

2010



ANNUAL REPORT 2010



The secret is not to have unlimited talent and resources.

The secret is to use your talent and resources to the limit.

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PERSISTENCE & PREVALENCE



MANAGEMENT REPORT



EASY TO FOLLOW
ASSEMBLY
MANUAL



REVIEW OF THE YEAR

The financial crisis that began in 2008 subsided somewhat during 2010 and the business climate improved. As the global economy picked up, risk appetite gradually returned. Industry activity returned following the revitalisation of the financial markets, and in 2010 overall Saxo Bank saw increased trading volumes generated by private and institutional traders and investors.

This increased activity was most noticeable in the first half of the year, where trading volumes averaged DKK 83 billion per day. During the summer period, activity slowed to roughly 2009 levels and stayed at this level during the rest of the year.

The viability of Saxo Bank's business model was once again confirmed. Primarily acting as an online trading and investment bank that is not engaged in traditional lending activities and is not dependant on the traditional loan

financing business, Saxo Bank is somewhat resilient to the financial environment.

Operating income in 2010 reached DKK 3,338 million for the Group, compared to DKK 2,228 million in 2009. This 50% increase in operating income was mainly organic and driven by a number of business initiatives.

Net profit in 2010 was DKK 644 million, up from DKK 201 million in 2009. This performance exceeds all previous results in Saxo Bank history.

During 2010, the Bank saw positive developments in key drivers such as the number of clients, number of trades and trading volumes. Assets under management and clients' collateral deposits increased from a total of DKK 34.5 billion as at 31 December 2009 to DKK 62.5 billion as at 31 December 2010.

KEY FIGURES AND RATIOS

SAXO BANK GROUP

(DKK millions)	2010	2009	2008	2007	2006
Operating income	3,338.1	2,227.5	2,518.2	1,564.4	1,002.0
Profit before tax	913.8	269.4	468.6	364.9	205.1
Net profit	643.5	201.4	339.2	275.2	144.1
Total equity	2,880.0	2,335.1	1,416.7	1,093.1	432.1
Total assets	23,891.8	16,045.3	10,456.1	9,996.2	6,155.6
Clients' collateral deposits ^{a)}	31,296.9	15,513.0	8,717.1	9,180.7	5,708.0
Assets under management ^{a)}	31,170.9	18,963.0	-	-	-
Solvency ratio (Pillar I)	15.3%	19.0%	17.5%	18.2%	13.7%
Return before tax on Total equity	35.0%	14.4%	37.3%	47.8%	53.4%
Average number of employees	964	927	1,297	1,011	622

^{a)} 2009 is restated due to changed definitions.

See page 90 for definitions.



The results achieved in 2010 are rooted in the decisions and actions taken over the preceding years. Notably, since shortly before the onset of the financial crisis in the autumn of 2008, the Bank has:

- Increased its efficiency through IT investments, work process rationalisation, outsourcing and business focus
- Completed eleven acquisitions
- Launched significant new products within FX, Equities and Commodities
- Established a footprint in the retail banking sector in Denmark
- Expanded the business to include Asset Management
- Increased its geographical footprint, with offices and subsidiaries in ten new countries
- Increased client collateral deposits and assets under management significantly
- Established IT development centres in India and the Ukraine in addition to the Danish IT centre

The above initiatives together with increased market activity created the foundation for Saxo Bank's best annual result ever.

SOLVENCY & ICAAP

As at 31 December 2010, the solvency ratio for the Group was 15.3% after inclusion of net profit for the year.

Under Danish law, Saxo Bank must publish the result of its Internal Capital Adequacy Assessment Process (ICAAP) on 31 December 2010.

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

As at 31 December 2010, Saxo Bank's ICAAP result showed a capital requirement of 8.4% of risk weighted items, equivalent to DKK 1,002 million. Thus, with a base

capital of DKK 1,827 million, the capital buffer was DKK 825 million.

TRIENNIAL CENTRAL BANK SURVEY 2010

In September 2010 the BIS survey for global daily FX volumes was released. The BIS survey – which is conducted once every three years – is a market study conducted by central banks and monetary authorities analysing FX volumes and developments in the month of April. Fifty-three central banks and monetary authorities participated in this year's eighth Triennial Central Bank survey of Foreign Exchange and Derivatives Market Activity.

The survey reports a 20% increase in global foreign exchange market activity over the past three years, bringing the average daily turnover to USD 4 trillion. While growth in the FX market activity since 2007 is substantial, it represents a slowdown following the unprecedented 72% rise between 2004 and 2007. However, against the backdrop of the global financial crisis of 2007 to 2009 and the recent turmoil on the European sovereign bonds markets, the continued growth demonstrates the resilience of the FX market.

For Saxo Bank, where the majority of business remains concentrated in the FX asset class, the BIS survey provides interesting information relating to growth and developments within the FX market segment.

An interesting observation is that 90% of global FX turnover is generated in the ten biggest markets. In this ranking, the home country of Saxo Bank, Denmark, is ranked as number nine, with a daily average market turnover of USD 120.5 billion.

In a Danish survey reported by the Danish National Bank, Saxo Bank accounts for 65% of total FX spot turnover, 27% of total FX option turnover and 5% of FX forward turnover traded in Denmark.



DEVELOPMENT OF THE BANK

Since autumn 2008 Saxo Bank has been implementing a transformation plan, the overriding aim of which is to maintain growth while simultaneously ensuring profitability and efficiency. The external events following the financial crisis and the performance posted in 2010 prove that the implemented initiatives are steering the Bank on the right track.

In 2010 Saxo Bank focused on the ongoing execution of the transformation initiatives set out in 2008. Accordingly, Saxo Bank continued to implement initiatives supporting increased efficiency, including new methods and new supporting systems.

Another important focus area in 2010 were the initiatives taken within the Banking & Online Investments business area. The acquisition of E*Trade's Nordic activities and Danish-based retail bank Brørup Sparekasse laid the foundation for entering the Danish retail banking segment. The retail banking offering is established with a full banking product suite covering all traditional products, ranging from bank accounts and pension products to advisory services.

It is important for Saxo Bank to maintain a clear focus on its technological developments. As a result, the platform and client interfaces are constantly being upgraded and expanded.

Furthermore, management focused on executing commercial initiatives in line with the market segmentation model that was introduced in 2009. According to this model, Saxo Bank develops product offerings tailored to four selected client groups: The Sophisticated Trader, The Self-directed Trader, The Self-directed Investor and The High-Net-Worth Investor.

The Sophisticated Trader is an expert in one or more financial products and is interested in the broad product suite and tools provided in the SaxoTrader. The Sophisticated Trader is a demanding client and requires expert service.

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

The Self-directed Investor typically has less risk appetite than the trader. The Self-directed Investor is online and information-oriented and requires a full self-service concept.

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

This focus led to the launch of a range of new business initiatives in 2010. Some of these were related to the core online product and service offering of the Bank, but also included the development of new initiatives related to newly established business areas of the Bank.

PRODUCT AND PLATFORM ENHANCEMENTS

Following the launch of CFDs on commodities in 2009, Saxo Bank further expanded its range of CFD contracts in 2010. In February Saxo Bank released new CFDs on commodities, adding CFD contracts in gasoline, platinum, live cattle and orange juice to the CFD investor's toolbox.

In late 2010 Saxo Bank added the Brazilian exchange BMF & Bovespa to enhance its equity, futures and foreign exchange offering. The Brazilian exchange represents a broad range of Brazilian investment opportunities.

Another initiative launched in 2010 was the introduction of warrants. Saxo Bank's warrants offering, initially comprised of warrants from the Dutch Exchange AEX, was launched in December and represents the first step into a growing pan-European warrants market. Warrants from more exchanges are planned to be added in 2011 in order to cater for client's demand for exchange and listed products that are centrally cleared.



In June Saxo Bank released a new streaming news module on the trading platforms SaxoTrader and MobileTrader. The key features of the new module are advanced filtering capabilities that allow the investor to filter news by any combination of free text, sector, asset, subject, region and news provider. The news search can be expanded to cover up to three months' news from the archive with an unlimited number of saved news filter profiles and in multiple languages in the same module.

In response to a growing number of new clients and an increased demand for educational support, Saxo Bank launched the education programme TradeMentor. The TradeMentor programme is an educational package aimed at both new and existing traders and investors. The educational platform is integrated into all Saxo Bank trading platforms.

In late 2010, Saxo Bank entered the Apple world of apps with the development of a financial information service app for the iPhone. The aim is to further develop the Apple information app to also include mobile trading capabilities and account summaries as well as to increase the number of mobile devices capable of running Saxo Bank's offerings.

ENHANCED EQUITY OFFERING

In March 2010 Saxo Bank launched the new Saxo Equity Platform. The Equity Platform was developed to meet the demands on the part of equity investors for more trading techniques as well as more and enhanced analysis tools. This strategic step was taken with a view to expanding the product and service offering of Saxo Bank in order to reach a broader client audience.

New Equity platform

The Equity Platform offers more than 11,000 stocks listed on 23 major exchanges worldwide, 6,000 single stock CFDs, 800 exchange traded funds and 20 index-tracking CFDs.

The Equity Platform allows investors to use peer groupings to find comparable companies and compare investments to peer averages. Furthermore, the platform includes share price performance, operational performance and

valuation multiples, including three-year forecasts of aggregated analyst estimates, and also enables investors to explore stock price sensitivities to commodities, currencies and interest rates.

Another aim of the Saxo Equity Platform is to allow clients to exchange information with other investors. The platform also offers the opportunity to hedge portfolio risks by establishing short positions, etc.

Seven months after the launch of Equity Trader, Saxo Bank was awarded 'Best Online Trading Platform 2010' at the Shares Awards dinner hosted by Shares Magazine, a weekly publication for stock market professionals and private investors.

EuroTrader

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

A key strategic step towards exploring the potential synergies involved in bridging the online universe of the communities and the trading platforms of Saxo Bank was made in March with the launch of the EuroTrader platform. EuroTrader enables members of the Eurolinvestor community to execute investment decisions directly through the community platform.

MSN Trader

Another step aimed at combining the online universe of the communities and Saxo Banks' equity platform was the launch of the MSN Trader. In November 2010 Microsoft and Saxo Bank announced the establishment of a strategic partnership in order to meet retail investors' requirements for more advanced trading techniques as well as more analysis tools and better fundamental research on global equities. MSN Trader is designed by Saxo Bank and is tailor-made for the MSN audience. It is featured on Microsoft's MSN Money website, initially in the UK with more countries to follow.



Institutional business

Saxo Bank took another major step in December 2010 when the Bank entered into an agreement with Barclays Stockbrokers Limited, whereby Saxo Bank will produce and tailor an international equities offering that caters for clients of Barclays Stockbrokers.

DEVELOPMENT OF SAXO ASSET MANAGEMENT

In 2009 Saxo Bank entered the Asset Management segment through the acquisition of Sirius, Capital Four and a 51% stake in Global Evolution. The aim of these initiatives was to diversify the business, to position the Bank to become a long-term business partner in asset management and to raise its profile as a provider of tailored, innovative, transparent solutions for High-Net-Worth individuals and institutional investors.

A number of important strategic steps were taken in 2010.

Enhanced distribution platform

During 2010 Capital Four achieved further institutional recognition when Nykredit appointed Capital Four as manager of the Nykredit European High Yield fund. This fund will be used as a distribution for tier-two institutional clients through Nykredit as well as serving as a distribution vehicle for Danish institutional clients.

Global Evolution also established a range of new distribution platforms in 2010. With Intervalor, Global Evolution launched distribution platforms in Sweden, Norway and Finland. Additionally, a Luxembourg-based fund was established in order to enhance the distribution of the investment services offered by Global Evolution.

Saxo Properties

A new strategic step was taken in 2010 with the launch of Saxo Properties, an initiative designed to provide clients of Saxo Asset Management with access to investments linked to the real estate market. The activities of Saxo Properties are handpicked Copenhagen-based residential, office and retail properties with the aim of launching closed-ended funds for both High-Net-Worth individuals and institutional clients.

The first fund was launched in November. In 2011 the Group expects to launch several new property investment offerings.

Equity team

In late 2010 the Group established a new specialised equity team to strengthen and further develop the equity-related service offering to clients. The new equity team will focus on global equities and will introduce new equity portfolios tailored to institutional investors. The equity team, which consists of experienced equity specialists with a proven track record, intends to launch its first equity portfolio products in 2011.

ACQUISITIONS & GEOGRAPHY

Acquisitions

In April 2010 the Banking and Online Investment business area of Saxo Bank took an important strategic step by completing the acquisition of the Nordic activities of E*Trade. The acquisition provided instant access to 50,000 clients with client collateral deposits of more than DKK 9 billion in Denmark, Norway, Sweden, Finland and the Baltic countries. Additionally, the acquisition added a new office in Stockholm to the geographical footprint of Saxo Bank.

In 2009 Saxo Bank acquired a 40% stake in IT outsourcing company Initto A/S. The aim of the acquisition was to strengthen the IT development capabilities of the Bank and to create a basis for further offshore activities. Saxo Bank tested the advantages of additional IT development resources through Initto's development centres in India and Ukraine. In 2010 Saxo Bank exercised an option to buy the remaining 60% of Initto A/S.

A major strategic step was taken in September 2010 when Saxo Bank announced its intent to acquire a majority stake in the Denmark-based retail bank Brørup Sparekasse. The deal was concluded in October 2010, leaving Saxo Bank with a 99% stake in the savings bank. The bank is situated in Jutland in Denmark and has six branch offices.

The acquisition will enable Saxo Bank to tap into the Danish retail-private banking segment with a full banking of-



fering covering traditional bank accounts, debit/credit cards, mortgage credit, pension products and bank advisory services.

Saxo Bank intends to further develop Brørup Sparekasse and to introduce a new private banking concept to the Danish market.

New offices

Saxo Bank is present in 18 countries. In 2010 the Bank focused on consolidating the new entities and offices established in 2008 and 2009.

Saxo Bank is currently opening offices in Hong Kong and Panama. The Hong Kong office received its license in January 2011. The Panama office is expected to be operational in the spring of 2011.

The geographical expansion is expected to continue and potential locations around the world are in the process of being evaluated. Saxo Bank believes that local presence can be an important parameter in the client service offering. Further Saxo Bank offices will be established either through acquisitions or green field set-ups.

SOURCING AND BUSINESS SUPPORT

The Bank continued to focus on outsourcing non-core functions in 2010 and also took its first steps towards initiating offshore activities.

Saxo Bank acquired the IT sourcing company Initto A/S. The aim of the acquisition was to increase the Bank's IT development capacities and also to take advantage of Initto's development centres in India and the Ukraine.

An important milestone was the opening of new office premises in Delhi. The new office covering 5,000 square metres is situated at a premier location in Delhi's Cyber City area of Gurgaon and has the capacity to house the resource ramp-up currently taking place.

In 2010 Initto increased the number of employees in Delhi to more than 170. The resource pool will continue to be expanded in 2011 to keep up with the increasing demand for IT resources.

Another key strategic step was taken when Saxo Bank established its shared service centre at the Initto office in Delhi. This was followed in December by the creation of an offshore sales and service team.

Following the launch of Equity Trader and given the many business initiatives still in the pipeline, Saxo Bank appointed Citibank as global custodian to provide global custody services for cash equities and fixed income instruments traded globally by the Bank's clients, including settlement, safekeeping and assets servicing. In this way, Saxo Bank has established a strengthened infrastructure and boosted its capabilities for supporting the expansion of listed financial products and the increased client interest in the equity investment area.



FINANCIAL REVIEW

With net profit of DKK 644 million, the Saxo Bank Group more than trebled its results versus 2009 when it posted net profit of DKK 201 million. This 2010 performance exceeds all previous full-year results in the Bank's history, and Management finds the result for the year to be satisfactory.

Earnings in Saxo Bank have historically fluctuated over the course of the year, but compared to previous years the result in 2010 was skewed towards the first half. This was mainly due to a change in clients' trading patterns during the year. The growth in clients' collateral deposits continued in the second half of the year; however, the traded volumes declined. In the first half of the year monthly FX volumes averaged approximately DKK 1.7 trillion, whereas the monthly average in the last six months was down to approximately DKK 1.3 trillion.

Operating income reached DKK 3,338 million for the Group in 2010, compared to DKK 2,228 million in 2009. This 50% year-on-year rise in operating income was due to larger client numbers, increased deposits and the high trading activity in the first half of the year. Operating income in the second half of the year was slightly above the second half of 2009.

FX remains the core income generator for the Group, with more than 70% of income deriving from this asset class.

Saxo Bank continued its ongoing efforts to optimise transaction flow. This included active management and monitoring of internalised parts of FX and CFD flows.

Operating costs for the year were DKK 2,283 million for the Group, a DKK 469 million increase (26%) on the previous year. Saxo Bank continued to invest in geographical expansion, product and platform developments, systems upgrades and the build-up of new business areas. Even though such investments have no or limited impact on income in the short term, Saxo Bank believes that it should take advantage of the many opportunities open to it.

A main component of the Group's costs is staff costs, which increased from DKK 844 million in 2009 to DKK 1,069 million in 2010. This rise is partly a consequence of

new hires and acquisitions as well as to knowledge and management upgrades within various areas of the Bank.

Depreciation and amortisation of DKK 163 million is DKK 9 million higher than the year before. However, after adjustment for impairment charges, there is an underlying increase in the depreciation charge of DKK 38 million, reflecting the Bank's continued investments in product enhancements.

Costs include an expense related to the Danish State Guarantee Scheme under Bank Package I, accounting for DKK 24 million in 2010, down from DKK 64 million in 2009.

In 2010 the contribution to the Danish State Guarantee Scheme is recognised with DKK 24 million under 'Other expenses'. This is a decrease from the contribution in 2009 of DKK 29 million reflecting that the contributions ended in September 2010 as planned.

In 2009 the Group also expensed DKK 35 million under 'Impairment charges for loans, advances etc.'. This represented Saxo Bank's part of the total loss guarantee commitment by the banks participating in the Private Contingency Association of DKK 20 billion, half of which fell due within the two-year lifetime of the scheme. No further cost was expensed in 2010. Saxo Bank's total cost in relation to the Danish State Guarantee Scheme within the lifetime of the scheme amounted in total to approximately DKK 100 million.

Saxo Bank and its Danish subsidiaries are members of the Danish Guarantee Fund for Depositors and Investors. Following the bankruptcy of the Danish bank, Amagerbanken, in February 2011, the Group expensed DKK 14 million representing the Group's expected share of the losses.

Impairment charges for loans etc. of DKK 14 million are estimated based on assessment of the underlying receivables, which in turn are based on an assessment of the present value of the most likely future cash flow from the receivables.

The result from participating interest in associates contributed with DKK 11 million in 2010. The increase of DKK



10 million compared to 2009 is primarily a reflection of the interest in Banco Best, which was acquired in December 2009.

The effective tax rate for 2010 was 29.9%, up from 25.2% in 2009. This increase was due to a change in the composition of taxable income between the countries in the Group as well as certain non tax-deductible expenses.

Net profit of DKK 644 million was impacted by a number of non-recurring items, the net effect of which had a negative impact on the result.

BALANCE SHEET

Total assets increased significantly during the year – from DKK 16.0 billion in 2009 to DKK 23.9 billion in 2010. The majority of the increase is due to an increase in client's cash deposits but the acquisitions made during the year also contributed. In addition, the acquisitions somewhat changed the composition of the balance sheet.

Most significantly, the Saxo Bank Group as at 31 December 2010 has recorded loans of DKK 1,990 million com-

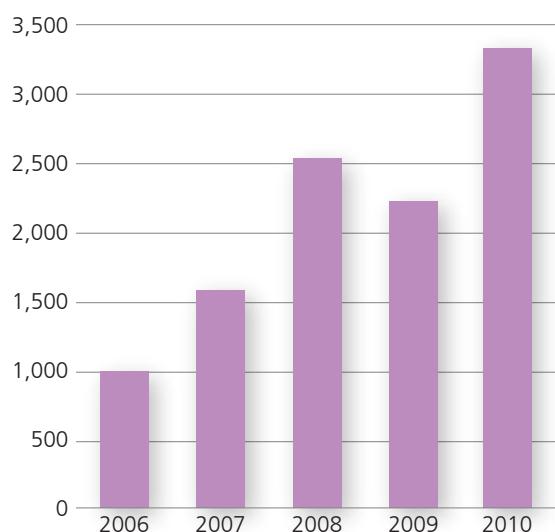
pared with DKK 92 million at the end of 2009 due to the acquisitions of the Nordic activities of E*Trade and Brørup Sparekasse. Acquisitions also led to addition of goodwill of DKK 208 million, the majority related to Brørup Sparekasse.

Clients' cash deposits related to the online trading business in Saxo Bank increased from DKK 11.0 billion to DKK 14.5 billion. The cash inflow from client cash deposits is placed in counterparty banks, bonds and other interest-bearing assets.

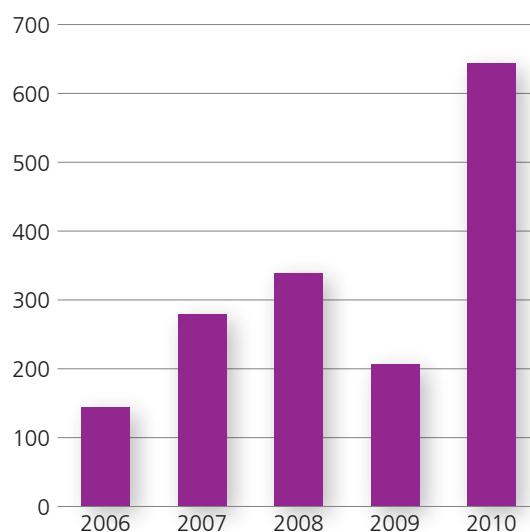
Clients' cash deposits underline the realised growth in clients' collateral deposits. Clients' collateral deposits related to the online trading business in Saxo Bank increased more than 36% to DKK 21.1 billion as at 31 December 2010. Clients' collateral deposits in Saxo-Etrade amounted to DKK 10.2 billion as at 31 December 2010.

In addition, Saxo Bank significantly grew its assets under management in Saxo Asset Management. By means of organic growth in Sirius, Capital Four and Global Evolution, in total Saxo Asset Management grew its assets under

*Operating income 2006-10
DKK million*



*Net profit 2006-10
DKK million*





management from approximately DKK 19.0 billion to more than DKK 31.2 billion as at 31 December 2010.

Total client collateral deposits and assets under management increased from DKK 34.5 billion to DKK 62.5 billion.

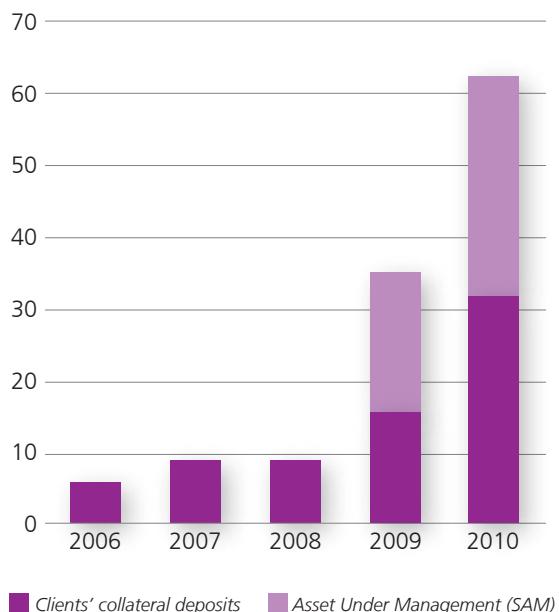
Subordinated debt increased from DKK 409 million in 2009 to DKK 942 million as at 31 December 2010. This reflected the acquisition of Brørup Sparekasse which in total contributed with DKK 532 million: subordinated loans of DKK 190 million, hybrid capital of DKK 100 million and guarantee capital of DKK 242 million.

Shareholders' equity increased by 23% to DKK 2,870 million as at 31 December 2010, compared to DKK 2,325 million at the end of 2009.

At an extraordinary general meeting on 21 October 2010, the Board of Directors was authorised to make a decision concerning the distribution of an interim dividend. Following the decision, the Board decided to pay the shareholders of Saxo Bank A/S a dividend of DKK 257 million or DKK 3.86 per share of DKK 1.00.

The Board of Directors proposes to the annual general meeting that the net profit for the year of DKK 644 mil-

Aum 2006-10
DKK million



lion is allocated to shareholders' equity. An interim dividend of DKK 257 million has been paid in November 2010.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects are forward-looking statements. The words "may", "will", "should", "expect", "anticipate", "believe", "estimate", "plan", "predict," "intend" or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. Saxo Bank has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the

forward-looking statements and from the past performance of Saxo Bank. Although Saxo Bank believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ. As a result, you should not rely on these forward-looking statements. Saxo Bank undertakes no obligation to update or revise any forward-looking statements.

GOVERNING TEXT

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



OUTLOOK 2011

Saxo Bank expects the cyclical recovery to continue during the first half of 2011. However, looking at the year as a whole, the Bank thinks that the overall market situation is uncertain and visibility remains low.

While the global economy has improved, Saxo Bank believes that the cyclical recovery is stimulus-induced and the Bank has concerns about the solidity of the foundation on which the recovery is based. Therefore, management is uncertain as to whether the upswing will continue throughout 2011.

Saxo Bank intends to continue developing its traditional trading business. The focus will remain on efficiency, profitability and optimisation of the entire value chain. In addition, Saxo Bank plans to significantly increase its investments in new product development.

Within the business areas catering to the investor segment, the initiatives started in 2010 will be continued in 2011. Saxo Bank aims to establish an online wealth management solution, harvest the synergies from its retail bank investments, and further strengthen its offerings within Saxo Asset Management.

Further geographical expansion is on the agenda for 2011, and the Group will examine new office openings either through acquisitions or as green field start-ups.

With a proven viable business model, Saxo Bank is confident that the Group has a solid foundation for its operations in 2011. In the absence of further negative external market influence, the Bank expects to continue to create value for its stakeholders.

BOARD OF DIRECTORS

At the annual general meeting in April 2010, new board members were elected to join the Saxo Bank Board of Directors. The elected members of the Board of Directors are:

Kurt K. Larsen (Elected Chairman of Saxo Bank A/S).

Mr Larsen was CEO of the international transport group DSV for many years and is the Group's current Chairman.

Professor Thomas Plenborg, PhD. Mr Plenborg, from the Department of Accounting and Auditing at Copenhagen Business School, was also elected to the Board. Professor Plenborg's primary research areas are market-based accounting, financial statement analysis and company valuations.

Isabel Ferreira. Ms Ferrira is Managing Director of the Portuguese online wealth management bank, Banco Best. Banco Best is part of the Banco Espírito Santo Group (BES Group), the parent company of which is the financial services group Espírito Santo Financial Group (ESFG). Saxo Bank owns a 25% stake in Banco Best.

Mr Dennis Malamatinas and Mr Florian Wendelstadt were both re-elected.

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.

SHAREHOLDER INFORMATION

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

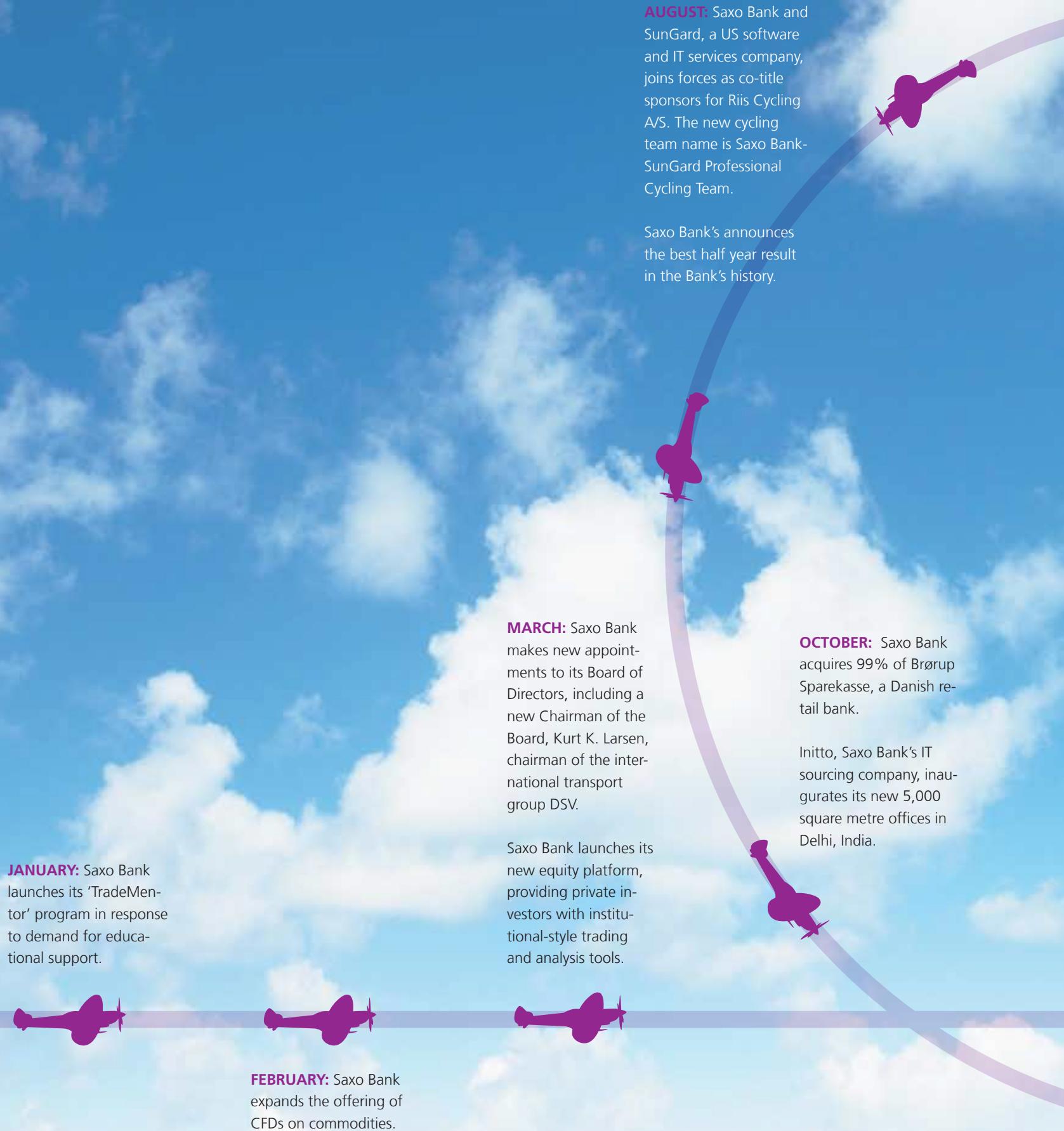
Espírito Santo Financial Group S. A., L-2520, Luxembourg

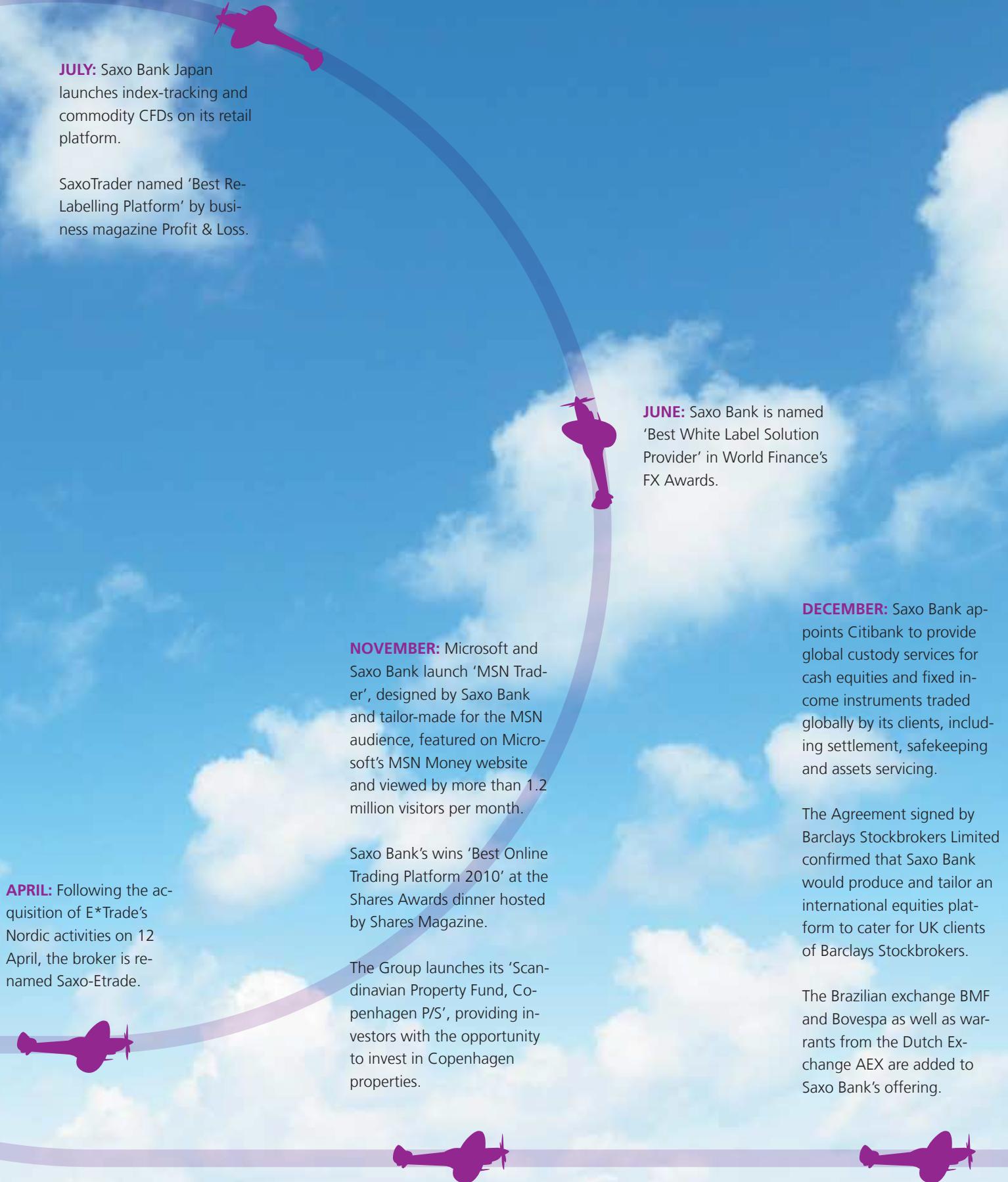
Fournais Holding A/S, DK-2850 Nærum, Denmark

GA Global Investments Limited, CY-1066 Nicosia, Cyprus

Lars Seier Christensen Holding A/S, DK-1264 Copenhagen, Denmark

2010 MILESTONES







CAPITAL MANAGEMENT

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

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

Saxo Bank's ICAAP process has four steps:

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

Capital requirements using CRD pillar I

This first step calculates the minimum capital using the Capital Requirements Directive, Pillar I.

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

- Credit risk: standard method
- Market risk: standard method
- Operational risk: basic indicator method

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

Risk self assessment

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

Credit risk

To assess the credit risk to which the Bank is exposed, the different counterparty types are examined and then the

outstanding counterparty risk defined. The risk is assessed using impact and likelihood based on empirical data and credit ratings wherever applicable. In a similar fashion, the credit risk is determined on outstanding credit lines and accepted bank guarantees.

Using this input, a portfolio credit risk model is employed using a Monte Carlo simulation, running one million scenarios with an assumed 30% event correlation. This yields the loss distribution due to credit risk. The Bank uses expected shortfall (average of events greater than value-at-risk) with a 99.9% confidence level.

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

Subsidiaries' credit risk is included using the standard method under the CRD.

Market risk

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

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

Subsidiaries' market risk is included using the standard method under the CRD.

Operational and Business risk

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



Liquidity risk

The liquidity risk is determined as the increased cost of raising capital in an illiquid market.

Buffer

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

The capital needs for each risk category are added.

Stress testing

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

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

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

Capital adequacy determination

To determine the appropriate level of capital, the results of the three steps are compared – both in nominal terms and as percentages. For step two and three, the percentage is determined by using the risk-weighted assets calculated in step one as the denominator.

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

Capital planning

Part of the ICAAP involves planning future capital needs in relation to the business environment, growth and strate-

gic plans in the years to come. Potential major changes to the risk profile and thereby future solvency needs are estimated using the ICAAP. These could be changes in the business strategy or competitive landscape, significant increases in traded volumes, fundamental changes in 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 capital contingency plan.

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

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

A full ICAAP is performed as often as required, but at least once a year.

Capital adequacy levels adjusted according to ongoing limit utilisation are published on the Bank's website and reported to the Danish FSA on a quarterly basis.



RISK FACTORS

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

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

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

BUSINESS RISK

The competitive environment

The Bank faces increased competition in selected segments of the financial services market. Technology spreads, making it easier to replicate existing trading platforms and enabling newcomers to start up at low cost. As a result, many low-cost players have been attracted to the market place. In addition, some of these new players operate in an unregulated territory, offer higher leverage and require low initial collateral. Consequently, these newcomers may lead to increased price competition, which could have a material adverse impact on the Bank. Although the Bank seeks to differentiate its offerings from its competitors and enter into new markets that broaden

its product offerings, it may not be successful in reducing the effects of increased competition. Thus, the increased competition may decrease the Bank's revenue or margins and thereby have a material adverse effect on the Bank.

The regulatory environment

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

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

Deleveraging

The Bank believes that the potential growth in demand for its products generally correlates with market volatility as well as with general economic conditions. Thus, the demand for the Bank's products is subject to changes in market conditions as well as clients' attitudes towards risk and other factors which are beyond the Bank's control. While the Bank has historically been less sensitive to economic cycles than the financial services industry in general, a change in clients' risk attitude might present a material challenge for the Bank. Periods of low risk appetite mean lower activity and reduced demand for a number of the Bank's products. If the Bank is not able to reduce its costs or compensate for the decline in demand for certain products through enhanced revenue from other products,



this could have a material adverse effect on the Bank's results and financial position.

Acquisitions and new offices

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

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

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

International operations

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

cannot be ruled out that the Bank could experience an incident that may have a material adverse effect on the Bank.

OPERATIONAL RISK

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

Product flaws

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

Business disruption

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



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

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

Third parties

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

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

Fraud

Although the Bank has controls in place, these may not prove sufficient. The high number of transactions and in-

teractions increases the risk of irregularities or mistakes. Consequently, incorrect or unauthorised activities could severely affect the Bank.

Security risk

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

CREDIT RISK

The Bank incurs credit risks in relation to its brokerage operations. The nature of the credit risk depends on the type of counterparties involved. Hence, credit risks sustained from retail and small institutional clients derive from the possibility that posted collateral may not offset sustained deficits. In response, the Bank uses a near real-time monitoring system which can notify and intervene immediately.

Selected major institutions can benefit from trading on trading and credit lines. These institutions pose a credit risk since in case of default they may not be able to meet their financial obligations. In recognition of this fact, the Bank utilises daily settlement of sustained losses, and granted credit and trading lines are monitored on a daily basis.

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

Furthermore, the Bank incurs credit risk in relation to its retail banking activities. The granting of a credit facility is based on the Bank's insight into the client's financial posi-



tion. As part of this process, the Bank strives to ensure that each facility matches the credit quality and financial position of the client. For this purpose, the Bank has established procedures which include a regular assessment of the basis on which the credit was granted.

A common factor of the various credit risks in which the Bank is engaged is that the risk stems from adverse market movements or severe changes in macroeconomic and financial factors, all of which are beyond the Bank's influence.

Despite measures taken within credit risk management, the Bank may experience losses that may have a material adverse effect on the Bank.

MARKET RISK

As part of its remit to offer competitive prices, the main role of the Bank's trading function is to optimise the trading flow, i.e. to determine the timing of risk cover in the market. As foreign exchange constitutes the majority of the Bank's trading activities, the Bank holds spot, forward and option positions within foreign exchange.

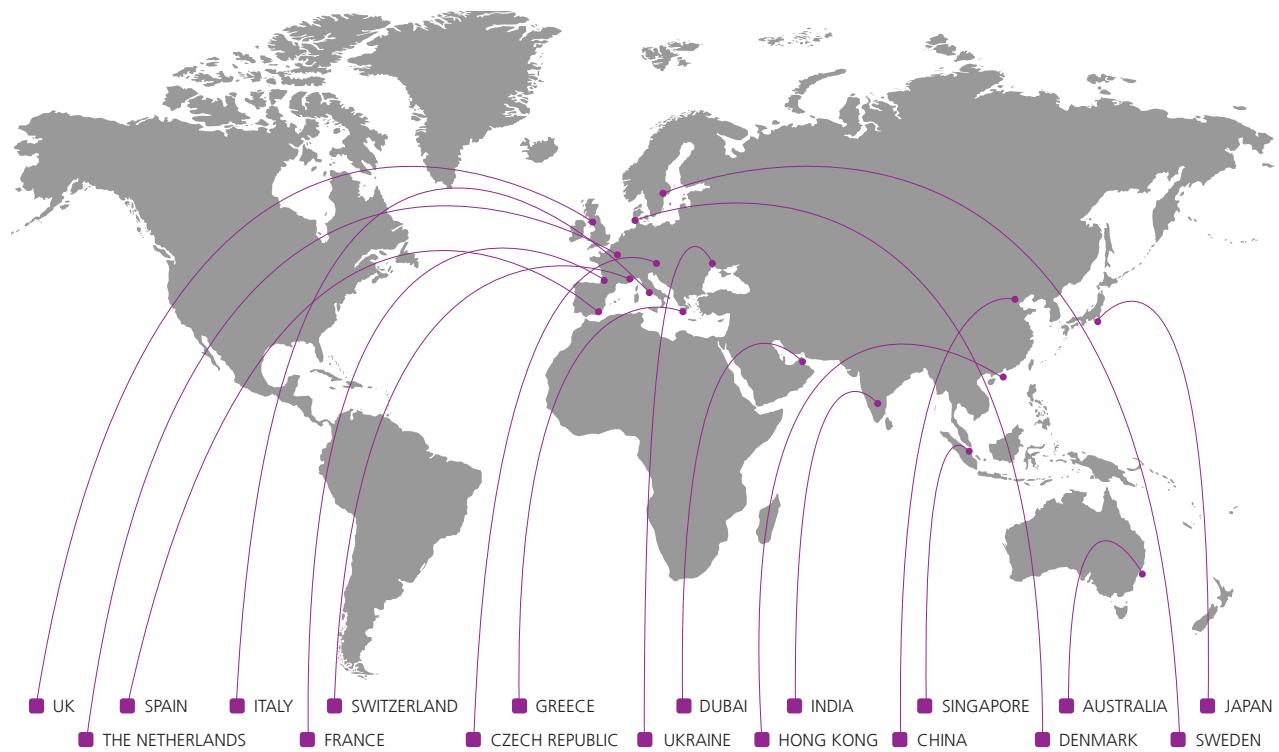
In addition, a part of the Bank's exposure is related to equity markets via CFD positions. The volatility of the equity markets is often considerably higher than the foreign exchange markets. Furthermore, in connection with efforts to optimise the return on the Bank's funds, the Bank incurs interest rate risks through investments in bonds.

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

PERSISTENCE PERSPECTIVE PERSISTENCE



OPERATIONAL REVIEW



THE ONLINE TRADING AND INVESTMENT INDUSTRY

The internet age that got underway in the 1990s changed the traditional financial services industry and opened new opportunities for private investors. Before the internet age foreign exchange trading was mainly the domain of large financial institutions, corporations and governments. Today, foreign exchange trading or FX trading is the world's largest market, with an average daily trading volume of USD 4 trillion (source: BIS report 2010). The market is online, with real-time streaming prices accessible to both private and institutional investors.

Saxo Bank was one of the pioneers in online FX trading, and also provided retail investors with access to the FX market. Today, the online industry comprises several market players, global as well as local. Competition has driven the rapid growth in the sector, giving rise to a substantial online financial services industry.

The online financial services industry has evolved from being completely offline and accessible only to the few, to today offering all financial products such as FX, stocks, bonds, commodities, futures and options online to both private and institutional investors.

CONSOLIDATION OF THE ONLINE INDUSTRY

During the past decade, the online financial services industry has matured, laying the foundation for further service offerings and cooperation, also with institutional investors. This movement is primarily driven by technological developments and increases in the financial product range, as well as by improved trading and information tools provided by the online universe, which are required by the institutional investors.

Another consolidation driver is the increased regulation of financial markets around the world. On the back of the financial crisis in 2008, regulators are introducing various new standards to improve industry processes and product transparency, and increased capital requirements are being seen in many areas. To the online financial services industry, these measures may well be an incentive for further industry consolidation and present new opportunities.

Saxo Bank supports the initiatives to increase the transparency and professionalisation of the online financial services industry. Internally, Saxo Bank continues to develop and implement new methods, services and systems that will further increase transparency both in terms of risk and pricing of the Bank's products.



BUSINESS MODEL & STRATEGIC DIRECTION

ONLINE TRADING BUSINESS MODEL

The best description of Saxo Bank's traditional business model is that of the facilitator. The Bank offers products and services from major markets around the world and make them accessible through a number of online trading platforms. In 2010, the Bank's platforms included the SaxoWebTrader, SaxoTrader, OnlineTrader, SaxoETrade Broker and SaxoMobileTrader. These platforms give clients access to trading in currencies, CFDs, shares, futures, options and other derivatives, as well as bonds, ETFs and other investment products. The platforms offer real-time prices, graphs, risk management tools, training, news, etc.

PLATFORMS AND SERVICES

Saxo Bank was among the first financial institutions in the world to develop an internet based information and investment trading platform. The trading platforms enable Saxo Bank to offer dealing and market making services to clients by providing direct access to tradable prices and rates across the international capital markets. Trade and order execution is reported to Saxo Bank's clients via the

platforms on a real-time basis, including full transparency of order and trade execution details, audit log events and mark-to-market based revaluations of positions, portfolios and client accounts. Transactions are combined with instant trade or order execution notifications along with detailed and historical client account statements, comprehensive trade and portfolio-based risk management analysis tools. Although the majority of the Bank's business is conducted electronically, Saxo Bank maintains dedicated 24-hour support desks.

FACILITATION

Saxo Bank's primary function is to act as a professional and regulated facilitator of investment and trading. The online trading platforms enable clients to trade in exchange-traded securities or derivatives contracts by routing the orders directly to the markets and relevant exchanges via one of Saxo Bank's liquidity and infrastructure partners. Saxo Bank may also act as client counterparty for products that are traded over-the-counter (OTC). The liquidity and infrastructure partners of Saxo Bank are large financial institutions. By entering into an active co-opera-





tion with these institutions, Saxo Bank has ensured access to a one-stop trade execution, settlement and custody offering.

PRODUCTS

Tradable products such as currencies, shares, bonds, CFDs, futures, options and other derivatives represent the core of Saxo Bank's traditional offering. Saxo Bank offers online FX trading in more than 160 different currency crosses. Additionally, the Bank offers FX options, which can be used to facilitate a number of trading and hedging strategies on a medium to long-term investment timeline.

Saxo Bank's platforms provide access to equities trading on more than 20 of the world's major stock exchanges, from the US to Europe, Asia and Australia. Clients are increasingly looking to contracts for difference (CFDs) as a more flexible method of trading stocks online. CFD trading is carried out on live prices on Saxo Bank's online trading platforms, without the delays of normal stock trading, such as waiting for fills from the stock exchange.

Online futures trading gives access to a range of products – from oil and metals to currencies, bonds, agricultural products and market indices. Futures enable clients to either invest in – or hedge against – expected price movements of the underlying asset. Saxo Bank offers various exchange traded funds (ETFs) and exchange traded commodities (ETCs) that are tradable on live prices. Online trading of ETFs and ETCs provides clients with a flexible way of accessing the stock and commodities markets.

PRIVATE CLIENTS

Saxo Bank has taken professional trading to the retail segment, providing it with direct access to the global capital markets. While Saxo Bank realises that the markets are global, it also understands that most private clients still prefer to be assisted in their own language, and thus services its clients through websites available in 21 languages and 18 offices around the world.

Private clients have access to market news and analyses in the equity, futures and forex markets delivered from various information and analysis providers in the financial industry. For CFDs, stocks, futures and other financial asset classes, Saxo Bank delivers price feeds; this includes an online subscription tool which enables clients to access live prices from more than 35 exchanges and news providers.

Saxo Bank offers an online education programme, Trade-Mentor, to empower private clients to navigate the online trading and investment universe. The educational content of the programme includes practical trading experience by actively engaging in "live" demo trades. The training takes place through a synthetic funded training account that operates "live" in the financial markets. Moreover, Saxo Bank organises local investment seminars to help traders and investors understand topics such as online FX trading, CFD trading or how to use Saxo Bank's trading platforms.

Another way the Bank allows private clients to familiarise themselves with the mechanisms of the financial markets and trading platforms offered is to provide them with a free practise account. This free practise account offers private clients a free demonstration account with a simulated USD 100,000 in funding. The simulation environment includes the full range of features from the live environment, including all asset classes, real-time live prices, live-streaming financial news and market analysis.

INSTITUTIONAL CLIENTS

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

INTRODUCING BROKERS

Saxo Bank's solutions for licensed introducing brokers recognise the differing needs of this specialised group. Its of-



fering comprises platforms, flexible account structures, easy-to-manage trading set-ups, dedicated front and back office services and marketing support.

A key prerequisite for an introducing broker to become a client of Saxo Bank is that he or she must hold a valid license from an acknowledged financial regulator.

WHITE LABEL SOLUTIONS

One of the distinct advantages offered by Saxo Bank is a White Label solution. A White Label solution is built around a customised version of Saxo Bank's platforms branded under the White Label Client's name. A White Label Client is typically a licensed bank. Saxo Bank offers the technology, knowledge and infrastructure to enable clients to enter or expand in the online trading market.

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

ASSET MANAGEMENT BUSINESS MODEL

The asset management strategy aims to position the Bank as a long-term business partner in asset management and the provider of tailored, innovative, transparent solutions for High-Net-Worth individuals and institutional investors.

Services and field of expertise

Saxo Bank provides financial expertise to maintain and advance client assets and portfolios. A key pillar of Saxo Bank's asset management offering is the independent selection of best-in-class financial products to support clients' growth in assets under management.

The acquisition of Sirius, Capital Four and a 51% stake of Global Evolution in 2009 established some of the core competencies of Saxo Asset Management. The competencies lie within Danish bonds, Nordic stocks as well as international high-yield and emerging market bonds.

In 2010 the Group established a new specialised equity team to strengthen and further develop the equity-related service offering to clients. The new equity team focuses on global equities and equity portfolios tailored to institutional investors.

Through Saxo Properties, Saxo Bank additionally offers handpicked Copenhagen-based residential, office and retail properties in close-ended funds for both High-Net-Worth clients and institutional investors.

High-Net-Worth Individuals

High-Net-Worth individuals are characterised as an individual or a family with high net worth. Although there is no precise industry definition of how wealthy somebody must be to fit into this client category, high net worth is generally quoted in terms of liquid assets over a certain figure.

High-Net-Worth clients are highly demanding clients who often require external expertise and support to maintain and preserve assets. These clients generally demand personalised investment management services.

Saxo Bank offers asset management expertise and services to clients with a minimum deposit of DKK 10 million or EUR 1.5 million.

Institutional investors

Another client type within Asset Management is the institutional investor. Institutional investors are typically a non-bank person or an organization that trades financial products in large quantities or currency amounts. These clients qualify for preferential treatment and services. Examples of institutional investors are pension funds and life insurance companies.

STRATEGIC DIRECTION

The strategic direction of Saxo Bank has in recent years aimed at broadening and diversifying product and service offerings. This goes hand-in-hand with the ambition to tailor offerings directly to the differing needs of various types of clients and develop Saxo Bank from being a niche



player within derivatives to a provider of a range of more traditional banking offerings.

TRADER AND INVESTOR VIEW

Over recent years the strategic aim of the Bank has been to expand its product and service offerings to reach a broader client audience.

A key factor of market segmentation is the type of client, the level of expertise and the degree of risk appetite. Although financial products share many of the same characteristics, the needs of clients with respect to services, products and online product capabilities can vary considerably. Nevertheless, the core of the product and service offering across the new market segmentation remains the usage of the technological capabilities of Saxo Bank.

The target clients are categorised in four groups:

Segment 1.

The Sophisticated Trader is an expert in one or more financial products and is interested in the broad product suite and tools provided in SaxoTrader. The Sophisticated Trader is a demanding client and requires expert service.

Segment 2.

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





Segment 3.

The Self-directed Investor typically has less risk appetite than the trader. The Self-directed Investor is online and information-oriented and requires a full self-service concept.

Segment 4.

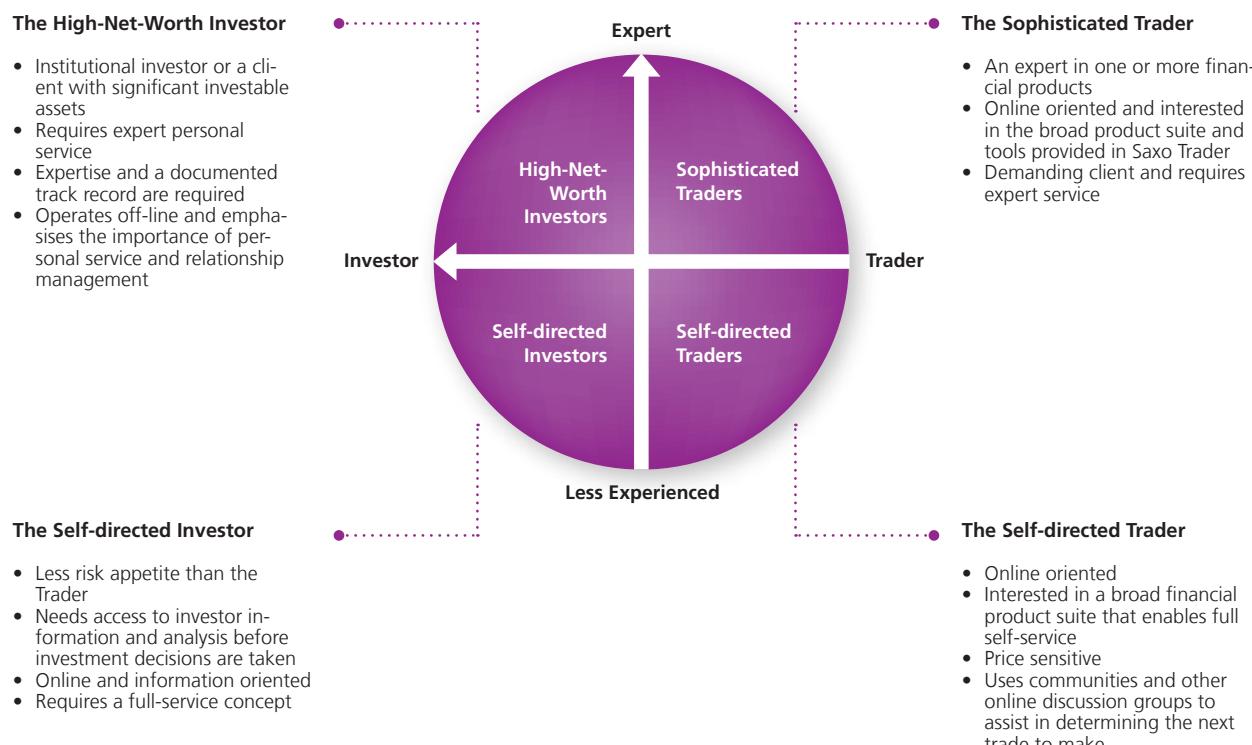
The High-Net-Worth Investor is an institutional investor or a client with significant investable assets. This segment requires expert personal service. The High-Net-Worth Investor requires in-depth expertise and a documented track record. The High-Net-Worth Investor typically operates off-line and emphasises the importance of personal service and relationship management.

While the defined client groups are approached separately from a commercial point of view, the key driver in the business structure remains the use of the Bank's core technolo-

logical capabilities across all segments. The aim is to service clients through technology and capacity utilisation as well as to fully exploit business synergies. The traditional part of Saxo Bank is the Commercial Group, which provides products and services to the traders (segment 1 and 2).

In 2009, Saxo Bank established the Banking and Online Investment business area, the focus of which is the development of a new product and service suite that is designed to cater to the Self-directed Investor (segment 3). This suite includes the launch of a new equity offering, an online wealth management platform, and traditional banking and pension products for the Nordic market.

Finally, Saxo Asset Management caters to the top segment of investors, defined as High-Net-Worth individuals and institutional investors (segment 4).



OPERATIONAL REVIEW OF THE YEAR

In line with the Bank's strategic focus to expand its product and service offerings, 2010 saw continued growth in the core business area of online trading and investment. At the same time, the newly established business areas gained foothold and achieved a number of commercial milestones.

ONLINE TRADING BUSINESS

The largest business area remains the service and product offerings to online traders and investors. Thus, the enhancement of online trading and investment offerings remains an important focus of Saxo Bank.

The result within the online trading and investment business was achieved on the back of continued growth in collateral deposits placed with the Bank.

During 2010, the value of client collateral deposits related to online trading and investment increased more than 36% to approximately DKK 21.1 billion as at 31 December 2010 and DKK 31.3 billion including Saxo-Etrade.

Product development

In 2010, product development was focused on delivering new financial products as well as enhancing existing product offerings. Following the launch of CFDs on commodities in 2009, Saxo Bank expanded its range of CFD contracts and in February released new CFDs on commodities with the addition of CFD contracts in gasoline, platinum, live cattle and orange juice to the CFD investor's toolbox. CFDs on commodities give traders and investors direct exposure to the underlying commodity with the trading features of CFDs.

Many traders and investors are interested in the flexibility and versatility features of CFDs. Saxo Bank has experienced significant interest from clients related to CFD index trackers, in particular. To meet this demand and allow for a further uptake in volumes, Saxo Bank decided to lower the prices of the ten most popular CFD index trackers by up to 67%. The lowered prices are valid from January 2011.

Another initiative in 2010 was the launch of warrants. Saxo Bank's warrants offering was launched in December and initially comprised warrants from the Dutch exchange AEX.

In late 2010 Saxo Bank added the Brazilian exchange BMF & Bovespa to enhance its equity, futures and foreign exchange offering. The Brazilian exchange represents a broad range of Brazilian investment opportunities.

In 2010 a dedicated project team intensified efforts to develop the required capabilities within the Bank to offer exchange traded derivatives to investors. Exchange traded derivatives include exchange traded options on equities and futures, also referred to as ETOs. The initiative is proceeding according to plan, which means that Saxo Bank expects to launch phase one of the new ETO product suite in the fourth quarter of 2011.

Platforms

In 2010 Saxo Bank launched the new Equity Platform. The Equity Platform responds to demand for more trading techniques as well as more and better analysis tools.

The Equity Platform enables transparent and straightforward trading of more than 11,000 stocks listed on 23 major exchanges worldwide, 6,000 Single Stock CFDs, 800 exchange traded funds and 20 index-tracking CFDs. It also allows clients to use peer groupings to find comparable companies and compare investments to peer averages.

Furthermore, the platform includes share price performance, operational performance and valuation multiples, including three-year forecasts of aggregated analyst estimates, enabling clients to explore stock price sensitivities to commodities, currencies and interest rates. This depth of fundamental data is often unavailable to private investors. In addition, the platform allows users to exchange information with other investors to validate the decision-making process and also offers opportunities to hedge portfolio risks through techniques such as shorting CFDs.

Driven by analytics, the Equity Platform also includes a research centre covering the 11,000 largest global compa-



nies with detailed company profiles, including five years of historical data and three years of forward consensus estimates on profit and loss, balance sheets, cash flow, operational performance and valuations. To help investors manage their risk, the research centre also includes company labelling such as growth focus, growth rate, beta, financial risk, operational risk, cyclical and revenue splits by division and geography.

To foster online discussion and feedback on investors' investment ideas, Saxo Bank has added investment information and discussion facilities from the multi-language online investor forum EuroInvestor.com.

In response to a growing number of new clients and increased demand for educational support, Saxo Bank launched the education programme TradeMentor. The TradeMentor programme is an educational package aimed at educating both new and existing traders and investors. The educational support is integrated within all trading platforms.

The combination of technology with the ability to understand the emerging needs and preferences of traders and investors remains a guiding principle behind the development of the Bank's financial products and services – one which in 2011 is expected to bring new technology and developments to the service of Saxo Bank clients. One example of a new platform focus area is the development of an online investment platform, which will offer investors a wide range of investment products from independent asset management providers worldwide. The new Online Wealth Management Platform will cater to the Self-directed Investor looking for a full self-service concept.

Awards

Over the past several years Saxo Bank has gained industry recognition for its online trading platforms, multi-product offering, prices and services.

This year, the Bank was especially recognised for its White Label business. Saxo Bank was awarded the top spot by subscribers of Profit & Loss, a monthly business magazine, and was also voted 'Best Re-Labelling Platform 2010'. Saxo Bank was also chosen as 'Best White Label Solution Pro-

vider' at the World Finance Foreign Exchange Awards 2010, acknowledging the Bank's long-established programme of investment and innovation within its White Label business.

Saxo Bank's platforms were also named 'Best Online Trading Platform 2010' at the Shares Awards dinner hosted by Shares Magazine, a weekly publication for stock market professionals and private investors. The Shares Awards recognise excellence in all sectors of the investment, trading and securities industries.

Geographical expansion

2010 was a year of operational consolidation of the new entities and offices resulting from the expansion strategy undertaken in 2008 and 2009. While the focus was on integration, Saxo Bank also laid the foundation for opening offices in Hong Kong and Panama. The Hong Kong office received its license in January 2011. The Panama office is expected to be operational in the spring of 2011.

Saxo Bank will continue to build on the geographical expansion that began in 2006 by opening more local sales offices in key markets with a view to improving client sales and service.

Today, Saxo Bank is present in 18 countries, and its expansion is expected to continue through the establishment of local offices. A range of potential locations around the world are being examined with the aim of establishing a Saxo Bank presence, either through acquisitions or green field setups.

Institutional client focus

The Institutional Business concept is developed in close cooperation between Saxo Bank's headquarters and the decentralised sales organisation around the world. In 2010 activities concentrated on offerings and services that enable Saxo Bank to expand its cooperation with top-tier banks and financial institutions. This work will continue during 2011.

Saxo Bank reached a major milestone in developing the institutional business in December 2010, when Barclays Stockbrokers Limited entered into an agreement with Saxo Bank, whereby the Bank will produce and tailor an



international equities offering that caters for clients of Barclays Stockbrokers.

Another important step was reached when Saxo Bank entered into an agreement with Microsoft to design and tailor-make a trading platform, MSN Trader. MSN Trader, which is featured on Microsoft's MSN Money website in the UK, was launched in November. Microsoft and Saxo Bank intend to expand the cooperation, with other MSN regions expected to follow in 2011.

Private client focus

In 2010 Private Business introduced a new commercial infrastructure to support the international set-up. The key components of the infrastructure are standardised system capabilities covering the entire client lifecycle, including one web infrastructure, one sign-up for opening a demo and live account, and one CRM system. This infrastructure is now integrated from lead to client across almost all regions and sales offices.

Another focus area was the ability to attract High-Net-Worth investors and more self-directed investors via a targeted media mix, product messaging and service differentiation.

It is imperative to ensure that Saxo Bank is in sync with its clients' needs. To this end, Private Business launched a client satisfaction survey conducted by the research-based consultancy group Capacent Epinion. The client survey was generally positive across all regions, but also gave the Bank insight to further enhancement opportunities.

Another initiative was the issue of a new Global Sales Manual. The Global Sales Manual streamlines sales processes across the entire international sales organisation to ensure a homogeneous client experience while also increasing efficiency within the sales organisation.

In addition, the TradeMentor educational programme was fully integrated on the platforms in response to demand from a growing number of new traders and investors as well as increasing calls for educational support.

Major campaigns during 2010 included a global campaign for Saxo Bank's new equity platform, providing private investors with institutional-style trading and an analysis tools campaign. A general multi asset campaign was also launched.

Saxo Bank was the sole main sponsor of Team Saxo Bank in 2010. The year offered many events which gave the Bank exposure and increased the general awareness of the Saxo Bank brand. Significant wins of the team included the 2010 Paris-Roubaix race as well as Tour de Suisse. The activation of the sponsorship included traditional branding campaigns in target countries, marketing initiatives and client events.

In August Saxo Bank and SunGard, a US software and IT services company, joined forces as co-title sponsors for Riis Cycling A/S in 2011. The new cycling team name is Saxo Bank-SunGard Professional Cycling Team.

The regions

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

Asia Pacific

In 2010 the Asia Pacific region focused on achieving key strategic objectives such as organic growth and regional expansion.

The region continued its satisfactory performance, achieved through focused marketing campaigns and widened product offerings resulting in increased client collateral deposits.

Furthermore, the region initiated an asset management offering that will complement the existing Saxo Asset Management operation in Copenhagen.



It is the intention of Saxo Bank to further expand its footprint in the Asia Pacific region in 2011. Both acquisitions and green field office setups will be considered.

Eastern Europe

The Eastern European region continued to grow earnings and posted a positive development in client collateral deposits. In particular Russia, the Czech Republic and Kazakhstan increased both their private and institutional business in 2010.

While the launch of the new Equity Platform allowed the Eastern European region to grow its equity trading volumes, it also complimented the Eastern European region's strategy to better accommodate High-Net-Worth Investors.

The Eastern European region strengthened its institutional focus, particularly in Kazakhstan and the three Baltic countries, resulting in White Label Client relationships with leading banks in Estonia, Latvia and Lithuania. In 2011 Russia, Azerbaijan, Georgia and Armenia will be the main priorities for further growth.

France

Saxo Banque France grew the business significantly in 2010. A key driver behind this achievement were developments in the private client business, which represents the main source of the business activities in France.

FX trading remains the largest revenue contributor of Saxo Banque France. However, a significant increase in volumes and revenues related to futures and CFD trading was reported in 2010. An important strategic step was taken in early 2010 when Saxo Banque France received its brokerage license to offer listed products. As a consequence, Saxo Banque France now offers the full range of products offered by Saxo Bank.

Saxo Banque took several important steps within the institutional market in 2010. In February the French agricultural broker Agricote agreed on a White Label solution with Saxo Banque France. Furthermore, a major milestone was reached with the implementation of an API contract with Dubus SA, representing the first B2B CFD API deal within the Saxo Bank Group. The B2B CFD API gives access to li-

quidity, competitive pricing and execution, real-time product risk management, automated settlement and post-trade services provided by Saxo Bank.

Latin Region

Despite the difficult economic situation in the regions' largest markets, Portugal and Spain, the Latin region saw growth in both revenue and client collateral deposits. The client base of the region continues to be liaised towards institutional business.

During the year the Latin region primarily focused on expanding the reach of the region, both in terms of its local presence as well as in relation to its product offerings. Key initiatives supporting the expansion of the region focused on reinforcing the existing footprint, notably in Spain, but also in broadening the footprint in Latin America.

In 2011, the Latin region expects to open Saxo Banks' first office in Latin America.

Middle East

2010 was the first full year of operation for Saxo Bank Ltd in Dubai. The office had a successful year, confirming the strategic rationale for a local presence.

Clients' collateral deposits and revenue grew significantly, increasing the region's relative share in Saxo Bank's revenue. The results were further backed by a diversified revenue stream, with increased volumes in equities, futures and CFDs.

2010 also saw continued efforts to professionalise general communication and content in Arabic. For example, Saxo Bank launched the TradeMentor education programme in Arabic in response to a growing number of new Middle East investors.

Nordic Region

The Nordic Region grew its business in 2010 and succeeded in decreasing its cost base, resulting in improved profitability for the region. Norway remains the largest market for the Nordic Region in terms of both volume and revenue.



The private client business focused on building additional competences to further strengthen client satisfaction and client relationship management, while, on the institutional side, the emphasis was placed on productively enhancing existing relationships. Furthermore, the Nordic Region successfully targeted larger and more complex financial institutions in the area of White Label solutions.

Southern Europe

Southern Europe, which is one of the largest regions within Saxo Bank, successfully increased clients' collateral deposits. The client composition continued to change during 2010, from a high velocity clientele to a more diversified portfolio with less individual client dependencies and an increased number of investors. Key to the success of the region is the broadened local presence, which has resulted in a more visible brand in the local markets.

In 2010 the region specifically noted an increased interest from large regional banks wanting to explore the benefits of a White Label solution with Saxo Bank. This development is expected to bring new institutional business to the Bank in 2011.

Switzerland

Local management continued the transformation of Saxo Bank (Schweiz) AG that began in 2009. Today all activities are housed in the office in Zollikon, near Zurich. Saxo Bank (Schweiz) AG satisfactorily increased its business in 2010, expanding its business in all client areas and posting growth in the number of both private and institutional clients. During the year, market responsibility for predominantly German speaking markets was transferred from Denmark to the Swiss organisation.

The commercial synergies that emerged from the pooling of the German-speaking markets in Switzerland played a key role in the results achieved in 2010. The focus on the German-speaking markets will be further strengthened in 2011.

UK

The private client business experienced strong growth, particularly in the first half of the year. An increasing number of clients are now trading across multiple asset classes with growing transaction volumes. During 2010 Saxo Bank London began to offer execution services for clients wishing to transact within their SIPP accounts. This initiative is anticipated to lead to further growth in assets under management in the years to come.



SAXO ASSET MANAGEMENT

The acquisitions of Sirius, Capital Four and a 51% stake in Global Evolution in 2009 were intended to diversify the business and facilitate entry into the asset management segment.

The strategy aims to position the Bank as a long-term business partner in asset management and to raise its profile as a provider of tailored, innovative, transparent solutions for High-Net-Worth individuals and institutional investors. Through the three acquisitions made in 2009, Saxo Bank established a strong Nordic presence with core competencies in the area of Danish bonds, Nordic stocks and international high-yield and emerging market bonds. Building on this basis, a range of other important strategic steps were taken in 2010.

During 2010 Saxo Asset Management grew its assets under management and continued the positive performance seen in 2009. The value of assets under management increased more than 64% to approximately DKK 31 billion as at 31 December 2010. In addition, Saxo Asset Management invested funds on behalf of other Group companies.

The growth in assets under management was achieved solely through organic growth by signing up new High-Net-Worth individuals and institutional investors.

The Saxo Asset Management Umbrella

The main focus during 2010 was the establishment of an integrated product and service offering combining the core competencies within the companies. This has resulted in the launch of the Saxo Asset Management concept.

Sirius

In 2010, Sirius continued the successful on-boarding of several High-Net-Worth individuals, and assets under management from external clients grew approximately DKK 3 billion to DKK 13 billion.

Capital Four

During 2010 Capital Four won significant new mandates from institutional clients. Assets under management for

international clients grew by more than DKK 3 billion through Nordea as a distribution channel. Furthermore, Capital Four was appointed manager of the Nykredit European High Yield Fund. This fund will be used as a distribution channel for tier-two institutional clients through Nykredit as well as a distribution vehicle for Danish institutional clients. At the end of 2010 total assets under management for Capital Four surpassed DKK 15 billion.

Global Evolution

Global Evolution had more than DKK 3 billion in assets under management at the end of 2010. Global Evolution currently has seven live investment products. New distribution platforms were established with Intervalor partnerships in Sweden, Norway and Finland. Furthermore, a Luxembourg-based fund was established. Another distribution channel is underway in Germany.

Saxo Properties

In 2010 a new strategic step was taken with the launch of Saxo Properties. This initiative was taken in order to provide clients of Saxo Asset Management with access to investments linked to the real estate market. The activities of Saxo Properties are handpicked Copenhagen-based residential, office and retail properties with the aim of launching closed-ended funds for both High-Net-Worth individuals and institutional clients.

The first fund was launched in November. The Group's pipeline includes the launch of several new property investment offerings in 2011.

Equity Team

In late 2010 the Group established a new specialised equity team to strengthen and further develop the equity-related service offering to clients. The new equity team will focus on global equities and will introduce new equity portfolios tailored to institutional investors.

The equity team consists of highly experienced equity specialists with a proven track record. The aim is to launch the first equity portfolio products in 2011.



BANKING & ONLINE BUSINESS

In 2009 Saxo Bank established the Banking and Online Investments business area. The key objective for the business area is to focus on developing a new product and service suite catering to Self-directed Investors. The expansion of the Banking and Online Investment business area is reflected in several initiatives.

EuroInvestor

In 2009 Saxo Bank acquired a minority stake in EuroInvestor, a Danish listed company, which specialises in providing online investment information through the website EuroInvestor.com.

A key strategic step towards exploring the potential synergies involved in bridging the online universe of the communities and the trading platforms of Saxo Bank was made in March with the launch of the EuroTrader platform. EuroTrader enables members of the EuroInvestor community to execute investment decisions directly through the community platform.

MSN Trader

The next step to combine the online universes of communities and Saxo Bank's equity platform was the launch of MSN Trader. In November 2010 Microsoft and Saxo Bank announced the strategic partnership in response to growing demand from investors for more advanced trading techniques as well as more analysis tools and better fundamental research on global equities. MSN Trader, which is designed by Saxo Bank and is tailor-made for the MSN audience, is featured on Microsoft's MSN Money UK website. Microsoft and Saxo Bank intend to expand the cooperation, with other MSN regions expected to follow in 2011.

Banco Best

Another initiative to extend the product and service offering within the Banking and Online business area was taken in December 2009 when Saxo Bank acquired a 25% stake in Portuguese online wealth management provider Banco Best. The acquisition provides access to the online investment platform of Banco Best, which offers investors

a wide range of investment products from independent asset management providers worldwide.

A key feature of the acquisition is linked to the development of a new online wealth management offering that includes a new investment platform catering to the Self-directed Investor looking for a full self-service concept.

Saxo-Etrade

In April 2010 Saxo Bank completed the acquisition of the Nordic activities of E*Trade. This important strategic step for the Banking and Online Investments business area of Saxo Bank gave instant access to 50,000 clients with client collateral deposits of more than DKK 9 billion in Denmark, Norway, Sweden, Finland and the Baltic countries. Additionally, the acquisition added a new office in Stockholm to the geographical footprint of Saxo Bank. Following completion of the acquisition, E*Trade was renamed Saxo-Etrade.

The acquisition of E*Trade's Nordic activities gave access to pension and investment-related financial products catering to the Self-directed Investor.

Brørup Sparekasse

A major strategic step was taken in September 2010 when Saxo Bank announced its intent to acquire a majority stake in the Denmark-based retail bank Brørup Sparekasse. The deal was concluded in October 2010, leaving Saxo Bank with a 99% stake in the savings bank. The bank is situated in Jutland in Denmark and has six branch offices.

The acquisition will enable Saxo Bank to tap into the Danish retail-private banking segment with a full banking offering covering traditional bank accounts, debit/credit cards, mortgage credit, pension products and bank advisory services.

Saxo Bank intends to further develop Brørup Sparekasse and to introduce a new private banking concept to the Danish market.

PERIODIC EXAMINATIONS AND PREVENTIVE MEASURES

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FINANCIAL STATEMENTS



INCOME STATEMENT
1 JANUARY – 31 DECEMBER

(DKK 1,000)	Note	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
Interest income	2	948,332	363,019	861,578	355,753
Interest expense	3	(168,835)	(85,679)	(122,644)	(88,929)
Net interest income		779,497	277,340	738,934	266,824
Fee and commission income	4	1,044,434	833,730	915,794	823,361
Fee and commission expense	5	(1,147,531)	(887,531)	(1,812,814)	(1,240,854)
Net interest, fees and commissions		676,400	223,539	(158,086)	(150,669)
Price and exchange rate adjustments	6	2,661,694	2,003,963	2,670,291	1,895,450
Operating income		3,338,094	2,227,502	2,512,205	1,744,781
Other income	7	10,765	8,236	18,015	5,380
Staff costs and administrative expenses	8	(2,230,328)	(1,736,706)	(1,750,222)	(1,443,613)
Depreciation, amortisation and impairment of intangible and tangible assets	9	(163,464)	(153,978)	(119,916)	(99,225)
Other expenses		(38,285)	(30,997)	(29,337)	(29,095)
Impairment charges for loans, advances etc.	10	(14,022)	(45,692)	(6,521)	(43,474)
Income from associates	16	11,050	988	10,555	988
Income from subsidiaries	17	-	-	228,025	117,817
Profit before tax		913,810	269,353	862,804	253,559
Tax	11	(270,297)	(68,002)	(218,930)	(51,973)
Net profit		643,513	201,351	643,874	201,586
Proposed allocation of net profit:					
Non-controlling interests		(361)	(235)	-	-
Equity method reserve		-	-	238,580	118,805
Allocated to retained earnings		643,874	201,586	405,294	82,781
Total allocation		643,513	201,351	643,874	201,586



**BALANCE SHEET
AT 31 DECEMBER**

(DKK 1,000)	Note	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
ASSETS					
Cash in hand and demand deposits with central banks		631,954	171,756	191	478
Receivables from credit institutions and central banks	12	4,029,627	4,144,074	1,395,384	2,744,409
Loans and advances at amortised cost	13,14	1,990,142	92,159	249,914	176,660
Bonds at fair value	15	10,439,659	7,222,331	8,358,767	6,454,976
Equities		85,700	3,571	9,027	3,233
Investments in associates	16	258,735	256,171	254,099	253,047
Investments in subsidiaries	17	-	-	1,669,962	932,046
Goodwill	18	978,582	684,432	978,582	684,432
Other intangible assets	19	546,993	289,407	472,782	254,214
Land and buildings, total		745,621	709,240	-	-
hereof investment properties	20	30,146	-	-	-
hereof domicile properties	21	715,475	709,240	-	-
Other tangible assets	22	179,817	146,785	108,852	93,623
Tax receivables	25	42,283	39,147	25,856	35,985
Deferred tax assets	25	135,501	16,348	428	406
Other assets		3,761,906	2,202,149	3,686,843	2,212,526
Prepayments		65,324	67,759	34,278	57,316
Total assets		23,891,844	16,045,329	17,244,965	13,903,351



**BALANCE SHEET
AT 31 DECEMBER**

(DKK 1,000)	Note	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
LIABILITIES					
Debt to credit institutions and central banks	23	577,812	478,479	64,647	19,345
Deposits	24	15,959,986	10,963,597	10,748,825	9,432,622
Tax liabilities	25	41,033	27,995	693	2,164
Other liabilities		3,092,015	1,583,839	2,804,812	1,492,534
Total debt		19,670,846	13,053,910	13,618,977	10,946,665
Pensions and similar liabilities		2,584	3,010	-	-
Deferred tax liabilities	25	169,018	46,881	158,621	38,777
Other provisions	26	227,379	197,142	187,248	183,643
Total provisions		398,981	247,033	345,869	222,420
Subordinated debt	27	941,977	409,283	409,962	409,283
EQUITY					
Share capital		66,547	66,513	66,547	66,513
Equity method reserve		-	-	729,324	368,811
Retained earnings		2,803,610	2,258,470	2,074,286	1,889,659
Total shareholders' equity		2,870,157	2,324,983	2,870,157	2,324,983
Non-controlling interests		9,883	10,120	-	-
Total equity		2,880,040	2,335,103	2,870,157	2,324,983
Total equity and liabilities		23,891,844	16,045,329	17,244,965	13,903,351
Contingent and contractual liabilities		28			
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**CAPITAL STATEMENT
AT 31 DECEMBER**

Saxo Bank Group (DKK 1,000)	Share capital	Retained earnings	Non- controlling interests	Total
Equity 1 January 2009	59,168	1,357,553	-	1,416,721
Net profit for the year	-	201,586	(235)	201,351
Exchange rate adjustments	-	42,348	-	42,348
Hedge of net investments in subsidiaries, net of tax	-	2,340	-	2,340
Acquisition	-	-	10,355	10,355
Warrants	-	17,500	-	17,500
Increase in share capital	7,345	637,143	-	644,488
Equity 31 December 2009	66,513	2,258,470	10,120	2,335,103
Net profit for the year	-	643,874	(361)	643,513
Exchange rate adjustments	-	220,754	-	220,754
Fair value adjustment of cash flow hedges, net of tax	-	(10,232)	-	(10,232)
Hedge of net investments in subsidiaries, net of tax	-	(75,045)	-	(75,045)
Acquisition	-	-	1,245	1,245
Warrants	-	18,900	-	18,900
Interim dividend paid	-	(256,639)	(1,121)	(257,760)
Increase in share capital	34	3,528	-	3,562
Equity 31 December 2010	66,547	2,803,610	9,883	2,880,040



CAPITAL STATEMENT AT 31 DECEMBER

Saxo Bank A/S (DKK 1,000)	Share capital	Equity method reserve	Retained earnings	Total
Equity 1 January 2009	59,168	255,834	1,101,719	1,416,721
Net profit for the year	-	118,805	82,781	201,586
Exchange rate adjustments	-	(5,828)	48,176	42,348
Hedge of net investments in subsidiaries, net of tax	-	-	2,340	2,340
Warrants	-	-	17,500	17,500
Increase in share capital	7,345	-	637,143	644,488
Equity 31 December 2009	66,513	368,811	1,889,659	2,324,983
Net profit for the year	-	238,580	405,294	643,874
Exchange rate adjustments	-	137,453	83,301	220,754
Fair value adjustment of cash flow hedges, net of tax	-	(10,232)	-	(10,232)
Hedge of net investments in subsidiaries, net of tax	-	-	(75,045)	(75,045)
Warrants	-	-	18,900	18,900
Adjustment (dilution)	-	(1,144)	1,144	-
Interim dividend paid	-	-	(256,639)	(256,639)
Dividend from associates	-	(4,144)	4,144	-
Increase in share capital	34	-	3,528	3,562
Equity 31 December 2010	66,547	729,324	2,074,286	2,870,157

Following the exercise of 34,584 warrants, the share capital increased by 34,584 shares with a nominal value of DKK 1 in 2010. As at 31 December 2010, the share capital consisted of 66,547,198 shares with a nominal value of DKK 1, of which 2,928,012 are preference shares.

Saxo Bank A/S has outstanding warrants as follows:

Year of issue	Amount issued	Exercised/ Expired/ Lapsed	Out- standing	Strike Price	Expiry
2007 Board of Directors	51,364	(51,364)	-	103,00	2010
2007 Employees	510,280	(510,280)	-	103,00	2010
2007 Employees	1,595,000	(1,093,321)	501,679	103,00	2011-14
2008 Board of Management	1,770,000	-	1,770,000	148,00	2011
2008 Employees	307,000	(37,000)	270,000	148,00	2011
2008 Employees	772,840	(15,798)	757,042	148,00	2011-14
Total	5,006,484	(1,707,763)	3,298,721		

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



SOLVENCY AT 31 DECEMBER

(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
	2010	2009	2010	2009
Total equity	2,880,040	2,335,103	2,870,157	2,324,983
Guaranteed capital	241,824	-	-	-
Deduction in core capital:				
Intangible assets ^{a)}	(1,691,309)	(1,158,799)	(1,617,098)	(1,123,606)
Deferred tax assets	(135,501)	(16,348)	(428)	(406)
Core capital after deductions	1,295,054	1,159,956	1,252,631	1,200,971
Hybrid capital	99,708	-	-	-
Core capital after deductions (incl. hybrid capital)	1,394,762	1,159,956	1,252,631	1,200,971
Investments in associates ^{b)}	(70,291)	(46,767)	(70,291)	(46,767)
Subordinated loans, reduced value	502,041	372,075	354,058	372,075
Base capital	1,826,512	1,485,264	1,536,398	1,526,279
^{a)} Including goodwill from associates of DKK 166 million (2009: DKK 185 million).				
^{b)} Relate to investments in associates which are credit institutions, excluding goodwill.				
Risk weighted items:				
Total credit risk	4,134,975	1,785,503	2,773,876	1,764,999
Market risk	3,846,627	2,834,967	3,982,784	2,404,197
Operational risk	3,951,725	3,181,140	3,233,319	2,768,200
Total weighted items	11,933,327	7,801,610	9,989,979	6,937,396
Capital requirement 8% of total weighted items	954,666	624,129	799,198	554,992
Core capital ratio (excl. hybrid capital)	10.9%	14.9%	12.5%	17.3%
Core capital ratio	11.7%	14.9%	12.5%	17.3%
Solvency ratio	15.3%	19.0%	15.4%	22.0%

Saxo Bank uses the following methods:

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



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NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

GENERAL

The Annual Report for 2010 has been prepared in accordance with the Danish Financial Business Act, the Danish executive order on financial reports for credit institutions and investment companies, etc. dated 16 December 2008, and guidance issued by The Danish Financial Supervisory Authority.

The Group has not changed its accounting policies from those followed in Annual Report 2009, except as mentioned below.

From 1 January 2010 acquisition-related costs have been expensed when incurred where previously included in the total cost of an acquisition (business combination). The change is a consequence of amendments made to IFRS 3 Business Combinations which are also considered relevant under the Danish executive order on financial reports for credit institutions and investment companies, etc. In line with IFRS 3 the change is applied prospectively to business combinations with acquisition date on or after 1 January 2010. The negative effect on the income statement for 2010 is DKK 21 million.

In the comparative figures for 2009 certain minor changes have been made due to reclassification.

Accounting estimates

The estimates that are deemed critical to the consolidated financial statements include:

- the fair value measurement of financial instruments
- the measurement of loans and advances
- the measurement of goodwill
- the measurement of provisions
- the recognition of deferred tax assets

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.

Consolidation

The consolidated financial statements comprise Saxo Bank A/S and subsidiaries in which Saxo Bank A/S has control over 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, directly or indirectly, more than 50% of the voting rights of an entity or otherwise has a controlling interest (including de facto control).

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 directly or indirectly more than 20% of the voting rights but less than 50%. Investments in associates are recognised at cost at the date of acquisition and are subsequently measured according to the equity method.

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 same nature and eliminating intra-group transactions, balances, profits and losses.

The account 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 entities 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.



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies · continued

The net assets of such entities (assets, including identifiable intangible assets, less liabilities and contingent liabilities) are included in the financial statements at fair value on the date of acquisition according to the acquisition method.

The cost of a business combination comprises the fair value of the consideration agreed upon. If part of the consideration is conditional upon future events, this is included in the cost to the extent that the events are probable and the consideration can be measured reliably. Acquisition-related costs are recognised in the income statement as incurred.

If the cost of the acquisition exceeds the fair value of the net assets acquired, the excess amount is recognised as goodwill. Goodwill is recognised in the functional currency of the entity acquired.

Translation of transactions in foreign currency

The presentation currency of the consolidated financial statements is Danish kroner. 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 balance sheet 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 Saxo Bank A/S (DKK), the income state-

ments are translated at the exchange rates at the transaction date. Balance sheet items are translated at the exchange rates at the balance sheet 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. Exchange rate gains and losses arising at the translation of net investments in foreign entities, including goodwill, are recognised directly in equity. Foreign exchange adjustments of balances (loans and receivables of permanent nature), which are considered part of the net investments, are recognised in the consolidated financial statements directly in equity.

INCOME STATEMENT

Interest, fees and commissions

Interest income and expense are recognised in the income statement, using the effective interest method, including zero coupon bonds measured at fair value. Premiums on forward transactions are accrued over the lifetime of the transactions and included in interest income.

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

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

Price and exchange rate adjustments

Price and exchange rate adjustments comprise gains and losses related to trading assets and liabilities including realised and unrealised fair value changes and foreign exchange differences.



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies · continued

Staff costs and administrative expenses

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

Other expenses

The Bank participated in the Danish State Guarantee arrangement which expired on 30 September 2010 (Bank Package I) and participates in the Danish Guarantee Fund for Depositors and Investors. Guarantee commission is recognised in the income statement under Other expenses.

The liability to cover possible losses under the schemes is recognised as a provision when a loss is probable and can be measured reliably.

Amounts related to the loss guarantee to the Danish Private Contingency Association are recognised in the income statement as Impairment charges for loans, advances etc.

BALANCE SHEET

Receivables from credit institutions and central banks

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

Loans and advances at amortised cost

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

Impairment of loans and advances

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. The impairment charge is

adjusted if the present value of the expected future cash flows is changed.

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.

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 balance sheet date, including purchase price allocations upon initial recognition. 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.

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 at the balance sheet date, including purchase price allocations upon initial recognition. Profit or loss from investments in associates represents the share of the profit and loss after tax.

Intangible assets

Goodwill arises on the acquisition of subsidiaries and associates and is calculated as the difference between the cost of acquisition and the fair value of the net assets, including contingent liabilities, at the time of acquisition.



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies · continued

Goodwill on associates is recognised under Investments in associates.

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 the 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.

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.

Intangible assets are amortised on a straight-line basis over the expected useful life. Amortisation periods are as follows:

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

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

Amortisation and impairment charges are recognised in the income statement.

Investment properties

Investment properties are measured at fair value. Net rental income is recognised in the income statement under Other income. Fair value adjustments are included in Price and exchange rate adjustments.

Tangible assets

Domicile property is real estate occupied by the Group. Domicile properties are measured at revalued amount representing the fair value at the balance sheet date.

Other tangible assets include leasehold improvements, fixtures, equipment and vehicles, IT equipment and airplane.

The tangible assets are generally 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
Airplane.	40 years

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

Depreciation and impairment charges are recognised in the income statement.

Securities and derivative financial instruments

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

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

Derivative financial instruments (open spot transactions, forward exchange transactions, futures and options, etc.) are measured at fair value, which is determined on the basis of the closing prices on the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies · continued

Changes in its fair value are recognised in the income statement as a component of Price and exchange rate adjustments.

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

If no active market for financial instruments exists, including unlisted shares and bonds, generally accepted valuation techniques are applied.

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

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

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 operation, the effective portion of changes in the fair value of the hedging instrument is recognised directly in equity. Any ineffective portion of changes in the fair value of the hedging instrument is recognised immediately in the income statement. The amount recognised in equity is reclassified and included in the income statement on disposal of the foreign operation.

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 directly in equity. 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 in-effective portion of

changes in the fair value of the derivative is recognised immediately in the income statement.

Provisions

Provisions, other than deferred tax liabilities, include provisions for pension obligations, losses on guarantees and other commitments, which are measured based on the present value of the estimated net economic outflow to settle the liability.

Subordinated debt and issued bonds

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

Subordinated debt and issued bonds are at initial recognition measured at fair value, equaling the payment received less directly attributable costs incurred. Subsequently, subordinated debt and issued bonds are measured at amortised cost.

Proposed dividends

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

Warrants

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

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



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies · continued

In connection with initial recognition of the warrants, the expected number of exercisable warrants is estimated. Subsequent adjustments are made for changes in the estimate. The fair value of the warrants is estimated using the Black Scholes valuation method. The calculation takes into account the terms and conditions under which the warrants are allocated.

Tax

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

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for fi-

nancial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for goodwill that is not tax deductible. Temporary differences from acquisitions related to assets or liabilities recognised at the acquisition date, such as recognition of client relationships, are included in the balance sheet at the acquisition date. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
2 Interest income					
Credit institutions and central banks	50,265	26,281	28,452	25,057	
Loans and advances	53,687	12,929	24,061	16,349	
Bonds	348,301	58,207	335,288	57,949	
Derivative financial instruments	496,079	265,602	473,777	256,398	
Total interest income	948,332	363,019	861,578	355,753	
No interest income relates from genuine purchase and resale transactions.					
3 Interest expense					
Credit institutions and central banks	(38,449)	(8,689)	(13,937)	(7,853)	
Deposits	(41,914)	(25,606)	(24,312)	(29,692)	
Subordinated loans	(15,878)	(18,070)	(14,624)	(18,070)	
Guaranteed capital	(2,597)	-	-	-	
Derivative financial instruments	(69,997)	(33,314)	(69,771)	(33,314)	
Total interest expense	(168,835)	(85,679)	(122,644)	(88,929)	
No interest expense relates from genuine purchase and resale transactions.					
4 Fee and commission income					
Trading with equities and derivative financial instruments	997,971	833,730	914,156	823,361	
Payment services fees	433	-	-	-	
Origination fees	2,579	-	-	-	
Guarantee commissions	95	-	-	-	
Other fees and commissions	43,356	-	1,638	-	
Total fee and commission income	1,044,434	833,730	915,794	823,361	
5 Fee and commission expense					
Trading with equities and derivative financial instruments	(1,147,531)	(887,531)	(1,812,814)	(1,240,854)	
Total fee and commission expense	(1,147,531)	(887,531)	(1,812,814)	(1,240,854)	
6 Price and exchange rate adjustments					
Bonds	(178,539)	25,240	(169,591)	25,250	
Equities	(2,667)	-	-	-	
Foreign exchange	2,556,676	1,749,242	2,551,161	1,662,067	
Derivative financial instruments	286,224	229,481	288,721	208,133	
Total price and exchange rate adjustments	2,661,694	2,003,963	2,670,291	1,895,450	



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
7 Other income					
Gain on disposal of tangible assets	229	3,018	94	901	
Rental income	576	-	2,017	-	
Administrative services	1,288	16	2,090	2,223	
Other	8,672	5,202	13,814	2,256	
Total other income	10,765	8,236	18,015	5,380	
8 Staff costs and administrative expense					
Salaries and remuneration to Board of Directors and Board of Management:					
Board of Directors	(4,020)	(2,752)	(4,020)	(2,752)	
Board of Management (including warrants)	(30,033)	(26,971)	(30,033)	(26,971)	
Total salaries to Board of Directors and Board of Management	(34,053)	(29,723)	(34,053)	(29,723)	
Staff costs:					
Salaries (including warrants)	(927,285)	(709,499)	(676,301)	(569,327)	
Pensions	(59,643)	(54,586)	(46,393)	(47,839)	
Social security expenses	(82,001)	(79,618)	(66,286)	(61,115)	
Total staff costs	(1,068,929)	(843,703)	(788,980)	(678,281)	
Other administrative expenses	(1,127,346)	(863,280)	(927,189)	(735,609)	
Total staff costs and administrative expenses	(2,230,328)	(1,736,706)	(1,750,222)	(1,443,613)	
Average number of employees					
Average number of employees during the financial year converted into full-time equivalents	964	927	629	695	
Audit fees					
Fees for statutory audit	(3,384)	(2,485)	(2,020)	(1,924)	
Fees for services other than audit	(11,607)	(5,008)	(10,456)	(4,825)	
Total audit fees	(14,991)	(7,493)	(12,476)	(6,749)	
Fee to the auditors elected by the annual general meeting to perform the statutory audit.					
9 Depreciation, amortisation and impairment of intangible and tangible assets					
Intangible assets	(100,652)	(60,820)	(82,513)	(49,334)	
Tangible assets	(62,812)	(93,158)	(37,403)	(49,891)	
Total depreciation, amortisation and impairment of intangible and tangible assets	(163,464)	(153,978)	(119,916)	(99,225)	



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
10	Impairment charges for loans, advances etc.				
	Loans and advances	(14,231)	(11,534)	(6,713)	(9,316)
	The Private Contingency Association, loss guarantee	-	(35,354)	-	(35,354)
	Adjustment of prior years' impairment	209	1,196	192	1,196
	Total impairment charges for loans, advances etc.	(14,022)	(45,692)	(6,521)	(43,474)
11	Tax				
	Taxation on profit for the year	(133,695)	(54,472)	(102,467)	(27,890)
	Changes in deferred tax	(139,341)	(10,066)	(119,571)	(12,597)
	Adjustment of prior years' taxation	2,739	(3,464)	3,108	(11,486)
	Tax recognised in income statement	(270,297)	(68,002)	(218,930)	(51,973)
	Tax recognised directly in equity	28,251	-	25,015	-
	Total tax	(242,046)	(68,002)	(193,915)	(51,973)
	Tax paid during the year	95,925	58,377	64,701	25,191
	Current tax rate	25.0%	25.0%	25.0%	25.0%
	Effective tax rate	29.9%	25.2%	34.5%	38.6%
	25% tax on profit for the year before tax	(228,452)	(67,397)	(228,542)	(67,397)
	25% of result in subsidiaries, reversal	2,763	-	69,848	33,709
	Non tax-deductible expenses	(8,005)	(4,484)	(5,430)	(2,792)
	Difference in the tax rate and other adjustments	(36,603)	3,879	(54,806)	(15,493)
	Total tax recognised in income statement	(270,297)	(68,002)	(218,930)	(51,973)



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
12	Receivables from credit institutions and central banks				
Demand deposits	3,973,634	4,126,255	1,359,705	2,744,409	
Within 3 months	13,049	12,819	-	-	
From 3 - 12 months	-	5,000	-	-	
From 1- 5 years	42,944	-	35,679	-	
More than 5 years	-	-	-	-	
Total receivables from credit institutions and central banks	4,029,627	4,144,074	1,395,384	2,744,409	
Receivables from credit institutions	3,928,682	4,144,074	1,294,439	2,744,409	
Receivables from central banks	100,945	-	100,945	-	
Total receivables from credit institutions and central banks	4,029,627	4,144,074	1,395,384	2,744,409	
Receivables of DKK 139 million from credit institutions have been adjusted for an impairment loss of DKK 43.3 million (2009: DKK 43.3 million).					
Receivables from credit institutions and central banks by geography:					
Denmark	749,539	1,781,920	505,296	1,738,506	
Europe, excluding Denmark	564,678	447,096	260,561	361,411	
USA	174,484	211,751	169,306	211,314	
Australia	444,175	413,277	442,508	413,277	
Asia	2,096,751	1,290,030	17,713	19,901	
Total receivables from credit institutions and central banks	4,029,627	4,144,074	1,395,384	2,744,409	



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
13 Loans and advances at amortised cost					
Investment brokers	9,680	29,352	9,680	29,352	
Trading clients	571,976	62,807	127,847	45,152	
Lending clients	1,408,486	-	-	-	
Subsidiaries	-	-	112,387	102,156	
Total loan and advances at amortised cost	1,990,142	92,159	249,914	176,660	
Demand deposits	599,444	92,159	249,914	176,660	
Within 3 months	233,410	-	-	-	
From 3 - 12 months	237,451	-	-	-	
From 1- 5 years	467,341	-	-	-	
More than 5 years	452,496	-	-	-	
Total loan and advances at amortised cost	1,990,142	92,159	249,914	176,660	
Loans, advances and guarantees by sector and industry					
Corporate sector					
Agriculture, hunting, forestry and fisheries	6%	-	-	-	-
Industry and extraction of raw materials	1%	-	-	-	-
Building and construction	2%	-	-	-	-
Trading	3%	-	-	-	-
Transport, hotels and restaurants	1%	-	-	-	-
Finance and insurance	12%	1%	42%	20%	
Real property	4%	-	-	-	-
Other businesses	12%	42%	55%	58%	
Total corporate sector	41%	43%	97%	78%	
Private clients	59%	57%	3%	22%	
Total loans, advances and guarantees	100%	100%	100%	100%	



NOTES TO THE FINANCIAL STATEMENTS

Note Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
14	Impairment of loans, advances etc.				
Individual impairment for loans, advances and guarantees					
Individual impairment for loans, advances and guarantees, beginning	11,788	4,588	11,788	4,588	
Additions from acquisitions	73,579	-	-	-	
Impairment during the year	6,458	8,396	6,133	8,396	
Reversals of impairment from previous years	(209)	(1,196)	(192)	(1,196)	
Total individual impairment for loans, advances and guarantees, end	91,616	11,788	17,729	11,788	
Total loans, advances, guarantees and other receivables with objective evidence of impairment before impairment. The amount does not include loan, advances, guarantees and other receivables recognised at nil.	116,295	12,959	18,356	12,959	
Carrying amount net of impairment	24,679	1,171	627	1,171	
Collective impairment for loans, advances and guarantees					
Additions from acquisitions	2,939	-	-	-	
Impairment during the year	1,158	-	-	-	
Total collective impairment for loans, advances and guarantees, end	4,097	-	-	-	

The individual and collective impairment additions from acquisitions have been included in fair value adjustments as part of the purchase price allocation.



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
15 Bonds at fair value					
Quoted on NASDAQ OMX Nordic		5,701,921	1,923,381	4,937,135	1,914,903
Quoted on other stock exchanges		4,737,738	5,298,950	3,421,632	4,540,073
Total bonds at fair value		10,439,659	7,222,331	8,358,767	6,454,976
Average weighted duration of bonds, years		1.89	1.22	1.97	1.27
16 Investments in associates					
Cost, beginning		255,183	-	252,059	-
Additions		5,652	255,183	4,472	252,059
Transfer to investments in subsidiaries		(11,796)	-	(11,796)	-
Total cost, end		249,039	255,183	244,735	252,059
Revaluation, beginning		988	-	988	-
Dividend paid in 2010		(4,144)	-	(4,144)	-
Net profit		11,050	988	10,555	988
Transfer to investments in subsidiaries		1,965	-	1,965	-
Exchange rate adjustments		(163)	-	-	-
Revaluation, end		9,696	988	9,364	988
Total investments in associates		258,735	256,171	254,099	253,047
Associates			Statutory result (1,000)	Statutory equity (1,000)	Ownership
		Currency			
Company:					
EuroInvestor.com A/S, Hellerup		DKK	3,346	50,458	41%
Banco Best S.A., Lisboa		EUR	4,576	27,723	25%

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



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
17 Investments in subsidiaries					
Cost, beginning		-	-	564,223	280,422
Transfer from investments in associates		-	-	11,796	-
Additions		-	-	581,802	448,202
Goodwill related to acquisitions		-	-	(207,819)	(164,401)
Total cost, end		-	-	950,002	564,223
Revaluation, beginning		-	-	367,823	255,834
Net profit		-	-	228,025	117,817
Transfer from investments in associates		-	-	(1,965)	-
Dilution of equity		-	-	(1,144)	-
Exchange rate and fair value adjustments		-	-	127,221	(5,828)
Revaluation, end		-	-	719,960	367,823
Total investments in subsidiaries		-	-	1,669,962	932,046
Subsidiaries		Currency	Statutory result (1,000)	Statutory equity (1,000)	Ownership
Financial institutions					
Brørup Sparekasse A/S, Brørup (consolidated from 1 November 2010)	DKK	(56,403)	239,408	99%	
Capital Four Management Fondsmæglerselskab A/S, Hellerup	DKK	2,799	6,066	100%	
Fondsmæglerselskabet Sirius Kapitalforvaltning A/S, Hellerup	DKK	572	7,937	100%	
Global Evolution Fondsmæglerselskab A/S, Kolding	DKK	(2,791)	20,653	51%	
Saxo Bank Dubai Ltd., Dubai	USD	265	7,765	100%	
Saxo Banque France SAS, France	EUR	440	6,754	100%	
Saxo Bank Japan K.K., Japan (incl Astmax FX Co., Ltd.)	JPY	205,877	515,754	100%	
Saxo Bank (Switzerland) AG, Switzerland	CHF	868	36,696	100%	
Saxo Capital Markets Pte. Ltd., Singapore	SGD	29,223	109,924	100%	
Saxo Capital Markets BV, Holland	EUR	4	35,191	100%	
Saxo Capital Markets HK, Hong Kong (established 3 March 2010)	HKD	-	-	100%	
Saxo-Etrade Bank A/S, Hellerup (consolidated from 12 April 2010)	DKK	(11,849)	129,921	100%	
SBSF Ltd., UK	GBP	(133)	(133)	100%	
Other					
Ejendomsselskabet Bygning 119 A/S, Hellerup	DKK	(5,395)	50,609	100%	
I.I.Real Estate A/S, Hellerup	DKK	(1,444)	562	100%	
Initto A/S (Associate in 2009, consolidated from 13 August 2010)	DKK	(6,288)	3,383	100%	
Saxo Jet A/S, Hellerup	DKK	(3,457)	(10,018)	100%	
Saxo Properties A/S (Established 10 March 2010)	DKK	-	-	100%	
Saxo Soft A/S, Hellerup	DKK	(2,620)	(466)	100%	

The information disclosed is extracted from the companies' most recent annual reports (2009).



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
18 Goodwill					
Cost, beginning		684,432	451,448	684,432	451,448
Exchange rate adjustments		86,198	48,176	86,198	48,176
Additions		207,952	184,808	207,952	184,808
Total cost, end		978,582	684,432	978,582	684,432
Total goodwill		978,582	684,432	978,582	684,432
Goodwill related to acquisitions of DKK 42 million is dependent on the acquired companies' performance (2009: DKK 58 million). The purchase price and goodwill amount may be reduced if the stipulated performance is not realised.					
19 Other intangible assets					
Cost, beginning		434,778	243,830	382,540	218,934
Exchange rate adjustments		4,279	(1,083)	-	10
Additions		321,887	192,339	301,124	163,899
Additions from acquisitions		34,943	-	-	-
Disposals		(8,544)	(308)	(8,538)	(303)
Total cost, end		787,343	434,778	675,126	382,540
Amortisation and impairment, beginning		(145,371)	(85,306)	(128,326)	(79,549)
Exchange rate adjustments		(2,828)	601	(6)	403
Amortisation for the year		(92,155)	(58,400)	(74,016)	(47,293)
Impairment in the year		(8,497)	(2,420)	(8,497)	(2,041)
Reversal of amortisation and impairment, disposals		8,501	154	8,501	154
Total amortisation and impairment, end		(240,350)	(145,371)	(202,344)	(128,326)
Total other intangible assets		546,993	289,407	472,782	254,214
Value of client relationships included in other intangible assets		46,736	37,133	2,988	4,075
20 Investment properties					
Additions from acquisitions		26,872	-	-	-
Additions including property improvement expenditure		3,274	-	-	-
Fair value, end		30,146	-	-	-
The method applied when calculating fair value is a rate of return calculation based on an internal model. No external valuation experts have been involved.					



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
21 Domicile properties					
Revalued amount, beginning		712,638	53,797	-	-
Additions		-	681,355	-	-
Additions from acquisitions		45,349	-	-	-
Disposals		(31,280)	(22,514)	-	-
Revalued amount, end		726,707	712,638	-	-
Depreciation and impairment, beginning		(3,398)	(9,234)	-	-
Depreciation for the year		(11,231)	(429)	-	-
Impairment in the year		-	(5,997)	-	-
Reversal of depreciation and impairment, disposals		3,397	12,262	-	-
Total depreciation and impairment, end		(11,232)	(3,398)	-	-
Total domicile properties		715,475	709,240	-	-
The method applied when calculating fair value is a rate of return calculation based on an internal model. No external valuation experts have been involved.					
22 Other tangible assets					
Cost, beginning		304,473	300,986	189,525	195,265
Exchange rate adjustments		11,902	9,114	349	1,087
Additions		79,347	54,320	55,978	37,038
Additions from acquisitions		10,179	-	-	-
Disposals		(21,009)	(59,947)	(15,396)	(43,865)
Total cost, end		384,892	304,473	230,456	189,525
Depreciation and impairment, beginning		(157,688)	(107,800)	(95,902)	(82,133)
Exchange rate adjustments		(8,862)	(1,469)	(252)	1,679
Depreciation for the year		(51,581)	(58,376)	(37,403)	(49,891)
Impairment in the year		-	(28,356)	-	-
Reversal of depreciation and impairment, disposals		13,056	38,313	11,953	34,443
Total depreciation and impairment, end		(205,075)	(157,688)	(121,604)	(95,902)
Total other tangible assets		179,817	146,785	108,852	93,623



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
23	Debt to credit institutions and central banks				
	Debt on demand	134,627	9,779	64,647	19,345
	Within 3 months	1,153	1,132	-	-
	From 3–12 months	13,489	12,557	-	-
	From 1–5 years	58,509	61,159	-	-
	More than 5 years	370,034	393,852	-	-
	Total debt to credit institutions and central banks	577,812	478,479	64,647	19,345
24	Deposits				
	Deposits on demand	15,453,449	10,963,597	10,748,825	9,432,622
	Term deposits	151,512	-	-	-
	Time deposits	11,491	-	-	-
	Special deposits	343,534	-	-	-
	Total deposits	15,959,986	10,963,597	10,748,825	9,432,622
	Deposits on demand	15,453,449	10,963,597	10,748,825	9,432,622
	Within 3 months	114,707	-	-	-
	From 3 - 12 months	89,965	-	-	-
	From 1- 5 years	66,914	-	-	-
	More than 5 years	234,951	-	-	-
	Total deposits	15,959,986	10,963,597	10,748,825	9,432,622



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
25 Tax					
Deferred tax assets					
Deferred tax assets, beginning	16,348	36,735	406	13,638	
Exchange rate adjustments	3,357	215	112	131	
Transferred	758	(20,205)	-	(11,042)	
Changes in the year	(23,279)	(580)	(90)	(2,321)	
Deferred tax assets, acquisitions	138,317	183	-	-	
Total deferred tax assets	135,501	16,348	428	406	
Deferred tax assets are related to:					
Intangible and tangible assets	(1)	(1,332)	-	406	
Tax losses carried forward	134,162	17,680	-	-	
Other	1,340	-	428	-	
Total deferred tax assets	135,501	16,348	428	406	
Deferred tax liabilities					
Deferred tax liabilities, beginning	(46,881)	(6,208)	(38,777)	-	
Exchange rate adjustments	(810)	(10)	-	-	
Transferred	1,005	(23,735)	(363)	(27,512)	
Changes in the year	(116,062)	(9,486)	(119,481)	(10,276)	
Deferred tax, acquisitions	(6,270)	(7,442)	-	(989)	
Total deferred tax liabilities	(169,018)	(46,881)	(158,621)	(38,777)	
Deferred tax liabilities are related to:					
Intangible and tangible assets	(126,437)	(60,775)	(115,929)	(52,657)	
Impairment for loans, advances etc.	582	-	-	-	
Other provisions	(43,163)	13,894	(42,692)	13,880	
Total deferred tax liabilities	(169,018)	(46,881)	(158,621)	(38,777)	
Tax receivables / liabilities					
Tax receivables, beginning	39,147	10,378	35,985	10,268	
Company tax liabilities, beginning	(27,995)	(40,318)	(2,164)	(816)	
Exchange rate adjustments	(3,235)	343	621	-	
Taxation on profit for the year	(133,695)	(54,472)	(102,467)	(27,890)	
Tax recognised directly in equity	28,251	-	25,015	-	
Transferred	(1,764)	43,940	364	38,554	
Adjustments to prior years	2,739	(3,464)	3,108	(11,486)	
Receivable/payable tax, acquisitions	1,877	(3,632)	-	-	
Tax paid during the year	95,925	58,377	64,701	25,191	
Total tax receivables / liabilities, net	1,250	11,152	25,163	33,821	
Total tax receivables	42,283	39,147	25,856	35,985	
Total tax liabilities	(41,033)	(27,995)	(693)	(2,164)	



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
26 Other provisions					
Restructuring etc.		111,707	143,687	92,025	130,188
The Danish Private Contingency Association		39,905	39,905	39,905	39,905
Other		75,767	13,550	55,318	13,550
Total other provisions		227,379	197,142	187,248	183,643
27 Subordinated debt					
Subordinated loans		600,445	409,283	409,962	409,283
Hybrid capital		99,708	-	-	-
Guaranteed capital		241,824	-	-	-
Total subordinated debt		941,977	409,283	409,962	409,283

Hereof included in Base capital for Saxo Bank Group DKK 843.6 million (2009: DKK 372.1 million).

Hereof included in Base capital for Saxo Bank A/S DKK 354.1 million (2009: DKK 372.1 million).

At 31 December, 2010

Subordinated loans	Loan amount EUR Million	Loan amount DKK Million				Margin first period		Margin second period	
			Obtained	Due	Interest	Rate	Years	Rate	Years
Saxo Bank A/S									
FIH Erhvervsbank	10	74,538	2006	31.12.2014	EURIBOR	2.25%	5	4.00%	3
Xenon Capital Plc.	1	7,454	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	2
Dekania CDO II	7	52,177	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	2
Dekania CDO III	12	89,446	2007	15.12.2019	EURIBOR	2.95%	10	2.95%	3
Xenon Capital Plc.	15	111,809	2007	15.09.2020	EURIBOR	2.95%	10	2.95%	3
The Bank of New York, Mellon	10	74,538	2007	15.09.2020	EURIBOR	2.95%	10	3.95%	3
		409,962							
Subsidiaries									
Nykredit		47,003	2004	09.12.2012	CIBOR3	2.98%	5	2.98%	3
Nykredit		64,181	2005	01.11.2013	CIBOR3	1.10%	5	2.60%	3
Nykredit		79,299	2006	01.11.2014	CIBOR3	1.10%	5	2.60%	3
		190,483							
Total subordinated loans		600,445							



NOTES TO THE FINANCIAL STATEMENTS

Note

27	<i>continued</i>	Loan amount				Margin first period		Margin second period	
		Hybrid capital	DKK Million	Obtained	Due	Interest	Rate	Years	Rate
	Subsidiaries								
	Hybrid capital	99,708		2009	Perpetual	Fixed	11.11%	3	-
	Total hybrid capital	99,708							

Guaranteed capital									
Subsidiaries									
	Guaranteed capital	241,824		2010	2015	Var.	6.00%	5	-
	Total guaranteed capital	241,824							
	Total subordinated debt	941,977							

At 31 December, 2009										
Subordinated loans	Loan amount		Interest				Margin first period		Margin second period	
	EUR Million	DKK Million	Obtained	Due	Interest	Rate	Years	Rate	Years	
Saxo Bank Group and Saxo Bank A/S										
FIH Erhvervsbank	10	74,415	2006	31.12.2014	EURIBOR	2.25%	5	4.00%	3	
Xenon Capital Plc.	1	7,442	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	2	
Dekania CDO II	7	52,091	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	2	
Dekania CDO III	12	89,298	2007	15.12.2019	EURIBOR	2.95%	10	2.95%	3	
Xenon Capital Plc.	15	111,622	2007	15.09.2020	EURIBOR	2.95%	10	2.95%	3	
The Bank of New York, Mellon	10	74,415	2007	15.09.2020	EURIBOR	2.95%	10	3.95%	3	
Total subordinated loans		409,283								

Subordinated debt consists of liabilities in the form of subordinated loan capital, guaranteed capital and hybrid capital. 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. The ranking in coverage is that guaranteed 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 loan is optional redeemable from 24 November 2012 at a price of 100. Between 24 November 2012 and 23 November 2014 redemption may be carried out at the price of 100 plus interest, and from 24 November 2014 to 23 November 2015 may redeem the loan at a price of 105. Lastly the loan may be redeemed at a price of 110 after 24 November 2015.

Guaranteed capital can only be redeemed if child savings account or pension accounts are terminated before the maturity of guaranteed capital in 2015.



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
		2010	2009	2010	2009
28 Contingent and contractual liabilities					
Financial guarantees		116,617	45,311	5,355	45,261
Mortgage finance guarantees		86,607	-	-	-
Registration and remortgaging guarantees		171,162	-	-	-
Other guarantees		79,117	-	-	-
Total guarantees		453,503	45,311	5,355	45,261
Other contingent liabilities					
Rent commitments towards subsidiaries		-	-	649,599	678,034
Other commitments		388,694	356,441	307,695	322,059
Total other contingent liabilities		388,694	356,441	957,294	1,000,093

Of the Bank's bond holdings nominal EUR 465 million (2009: EUR 392 million), with a fair value of DKK 3.6 billion (2009: DKK 2.9 billion), are held in custody with institutions with full right of disposal for the Bank. The bonds serve as security for the Bank's ongoing financial business with the individual institution.

The actual demand for collateral varies from day to day with the development in the open positions and were in total 53% (2009: 55%) of the fair value of the bond holdings provided as security at 31 December 2010.

Of the Bank's deposits with investment brokers, banks and other credit institutions, DKK 520 million (2009: DKK 432 million) have likewise been provided as security for the Bank's ongoing financial business and DKK 1,641 million (2009: DKK 831 million) have been placed in trust accounts in favor of clients in Saxo Capital Markets Pte. Ltd.

Debt to credit institutions is secured by mortgage deed of DKK 477 million on the Bank's domicile property (2009: DKK 477 million).

Related to acquisitions Saxo Bank A/S has issued claims warrants with a strike price of DKK 1 to cover potential claims from the sellers of the acquired companies. The maximum number of shares is 628,028. As at 31 December 2010 there has been no actual claim.

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

Saxo Bank A/S has agreed to support Saxo Jet A/S, Saxo Properties A/S, Saxo Soft A/S and I.I. Real Estate A/S with the necessary liquidity for the operation up until the ordinary general meeting in the companies beginning of 2012.

Due to the business volume of the Bank, disputes with clients 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.

Like all other Danish financial institutions, Saxo Bank A/S is comprised by the Depositors' Guarantee Fund and is thus obliged, jointly with other banks, to cover the deposits, etc. made by depositors up to EUR 100,000 in banks being wound up or in insolvent liquidation.



NOTES TO THE FINANCIAL STATEMENTS

Note	(DKK m)	Parties with significant influence		Associates		Subsidiaries	
		2010	2009	2010	2009	2010	2009
29 Related parties							
	Loans and advances at amortised costs	-	-	-	-	112	102
	Deposits (liabilities)	-	-	-	-	1,127	735
	Other assets	-	-	-	-	25	25
	Interest income	-	-	-	-	18	8
	Fee and commission expense	-	-	-	-	691	384
	Administrative services etc.	-	-	-	-	14	2
	Leases	-	-	-	-	35	38
	Subleases	-	-	-	-	3	1
	Lease of airplane	-	-	-	-	10	11
	Software development	-	-	-	-	31	4
	Subscription of shares in Saxo Bank A/S:						
	Issue at market price	-	188	-	-	-	-
	Shareholders rights issue	-	446	-	-	-	-
	Dividend from Saxo Bank A/S	236	-	-	-	-	-

The members of Saxo Bank A/S' Board of Directors and Board of Management, near relatives to these persons and companies where these persons have control or exercise significant influence are considered as related parties.

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 people related to these.

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

The following shareholders are registered directly or indirectly as holders of more than 5% of the share capital of the Bank:

Espirito Santo Financial Group, S.A., L-2520 Luxembourg.
Fournais Holding A/S, DK-2850 Nærum, Denmark.
GA Global Investments Limited, CY-1066 Nicosia, Cyprus.
Lars Seier Christensen Holding A/S, DK-1264 Copenhagen, Denmark.

30 Hedge Accounting

The Group hedges the exchange rate risk of net investments in certain subsidiaries by establishing hedge relationships between the net investments and currency derivatives or a non-derivative currency financial liability designated as the hedging instruments. The Group does not hedge the subsidiaries' expected income or other future transactions. The exchange rate adjustments of net investments are recognised directly in equity in the Equity method reserve. The exchange rate adjustments of the hedging instrument are recognised directly in equity.

At 31 December 2010, the carrying amount of net investment in subsidiaries hedged amounted to DKK 1,111 million (2009: DKK 405 million) and the corresponding fair value of the hedging instrument amounted to DKK 1,111 million (2009: DKK 405 million).

The Group hedges the exposure to variability in future cash flows due to changes in interest rates on the Groups mortgage with a variable interest rate by establishing a hedge relationship between the debt and interest swaps designated as the hedging instruments. Changes in the fair value of the interest rate swaps designated as cash flow hedges are recognised in equity. In 2010 DKK 13 million (2009: DKK 4 million) relating to the cash flow hedge is expensed in income statement in the same line as the hedged item.

At 31 December 2010, the carrying amount of mortgage hedged amounted to DKK 443 million (2009: DKK 456 million) and the fair value of the hedging instrument amounted to DKK 27 million and nominal value DKK 434 million (2009: DKK 14 million and nominal value DKK 434 million).



NOTES TO THE FINANCIAL STATEMENTS

31 Risk Management

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

The Board of Management applies the instructions and policies through implementation of a risk management framework. The ongoing monitoring and control of the risks is delegated to the Bank's Risk Director and centralised in the risk management department.

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

During the year, the Board of Directors monitors and adjusts the Bank's overall risk parameters for market risks such as foreign exchange, CFDs and other investment trading and credit risks such as margin levels and counterpart exposure limits, in response to the continued changes in market conditions and overall trading volumes.

RISK EXPOSURE

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

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

- Business risk: The risk related to the macro-environment and the competitive environment within the banking industry.

Market Risk

Market risk is defined as the risk of loss due to movements in market risk factors such as foreign exchange, equities, commodities and interest rates. Market risk arises from handling the client flow in the market maker function or from proprietary positions in Markets or in the Treasury function.

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

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

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

Exposure limits on equities are set on gross, net and single to cater for market wide 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.

The Bank also uses a Value-at-Risk model to estimate market risk. Value-at-Risk estimates a potential loss with a certain confidence on a portfolio given a defined holding



NOTES TO THE FINANCIAL STATEMENTS

31 Risk Management · continued

period. The Bank calculates Value-at-Risk using Monte-Carlo simulations to account for non-linear instruments. Limits across the trading organisation have been defined in terms of Value-at-Risk. To supplement Value-at-Risk a stress testing framework is also implemented. Based on the most important risk factors in terms of exposures and Value-at-Risk contributors, a number of stress tests have

been constructed to determine the Bank's vulnerability to large unexpected changes in these risk factors. Furthermore, a set of stress tests replicating changes experienced in known historical events are also performed. Daily and weekly loss limits also exist to help prevent losses larger than approved risk appetite.

MARKET RISK

At 31 December, 2010

(DKK 1,000)	Saxo Bank Group		Saxo Bank A/S	
	2010	2009	2010	2009
Assets in foreign currency, total	18,842,433	14,629,536	15,790,993	12,993,285
Liabilities in foreign currency, total	16,744,664	12,325,724	13,206,547	10,689,784
Foreign exchange rate risk	1,048,192	1,690,086	1,780,327	1,259,146
Foreign exchange rate risk as a percentage of core capital	75.2%	145.7%	142.1%	104.8%
Value-at-Risk of foreign exchange rate risk	19,095	50,798	31,594	26,481
Value-at-Risk of foreign exchange rate risk as a percentage of core capital	1.4%	4.4%	2.5%	2.2%
Interest rate risk				
Interest rate risk on financial instruments included in the trading portfolio	140,204	71,091	112,556	71,091
Interest rate risk on bonds not included in the trading portfolio	46,832	22,766	41,047	16,784
Interest rate risk on loans not included in the trading portfolio	(32,419)	(34,760)	(1,025)	(1,023)
Total interest rate risk	154,617	59,097	152,578	86,852
Total interest rate risk by currency:				
DKK	100,170	36,283	110,477	70,020
EUR	45,094	21,127	38,053	18,319
USD	(4,460)	618	(7,140)	(2,556)
JPY	151	691	151	691
GBP	3,967	937	3,967	937
CHF	2,147	301	(299)	301
Other	7,548	(860)	7,369	(860)

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

An interest rate increase/decrease on the items not included in the trading portfolio of one percentage point will result in a profit/loss of DKK 40.0 million for Saxo Bank A/S (2009: 15.8 million) and DKK 14.4 million for the Group (2009: DKK -12.0 million).



NOTES TO THE FINANCIAL STATEMENTS

31 Risk Management · continued

MARKET RISK

At 31 December, 2010

Saxo Bank Group and Saxo Bank A/S

DERIVATIVE FINANCIAL INSTRUMENTS / Specified by remaining life

(DKK 1,000)	3 months and below		3 months to 1 year		1 year to 5 years ^{a)}	
	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value
Currency contracts						
Forwards/futures bought	27,097,906	61,081	4,643,818	75,559	54,308	(1,625)
Forwards/futures sold	23,625,179	231,615	2,663,883	35,913	53,380	1,626
Options bought	26,486,491	154,158	13,273,182	177,002	1,187	61
Options written	24,716,202	(139,403)	13,085,622	(272,116)	2,486	(401)
Interest rate contracts						
Forwards/futures bought	2,163,829	(6,386)	393,881	466	1,227,664	1,359
Forwards/futures sold	2,159,270	116	(394,984)	(353)	1,227,889	1,492
Options bought	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Equity contracts						
Forwards/futures bought	10,684,421	241,698	3,117	(2)	1,473	66
Forwards/futures sold	10,959,019	151,481	3,014	(102)	1,465	(74)
Options bought	267,914	2,829	290,566	14,882	-	-
Options written	212,098	(380)	-	-	-	-
Commodity contracts						
Forwards/futures bought	2,885,097	103,873	1,379,986	81,183	36,937	1,427
Forwards/futures sold	2,900,726	92,911	1,275,391	(109,097)	36,958	(1,406)
Options bought	37,740	4,979	62,621	9,072	-	-
Options written	36,489	1,771	60,587	(6,732)	-	-

^{a)} No derivative financial instruments have a remaining life exceeding 5 years.



NOTES TO THE FINANCIAL STATEMENTS

31 Risk Management · continued

MARKET RISK

At 31 December, 2009

Saxo Bank Group and Saxo Bank A/S

DERIVATIVE FINANCIAL INSTRUMENTS / Specified by remaining life

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

^{a)}No derivative financial instruments have a remaining life exceeding 5 years.



NOTES TO THE FINANCIAL STATEMENTS

31 Risk Management · continued

MARKET RISK

Saxo Bank Group and Saxo Bank A/S

	2010		2009		2010		2009	
(DKK 1,000)	No. of contracts	Net market value	No. of contracts	Net market value	Market value Positive	Market value Negative	Market value Positive	Market value Negative
Currency contracts								
Forwards/futures bought	31,796,032	135,015	10,445,763	(55,826)	579,863	(444,848)	81,776	(137,602)
Forwards/futures sold	26,342,442	269,153	8,868,762	86,571	545,756	(276,603)	130,848	(44,277)
Options bought	39,760,861	331,221	27,802,799	302,969	421,855	(90,634)	302,969	-
Options written	37,804,311	(411,920)	26,927,096	(298,583)	147,211	(559,131)	-	(298,583)
Interest rate contracts								
Forwards/futures bought	3,785,374	(4,561)	7,733,989	(13,110)	7,070	(11,631)	4,951	(18,061)
Forwards/futures sold	3,782,143	(1,730)	7,740,386	10,815	8,125	(9,855)	14,953	(4,138)
Options bought	-	-	-	-	-	-	-	-
Options written	-	-	-	-	-	-	-	-
Equity contracts								
Forwards/futures bought	10,689,012	241,762	8,896,287	239,276	315,358	(73,596)	297,542	(58,266)
Forwards/futures sold	10,963,498	151,304	9,231,496	141,400	542,489	(391,185)	387,287	(245,887)
Options bought	558,479	17,710	422,697	18,087	17,710	-	18,087	-
Options written	212,098	(380)	321,321	(5,397)	-	(380)	-	(5,397)
Commodity contracts								
Forwards/futures bought	4,302,020	186,484	3,368,247	21,047	199,691	(13,207)	38,871	(17,824)
Forwards/futures sold	4,213,074	(203,414)	3,389,564	34,622	8,710	(212,124)	66,295	(31,673)
Options bought	100,360	14,050	41,675	7,127	14,050	-	7,127	-
Options written	97,076	(8,503)	41,664	(7,410)	-	(8,503)	-	(7,410)
Total		716,191		481,588	2,807,888	(2,091,697)	1,350,706	(869,118)

UNSETTLED SPOT TRANSACTIONS a) (DKK 1.000)

Currency contracts								
Foreign exchange, transactions bought	13,454,341	90,760	22,284,351	113,329	195,375	(104,615)	254,090	(140,761)
Foreign exchange, transactions sold	13,875,355	207,294	22,877,702	391,274	298,777	(91,482)	484,248	(92,974)
Total	298,054		504,603	494,152	(196,097)		738,338	(233,735)

^{a)} Relates to the trading portfolio and are included in Other assets and Other liabilities.



NOTES TO THE FINANCIAL STATEMENTS

31 Risk Management · continued

Credit Risk

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

The Bank operates in accordance with the Board Instructions and the credit policy approved by the Board of Directors. The Board Instructions sets rules on accepted counterparties and thereby diversification of the Bank's engagements. The instructions also sets 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 Bank has set limits of authority and has segregated duties so as to maintain impartiality during limit setting, the approval process and the following control hereof. Limit setting is done based on client classification. An internal credit evaluation is performed and daily monitoring is performed on issued lines. A periodic line utilisation review is performed to monitor and follow up on issued lines. All lines are re-evaluated at least once a year.

Traditional retail banking activities are carried out via the Bank's newly acquired retail bank and in accordance with

the Bank's lending policy. The corporate loan portfolio is diversified based on geography and industry sectors.

The credit risk due to counterparties' 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 Bank is exposed to five main sources of credit and counterparty risk as described below.

Margin sufficiency

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

Credit lines

The second type of credit risk arises as a result of credit lines offered to certain counterparties subject to credit assessment. The credit assessment is carried out in the Bank's credit risk management function.

Interest bearing assets

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

CREDIT RISK

At 31 december

(DKK 1,000)

Credit risk, derivative financial instruments

Positive market value, counterparty with risk weighted of 20%

Saxo Bank Group

2010

Saxo Bank A/S

2010

2009

2009

Positive market value, counterparty with risk weighted of 100%

659,109

365,181

659,109

365,181

Total credit risk, derivative financial instruments

2,023,212

1,280,402

2,023,212

1,280,402

Provisions against loans, advances and guarantees

91,616

11,788

17,729

11,788



NOTES TO THE FINANCIAL STATEMENTS

31 Risk Management · continued

Settlement risk

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

Retail Banking Activities

Retail banking activities constitute traditional banking services such as loans, overdraft facilities, business credits, construction and housing credits, guarantees etc.

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

Operational Risk

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

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

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

Risk Identification

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

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

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

Risk Analysis

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

Risk Evaluation

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

Risk Responses

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



NOTES TO THE FINANCIAL STATEMENTS

31 Risk Management · continued

- Eliminated
- Mitigated
- Transferred
- Retained

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

Monitor, Report and Review

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

Organisation

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

Policy

Operational risk assessments have been implemented to be able to support an 'Internal Capital Adequacy Assessment Process' (ICAAP). Guidelines concerning operational risk within the Bank are set by the management.

Liquidity Risk

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

The Bank monitors the liquidity risk on a regular basis and aims to maintain a positive stable funding. The risk management focuses on both short-term and long-term structural liquidity risk, and employs a policy of excess cash placement in short term prime grade bonds, securing the Bank's ability to meet obligations as they fall due. The Bank monitors its daily liquidity reserves as well as the duration on collateral placement.

The Bank's ability to meet obligations is strengthened by the fact that the majority of the Bank's business does not involve lending. The exception is the newly acquired retail bank Brørup Sparekasse, however entails lending. Brørup Sparekasse employs a liquidity policy ensuring an appropriate balance between loans and deposits. This is furthermore stress tested on an ongoing basis.

Business Risk

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

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

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

RISK DISCLOSURE

Under Danish Law, Saxo Bank must publish detailed information about risk, capital structure, capital coverage, risk control etc. Saxo Bank has as a consequence hereof made "Risk Report 2010". The report is available at www.saxobank.com.



NOTES TO THE FINANCIAL STATEMENTS

KEY FIGURES AND RATIOS, SAXO BANK GROUP

Note	(DKK 1,000)	2010	2009	2008	2007	2006
32 KEY FIGURES						
Net interest, fees and commissions	676,400	223,539	(417,739)	(208,713)	(82,923)	
Price and exchange rate adjustments	2,661,694	2,003,963	2,935,930	1,773,162	1,084,886	
Staff costs and administrative expenses	(2,230,328)	(1,736,706)	(1,855,438)	(1,138,226)	(761,235)	
Impairment charges for loans, advances etc.	(14,022)	(45,692)	(53,912)	(3,062)	(2,317)	
Income from associates	11,050	988	-	-	-	
Net profit	643,513	201,351	339,217	275,249	144,130	
Loans and advances at amortised cost	1,990,142	92,159	85,286	118,160	121,780	
Subordinated debt	941,977	409,283	409,362	410,031	149,143	
Total equity	2,880,040	2,335,103	1,416,721	1,093,051	432,110	
Total assets	23,891,844	16,045,329	10,456,072	9,996,237	6,155,561	
Average number of employees	964	927	1,297	1,011	622	
RATIOS						
Solvency ratio	15.3%	19.0%	17.5%	18.2%	13.7%	
Core capital ratio	11.7%	14.9%	11.6%	9.3%	9.5%	
Return before tax on Total equity	35.0%	14.4%	37.3%	47.8%	53.4%	
Return after tax on Total equity	24.7%	10.7%	27.0%	36.1%	37.5%	
Income proportional to cost	1.37	1.14	1.23	1.30	1.26	
Interest rate risk	11.1%	5.1%	1.6%	2.9%	1.2%	
Foreign exchange rate risk / Core capital	75.2%	145.7%	423.4%	507.4%	547.8%	
Value at risk of foreign exchange rate risk / Core capital	1.4%	4.4%	4.8%	5.7%	10.2%	
Loans, advances and provisions / Deposits	12.6%	0.9%	1.3%	1.7%	2.8%	
Loans and advances proportional to Total equity	0.7	0.0	0.1	0.1	0.3	
Growth of Loans and advances ^{a)}	2,059.5%	8.1%	(27.8)%	(3.0)%	31.0%	
Additional liquidity / liquidity requirement	634.4%	764.5%	741.9%	789.0%	744.1%	
The total of large engagements / Base capital	36.8%	14.0%	31.5%	32.2%	75.2%	
Loss and provisions ratio (loans and advances)	0.6%	7.5%	3.4%	2.3%	1.9%	

^{a)}The significant increase is caused by the acquisition of Brørup Sparekasse.

See page 90 for definitions.



NOTES TO THE FINANCIAL STATEMENTS

KEY FIGURES AND RATIOS, SAXO BANK A/S

Note	(DKK 1,000)	2010	2009	2008	2007	2006
33 KEY FIGURES						
Net interest, fees and commissions	(158,086)	(150,669)	(494,037)	(215,816)	(79,353)	
Price and exchange rate adjustments	2,670,291	1,895,450	2,491,362	1,634,605	1,084,169	
Staff costs and administrative expenses	(1,750,222)	(1,443,613)	(1,622,597)	(1,071,557)	(744,273)	
Impairment charges for loans, advances etc.	(6,521)	(43,474)	(52,677)	(3,062)	(2,317)	
Income from subsidiaries and associates	238,580	118,805	192,267	59,631	(17,929)	
Net profit	643,874	201,586	339,217	275,249	144,130	
Loans and advances at amortised cost	249,914	176,660	109,503	168,965	174,691	
Subordinated debt	409,962	409,283	409,362	410,031	149,143	
Total equity	2,870,157	2,324,983	1,416,721	1,093,051	432,110	
Total assets	17,244,965	13,903,351	9,961,457	9,028,629	6,124,647	
Average number of employees	629	695	939	868	566	
RATIOS						
Solvency ratio	15.4%	22.0%	18.0%	20.0%	13.8%	
Core capital ratio	12.5%	17.3%	12.1%	10.9%	9.6%	
Return before tax on Total equity	33.2%	13.6%	32.6%	46.0%	54.4%	
Return after tax on Total equity	24.8%	10.8%	27.0%	36.1%	37.5%	
Income proportional to cost	1.45	1.16	1.23	1.32	1.26	
Interest rate risk	12.2%	7.2%	1.5%	2.4%	1.2%	
Foreign exchange rate risk / Core capital	142.1%	104.8%	385.1%	436.9%	539.8%	
Value at risk of foreign exchange rate risk / Core capital	2.5%	2.2%	4.5%	5.0%	10.0%	
Loans, advances and provisions / Deposits	2.5%	2.0%	1.8%	2.7%	3.9%	
Loans and advances proportional to Total equity	0.1	0.1	0.1	0.2	0.4	
Growth of Loans and advances	41.5%	61.3%	(35.2)%	(3.4)%	44.0%	
Additional liquidity / liquidity requirement	598.2%	720.4%	687.4%	774.6%	742.9%	
The total of large engagements / Base capital	20.0%	-	15.3%	16.1%	74.4%	
Loss and provisions ratio (loans and advances)	2.4%	3.5%	2.4%	1.7%	1.3%	

See page 90 for definitions.



STATEMENT BY THE MANAGEMENT

STATEMENT OF THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

The Board of Directors and Board of Management have considered and approved the annual report for 2010 for Saxo Bank A/S.

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

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2010, and of the results of the Group's and the Parent

Company's operations for the financial year 1 January - 31 December 2010. Moreover, in our opinion, the Management's Report and Operational Review include a fair review of developments in the Group's and the Parent Company's operations and financial position and describe the significant risks and uncertainty factors that may affect the Group and the Parent Company.

The 2010 annual report is submitted for the approval of the Annual General Meeting.

Copenhagen, 3 March 2011

BOARD OF MANAGEMENT

Lars Seier Christensen
Co-CEO and Co-founder

Kim Fournais
Co-CEO and Co-founder

BOARD OF DIRECTORS

Kurt K. Larsen
Chairman of the Board

Dennis Malamatinas
Vice Chairman of the Board

Isabel Ferreira

Thomas Plenborg

Florian Wendelstadt



THE INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SAXO BANK A/S

We have audited the consolidated financial statements and the Parent Company financial statements of Saxo Bank A/S for the financial year 1 January – 31 December 2010 on pages 47-85. The consolidated financial statements and Parent Company financial statements comprise the Income Statement, Balance Sheet, Capital Statement, Solvency, and Notes to the financial statement for the Group as well as for the Parent Company. The consolidated financial statements and the Parent Company financial statements have been prepared in accordance with the Danish Financial Business Act.

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

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY AND BASIS OF OPINION

Our responsibility is to express an opinion on the consolidated financial statements and Parent Company financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the Parent Company financial statements are free from material misstatement.

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

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

Our audit did not result in any qualification.

OPINION

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2010 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2010 in accordance with the Danish Financial Business Act.



THE INDEPENDENT AUDITORS' REPORT

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Business Act, we have read the Management's review (Management Report and Operational Review). We have not performed any other procedures in addition to the audit of the consolidated fi-

nancial statements and the Parent Company financial statements. On this basis, it is our opinion that the information given in the Management's review (Management Report and Operational Review) is consistent with the consolidated financial statements and the Parent Company financial statements.

Copenhagen, 3 March 2011
KPMG
Statsautoriseret Revisionspartnerselskab

Lars Rhod Søndergaard
State Authorised
Public Accountant

Anders Duedahl-Olesen
State Authorised
Public Accountant



BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

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

BOARD OF DIRECTORS:

Kurt K. Larsen, Chairman of the Board

Management and Directorships in Danish companies:
Ove Wrist & Co. A/S (BM); Polaris III Invest Fonden (CM); DSV A/S (CM).

Dennis Malamatinas, Vice Chairman of the Board

Isabel Ferreira, Member of the Board and member of the audit committee

Thomas Plenborg, Member of the Board and independent member of the audit committee with qualifications within accounting

Management and Directorships in Danish companies:
COWI A/S (BM).

Florian Wendelstadt, Member of the Board and member of the audit committee

BOARD OF MANAGEMENT:

Lars Seier Christensen, Co-CEO and Co-founder

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

Kim Fournais, Co-CEO and Co-founder

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



DEFINITIONS

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

Additional liquidity / liquidity requirement

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

Core capital ratio

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

Income proportional to cost

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

Foreign exchange rate risk / Core capital

Foreign exchange rate risk as a percentage of Core capital.

Growth of Loans and advances

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

Interest rate risk

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

Liquidity requirement

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

Loans and advances proportional to Total equity

Loans and advances proportional to Total equity.

Loans, advances and provisions / Deposits

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

Loss and provisions ratio

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

Return before tax on Total equity

Profit before tax as a percentage of average Total equity.

Return after tax on Total equity

Net profit as a percentage of average Total equity.

Solvency ratio

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

The total of large engagements / Base capital

Large engagements as a percentage of Base capital.

Value at risk / Core capital

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



PERSISTENCE & PERSISTENCE





COMPANY INFORMATION



SAXO BANK IN BRIEF

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

Saxo Bank has expanded geographically since 2006 and today is present in 18 countries covering the major financial centres around the world including London, Zurich, Dubai, Tokyo, Singapore, Hong Kong and Paris.

Saxo Bank has developed three specialised trading platforms: the browser-based SaxoWebTrader, the downloadable SaxoTrader and SaxoMobileTrader, a mobile phone trading platform. All platforms are fully integrated under each client account. Saxo Bank has consistently received awards from industry publications, such as Euromoney, Profit & Loss and Shares in recognition of its wide range of platforms and products.

Saxo Bank provides its client base with access to over 160 FX crosses (incl. gold and silver), more than 6,000 CFDs, futures and other asset classes, as well as portfolio and fund management solutions. Saxo Bank's trading platforms are offered to introducing brokers and financial institutions, and are also rebranded and customised for White Label business.

The strategic direction of Saxo Bank has in recent years aimed at broadening and diversifying its product and service offerings to reach a broader client audience. This goes hand-in-hand with the ambition to tailor offerings directly to the needs of clients. Based on the market segmentation model of the Bank, four selected client groups have been defined offering tailored products and services to the following client profiles: The Sophisticated Trader, The Self-directed Trader, The Self-directed Investor and The High-Net-Worth Investor.

The key driver in the business structure remains the use of the Bank's core technological capabilities across all seg-

ments. The aim is to service clients through technology and capacity utilisation as well as to fully exploit business synergies. While the traditional arm of Saxo Bank is the Commercial Group, which provides products and services to traders, the Banking and Online Investments business area focuses on the development of a new product and service suite that is designed to cater to the Self-directed Investor, including a new equity offering, an online wealth management platform and traditional banking and pension products to the Nordic market. Finally, Saxo Asset Management caters to the top investor segment, which is defined as encompassing high-net-worth individuals and institutional investors.

Saxo Bank's financial expertise is derived from the Bank's over 1,050 employees, who come from more than 70 different countries and serve a client base spread across more than 190 countries.

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

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



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