than ever for Saxo Bank to stay ahead of the curve and distinguish ourselves from other platforms in the market.”

Kim Fournais
co-CEO and co-founder of Saxo Bank



ON THE GROUND PRESENCE

Trading and investing online makes it possible for investors to take control of their financial goals, but personal service never goes out of style. That's why Saxo Bank has been actively expanding its network of offices in recent years, and today we provide local service to clients in 25 countries worldwide. From London, Zurich and Paris to Tokyo, Singapore and Panama, our "on the ground" presence puts Saxo Bank where our clients are, making it easier to meet the unique needs of investors in various markets around the world.

For our retail clients, local offices provide a bridge to the global markets with local language support. A number of our offices cater specifically to institutional clients, such as banks, brokers, asset managers and hedge funds, and for these clients, having access to Saxo Bank's expertise in the local markets can be critical to their success.

Following the launch of offices in Uruguay and Turkey, Saxo Bank's latest office was opened in São Paulo, Brazil in October 2013. Being on the ground in Latin America's largest economy positions Saxo Bank to focus on Brazil's growing base of institutional clients looking for access to innovative tools and technology, a broad range of international assets and an experienced local staff.

Saxo Bank is where the clients are.

"A large part of Saxo Bank's business is about helping other financial institutions achieve their goals. We see ourselves as a facilitator of other people's ambitions."

Lars Seier Christensen
co-CEO and co-founder of Saxo Bank



THE BUSINESS OF SAXO BANK

SAXO BANK'S BUSINESS MODEL

Saxo Bank brings value to its clients by providing easy and cost-efficient access to global financial markets. Historically, financial markets were for financial institutions only and private clients were severely restricted in their access to market information and trading execution venues. With the internet came the ability to open the world's capital markets to private clients to get real-time market information and execute live transactions. Saxo Bank was, and still is, a pioneer in providing innovative solutions to people who want to invest and trade the world's financial markets. Today, the Bank's focus has expanded from private clients to include financial institutions such as hedge funds, asset managers and corporates, for whom Saxo Bank has developed dedicated solutions and service models.

Our ambition is to empower clients to act according to their beliefs about the market, squeezing out cost inefficiencies to enable sharp pricing and developing trading systems and infrastructures that are fast and robust. This gives clients secure access to the market at any time, as well as access to a wealth of support in the form of news, market information, ideas, social interaction with fellow traders and assistance when needed.

In this way, Saxo Bank supports our clients in benefitting from the opportunities in the global financial markets, whether in connection with managing their wealth, optimising their financial positions, reducing financial risks or enjoying the experience of being able to trade at prices and terms which in the past were only available to banks and large financial institutions.

Our business model is illustrated in the diagram on page 28.

TRADING FACILITATION

Liquidity provisioning

To facilitate online margin trading in non-listed products on our trading platforms, Saxo Bank obtains liquidity from more than 15 large banks. For trading in listed stocks, liquidity is provided through links to the world's main stock exchanges. By aggregating the liquidity of our liquidity providers, Saxo Bank is able to stream competitive prices and spreads to our clients, and to deal with the flow of

transactions in a cost-effective way. As Saxo Bank is servicing thousands of clients simultaneously, the Bank is often able to match the trade of one client with an opposite trade in the same instrument by another client, thereby eliminating the need for and cost of external hedging of the exposure created by the initial trade. Cost-effective flow handling and risk management are thus core competences of Saxo Bank.

Products

Saxo Bank offers a wide range of assets and products for online trading, including FX, equities, commodities, energy, precious metals, ETFs etc. The FX product range comprises spot FX, forwards, options, binary touch options and CFDs on FX. Equities are traded in the form of cash stocks, CFDs on single stocks, CFDs on stock indices, exchange traded contract options, ETFs (Exchange Traded Funds) and ETCs (Exchange Traded Commodities). Commodities are traded in the form of futures, CFDs and contract options.

Clients can trade 179 currency crosses, over 9,000 CFDs (Contracts for Difference), more than 19,000 listed stocks from exchanges around the world, futures, FX options, contract options, ETFs and ETCs.

Margin trading and risk management

FX, CFDs and futures are typically traded on margin, meaning that clients are enabled to enter into nominal investments/positions that exceed the value of their deposits with Saxo Bank. To facilitate clients' trading in margin products, Saxo Bank allows clients to use cash deposits, stocks and bonds as collateral. The Bank's risk involved with margin trading on the basis of financial collateral is managed in real-time by use of Saxo Bank's proprietary risk-management systems.

Trading platforms

To facilitate our clients' trading needs and preferences, Saxo Bank has developed a range of proprietary online trading platforms, tailored to fit different client preferences and different types of hardware and technologies. These versions include the downloadable SaxoTrader, which is the most-used by clients, the web-based Saxo-WebTrader and the SaxoTrader mobile apps accessible by



iPhones, iPads and Android phones and tablets. Saxo Bank also supports offline trading in a wide range of fixed income products, including Sovereign bonds, Government bonds, Corporate bonds and Mortgage bonds.

In addition to prices and spreads, the trading platforms provide clients with access to real-time market news and analysis from recognised newswires such as Dow Jones

Newswires, Reuters etc. Clients also have access to real-time charts, financial calendar, risk management tools, educational resources and other tools.

An advanced API-based trading solution is also offered, branded as Saxo Direct. The API solution provides access to Saxo Bank's own multi-asset liquidity. This trading access is suited to retail aggregators and Asset Managers

who can benefit from competitive spreads on a range of assets, including FX, CFDs (Indices and Commodities), CFD DMA, stocks and futures.

Trading is also facilitated through the MT4 trading platform developed by MetaQuotes, which is considered particularly useful for traders who focus on algorithmic trading through Expert Advisors.

TradingFloor.com

In addition to its trading platforms, Saxo Bank has developed TradingFloor.com, a platform designed to facilitate the Bank's digital interaction with its clients, with a great variety of value-adding content, including Saxo TV, education material, news and analyses.

TradingFloor.com is also the home of a community of traders and investors as well as Saxo Bank's offering of social trading features. These currently allow clients to follow and copy the trades of other clients, and in 2014 we expect to add the ability to set up the platform to automatically execute the same transactions as professional clients.

CLIENTS

Private clients

The majority of the Bank's direct clients are private individuals. These clients represent a broad range of individuals with varying degrees of financial experience, insight, wealth, motivation for trading, etc.

To ensure that Saxo Bank provides a suitable offering in terms of prices and service in relation to each private client, we have implemented a client service concept with varying service offerings and price conditions, based on the overall value of the relationship with each client.

Institutional clients

Saxo Bank serves five key institutional client segments, including White Labels, Asset Managers, Introducing Brokers, Financial Institutions and API clients via Saxo Direct.

Saxo Bank's trading platform is built with advanced functionality and institutional-grade capabilities suited for the

hedging and proprietary trading needs of corporations, banks and broker-dealers.

Saxo Bank enables Asset Managers and Introducing Brokers to manage their trading activities with clients on our online platform. In addition to facilitating financial market trading, we support easy client on-boarding, and provide trade allocations as well as reporting tools.

White Label Clients

In addition to our direct private clients, Saxo Bank also provides trading services to clients of other banks and brokers who offer rebranded versions of Saxo Bank's trading platform to their underlying clients and in their own name. Such banks and brokers, referred to as White Label Clients, represent approximately half of all clients onboarded by Saxo Bank. Under the White Label concept, we handle the operation, post-trade processing, online risk management and the entire back-end system, thereby enabling the White Label to focus on client service and acquisition.

ORGANISATION

Headquartered in Copenhagen, Denmark, Saxo Bank has a strong international network with local offices in 25 countries across Europe, Asia, Australia, South America and Africa. Through our local sales and service organisation and global online presence, Saxo Bank serves clients in more than 180 countries, and our trading platforms are available in over 20 different languages.

SAXO PRIVATBANK

In addition to offering the full package of Saxo Bank's global products and services, Saxo Privatbank focuses on the development of traditional banking and pension products for the Danish market with the emphasis on advanced investment solutions. With the addition of Saxo Wealth Management (previously Sirius Asset Management), the focus on the top segment of investors, defined as High Net Worth individuals and institutional investors, has been further strengthened.

SPONSORSHIPS

TAKING OUR BRAND BEYOND BORDERS

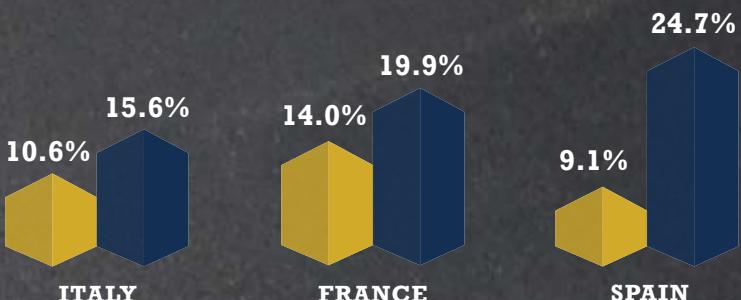
Saxo Bank has a passion for winning and endurance, and we actively support initiatives in sport, education and the arts which reflect our most cherished values. In the sporting world, we work together with some of today's leading teams within professional cycling and motorsport, partnerships that embody our commitment to high performance and innovation, and help us to bring awareness of the Saxo Bank brand to a broader global audience.

Our sponsorship of the professional **cycling team** headed by Bjarne Riis, now in its sixth year, gives us a unique opportunity to support the best in sport while using cycling's growing popularity to reach our key client groups wherever we do business. Each year, Saxo Bank organises special cycling events for clients and employees, and in 2013 we launched SaxoCycling.com, an integrated marketing campaign built around a series of team videos, as well as a cycling-themed trading competition to coincide with the Tour de France. In October 2013, we announced that our sponsorship of the team – now riding as Tinkoff-Saxo – would continue through 2014.

In a number of European countries Tour de France is among the three most-followed sports events.

BRAND AWARENESS

Our cycling sponsorship has been enhancing brand awareness since 2008, and in 2013 surveys showed that more people than ever identify Saxo Bank as a trading provider.



Survey respondents in selected countries were asked to identify companies within trading and investment.

SPONSORSHIP HIGHLIGHTS 2013

March

Saxo Bank launches SaxoCycling.com, an integrated marketing campaign.

June

Saxo Bank launches the Tour de Trading competition.

Michael Mørkøv of Team Saxo-Tinkoff wins the Danish National Championship.

December

Russian entrepreneur Oleg Tinkov buys Riis Cycling A/S and Saxo Bank becomes 2nd name sponsor of the team with Tinkoff Credit Systems as 1st name sponsor for 2014.

April

Team Saxo-Tinkoff rider Roman Kreuziger wins the Amstel Gold Race 2013.

The SaxoCycling.com campaign wins two accolades at the 2013 Telly Awards, which honour the best in film and video production and online video content.

July

Team Saxo-Tinkoff wins the Tour de France 2013 Team Competition.



F1

GEARING UP WITH FORMULA 1

In January 2014, Saxo Bank announced a new business partnership with **Lotus F1 Team**, further extending our allegiance to the sporting world. With its global reach, billions of viewers worldwide and its focus on speed, technology and expertise, Formula One offers a perfect fit for taking our brand across the world, as well as engaging clients with exclusive racing events. We are proud to add Lotus F1 Team to our world-class partnerships, and to sponsor Lotus F1 Team reserve and development driver Marco Sørensen of Denmark as he competes for the Tech 1 Racing team in the World Series by Renault.

CAPITAL MANAGEMENT

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

The Group's Internal Capital Adequacy Assessment Process (ICAAP) comprises four steps as described below.

PILLAR I, CAPITAL REQUIREMENTS

This first step in assessing the Group's adequate capital level is to calculate the minimum capital requirement using the Capital Requirements Directive, Pillar I. The Group uses the following methods to calculate risk-weighted assets for the three types of risks: Credit risk (standard method), Market risk (standard method) and Operational risk (basic indicator method).

PILLAR II, RISK SELF-ASSESSMENT USING A QUANTITATIVE APPROACH

The second step is to assess the risks to which the Group is exposed in a quantitative approach. Different risk types are examined and split into major risk categories. Different methods are applied to assess the Group's capital need in each category.

Credit risk

To assess the credit risk that the Group is exposed to, the different counterparty types have been examined, and the outstanding counterparty risk has been determined in each case or each segment.

For retail and institutional clients, credit exposure at default (EAD) is estimated based on derived client loss distributions (across actual daily individual client portfolios). EAD is calculated as the average of losses exceeding the collateral

placed for margin. For banks and brokers, the exposure is the outstanding cash and unrealised profit amount on open positions. For credit lines, it is the issued line.

For retail and institutional clients, exposure at default is used as a conservative capital measure. For all others, the risk has been assessed using impact and likelihood, based on empirical data, expert judgement and credit ratings wherever applicable.

A Monte Carlo simulation has been utilised, running a statistically significant number of simulations with a 30% event correlation on bank and broker counterparties, and full event correlation on trading clients, to determine the loss distribution of credit risk events. Correlation is applied to simulate a stressed credit environment. The Group uses expected shortfall, less expected loss (average of events greater than VaR) with a 99.9% confidence level on a one year time horizon. This means that all events in the tail of the distribution are considered when determining the adequate capital level. Credit risk outside the traded portfolio, domicile building, tangible assets and off balance sheet items, has been added using the standard method under the CRD.

Subsidiaries' credit risk has been included based on the underlying business activity. Subsidiaries within online trading and investment and other investment services within capital markets are included using the same approach, in essence running simulations on the Group's combined portfolio. Domicile buildings, tangible assets and off balance sheet items are included using the standard method under the CRD. Subsidiaries offering professional portfolio, fund and asset management or classic bank services have been included using their respective individual capital adequacy numbers. These are aggregated at a group level using simple addition, offering no diversification effects.

Market risk

The market risk in the Group has been determined using an exponentially weighted moving average VaR approximation to derive Expected Shortfall (ES) on the Group's

actual outstanding exposures. To better reflect the Group's risk appetite, the most recent monthly and weekly averages are compared and the largest number is selected as being representative of the Group's current market risk appetite. The model uses actual correlations within the traded portfolio. ES is determined with 99.97% confidence, and a one day time horizon on foreign exchange, and a two day time horizon for products traded on an exchange, as the vast majority of the trading exposure can be eliminated within one or two days respectively.

Subsidiaries' interest risk has been included based on the above methodology. Subsidiaries' market risk has been included based on the underlying business activity. Online trading and investment and other investment services within capital markets are included using a CRD Pillar I approach where applicable. Results are aggregated at a group level using simple addition. Portfolio, fund and asset management or classic bank services have been included using their respective individual capital adequacy numbers. These have been aggregated at a group level using simple addition, offering no diversification effects.

To cater for concentration risk in the trading portfolio, if appropriate, a buffer consisting of a 2% USD stress is added to offset for price moves beyond what is embedded in the market risk ES calculation.

Operational, Compliance and legal risk

The risk from the Group's operations is assessed through a self-assessment process where likelihood and impact levels of risk events are determined. The risks have been assessed using the same simulation model as described under credit risk. The operational risk in the Group has been determined using a portfolio approach and Monte Carlo simulation with a 0% event correlation. To incorporate stress, a number of combined event scenarios have been introduced in the simulation. These scenarios imply 100% correlation between underlying events, and consider severe impacts, setting impact and probability levels at average, worst out of 20 occurrences and worst out of 100 occurrences. A one-year time horizon and expected short-

fall, less expected loss, with a 99.9% confidence level have been applied.

Subsidiaries' operational risk has been included based on the underlying business activity. Subsidiaries within online trading and investment and other investment services within capital markets are included using the same simulation approach, in essence running simulations on the Group's combined portfolio. Subsidiaries offering professional portfolio, fund and asset management or classic bank services have been included using their respective individual capital adequacy numbers. These are aggregated at a group level using simple addition, offering no diversification effects.

Business risk

The key potential business risks are identified as part of the budgeting process. The outcome of this process forms the basis for sensitivity analyses of the net income, which is published in the annual budget report. Business risk is covered by the budgeted income. However, if the income is not sufficient, capital must be explicitly set aside. Throughout the year, the performance is evaluated to determine whether capital should be set aside. Furthermore, capital is set aside in recognition of the granted, unutilised market risk exposure limits not included under Pillar I.

Liquidity risk

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

To the extent that the events cannot be absorbed by the budgeted income, capital will be explicitly allocated to cover the risk.

Other risk

Other risk covers strategic risk, and risk not included in the previous categories. Methodologies for assessing capital requirement vary depending on the underlying risk event type.

Buffer

Saxo Bank Group includes buffers to incorporate additional capital requirements identified, but not covered by the previously described assessments.

The buffers are allocated to the relevant main risk categories described previously.

CAPITAL REQUIREMENT, 8+ METHODOLOGY

The third step calculates the capital requirement in line with the requirements of the Danish Financial Supervisory Authorities capital adequacy requirement guideline (referred to as 8+).

Each defined risk category is examined in order to determine whether additional capital beyond the Pillar I requirement should be set aside, and as determined by the internal Pillar II calculation.

The total capital requirement is specified in the ICAAP Q4 2013 report at www.saxoworld.com/investorrelations.

STRESS TESTING USING A SCENARIO-BASED APPROACH

The fourth 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 Group 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, and at least once a year.

CAPITAL ADEQUACY DETERMINATION

To determine the appropriate level of capital, the results of the four steps are compared – both in nominal terms and as percentages. The percentage is determined by using the risk-weighted assets calculated in step one 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 Group 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 the future solvency need, 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 capital plan is based on the new Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CRR) including assumptions related to Danish transition rules from 1 January 2014.

The result of the ICAAP step three (scenario based approach) 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 appear. The potential management actions are revised should the estimated net financial consequences bring Saxo Bank Group 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 published on a quarterly basis and reported to the Danish FSA on a monthly basis.

LIQUIDITY

Saxo Bank Group is subject to Danish regulatory liquidity requirements. As of 31 December 2013 the regulatory liquidity requirement for the Group was DKK 4.51 billion. The Group's liquidity to cover this requirement was DKK 12.50 billion.

CRD IV implies that requirements for a short-term Liquidity Coverage Ratio (LCR) must be set to ensure that institu-

tions always have an adequate holding of liquid assets to cover imbalances arising between incoming and outgoing cash flows in stressful situations over a thirty-day period.

In Denmark, the LCR will be phased in, i.e. a gradual phasing-in of 60% of the full requirement in 2015, 70% in 2016, 80% in 2017 and 100% in 2018. The existing Danish liquidity requirement is to be maintained up to, and including, 2016, provided that the final definition of LCR means that some institutions can be granted relief in relation to their existing liquidity requirements.

Saxo Bank Group expects the CRD IV regulation to be more restrictive than the current Danish regulation due to expected higher liquidity requirements on investment bank activities which is the Group's core business. The Group is monitoring the final regulation and interpretations closely and has taken action based on the estimated impact on the future liquidity regulation.

RISK FACTORS

The various risks that Saxo Bank Group is exposed to are actively monitored. The Group strives to mitigate those risks that it has influence upon in order to ensure that risks are within the Group's risk appetite. In addition, the Group 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 Group strives to be observant and responsive to changes in the external environment. Nevertheless, there can be no assurance this will prove to be sufficient, as actual developments may differ significantly from the Group's expectations.

Some of the risk factors, which may adversely affect the Group's future growth, activities, financial position and results, are described below. This is not an exhaustive description of the risk factors to which the Group is subject, nor are these factors listed in any order of priority.

BUSINESS RISK

The competitive environment

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. Consequently, these newcomers may lead to increased price competition, which could have a material adverse impact on Saxo Bank Group. Although the Group 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 Group's revenue or margins and thereby have a material adverse effect on the Group.

The regulatory environment

Although Saxo Bank Group continuously monitors and accommodates regulatory changes, it cannot be ruled out that the Group might fail to adhere to certain regulations. The Group's failure to comply with applicable regulations could result in substantial costs, losses and other negative consequences such as revocation of license(s).

Furthermore, new regulations could potentially constrain the Group's ability to provide products and services to its clients or may increase the costs of providing such products and services.

Deleveraging

Saxo Bank Group 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 Group's products is subject to changes in market conditions as well as clients' attitude towards risk and other factors beyond the Group's control. Periods of low risk appetite mean lower activity and reduced demand for the Group's margin-related products, which may have a material adverse effect on the Group's results and financial position.

International operations

Saxo Bank Group operates in various countries and pursues a decentralised decision-making authority based on guidelines established by the parent company. Although the Group has various control systems in place in order to monitor decentralised business units, these might not prove sufficient to ensure that local managers adhere to all guidelines and local regulations and therefore, it cannot be ruled out that the Group could experience an incident that may have a material adverse effect on the Group.

OPERATIONAL RISK

Business disruption

Saxo Bank Group is highly dependent on the continuous operation of its IT infrastructure. Therefore, system failures could impact the Group's services to its clients or critical internal business processes. For example, the complete loss of the IT infrastructure means that the Group 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 Group. Furthermore, 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 Group might be adversely affected.

To cover the above-mentioned scenarios, the Group has insurance and contingency plans in place that are regularly reviewed and challenged to ensure continuing effectiveness and relevance.

Third parties

The Group relies on outsourced service providers to perform certain functions. These service providers also face technology and operating risks, and any significant failures by them could disrupt operations and thus cause the Group to incur losses and harm the Group's reputation. Outsourcing agreements with third parties are monitored and reviewed regularly to ensure that they meet the Group's internal policies and requirements.

Security risk

Cyber-attacks on financial institutions are increasing and becoming more sophisticated and targeted than ever before. These emerging threats could harm the Group and its clients, which might affect the Group financially or harm its reputation.

As with any other business solution, the Group's trading infrastructure might be exploited or misused by cyber criminals. The Group has taken several steps to protect its infrastructure both with policies and procedures as well as mitigating technical controls for these emerging threats.

CREDIT RISK

Saxo Bank Group incurs credit risks in relation to its brokerage operations.

Credit risks sustained from retail and small institutional clients derive from the possibility that posted collateral may not offset sustained deficits. In response, the Group uses a near real-time monitoring system, which can notify and intervene immediately.

The Group also faces credit risks from liquidity providers, financial brokers and counterparties. The counterparty default risk from this category of counterparty constitutes one of the largest single credit risks there is. In acknowledgement of the severity of the risk, the Group only operates with regulated counterparties with high credit ratings.

Furthermore, Saxo Bank Group incurs credit risk in relation to its retail banking activities. The granting of a credit facility is based on the Group's insight into the client's financial position. As part of this process, the Group strives to ensure that each facility matches the credit quality and financial position of the client.

A common factor of the various credit risks in which the Group 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 Group's influence. Despite measures taken within credit risk management, Saxo Bank Group may experience losses that may have a material adverse effect on the Group.

MARKET RISK

As part of offering competitive prices, the main role of Saxo Bank Group's trading function is to optimise the trading flow i.e. determine the timing of covering the risk in the market.

Consequently, in case of, for example, significant adverse movements in the foreign exchange, equity, commodity or interest rate markets or other external events outside the Group's control, these exposures may have a material adverse effect on the Group in spite of the fact that the Group monitors market exposures and losses closely intraday. 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 Group's financial position.



JANUARY

ISTANBUL

- Saxo Bank officially launches its new office in Montevideo, Uruguay for private investors.
- Saxo Bank re-launches its MT4 platform under the new name, SaxoMT4.
- Saxo Bank's trading app for iPhone and iPad receives an upgrade with new custom trading keypad and charting functions.



MARCH

200



- TradingFloor.com launches Trade Navigator, a new tool designed to provide trading insights on over 200 instruments.
- Saxo TV is launched as an integral part of TradingFloor.com, Saxo Bank's financial investment community, to provide on-demand business analysis.
- Saxo Bank wins "Outstanding Contribution to the FX Industry" at the World Finance Awards 2013.

- Saxo Capital Markets Değer Menkul, the Bank's new office in Istanbul officially opens, providing Turkish investors with access to global markets.
- Saxo Prime, an FX prime brokerage for institutional clients, is launched.
- Saxo Bank launches mobile version of its main commercial website.

FEBRUARY



MONTEVIDEO

- Saxo Capital Markets UK introduces a Stocks & Shares ISA account to provide tax-efficient investment through Saxo Bank's trading platform.
- To celebrate the 100th edition of the Tour de France, Saxo Bank launches SaxoCycling.com as part of an integrated marketing campaign.



MAY

- Saxo Bank debuts the Global Beta Portfolio, an asset allocation strategy for long-term investors, on TradingFloor.com.
- Tour de Trading, a new trading competition designed to challenge margin traders, is launched by Saxo Bank to run alongside the Tour de France.
- Saxo Bank wins two awards at the 2013 Telly Awards for the Saxo Cycling.com integrated marketing campaign.

JUNE

HIGHLIGHTS



AUGUST

- Saxo Bank launches a new transparency initiative, becoming the first non-public bank or brokerage to publish its daily average and monthly trading volumes.
- Saxo Bank expands its spot FX and spot Precious Metals offering with four new exotic crosses: EUR vs. Israeli Shekel, Gold vs. Turkish Lira, Gold vs. Thai Baht and Platinum vs. African Rand.



OCTOBER

SÃO PAULO

Arriving to the opening of the Brazil office, 2nd October 2013

- Saxo Bank is named "Best Broker" and "Best Proprietary Platform" at the Forex Magnates Awards 2013.
- At the Shares Awards 2013, hosted by Shares Magazine, Saxo Bank wins the "Best Futures & Options Broker" category.

DECEMBER

- Following the acquisition of Riis Cycling by Russian entrepreneur Oleg Tinkov, Saxo Bank announces that it will continue as co-sponsor of the cycling team, to be named Tinkoff-Saxo.



SEPTEMBER

- Saxo Bank extends its presence in Latin America with the opening of its new office in São Paulo, Brazil.
- Saxo Bank announces that it will continue its sponsorship of the professional cycling team headed by Bjarne Riis in 2014.

NOVEMBER



FINANCIAL STATEMENTS

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INCOME STATEMENT – SAXO BANK GROUP
1 JANUARY – 31 DECEMBER

| Note | (DKK 1,000) | 2013 | 2012 |
|--------|---|------------------|------------------|
| 3 | Interest income | 1,063,690 | 997,589 |
| 4 | Interest expense | (192,967) | (219,420) |
| | Net interest income | 870,723 | 778,169 |
| 5 | Fee and commission income | 1,111,358 | 964,963 |
| 6 | Fee and commission expense | (1,025,157) | (808,501) |
| | Net interest, fees and commissions | 956,924 | 934,631 |
| 7 | Price and exchange rate adjustments | 1,904,040 | 2,031,754 |
| | Operating income | 2,860,964 | 2,966,385 |
| 8 | Other income | 102,232 | 107,563 |
| 9, 11 | Staff costs and administrative expenses | (2,048,121) | (2,508,063) |
| | Depreciation, amortisation and impairment of intangible and tangible assets | (561,236) | (381,237) |
| | Other expenses | (73,181) | (12,292) |
| 12 | Impairment charges for receivables, loans, advances etc. | (16,834) | (39,947) |
| 19, 20 | Income from associates and joint ventures | (16,457) | 19,635 |
| | Profit before tax | 247,367 | 152,044 |
| 13 | Tax | (85,206) | (71,152) |
| | Net profit | 162,161 | 80,892 |
| | Net profit attributable to: | | |
| | Shareholders of Saxo Bank A/S | 159,499 | 68,143 |
| | Non-controlling interests | 2,662 | 12,749 |
| | Net profit | 162,161 | 80,892 |

STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK GROUP
1 JANUARY – 31 DECEMBER

| Note | (DKK 1,000) | 2013 | 2012 |
|------|---|-----------------|----------------|
| | Net profit | 162,161 | 80,892 |
| | Other comprehensive income | | |
| | Items that will not be reclassified subsequently to income statement: | | |
| 24 | Revaluation of domicile properties | 1,000 | 72,828 |
| | Actuarial gains/(losses) | 769 | (7,012) |
| 13 | Tax on other comprehensive income | 2,020 | (16,578) |
| | Items that will not be reclassified subsequently to income statement | 3,789 | 49,238 |
| | Items that may be reclassified subsequently to income statement: | | |
| | Exchange rate adjustments | (93,469) | 11,479 |
| 37 | Fair value adjustment of cash flow hedges: | | |
| | Effective portion of changes in fair value | 12,615 | (27,791) |
| | Net amount transferred to profit or loss | 14,203 | 13,909 |
| 37 | Hedge of net investments in foreign entities | 66,249 | (8,696) |
| | Other comprehensive income from associates, net of tax | 600 | 5,390 |
| 13 | Tax on other comprehensive income | (23,532) | 5,644 |
| | Items that may be reclassified subsequently to income statement | (23,334) | (65) |
| | Total other comprehensive income, net of tax | (19,545) | 49,173 |
| | Total comprehensive income | 142,616 | 130,065 |
| | Total comprehensive income attributable to: | | |
| | Shareholders of Saxo Bank A/S | 139,949 | 117,316 |
| | Non-controlling interests | 2,667 | 12,749 |
| | Total comprehensive income | 142,616 | 130,065 |

**STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP
AT 31 DECEMBER**

| Note | (DKK 1,000) | 2013 | 2012 |
|---------------|--|-------------------|-------------------|
| ASSETS | | | |
| | Cash in hand and demand deposits with central banks | 1,660,392 | 2,748,647 |
| 14 | Receivables from credit institutions and central banks | 2,070,192 | 2,461,628 |
| 15 | Trading assets | 18,353,461 | 14,408,557 |
| 16 | Loans and advances at amortised cost | 1,956,220 | 1,760,842 |
| 17 | Investment securities | 60,576 | 89,226 |
| | Current tax assets | 134,982 | 21,198 |
| 18 | Assets held for sale | 136,589 | 25,019 |
| 19, 20 | Investments in associates and joint ventures | 326,070 | 319,401 |
| 21 | Intangible assets | 1,911,233 | 2,266,523 |
| 23 | Investment properties | 4,190 | 5,432 |
| 24 | Tangible assets | 890,761 | 1,140,680 |
| 25 | Deferred tax assets | 15,660 | 115,535 |
| | Other assets | 225,870 | 260,508 |
| | Total assets | 27,746,196 | 25,623,196 |

**STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP
AT 31 DECEMBER**

| Note | (DKK 1,000) | 2013 | 2012 |
|--------------------|---|-------------------|-------------------|
| LIABILITIES | | | |
| 27 | Debt to credit institutions and central banks | 2,179,713 | 2,001,985 |
| 15 | Trading liabilities | 2,600,997 | 2,099,832 |
| 28 | Deposits | 17,852,479 | 16,451,131 |
| | Current tax liabilities | 163,214 | 36,623 |
| 25 | Deferred tax liabilities | 90,931 | 218,198 |
| | Other liabilities | 492,013 | 521,000 |
| 29 | Provisions | 66,275 | 58,288 |
| 30 | Subordinated debt | 807,893 | 871,633 |
| | Total liabilities | 24,253,515 | 22,258,690 |
| EQUITY | | | |
| 31 | Share capital | 66,599 | 66,598 |
| | Translation reserve | 124,866 | 168,651 |
| | Hedging reserve | (37,683) | (57,534) |
| | Revaluation reserve | 57,426 | 54,921 |
| | Retained earnings | 3,246,804 | 3,089,150 |
| | Shareholders of Saxo Bank A/S | 3,458,012 | 3,321,786 |
| | Non-controlling interests | 34,669 | 42,720 |
| | Total shareholders' equity | 3,492,681 | 3,364,506 |
| | Total liabilities and equity | 27,746,196 | 25,623,196 |

**STATEMENT OF CHANGES IN EQUITY – SAXO BANK GROUP
AT 31 DECEMBER**

| (DKK 1,000) | Shareholders of Saxo Bank A/S | | | | | | | Non-controlling interests | Total |
|--|-------------------------------|----------------------|-----------------|----------------------|-------------------|------------------|----------------|---------------------------|-------|
| | Share capital | Trans-lation reserve | Hedging reserve | Reva-luation reserve | Retained earnings | Total | | | |
| Equity 1 January 2013 | 66,598 | 168,651 | (57,534) | 54,921 | 3,089,150 | 3,321,786 | 42,720 | 3,364,506 | |
| Net profit | - | - | - | - | 159,499 | 159,499 | 2,662 | 162,161 | |
| Other comprehensive income | | | | | | | | | |
| Exchange rate adjustments | - | (93,469) | - | - | - | (93,469) | - | (93,469) | |
| Fair value adjustment of cash flow hedges | - | - | 26,818 | - | - | 26,818 | - | 26,818 | |
| Hedge of net investments in foreign entities | - | 66,249 | - | - | - | 66,249 | - | 66,249 | |
| Revaluation of domicile properties | - | - | - | 120 | 875 | 995 | 5 | 1,000 | |
| Other comprehensive income from associates, net of tax | - | - | - | | 600 | 600 | - | 600 | |
| Actuarial gains | - | - | - | - | 769 | 769 | - | 769 | |
| Tax on other comprehensive income | - | (16,565) | (6,967) | 2,385 | (365) | (21,512) | - | (21,512) | |
| Total other comprehensive income | - | (43,785) | 19,851 | 2,505 | 1,879 | (19,550) | - | (19,545) | |
| Total comprehensive income | - (43,785) | 19,851 | 2,505 | 161,378 | 139,949 | 2,667 | 142,616 | | |
| Transactions with owners | | | | | | | | | |
| Acquisitions | - | - | - | - | 356 | 356 | 36,001 | 36,357 | |
| Divestments | - | - | - | - | - | - | (40,906) | (40,906) | |
| Share-based payments | - | - | - | - | 600 | 600 | - | 600 | |
| Increase in share capital | 1 | - | - | - | 87 | 88 | - | 88 | |
| Treasury shares | - | - | - | - | (9,315) | (9,315) | - | (9,315) | |
| Transactions with non-controlling interests | - | - | - | - | 4,548 | 4,548 | (5,813) | (1,265) | |
| Equity 31 December 2013 | 66,599 | 124,866 | (37,683) | 57,426 | 3,246,804 | 3,458,012 | 34,669 | 3,492,681 | |

**STATEMENT OF CHANGES IN EQUITY – SAXO BANK GROUP
AT 31 DECEMBER**

| (DKK 1,000) | Shareholders of Saxo Bank A/S | | | | | | | Non-controlling interests | Total |
|--|-------------------------------|----------------------|-----------------|----------------------|-------------------|------------------|---------------|---------------------------|-------|
| | Share capital | Trans-lation reserve | Hedging reserve | Reva-luation reserve | Retained earnings | Total | | | |
| Equity 1 January 2012 | 66,598 | 163,694 | (47,122) | - | 3,032,082 | 3,215,252 | 24,779 | 3,240,031 | |
| Net profit | - | - | - | - | 68,143 | 68,143 | 12,749 | 80,892 | |
| Other comprehensive income | | | | | | | | | |
| Exchange rate adjustments | - | 11,479 | - | - | - | 11,479 | - | 11,479 | |
| Fair value adjustment of cash flow hedges | - | (13,882) | - | - | - | (13,882) | - | (13,882) | |
| Hedge of net investments in foreign entities | - | (8,696) | - | - | - | (8,696) | - | (8,696) | |
| Revaluation of domicile properties | - | - | - | 72,828 | - | 72,828 | - | 72,828 | |
| Other comprehensive income from associates, net of tax | - | - | - | - | 5,390 | 5,390 | - | 5,390 | |
| Actuarial losses | - | - | - | - | (7,012) | (7,012) | - | (7,012) | |
| Tax on other comprehensive income | - | 2,174 | 3,470 | (17,907) | 1,329 | (10,934) | - | (10,934) | |
| Total other comprehensive income | - | 4,957 | (10,412) | 54,921 | (293) | 49,173 | - | 49,173 | |
| Total comprehensive income | - | 4,957 | (10,412) | 54,921 | 67,850 | 117,316 | 12,749 | 130,065 | |
| Transactions with owners | | | | | | | | | |
| Acquisitions | - | - | - | - | (4,903) | (4,903) | 6,230 | 1,327 | |
| Share-based payments | - | - | - | - | 720 | 720 | - | 720 | |
| Treasury shares | - | - | - | - | (2,905) | (2,905) | - | (2,905) | |
| Transactions with non-controlling interests | - | - | - | - | (323) | (323) | (1,038) | (1,361) | |
| Other capital movements | - | - | - | - | (3,371) | (3,371) | - | (3,371) | |
| Equity 31 December 2012 | 66,598 | 168,651 | (57,534) | 54,921 | 3,089,150 | 3,321,786 | 42,720 | 3,364,506 | |

**STATEMENT OF CAPITAL BASE – SAXO BANK GROUP
AT 31 DECEMBER**

| (DKK 1,000) | 2013 | 2012 |
|---|-------------------|-------------------|
| Total shareholders' equity | 3,492,681 | 3,364,506 |
| Partly offset non-controlling interests | (33,801) | - |
| Revaluation reserve | (57,426) | (54,921) |
| Guarantor capital | 204,400 | 201,888 |
| Intangible assets ¹⁾ | (2,094,427) | (2,459,844) |
| Deferred tax liabilities, intangible assets | 215,924 | 229,122 |
| Deferred tax assets | (140,653) | (126,459) |
| Core tier 1 capital | 1,586,698 | 1,154,292 |
| Hybrid capital | 105,530 | 106,211 |
| Fair value reserve cash flow hedges | 37,682 | 57,534 |
| Investments in associates (50%) ²⁾ | (61,969) | (48,014) |
| Tier 1 capital | 1,667,941 | 1,270,023 |
| Subordinated loans, reduced value | 376,266 | 432,517 |
| Revaluation reserve | 57,426 | 54,921 |
| Investments in associates (50%) ²⁾ | (61,969) | (48,014) |
| Capital base | 2,039,664 | 1,709,447 |
| ¹⁾ Including goodwill and other intangible assets from investment in associates and joint ventures of DKK 183.2 million (2012: DKK 193.3 million). | | |
| ²⁾ Relate to investments in associates which are credit institutions, excluding goodwill. | | |
| Risk-weighted assets | | |
| Credit risk | 4,243,148 | 4,309,357 |
| Market risk | 1,969,369 | 2,430,348 |
| Operational risk | 6,342,880 | 5,885,093 |
| Total risk-weighted assets | 12,555,397 | 12,624,798 |
| Core tier 1 capital ratio | 12.6% | 9.1% |
| Tier 1 capital ratio | 13.3% | 10.1% |
| Total capital ratio, Solvency ratio | 16.2% | 13.5% |

CASH FLOW STATEMENT – SAXO BANK GROUP
AT 31 DECEMBER

| (DKK 1,000) | 2013 | 2012 |
|--|--------------------|--------------------|
| Cash flow from operating activities | | |
| Profit before tax | 247,367 | 152,044 |
| Adjustment for non-cash operating items: | | |
| Income from associates and joint ventures | 16,457 | (19,635) |
| Amortisation and impairment charges of intangible assets | 423,424 | 289,197 |
| Depreciation and impairment charges of tangible assets and investment properties | 137,812 | 92,041 |
| Loan impairment charges | 15,936 | 44,440 |
| Tax paid | (109,380) | (105,320) |
| Other non-cash operating items | 31,552 | (40,311) |
| Total | 763,168 | 412,456 |
| Changes in operating capital: | | |
| Receivables from credit institutions and central banks | 37,686 | 98,817 |
| Derivative financial instruments | (1,179,819) | 267,467 |
| Loans and advances at amortised cost | (160,400) | (114,202) |
| Bonds | (2,284,188) | (2,426,509) |
| Other assets | 407 | 66,523 |
| Debt to credit institutions and central banks | 177,856 | (1,155,804) |
| Deposits | 1,472,656 | 1,586,819 |
| Provisions and other liabilities | (27,677) | (339,341) |
| Cash flow from operating activities | (1,200,311) | (1,603,774) |
| Cash flow from investing activities | | |
| Acquisition of businesses, associates, joint ventures and other participating interests, net of cash | 36,000 | (27,803) |
| Divestment of businesses and joint ventures, net of cash | 118,192 | - |
| Acquisition of intangible and tangible assets | (324,216) | (577,968) |
| Disposal of intangible and tangible assets | 8,822 | - |
| Cash flow from investing activities | (161,202) | (605,771) |
| Cash flow from financing activities | | |
| Redemption of subordinated debt | (70,000) | - |
| Redemption of issued bonds | - | (850,000) |
| Transactions with non-controlling interests | (1,265) | (1,361) |
| Increase in share capital | 88 | - |
| Purchase/disposal of treasury shares | (9,315) | (1,642) |
| Cash flow from financing activities | (80,492) | (853,003) |
| Net increase/(decrease) in cash and cash equivalents | (1,442,005) | (3,062,548) |
| Cash and cash equivalents at 1 January | 5,170,906 | 8,233,454 |
| Cash and cash equivalents at 31 December | 3,728,901 | 5,170,906 |
| Cash and cash equivalents at 31 December | | |
| Cash in hand and demand deposits with central banks | 1,660,392 | 2,748,647 |
| Amounts due from credit institutions and central banks within three months | 2,068,509 | 2,422,259 |
| Cash and cash equivalents at 31 December | 3,728,901 | 5,170,906 |

NOTES – SAXO BANK GROUP

Note

1 Accounting policies

Saxo Bank A/S is a company domiciled in Denmark. The consolidated financial statements of Saxo Bank A/S as of and for the year ended 31 December 2013 comprise Saxo Bank A/S and its subsidiaries (together referred to as "the Group") and the Group's interests in jointly controlled entities and associates.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the requirements in the Danish FSA's executive order No. 1306 dated 16 December 2008 on the application of IFRS by entities subject to the Danish Financial Business Act.

On 28 March 2014, the Board of Directors and Board of Management considered and approved the annual report for the financial year 2013 for Saxo Bank A/S. The annual report will be submitted for approval by the shareholders of Saxo Bank A/S at the subsequent annual general meeting on 14 April 2014.

Comparative figures

Derivatives of DKK 497 million were in the annual report 2012 not offset against Trading assets but recognised as Trading liabilities. These derivatives are in the comparatives figures for the statement of financial position at 31 December 2012 reclassified and offset in Trading assets.

Besides this certain minor changes have been made in the comparative figures for 2012 due to reclassification.

Basis of preparation

The consolidated financial statements are presented in Danish kroner (DKK) (rounded to nearest DKK thousand), which is also Saxo Bank A/S' functional currency.

The consolidated financial statements have been prepared on the historical cost basis except for the following assets and liabilities, which are measured at fair value: trading assets, investment securities, investment properties and trading liabilities. Assets classified as held for sale are measured at the lower of the carrying amount before the changed classification and fair value less costs to sell. Domicile properties are carried at a revalued amount, being the fair value at the date of revaluation.

Basis of consolidation

The consolidated financial statements comprise the parent company Saxo Bank A/S and subsidiaries in which Saxo Bank A/S has control of the financial and operating policies in order to obtain a return or other benefits from its activities. Control is presumed to exist, when Saxo Bank A/S owns or control, directly or indirectly, more than 50% of the voting rights in an entity or otherwise has a controlling interest (including de facto control).

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any gain or loss arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an associate, joint venture or investment security depending on the level of influence retained.

Information on Group subsidiaries is disclosed in note 42.

Entities in which the Group has significant influence, but which it does not control, are considered associates. Significant influence is generally presumed to exist when the Group owns or control directly or indirectly more than 20% of the voting rights but less than 50%.

Joint arrangement whereby the Group and the parties involved have joint control of the arrangement and have rights to the net assets of the arrangement are considered joint ventures.

The consolidated financial statements have been prepared as a consolidation of the financial statements of Saxo Bank A/S and subsidiaries prepared according to the Group's accounting policy. The consolidated financial statements are prepared by consolidating items of the same nature. On consolidation, intra-group income and expenses, shareholdings, intra-group balances, and realised and unrealised gains and losses on intra-group transactions are eliminated.

The accounting items for subsidiaries are included in full in the consolidated financial statements. Non-controlling interests' share of the net profit/loss for the year and of the equity of the subsidiaries, which are not wholly owned, are included in the Group's net profit/loss and equity respectively, but is disclosed separately.

Business combinations

Acquired businesses are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date when the Group effectively obtains control of the acquired entity. Businesses which are divested are recognised in the consolidated financial statements until the date of the divestment.

For acquisitions where the Group obtains control of the acquired business the acquisition method is applied. The identifiable assets, liabilities and contingent liabilities of acquired businesses are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if separable or if they arise from contractual or other legal rights. Deferred tax related to fair value adjustments is recognised.

NOTES – SAXO BANK GROUP

Note

1 Accounting policies - continued

Any excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill in Intangible assets. When the excess is negative, a bargain purchase gain is recognised in the profit for the year at the acquisition date. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than the presentation currency used in the Group are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date.

If uncertainties exist at the acquisition date regarding identification or measurement of acquired identifiable assets, liabilities and contingent liabilities or regarding the consideration transferred, initial recognition will take place on the basis of provisionally determined fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up to 12 months after the acquisition date and comparative figures are restated accordingly.

The consideration transferred comprises the fair value of the assets transferred and liabilities and contingent liabilities incurred. If parts of the consideration are conditional upon future events (contingent consideration), these parts are recognised at fair value at the acquisition date. Transaction costs that the Group incurs in connection with the business combination are recognised in the income statement as incurred.

Changes in estimates of contingent consideration relating to business combinations effected on or after 1 January 2010 are generally recognised in the income statement in Other income or Other expenses. However, if new information becomes available within 12 months from the acquisition date and provides evidence of conditions relating to the contingent consideration or circumstances that existed at the acquisition date, the acquisition accounting is adjusted with effect on goodwill. For business combinations effected prior to 1 January 2010 subsequent adjustments to estimates of contingent consideration continue to be recognised in goodwill.

In a business combination achieved in stages (step acquisition), the shareholding held immediately before the step acquisition is remeasured at fair value at the acquisition date and recognised as the cost of the shareholding in the entity. Gain or losses from the remeasurement is recognised in Other income or Other expenses.

In each business combination, it is decided whether or not to recognise goodwill related to non-controlling interests.

On acquisition of non-controlling interests (i.e. subsequent to the Group obtaining control) acquired net assets are not remeasured at fair value. On acquisition of non-controlling interests, the difference between the consideration transferred and the non-controlling interests' share of total carrying amount including goodwill is transferred from the non-controlling interests' share of equity to equity attributable to the shareholders of Saxo Bank A/S. On disposal of shareholdings to non-controlling interests, the difference between the sales price and the share of total carrying amount, including goodwill, acquired by the non-controlling interests is transferred from equity attributable to the shareholders of Saxo Bank A/S to the non-controlling interests' share of equity.

Gains or losses on the divestment or winding-up of subsidiaries, associates or joint ventures are measured as the difference between the consideration received adjusted for directly related divestment or winding-up costs and the carrying amount of the net assets at the time of disposal or winding-up including any carrying amount of allocated goodwill.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currency translation

The functional currency of each of the Group's entities is the currency of the country in which the entity is domiciled, as most income and expenses are settled in local currency. Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

Transactions in foreign currency are translated at the exchange rate of the entity's functional currency at the transaction date. Monetary assets and liabilities in foreign currency are translated at the exchange rates at the reporting date. Realised and unrealised gains and losses are recognised in the income statement as foreign exchange rate adjustments.

On recognition in the consolidated financial statements of entities with a functional currency other than the presentation currency of the Group (DKK), the income statements, statement of other comprehensive income and cash flow statements are translated at the exchange rates at the transaction date. Statements of financial position are translated at the exchange rates at the reporting date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange rate adjustments arising on translation of opening balance of equity of foreign entities (including goodwill) at the exchange rates at the reporting date and on translation of the income statement from the exchange rates at the transaction date to the exchange rates at the reporting date, are recognised in other comprehensive income and presented in equity under Translation reserve.

On recognition in the consolidated financial statements of associates and joint ventures with a functional currency other than DKK, the share of profit/loss for the year is translated at average exchange rates and the share of equity (including goodwill), is translated at the exchange rates at the reporting date. Foreign exchange rate adjustments arising on translation of share of the opening balance of equity of foreign associates at

NOTES – SAXO BANK GROUP

Note

1 Accounting policies - continued

the exchange rates at the reporting date, and on translation of the share of profit/ loss for the year from average exchange rates to the exchange rates at the reporting date, are recognised in other comprehensive income and presented in equity under Translation reserve.

On complete or partial disposal of a foreign entity, the share of the cumulative amount of the exchange rate adjustments recognised in other comprehensive income relating to that foreign entity is recognised in the income statement when the gain or loss on disposal is recognised.

Hedge accounting

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 entity, the effective portion of changes in the fair value of the hedging instrument is recognised in other comprehensive income and presented in equity under Translation reserve. Any ineffective portion of changes in the fair value of the hedging instrument is recognised immediately in the income statement. The amount recognised in other comprehensive income is reclassified and recognised in the income statement on disposal of the foreign entity.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised liability the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in equity under Hedging reserve. The amount is reclassified to the income statement as a reclassification adjustment in the same period as the hedged cash flows affect the income statement. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

INCOME STATEMENT

Interest, fees and commissions

Interest income and expense is recognised in the income statement, using the effective interest method on the basis of the cost of the individual financial instrument. Premiums on forward transactions are accrued over the lifetime of the transactions and recognised as Interest income or expense.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Net premiums on forward transactions related to foreign exchange and securities are recognised as Interest income or expense.

Received and paid fees and commissions result from trading with equities, derivative financial instruments and from assets under management. Fees and commissions are recognised when services are delivered or received.

Price and exchange rate adjustments

Price and exchange rate adjustments comprise gains and losses related to trading asset, trading liabilities and investments securities including realised and unrealised fair value changes, foreign exchange differences and fair value adjustments to investments properties.

Other income

Other income includes items that are secondary to the Group's activities. This includes operating income from non-financial activities, gain on step acquisitions, gain from divestments, adjustments to contingent considerations etc.

Staff costs and administrative expenses

Salaries and other remuneration that the Group pays for work carried out during the year are expensed in Staff costs and administrative expenses, including the value of share-based payments.

Share-based payments

The Board of Directors, the Board of Management and other employees have been granted warrants in 2007 and 2008.

The warrants are measured at fair value at the time of allocation and are recognised as an expense in Staff costs and administrative expenses over the vesting period. Expenses are set off against shareholders' 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.

Other expenses

Danish financial entities participates in the Danish Guarantee Fund for Depositors and Investors. Guarantee commission and provision to cover possible losses under the schemes are recognised in Other expenses.

Loss on step acquisitions, loss from divestments and adjustments to considerations are recognised in Other expenses.

Impairment charges for receivables, loans, advances etc.

Impairment charges include losses on and impairment charges against receivables from credit institutions, loans, advances and guarantees.

NOTES – SAXO BANK GROUP

Note

1 Accounting policies · continued

Income from associates and joint ventures

Income from associates and joint ventures comprises the Group's share of the profit and loss after tax.

Income taxes

Income tax expense comprises current tax and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement and the tax expense relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Saxo Bank A/S is subject to the Danish rules on mandatory joint taxation of the Group's Danish companies. Danish subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation. The current Danish corporation tax is allocated between the Danish jointly taxed companies in proportion to their taxable income. The jointly taxed Danish companies are taxed under the on-account tax scheme.

STATEMENT OF FINANCIAL POSITION

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1 – Quoted market price:** Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- **Level 2 – Observable input:** Valuation techniques based on inputs, other than quoted prices included within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3 – Non-observable input:** Valuation techniques based on inputs for the assets or liabilities that are not based on observable market data. The valuation is primarily based on generally accepted valuation techniques.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks are measured at amortised cost less impairment.

Financial instruments generally

Financial assets are classified in the following categories at the date of recognition:

- trading assets, which are measured at fair value;
- loans, advances and receivables, which are measured at amortised cost less impairment;
- financial assets designated at fair value, with value adjustments being recognised in the income statement (fair value option).

Financial liabilities are classified in the following categories at the date of recognition:

- trading liabilities, which are measured at fair value;
- other financial liabilities, which are measured at amortised cost.

Purchase and sale of financial assets and liabilities are accounted for on the trade date.

Trading assets and trading liabilities

Trading assets and trading liabilities are part of the Group's trading portfolio. Trading assets comprise equities, bonds, derivative financial instruments with positive fair value and unsettled spot transactions. Trading liabilities consist of derivatives financial instruments with negative fair value and unsettled spot transactions.

At initial recognition, the trading assets and liabilities are measured at fair value, excluding transaction costs. Subsequently, the trading assets and liabilities are measured at fair value. Realised and unrealised gains and losses and dividends are recognised in Price and exchange rate adjustments.

The fair value of derivatives is adjusted for credit risk related to the counterpart to the derivative.

When applicable, the Group measures the fair value of trading assets and trading liabilities using the quoted market prices in an active market for the instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of such instruments is determined on the basis of the most recently observable closing

NOTES – SAXO BANK GROUP

Note

1 Accounting policies - continued

prices at the reporting date. 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 there is no quoted price in an active market, the fair value is established using valuation techniques. Valuation techniques range from discounted cash flow analysis to complex option pricing models and third party pricing information.

Loans and advances at amortised cost

Initial recognition is based on fair value plus transaction costs and less fees, charges and commissions received in connection with loan origination. Subsequently loans and advances are measured at amortised cost less impairment.

Impairment of loans, advances or amount receivable

If objective evidence of impairment of a loan, an advance or amount receivable exists the Group determines the impairment charge individually.

The impairment charge equals the difference between the carrying amount and the present value of the expected future cash flows from the loan including realisation value of any collateral. The impairment charge is adjusted if the present value of the expected future cash flows is changed.

Significant loans, advances and amounts due are tested individually for impairment at the end of each reporting period.

Loans and advances (retail banking activities) without objective evidence of impairment are included in an assessment of collective impairment on a portfolio basis. Collective impairment is calculated for portfolios of loans and advances with similar credit characteristics. The loans and advances are divided into portfolios based on current ratings.

Collective impairment is calculated as the difference between the carrying amount of the loans and advances of the portfolio and the present value of expected future cash flows.

Investment securities

Investments securities are initially measured at fair value. The Group designates some investment securities at fair value, with fair value changes recognised in income statement, when the investment securities are managed and reported internally on a fair value basis.

Asset held for sale

Asset held for sale comprises non-current assets and disposal groups held for sale. A disposal group is defined as a group of assets to be disposed of by sale or otherwise together as a group in a single transaction.

Liabilities classified as held for sale are those directly associated with the assets that will be transferred in the transaction.

Assets are classified as held for sale when the carrying amount of the assets is expected to primarily be recovered through a sale within 12 months from the reporting date in accordance with a formal plan rather than through continuing use. Such assets are measured at the lower of their carrying amount at the date of reclassification and their fair value less expected costs to sell.

Intangible assets and tangible assets once classified as held for sale are not amortised or depreciated.

Investments in associates

Investments in associates are measured in accordance with the equity method, which means that the investments are measured at the proportionate share of the net asset value of the associates including the carrying amount of goodwill at the reporting date.

Investments in joint ventures

Investments in joint ventures are measured in accordance with the equity method, which means that the investments are measured at the proportionate share of the net asset value of joint venture at the reporting date.

Intangible assets

Goodwill arises on the acquisition of subsidiaries and associates and is calculated as the difference between the fair value of the consideration transferred and the fair value of the net assets, including contingent liabilities, at the date of acquisition. Subsequently goodwill is measured at cost less accumulated impairment. Goodwill on associates is recognised in Investments in associates.

Acquired licenses are at initial recognition recognised at cost. Licenses are considered to have an indefinite useful life as they have no expiry date. Subsequently licenses are measured at cost less accumulated impairment.

Software developed by the Group is recognised as an asset if the cost of development is reliably measurable and an analysis shows that future economic benefits from using the software application exceed the cost. Cost is defined as development costs incurred to make each software application ready for use. Once a software application has been developed the cost is amortised over the expected useful life. The cost of development consists primarily of direct remuneration and other directly attributable development costs. Expenses incurred in the planning phase are not capitalised, but expensed when incurred.

NOTES – SAXO BANK GROUP

Note

1 Accounting policies · continued

Client relationships and trademarks acquired in a business combination are measured at the time of acquisition at their fair value and amortised over their expected useful life.

Amortisation periods are as follows:

| | |
|--------------------------------|------------|
| Software | 3-5 years |
| Client relationships | 4-15 years |
| Trademarks | 15 years |

Goodwill and assets with indefinite useful life are not amortised, but tested for impairment annually. The first impairment test is performed no later than at the end of the acquisition year. Other intangible assets are tested for impairment if indications of impairment exist. Intangible assets are written down to the recoverable amount if the carrying amount exceeds the higher of the fair value less cost to sell and the value in use.

Amortisation and impairment charges are recognised in Depreciation, amortisation and impairment of intangible and tangible assets in the income statement.

Properties

Investment properties

Investment properties are recognised at cost upon acquisition and subsequently measured at fair value. Rental income is recognised in Other income and operating expenses are recognised in Other expenses. Fair value adjustments are recognised in Price and exchange rate adjustments.

Domicile properties

Domicile properties are properties occupied by the Group. Domicile properties are at initial recognition recognised at cost. Subsequently domicile properties are measured at revalued amount representing the fair value. Revaluations are made with regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. An increase in the carrying amount as a result of a revaluation is recognised in other comprehensive income and presented in equity under Revaluation reserve. If an increase in the carrying amount due to revaluation reverses a revaluation decrease previously recognised in the income statement the increase is recognised in the income statement. A decrease in the carrying amount as a result of a revaluation is recognised in the income statement, except from when the decrease reverses a previous revaluation increase recognised in equity, then it is recognised in equity.

The fair value for investment and domicile properties is determined by applying an asset return model or observable market price. The asset return model includes the property's rental income, operating expenses, as well as management and maintenance, etc. Operating expenses and maintenance costs are calculated on the basis of the condition of the individual property, construction year, materials used etc. The return rate is calculated on the basis of the location of the individual property, potential use, condition, term of lease etc.

Tangible assets

Leasehold improvements, fixtures, equipment and vehicles, IT equipment and airplanes are measured at cost, less accumulated depreciation and impairment. The tangible assets are depreciated on a straight-line basis over the estimated useful life.

Depreciation periods are as follows:

| | |
|--|-----------|
| Domicile properties | 50 years |
| Leasehold improvements | 5 years |
| Fixtures, equipment and vehicles | 3-5 years |
| IT equipment | 3-5 years |
| Airplanes | 40 years |

Tangible assets are tested for impairment if indications of impairment exist. Tangible assets are written down to its recoverable amount, if the carrying amount exceeds the higher of the fair value less costs to sell and the value in use. Depreciation and impairment charges are recognised in the income statement.

Amounts due to credit institutions and central banks and deposits

Amounts due to credit institutions and central banks and deposits are measured at amortised cost.

Margin trading clients may place deposits which due to local requirements are deposited and segregated with external credit institutions acting as trustees. These deposits are not at present obligations for the Group and not recognised in the consolidated statement of financial position.

Pension and similar obligations

The Group has entered into retirement benefits schemes and similar arrangements with the majority of the Group's employees.

Contributions to defined contribution plans are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the statement of financial position as other liabilities.

For defined benefit plans an annual actuarial calculation is made of the present value of future benefits under the defined benefit plan. For defined benefit plans, the Group has an obligation to pay defined future benefits from the time of retirement. The present value is determined on the basis of expected future development in variables such as salary levels, interest rates and inflation, time of retirement and mortality.

NOTES – SAXO BANK GROUP

Note

1 Accounting policies - continued

Pension costs for the year are recognised in the income statement based on actuarial estimates and financial expectations at the beginning of the reporting period. Any difference between the expected development in pension plan assets and liabilities and realised amounts determined at the reporting date constitutes actuarial gains or losses and is recognised in other comprehensive income. The actuarial present value of defined benefit obligations less the fair value of plan assets is recognised in the statement of financial position under Pension and similar obligations or Other assets.

Provisions

Provisions are recognised when, as a result of events arising before or at the reporting date, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are discounted if the effect is material to the measurement of the liability.

Subordinated debt

Subordinated debt comprises of subordinated loans, hybrid capital and guarantor capital which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be settled until any other creditor claims has been honored.

At initial recognition subordinated debt is measured at fair value, equalling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortised cost.

Tax

Current tax liabilities is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, adjusted for tax payable in respect of previous years and for tax paid on account.

Deferred tax is measured in accordance with the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is not recognised in respect of temporary differences regarding goodwill that is not amortisable for tax purposes and other items for which temporary differences have arisen at the time of acquisition without this having an impact on the profit/loss or the taxable income. Where the tax base may be calculated according to different taxation rules, deferred tax is measured based on management's planned use of the assets, or, as the case may be, the planned repayment of the liability.

Deferred tax assets, including the tax base of tax losses carried forward, are recognised at the amount at which they are expected to be realised, either by offset against taxes on future earnings, or through offset against deferred tax liabilities within the same taxable entity and jurisdiction.

Deferred tax assets and liabilities are offset if the entity has a legal right to offset current tax liabilities and tax assets or intends to either settle current tax liabilities and tax assets on a net basis, or realise the assets and the liabilities at the same time.

Deferred tax is measured on the basis of the tax regulations and tax rates enacted or substantively enacted at the reporting date. Any changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Shareholders' equity

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities arisen on or after 1 January 2010. The reserve also includes translation of derivative financial instruments that hedge the Group's net investment in foreign entities.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected profit or loss.

Revaluation reserve

The revaluation reserve comprises revaluations of domicile properties after the recognition of deferred tax. Subsequent depreciation net of tax of the revaluation is transferred from the revaluation reserve to retained earnings.

Proposed dividends

Proposed dividend is recognised as a liability at the time of adoption at the annual general meeting (time of declaration). Dividend proposed to be distributed for the year is included under Shareholders' equity until adoption of the dividend proposal.

Treasury shares

Treasury shares are not recognised as assets. Proceeds related to acquisition or disposal of treasury shares are recognised directly in Retained earnings under Shareholders' equity.

Non-controlling interests

Non-controlling interests comprise the share of the shareholders' equity not owned directly or indirectly by Saxo Bank A/S, equalling the carrying amount of the net assets in subsidiaries not owned or controlled directly or indirectly by Saxo Bank A/S.

NOTES – SAXO BANK GROUP

Note

1 Accounting policies · continued

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. The cash flow statement is based on the profit before tax for the year and shows cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalent during the year.

Cash and cash equivalents comprise cash in hand and demand deposits with central banks and receivables from credit institutions and central banks with less than three months to maturity.

NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERPRETATIONS

IASB has published the following standards and amendments to existing standards that are not yet mandatory for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2013:

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Amendments to IAS 27 Separate Financial Statements
- Amendments to IAS 28 Investments in Associates and Joint Ventures
- Amendments to IAS 32 Financial Instruments: Presentation
- Amendments to IAS 36 Impairment of assets
- Amendments to IAS 39 Financial instruments: Recognition and measurement

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

None of the standards and amendments are expected to have a material impact on the consolidated financial statements.

NOTES – SAXO BANK GROUP

Note

2 Critical accounting estimates and judgements

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

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

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

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

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

Fair value measurement of financial instruments

Measurements of financial instruments based on quoted market prices in an active market or based on generally accepted valuation techniques employing observable market data are not subject to critical estimates.

Measurements of financial instruments that are not based on observable market data, such client positions with counterparty credit risk, unlisted equities and certain bonds for which there is no active market, are subject to estimates.

The fair value of derivative financial instruments is adjusted for credit risk related to the counterpart of the derivative.

Classification of financial instruments using the fair value hierarchy and changes to fair value level due to unobservable adjustments are disclosed in note 36 Accounting classifications and valuation of financial assets and liabilities.

Measurement of loans and advances

The Group recognises impairment charges to account for any impairment of loans and advances that occurs after initial recognition. Impairment charges consist of individual and collective charges and rely on a number of estimates, including identification of loans or portfolios of loans with objective evidence of impairment, expected future cash flows and the value of collateral.

Impairment charges are based on the Group's determination of the client's expected ability to repay the debt, depending on several factors such as the client's earnings capacity, employment, and trends in general economic growth.

The Risk management section from page 90 provides more details on impairment and credit exposure for loans and advances, on rating of loans portfolio and collateral held.

Measurement of goodwill

Goodwill on acquisition is tested for impairment annually. Impairment testing requires that management estimates future cash flows from acquired entities. A number of factors affect the value of such cash flows, including discount rates, changes in expected long-term growth, capital requirements, economic development and other variables. Note 22 Impairment test provides more information on impairment test.

Recognition of deferred tax assets

Deferred tax assets arising from unused tax losses are recognised to the extent that such losses can be offset against tax on future profit. Recognition of deferred tax assets requires management's assessment of the probability and amount of future taxable profit for entities with unused tax losses. Note 25 Deferred tax assets and deferred tax liabilities provides more information about deferred tax assets.

Measurement of domicile properties

Revaluation of domicile properties not based on observable market data and subject to judgements. Note 24 Tangible assets provides more details on the key input for determining the fair value of the domicile properties.

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|---|--------------------|------------------|------|
| 3 Interest income | | | |
| Credit institutions and central banks | 17,202 | 21,004 | |
| Loans and advances | 163,225 | 151,178 | |
| Bonds | 60,155 | 109,134 | |
| Derivative financial instruments | 819,873 | 715,496 | |
| Other interest income | 3,235 | 777 | |
| Total interest income | 1,063,690 | 997,589 | |
| Interest added to financial assets subject to individual impairment amounted to DKK 2.4 million (2012: DKK 2.2 million). | | | |
| 4 Interest expense | | | |
| Credit institutions and central banks | (44,709) | (39,324) | |
| Deposits | (43,248) | (56,217) | |
| Issued bonds | - | (15,571) | |
| Subordinated loans | (22,188) | (29,549) | |
| Guarantor capital | (14,557) | (23,923) | |
| Derivative financial instruments | (51,032) | (51,893) | |
| Other interest expense | (17,233) | (2,943) | |
| Total interest expense | (192,967) | (219,420) | |
| 5 Fee and commission income | | | |
| Trading with equities and derivative financial instruments | 1,007,325 | 818,560 | |
| Payment services fees | 4,948 | 4,826 | |
| Origination fees | 21,275 | 21,051 | |
| Guarantee commissions | 1,329 | 984 | |
| Asset management fees | 65,167 | 112,732 | |
| Other fee and commission income | 11,314 | 6,810 | |
| Total fee and commission income | 1,111,358 | 964,963 | |
| 6 Fee and commission expense | | | |
| Trading with equities and derivative financial instruments | (1,025,157) | (808,501) | |
| Total fee and commission expense | (1,025,157) | (808,501) | |

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|--|--------------------|--------------------|------|
| 7 Price and exchange rate adjustments | | | |
| Bonds | (19,821) | (79,528) | |
| Investment securities | (3,314) | 2,167 | |
| Foreign exchange | 1,684,595 | 1,683,396 | |
| Derivative financial instruments | 244,882 | 425,719 | |
| Assets held for sale | (1,802) | - | |
| Investment properties | (500) | - | |
| Total price and exchange rate adjustments | 1,904,040 | 2,031,754 | |
| For 2013 negative credit adjustment of DKK 250 million is included in Derivative financial instruments due to a credit risk. | | | |
| 8 Other income | | | |
| Gain on divestments | 49,652 | - | |
| Income from non-financial activities | 41,996 | 64,767 | |
| Other | 10,584 | 42,796 | |
| Total other income | 102,232 | 107,563 | |
| 9 Staff costs and administrative expenses | | | |
| Staff costs | (1,040,133) | (1,248,805) | |
| Administrative expenses | (1,007,988) | (1,259,258) | |
| Total staff costs and administrative expenses | (2,048,121) | (2,508,063) | |
| Staff costs | | | |
| Salaries | (859,474) | (1,050,471) | |
| Share-based payments | (600) | (720) | |
| Defined benefit plans | (4,743) | (2,987) | |
| Defined contribution plans | (74,907) | (84,040) | |
| Social security expenses and financial services employer tax | (100,409) | (110,587) | |
| Total staff costs | (1,040,133) | (1,248,805) | |
| Average number of employees (converted into full-time equivalents) | 1,362 | 1,522 | |

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

9 Staff costs and administrative expenses · continued

Remuneration to Board of Directors and Board of Management

| | 2013 | Board of Directors | Board of Management |
|---------------------------------|----------------|-----------------------|------------------------|
| Salaries and other remuneration | (3,250) | (24,223) | |
| Social security expenses | - | (4) | |
| Total remuneration | (3,250) | (24,227) | |
| | 2012 | | |
| Salaries and other remuneration | (3,313) | (24,135) | |
| Social security expenses | - | (4) | |
| Total remuneration | (3,313) | (24,139) | |

| | | 2013 | 2012 |
|---|--|----------------|----------------|
| Remuneration to Board of Directors | | | |
| Asiff Hirji | From 14 December 2011 until 20 December 2013 | - | - |
| Dennis Malamatinas (Chairman) | From 15 March 2007 | (1,500) | (1,375) |
| Jacob Polny | From 20 December 2013 | - | - |
| Karl Peterson | From 14 December 2011 | - | - |
| Kurt K. Larsen | From 6 April 2010 until 20 December 2013 | (750) | (938) |
| Lone Fønss Schröder | From 20 December 2013 | - | - |
| Thomas Plenborg | From 6 April 2010 | (1,000) | (1,000) |
| Total remuneration to Board of Directors | | (3,250) | (3,313) |

The Board of Directors receives a fixed annual fee for duties performed in Saxo Bank A/S.

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|--|-------------|-----------------|-----------------|
| 9 Staff costs and administrative expenses · continued | | | |
| Remuneration to Board of Management | | | |
| Kim Fournais | | (12,195) | (12,118) |
| Lars Seier Christensen | | (12,032) | (12,021) |
| Total remuneration to Board of Management | | (24,227) | (24,139) |

Board of Management receives fixed remuneration only. The Group has no pension obligations toward Board of Management.

The Board of Management participates in the 2007 and 2008 warrant programme described in note 10 Share-based payments. The warrants have an exercise price of DKK 148 per share. The exercise of the shares is locked up until 30 June 2014.

Significant risk takers

Total remuneration to significant risk takers included in Staff costs amounts to DKK 104.2 million (2012: DKK 168.7 million). The Group has 59 employees (2012: 64) with significant influence on the Group's risk profile determined based on the guidance in the Danish executive order on remuneration policy and disclosure requirements on remuneration for financial undertakings and financial groups. Employees, who are board member in several subsidiaries, are included once. Remuneration to the 59 significant risk takers (2012: 64) consist of fixed remuneration DKK 101.8 million (2012: DKK 168.7 million) and variable remuneration DKK 2.4 million (2012: DKK 0 million). The Group has no pension obligations towards significant risk takers as their pension schemes are defined contribution plans. Variable remuneration is determined according to the Group's remuneration policy and is based on the performance of the individual person. Risk takers in controlling functions do not receive variable remuneration. Some of the significant risk takers participate in the warrant programme described in note 10 Share-based payments.

Disclosures according to the Danish executive order on remuneration policy and disclosure requirements on remuneration for financial undertakings and financial groups are available at the Group's website www.saxoworld.com. The disclosures are not covered by the statutory audit.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

10 Share-based payments

Warrants were granted in 2007 (2,156,644 warrants) and 2008 (2,849,840 warrants) to Board of Directors, Board of Management and employees. The exercise price of the granted warrants is equal to the market price on the date of the grant. The warrants are conditional on the performance of the individual and of the Group and/or presence of the holders concerned.

At the time of grant the fair value of the warrants granted in 2007 was estimated to DKK 13 million and the fair value of the warrants granted in 2008 was estimated to DKK 55 million. The fair value was measured using the Black-Scholes option pricing model based on the assumptions at the time of grant concerning time to maturity, risk-free interest rate (3%), volatility (20% in 2007 and 25% in 2008), and exercise restrictions etc.

The warrants are accounted for as equity-settled transactions. The fair value at grant date of these warrants is expensed in the income statement over the vesting period from 2007 to 2014. In 2013, DKK 0.6 million was recognised under Staff cost and administrative expenses (2012: DKK 0.7 million).

| Number of warrants | Average exercise price | Board of Management | Employees | Total |
|---|------------------------|---------------------|------------------|-----------|
| Outstanding at 1 January and 31 December 2012 | | 1,770,000 | 1,231,604 | 3,001,604 |
| Forfeited | - | - | (621) | (621) |
| Exercised | 103 | - | (850) | (850) |
| Expired | - | - | - | - |
| Outstanding at 31 December 2013 | 1,770,000 | 1,230,133 | 3,000,133 | |

Out of the 3,000,133 (2012: 3,001,604) outstanding warrants as per 1 January, 1,206,296 warrants (2012: 1,179,786 warrants) were exercisable in 2013. Warrants exercised in 2013 resulted in 850 shares being issued at an exercise price of DKK 103 each.

| Warrants outstanding | Exercise price | Expiry date | Exercise period | 2013 | 2012 |
|-----------------------------------|----------------|-------------|-----------------|------------------|------------------|
| 2007 warrants | 103 | 2014 | 2013-2014 | 473,000 | 474,471 |
| 2008 warrants | 148 | 2014 | 2013-2014 | 2,527,133 | 2,527,133 |
| Total warrants outstanding | | | | 3,000,133 | 3,001,604 |

| | 2013 | 2012 |
|---|-----------------|-----------------|
| 11 Audit fees | | |
| Fees for statutory audit | (3,694) | (4,512) |
| Fees for assurance engagements other than audit | (1,309) | (1,432) |
| Fees for tax advisory services | (1,928) | (1,634) |
| Fees for other services | (4,330) | (4,156) |
| Total audit fees | (11,261) | (11,734) |

Related to audit firm appointed at the annual general meeting to perform statutory audit. Audit fees are included in administrative expenses.

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|---|------------------|-----------------|------|
| 12 Impairment charges for receivables, loans, advances etc. | | | |
| Loans and advances | (26,796) | (51,316) | |
| Reversals of impairment from previous years etc. | 9,962 | 11,369 | |
| Total impairment charges for receivables, loans, advances etc. | (16,834) | (39,947) | |
| 13 Tax | | | |
| Current tax | (121,151) | (71,474) | |
| Changes in deferred tax | 2,269 | 14,712 | |
| Impairment of deferred tax assets | (500) | (25,000) | |
| Reversal of previous impairment of deferred tax assets | 25,000 | - | |
| Changes in deferred tax from change in tax rate | 17,950 | - | |
| Non exempted withholding tax for the year and previous years | (18,614) | | |
| Adjustments to tax previous years | (11,672) | (324) | |
| Tax on total comprehensive income | (106,718) | (82,086) | |
| Of which is recognised in other comprehensive income | (21,512) | (10,934) | |
| Tax on profit recognised in the income statement | (85,206) | (71,152) | |
| Danish tax rate | 25.0% | 25.0% | |
| Effective tax rate | 34.5% | 46.8% | |
| Reconciliation of effective tax rate | | | |
| Profit before tax | 247,367 | 152,044 | |
| Tax using the Danish tax rate including CFC taxation | (61,842) | (38,011) | |
| Effect of tax rates in foreign jurisdictions | (6,448) | (3,413) | |
| Changes in deferred tax from change in tax rate | 15,535 | - | |
| Non tax-deductible expenses | (30,081) | (8,237) | |
| Tax-exempt income | 6,307 | - | |
| Impairment and reversal of impairment previous years | 24,500 | (25,000) | |
| Effect of unrecognised tax loss current year | - | (9,551) | |
| Recognition of previously unrecognised tax losses | 1,223 | 8,475 | |
| Non exempted withholding tax for the year and previous years | (18,614) | - | |
| Effect of income net of tax from associates | (4,114) | 4,909 | |
| Adjustments to tax previous years | (11,672) | (324) | |
| Total tax expense recognised in income statement | (85,206) | (71,152) | |

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

13 Tax - continued

Tax recognised in other comprehensive income

| 2013 | Before tax | Tax | Net of tax |
|---|-------------------|-----------------|-------------------|
| Exchange rate adjustments | (93,469) | - | (93,469) |
| Fair value adjustment of cash flow hedges | 26,818 | (6,967) | 19,851 |
| Hedge of net investments in foreign entities | 66,249 | (16,565) | 49,684 |
| Revaluation of domicile properties | 1,000 | 2,166 | 3,166 |
| Actuarial losses | 769 | (146) | 623 |
| Other comprehensive income from associates and joint ventures, net of tax | 600 | - | 600 |
| Total | 1,967 | (21,512) | (19,545) |

| 2012 | Before tax | Tax | Net of tax |
|---|-------------------|-----------------|-------------------|
| Exchange rate adjustments | 11,479 | - | 11,479 |
| Fair value adjustment of cash flow hedges | (13,882) | 3,470 | (10,412) |
| Hedge of net investments in foreign entities | (8,696) | 2,174 | (6,522) |
| Revaluation of domicile properties | 72,828 | (17,907) | 54,921 |
| Actuarial losses | (7,012) | 1,329 | (5,683) |
| Other comprehensive income from associates and joint ventures, net of tax | 5,390 | - | 5,390 |
| Total | 60,107 | (10,934) | 49,173 |

| | 2013 | 2012 |
|--|------------------|------------------|
| 14 Receivables from credit institutions and central banks | | |
| Demand deposits | 2,045,028 | 2,382,314 |
| Within 3 months | 23,481 | 39,945 |
| From 3-12 months | 609 | 37,675 |
| From 1-5 years | 1,074 | 1,694 |
| Total receivables from credit institutions and central banks | 2,070,192 | 2,461,628 |
| Amounts due within 3 months DKK 2.07 billion (2012: DKK 2.42 billion) are included in the cash flow statement under Cash and cash equivalents. | | |
| Receivables from credit institutions | 2,070,192 | 2,461,628 |
| Total receivables from credit institutions and central banks | 2,070,192 | 2,461,628 |

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|---|-------------------|-------------------|------|
| 15 Trading assets and liabilities | | | |
| Listed bonds | 12,622,200 | 10,357,688 | |
| Unlisted bonds | 2,200 | - | |
| Listed equities | 797 | 3,507 | |
| Unlisted equities | 3,320 | 3,556 | |
| Derivative financial instruments with positive fair value | 5,724,944 | 4,043,806 | |
| Total trading assets | 18,353,461 | 14,408,557 | |
| At 31 December 2013 DKK 1,117.5 million (2012: DKK 392.7 million) of trading assets are expected to be recovered more than 12 months after the reporting date. | | | |
| Derivative financial instruments with negative fair value | 2,600,997 | 2,099,832 | |
| Total trading liabilities | 2,600,997 | 2,099,832 | |
| At 31 December 2013 DKK 0 million (2012: DKK 89.6 million) of trading liabilities are expected to be settled more than 12 months after the reporting date. | | | |
| 16 Loans and advances at amortised cost | | | |
| Investment brokers | 280 | 4,390 | |
| Trading clients | 314,784 | 380,100 | |
| Lending clients | 1,641,156 | 1,376,352 | |
| Total loans and advances at amortised cost | 1,956,220 | 1,760,842 | |
| Demand deposits | 351,728 | 450,734 | |
| Within 3 months | 41,980 | 26,522 | |
| From 3 – 12 months | 355,471 | 109,927 | |
| From 1 – 5 years | 475,452 | 494,906 | |
| More than 5 years | 731,589 | 678,753 | |
| Total loans and advances at amortised cost | 1,956,220 | 1,760,842 | |
| 17 Investment securities | | | |
| Unlisted equities | 60,576 | 89,226 | |
| Total investment securities | 60,576 | 89,226 | |
| At 31 December 2013 DKK 60.6 million (2012: DKK 89.2 million) of investment securities are expected to be recovered more than 12 months after the reporting date. | | | |

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|-----------------------------------|----------------|---------------|------|
| 18 Assets held for sale | | | |
| Financial assets | - | 1,190 | |
| Investment in joint ventures | - | 16,827 | |
| Property, plant and equipment | 4,950 | 7,002 | |
| Airplane | 131,639 | - | |
| Total assets held for sale | 136,589 | 25,019 | |

Financial assets were subsidiaries established with the purpose to be sold as part of property investment projects. Investment in joint ventures included Boliga ApS. Property, plant and equipment were taken over by the Group by taking possession of collateral held as security against loans and advances.

Except from the airplane assets held for sale at the reporting date are all measured at the carrying amount at the date of reclassification. An impairment loss of DKK 22.7 million was recognised based on third party pricing information at the time of reclassification of the airplane as asset held for sale.

The Group expects to sell the assets within 12 months from the date of classification as held for sale.

| | 2013 | 2012 |
|--|----------------|----------------|
| 19 Investments in associates and joint ventures | | |
| Cost at 1 January | 269,985 | 262,304 |
| Additions | 7,468 | 24,316 |
| Disposals | (7,700) | - |
| Transfer due to loss of control | 35,473 | - |
| Transfer to assets held for sale | - | (16,635) |
| Cost at 31 December | 305,226 | 269,985 |
| Revaluation at 1 January | 49,416 | 25,645 |
| Share of net profit | (16,457) | 19,635 |
| Share of other comprehensive income | 600 | 5,390 |
| Dividend | (9,000) | - |
| Disposals | (845) | - |
| Transfer to assets held for sale | - | (192) |
| Exchange rate adjustments | (2,870) | (1,062) |
| Revaluation at 31 December | 20,844 | 49,416 |
| Carrying amount at 31 December | 326,070 | 319,401 |

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

19 Investments in associates and joint ventures · continued

| Associates 2013 | Total assets | Total liabilities | Revenue/ operating income | Net profit | Ownership | Currency |
|---|---------------------|--------------------------|--|-----------------------|------------------|-----------------|
| Capital Four Management Fondsmæglerselskab A/S, Denmark | 26,610 | 12,268 | 29,128 | 6,329 | 47% | DKK |
| Banco Best S.A., Portugal | 384,831 | 333,167 | 31,955 | 8,455 | 25% | EUR |
| Leverate Technological Trading Ltd., Israel | 20,989 | 13,279 | 11,255 | 551 | 25% | USD |
| Sortedam Dossering 3-9 m.fl. ApS, Denmark | 93 | 21 | 9 | (15) | 33% | DKK |
| Sortedam Dossering 3-9 m.fl. P/S, Denmark | 317,560 | 281,707 | 14,902 | 5,614 | 33% | DKK |

Associates 2012

| | | | | | | |
|---|---------|---------|--------|-------|-----|-----|
| Banco Best S.A., Portugal | 493,413 | 453,424 | 25,990 | 7,059 | 25% | EUR |
| Leverate Technological Trading Ltd., Israel | 44,193 | 16,826 | 23,209 | 6,015 | 25% | ILS |
| Sortedam Dossering 3-9 m.fl. ApS, Denmark | 91 | 4 | 10 | 7 | 33% | DKK |
| Sortedam Dossering 3-9 m.fl. P/S, Denmark | 308,835 | 278,597 | 10,886 | 5,238 | 33% | DKK |

The information disclosed for 2013 and 2012 is extracted from the companies' most recent annual reports.

| Joint ventures | Ownership | Currency |
|---|------------------|-----------------|
| Saxo Mittal Investment Pte. Ltd., Singapore | 50% | SGD |

In May 2013 the Group divested its investment in the joint venture CPH Capital Fondsmæglerselskab A/S resulting in a gain of DKK 24.1 million.

20 Investments in joint ventures

| | 2013 | 2012 |
|--------------------------|--------------|--------------|
| Income | 3,922 | - |
| Expenses | (5,825) | (2,072) |
| Non-current assets | 2,071 | 2,599 |
| Current assets | 1,136 | 3,271 |
| Total assets | 3,207 | 5,870 |
| Equity | 3,113 | 5,667 |
| Current liabilities | 94 | 203 |
| Total liabilities | 3,207 | 5,870 |

The amounts disclosed represents the Group's share of the revenue, expenses, assets and liabilities in joint ventures. In 2012 Boliga ApS was classified as Assets held for sale and excluded in the amounts disclosed.

The Group has no capital commitment incurred in relation to its interests in joint ventures (2012 DKK 7.4 million).

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

21 Intangible assets

| 2013 | Goodwill | Software under development | Software developed | Software purchased | Client relationships | Other | Total |
|---|----------------|----------------------------|--------------------|--------------------|----------------------|--------------|--------------------|
| Cost at 1 January | 1,149,794 | 71,135 | 1,477,705 | 125,956 | 77,373 | 37,293 | 2,939,256 |
| Additions | 1,877 | 250,429 | 493 | 36,878 | - | - | 289,677 |
| Additions from internal development | - | (186,310) | 186,310 | - | - | - | - |
| Disposals | (140,859) | - | (50,319) | (234) | - | - | (191,412) |
| Disposals through divestment of businesses | - | (5,046) | (23,170) | (10,671) | (5,059) | (24,903) | (68,849) |
| Transfer to investment in associates | (35,229) | - | - | - | - | - | (35,229) |
| Exchange rate adjustments | (18,091) | - | - | (546) | (572) | (2,790) | (21,999) |
| Cost at 31 December | 957,492 | 130,208 | 1,591,019 | 151,383 | 71,742 | 9,600 | 2,911,444 |
| Amortisation and impairment at 1 January | (5,068) | - | (526,424) | (78,612) | (52,610) | (10,019) | (672,733) |
| Amortisation | - | - | (286,290) | (25,387) | (6,601) | (2,602) | (320,880) |
| Impairment losses ¹⁾ | (4,088) | - | (91,474) | (6,982) | - | - | (102,544) |
| Disposals | - | - | 47,420 | 153 | - | - | 47,573 |
| Disposals through divestment of businesses | - | - | 19,177 | 5,631 | 3,303 | 12,400 | 40,511 |
| Transfer to investment in associates | 9,156 | - | - | - | - | - | 9,156 |
| Exchange rate adjustments | - | - | - | (1,995) | 487 | 214 | (1,294) |
| Amortisation and impairment at 31 December | - | - | (837,591) | (107,192) | (55,421) | (7) | (1,000,211) |
| Carrying amount at 31 December | 957,492 | 130,208 | 753,428 | 44,191 | 16,321 | 9,593 | 1,911,233 |

¹⁾ For details of impairment losses, see note 22 Impairment test.

In 2013, the Group expensed DKK 8.9 million for development projects, primarily planning costs and costs incurred after the asset was ready for use.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

21 Intangible assets - continued

| 2012 | Goodwill | Software under development | Software developed | Software purchased | Client relationships | Other | Total |
|---|------------------|----------------------------|--------------------|--------------------|----------------------|-----------------|------------------|
| Cost at 1 January | 1,134,283 | 132,393 | 997,981 | 100,465 | 77,051 | 28,024 | 2,470,197 |
| Additions | - | 417,100 | - | 25,826 | - | - | 442,926 |
| Additions from acquisitions | 25,210 | - | - | - | - | 9,275 | 34,485 |
| Additions from internal development | - | (478,358) | 478,358 | - | - | - | - |
| Disposals | (14,917) | - | - | (345) | - | - | (15,262) |
| Exchange rate adjustments | 5,218 | - | 1,366 | 10 | 322 | (6) | 6,910 |
| Cost at 31 December | 1,149,794 | 71,135 | 1,477,705 | 125,956 | 77,373 | 37,293 | 2,939,256 |
| Amortisation and impairment at 1 January | - | - | (276,446) | (56,820) | (43,743) | (6,175) | (383,184) |
| Amortisation | - | - | (209,978) | (21,740) | (8,566) | (3,845) | (244,129) |
| Impairment losses ¹⁾ | (5,068) | - | (40,000) | - | - | - | (45,068) |
| Disposals | - | - | - | 69 | - | - | 69 |
| Exchange rate adjustments | - | - | - | (121) | (301) | 1 | (421) |
| Amortisation and impairment at 31 December | (5,068) | - | (526,424) | (78,612) | (52,610) | (10,019) | (672,733) |
| Carrying amount at 31 December | 1,144,726 | 71,135 | 951,281 | 47,344 | 24,763 | 27,274 | 2,266,523 |

¹⁾For details of impairment losses, see note 22 Impairment test.

In 2012, the Group expensed DKK 15.3 million for development projects, primarily planning costs and costs incurred after the asset was ready for use.

| | 2013 | 2012 |
|--|------------------|---------------|
| Additions and disposals to goodwill during the year | | |
| Acquisition of businesses | 113 | 25,210 |
| Divestment of businesses | (140,859) | - |
| Transfer to investment in associates | (26,073) | - |
| Adjustments to earn-outs | 1,764 | (6,843) |
| Adjustments to acquisition of businesses in previous years | - | (8,074) |
| Total | (165,055) | 10,293 |

Additions to goodwill and adjustments to previous year's acquisitions are further described in note 33 Acquisition and divestment of businesses.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

22 Impairment test

Goodwill, intangibles with indefinite useful life and intangible assets not yet available for use

The Group performs impairment tests of goodwill, intangibles with indefinite useful life and intangible assets not yet available for use annually and whenever there is an indication that these intangibles may be impaired.

For the purpose of impairment test, goodwill acquired in a business combination is allocated to cash generating units (CGU) which are the smallest identifiable groups of assets that generate cash inflows largely independent of the cash inflows from other assets or activities. The recoverable amount of each CGU is determined on the basis of either the CGU's fair value less cost to sell or its value in use.

The debt structure of financial institutions requires the use of discounted dividend model to calculate the present value of future cash flows. For non-financial CGUs a discounted cash flow model is applied. The cash flow projections are based on budgets approved by management covering the following year and business plans covering five years or until earnings normalise. For impairment testing, a long-term growth rate is determined on the basis of forecast GDP rates in the country in which the CGU operates. The estimated dividend flow/cash flow is discounted at a post-tax CGU specific discount rate.

The carrying amount of goodwill and the key assumptions applied in the impairment tests are presented below for each CGU that is assessed to be significant in comparison with the Group's total carrying amount of goodwill.

| 2013 | Carrying amount goodwill | Growth in terminal period | Discount rate, post tax | Discount rate, pre tax |
|-------------------------------|---------------------------------|----------------------------------|--------------------------------|-------------------------------|
| Saxo Bank (Switzerland) AG | 559,045 | 0.90% | 7.70% | 10.08% |
| Saxo Privatbank A/S | 245,681 | 2.00% | 8.00% | 9.33% |
| Banco Best S.A. ¹⁾ | 130,522 | 2.90% | 11.70% | 14.63% |
| Other ¹⁾ | 200,048 | - | - | - |
| Total | 1,135,296 | | | |

| 2012 | Carrying amount goodwill | Growth in terminal period | Discount rate, post tax | Discount rate, pre tax |
|-------------------------------|---------------------------------|----------------------------------|--------------------------------|-------------------------------|
| Saxo Bank (Switzerland) AG | 568,220 | 1.70% | 6.70% | 7.97% |
| Saxo Privatbank A/S | 245,681 | 2.00% | 8.00% | 9.37% |
| Banco Best S.A. ¹⁾ | 130,522 | 1.60% | 9.65% | 12.11% |
| Other ¹⁾ | 382,092 | - | - | - |
| Total | 1,326,515 | | | |

¹⁾ Goodwill related to associates is recognised in the carrying amount of investments in associates.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

22 Impairment test · continued

Sensitivity analysis

The key assumptions may change as market conditions or the regulatory environment for financial institutions change.

The carrying amount of goodwill related to Saxo Bank (Switzerland) AG represents 49.2% (2012: 42.8%) of the total goodwill. A sensitivity analysis shows that the growth rate in the terminal period can decline by around 2.9 (2012: 5.0) percentage points or the discount rate post tax can increase by around 2.0 (2012: 2.3) percentage points without resulting in any impairment loss.

The CGU with the lowest margin between recoverable amount and carrying amount represents 1.6% of the total goodwill (2012: 0.9%). A sensitivity analysis shows that the growth rate in the terminal period can decline by around 0.4 (2012: 0.2) percentage points or the discount rate post tax can increase by around 0.2 (2012: 0.1) percentage points without resulting in any impairment loss.

Intangible assets with finite life and property, plant and equipment

Intangible assets with finite life and property, plant and equipment are tested if there are indications of impairment. Each individual impairment test is based on smallest CGU affected by the changes that indicate impairment. The impairment test is based on budgeted estimated cash flows from the CGU.

Impairment loss

Total impairment loss of goodwill DKK 32.1 million (2012 DKK 5.1 million) primarily relates to Leverage Technological Trading Ltd due to uncertainties related to future net profit.

In 2013 impairment losses of DKK 142.9 million was recognised in the income statement, primarily related to airplane sold in 2013 DKK 17.2 million, remeasurement of airplane held for sale DKK 22.7 million and a number of investments in software due to change in future use and uncertainties related to future economic benefit DKK 98.5 million. In 2012 impairment losses of DKK 40.0 million was recognised in the income statement, primarily related to one specific intangible asset due to change in future use.

23 Investment properties

The fair value of the Group's investment properties are categorised into Level 3 of the fair value hierarchy.

| | 2013 | 2012 |
|--|--------------|--------------|
| Fair value at 1 January | 5,432 | 19,407 |
| Additions | - | 335 |
| Disposals | (356) | (13,973) |
| Gains and losses recognised in income statement: | | |
| Fair value adjustments unrealised | (886) | (337) |
| Fair value at 31 December | 4,190 | 5,432 |

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

The investment properties are measured by applying an asset return model based on the estimated net cash flow and a rate of return in the range of 8.5% to 9% (2012: range of 7.5% to 8.5%). The key unobservable input is the rate of return. Fair value decreases with DKK 0.3 million (2012: 0.4 million) if the rate of return increases with 1 percentage point.

Rental income from investment properties totalled DKK 0.16 million (2012: DKK 1.75 million). Expenses directly attributable to investment property generating rental income amounted to DKK 0.14 million (2012: DKK 0.29 million), whereas expenses directly attributable to investment property not generating rental income amounted to DKK 0.03 million (2012: DKK 0.02 million).

No external valuation experts have been involved.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

24 Tangible assets

| 2013 | Domicile properties | Leasehold improvements | Fixtures, equipment and vehicles | IT equipment | Airplanes | Total |
|--|---------------------|------------------------|----------------------------------|------------------|-----------|------------------|
| Cost or valuation at 1 January | 767,303 | 118,818 | 150,893 | 252,272 | 201,477 | 1,490,763 |
| Revaluation | 1,000 | - | - | - | - | 1,000 |
| Additions | 22 | 10,104 | 2,998 | 18,781 | 2,634 | 34,539 |
| Disposals | - | (3,139) | (6,704) | (6,239) | (40,943) | (57,025) |
| Disposals through divestment of businesses | - | (296) | (3,166) | (4,208) | - | (7,670) |
| Transfer to assets held for sale | - | - | - | - | (163,168) | (163,168) |
| Exchange rate adjustments | - | (3,115) | (2,803) | (2,304) | - | (8,222) |
| Cost or valuation at 31 December | 768,325 | 122,372 | 141,218 | 258,302 | - | 1,290,217 |
| Depreciation and impairment at 1 January | (10,510) | (75,153) | (79,453) | (165,546) | (19,421) | (350,083) |
| Depreciation | (11,731) | (16,499) | (15,709) | (44,404) | (4,639) | (92,982) |
| Impairment | (1,600) | (2,696) | (190) | (69) | (39,864) | (44,419) |
| Disposals | - | 2,183 | 3,835 | 6,134 | 32,395 | 44,547 |
| Disposals through divestment of businesses | - | 115 | 2,613 | 3,938 | - | 6,666 |
| Transfer to assets held for sale | - | - | - | - | 31,529 | 31,529 |
| Exchange rate adjustments | - | 1,986 | 1,511 | 1,789 | - | 5,286 |
| Depreciation and impairment 31 December | (23,841) | (90,064) | (87,393) | (198,158) | - | (399,456) |
| Carrying amount at 31 December | 744,484 | 32,308 | 53,825 | 60,144 | - | 890,761 |

The fair value of the Group's domicile properties are categorised into Level 3 of the fair value hierarchy. The domicile properties are measured by applying an asset return model. The key input in the asset return model is the rate of return and market rent. The required rate of return is determined on the basis of its location, potential use, condition and terms of lease. Fair value decreases with DKK 65.3 million (2012: DKK 68.5 million) if the rate of return increases with 0.5 percentage point.

No external valuation experts have been involved.

| | 2013 | 2012 |
|--|---------|---------|
| Domicile properties | | |
| Required rate of return in calculating the fair value of the domicile properties | 4.87% | 4.75% |
| Carrying amount if the domicile properties were carried under the cost method | 672,512 | 684,906 |

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

24 Tangible assets · continued

| 2012 | Domicile properties | Leasehold improvements | Fixtures, equipment and vehicles | IT equipment | Airplanes | Total |
|---|---------------------|------------------------|----------------------------------|------------------|-----------------|------------------|
| Cost or valuation at 1 January | 721,528 | 102,272 | 142,480 | 178,725 | 201,477 | 1,346,482 |
| Transferred from depreciation due to revaluation | (27,373) | - | - | - | - | (27,373) |
| Revaluation | 72,828 | - | - | - | - | 72,828 |
| Additions | 320 | 17,166 | 12,775 | 73,481 | - | 103,742 |
| Additions from acquisitions | - | 432 | 683 | 916 | - | 2,031 |
| Disposals | - | (1,118) | (5,357) | (1,134) | - | (7,609) |
| Exchange rate adjustments | - | 66 | 312 | 284 | - | 662 |
| Cost or valuation at 31 December | 767,303 | 118,818 | 150,893 | 252,272 | 201,477 | 1,490,763 |
| Depreciation and impairment at 1 January | (24,072) | (58,349) | (62,931) | (129,101) | (14,383) | (288,836) |
| Transferred to cost or valuation due to revaluation | 27,373 | - | - | - | - | 27,373 |
| Depreciation | (11,711) | (16,446) | (19,839) | (36,570) | (5,038) | (89,604) |
| Impairment | (2,100) | - | - | - | - | (2,100) |
| Disposals | - | 129 | 3,877 | 365 | - | 4,371 |
| Exchange rate adjustments | - | (487) | (560) | (240) | - | (1,287) |
| Depreciation and impairment 31 December | (10,510) | (75,153) | (79,453) | (165,546) | (19,421) | (350,083) |
| Carrying amount at 31 December | 756,793 | 43,665 | 71,440 | 86,726 | 182,056 | 1,140,680 |

As per 30 June 2012 the Group's domicile properties have been revaluated at fair value.

The Danish Financial Supervisory Authority issued 7 March 2013 an executive order that the Banks main domicile property should be revaluated at a value of DKK 720 million at 31 December 2012 and that the revaluated value at 30 June 2012 in the Interim Report First Half 2012 should also have been DKK 720 million and not the Banks revaluated value in said report of DKK 750 million. Following the executive order the revaluated value of the main domicile property at 31 December 2012 is DKK 720 million and the change is incorporated in the revaluation surplus recognised in other comprehensive income.

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|---|-------------|-----------------|------------------|
| 25 Deferred tax assets and deferred tax liabilities | | | |
| Deferred tax at 1 January, net | | (102,663) | (183,721) |
| Change in deferred tax from change in tax rate recognised in income statement | | 15,535 | - |
| Change in deferred tax from change in tax rate recognised in other comprehensive income | | 2,415 | - |
| Deferred tax for the year recognised in income statement | | 2,664 | 31,293 |
| Deferred tax for the year recognised in comprehensive income | | (395) | (16,578) |
| Impairment and reversal of impairment previous years | | 24,500 | (25,000) |
| Reclassification to tax liabilities | | - | 98,574 |
| Disposals through divestments of businesses | | 1,160 | - |
| Adjustments to previous years | | (16,018) | (8,589) |
| Exchange rate adjustments | | (2,469) | 1,358 |
| Deferred tax at 31 December, net | | (75,271) | (102,663) |

| | Deferred tax assets | | Deferred tax liabilities | | Total deferred tax | |
|----------------------------|---------------------|----------------|--------------------------|------------------|--------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Intangible assets | 40 | 35 | (195,580) | (202,122) | (195,540) | (202,087) |
| Tangible assets | 214 | 259 | (19,941) | (29,113) | (19,727) | (28,854) |
| Tax losses carried forward | 4,488 | 103,592 | - | - | 4,488 | 103,592 |
| Capital loss | - | - | 115,743 | | 115,743 | - |
| Provisions | 10,918 | 11,649 | 8,847 | 13,037 | 19,765 | 24,686 |
| Total | 15,660 | 115,535 | (90,931) | (218,198) | (75,271) | (102,663) |

Deferred tax assets and liabilities are offset in the consolidated statement of financial position if the Group has legally enforceable right to offset current tax liabilities and the deferred tax assets and liabilities relate to the same legal tax entity.

At the end of June 2013 it was enacted that the current Danish tax rate of 25% shall decrease from 25% to 22% over a period of 3 years as follows:

| Year | Tax rate |
|------------------|----------|
| 2014 | 24.5% |
| 2015 | 23.5% |
| 2016 and onwards | 22.0% |

As at 31 December 2013 the deferred tax assets and liabilities are measured at the tax rate that applies to the period when the deferred tax assets or liabilities are expected to be utilised.

Unrecognised tax assets amount to DKK 17.9 million (2012: DKK 43.7 million). These relate to tax losses which are not expected to be utilised in the foreseeable future. The unrecognised tax assets do not expire.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

26 Pension and similar obligations

The Group contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments of annual premiums to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Group has no legal or constructive obligation to pay further contributions irrespective of the funding by these insurance companies. Pension costs related to such plans are recognised as expenses when incurred.

The Group only has defined benefit plans in Switzerland. A retirement benefit obligation is recognised in the statement of financial position based on an actuarial calculation of the present value at the end of the reporting period less the plan asset. The obligations are funded. The defined benefits plans are based on years of service, and retirement benefits depend on the funding determined on the basis of salary and contribution rates plus interest.

| | 2013 | 2012 |
|--|----------------|----------------|
| Defined benefit plans are recognised in the statement of financial position as follows: | | |
| Present value of defined benefit obligations | 62,189 | 56,260 |
| Fair value of plan assets | (63,337) | (57,417) |
| Net asset | (1,148) | (1,157) |
| Net assets are recognised in Other assets. | | |
| Plan assets consist of the following: | | |
| Equity securities | 23.45% | 24.10% |
| Debt securities | 45.37% | 44.30% |
| Properties | 10.55% | 10.60% |
| Other | 20.63% | 21.00% |
| Total | 100% | 100% |
| Actuarial assumptions | | |
| Discount rate | 2.25% | 2.00% |
| Expected return on plan assets | 2.25% | 3.75% |
| Future salary increases | 1.00% | 2.00% |

The discount rate is based on market yield and high-quality corporate bonds with maturity approximating the terms of the defined benefit obligations. Expected return on plan assets is based on the plan asset portfolio and general expectations to the economic development.

The Group expects to pay DKK 4.0 million in contribution to defined benefit plans during 2014 (2013: DKK 4.3 million).

Due to the scope of the defined benefit plans the information disclosed is determined to be adequate.

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|--|------------------|------------------|------|
| 27 Debt to credit institutions and central banks | | | |
| Debt on demand | 1,782,354 | 1,587,556 | |
| Within 3 months | 1,392 | 1,347 | |
| From 3-12 months | 16,654 | 15,565 | |
| From 1-5 years | 75,008 | 42,121 | |
| More than 5 years | 304,305 | 355,396 | |
| Total debt to credit institutions and central banks | 2,179,713 | 2,001,985 | |

| | | | |
|-----------------------|-------------------|-------------------|--|
| 28 Deposits | | | |
| Deposits | 16,696,910 | 15,296,720 | |
| Term deposits | 232,338 | 242,012 | |
| Time deposits | 745 | 2,230 | |
| Special deposits | 922,486 | 910,169 | |
| Total deposits | 17,852,479 | 16,451,131 | |

| | | |
|-----------------------|-------------------|-------------------|
| Deposits on demand | 16,680,145 | 15,336,673 |
| Within 3 months | 83,162 | 97,129 |
| From 3-12 months | 210,430 | 198,461 |
| From 1-5 years | 178,473 | 134,446 |
| More than 5 years | 700,269 | 684,422 |
| Total deposits | 17,852,479 | 16,451,131 |

Deposits on demand include DKK 3,667 million (2012: DKK 2,424 million) required by the Group as collateral for unrealised client trading positions as at 31 December, see note 35 Offsetting financial assets and liabilities.

29 Provision

| 2013 | Restructuring etc. | Other | Total |
|----------------------------------|--------------------|---------------|---------------|
| Provisions at 1 January | 45,508 | 12,780 | 58,288 |
| Additional provisions recognised | 5,192 | 18,073 | 23,265 |
| Used during the year | (7,573) | - | (7,573) |
| Reversal of unused provisions | (5,231) | (2,352) | (7,583) |
| Exchange rate adjustments | (83) | (39) | (122) |
| Provisions at 31 December | 37,813 | 28,462 | 66,275 |

At 31 December 2013 DKK 45.5 million (2012: DKK 38.7 million) of provisions are expected to be settled more than 12 months after the reporting date.

Restructuring etc.

The provision comprises legal cases and restructuring costs including costs for restructuring reorganisation of the Group's operations.

Other

The provision comprises various other obligations incurred in the course of business.

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | | | | 2013 | 2012 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---------------|------------|----------|---------------------|----------------|----------------------|----------------|---------------|----------|----------|---------------------|--|----------------------|--|------|-------|------|-------|-----|------|------------|---------|-------|---|-------|---|-----|------|------------|---------|-------|----|-------|---|-----|------|------------|---------|-------|----|-------|---|-----|------|------------|---------|-------|----|-------|---|-----|------|------------|---------|-------|----|-------|---|-----|------|------------|---------|-------|----|-------|---|-----|------|------------|--------|-------|---|-------|---|-----|------|------------|--------|-------|---|-------|---|---------------------------------|--|--|--|--|----------------|----------------|--|--|--|--|--|--|--|-----|------|-----------|-------|--------|---|---|---|---------|---------|-----------------------------|--|--|--|--|--|----------------|----------------|--|--|--|--|--|--|--|-----|------|------|------|-------|---|---|---|---------|---------|--------------------------------|--|--|--|--|--|----------------|----------------|--|--|--|--|--|--|--|--------------------------------|--|--|--|--|--|----------------|----------------|
| 30 Subordinated debt | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subordinated loans | | | | | 497,963 | 563,534 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hybrid capital | | | | | 105,530 | 106,211 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Guarantor capital | | | | | 204,400 | 201,888 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total subordinated debt | | | | | 807,893 | 871,633 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| At 31 December 2013 DKK 726 million (2012: DKK 811 million) of subordinated debt are expected to be settled more than 12 months after the reporting date. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left; vertical-align: bottom;">Currency</th> <th rowspan="2" style="text-align: left; vertical-align: bottom;">Year of issue</th> <th rowspan="2" style="text-align: left; vertical-align: bottom;">Maturity</th> <th rowspan="2" style="text-align: left; vertical-align: bottom;">Interest</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Margin first period</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Margin second period</th> </tr> <tr> <th style="text-align: center;">Rate</th> <th style="text-align: center;">Years</th> <th style="text-align: center;">Rate</th> <th style="text-align: center;">Years</th> </tr> </thead> <tbody> <tr> <td>EUR</td> <td>2006</td> <td>31.03.2014</td> <td>EURIBOR</td> <td style="text-align: center;">2.25%</td> <td style="text-align: center;">5</td> <td style="text-align: center;">4.00%</td> <td style="text-align: center;">3</td> </tr> <tr> <td>EUR</td> <td>2007</td> <td>15.12.2019</td> <td>EURIBOR</td> <td style="text-align: center;">2.95%</td> <td style="text-align: center;">10</td> <td style="text-align: center;">3.95%</td> <td style="text-align: center;">2</td> </tr> <tr> <td>EUR</td> <td>2007</td> <td>15.12.2019</td> <td>EURIBOR</td> <td style="text-align: center;">2.95%</td> <td style="text-align: center;">10</td> <td style="text-align: center;">3.95%</td> <td style="text-align: center;">2</td> </tr> <tr> <td>EUR</td> <td>2007</td> <td>15.12.2019</td> <td>EURIBOR</td> <td style="text-align: center;">2.95%</td> <td style="text-align: center;">10</td> <td style="text-align: center;">2.95%</td> <td style="text-align: center;">2</td> </tr> <tr> <td>EUR</td> <td>2007</td> <td>15.09.2020</td> <td>EURIBOR</td> <td style="text-align: center;">2.95%</td> <td style="text-align: center;">10</td> <td style="text-align: center;">2.95%</td> <td style="text-align: center;">3</td> </tr> <tr> <td>EUR</td> <td>2007</td> <td>15.09.2020</td> <td>EURIBOR</td> <td style="text-align: center;">2.95%</td> <td style="text-align: center;">10</td> <td style="text-align: center;">3.95%</td> <td style="text-align: center;">3</td> </tr> <tr> <td>DKK</td> <td>2005</td> <td>01.11.2013</td> <td>CIBOR3</td> <td style="text-align: center;">1.10%</td> <td style="text-align: center;">5</td> <td style="text-align: center;">2.60%</td> <td style="text-align: center;">3</td> </tr> <tr> <td>DKK</td> <td>2006</td> <td>01.11.2014</td> <td>CIBOR3</td> <td style="text-align: center;">1.10%</td> <td style="text-align: center;">5</td> <td style="text-align: center;">2.60%</td> <td style="text-align: center;">3</td> </tr> <tr> <td colspan="4">Total subordinated loans</td><td></td><td>497,963</td><td>563,534</td></tr> <tr> <td colspan="7">Hereof included in Capital Base DKK 376.3 million (2012: DKK 432.5 million).</td></tr> <tr> <td>DKK</td><td>2009</td><td>Perpetual</td><td>Fixed</td><td style="text-align: center;">11.11%</td><td style="text-align: center;">5</td><td style="text-align: center;">-</td><td style="text-align: center;">-</td><td>105,530</td><td>106,211</td></tr> <tr> <td colspan="4">Total hybrid capital</td><td></td><td></td><td>105,530</td><td>106,211</td></tr> <tr> <td colspan="7">Hereof included in Capital Base DKK 105.5 million (2012: DKK 106.2 million).</td></tr> <tr> <td>DKK</td><td>2010</td><td>2015</td><td>Var.</td><td style="text-align: center;">6.00%</td><td style="text-align: center;">5</td><td style="text-align: center;">-</td><td style="text-align: center;">-</td><td>204,400</td><td>201,888</td></tr> <tr> <td colspan="4">Total guarantor capital</td><td></td><td></td><td>204,400</td><td>201,888</td></tr> <tr> <td colspan="7">Hereof included in Capital Base DKK 204.4 million (2012: DKK 201.9 million).</td></tr> <tr> <td colspan="4">Total subordinated debt</td><td></td><td></td><td>807,893</td><td>871,633</td></tr> </tbody> </table> | | | | | | | Currency | Year of issue | Maturity | Interest | Margin first period | | Margin second period | | Rate | Years | Rate | Years | EUR | 2006 | 31.03.2014 | EURIBOR | 2.25% | 5 | 4.00% | 3 | EUR | 2007 | 15.12.2019 | EURIBOR | 2.95% | 10 | 3.95% | 2 | EUR | 2007 | 15.12.2019 | EURIBOR | 2.95% | 10 | 3.95% | 2 | EUR | 2007 | 15.12.2019 | EURIBOR | 2.95% | 10 | 2.95% | 2 | EUR | 2007 | 15.09.2020 | EURIBOR | 2.95% | 10 | 2.95% | 3 | EUR | 2007 | 15.09.2020 | EURIBOR | 2.95% | 10 | 3.95% | 3 | DKK | 2005 | 01.11.2013 | CIBOR3 | 1.10% | 5 | 2.60% | 3 | DKK | 2006 | 01.11.2014 | CIBOR3 | 1.10% | 5 | 2.60% | 3 | Total subordinated loans | | | | | 497,963 | 563,534 | Hereof included in Capital Base DKK 376.3 million (2012: DKK 432.5 million). | | | | | | | DKK | 2009 | Perpetual | Fixed | 11.11% | 5 | - | - | 105,530 | 106,211 | Total hybrid capital | | | | | | 105,530 | 106,211 | Hereof included in Capital Base DKK 105.5 million (2012: DKK 106.2 million). | | | | | | | DKK | 2010 | 2015 | Var. | 6.00% | 5 | - | - | 204,400 | 201,888 | Total guarantor capital | | | | | | 204,400 | 201,888 | Hereof included in Capital Base DKK 204.4 million (2012: DKK 201.9 million). | | | | | | | Total subordinated debt | | | | | | 807,893 | 871,633 |
| Currency | Year of issue | Maturity | Interest | Margin first period | | Margin second period | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Rate | Years | Rate | Years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR | 2006 | 31.03.2014 | EURIBOR | 2.25% | 5 | 4.00% | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR | 2007 | 15.12.2019 | EURIBOR | 2.95% | 10 | 3.95% | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR | 2007 | 15.12.2019 | EURIBOR | 2.95% | 10 | 3.95% | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR | 2007 | 15.12.2019 | EURIBOR | 2.95% | 10 | 2.95% | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR | 2007 | 15.09.2020 | EURIBOR | 2.95% | 10 | 2.95% | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR | 2007 | 15.09.2020 | EURIBOR | 2.95% | 10 | 3.95% | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DKK | 2005 | 01.11.2013 | CIBOR3 | 1.10% | 5 | 2.60% | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DKK | 2006 | 01.11.2014 | CIBOR3 | 1.10% | 5 | 2.60% | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total subordinated loans | | | | | 497,963 | 563,534 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hereof included in Capital Base DKK 376.3 million (2012: DKK 432.5 million). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DKK | 2009 | Perpetual | Fixed | 11.11% | 5 | - | - | 105,530 | 106,211 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total hybrid capital | | | | | | 105,530 | 106,211 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hereof included in Capital Base DKK 105.5 million (2012: DKK 106.2 million). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DKK | 2010 | 2015 | Var. | 6.00% | 5 | - | - | 204,400 | 201,888 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total guarantor capital | | | | | | 204,400 | 201,888 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hereof included in Capital Base DKK 204.4 million (2012: DKK 201.9 million). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total subordinated debt | | | | | | 807,893 | 871,633 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Subordinated debt consists of liabilities in the form of subordinated loan capital, guarantor capital and hybrid capital. In case of the Group's voluntary or compulsory winding-up the subordinated loans will not be repaid until the claims of ordinary creditors have been met. The ranking in coverage is that guarantor capital ranks below hybrid capital and hybrid capital ranks below subordinated loan capital. Early redemption of subordinated debt is subject to the approval of the Danish Financial Supervisory Authority.

Hybrid capital is redeemable between 24 November 2012 and 23 November 2014 at a price of 100, and from 24 November 2014 to 23 November 2015 at a price of 105 plus 5% if interests are waived in the period from issuing until redemption. The hybrid capital may be redeemed at a price of 110 after 24 November 2015.

Guarantor capital can only be redeemed by the guarantors if child saving accounts or pension accounts reach the end of their retention period or similar event before the maturity of guarantor capital in 2015.

NOTES – SAXO BANK GROUP

Note

31 Share capital

| (Numbers of shares outstanding) | Ordinary shares |
|--|--------------------|
| Shares issued at 1 January 2012 | 66,598,213 |
| Shares issued during the year | - |
| Total shares issued at 31 December 2012 | 66,598,213 |
| Shares issued during the year | 850 |
| Total shares issued at 31 December 2013 | 66,599,063 |

At 31 December 2013 a total of 66,599,063 (2012: 66,598,213) shares with a nominal value of DKK 1 per share are fully paid and carry the same rights.

In May 2013 Saxo Bank A/S issued 850 shares at an average price of DKK103 per share to the holders of warrants who exercised outstanding warrants, Share-based payments note 10.

| Holding of treasury shares | Number of shares ('000) | Nominal value DKK (1,000) | Percentage of ordinary shares | Sales/pur- chase price DKK (1,000) |
|--|----------------------------|---------------------------------|-------------------------------------|--|
| At 1 January 2012 | 27,190 | 27,190 | | |
| Purchased for business combinations | 11,342 | 11,342 | 0.02 | 1,642 |
| Consideration in business combinations | (38,532) | (38,532) | (0.06) | (5,580) |
| Returned in business combinations | 44,290 | 44,290 | 0.07 | 6,843 |
| Holding at 31 December 2012 | 44,290 | 44,290 | | |
| Returned in business combinations | 70,423 | 70,423 | 0.11 | 8,099 |
| Purchased | 11,336 | 11,336 | 0.02 | 1,293 |
| Sold | (669) | (669) | (0.00) | (77) |
| Holding at 31 December 2013 | 125,380 | 125,380 | | |

The treasury shares are planned to be part of employees incentive schemes.

No dividend has been declared and paid to shareholders of Saxo Bank A/S in 2013 or 2012.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

32 Contractual due dates

The following table analyses the contractual cash flows payable for the Group's financial liabilities including issued guarantees and other unutilised commitments by remaining, earliest possible contractual maturities on an undiscounted basis. Interest payments are based on market conditions at 31 December. Cash flows are expected to vary significantly from this analysis e.g. deposits as clients are required to maintain certain levels of deposits with the Group. Cash flows from subordinated debt are based on interest rates currently valid from 31 December.

The financial liabilities balances in the table do not correspond to the balances reported in the consolidated statement of financial position as all contractual cash flows are incorporated, on an undiscounted basis, relating to both principal and interest payments.

| 2013 | On demand | Within 3 months | From 3-12 months | From 1-5 years | More than 5 years | Total |
|---|-------------------|-----------------|------------------|----------------|-------------------|-------------------|
| Debt to credit institutions and central banks | 1,782,354 | 2,522 | 19,973 | 93,352 | 317,390 | 2,215,591 |
| Deposits | 16,680,145 | 83,345 | 220,105 | 182,875 | 810,308 | 17,976,778 |
| Subordinated debt | - | 4,180 | 21,894 | 384,603 | 528,673 | 939,350 |
| Total financial liabilities | 18,462,499 | 90,047 | 261,972 | 660,830 | 1,656,371 | 21,131,719 |
| Guarantees | 111,195 | 47,872 | 43,359 | 17,230 | 197,876 | 417,532 |
| Loan commitments etc. | 391,674 | 543,640 | - | - | - | 935,314 |
| Total | 18,965,368 | 681,559 | 305,331 | 678,060 | 1,854,247 | 22,484,565 |

| 2012 | On demand | Within 3 months | From 3-12 months | From 1-5 years | More than 5 years | Total |
|---|-------------------|-----------------|------------------|----------------|-------------------|-------------------|
| Debt to credit institutions and central banks | 1,587,556 | 2,544 | 19,088 | 62,231 | 371,850 | 2,043,269 |
| Deposits | 15,336,673 | 96,948 | 204,456 | 138,649 | 738,324 | 16,515,050 |
| Subordinated debt | - | 5,213 | 28,113 | 470,635 | 556,062 | 1,060,023 |
| Total financial liabilities | 16,924,229 | 104,705 | 251,657 | 671,515 | 1,666,236 | 19,618,342 |
| Guarantees | 67,074 | 31,610 | 54,897 | 51,151 | 165,792 | 370,524 |
| Loan commitments etc. | 381,934 | 573,508 | - | - | - | 955,442 |
| Total | 17,373,237 | 709,823 | 306,554 | 722,666 | 1,832,028 | 20,944,308 |

Derivative financial instruments notional and net fair value is specified by maturity in the Risk Management section on page 104 and 105. Most of the derivative financial instruments are short term and management believes that the net fair value best represents the cash flow that would have to be paid if positions had to be closed out.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

33 Acquisition and divestment of businesses

Acquisitions in 2013

No acquisitions have been completed in 2013.

Adjustments to previous years acquisitions

Contingent considerations regarding previous years acquisitions has increased by DKK 1.8 million due to revised estimates relating to earn-outs.

Divestments in 2013

The Group has completed the following divestments during 2013:

| Company | Country | Excluded from income statement | Ownership/interest divested | Gain/(loss) recognised in income statement due to loss of control |
|--|---------|--------------------------------|-----------------------------|---|
| Capital Four Management Fondsmæglerselskab A/S | Denmark | April | 100%/53% | - |
| Euroinvestor.com A/S | Denmark | June | 72%/72% | (51,810) |
| Global Evolution Fondsmæglerselskab A/S | Denmark | July | 51%/51% | 13,991 |
| Saxo Properties A/S | Denmark | October | 100%/100% | 11,583 |
| Total | | | | (26,236) |

Goodwill in Capital Four Management Fondsmæglerselskab A/S was impaired with DKK 4.1 million in 2013 prior to receiving FSA approval of the sale. The impairment was due to a fixed sales price agreed and result for the year was recognised and written down until receiving the FSA approval. The remaining investment, 47% of the shares in Capital Four Management Fondsmæglerselskab A/S, is from May 2013 accounted for as an investment in associates due to loss of control. No gain or loss was recognised due to fair value measurement of the investment retained in the former subsidiary.

Gains/(losses) recognised due to the divestments are recognised in the income statement in Other income/(Other expenses).

Acquisitions in 2012

Lembex Trading and Marketing Services Ltd., Lembex Global Investments Ltd. and NVN Securities S.A.

On 2 April 2012 the Group acquired 100% of the shares in Lembex Trading and Marketing Services Ltd. in Israel and Lembex Global Investments Ltd. in Malta. The acquisitions are a strategic step as they give access to the MT4 segment.

On 1 September 2012 the Group acquired 100% of the shares in NVN Securities S.A. in Uruguay. The acquisition is a strategic step as it provided instant access to the markets in Latin America.

Total consideration for the acquisitions was DKK 28.7 million. The consideration consists of cash DKK 20.1 million, treasury shares DKK 5.6 million and contingent consideration DKK 3.0 million. Following recognition of identifiable assets, liabilities and contingent assets at their fair value, the goodwill related to the acquisitions has been measured at DKK 25.2 million. The goodwill represents the value of the expected future profits in the acquired businesses which cannot be attributed to individually identifiable assets, including workforce and know-how.

The acquisitions made in 2012 are of a size not requiring detailed disclosure.

Adjustments to previous years acquisitions

Contingent considerations decreased by DKK 6.8 million due to settlement of earn-outs. The change in estimates of contingent considerations is recognised as an adjustment to goodwill.

Divestments in 2012

No divestments have been completed in 2012.

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|--|-------------|------------------|------------------|
| 34 Transactions with non-controlling interests | | | |
| Paid/received | | (1,265) | (1,361) |
| Proportionate share of equity acquired/disposed | | 5,813 | 500 |
| Other changes in proportionate share of equity due to other capital movements | | - | 538 |
| Difference recognised directly in equity | | 4,548 | (323) |
| 35 Offsetting financial assets and liabilities | | | |
| Derivative financial instruments with positive fair value ¹⁾ | | | |
| Gross amounts of recognised financial assets | | 5,724,944 | 4,043,806 |
| Gross amounts of recognised financial liabilities set-off in the statement of financial position | | - | - |
| Net amounts of financial assets presented in the statement of financial position | | 5,724,944 | 4,043,806 |
| Master netting agreements and similar agreements | | (1,838,735) | (1,468,320) |
| Cash collateral ²⁾ | | (3,666,565) | (2,424,403) |
| Financial collateral | | (94,124) | (34,447) |
| Net amount | | 125,520 | 116,636 |
| Derivative financial instruments with negative fair value ¹⁾ | | | |
| Gross amounts of recognised financial liabilities | | 2,600,997 | 2,099,832 |
| Gross amounts of recognised financial assets set-off in the statement of financial position | | - | - |
| Net amounts of financial liabilities presented in the statement of financial position | | 2,600,997 | 2,099,832 |
| Master netting agreements and similar agreements | | (1,838,735) | (1,468,320) |
| Financial collateral ³⁾ | | (42,788) | (181,125) |
| Net amount | | 719,474 | 450,387 |

¹⁾ Recognised as Trading assets and liabilities in statement of financial position, see note 15.

²⁾ Cash collateral received is recognised in Deposits in the statement of financial position, see note 28.

³⁾ Financial collateral is included in the bonds held in custody with institutions in note 40 Assets deposited as collateral.

Assets and liabilities are offset when the Group and the counterparty have a legally enforceable right to offset recognised amounts and have agreed to settle the balances on a net basis or to realise the asset and settle the liability simultaneously.

The Group determines a margin requirement for trading clients. The margin requirement maintained by the Group is for the purpose of providing collateral on derivative positions. The margin requirement is not set-off with the clients' unrealised positions in the statement of financial statement. In case of margin insufficiency the Group may close out all the clients' margin trades and offset against collateral received.

The Group has deposited bonds as collateral for the Group's business with financial counterparts. The collateral varies from day to day with the development in open positions (net amount of derivative financial instruments with respectively positive and negative value).

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

36 Accounting classification and valuation of financial assets and liabilities

The accounting classification can be specified as follows:

| 2013 | Fair value through profit and loss | | Amortised cost | | Total carrying amount |
|--|---------------------------------------|---------------|-----------------------|-------------------|-----------------------------|
| | Held for trading | Designated | Loans and advances | Liabilities | |
| Financial assets | | | | | |
| Cash in hand and demand deposits with central banks | - | - | 1,660,392 | - | 1,660,392 |
| Receivables from credit institutions and central banks | - | - | 2,070,192 | - | 2,070,192 |
| Trading assets | 18,353,461 | - | - | - | 18,353,461 |
| Loans and advances at amortised cost | - | - | 1,956,220 | - | 1,956,220 |
| Investment securities | - | 60,576 | - | - | 60,576 |
| Total | 18,353,461 | 60,576 | 5,686,804 | - | 24,100,841 |
| Financial liabilities | | | | | |
| Debt to credit institutions and central banks | - | - | - | 2,179,713 | 2,179,713 |
| Trading liabilities | 2,600,997 | - | - | - | 2,600,997 |
| Deposits | - | - | - | 17,852,479 | 17,852,479 |
| Subordinated debt | - | - | - | 807,893 | 807,893 |
| Total | 2,600,997 | - | - | 20,840,085 | 23,441,082 |
| 2012 | | | | | |
| Financial assets | | | | | |
| Cash in hand and demand deposits with central banks | - | - | 2,748,647 | - | 2,748,647 |
| Receivables from credit institutions and central banks | - | - | 2,461,628 | - | 2,461,628 |
| Trading assets | 14,408,557 | - | - | - | 14,408,557 |
| Loans and advances at amortised cost | - | - | 1,760,842 | - | 1,760,842 |
| Investment securities | - | 89,226 | - | - | 89,226 |
| Total | 14,408,557 | 89,226 | 6,971,117 | - | 21,468,900 |
| Financial liabilities | | | | | |
| Debt to credit institutions and central banks | - | - | - | 2,001,985 | 2,001,985 |
| Trading liabilities | 2,099,832 | - | - | - | 2,099,832 |
| Deposits | - | - | - | 16,451,131 | 16,451,131 |
| Subordinated debt | - | - | - | 871,633 | 871,633 |
| Total | 2,099,832 | - | - | 19,324,749 | 21,424,581 |

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

36 Accounting classification and valuation of financial assets and liabilities · continued

Fair value hierarchy for financial assets and liabilities

| 2013 | Level 1 | Level 2 | Level 3 | Total fair value | Total carrying amount |
|--|-------------------|------------------|------------------|-------------------|-----------------------|
| Financial assets | | | | | |
| Trading portfolio bonds | 12,622,200 | - | 2,200 | 12,624,400 | 12,624,400 |
| Trading portfolio equities | 797 | - | 3,320 | 4,117 | 4,117 |
| Derivative financial instruments with positive value | 1,305,248 | 4,045,278 | 374,418 | 5,724,944 | 5,724,944 |
| Loans and advances at amortised cost | - | - | 1,921,949 | 1,921,949 | 1,956,220 |
| Investment securities | - | - | 60,576 | 60,576 | 60,576 |
| Total | 13,928,245 | 4,045,278 | 2,362,463 | 20,335,986 | 20,370,257 |

Financial liabilities

| | | | | | |
|--|----------------|------------------|----------------|------------------|------------------|
| Derivative financial instruments with negative value | 930,473 | 1,670,524 | - | 2,600,997 | 2,600,997 |
| Subordinated debt | - | - | 769,021 | 769,021 | 807,893 |
| Total | 930,473 | 1,670,524 | 769,021 | 3,370,018 | 3,408,890 |

2012

Financial assets

| | | | | | |
|--|-------------------|------------------|------------------|-------------------|-------------------|
| Trading portfolio bonds | 10,357,688 | - | - | 10,357,688 | 10,357,688 |
| Trading portfolio equities | 3,507 | - | 3,556 | 7,063 | 7,063 |
| Derivative financial instruments with positive value | 1,420,097 | 2,623,709 | - | 4,043,806 | 4,043,806 |
| Loans and advances at amortised cost | - | - | 1,716,885 | 1,716,885 | 1,760,842 |
| Investment securities | - | - | 89,226 | 89,226 | 89,226 |
| Total | 11,781,292 | 2,623,709 | 1,809,667 | 16,214,668 | 16,258,625 |

Financial liabilities

| | | | | | |
|--|----------------|------------------|----------------|------------------|------------------|
| Derivative financial instruments with negative value | 582,500 | 1,517,332 | - | 2,099,832 | 2,099,832 |
| Subordinated debt | - | - | 786,808 | 786,808 | 871,633 |
| Total | 582,500 | 1,517,332 | 786,808 | 2,886,640 | 2,971,465 |

The fair value of Cash in hand and demand deposits with central banks, Receivables from credit institutions and central banks, Debt to credit institutions and central banks and Deposits is assumed to equal to the carrying amount.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

36 Accounting classification and valuation of financial assets and liabilities - continued

Financial assets and financial liabilities measured at fair value

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

If quoted prices for financial instruments fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established using interbank quoted prices or valuation techniques. Interbank quoted prices are generally provided by several other financial institutions.

The Group has an ongoing process of assessing the best valuation technique and changes in the valuation process are implemented when relevant. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Group applies valuation techniques for FX options. Valuation techniques used are different option pricing models. In most cases the valuation is substantially based on observable input, such as interbank quoted prices and implied volatility.

The Group has unprecedented open CFD contracts with clients where credit adjustments are included in the fair value measurement.

At 31 December 2013, financial assets valued on the basis of non-observable input comprise:

- Open CFD contracts with clients with insufficient collateral after credit adjustment DKK 375 million (2012: DKK 0 million).
The credit adjustment is based on the placed collateral and an estimate of the clients creditworthiness.
The clients are per agreements obliged to provide further collateral and have done that regularly both in 2013 and 2014
in order to reach the full sufficient collateral within a reasonable timeframe.
- Investment securities DKK 61 million (2012: DKK 89 million), which are measured based on third party pricing information.

Financial assets and financial liabilities measured at amortised cost

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

Fair value of loans and advances is primarily estimated on expected prepayment, the basis of difference between the current market interest rate level and the loans as well as the difference between the expected and incurred loss on the loans.

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

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|---|----------------|---------------|------|
| 36 Accounting classification and valuation of financial assets and liabilities · continued | | | |
| Financial assets and liabilities measured at fair value categorised into level 3 of the fair value hierarchy | | | |
| Fair value at 1 January | 92,782 | 73,485 | |
| Additions | 642,188 | 36,782 | |
| Disposals | (37,067) | (19,855) | |
| Gains and losses recognised in income statement: | | | |
| Fair value adjustments realised | (3,234) | - | |
| Fair value adjustments unrealised | (254,155) | 2,370 | |
| Fair value at 31 December | 440,514 | 92,782 | |

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

Of transfer into level 3 DKK 625 million are fair value of open CFD contracts with clients with insufficient collateral. The unobservable credit risk adjustment of the value hereof is DKK 250 million. Fair value of the credit risk adjustment may change with DKK -60/+250 million if the clients creditworthiness is worse or better than estimated.

A 20% increase or decrease in the fair value of investment securities measured based on non-observable input would result in a profit or loss of DKK 13.2 million (2012: DKK 18.6 million).

37 Hedge accounting

Hedge of net investments

The Group hedges the exchange rate risk of net investments in certain foreign entities by establishing hedge relationships between its net investment in foreign entities and currency derivatives or a non-derivative currency financial liability designated as the hedging instruments. The Group does not hedge the entities' expected income or other future transactions. At 31 December 2013, the carrying amount of net investment in entities hedged amounted to DKK 1,033 million (2012: DKK 989 million) and the corresponding fair value of the hedging instrument amounted to DKK 1,033 million (2012: DKK 989 million).

Cash flow hedge

The Group hedges its exposure to variability in future cash flows due to changes in interest rates on the Group's mortgage debt with a variable interest rate by establishing a hedge relationship between the debt and interest swaps designated as the hedging instruments. At 31 December 2013, the carrying amount of mortgage hedged amounted to DKK 363 million (2012: DKK 378 million) and the fair value of the hedging instrument amounted to DKK 62 million and nominal value DKK 62 million (2012: DKK 90 million and nominal value DKK 89 million).

The time periods in which the hedged cash flows are expected to occur and affect the statement of comprehensive income are as follows:

| | 2013 | 2012 |
|----------------------|----------|----------|
| Cash inflows | | |
| Within 1 year | 4,450 | 4,720 |
| 1-5 years | 15,300 | 16,469 |
| Over 5 years | 16,128 | 19,409 |
| Cash outflows | | |
| Within 1 year | (17,371) | (18,180) |
| 1-5 years | (61,017) | (64,712) |
| Over 5 years | (71,750) | (85,425) |

During 2013 losses of DKK 14.2 million (2012: DKK 13.9 million) relating to cash flow hedge were transferred from equity to profit or loss and are reflected in Interest expense. At 31 December 2013 net gains of DKK 26.8 million (2012: net losses of DKK 13.9 million) relating to the cash flow hedges were recognised in other comprehensive income.

NOTES – SAXO BANK GROUP

| Note | (DKK 1,000) | 2013 | 2012 |
|-----------|--|----------------|----------------|
| 38 | Operational leasing | | |
| | Future operating lease payments | | |
| | Within 1 year | 64,776 | 56,999 |
| | From 1-5 years | 43,801 | 66,517 |
| | More than 5 year | 970 | 1,096 |
| | Total | 109,547 | 124,612 |

The Group is the lessee in a number of operating leases, involving mainly leasing of office premises, car leasing and other.

Operating lease expenses recognised in the income statement in 2013 amounts to DKK 71.3 million (2012: DKK 72.0 million).

39 Related parties

No party has the controlling influence in Saxo Bank A/S. As at 31 December 2013, the following shareholders are registered as holders of more than 5% of the share capital of Saxo Bank A/S:

Fournais Holding A/S, DK-2850 Nærum, Denmark.
Lars Seier Christensen Holding A/S, DK-1256 Copenhagen, Denmark.
TPG Merl Sarl, L-2453, Luxembourg.

| (DKK million) | Parties with significant influence | | Board of Directors | | Associates | | Joint ventures | |
|------------------------------|------------------------------------|------|--------------------|------|------------|------|----------------|------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Deposits (liabilities) | 5 | 18 | - | 65 | - | 1 | - | - |
| Software development | - | - | - | - | 3 | 17 | - | - |
| Administrative services etc. | 2 | 1 | - | - | - | - | 1 | 1 |

Parties with significant influence include shareholders with holdings exceeding 20% of Saxo Bank A/S.

Board of Management is due to their significant ownership in Saxo Bank A/S through their holding companies included in Parties with significant influence.

Remuneration to Board of Directors and Board of Management is disclosed in note 9 Staff costs and administrative expenses.

Saxo Bank A/S nor any Group companies have provided any loans, pledges or guarantees to any member of Saxo Bank A/S' Board of Directors or Board of Management or to persons related to these.

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

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

40 Assets deposited as collateral

Of the Group's bond holdings nominal EUR 514 million (2012: EUR 451 million), with a fair value of DKK 3.8 billion (2012: DKK 3.4 billion), are held in custody with institutions with full right of disposal for the Group. The bonds serve as security for the Group'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 99% (2012: 89%) of the fair value of the bond holdings provided as security at 31 December 2013.

Of the Group's deposits with investment brokers, banks and other credit institutions, DKK 600 million (2012: DKK 800 million) have been provided as security for the Group's ongoing financial business.

The Group has deposited bonds nominal 48 million (2012: 40 million) with a fair value of DKK 49.2 million (2012: DKK 40.2 million) as security for an interest swap.

Debt to credit institutions is secured by mortgage deed of DKK 477 million (2012: DKK 477 million) on the Group's domicile property.

| | 2013 | 2012 |
|--|----------------|----------------|
| 41 Contingent and other contractual commitments | | |
| Guarantees | | |
| Financial guarantees | 103,709 | 90,693 |
| Mortgage finance guarantees | 124,475 | 107,902 |
| Registration and remortgaging guarantees | 7,502 | 17,815 |
| Other guarantees | 181,846 | 154,114 |
| Total guarantees | 417,532 | 370,524 |
| Loan commitments etc. | | |
| Other unutilised credit facilities | 935,314 | 955,442 |
| Total loan commitments etc. | 935,314 | 955,442 |
| Other contractual commitments | | |
| Other contractual commitments incl. operating leases | 382,915 | 370,315 |
| Total other contractual commitments | 382,915 | 370,315 |

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

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

Note 38 provides information about the future operating lease payments.

NOTES – SAXO BANK GROUP

Note (1,000)

42 Group subsidiaries

| | | Currency | Result | Equity | Ownership |
|---|-----|-----------|----------|----------|-----------|
| Financial institutions | | | | | |
| Saxo Bank do Brasil Escritório de Rep. Ltda, Brazil (consolidated from 1 September 2013) | BRL | - | - | - | 100% |
| Saxo Bank Dubai Ltd., Dubai | USD | 409 | 2,182 | 2,182 | 100% |
| Saxo Banque France SAS, France | EUR | 1,031 | 9,133 | 9,133 | 100% |
| Saxo Bank FX Securities K.K., Japan | JPY | 69,762 | 978,804 | 978,804 | 100% |
| Saxo Bank (Switzerland) AG, Switzerland | CHF | 15,012 | 56,910 | 56,910 | 100% |
| Saxo Capital Markets Agente de Valores S.A., Uruguay | UYU | (7,193) | (2,023) | (2,023) | 100% |
| Saxo Capital Markets BV, Netherland | EUR | (5) | 24 | 24 | 100% |
| Saxo Capital Markets CY Limited, Cyprus | EUR | (5,108) | 1,792 | 1,792 | 100% |
| Saxo Capital Markets HK, Hong Kong | HKD | (19,005) | 48,898 | 48,898 | 100% |
| Saxo Capital Markets Menkul Degerler Anonim Sirketi, Turkey | TRY | (1,169) | 14,040 | 14,040 | 100% |
| Saxo Capital Markets Pty Ltd., Australia | AUD | (2,568) | 5,574 | 5,574 | 100% |
| Saxo Capital Markets Pte. Ltd., Singapore | SGD | 21,327 | 64,809 | 64,809 | 100% |
| Saxo Capital Markets S.A., Panama ¹⁾ | USD | - | - | - | 100% |
| Saxo Capital Markets SA Ltd., South Africa | ZAR | (714) | 21,897 | 21,897 | 100% |
| Saxo Capital Markets UK Ltd., UK | GBP | 1,328 | 7,194 | 7,194 | 100% |
| Saxo Payments A/S (established 27 June 2013) | DKK | - | - | - | 50.1% |
| Saxo Privatbank A/S, Denmark | DKK | (110,117) | 140,766 | 140,766 | 99.5% |
| SBSF Ltd., UK | GBP | 30 | (69) | (69) | 100% |
| Other | | | | | |
| Ejendomsselskabet Bygning 119 A/S, Denmark | DKK | 4,021 | 149,737 | 149,737 | 100% |
| I.I.Real Estate A/S, Denmark | DKK | (50) | (1,158) | (1,158) | 100% |
| Initto A/S, Denmark | DKK | (479) | 30,612 | 30,612 | 100% |
| Lembex Trading and Marketing Services Ltd., Israel | ILS | (5,419) | (735) | (735) | 100% |
| Saxo Jet A/S, Denmark | DKK | - | (10,301) | (10,301) | 100% |
| Saxo Soft A/S, Denmark | DKK | (280) | (724) | (724) | 100% |
| Saxo Treasury A/S, Denmark | DKK | 2,511 | 406,559 | 406,559 | 100% |

¹⁾The subsidiary does not publish an annual report.

The information disclosed is extracted from the companies' most recent annual reports.

Information regarding divested subsidiaries is disclosed in note 33 Acquisition and divestment of businesses.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

The Group's overall risk framework is established by the Board of Directors through instructions and policies that set the scope for the Group's risk taking activities. The Board instructions determine risk limits for credit, market, liquidity and operational risks. In addition, the Board of Directors has issued a credit policy setting specific guidelines for managing counterparties and other relevant areas of credit risk.

The Board of Management applies the instructions and policies through an implemented risk management framework. The on-going monitoring and control of the risks is delegated to the Group's Risk Director and carried out in the risk management department.

The Group carries out the following main activities:

- Online trading and investment and other investment services within capital markets to retail clients, corporations, financial institutions and white label clients
- Portfolio, fund and asset management to retail and professional clients
- Classic bank services in Denmark, primarily to retail clients, hereunder bank accounts and debit/credit cards, mortgage credit, bank advice services and pension products

During the year, the Board of Directors monitors and adjusts the Group's overall risk parameters for market risks such as foreign exchange, equities, commodities and interest related products, as well as credit risks such as margin levels and counterpart exposure limits, in response to changes in market conditions and trading volumes. The Board of Directors approves specified thresholds for each type of risk.

Risk exposure

The Group is exposed to a number of risks which can be categorised as follows:

- Credit risk: The risk of loss due to counterparties of the Group failing to fulfil their agreed obligations
- Market risk: The risk of loss due to movements in market risk factors
- Liquidity risk: The risk of being unable to meet obligations as they fall due
- Operational risk: The risk of loss resulting from inadequate or failed processes, people or systems

Management's Report and the Risk Report 2013 provide additional information about the Group's risk management approach. Risk Report 2013 is available for download from the Group's website at <http://www.saxoworld.com/investorrelations/icaap-and-risk-reports>. The Risk Report is not covered by the statutory audit.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT RISK

Credit risk is defined as the risk of counterparties of the Group failing to fulfil their agreed obligations.

The Group operates in accordance with the Board instructions and the credit policy approved by the Board of Directors. The Board instructions set rules on accepted counterparties and thereby diversification of the Group's engagements. The instructions also set limits on counterparty credit exposure, considering creditworthiness, geography and other measures aiming at minimising the credit risk undertaken. Furthermore, the credit 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 Group has segregated duties in order 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 corporate loan portfolio is diversified based on geography and industry sectors.

Credit risk due to counterpart's 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.

The Group is exposed to five main sources of credit and counterparty risk as described below.

Margin sufficiency

Credit risk arises as a result of losses sustained by the counterparty on margin trading. This credit risk increases if markets movements are exceptional, significant and incur within a short timeframe.

The risk is monitored on a real-time basis, both automatically and manually, with the execution of risk mitigating intervention in due time to avoid credit loss situations. There are monitoring controls in place to mitigate concentration risk which could increase credit risk.

Credit lines

Credit risk arises as a result of credit lines offered to certain counterparties subject to credit assessment. The credit assessment is carried out in the credit risk management function.

Retail bank activities

Retail banking activities constitute traditional banking services such as loans, overdraft facilities, business credits, construction and housing credits, guarantees etc. The granting of a credit is based on the Group's insight into the client's financial position. As part of this process, the Group strives to ensure that each facility matches the credit quality and financial position of the client.

Settlement risk

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

Interest bearing assets

Credit risk arises as a result of the Group's placements of funds with credit institutions or in bills and bonds.

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

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

Credit risk exposure

The Group's credit risk exposure consists of financial position items and off-balance items that involve credit risk. Exposure risk derives from lending activities, derivative financial instruments (counterparty risk) and exposure from investing activities.

| Breakdown of credit risk exposure without taking collateral into account | Credit risk, lending activities | Counter- party risk, derivatives | Credit risk, investing activities | Total |
|--|---------------------------------------|--|---|-------------------|
| 2013 | | | | |
| Statement of financial position item | | | | |
| Cash in hand and demand deposits with central banks | - | - | 1,660,392 | 1,660,392 |
| Receivables from credit institutions and central banks | - | - | 2,070,192 | 2,070,192 |
| Trading assets | - | 5,724,944 | 12,628,517 | 18,353,461 |
| Loans and advances at amortised cost before impairment | 2,091,923 | - | - | 2,091,923 |
| Investment securities | - | - | 60,576 | 60,576 |
| Credit exposure before impairment | 2,091,923 | 5,724,944 | 16,419,677 | 24,236,544 |
| Impairment loans and advances | (135,703) | - | - | (135,703) |
| Credit exposure in statement of financial position | 1,956,220 | 5,724,944 | 16,419,677 | 24,100,841 |
| Off-balance items | | | | |
| Guarantees | 417,532 | - | - | 417,532 |
| Other unutilised credit facilities | 547,553 | - | - | 547,553 |
| Impairment for off-balance items | (1,094) | - | - | (1,094) |
| Credit exposure off-balance items | 963,991 | - | - | 963,991 |
| Total credit exposure net of impairment | 2,920,211 | 5,724,944 | 16,419,677 | 25,064,832 |
| 2012 | | | | |
| Statement of financial position item | | | | |
| Cash in hand and demand deposits with central banks | - | - | 2,748,647 | 2,748,647 |
| Receivables from credit institutions and central banks | - | - | 2,461,628 | 2,461,628 |
| Trading assets | - | 4,043,806 | 10,364,751 | 14,408,557 |
| Loans and advances at amortised cost before impairment | 1,948,090 | - | - | 1,948,090 |
| Investment securities | - | - | 89,226 | 89,226 |
| Credit exposure before impairment | 1,948,090 | 4,043,806 | 15,664,252 | 21,656,148 |
| Impairment loans and advances | (184,391) | - | - | (184,391) |
| Credit exposure in statement of financial position | 1,763,699 | 4,043,806 | 15,664,252 | 21,471,757 |
| Off-balance items | | | | |
| Guarantees | 370,524 | - | - | 370,524 |
| Other unutilised credit facilities | 574,986 | - | - | 574,986 |
| Impairment for off-balance items | (2,857) | - | - | (2,857) |
| Credit exposure off-balance items | 942,653 | - | - | 942,653 |
| Total credit exposure net of impairment | 2,706,352 | 4,043,806 | 15,664,252 | 22,414,410 |

The Group has in addition granted credit facilities in regards to stock loans. The additional unutilised credit facilities amount to DKK 387.8 million as per 31 December 2013 (2012: DKK 380.5 million). The credit facilities can only be utilised, if required collateral is provided and can be terminated on demand.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES

Lending activities comprise loan and advances at amortised cost and related off-balance items that involve credit risk. Loans and advances at amortised cost include receivables from investment brokers, trading clients and lending clients.

Credit exposure and credit concentration risk based on sector and industry relating to lending activities is managed on an ongoing basis in accordance with the credit policy and monitored monthly.

The Group's credit granting is based on insight into the client's financial position as well as continuous monitoring of the development in the client's financial situation in order to assess whether the conditions for the credit granting have changed.

The client's creditworthiness is classified into six different rating categories, where category 1-3 covers outstanding, good or standard clients, while category 4 covers clients that show some weakness. Category 5-6 covers weak clients that need increased attention.

Category 6 includes clients with individually impaired loans and advances, due to the borrower's significant financial difficulties where the loan is deemed uncollectable or the expected proceeds from collateral will not be sufficient to cover the credit exposure.

Credit exposure broken down by rating category

Loans, advances, guarantees and off balance sheet commitments that involve credit risk are classified into the following six rating categories.

| 2013 | Maximum credit exposure | Individual impairment | Exposure before collateral | Collateral held | Remaining exposure |
|--|--------------------------------|------------------------------|-----------------------------------|------------------------|---------------------------|
| 1 Outstanding clients | 414,964 | - | 414,964 | 145,127 | 269,837 |
| 2 Good clients | 500,944 | - | 500,944 | 165,080 | 335,864 |
| 3 Standard clients | 1,599,649 | - | 1,599,649 | 358,484 | 1,241,165 |
| 4 Clients that show some weakness | 142,914 | - | 142,914 | 25,895 | 117,019 |
| 5 Weak clients that need increased attention | 102,726 | - | 102,726 | 11,848 | 90,878 |
| 6 Clients with impairment | 295,811 | (130,902) | 164,909 | 16,862 | 148,047 |
| Total before collective impairment | 3,057,008 | (130,902) | 2,926,106 | 723,296 | 2,202,810 |
| Collective impairment | - | (5,895) | (5,895) | - | (5,895) |
| Total | 3,057,008 | (136,797) | 2,920,211 | 723,296 | 2,196,915 |

2012

| | | | | | |
|--|------------------|------------------|------------------|----------------|------------------|
| 1 Outstanding clients | 400,313 | - | 400,313 | 263,397 | 136,916 |
| 2 Good clients | 421,145 | - | 421,145 | 78,929 | 342,216 |
| 3 Standard clients | 1,466,051 | - | 1,466,051 | 260,055 | 1,205,996 |
| 4 Clients that show some weakness | 179,528 | - | 179,528 | 22,896 | 156,632 |
| 5 Weak clients that need increased attention | 92,051 | - | 92,051 | 11,960 | 80,091 |
| 6 Clients with impairment | 334,512 | (183,005) | 151,507 | 17,985 | 133,522 |
| Total before collective impairment | 2,893,600 | (183,005) | 2,710,595 | 655,222 | 2,055,373 |
| Collective impairment | - | (4,243) | (4,243) | - | (4,243) |
| Total | 2,893,600 | (187,248) | 2,706,352 | 655,222 | 2,051,130 |

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

| (DKK 1,000) | 2013 | 2012 |
|--|-------------|-------------|
| CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES · continued | | |
| Credit exposure broken down by sector, industry and geography (%) | | |
| Corporate sector | | |
| Agriculture, hunting, forestry and fisheries | 2% | 3% |
| Industry and extraction of raw materials | 2% | 2% |
| Buildings and construction | 2% | 2% |
| Trading | 4% | 3% |
| Transport, hotels and restaurants | 2% | 2% |
| Finance and insurance | 10% | 9% |
| Real estate | 9% | 6% |
| Other businesses | 8% | 5% |
| Total corporate sector | 39% | 32% |
| Private clients | 61% | 68% |
| Total credit exposure loans, advances, guarantees, etc. net of impairment | 100% | 100% |
| Hereof related to clients in foreign countries | 5% | 8% |

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES · continued

Collateral held against lending activities

An essential element of the Group's credit policy is to reduce risk in the loan portfolio by requiring collateral. The Group continuously assesses the value of the current market value of the collaterals. For the most common types of collateral the Group has its own valuation models that estimate the value. For collateral types where no valuation models exist, the valuation is done manually. The value of the collateral is assessed at the current estimated market value including a haircut. Haircut is an estimation of the cost that would occur at a forced sale. For property the haircut depends on property type, condition, location etc.

The main categories of collateral are shown in the table below. Clients' collateral is included up to the amount of debt it covers.

| 2013 | | Investment brokers and trading clients | Lending clients | Total |
|--|--|--|--------------------|------------------|
| Credit exposure net of impairment | | 317,090 | 2,603,121 | 2,920,211 |
| Collateral | | | | |
| Cash ¹⁾ | | 36,998 | 4,737 | 41,735 |
| Exchange traded equities, bonds and mutual funds ¹⁾ | | 60,830 | 191,132 | 251,962 |
| Property | | - | 364,133 | 364,133 |
| Other | | - | 65,466 | 65,466 |
| Total collateral | | 97,828 | 625,468 | 723,296 |
| Total unsecured credit exposure lending activities | | 219,262 | 1,977,653 | 2,196,915 |
| 2012 | | | | |
| Credit exposure net of impairment | | 377,630 | 2,328,722 | 2,706,352 |
| Collateral | | | | |
| Cash ¹⁾ | | 1,004 | 7,331 | 8,335 |
| Exchange traded equities, bonds and mutual funds ¹⁾ | | 206,024 | 114,072 | 320,096 |
| Property | | - | 264,183 | 264,183 |
| Other | | - | 62,608 | 62,608 |
| Total collateral | | 207,028 | 448,194 | 655,222 |
| Total unsecured credit exposure lending activities | | 170,602 | 1,880,528 | 2,051,130 |

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

| (DKK 1,000) | 2013 | 2012 |
|--|----------------|----------------|
| CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES · continued | | |
| Impairment for loans, advances and guarantees | | |
| Individual impairment for loans, advances and guarantees | | |
| Impairment at 1 January | 183,005 | 153,477 |
| Impairment | 25,144 | 49,889 |
| Reversals of impairment from previous years | (9,204) | (6,679) |
| Other | 2,798 | 1,230 |
| Loss written off | (70,841) | (41,742) |
| Transferred from receivables from credit institutions and central banks | - | 26,830 |
| Individual impairment for loans, advances and guarantees at 31 December | 130,902 | 183,005 |
| Collective impairment for loans, advances and guarantees | | |
| Impairment at 1 January | 4,243 | 2,816 |
| Impairment | 1,652 | 1,427 |
| Collective impairment for loans, advances and guarantees at 31 December | 5,895 | 4,243 |

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES · continued

Past due loans and advances but not impaired

| | | Investment brokers and trading clients | Lending clients | Total |
|---|--|--|--------------------|----------------|
| 2013 | | | | |
| From 1 day to 1 month | | 1,621 | 95,039 | 96,660 |
| From 1-3 months | | 1,730 | 3,332 | 5,062 |
| More than 3 months | | 997 | 1,363 | 2,360 |
| Total past due loans and advances but not impaired | | 4,348 | 99,734 | 104,082 |

2012

| | | | |
|---|---------------|---------------|----------------|
| From 1 day to 1 month | 5,295 | 82,118 | 87,413 |
| From 1-3 months | 572 | 3,532 | 4,104 |
| More than 3 months | 14,991 | 4,626 | 19,617 |
| Total past due loans and advances but not impaired | 20,858 | 90,276 | 111,134 |

Credit quality of loans and advances neither past due nor impaired

| | | Investment brokers and trading clients | Lending clients | Total |
|---|--|--|--------------------|------------------|
| 2013 | | | | |
| 1 Outstanding clients | | 18,367 | 202,001 | 220,368 |
| 2 Good clients | | 15,280 | 234,583 | 249,863 |
| 3 Standard clients | | 1,775 | 1,089,064 | 1,090,839 |
| 4 Clients that show some weakness | | 1,269 | 116,786 | 118,055 |
| 5 Weak clients that need increased attention | | - | 75,550 | 75,550 |
| Total loans and advances neither past due nor impaired | | 36,691 | 1,717,984 | 1,754,675 |

2012

| | | | |
|---|----------------|------------------|------------------|
| 1 Outstanding clients | 199,851 | 77,253 | 277,104 |
| 2 Good clients | - | 173,844 | 173,844 |
| 3 Standard clients | - | 886,115 | 886,115 |
| 4 Clients that show some weakness | - | 117,188 | 117,188 |
| 5 Weak clients that need increased attention | - | 61,121 | 61,121 |
| Total loans and advances neither past due nor impaired | 199,851 | 1,315,521 | 1,515,372 |

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT EXPOSURE RELATING TO COUNTERPARTY AND INVESTING ACTIVITIES

Credit exposure due to counterparty and investing activities comprises receivables from credit institutions and central banks, derivative financial instruments with positive fair value and bonds.

Counterparties consist of financial institutions such as banks, brokers, clearinghouses etc, which are part of the Group's daily financial trading or investment activities. The Group's credit granting is based on insight into the counterparty's financial position as well as continuous monitoring of the counterparties' financial state in order to assess whether the conditions for the credit granting have changed.

Net current exposure on derivative financial instruments with positive value is disclosed in note 35 Offsetting financial assets and liabilities.

The rating of counterparties and bonds is based on Standard & Poor's rating methodology or equivalent rating.

Receivables from credit institutions and central banks and demand deposits with central banks broken down by credit rating category

| 2013 | Credit institutions | Central banks | Total |
|---------------------------------|----------------------------|----------------------|------------------|
| AAA | 11,888 | 1,646,596 | 1,658,484 |
| AA+ | 312,709 | - | 312,709 |
| AA- | 420,728 | - | 420,728 |
| A+ | 257,903 | - | 257,903 |
| A | 644,700 | - | 644,700 |
| A- | 236,862 | - | 236,862 |
| BBB+ | 70,280 | - | 70,280 |
| BBB- | 19,562 | - | 19,562 |
| Sub-investment grade or unrated | 95,560 | - | 95,560 |
| Total | 2,070,192 | 1,646,596 | 3,716,788 |

| 2012 | Credit institutions | Central banks | Total |
|---------------------------------|----------------------------|----------------------|------------------|
| AAA | 113,091 | 2,735,142 | 2,848,233 |
| AA+ | 231,071 | - | 231,071 |
| AA- | 572,124 | - | 572,124 |
| A+ | 589,692 | - | 589,692 |
| A | 590,693 | - | 590,693 |
| A- | 204,263 | - | 204,263 |
| BBB+ | 117,726 | - | 117,726 |
| BBB- | 37 | - | 37 |
| Sub-investment grade or unrated | 42,931 | - | 42,931 |
| Total | 2,461,628 | 2,735,142 | 5,196,770 |

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT EXPOSURE RELATING TO COUNTERPARTY AND INVESTING ACTIVITIES · continued

Receivables from credit institutions and central banks and demand deposits with central banks broken down by geography

| 2013 | Credit institutions | Central banks | Total |
|---------------------------|----------------------------|----------------------|------------------|
| Denmark | 415,037 | 533,880 | 948,917 |
| Europe, excluding Denmark | 1,167,180 | 1,112,681 | 2,279,861 |
| Australia | 144,346 | - | 144,346 |
| Asia | 340,513 | - | 340,513 |
| Other | 3,116 | 35 | 3,151 |
| Total | 2,070,192 | 1,646,596 | 3,716,788 |

2012

| | | | |
|---------------------------|------------------|------------------|------------------|
| Denmark | 591,858 | 1,656,363 | 2,248,221 |
| Europe, excluding Denmark | 1,490,249 | 1,078,741 | 2,568,990 |
| USA | 94,204 | - | 94,204 |
| Australia | 3,071 | - | 3,071 |
| Asia | 282,246 | - | 282,246 |
| Other | - | 38 | 38 |
| Total | 2,461,628 | 2,735,142 | 5,196,770 |

Impairment for receivables from credit institutions and central banks

No receivables from credit institutions or central banks are considered past due or impaired (2012: DKK 0 million). No collateral is received from credit institutions and central banks (2012: DKK 0 million).

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT EXPOSURE RELATING TO COUNTERPARTY AND INVESTING ACTIVITIES · continued

Bond portfolio broken down by rating category

| 2013 | Danish mortgage bonds | Government bonds | Corporate bonds | Other bonds | Total |
|---------------------------------|--------------------------------------|-----------------------------|----------------------------|------------------------|-------------------|
| AAA | 1,558,034 | 1,352,424 | - | - | 2,910,458 |
| AA+ | 18,734 | 4,974,881 | - | - | 4,993,615 |
| Other investment grade | - | 4,706,903 | - | - | 4,706,903 |
| Sub-investment grade or unrated | - | - | 4,422 | 9,002 | 13,424 |
| Total | 1,576,768 | 11,034,208 | 4,422 | 9,002 | 12,624,400 |

| 2012 | | | | | |
|---------------------------------|------------------|------------------|--------------|--------------|-------------------|
| AAA | 830,055 | 1,936,297 | - | 33 | 2,766,385 |
| AA+ | - | 5,566,394 | - | - | 5,566,394 |
| Other investment grade | 795,518 | 1,216,144 | 299 | 6,671 | 2,018,632 |
| Sub-investment grade or unrated | - | - | 4,202 | 2,075 | 6,277 |
| Total | 1,625,573 | 8,718,835 | 4,501 | 8,779 | 10,357,688 |

Bonds with no rating are mainly attributable to structured bonds and unrated corporate bonds.

Bond portfolio broken down by geography

| 2013 | Danish mortgage bonds | Government bonds | Corporate bonds | Other bonds | Total |
|---------------------------|--------------------------------------|-----------------------------|----------------------------|------------------------|-------------------|
| Denmark | 1,576,768 | 5,319 | 4,422 | 2,102 | 1,588,611 |
| Europe, excluding Denmark | - | 6,054,007 | - | 5,120 | 6,059,127 |
| USA | - | 4,974,882 | - | 1,780 | 4,976,662 |
| Total | 1,576,768 | 11,034,208 | 4,422 | 9,002 | 12,624,400 |

| 2012 | | | | | |
|---------------------------|------------------|------------------|--------------|--------------|-------------------|
| Denmark | 1,625,573 | 5,483 | 3,496 | 2,075 | 1,636,627 |
| Europe, excluding Denmark | - | 2,180,504 | 1,005 | 6,704 | 2,188,213 |
| USA | - | 6,532,848 | - | - | 6,532,848 |
| Total | 1,625,573 | 8,718,835 | 4,501 | 8,779 | 10,357,688 |

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK

Market risk is defined as the risk of loss due to movements in market prices on risk factors such as foreign exchange, equities, commodities and interest rates. Market risk arises from handling the client flow in the market maker functions or from proprietary positions in the Group's treasury activities. The objective of Market Risk Management is to manage and control market risk exposures within the Board given mandate.

The Board of Directors has set limits for the different risk factor types via the Board instructions; these are allocated within the Group's subsidiaries and subsequently trading organisation. The limits are monitored by the risk management department and utilisation is reported back to the Board of Directors.

Sensitivity analysis for each type of market risk for the Group is disclosed below. This information is supported by VaR information for part of the market risk in the Group.

| | 2013 | 2012 |
|--|---------------|-----------------|
| Foreign currency risk | | |
| Assets in foreign currency, total | 19,124,312 | 17,984,982 |
| Liabilities in foreign currency, total | 20,809,276 | 18,530,704 |
| Foreign currency indicator 1 | 677,405 | 1,387,344 |
| Foreign currency indicator 1 is the higher of the sum of long foreign currency positions or the sum of short foreign currency positions. | | |
| Foreign currency indicator 2 | 4,122 | 32,005 |
| Foreign currency indicator 2 is calculated on the basis of variances and covariances published by the Danish FSA on the basis of the last 3 years' rolling 10-day periods. A foreign currency indicator 2 equal to DKK 4.1 million (2012: 32.0 million) means, that if the Group does not change foreign currency positions in the following 10 days, there is a 1 per cent probability that the Group will have a capital loss greater than DKK 4.1 million (2012: DKK 32.0 million). | | |
| Interest rate risk | | |
| Interest rate risk on financial instruments included in trading portfolio | 44,606 | 21,985 |
| Interest rate risk on loans not included in the trading portfolio | (34,295) | (35,391) |
| Total interest rate risk | 10,311 | (13,406) |

Interest rate risk is calculated by a parallel shift in the interest rate curve with one percentage point.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK · continued

Equity price risk

The risk of loss due to movements in market risk factors is based on the net position of long and short positions in equities including associates and equity contracts. Purchase price adjustments for investment in associates are not included.

The Group has certain equities not held for trading, which are strategic banking industry investments which support part of the retail bank activities.

Fair value of equities and notional amounts of equity contracts are disclosed as follows:

| | 2013 | 2012 |
|--------------------------------|---------|---------|
| Long positions, net | 411,675 | 456,461 |
| <i>hereof equity contracts</i> | 365,368 | 321,022 |
| Short positions, net | 136,785 | 24,425 |
| <i>hereof equity contracts</i> | 84,597 | 9,471 |
| Net positions | 317,903 | 432,036 |
| <i>hereof equity contracts</i> | 280,771 | 311,550 |

Equity price risk is calculated by an increase/decrease of 5% (2012: 5%) in equity values and for equity contracts the notional amounts which will result in a profit/loss of DKK 15.9 million (2012: DKK 21.6 million).

Commodity price risk

The Group's commodity price risk is disclosed as part of the VaR information.

Risk-weighted assets according to the standard method for market risk

| 2013 | Group | Of which is covered by VaR positions ¹⁾ |
|-----------------------|---------|---|
| Foreign currency risk | 677,405 | 570,758 |
| Interest rate risk | 817,658 | 487,470 |
| Equity price risk | 416,398 | 399,353 |
| Commodity price risk | 57,908 | 57,908 |

| 2012 | Group | Of which is covered by VaR positions ¹⁾ |
|-----------------------|-----------|---|
| Foreign currency risk | 1,387,344 | 1,251,435 |
| Interest rate risk | 501,613 | 331,204 |
| Equity price risk | 458,026 | 346,007 |
| Commodity price risk | 83,365 | 83,365 |

¹⁾ VaR positions are disclosed on page 103.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK · continued

Trading and investment services

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

The market risk of the trading portfolios is quantified and monitored against a number of exposure, loss and Value-at-Risk limits.

Exposure and loss limit utilisations are monitored on an ongoing basis and reported at five minute intervals, while Value-at-Risk limit utilisation is evaluated on an end-of-day basis.

Exposure limits are both set according to the underlying asset class, and also on a more granular level differentiating between different risk profiles within a single asset class.

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 considered and monitored.

Exposure limits on equities are set on gross, net and single to cater for both market movements and concentration risk. Exposure limits on commodities are also set on gross, net and single. The single level is furthermore broken into tenors to avoid concentration risk in specific time buckets.

Loss limits are set on a single day basis and on a five day rolling basis, and relative to the underlying asset class and exposure mandate.

The Value-at-Risk (VaR) is the estimated loss that potentially could arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR limit framework used by the Group is based upon a 95% confidence and assumes a 1 day holding period. The VaR model used is based on Monte Carlo simulations to account for non-linear instruments.

VaR is deemed to be a good basis for comparing and monitoring risk across different asset classes. However, the model is based on certain assumptions that should be noted:

- A 1-day holding period assumes that it is possible to hedge or dispose of positions within that period. This may not be the case for highly illiquid markets
- A 95% confidence level does not reflect losses that may occur beyond this level
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios

| | 2013 | 2012 |
|-----------------------|-------|-------|
| VaR position | | |
| Foreign currency risk | 4,328 | 2,141 |
| Interest rate risk | 401 | 603 |
| Equity price risk | 4,943 | 2,729 |
| Commodity price risk | 222 | 261 |
| Total VaR | 5,326 | 4,298 |

To supplement VaR a stress testing framework is implemented. Based on the most important risk factors in terms of exposures and VaR contributors, a number of stress tests have been constructed to determine the Group'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.

The VaR position is dependent on the Group's exposure (limits) and the conditions in the market place. The VaR positions at 31 December 2013 are in general representative for the VaR development during 2013. Any fluctuations in VaR were mainly due to changing market conditions, as exposure limits were held steady through 2013.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK · continued

Derivative financial instruments

| | 2013 | | 2012 | | 2013 | | 2012 | |
|--------------------------------|------------------|----------------|------------------|------------------|---------------------|---------------------|---------------------|---------------------|
| | Notional amount | Net fair value | Notional amount | Net fair value | Fair value Positive | Fair value Negative | Fair value Positive | Fair value Negative |
| Currency contracts | | | | | | | | |
| Forwards/futures purchased | 14,334,087 | 11,080 | 8,779,507 | (105,268) | 118,986 | (107,906) | 42,881 | (148,150) |
| Forwards/futures sold | 15,010,740 | 54,442 | 8,752,152 | 111,963 | 161,870 | (110,428) | 143,236 | (31,273) |
| Options purchased | 21,019,334 | (115,427) | 35,803,324 | (263,816) | 514,692 | (630,119) | 444,246 | (708,062) |
| Options written | 17,272,420 | 495,777 | 26,345,883 | 387,113 | 600,813 | (105,036) | 557,742 | (170,629) |
| Interest rate contracts | | | | | | | | |
| Forwards/futures purchased | 9,599,468 | 21,944 | 5,165,108 | (2,274) | 23,119 | (1,175) | 5,377 | (7,651) |
| Forwards/futures sold | 9,601,398 | (23,047) | 5,162,904 | 4,459 | 3,217 | (26,264) | 12,401 | (7,942) |
| Options purchased | 1,728,717 | (2,108) | 368,979 | (299) | 1,323 | (3,431) | 135 | (434) |
| Options written | 1,728,717 | 2,106 | 368,979 | 306 | 3,431 | (1,325) | 434 | (128) |
| Swaps | 363,411 | (61,696) | 377,675 | (89,563) | - | (61,696) | - | (89,563) |
| Equity contracts | | | | | | | | |
| Forwards/futures purchased | 18,447,672 | 219,404 | 15,932,099 | 518,352 | 1,006,862 | (787,458) | 869,371 | (351,019) |
| Forwards/futures sold | 17,470,822 | 766,494 | 15,288,967 | 422,362 | 881,116 | (114,622) | 564,657 | (142,295) |
| Options purchased | 652,631 | (23,718) | 305,856 | (14,244) | 243 | (23,961) | - | (14,244) |
| Options written | 652,659 | 23,718 | 305,856 | 14,244 | 23,961 | (243) | 14,244 | - |
| Commodity contracts | | | | | | | | |
| Forwards/futures purchased | 3,028,972 | 44,160 | 5,275,735 | 87,413 | 62,182 | (18,022) | 112,306 | (24,893) |
| Forwards/futures sold | 3,005,480 | (6,067) | 5,191,179 | 5,199 | 26,577 | (32,644) | 51,346 | (46,147) |
| Options purchased | 244,560 | (18,277) | 160,733 | (7,588) | 13 | (18,290) | 4 | (7,592) |
| Options written | 244,560 | 18,277 | 160,733 | 7,588 | 18,290 | (13) | 7,592 | (4) |
| Total | 1,407,062 | | 1,075,947 | 3,449,695 | (2,042,633) | 2,825,972 | (1,750,025) | |

Unsettled spot transactions

| Currency contracts | | | | | | | | |
|--|------------------|-----------|----------------|------------------|------------------|------------------|------------------|-----------|
| Foreign exchange, transactions purchased | 28,964,016 | 127,966 | 25,496,510 | 236,686 | 633,632 | (505,666) | 506,061 | (269,375) |
| Foreign exchange, transactions sold | 37,676,429 | 1,527,223 | 28,482,914 | 631,341 | 1,641,617 | (114,394) | 711,773 | (80,432) |
| Total | 1,655,189 | | 868,027 | 2,275,249 | (620,060) | 1,217,834 | (349,807) | |

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK · continued

Derivative financial instruments – specified by maturity

| 2013 | Within 3 months | | 3-12 months | | 1-5 years | | > 5 years | |
|--------------------------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|
| | No. of contracts | Notional amount |
| Currency contracts | | | | | | | | |
| Forwards/futures purchased | 11,141,808 | (30,291) | 3,192,279 | 41,371 | - | - | - | - |
| Forwards/futures sold | 11,195,576 | 90,276 | 3,815,164 | (35,834) | - | - | - | - |
| Options purchased | 10,143,186 | (116,697) | 10,874,628 | 1,528 | 1,520 | (258) | - | - |
| Options written | 9,719,347 | 158,836 | 7,550,160 | 336,838 | 2,913 | 103 | - | - |
| Interest rate contracts | | | | | | | | |
| Forwards/futures purchased | 4,584,714 | 16,564 | 544,526 | 28 | 4,470,228 | 5,352 | - | - |
| Forwards/futures sold | 4,589,599 | (20,637) | 544,463 | 50 | 4,467,336 | (2,460) | - | - |
| Options purchased | 350,090 | (154) | 369,699 | (86) | 1,008,928 | (1,868) | - | - |
| Options written | 350,090 | 152 | 369,699 | 88 | 1,008,928 | 1,866 | - | - |
| Swaps | - | - | - | - | - | - | 363,411 | (61,696) |
| Equity contracts | | | | | | | | |
| Forwards/futures purchased | 18,292,220 | 223,927 | 144,161 | (3,713) | 10,842 | (797) | 449 | (13) |
| Forwards/futures sold | 17,315,305 | 762,037 | 144,071 | 3,885 | 10,977 | 580 | 469 | (8) |
| Options purchased | 546,290 | (12,981) | 90,827 | (8,048) | 15,514 | (2,689) | - | - |
| Options written | 546,290 | 12,981 | 90,855 | 8,052 | 15,514 | 2,685 | - | - |
| Commodity contracts | | | | | | | | |
| Forwards/futures purchased | 2,183,848 | 33,792 | 810,288 | 10,032 | 34,836 | 336 | - | - |
| Forwards/futures sold | 2,155,915 | (2,016) | 814,734 | (3,720) | 34,831 | (331) | - | - |
| Options purchased | 191,341 | (6,513) | 51,798 | (11,585) | 1,421 | (179) | - | - |
| Options written | 191,341 | 6,513 | 51,798 | 11,585 | 1,421 | 179 | - | - |

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK · continued

Derivative financial instruments – specified by maturity

| 2012 | Within 3 months | | 3-12 months | | 1-5 years | | > 5 years | |
|--------------------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | Notional amount | Net fair value |
| Currency contracts | | | | | | | | |
| Forwards/futures purchased | 7,018,595 | (94,604) | 1,760,912 | (10,664) | - | - | - | - |
| Forwards/futures sold | 7,339,494 | 98,792 | 1,412,658 | 13,171 | - | - | - | - |
| Options purchased | 30,322,261 | (231,574) | 5,481,063 | (32,242) | - | - | - | - |
| Options written | 21,159,214 | 248,567 | 5,184,515 | 138,448 | 2,154 | 98 | - | - |
| Interest rate contracts | | | | | | | | |
| Forwards/futures purchased | 4,350,407 | (2,065) | 222,658 | 34 | 592,043 | (243) | - | - |
| Forwards/futures sold | 4,348,620 | 3,834 | 222,509 | 114 | 591,775 | 511 | - | - |
| Options purchased | 363,933 | (299) | 2,195 | - | 2,851 | - | - | - |
| Options written | 363,933 | 306 | 2,195 | - | 2,851 | - | - | - |
| Swaps | - | - | - | - | - | - | 377,675 | (89,563) |
| Equity contracts | | | | | | | | |
| Forwards/futures purchased | 15,880,754 | 520,983 | 40,621 | (585) | 7,050 | (1,091) | 3,674 | (955) |
| Forwards/futures sold | 15,237,144 | 420,211 | 40,757 | 449 | 7,369 | 771 | 3,697 | 931 |
| Options purchased | 271,167 | (9,638) | 34,271 | (4,471) | 418 | (135) | - | - |
| Options written | 271,167 | 9,638 | 34,271 | 4,471 | 418 | 135 | - | - |
| Commodity contracts | | | | | | | | |
| Forwards/futures purchased | 3,830,676 | 57,856 | 1,358,274 | 27,115 | 86,785 | 2,442 | - | - |
| Forwards/futures sold | 3,728,760 | 19,124 | 1,375,825 | (11,675) | 86,594 | (2,250) | - | - |
| Options purchased | 141,824 | (4,376) | 17,641 | (2,882) | 1,268 | (330) | - | - |
| Options written | 141,824 | 4,376 | 17,641 | 2,882 | 1,268 | 330 | - | - |

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

LIQUIDITY RISK

The Group operates with a liquidity pool available at all times in the form of unencumbered, highly liquid securities and cash instruments to address the estimated potential cash needs during a liquidity crisis. The Group acknowledges the value of flexibility and the balance between the counterparty risks associated with holding cash during a liquidity crisis, and the importance of being liquid during the first period of a liquidity crisis.

The Group operates with the following main liquidity objectives:

- The Group has the capacity to fulfill all payment obligations as and when they fall due – to their full extent and in the currency required
- The Group continues as a going concern under its current business model in case of increasing cost of funding or even lack of funding
- Prevent the Group's cost of funding rising to disproportionate levels

Operational liquidity risk

On a contractual basis the Group has more obligations due on demand or within a short time frame than assets held by the Group maturing on demand or within a short timeframe. In order to address this mismatch it is the policy of the Group to hold a buffer at all times in cash or cash-like securities to meet any outgoing demands based on reasonable estimates. Furthermore, it is the Group's policy to keep an appropriate liquidity pool available at all times to meet any other payment obligations in due time.

Liquidity stress testing

It is the policy of the Group to update, maintain and execute stress tests on the liquidity on an ongoing basis. The methods and scenarios are 1) client and partner funds withdrawal, 2) adverse interest rate curve shifts, 3) prepayment on any outstanding loans or credit facilities and 4) business impairment resulting in client funds growth standstill. The scenarios include both individual stress and collected aggregated adverse movements against liquidity.

Through the monthly reporting to the Board of Management the assumptions and scenarios are reviewed and updated upon necessary judgment.

Structural liquidity risk

It is the policy of the Group to operate with a viable liquidity contingency plan which outlines the chain of command in event of liquidity crisis, a precise definition of how and when a liquidity issue may arise – including scenarios of 1) client deposit withdrawals, 2) adverse interest rate curve shift, 3) funds unchanged throughout the specified period 4) other unspecified events.

The contingency plan, which is continuously maintained and developed, outlines early warning signs containing threshold indicators which, upon breach, will notify the Group Treasury Department, who is responsible for escalating the matter accordingly to the chain of command.

Funding sources

The primary source of funding for the Group is client deposits. A part of this is used to service the Group's lending book as well as the Group's margin trading. Secondary funding sources are loans, credit facilities, REPOS and accumulated earnings. The Group does not need nor require obtain external funding in the normal course of business.

In a general market crisis or specific bank crisis, the Group can access liquidity through a reallocation of its investments to demand deposits and/or halt business growth to such an extent that collateral placed with business partners, which consists mainly of short term, highly liquid Government debt securities, are available.

Liquidity – regulatory requirements

In addition to the regulatory capital requirement the Group are subject to regulatory liquidity requirements. The liquidity shall amount to no less than:

- 15 % of the debt exposures that, irrespective of possible payment conditions, are the liability of the Group to pay on demand or at notice of no more than one month, and
- 10 % of the total debt and guarantee exposures of the Group, less subordinated debt that may be included in calculations of the capital base.

The following may be included in calculations of liquidity:

- cash in hand,
- fully secured and liquid demand deposits with credit institutions and insurance companies, and
- equity investments of secure and easily realisable securities and credit funds not used as collateral.

The Group met the regulatory liquidity requirements throughout the year 2013. The regulatory liquidity requirement for the Group including the 50% additional requirement was DKK 4.51 billion (2012: DKK 3.81 billion). The Group's liquidity as of 31 December 2013 to cover this requirement was DKK 12.50 billion (2012: DKK 12.03 billion).

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

In addition the Danish Financial Supervisory Authority expects all Danish banks to hold a “funding-ratio” below 1. The “funding-ratio” is loans divided by the sum of deposits, subordinated debt and equity.

The “funding-ratio” for the Group as of 31 December 2013 was 0.088 (2012: 0.085).

The Group is continuously monitoring its liquidity in order to ensure compliance with the liquidity requirements.

CRD IV and CRR require the Group to monitor and report a short-term Liquidity Coverage Ratio (LCR), and a long-term Net Stable Funding Ratio (NSFR). In Denmark, LCR will be phased in as a new liquidity requirement, i.e. a gradual phasing-in of 60% of the full requirement in 2015 to 100% in 2018. The Group expects the LCR requirement to be more restrictive than the current Danish regulation due to expected higher liquidity requirements on investment bank activities which is the Group’s core business. The Group is monitoring the final regulation and interpretations closely and has taken action based on the estimated impact on the future liquidity regulation.

OPERATIONAL RISK

Operational risk is inherent in all business activities, and cannot be completely eliminated. Further, operational risk has no material upside in terms of return/income generation, which means that the Group cannot generally expect a higher return by accepting more operational risk. Therefore, the overall objective of operational risk management is to identify material risks and to mitigate them where feasible and to an economically reasonable extent.

Operational risk covers the risk of direct or indirect loss resulting from inadequate or failed internal processes, human errors, errors in IT-systems or as a consequence of external events. This definition includes legal and compliance risk, but excludes business and reputational risk.

The Group's operational risk appetite is defined as the level of residual risk tolerated by the Group in the pursuit of its business objectives. In general, the Bank has a low tolerance towards operational risks and is aiming to reduce the losses resulting from these events to a point where the Group is not materially impacted by them. However, the Group has zero tolerance towards operational risk related to fraud and compliance breaches and takes its utmost to mitigate these types of risk.

Furthermore, the attitude and approach of the Group's employees are crucial for successful operational risk management. The Group aims to build a strong operational risk culture using awareness tools. The awareness approach ensures that all employees have relevant and sufficient knowledge of operational risks related to their tasks and any precautionary measures necessary to prevent such risks from arising. The Group promotes a culture which strives to continuously improve working processes with an awareness of the associated operational risks.

Operational Risk Management Framework

The Group has established an operational risk management framework and takes the necessary steps to understand the business' exposure to risk arising from failures in internal controls, operational processes or the systems that support them.

The aim of the operational risk management framework is to enable the Group to collect, assess, manage, and report operational risk efficiently and effectively.

Collection and registration of data

The mapping of the Group's operational risk landscape is based on historical data and internal risk self-assessments. The following techniques for collecting operational risk events are used and documented, and they form the basis for a consistent examination of the Group's exposures related to operational risk:

- All losses above a certain limit arising from operational risk events are collected and registered in an error register on a daily basis. Potential losses and near miss events are also captured in the error register
- Operational risk self-assessments are conducted across the Group on a regular basis. This activity ensures that all material operational risks inherent in the Group's products, activities, processes and systems are captured in a systematic and timely manner. Operational risks inherent in new products, activities, processes and systems are assessed before the initiatives are introduced or undertaken

The Group further uses additional sources of data, such as employee surveys and external event data, to review, challenge and ensure the completeness of the operational risk landscape.

Assessment

The assessment includes a systematic evaluation of risk events in terms of likelihood and impact based on expected loss frequency and expected loss on average. Each risk event is evaluated in light of implemented mitigating measures/controls. Control failures, where applicable, are captured and evaluated. In addition, the Group determines the extreme loss (the highest loss that the actual event could have resulted in) for each event, given worst-case operating conditions.

To determine the Group's capital requirements in the context of operational risk, the content of the risk register with insurance effect is used as input to the calculations. The calculation is based on Monte Carlo simulation which 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 events are assessed and evaluated in cooperation with internal parties through workshops.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

Management and Mitigation

The following three methods are mainly used to manage and mitigate risks:

- **Insurance coverage:** Insurance coverage is used to ensure appropriate protection against extreme events. However, the Group may incur liabilities that are not covered by insurance as not all claims are insurable. Thus, there can be no assurance that the Group will not experience major incidents of a nature that are non-insurable.
- **Contingency plan:** Contingency plans are developed in accordance with the overall risk strategy. These are regularly reviewed, updated and tested.
- **Controls:** Controls are in place to prevent or detect material risk events. Implementation and improvements of controls are based on a cost benefit analysis.

Reporting

Operational risk errors with material impact or a direct and indirect loss above a certain limit are reported to the Board of Directors. The report describes events that led or could lead to substantial losses and actions taken to ensure that the likelihood of similar errors is reduced.

At least annually, a written report describing the size and development of the Group's operational risks is provided, enabling the Board of Directors to make changes to the operational risk policy. The report provides an assessment of the current operational risk landscape, describes the events that led or could have led to substantial losses for the Group, proposed changes to the Group's business model, system and products.

Policy

The Group's operational risk policy is approved by the Board of Directors and is reviewed annually. Furthermore, the Board of Directors has established guidelines for handling the Group's Operational Risk in the instructions to the Board of Management.

CAPITAL BASE

Capital base – regulatory requirements

Saxo Bank A/S and the Group are both subject to Danish regulatory capital requirements and therefore need to comply with the capital requirements of the Danish Financial Business Act. The rules are based on the EU capital requirements directives. Financial subsidiaries in and outside Denmark must comply with Danish or local capital requirements. The ICAAP is determined in accordance with the Danish guidelines.

The Group reports each month in regards to the capital requirements to the Danish Financial Supervisory Authority.

The Group must hold a capital base at least equal to the current ICAAP level as determined by the Board of Directors. This ICAAP level cannot be less than the minimum regulatory requirement equal to 8% of risk-weighted assets. The calculation of the ICAAP result is based on an internal process in which management assesses the overall risks. The ICAAP is updated regularly as capital requirements are subject to change due to changes in the business as well as risks and controls, both internally and externally.

As of 31 December 2013, the capital base for the Group was DKK 2.04 billion after inclusion of the total comprehensive income for the year, compared with DKK 1.71 billion as of 31 December 2012. The change in the capital base is mainly due to increase in Core tier 1 capital.

As of 31 December 2013, the Group's ICAAP result showed a capital requirement of DKK 1.63 billion.

The Group met the regulatory capital requirements throughout the year 2013.

The statement of Capital base for the Group on page 48 and for Saxo Bank A/S on page 120 provides a specification of the Capital base including Core tier 1 capital and Tier 1 capital, and note 30 Subordinated debt provides a specification of guarantor capital, hybrid capital and subordinated debt recognised in the Capital base.

The Fourth edition of the Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CRR) were approved by the EU Council of Ministers end of June 2013 and applicable from 2014. Danish legislation implementing CRD IV was approved in March and becomes effective end of March 2014. Some of the regulation standards from the European Banking Authority EBA are still delayed.

Based on draft regulation and draft transition rules issued from Danish FSA and EBA the estimated effect on the total capital (capital base) is expected to be minor beginning of January 2014. All external subordinated debt issued by the Group in the capital calculation does not fulfill the requirements in CRR. None of the subordinated debt will be eligible for inclusion in the capital calculations from end of 2017 and will stepwise be reduced from beginning of 2014 to end of 2017 based on CRR and Danish transition rules.

The estimated impact beginning of January 2014 may change due to final Danish regulation and transition rules and final regulation standards from EBA especially due to pending final standards regarding Prudent Valuation Adjustments in Core tier 1 Capital.

The Group expects an increase in risk-weighted assets implementing CRR beginning of 2014.

CRD IV and CRR require the Group to report and monitor their leverage ratios. From 2014, leverage ratios will be assessed under Pillar II (ICAAP requirement).

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

The Group has a capital contingency plan which contains a contingency plan for deviations from expectations and decisions of what should happen in case of unexpected events.

Reporting, ICAAP and Risk Report

Under Danish law Saxo Bank A/S must publish the result of its Internal Capital Adequacy Assessment Process (ICAAP) every quarter. The unaudited reports are available at www.saxoworld.com/investorrelations.

The unaudited Risk Report (Pillar III report) 2013 specifies the Regulatory Capital and Risk Weighted Assets as well as estimated impact of the new regulation beginning of 2014 and is available at www.saxoworld.com/investorrelations.

NOTES – KEY FIGURES AND RATIOS – SAXO BANK GROUP

| (DKK 1,000) | IFRS | | | | Danish GAAP |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Key figures | | | | | |
| Net interest, fees and commissions | 956,924 | 934,631 | 873,786 | 676,400 | 223,539 |
| Price and exchange rate adjustments | 1,904,040 | 2,031,754 | 2,653,073 | 2,661,694 | 2,003,963 |
| Staff costs and administrative expenses | (2,048,121) | (2,508,063) | (2,498,552) | (2,230,328) | (1,736,706) |
| Impairment charges for receivables, loans, advances etc. ¹⁾ | (16,834) | (39,947) | (48,392) | (14,022) | (45,692) |
| Income from associates and joint ventures | (16,457) | 19,635 | 9,024 | 11,050 | 988 |
| Net profit | 162,161 | 80,892 | 617,750 | 643,513 | 201,351 |
| Loans and advances at amortised cost | 1,956,220 | 1,760,842 | 1,690,399 | 1,989,898 | 92,159 |
| Subordinated debt | 807,893 | 871,633 | 902,512 | 941,977 | 409,283 |
| Total equity | 3,492,681 | 3,364,506 | 3,240,031 | 2,880,040 | 2,335,103 |
| Total assets | 27,746,196 | 25,623,196 | 27,018,212 | 22,437,694 | 15,210,534 |
| Average number of employees | 1,362 | 1,522 | 1,413 | 964 | 927 |
| Ratios | | | | | |
| Total capital ratio, Solvency ratio | 16.2% | 13.5% | 14.5% | 16.5% | 19.0% |
| Tier 1 capital ratio | 13.3% | 10.1% | 10.8% | 12.9% | 14.9% |
| Return on equity before tax | 7.2% | 4.6% | 27.7% | 35.0% | 14.4% |
| Return on equity after tax | 4.7% | 2.4% | 20.2% | 24.7% | 10.7% |
| Cost/income ratio | 1.09 | 1.05 | 1.31 | 1.37 | 1.14 |
| Interest rate risk | 0.6% | 1.1% | 0.5% | 10.1% | 5.1% |
| Foreign exchange rate risk/Tier 1 capital | 40.6% | 109.2% | 193.1% | 68.2% | 145.7% |
| Value at risk of foreign exchange rate risk/Tier 1 capital | 0.2% | 2.5% | 5.7% | 1.2% | 4.4% |
| Loans and advances plus impairment charges/Deposits | 11.7% | 11.8% | 12.4% | 13.1% | 1.0% |
| Loans and advances proportional to total equity | 0.6 | 0.5 | 0.5 | 0.7 | 0.0 |
| Growth in loans and advances ²⁾ | 11.1% | 4.2% | (15.1)% | 2,059.5% | 8.1% |
| Additional liquidity/liquidity requirement | 316.0% | 373.9% | 441.4% | 432.3% | 764.5% |
| Sum of large exposures/Capital base | - | - | 47.3% | 36.8% | 14.0% |
| Loss and provisions ratio (loans and advances) | 1.1% | 1.2% | 3.8% | 0.6% | 7.5% |

¹⁾ Includes contributions related to the loss guarantee to the Danish Private Contingency Association until 2010.

²⁾ The significant increase in 2010 is caused by the acquisition of Saxo Privatbank A/S (former Brørup Sparekasse A/S).

See page 112 for definitions.

The consolidated figures for 2010-2013 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. Consolidated figures for 2009 are prepared in accordance with the Danish Financial Business Act. Comparative figures for 2009 are not restated. The impact on these figures is assessed not to be material.

NOTES – DEFINITIONS OF KEY FIGURES AND RATIOS

Total capital ratio, Solvency ratio

Capital base as a percentage of risk-weighted assets.

Tier 1 capital ratio

Total equity including Net profit less Intangible assets including goodwill and other intangible assets from investments in associates and joint ventures, Proposed dividend and Deferred tax assets as a percentage of risk-weighted assets.

Return on equity before tax

Profit before tax as a percentage of average total equity.

Return on equity after tax

Net profit as a percentage of average total equity.

Cost/income ratio

Operating income plus Other income, Income from associates and joint ventures and Income from subsidiaries proportional to Staff costs and administrative expenses plus Depreciation, amortisation and impairment of intangible and tangible assets plus Other expenses and impairment charges for loans, advances etc.

Interest rate risk

Interest rate risk under market risk as a percentage of Tier 1 capital.

Foreign exchange rate risk/Tier 1 capital

Foreign exchange rate risk as a percentage of Tier 1 capital.

Value at risk/Tier 1 capital base

Value at risk of foreign exchange rate risk as a percentage of Tier 1 capital.

Loans and advances plus impairment charges/ Deposits

Loans and advances gross (before impairment charges) as a percentage of Deposits.

Loans and advances proportional to total equity

Loans and advances proportional to total equity.

Growth in loans and advances

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

Additional liquidity/liquidity requirement

Cash in hand and demand deposits with central banks plus Receivables from credit institutions and central banks plus equity investments of secure and easily realisable securities and credit funds not used as collateral, less the liquidity requirement as a percentage of the liquidity requirement.

Sum of large exposures/Capital base

Large exposures as a percentage of Capital base.

Loss and provisions ratio

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

PARENT COMPANY

– SAXO BANK A/S

INCOME STATEMENT – SAXO BANK A/S
1 JANUARY – 31 DECEMBER

| Note | (DKK 1,000) | 2013 | 2012 |
|------|---|------------------|------------------|
| 2 | Interest income | 866,683 | 799,736 |
| 3 | Interest expense | (121,699) | (117,210) |
| | Net interest income | 744,984 | 682,526 |
| 4 | Fee and commission income | 966,367 | 886,713 |
| 5 | Fee and commission expense | (1,804,369) | (1,604,384) |
| | Net interest, fees and commissions | (93,018) | (35,145) |
| 6 | Price and exchange rate adjustments | 1,887,130 | 2,052,912 |
| | Operating income | 1,794,112 | 2,017,767 |
| 7 | Other income | 84,736 | 94,446 |
| 8, 9 | Staff costs and administrative expenses | (1,392,763) | (1,707,836) |
| 10 | Depreciation, amortisation and impairment of intangible and tangible assets | (461,844) | (330,029) |
| | Other expenses | (69,671) | (4,407) |
| | Impairment charges for receivables, loans, advances etc. | (1,572) | (14,670) |
| | Income from associates, subsidiaries and joint ventures | 239,350 | 45,239 |
| | Profit before tax | 192,348 | 100,510 |
| 11 | Tax | (40,446) | (32,937) |
| | Net profit | 151,902 | 67,573 |
| | Net profit attributable to: | | |
| | Equity method reserve | 119,471 | (333,498) |
| | Retained earnings | 32,431 | 401,071 |
| | Total | 151,902 | 67,573 |

STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK A/S
1 JANUARY – 31 DECEMBER

| Note | (DKK 1,000) | 2013 | 2012 |
|------|---|-----------------|----------------|
| | Net profit | 151,902 | 67,573 |
| | Other comprehensive income | | |
| | Items that will not be reclassified subsequently to income statement: | | |
| | Other comprehensive income from subsidiaries, net of tax | 3,784 | 49,238 |
| | Items that will not be reclassified subsequently to income statement | 3,784 | 49,238 |
| | Items that may be reclassified subsequently to income statement: | | |
| | Exchange rate adjustments | (93,469) | 11,479 |
| 25 | Hedge of net investments in foreign entities | 66,249 | (8,696) |
| | Other comprehensive income from subsidiaries, net of tax | 19,851 | (10,412) |
| | Other comprehensive income from associates and joint ventures, net of tax | 600 | 5,390 |
| 11 | Tax on other comprehensive income | (16,565) | 2,174 |
| | Items that may be reclassified subsequently to income statement | (23,334) | (65) |
| | Total other comprehensive income, net of tax | (19,550) | 49,173 |
| | Total comprehensive income | 132,352 | 116,746 |

STATEMENT OF FINANCIAL POSITION – SAXO BANK A/S
AT 31 DECEMBER

| Note | (DKK 1,000) | 2013 | 2012 |
|---------------|--|-------------------|-------------------|
| ASSETS | | | |
| | Cash in hand and demand deposits with central banks | 209,766 | 1,258,954 |
| 12 | Receivables from credit institutions and central banks | 1,012,680 | 1,487,976 |
| 13,14 | Loans and advances at amortised cost | 351,926 | 489,623 |
| 15 | Bonds at fair value | 10,158,698 | 8,094,954 |
| | Equities | 3,937 | 9,694 |
| 16 | Investments in associates and joint ventures | 325,227 | 318,412 |
| 17 | Investments in subsidiaries | 1,865,764 | 1,837,819 |
| 18 | Intangible assets | 1,931,115 | 2,219,646 |
| 19 | Tangible assets | 114,631 | 161,025 |
| | Tax receivables | 128,552 | 20,991 |
| 22 | Deferred tax assets | 195 | 438 |
| | Other assets | 5,850,629 | 4,152,031 |
| | Prepayments | 51,256 | 64,231 |
| | Total assets | 22,004,376 | 20,115,794 |

STATEMENT OF FINANCIAL POSITION – SAXO BANK A/S
AT 31 DECEMBER

| Note | (DKK 1,000) | 2013 | 2012 |
|--------------------|---|-------------------|-------------------|
| LIABILITIES | | | |
| 20 | Debt to credit institutions and central banks | 3,198,420 | 2,832,444 |
| 21 | Deposits | 11,678,544 | 10,885,476 |
| | Tax liabilities | 11,174 | 878 |
| | Other liabilities | 2,978,904 | 2,397,378 |
| | Total debt | 17,867,042 | 16,116,176 |
| 22 | Deferred tax liabilities | 214,121 | 209,741 |
| 23 | Other provisions | 54,901 | 45,276 |
| | Total provisions | 269,022 | 255,017 |
| 24 | Subordinated debt | 410,300 | 410,314 |
| EQUITY | | | |
| | Share capital | 66,599 | 66,598 |
| | Equity method reserve | 185,160 | 85,239 |
| | Retained earnings | 3,206,253 | 3,182,450 |
| | Total equity | 3,458,012 | 3,334,287 |
| | Total equity and liabilities | 22,004,376 | 20,115,794 |

STATEMENT OF CHANGES IN EQUITY – SAXO BANK A/S
AT 31 DECEMBER

| (DKK 1,000) | Share capital | Equity method reserve | Retained earnings | Total |
|--|---------------|-----------------------|-------------------|------------------|
| Equity 1 January 2013 | 66,598 | 85,239 | 3,182,450 | 3,334,287 |
| Net profit | - | 119,471 | 32,431 | 151,902 |
| Other comprehensive income | | | | |
| Exchange rate adjustments | - | (93,469) | - | (93,469) |
| Hedge of net investments in foreign entities | - | 66,249 | - | 66,249 |
| Other comprehensive income from subsidiaries, net of tax | - | 23,635 | - | 23,635 |
| Other comprehensive income from associates, net of tax | - | 600 | - | 600 |
| Tax on other comprehensive income | - | (16,565) | - | (16,565) |
| Total other comprehensive income | - | (19,550) | - | (19,550) |
| Total comprehensive income | - | 99,921 | 32,431 | 132,352 |
| Transactions with owners | | | | |
| Share-based payments | - | - | 600 | 600 |
| Increase in share capital | 1 | - | 87 | 88 |
| Treasury shares | - | - | (9,315) | (9,315) |
| Equity 31 December 2013 | 66,599 | 185,160 | 3,206,253 | 3,458,012 |

As at 31 December 2013, the share capital consisted of 66,599,063 (2012: 66,598,213) shares with a nominal value of DKK 1.
Holding of treasury shares is disclosed in note 31 Share capital in the consolidated financial statements.

**STATEMENT OF CHANGES IN EQUITY – SAXO BANK A/S
AT 31 DECEMBER**

| (DKK 1,000) | Share capital | Equity method reserve | Retained earnings | Total |
|--|---------------|-----------------------|-------------------|------------------|
| Equity 1 January 2012 | 66,598 | 372,673 | 2,783,564 | 3,222,835 |
| Net profit | - | (333,498) | 401,071 | 67,573 |
| Other comprehensive income | | | | |
| Exchange rate adjustments | - | 11,479 | - | 11,479 |
| Hedge of net investments in foreign entities | - | (8,696) | - | (8,696) |
| Other comprehensive income from subsidiaries, net of tax | - | 38,826 | - | 38,826 |
| Other comprehensive income from associates, net of tax | - | 5,390 | - | 5,390 |
| Tax on other comprehensive income | - | 2,174 | - | 2,174 |
| Total other comprehensive income | - | 49,173 | - | 49,173 |
| Total comprehensive income | - | (284,325) | 401,071 | 116,746 |
| Transactions with owners | | | | |
| Share-based payments | - | - | 720 | 720 |
| Treasury shares | - | - | (2,905) | (2,905) |
| Other capital movements | - | (3,109) | - | (3,109) |
| Equity 31 December 2012 | 66,598 | 85,239 | 3,182,450 | 3,334,287 |

STATEMENT OF CAPITAL BASE – SAXO BANK A/S
AT 31 DECEMBER

| (DKK 1,000) | 2013 | 2012 |
|---|------------------|------------------|
| Total shareholders' equity | 3,458,012 | 3,334,287 |
| Intangible assets ¹⁾ | (2,114,309) | (2,412,967) |
| Deferred tax liabilities, intangible assets | 230,218 | 228,569 |
| Deferred tax assets | (16,292) | (19,266) |
| Core tier 1 capital | 1,557,629 | 1,130,623 |
| Investments in associates (50%) ²⁾ | (61,969) | (48,014) |
| Tier 1 capital | 1,495,660 | 1,082,609 |
| Subordinated loans, reduced value | 354,350 | 373,013 |
| Investments in associates (50%) ²⁾ | (61,969) | (48,014) |
| Capital base | 1,788,041 | 1,407,608 |

¹⁾ Including goodwill and other intangible assets from investment in associates and joint ventures of DKK 183.2 million (2012: DKK 193.3 million).

²⁾ Relate to investments in associates which are credit institutions, excluding goodwill.

| Risk-weighted assets | | |
|-------------------------------------|------------------|-------------------|
| Credit risk | 3,779,771 | 3,882,434 |
| Market risk | 1,515,489 | 2,012,011 |
| Operational risk | 4,625,954 | 4,399,672 |
| Total risk-weighted assets | 9,921,214 | 10,294,117 |
| | | |
| Core tier 1 capital ratio | 15.7% | 11.0% |
| Tier 1 capital ratio | 15.1% | 10.5% |
| Total capital ratio, Solvency ratio | 18.0% | 13.7% |

NOTES – SAXO BANK A/S

Note (DKK 1,000)

1 Accounting policies

The financial statements of Saxo Bank A/S has been prepared in accordance with the Danish Financial Business Act and the Danish executive order on financial reports for credit institutions and investment companies, etc. dated 7 February 2013. The accounting policies for Saxo Bank A/S are the same as for the Saxo Bank Group, note 1 to the consolidated financial statements, with the exception of the items below.

Comparative figures

Derivatives DKK 497 million were in the annual report 2012 not offset against Other assets but recognised as Other liabilities. These derivatives are in the comparatives figures for the statement of financial position at 31 December 2012 reclassified and offset in Other assets.

Besides this certain minor changes have been made in the comparative figures for 2012 due to reclassification.

Operating income

Operating income is not split on geographical markets. The underlying market conditions do not vary as most of the products and services are offered through online trading platforms.

Investments in subsidiaries

Investments in subsidiaries are measured in accordance with the equity method, which means that the investments are measured at the parent company's proportionate share of the net asset value of the subsidiaries at the reporting date. Profit or loss from investments in subsidiaries represents the share of the profit and loss after tax. The net revaluation is recognised in equity under Equity method reserve.

Acquisitions of non-controlling interests in subsidiaries are accounted for as additional investments. If the cost of the investment exceeds the net asset value the excess amount is recognised as goodwill. Gain or losses on disposal of non-controlling interests are recognised in the income statement.

Derivative financial instruments

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

Equity method reserve

The equity method reserve comprises value adjustments of equity investments in subsidiaries, associates and joint ventures according to the equity method. The reserves are reduced by the dividends distributed to Saxo Bank A/S, and other movements in the shareholders' equity of the investments, or if the equity investments are realised in whole or in part.

The format of the financial statements is not identical to the format of the consolidated financial statements prepared in accordance with IFRS.

NOTES – SAXO BANK A/S

| Note | (DKK 1,000) | 2013 | 2012 |
|--|--------------------|--------------------|------|
| 2 Interest income | | | |
| Credit institutions and central banks | 4,609 | 7,356 | |
| Loans and advances | 54,120 | 52,461 | |
| Bonds | 45,559 | 67,640 | |
| Derivative financial instruments | 761,690 | 671,671 | |
| Other interest income | 705 | 608 | |
| Total interest income | 866,683 | 799,736 | |
| 3 Interest expense | | | |
| Credit institutions and central banks | (21,869) | (18,376) | |
| Deposits | (11,598) | (27,008) | |
| Subordinated loans | (13,915) | (16,229) | |
| Derivative financial instruments | (57,317) | (53,325) | |
| Other interest expense | (17,000) | (2,272) | |
| Total interest expense | (121,699) | (117,210) | |
| 4 Fee and commission income | | | |
| Trading with equities and derivative financial instruments | 966,367 | 886,713 | |
| Total fee and commission income | 966,367 | 886,713 | |
| 5 Fee and commission expense | | | |
| Trading with equities and derivative financial instruments | (1,804,369) | (1,604,384) | |
| Total fee and commission expense | (1,804,369) | (1,604,384) | |
| 6 Price and exchange rate adjustments | | | |
| Bonds | (18,566) | (54,290) | |
| Investment securities | (7,327) | - | |
| Foreign exchange | 1,668,281 | 1,681,984 | |
| Derivative financial instruments | 244,742 | 425,218 | |
| Total price and exchange rate adjustments | 1,887,130 | 2,052,912 | |
| For 2013 negative credit adjustment of DKK 250 million is included in Derivative financial instruments due to a credit risk. | | | |
| 7 Other income | | | |
| Gain on divestments of subsidiaries and joint ventures | 49,652 | - | |
| Rental income | 2,508 | 5,886 | |
| Administrative services | 1,488 | 6,905 | |
| Service agreements | 29,272 | 41,374 | |
| Other | 1,816 | 40,281 | |
| Total other income | 84,736 | 94,446 | |

NOTES – SAXO BANK A/S

| Note | (DKK 1,000) | 2013 | 2012 |
|--|-------------|--------------------|--------------------|
| 8 Staff costs and administrative expenses | | | |
| Staff costs | | (622,574) | (840,017) |
| Administrative expenses | | (770,189) | (867,819) |
| Total staff costs and administrative expenses | | (1,392,763) | (1,707,836) |
| Staff costs | | | |
| Salaries | | (493,662) | (685,464) |
| Share-based payments | | (600) | (720) |
| Defined contribution plans | | (54,563) | (63,144) |
| Social security expenses and financial services employer tax | | (73,749) | (90,689) |
| Total staff costs | | (622,574) | (840,017) |
| Average number of employees (converted into full-time equivalents) | | 660 | 793 |

Remuneration to Board of Directors and the Board of Management is disclosed in note 9 Staff costs and administrative expenses in the consolidated financial statements.

Share-based payments are described in note 10 Share-based payments in the consolidated financial statements.

Significant risk takers

Total remuneration to significant risk takers included in Staff costs amounts to DKK 77.2 million (2012: DKK 143.7 million). Saxo Bank A/S has 29 employees (2012: 34) with significant influence on the Bank's risk profile determined based on the guidance in the Danish executive order on remuneration policy and disclosure requirements on remuneration for financial undertakings and financial groups. Remuneration to the 29 significant risk takers (2012: 34) consist of fixed remuneration DKK 75.7 million (2012: DKK 143.7 million) and variable remuneration DKK 1.5 million (2012: DKK 0 million). Saxo Bank has no pension obligations towards significant risk takers as their pension schemes are defined contribution plans. Variable remuneration is determined in accordance to the Bank's remuneration policy and is based on the performance of the individual person. Risk takers in controlling functions do not receive variable remuneration. Some of the significant risk takers participate in the warrant programme described in note 10 Share-based payments in the consolidated financial statements.

Disclosures according to the Danish executive order on remuneration policy and disclosure requirements on remuneration for financial undertakings and financial groups are available at the Group's website www.saxoworld.com. The disclosures are not covered by the statutory audit.

| | | 2013 | 2012 |
|---|--|------------------|------------------|
| 9 Audit fees | | | |
| Fees for statutory audit | | (2,326) | (2,341) |
| Fees for assurance engagements other than audit | | (1,309) | (1,406) |
| Fees for tax advisory services | | (1,928) | (1,634) |
| Fees for other services | | (4,330) | (3,867) |
| Total audit fees | | (9,893) | (9,248) |
| Related to audit firm appointed at the annual general meeting to perform statutory audit. Audit fees are included in administrative expenses. | | | |
| 10 Depreciation, amortisation and impairment of intangible and tangible assets | | | |
| Intangible assets | | (395,110) | (274,020) |
| Tangible assets | | (66,734) | (56,009) |
| Total depreciation, amortisation and impairment of intangible and tangible assets | | (461,844) | (330,029) |

NOTES – SAXO BANK A/S

| Note | (DKK 1,000) | 2013 | 2012 |
|--|-----------------|-----------------|------|
| 11 Tax | | | |
| Current tax | (36,992) | (26,830) | |
| Changes in deferred tax | (12,229) | (6,690) | |
| Changes in deferred tax from change in tax rate | 17,457 | - | |
| Non exempted withholding tax for the year and previous years | (18,614) | - | |
| Adjustments to tax previous years | (6,633) | 2,757 | |
| Tax on total comprehensive income | (57,011) | (30,763) | |
| Of which is recognised in other comprehensive income | 16,565 | 2,174 | |
| Tax on profit recognised in the income statement | (40,446) | (32,937) | |
| Danish tax rate | 25.0% | 25.0% | |
| Effective tax rate | 21.0% | 32.8% | |
| Reconciliation of effective tax rate | | | |
| Profit before tax | 192,348 | 100,510 | |
| Tax using the Danish tax rate | (48,087) | (25,128) | |
| Effect of tax rates in foreign jurisdiction | 613 | 510 | |
| Changes in deferred tax from change in tax rate | 17,457 | - | |
| Non tax-deductible expenses | (25,346) | (5,880) | |
| Tax-exempt income | 6,280 | - | |
| CFC taxation | (25,662) | (17,064) | |
| Effect of unrecognised tax loss current year | (292) | - | |
| Non exempted withholding tax for the year and previous years | (18,614) | - | |
| Effect of tax on income from subsidiaries and associates | 59,838 | 11,868 | |
| Adjustments to tax previous years | (6,633) | 2,757 | |
| Total income tax expense recognised in income statement | (40,446) | (32,937) | |

Tax recognised in other comprehensive income

| 2013 | Before tax | Tax | Net of tax |
|---|----------------|-----------------|-----------------|
| Exchange rate adjustments | (93,469) | - | (93,469) |
| Hedge of net investments in foreign entities | 66,249 | (16,565) | 49,684 |
| Other comprehensive income from subsidiaries, net of tax | 23,635 | - | 23,635 |
| Other comprehensive income from associates and joint ventures, net of tax | 600 | - | 600 |
| Total | (2,985) | (16,565) | (19,550) |

NOTES – SAXO BANK A/S

Note (DKK 1,000)

11 Tax - continued

| 2012 | Before tax | Tax | Net of tax |
|---|---------------|--------------|---------------|
| Exchange rate adjustments | 11,479 | - | 11,479 |
| Hedge of net investments in foreign entities | (8,696) | 2,174 | (6,522) |
| Other comprehensive income from subsidiaries, net of tax | 38,826 | - | 38,826 |
| Other comprehensive income from associates and joint ventures, net of tax | 5,390 | - | 5,390 |
| Total | 46,999 | 2,174 | 49,173 |

12 Receivables from credit institutions and central banks

| | 2013 | 2012 |
|---|------------------|------------------|
| Demand deposits | 1,012,680 | 1,450,911 |
| From 3-12 months | - | 37,065 |
| Total receivables from credit institutions and central banks | 1,012,680 | 1,487,976 |

All receivables are Receivables from credit institutions in both 2013 and 2012.

Receivables from credit institutions and central banks by geography

| | | |
|---|------------------|------------------|
| Denmark | 235,652 | 356,426 |
| Europe, excluding Denmark | 762,920 | 903,492 |
| USA | - | 104,523 |
| Australia | - | 8 |
| Asia | 14,108 | 123,527 |
| Total receivables from credit institutions and central banks | 1,012,680 | 1,487,976 |

13 Loans and advances at amortised cost

| | | |
|---|----------------|----------------|
| Demand deposits: | | |
| Investment brokers | 280 | 4,390 |
| Trading clients | 157,553 | 162,863 |
| Lending clients | 57,911 | - |
| Subsidiaries | 136,182 | 322,370 |
| Total loans and advances at amortised cost | 351,926 | 489,623 |

Loans, advances and guarantees by sector and industry

| | | |
|---|-------------|-------------|
| Finance and insurance | 41% | 28% |
| Other businesses | 49% | 66% |
| Total corporate sector | 90% | 94% |
| Private clients | 10% | 6% |
| Total loans, advances and guarantees | 100% | 100% |

NOTES – SAXO BANK A/S

| Note | (DKK 1,000) | 2013 | 2012 |
|---|-------------------|------------------|------|
| 14 Impairment for loans, advances and guarantees | | | |
| Individual impairment, loans, advances and guarantees | | | |
| Impairment at 1 January | 93,050 | 50,732 | |
| Impairment during the year | 1,572 | 15,488 | |
| Reversals of impairment from previous years | (51,495) | - | |
| Transferred from receivables from credit institutions and central banks | - | 26,830 | |
| Individual impairment, loans, advances and guarantees at 31 December | 43,127 | 93,050 | |
| Total receivables, loans, advances and guarantees with objective evidence of impairment before impairment. The amount does not include receivables, loans, advances and guarantees recognised at nil. | 143,949 | 149,663 | |
| Impairment | (25,390) | (26,452) | |
| Carrying amount net of impairment | 118,559 | 123,211 | |
| 15 Bonds at fair value | | | |
| Quoted at NASDAQ OMX Nordic | 83,525 | 160,696 | |
| Quoted on other stock exchanges | 10,075,173 | 7,934,258 | |
| Total bonds at fair value | 10,158,698 | 8,094,954 | |
| 16 Investments in associates and joint ventures | | | |
| Cost at 1 January | 268,773 | 261,092 | |
| Additions | 7,468 | 7,681 | |
| Disposals | (7,700) | - | |
| Transfer due to loss of control | 35,473 | - | |
| Cost at 31 December | 304,014 | 268,773 | |
| Revaluation at 1 January | 49,639 | 25,818 | |
| Share of net profit | (17,291) | 19,443 | |
| Share of other comprehensive income | 600 | 5,390 | |
| Dividend | (9,000) | - | |
| Disposals | (11) | - | |
| Exchange rate adjustments | (2,724) | (1,012) | |
| Revaluation at 31 December | 21,213 | 49,639 | |
| Carrying amount at 31 December | 325,227 | 318,412 | |

In note 22 in the consolidated financial statements information on impairment test is disclosed.

NOTES – SAXO BANK A/S

| Note | (DKK 1,000) | 2013 | 2012 |
|--|------------------|------------------|------|
| 17 Investments in subsidiaries | | | |
| Cost at 1 January | 1,752,598 | 1,942,698 | |
| Additions | 21,304 | 330,861 | |
| Disposal | (66,156) | (95,751) | |
| Dividend | - | (400,000) | |
| Goodwill related to acquisitions | - | (25,210) | |
| Cost at 31 December | 1,707,746 | 1,752,598 | |
| Revaluation at 1 January | 85,221 | 337,527 | |
| Net profit | 256,641 | 28,028 | |
| Dividend | (123,066) | (380,968) | |
| Disposals | 38,052 | - | |
| Other comprehensive income, net of tax | 23,635 | 38,826 | |
| Offsetting of loans | (45,320) | 56,053 | |
| Other adjustments | - | (848) | |
| Exchange rate adjustments | (77,145) | 6,603 | |
| Revaluation at 31 December | 158,018 | 85,221 | |
| Total investments in subsidiaries | 1,865,764 | 1,837,819 | |

In note 22 in the consolidated financial statements information on impairment test is disclosed.

In note 42 in the consolidated financial statements is disclosed information on Group subsidiaries.

NOTES – SAXO BANK A/S

Note (DKK 1,000)

18 Intangible assets

| 2013 | Goodwill | Software under development | Software developed | Software purchased | Other | Total |
|---|----------------|----------------------------|--------------------|--------------------|----------------|------------------|
| Cost at 1 January | 1,145,034 | 142,479 | 1,459,094 | 60,185 | 4,348 | 2,811,140 |
| Additions | 1,877 | 275,844 | 493 | 20,219 | - | 298,433 |
| Additions from internal development | - | (278,458) | 278,458 | - | - | - |
| Disposals | (148,455) | - | (54,877) | (174) | - | (203,506) |
| Transfer to investments in associates | (35,229) | - | - | - | - | (35,229) |
| Exchange rate adjustments | (15,910) | - | - | (15) | - | (15,925) |
| Cost at 31 December | 947,317 | 139,865 | 1,683,168 | 80,215 | 4,348 | 2,854,913 |
| Amortisation and impairment at 1 January | (5,068) | - | (535,437) | (47,456) | (3,533) | (591,494) |
| Amortisation | - | - | (282,852) | (8,899) | (815) | (292,566) |
| Disposals | - | - | 53,557 | 93 | - | 53,650 |
| Transfer to investments in associates | 9,156 | - | - | - | - | 9,156 |
| Impairment losses ¹⁾ | (4,088) | - | (91,474) | (6,982) | - | (102,544) |
| Amortisation and impairment at 31 December | - | - | (856,206) | (63,244) | (4,348) | (923,798) |
| Carrying amount at 31 December | 947,317 | 139,865 | 826,962 | 16,971 | - | 1,931,115 |

¹⁾For details of impairment losses, see note 22 Impairment test in the consolidated financial statements.

| 2012 | Goodwill | Software under development | Software developed | Software purchased | Other | Total |
|---|------------------|----------------------------|--------------------|--------------------|----------------|------------------|
| Cost at 1 January | 1,129,571 | 169,166 | 983,824 | 55,701 | 4,347 | 2,342,609 |
| Additions | 25,210 | 448,125 | 458 | 2,004 | - | 475,797 |
| Additions from internal development | - | (474,812) | 474,812 | 2,543 | - | 2,543 |
| Disposals | (14,917) | - | - | (68) | - | (14,985) |
| Exchange rate adjustments | 5,170 | - | - | 5 | 1 | 5,176 |
| Cost at 31 December | 1,145,034 | 142,479 | 1,459,094 | 60,185 | 4,348 | 2,811,140 |
| Amortisation and impairment at 1 January | - | - | (274,425) | (40,603) | (2,446) | (317,474) |
| Amortisation | - | - | (216,212) | (6,853) | (1,087) | (224,152) |
| Impairment losses ¹⁾ | (5,068) | - | (44,800) | - | - | (49,868) |
| Amortisation and impairment at 31 December | (5,068) | - | (535,437) | (47,456) | (3,533) | (591,494) |
| Carrying amount at 31 December | 1,139,966 | 142,479 | 923,657 | 12,729 | 815 | 2,219,646 |

NOTES – SAXO BANK A/S

Note (DKK 1,000)

19 Tangible assets

| 2013 | Leasehold improvements | Fixtures, equipment and vehicles | IT equipment | Total |
|----------------------------|------------------------|----------------------------------|----------------|----------------|
| Cost at 1 January | 65,934 | 101,142 | 209,329 | 376,405 |
| Additions | 6,315 | 641 | 14,022 | 20,978 |
| Disposals | (1,988) | (2,749) | (5,063) | (9,800) |
| Exchange rate adjustments | (118) | (261) | (239) | (618) |
| Cost at 31 December | 70,143 | 98,773 | 218,049 | 386,965 |

| | | | | |
|--|-----------------|-----------------|------------------|------------------|
| Depreciation and impairment at 1 January | (35,747) | (47,547) | (132,086) | (215,380) |
| Depreciation for the year | (15,405) | (13,000) | (38,304) | (66,709) |
| Disposals | 1,986 | 2,359 | 5,041 | 9,386 |
| Exchange rate adjustments | 59 | 148 | 162 | 369 |
| Total depreciation and impairment 31 December | (49,107) | (58,040) | (165,187) | (272,334) |
| Carrying amount at 31 December | 21,036 | 40,733 | 52,862 | 114,631 |

| 2012 | Leasehold improvements | Fixtures, equipment and vehicles | IT equipment | Total |
|----------------------------|------------------------|----------------------------------|----------------|----------------|
| Cost at 1 January | 53,239 | 96,090 | 141,249 | 290,578 |
| Additions | 12,771 | 7,194 | 68,002 | 87,967 |
| Disposals | (166) | (2,294) | (98) | (2,558) |
| Exchange rate adjustments | 90 | 152 | 176 | 418 |
| Cost at 31 December | 65,934 | 101,142 | 209,329 | 376,405 |

| | | | | |
|--|-----------------|-----------------|------------------|------------------|
| Depreciation and impairment at 1 January | (23,228) | (34,376) | (103,513) | (161,117) |
| Depreciation for the year | (12,529) | (14,975) | (28,505) | (56,009) |
| Disposals | 53 | 1,882 | 91 | 2,026 |
| Exchange rate adjustments | (43) | (78) | (159) | (280) |
| Total depreciation and impairment 31 December | (35,747) | (47,547) | (132,086) | (215,380) |
| Carrying amount at 31 December | 30,187 | 53,595 | 77,242 | 161,025 |

NOTES – SAXO BANK A/S

| Note | (DKK 1,000) | 2013 | 2012 |
|---|-------------------|-------------------|------|
| 20 Debt to credit institutions and central banks | | | |
| Debt on demand | 3,198,420 | 2,832,444 | |
| Total debt to credit institutions and central banks | 3,198,420 | 2,832,444 | |
| 21 Deposits | | | |
| Deposits on demand | 11,678,544 | 10,885,476 | |
| Total deposits | 11,678,544 | 10,885,476 | |
| Deposits on demand include DKK 2,610 million (2012: DKK 1,699 million) required by Saxo Bank A/S as collateral for unrealised client trading positions as at 31 December, see note 35 Offsetting financial assets and liabilities in the consolidated financial statements. | | | |
| 22 Deferred tax assets and deferred tax liabilities | | | |
| Deferred tax at 1 January, net | (209,303) | (291,264) | |
| Change in deferred tax from change in tax rate | 17,457 | - | |
| Deferred tax for the year recognised in income statement | (12,229) | (6,690) | |
| Adjustments to previous years | (9,838) | (9,931) | |
| Reclassification to tax liabilities | - | 98,574 | |
| Exchange rate adjustments | (13) | 8 | |
| Deferred tax at 31 December, net | (213,926) | (209,303) | |

Specification of deferred tax assets and liabilities at 31 December

| | Deferred tax assets | | Deferred tax liabilities | | Total deferred tax | |
|-------------------|---------------------|------------|--------------------------|------------------|--------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Intangible assets | - | - | (230,218) | (228,569) | (230,218) | (228,569) |
| Tangible assets | - | - | 7,697 | 3,802 | 7,697 | 3,802 |
| Other provisions | 195 | 438 | 8,400 | 15,026 | 8,595 | 15,464 |
| Total | 195 | 438 | (214,121) | (209,741) | (213,926) | (209,303) |

NOTES – SAXO BANK A/S

| Note | (DKK 1,000) | 2013 | 2012 |
|--------------------------------|-------------|----------------|----------------|
| 23 Other provisions | | | |
| Restructuring etc. | | 31,150 | 38,275 |
| Other | | 23,751 | 7,001 |
| Total other provisions | | 54,901 | 45,276 |
| 24 Subordinated debt | | | |
| Subordinated loans | | 410,300 | 410,314 |
| Total subordinated debt | | 410,300 | 410,314 |

Hereof included in Capital base DKK 354.4 million (2012: DKK 373.0 million).

| Currency | Year of issue | Maturity | Interest | Margin first period | | Margin second period | | 74,600 | 74,603 |
|--------------------------------|---------------|------------|----------|---------------------|-------|----------------------|-------|----------------|----------------|
| | | | | Rate | Years | Rate | Years | | |
| EUR | 2006 | 31.03.2014 | EURIBOR | 2.25% | 5 | 4.00% | 3 | | |
| EUR | 2007 | 15.12.2019 | EURIBOR | 2.95% | 10 | 3.95% | 2 | 7,460 | 7,460 |
| EUR | 2007 | 15.12.2019 | EURIBOR | 2.95% | 10 | 3.95% | 2 | 52,220 | 52,221 |
| EUR | 2007 | 15.12.2019 | EURIBOR | 2.95% | 10 | 2.95% | 2 | 89,520 | 89,523 |
| EUR | 2007 | 15.09.2020 | EURIBOR | 2.95% | 10 | 2.95% | 3 | 111,900 | 111,904 |
| EUR | 2007 | 15.09.2020 | EURIBOR | 2.95% | 10 | 3.95% | 3 | 74,600 | 74,603 |
| Total subordinated debt | | | | | | | | 410,300 | 410,314 |

Interest on subordinated debt and related items DKK 13.9 million (2012: DKK 16.2 million).

In case of the Bank's voluntary or compulsory winding-up the subordinated loans will not be repaid until the claims of ordinary creditors have been met. Early redemption of subordinated debt is subject to the approval of the Danish Financial Supervisory Authority.

25 Hedge accounting

Saxo Bank A/S hedges the exchange rate risk of net investments in certain foreign entities by establishing hedge relationships between its net investment in foreign entities and currency derivatives or a non-derivative currency financial liability designated as the hedging instruments. Saxo Bank A/S does not hedge the entities' expected income or other future transactions. At 31 December 2013, the carrying amount of net investment in entities hedged amounted to DKK 1,033 million (2012: DKK 989 million) and the corresponding fair value of the hedging instrument amounted to DKK 1,033 million (2012: DKK 989 million).

NOTES – SAXO BANK A/S

Note

26 Related parties

No party has the controlling influence in Saxo Bank A/S. As at 31 December 2013 the following shareholders are registered as holders of more than 5% of the share capital of Saxo Bank A/S:

Fournais Holding A/S, DK-2850 Nærum, Denmark.
 Lars Seier Christensen Holding A/S, DK-1256 Copenhagen, Denmark.
 TPG Merl Sarl, L-2453, Luxembourg.

| (DKK million) | Parties with significant influence | | Subsidiaries | | Associates | | Joint venture | |
|--|------------------------------------|------|--------------|-------|------------|------|---------------|------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Loans and advances at amortised cost | - | - | 157 | 378 | - | - | - | - |
| Deposits (liabilities) | 2 | 1 | 2,037 | 1,759 | - | 1 | - | - |
| Other assets | - | - | 98 | 29 | - | - | - | - |
| Other liabilities | - | - | 25 | 44 | - | - | - | - |
| Interest income | - | - | 70 | 57 | - | - | - | - |
| Fee and commission expense | - | - | 806 | 727 | - | - | - | - |
| Administrative services etc. (income) | 2 | 1 | 31 | 48 | - | - | 1 | 1 |
| Administrative services etc. (expense) | - | - | 15 | - | - | - | - | - |
| Marketing cost | - | - | - | 6 | - | - | - | - |
| Leases | - | - | 38 | 42 | - | - | - | - |
| Subleases | - | - | 2 | 6 | - | - | - | - |
| Lease of airplane | - | - | 59 | 25 | - | - | - | - |
| Software development | - | - | 53 | 73 | 3 | 17 | - | - |
| Dividend from subsidiaries | - | - | 123 | 781 | - | - | - | - |

Parties with significant influence include shareholders with holdings exceeding 20% of Saxo Bank A/S.

Board of Management is due to their significant ownership in Saxo Bank A/S through their holding companies included in Parties with significant influence.

Remuneration to Board of Directors and Board of Management is disclosed in note 9 Staff costs and administrative expenses in the consolidated financial statements.

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

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

27 Assets deposited as collateral

Of the Bank's bond holdings nominal EUR 514 million (2012: EUR 451 million), with a fair value of DKK 3.8 billion (2012: DKK 3.4 billion), are tied up 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 99% (2012: 89%) of the fair value of the bond holdings provided as security at 31 December 2013.

The Bank has deposited bonds nominal 48 million (2012: 40 million) with a fair value of DKK 49.2 million (2012: DKK 40.2 million) as security for an interest swap on behalf of Ejendomsselskabet Bygning 119 A/S.

Of the Bank's deposits with investment brokers, banks and other credit institutions, DKK 600 million (2012: DKK 800 million) have likewise been provided as security for the Bank's ongoing financial business.

NOTES – SAXO BANK A/S

| Note | (DKK 1,000) | 2013 | 2012 |
|--|----------------|----------------|------|
| 28 Contingent and other contractual commitments | | | |
| Guarantees | | | |
| Financial guarantees | 19,764 | 2,871 | |
| Guarantees issued to subsidiaries | - | 10,000 | |
| Other guarantees | 52,218 | 43,792 | |
| Total guarantees | 71,982 | 56,663 | |
| Other contractual commitments | | | |
| Rent commitments towards subsidiaries | 574,873 | 606,671 | |
| Other commitments incl. operating leases | 286,895 | 296,121 | |
| Total other contractual commitments | 861,768 | 902,792 | |

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

Saxo Bank A/S has agreed to support Saxo Jet A/S, Saxo Soft A/S and I.I. Real Estate A/S with the liquidity necessary to support the approved budgets and plans up to and including 31 December 2014. Saxo Bank A/S has 5 March 2014 supported Saxo Privatbank A/S with a capital increase of DKK 50 million.

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 registered jointly with all Danish companies in the Group for corporation tax, withholding tax etc. for which it is jointly and severally liable.

29 Risk Management

Risk exposure

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

- Credit risk: The risk of loss due to that counterparties of the Bank fail to fulfill their agreed obligations
- Market risk: The risk of loss due to movements in market risk factors
- Liquidity risk: The risk of being unable to meet obligations as they fall due
- Operational risk: The risk of loss resulting from inadequate or failed processes, people or systems

The risk exposures, policies and procedures to monitor the risks for Saxo Bank A/S are the same as for the Group and are described in Risk Management for the Group.

In addition to the credit risk described in Risk Management for the Group Saxo Bank A/S has credit exposure against its subsidiaries due to granted trading and credit lines. The unutilised lines as per 31 December 2013 can be terminated on demand.

Market and credit risk related to derivative financial instruments is disclosed in Risk Management and in note 35 Offsetting financial assets and liabilities in the consolidated financial statements. Derivative financial instruments relates to trading portfolio and are included in Other assets and Other liabilities.

The Management's Report and Risk Report 2013 provide additional information about Saxo Bank A/S' risk management approach. Risk Report 2013 is available for download from the Group's website at www.saxoworld.com/investorrelations/icap-and-risk-reports. The Risk Report is not covered by the statutory audit.

NOTES – SAXO BANK A/S

| Note | (DKK 1,000) | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|-------------|-------------|-------------|-------------|-------------|------|
| 30 Key figures and ratios | | | | | | |
| Key figures | | | | | | |
| Net interest, fees and commissions | (93,018) | (35,145) | (10,195) | (158,086) | (150,669) | |
| Price and exchange rate adjustments | 1,887,130 | 2,052,912 | 2,684,750 | 2,670,291 | 1,895,450 | |
| Staff costs and administrative expenses | (1,392,763) | (1,707,836) | (1,768,858) | (1,750,222) | (1,443,613) | |
| Impairment charges for receivables, loans, advances etc. ¹⁾ | (1,572) | (14,670) | (31,041) | (6,521) | (43,474) | |
| Income from associates, joint ventures and subsidiaries | 239,350 | 45,239 | 43,670 | 238,580 | 118,805 | |
| Net profit | 151,902 | 67,573 | 618,548 | 643,874 | 201,586 | |
| Loans and advances at amortised cost | 351,926 | 489,623 | 404,004 | 249,914 | 176,660 | |
| Subordinated debt | 410,300 | 410,314 | 408,933 | 409,962 | 409,283 | |
| Total shareholders' equity | 3,458,012 | 3,334,287 | 3,222,835 | 2,870,157 | 2,324,983 | |
| Total assets | 22,004,376 | 20,115,794 | 20,594,106 | 17,244,965 | 13,903,351 | |
| Average number of employees | 660 | 793 | 732 | 629 | 695 | |
| Ratios | | | | | | |
| Total capital ratio, Solvency ratio | 18.0% | 13.7% | 13.9% | 16.6% | 22.0% | |
| Tier 1 capital ratio | 15.1% | 10.5% | 10.7% | 13.7% | 17.3% | |
| Return on equity before tax | 5.7% | 3.1% | 27.8% | 33.2% | 13.6% | |
| Return on equity after tax | 4.5% | 2.1% | 20.3% | 24.8% | 10.8% | |
| Cost/income ratio | 1.10 | 1.05 | 1.43 | 1.45 | 1.16 | |
| Interest rate risk | 2.0% | 1.3% | 1.6% | 11.1% | 7.2% | |
| Foreign exchange rate risk/Tier 1 capital | 38.2% | 115.6% | 219.2% | 129.6% | 104.8% | |
| Value at risk of foreign exchange rate risk/Tier 1 capital | 0.2% | 2.5% | 6.4% | 2.3% | 2.2% | |
| Loans and advances plus impairment charges/Deposits | 3.4% | 5.4% | 5.1% | 2.5% | 2.0% | |
| Loans and advances proportional to total equity | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | |
| Growth in Loans and advances | (28.1%) | 21.2% | 61.7% | 41.5% | 61.3% | |
| Additional liquidity/liquidity requirement | 255.8% | 284.6% | 310.4% | 300.8% | 720.4% | |
| Sum of large exposures/Capital base | - | - | 77.4% | 19.9% | - | |
| Loss and provisions ratio (loans and advances) | 0.3% | 2.4% | 8.4% | 2.4% | 3.5% | |

¹⁾Include contributions related to the loss guarantee to the Danish Private Contingency Association until 2010.

See page 112 for definitions.

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

STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management have considered and approved the annual report for the financial year 2013 for Saxo Bank A/S.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the parent company's financial statements have 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, shareholders' equity and financial position at 31 December 2013 and of the results of the Group's and the

Parent Company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2013.

Moreover, in our opinion, the Review of 2013 and The Business of Saxo Bank 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 2013 annual report is submitted for the approval of the annual general meeting.

Copenhagen, 28 March 2014

BOARD OF MANAGEMENT

Lars Seier Christensen
Co-CEO and Co-founder

Kim Fournais
Co-CEO and Co-founder

BOARD OF DIRECTORS

Dennis Malamatinas
Chairman of the Board

Lone Førnss Schrøder
Vice Chairman of the Board

Jacob Polny

Thomas Plenborg

Karl I. Peterson

STATEMENTS BY THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF SAXO BANK A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements, page 42-112, and the parent company financial statements of Saxo Bank A/S, page 114-134, for the financial year 1 January – 31 December 2013. The consolidated financial statements and parent company financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of capital base and notes, including a summary of significant accounting policies for the Group as well as for the parent company and cash flow statement – Saxo Bank Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (the consolidated financial statements), the Danish Financial Business Act (the parent company financial statements) and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain rea-

sonable assurance as to 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 of consolidated financial statements and parent company financial statements that give a true and fair view 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 opinion.

Our audit has not resulted 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 2013 and of the results of the Group's and the parent company's operations and cash flows – Saxo Bank Group for the financial year

STATEMENTS BY THE INDEPENDENT AUDITOR

1 January – 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent company financial statements.

Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review (Review of 2013 and The

Business of Saxo Bank). We have not performed any further 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 provided in the Management's review (Review of 2013 and The Business of Saxo Bank) is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 28 March 2014

KPMG

Statsautoriseret Revisionspartnerselskab

Jesper Koefod
State Authorised
Public Accountant

Anders Duedahl-Olesen
State Authorised
Public Accountant

COMPANY INFORMATION

BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

Management positions and Directorships held by the Board of Directors and the Board of Management in companies excluding positions in the Group's subsidiaries (Chairman (CM), Board member (BM), Chief Executive Officer (CEO)).

BOARD OF DIRECTORS

Dennis Malamatinas – Chairman

Celio International S.A. (BM)
Classic Fine Foods Ltd. (BM)

Lone Fønss Schrøder – Vice Chairman

Aker Solutions ASA (BM)
Bilfinger SE (BM)
Heidelberger Druckmaschinen AG (BM)
NKT A/S (BM)
Volvo Personvagnar AB (BM)

Jacob Polny – Member of the Board

TPG Capital LLP London (Partner)

Thomas Plenborg – Member of the Board

Independent member of the audit committee with qualifications within accounting
Everyday Luxury Feeling A/S (CM)
Rosemunde ApS (CM)
COWI Holding A/S (BM)
DSV A/S (BM)
JFE Holding ApS (CEO)
Plenborg Holding ApS (CEO)

Karl I. Peterson – Member of the Board

TPG Capital LLP London (President)
Caesars Entertainment Corporation (BM)
Sabre Holdings Corporation (BM)
NCL Corporation Ltd. (BM)

BOARD OF MANAGEMENT

Lars Seier Christensen – Co-CEO and Co-founder

Lars Seier Christensen Holding A/S (CEO & BM)
ClubSuperCar A/S (CM)

Kim Fournais – Co-CEO and Co-founder

Fournais Holding A/S (CEO & BM)
Vejrø ApS (CM)
Bluecom A/S (CM)
Fournais Aviation ApS (CEO)

ADDRESSES DENMARK

SAXO BANK A/S HEADQUARTERS

Philip Heymans Allé 15
2900 Hellerup
Denmark
www.saxobank.com

SAXO PAYMENTS A/S

Philip Heymans Allé 15
2900 Hellerup
Denmark

SAXO PRIVATBANK A/S

Philip Heymans Allé 15
2900 Hellerup
Denmark
Branches in Brørup, Fredericia,
Holsted, Kolding, Odense,
Vejen, Vejle.
www.saxobank.dk

ADDRESSES EUROPE

BELGIUM

Saxo Bank Belgique
Avenue Louise 480 Louizalaan
1050 Bruxelles
be.saxobank.com

CYPRUS

Saxo Capital Markets CY Limited
Agias Fylaxeos 1
3025 Limassol
www.saxomt4.com

CYPRUS

Saxo Bank A/S Cyprus
Agias Fylaxeos 1
3025 Limassol
cy.saxobank.com

CZECH REPUBLIC

Saxo Bank Prague
Betlémský Palác
Husova 5
Praha 1, 110 00
cz.saxobank.com

FRANCE

Saxo Banque (France) SAS
10, rue de la Paix
75002 Paris
fr.saxobank.com

ADDRESSES EUROPE CONTINUED

GREECE

Saxo Bank A/S Hellas (Greece)
4 Vasilissis Sofias Avenue
10674 Athens
gr.saxobank.com

ITALY

Saxo Bank A/S Italia
Corso Venezia 29
20122 Milano
it.saxobank.com

NETHERLANDS

Saxo Bank A/S Nederland
WTC Amsterdam
B-Toren 15e verdieping
Strawinskylaan 1527
1077 XW Amsterdam
nl.saxobank.com

POLAND

Saxo Bank A/S Warsaw Representative Office
Nowy Swiat 7 lok. 15
00-496 Warsaw
pl.saxobank.com

RUSSIA

Saxo Bank A/S Moscow Representative Office
Usacheva str. 2, 1
Moscow 119048
ru.saxobank.com

SPAIN

Saxo Bank A/S Sucursal en España
Paseo de la Castellana 42, 2a planta
28046 Madrid
es.saxobank.com

SWITZERLAND

Saxo Bank (Schweiz) AG
Rietstrasse 41
Postfach 509
8702 Zollikon
ch.saxobank.com

Saxo Bank (Schweiz) AG Representative Office Geneva
8 bis, rue de Coutance
1201 Genève

TURKEY

Saxo Capital Markets Menkul Değerler A.Ş.
Dereboyu Caddesi Meydan Sokak No:1
Beybi Giz Plaza, Kat:30 Bölüm 115-116
34398 Maslak-Istanbul
tr.saxomarkets.com

UNITED KINGDOM

Saxo Capital Markets UK Ltd.
26th Floor, 40 Bank Street
Canary Wharf
London E14 5DA
uk.saxomarkets.com

ADDRESSES WORLD

AUSTRALIA

Saxo Capital Markets (Australia) Pty Ltd
Level 25, 2 Park Street
Sydney, NSW 2000
au.saxomarkets.com

BRAZIL

Av. Brigadeiro Faria Lima, 2277
16º Andar, Unidade 1601
01452-000 São Paulo
www.saxobank.com.br

HONG KONG

Saxo Capital Markets HK Limited
Units 1201-1202, 12th floor
Agricultural Bank of China Tower
No. 50 Connaught Road
Central Hong Kong
hk.saxomarkets.com

INDIA

Saxo Financial Services Private Limited
Tower 10C, 20th floor
Cyber City, DLF Phase II
Gurgaon - 122 002, Haryana
in.saxobank.com

Saxo India

Tower 10C, 20th floor
Cyber City, DLF Phase II
Gurgaon - 122 002, Haryana
www.saxoitindia.com

JAPAN

Saxo Bank Japan K.K.
Kamiyacho Sankei Building 10F
1-7-2 Azabudai, Minato-ku
106-0041 Tokyo
www.saxobank.co.jp

PANAMA

Saxo Capital Markets Panama SA
Torres de las Americas, Piso 29, Torre C, Suite 2908
0832-2522 WTC – Punta Pacifica
Ciudad de Panama

SINGAPORE

Saxo Capital Markets Pte. Ltd.
3 Church Street
Level 30, Samsung Hub
Singapore 049483
sg.saxomarkets.com

SOUTH AFRICA

Saxo Capital Markets SA
The Place
1 Sandton Drive – Sandton
2146 Johannesburg
za.saxomarkets.com

UAE - DUBAI

Saxo Bank (Dubai) Ltd.
Currency House, 1st Floor, DIFC
P.O. Box: 506830
Dubai
ae.saxobank.com

URUGUAY

Saxo Capital Markets Agente de Valores S.A.
Zonamérica Ruta 8
Km. 17500, Edificio @ 1, Ofc. 109
91600 Montevideo
latin.saxomarkets.com

