
SAXO BANK ANNUAL REPORT 2004

Established in 1992, Saxo Bank A/S is a specialised investment bank with one foot firmly established in the global capital markets and the other in the world of IT. An EU-regulated investment bank based in Denmark, the business is principally focused on the provision and facilitation of state-of-the-art, online investment trading facilities to clients and partners throughout the world.

Through the deployment of the bank's award winning online, investment trading platform, SaxoTrader, the bank emphasises the delivery and application of trade execution facilities using real-time market data, streaming tradeable prices and risk management tools to private and institutional investors worldwide. Today, Saxo Bank serves thousands of clients directly and provides infrastructure for a growing number of correspondent financial institutions throughout the world.

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C E O

Kim Fournais and Lars Seier Christensen

ANNUAL REPORT 2004

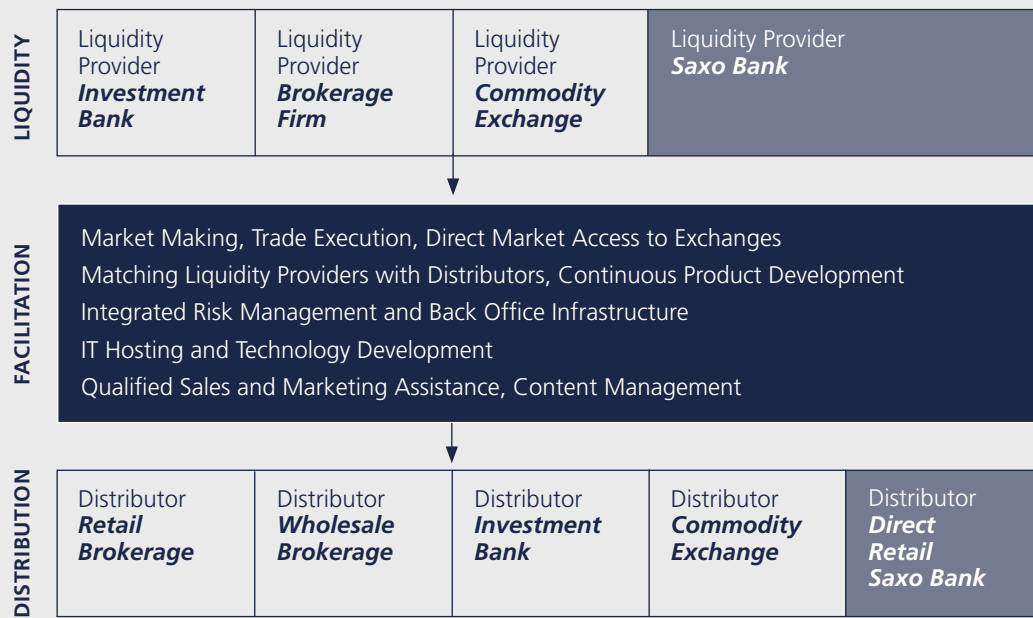
Saxo Bank is a unique financial institution offering online investment and trading services to investors throughout the world. Executing against a well-defined business model, the bank aggregates liquidity, facilitates its management and distributes that liquidity with an emphasis on transparent pricing and delivery to private and institutional traders worldwide. In addition, the bank makes its technology available for partner banks and brokerage firms to package and distribute to their clients in their local markets.

The business model driving the bank's success is built on a foundation of custom-engineered technology, continuously enhanced and expanded. An early mover in the online financial services markets, Saxo Bank invests in IT, infrastructure, data management, product development and online distribution. This commitment is complemented by an investment in human capital – today IT professionals account for more than one third of the bank's employees.

Saxo Bank is open when the markets are open. Our liquidity is sourced from tier 1 providers covering each of the major markets to help assure consistent, deep and stable liquidity for traders

across all time zones. SaxoTrader, the bank's flagship information, execution and risk management application, is available in 15 languages with sales and account servicing professionals offering support in 30 languages.

In 2004, we advanced our business goals achieving significant growth in assets under administration, trading volume and product balance. We welcomed an elite group of partner organisations and forged deeper relationships with banks, brokerage firms, exchanges and other financial partners to expand and strengthen our offering of instruments and trading and information services.



FACILITATOR

Business model

BUSINESS MODEL

FACILITATOR

TIER 1 LIQUIDITY COUNTERPARTS

- Streaming liquidity
- Expansive product coverage across global financial markets
- All-in-one trading infrastructure including straight-through-processing (STP) for deal execution, clearing, settlement and custody services.

Saxo Bank in partnership with Tier 1 liquidity counterparts secures in-depth liquidity, product coverage, product development and the necessary trading infrastructure, whilst providing the liquidity counterparts with a mutually profitable and efficient access to the market-place.

FACILITATION

Through the deployment of advanced technology and established presence in the market, Saxo Bank facilitates the matching of clients' and partners' needs with the provision of a fully integrated, multi-product, online investment trading platform.

From market making using the best available liquidity for OTC products such as FX and CFDs to providing all-in-one services and direct market access to exchanges for exchange traded or listed products, Saxo Bank facilitates a comprehensive and efficient gateway for the bank's clients and partners to the global capital markets.

These trade execution services are further complemented by the provision of integrated risk management, back office and technology infrastructures which ensure that the bank's partners are appropriately empowered to engage in, monitor and control their clients' investment trading activities.

Saxo Bank provides these and other value added services such as qualified sales and marketing assistance, content management, IT hosting and ongoing product development in order to ensure that the combined Saxo Bank and partner offering remains a competitive and scalable offering at all times.

DISTRIBUTION THROUGH PARTNERS

Through the foundation of custom engineered technology, the bank derives optimal distribution capacity by actively engaging with regulated, established financial institutions as partners throughout the world. The bank's partners can in turn leverage their local market presence and market knowledge in order to provide qualified, professional investment trading services to their clients. The intrinsic value of the partnership is then derived by empowering the partner with every incentive and capability to maximise the mutual earnings capacity without any capital outlay.



Peter Lerbrandt
Vice Chairman of the Board

Henning Skovlund
Member of the Board

Henrik Thufason
Chairman of the Board

John Korsø Jensen
Member of the Board

Teddy Jacobsen
Member of the Board

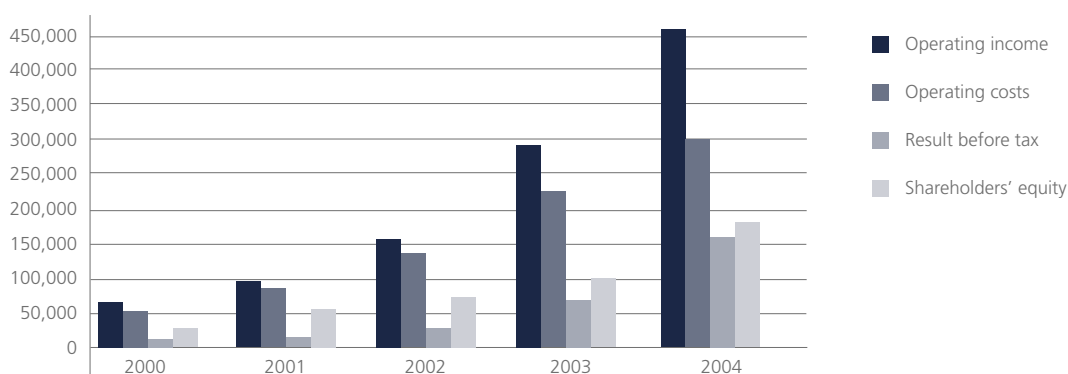
COMPANY INFORMATION

COMPANY	Saxo Bank A/S Smakkedalen 2 DK-2820 Gentofte Denmark Reg. No. 1149 CVR No. 15 73 12 49 Registered Office: Gentofte	
BOARD OF DIRECTORS	Henrik Thufason Peter Lerbrandt John Korsø Jensen Henning Skovlund Teddy Jacobsen	Chairman of the Board Vice Chairman of the Board Board Director Board Director Board Director
SENIOR MANAGEMENT	Lars Seier Christensen Kim Fournais Eric Frydenlund Michelsen Shailendra Robin Patel	Joint Chief Executive Officer Joint Chief Executive Officer Vice Chief Executive Officer Chief Financial Officer
MANAGEMENT GROUP	Hans-Petter Bjørnstad Daniel Darst Peter Dissing Karen Elizabeth Heltoft Steen Jakobsen Henrik Hviid Klæbel Troels Toftelund Madsen Claus Nielsen Ole Rossing Flemming Skov	Executive Director, Institutional Client Group Executive Director, Sales Strategy & Marketing Executive Director, Head of Human Resources Executive Director, Head of Legal & Compliance Executive Director, Head of Fund Management Executive Director, Chief Operations Officer Executive Director, Chief Technology Officer Executive Director, Global Head of Trading Executive Director, Chief Information Officer Director, Head of Software Engineering

FINANCIAL HIGHLIGHTS (DKr. '000)	2004	2003	2002	2001	2000
Operating income	459,104	286,783	157,677	97,006	65,218
Profit/loss on ordinary operations before tax	160,695	65,923	23,919	10,239	10,622
Result before tax	160,695	65,923	23,919	10,239	10,622
Total assets	2,816,788	1,823,121	849,595	446,814	291,752
Shareholders' equity, end of year	178,013	101,413	71,195	58,075	25,861
No. of employees (average)	239	174	122	93	46
Balance Sheet Highlights (DKr. '000)					
Total weighted assets	843,542	590,153	410,653	145,148	96,754
Core share capital less statutory deductions	165,468	94,122	63,834	49,626	25,300
Core capital and subordinated capital	239,843	168,586	63,834	49,626	25,300
Average shareholders' equity	139,713	86,304	64,635	41,968	22,245
Loans and advances, beginning of the year	62,493	40,290	36,725	25,519	28,415
Loans, guarantees and provisions	105,551	64,011	41,328	37,136	25,866
Deposits	2,162,190	1,363,146	677,681	354,509	218,759
Ordinary costs	299,426	221,025	135,460	90,071	56,327
10% requirement as per BSL § 28	256,604	164,815	77,893	38,874	-
Ratios and Key Figures					
Solvency ratio	28.4%	28.6%	15.5%	34.2%	26.1%
Core capital ratio	19.6%	15.9%	15.5%	34.2%	26.1%
Return before tax on shareholders' equity	115.0%	76.4%	37.0%	24.4%	47.8%
Return after tax on shareholders' equity	78.3%	52.3%	25.0%	17.2%	31.6%
Cost/core income ratio	1.50	1.30	1.18	1.11	1.19
Interest rate risk	2.2%	0.4%	0.7%	1.4%	-
Foreign exchange positions	544.6%	345.6%	332.1%	162.5%	200.8%
Exchange rate risk	6.6%	6.5%	13.8%	3.3%	2.6%
Loans, advances and provisions proportional to deposits	4.8%	4.6%	6.0%	10.5%	11.8%
Additional liquidity proportional to the demand of liquidity	767.6%	748.0%	725.6%	728.8%	-
The total of large engagements/base capital	55.8%	52.0%	12.1%	48.2%	-
Loans and advances with reduced interest rate	0.0%	0.0%	0.0%	0.0%	-
Provisions ratio	0.7%	1.0%	1.2%	1.1%	0.3%
Loss and provisions ratio	0.4%	0.4%	0.3%	1.6%	2.0%
Growth of loans and advances	65.1%	55.1%	9.7%	43.9%	-10.2%
Loans and advances proportional to share capital	0.6	0.6	0.6	0.6	1.0

Certain key figures are reported for the period during which the company has operated as a bank.
Prior to June 2001, the company operated as a brokerage firm.

FINANCIAL HIGHLIGHTS (DKr. '000)



THE YEAR IN REVIEW

In 2004, Saxo Bank posted positive growth in revenues, earnings and shareholders' equity while setting new record levels for client accounts, client cash deposits and trading volumes. The year witnessed significant achievements across critical technology, product expansion and service metrics.

MANAGEMENT REVIEW

The bank's profit on ordinary activities before tax rose to Dkr. 161 million, representing an increase of 144% from 2003. The net operating income reached a record Dkr. 459 million, an increase of 60% from the previous year. Shareholders' equity increased by 76% to Dkr. 178 million. In addition, client cash deposits reached Dkr. 2.2 billion, a strong indicator of prospective growth and trading activity. The bank's management is therefore pleased to report on the continued development of the bank's business model, strategic focus and program for continued, sustainable growth.

REPORTING ON A SUCCESSFUL YEAR

Saxo Bank was privileged to serve a growing market in 2004.

The bank expanded its business through private and institutional channels with important geographic penetration in the Far East, Australia and the USA, whilst further strengthening the bank's established presence in Europe and the Middle East. This growth is the result of direct business complementing institutional and wholesale, or white label partner relationships. As an example, in the year completed, the bank welcomed two significant white label partners in the USA marking the opening of the North American market.

In each instance, strategic planning led to the identification of complementary partners able to supplement the bank's aggregated liquidity and provide retail distribution, effective local represen-

tation and client service reach. Each new partner represents the culmination of a well-defined strategy endeavour in which both parties recognise the mutual benefit in the engagement.

FOCUSING OUR TECHNOLOGY ON THE MARKET

Fundamental to the bank's business strategy is the ability to offer scalable, flexible and first-to-market services. With a bias toward practical, market-driven action, the bank has continued to combine technology and industry knowledge to serve its partners, clients and key stakeholders.

Saxo Bank has been and continues to be an early mover in an industry characterised by rapid change, product expansion and broad acceptance of new technologies and distribution capabilities. In step with the growing reach and increasing sophistication of the online capital markets industry, Saxo Bank has been able to develop its core business activities very much in accordance with management's key business objectives for the year.

The bank's technology investment proves itself both through recognition by industry awards and by market-place response. In the former, the bank has been privileged to earn top marks in industry and professional user polls for multi-product trading capability, functionality, liquidity outsourcing, post-trade services, risk management and e-research. The second indicator is confirmed through growing numbers of private clients, institutional clients and wholesale re-distributors (white label partners).



TECHNOLOGY

Saxo Bank is unique in its focus on IT. Custom engineered technology enables Saxo Bank to continuously upgrade and refine its expanding platform to meet and exceed the market's demand.



SAXO MARKETS



CFDs



PROFESSIONAL



FX



SAXOTRADER



ASSETS



FUTURES



WLP



A critical dimension of the bank's business model is the ability to offer investment trading products and services worldwide. This demands a sophisticated and practical legal perspective with a forward looking readiness to work with regulators throughout the world.

Saxo Bank engages directly and indirectly with financial service authorities in markets where OTC, exchange based and non regulated financial instruments are only starting to gain credibility and popularity. In this way, the bank participates in the development of industry practices while gaining insight and experience in tactical implementation.

Given the increasing regulatory focus in the financial service industry, the bank will remain active in working directly with local authorities and remotely through local attorneys, experts and decision-makers to identify jurisdictional and legal hurdles and expand the business toward realistic opportunities.

A MULTIPRODUCT PLATFORM OF CHOICE

The focus of Saxo Bank's technology is the trading platform and its attendant liquidity, execution and risk management functions. Four years ago, the bank's selection of foreign exchange instruments and trading types was augmented by equities and CFDs (contracts for difference) to meet the

demand of the market. Following the introduction of online futures contracts in 2003, the bank expanded the range and depth of instruments offered across all product categories in 2004.

In line with the growth of the bank's employee roster, assets under administration and white label partner list, the platform's scalability and stability also increased. Toward the close of 2004, the Saxo-Trader was executing more than 30,000 trades daily with liquidity sourced from multiple providers from among the leading investment banks in the world. Regular enhancements to the platform during the year continued to attract broader market acceptance. As an example, during the summer Saxo Bank introduced half pip pricing which allows more precise and competitive pricing particularly on major currency crosses.

This year, the bank enlarged the instrument list across five product areas: foreign exchange, equities, CFDs (contracts for difference), futures and managed funds. Foreign exchange liquidity, for example, expanded through the addition of a number of substantial partners who have selected Saxo Bank for the bank's ability to distribute their liquidity to markets worldwide. For the bank, clients across all time zones now find deeper liquidity and price competitiveness on more than 125 currency crosses including majors, minors and exotics.

PRODUCTS

Saxo Bank offers a full suite of products and services, represented by a series of icons.



CSP



ANALYSIS



INSTITUTIONAL



PRIVATE



IB



FIXED INCOME



MINITRADER



EQUITIES



WORLDWIDE

With tradable instruments from exchanges and markets worldwide, Saxo Bank covers the globe. Staffed by native language professionals from the opening of the Far East markets through the closing of the North American markets, Saxo Bank provides full 24/6 coverage.

2004 was characterised by sustained growth in equity and CFD trading. An expanded menu of equities and CFDs now complements foreign exchange instruments. Partners and clients trading securities and derivatives through exchanges around the world are achieving greater range and diversification for their portfolio strategies. With expansion in instruments and data interfaces, the bank's commitment to IT resources and advanced programming grows. Efficient and flexible management of complex projects involving data and financial counterparts throughout the world has helped to hasten Saxo Bank's ability to meet market demand and advance new solutions and applications to bank clients.

EXPANDED PRODUCT RANGE

Traders seeking equity investments now access thousands of securities listed on 23 exchanges worldwide. For local partners, Saxo Bank's tradable instruments support their efforts to serve their clients with relevant, which usually refer to local, securities. Saxo Bank is one of the few firms in the world to offer a two-tiered CFD programme. Professionals seeking to trade CFDs directly on the exchanges may select the bank's DMA (Direct Market Access) CFD protocol. Today, investors can access a universe of 7,500 CFD contracts through Saxo Bank's combined market-making and DMA application.

During 2004, more futures contracts were brought online as demand increased and technology interfaces facilitated rapid expansion across more markets and underlying product categories. From e-mini contracts in oil, natural gas, gold and silver to financial futures in interest rates and indices, the online futures market is healthy. This increased demand brings the bank closer to new providers including the CME (Chicago Mercantile Exchange). Saxo Bank's ability to offer a multi-product trading platform for retail and institutional clients underscores the attractiveness of the SaxoTrader for providers of all instruments including Futures, CFDs and Foreign Exchange.

GROWING THE FUND MANAGEMENT BUSINESS

Saxo Bank entered the managed assets industry four years ago with the nascent Managed FX fund that was opened for public investment in 2003. The underlying strategy, now available in 1x, 2x and 3x leverage and in multiple base currencies has performed well in the currency hedge fund arena. During the year, several external managers selected the Saxo Bank trading platform and fund administration capabilities for their product.

RELATIVE GROWTH IN CLIENT INITIATED FOREIGN EXCHANGE TRADING VOLUMES SINCE 2001 (QUARTERLY)



Client initiated foreign exchange trading volumes reached a record EUR 500 billion in 2004.



TRADING

At the center of the bank's business model is the trading platform offering FX, Options, Stocks, CFDs, Futures and Managed Funds.

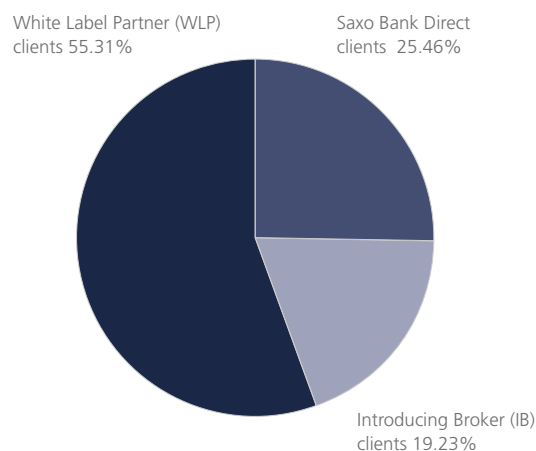


Through a growing fund management initiative, the bank is expanding its reputation in the institutional asset management industry as manager, incubator of talent and administrative provider.

THE SAXO BANK CLIENT

Business expanded among private clients, institutional clients, white label partners and corporate clients. We welcomed additional liquidity providers who recognise the value of the bank's aggregated platform and broad retail distribution. Significant white label partners embraced the bank's business model seeking to expand the suite of online trading services they can offer their local market-places. In both relationships, the bank is able to strengthen its coverage of tradable instruments across all time zones and offer desirable alignment in local retail distribution.

SOURCES OF NEW CLIENTS IN 2004



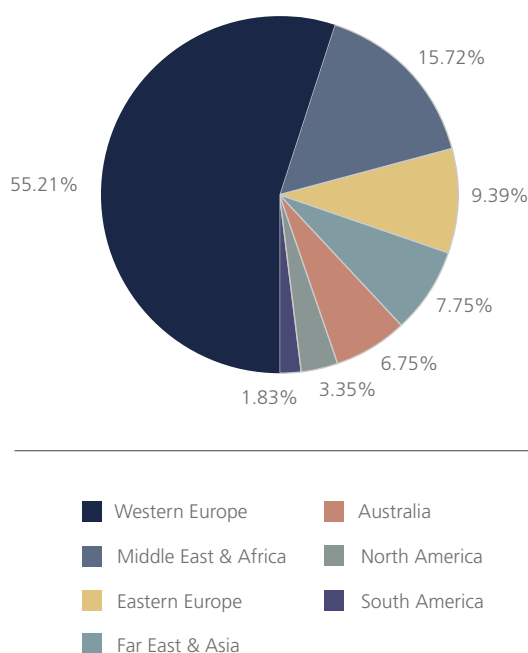
PRIVATE CLIENT BUSINESS

The online market for foreign exchange, equities, stock derivatives and futures continues to push beyond traditional borders.

The suite of products, information, analytic tools and real-time account management inherent in the SaxoTrader attracts more individual investors and traders each month. Through a two-stage process wherein prospective clients are first invited to sample the client platform for a twenty-day trial period, the bank assists interested users to wire

funds and begin trading as live clients. Membership to the Saxo Bank website, which surpassed 10,000 new members in the month of December, indeed has its benefits.

GEOGRAPHIC DISTRIBUTION OF CLIENT BASE



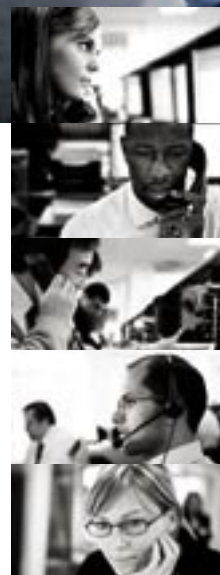
Members who remain active visitors of the website gain access to real-time news, quotes, charts and research from a number of leading sources including Dow Jones Newswire and Market News International, plus daily research updates from Saxo Bank's strategy group as well as FX analytic reports from leading banks.

The trading platform, SaxoTrader, expanded in reach and impact with the addition of new trading and analytic tools including ETAT (Equity Technical Analysis Tool) which provides information, pattern recognition, and individual equity product alerts relating to stock price movement. During the year, more and more traders, including clients of the bank's white label partners, took advantage of the TradeMaker auto-execution module which offers specific trading strategies including entry points, take profit and stop loss levels.



SERVICE

Clients throughout the world look to Saxo Bank's multi-lingual capability: The trading platform is offered in 15 languages and the bank provides sales and service in 30 languages.



The bank will continue to expand its suite of intelligent tools and analytic resources available to the trading public. Market response underscores the appetite for products and processes that support the trading professional's practical strategies.

Growth in private client business was consistently strong during 2004 with balanced expansion in Western Europe, the Far East, the Middle East and in Eastern Europe. In the evolution of private client support, the bank established an account management group dedicated to supporting active clients by providing product and service solutions.

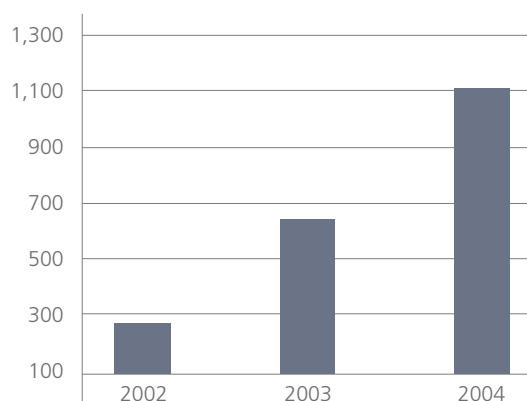
WHOLESALE DISTRIBUTION TO LOCAL MARKETS

Efficient distribution to local markets drives Saxo Bank's White Label Partner (WLP) business, through which the bank provides a full technology suite of client trading capabilities, risk management tools and real-time financial and accounting oversight for partner omnibus and sub-accounts, margin management and trading flows. WLP clients are institutions licensed to hold client funds and include banks, brokerage firms and other financial institutions.

In this way, the bank serves a worldwide market as a complementary partner, efficiently distributing its core activities of technology, product and packaging expertise. Through revenue sharing agreements, the bank focuses on its competitive advantages – liquidity aggregation, trading technology, market-place packaging and account management – while the local firm with its name and identity on the front-end of the platform is able to widen the range of products and services it offers current clients while attracting new clients via the Internet.

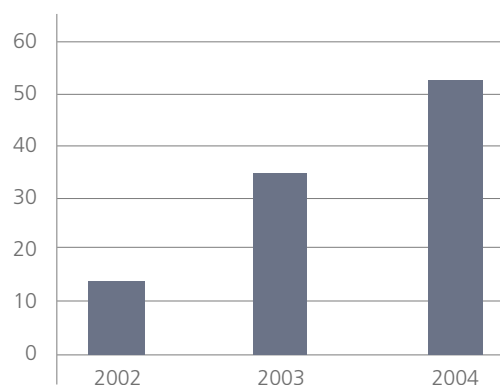
In 2004, the bank added another 18 white label partners in the Far East, Europe and North America. These regulated financial institutions represent a mix of banks, brokerage houses and specialised trading firms committed to accelerating their entry into the market-place with online capital markets products. Business from white label partners' clients continued to accelerate during the year, complementing the new client acquisition from direct sales and institutional channels

INDEXED GROWTH IN NEW CLIENTS SINCE 2001



Since 2001, the bank has continued to attract increasing numbers of new clients through the effective deployment of the bank's e-marketing sales strategy.

NUMBER OF WHITE LABEL PARTNERS AS AT THE END OF EACH YEAR



In the last three years, the number of WLPs has climbed dramatically while the corresponding client base served by these partners has grown exponentially.



PARTNERSHIP

We believe that complementary expertise and skill can be joined to create effective partnerships. Many banks, brokerages and financial providers have turned to Saxo Bank for assistance in moving online.



SUPPORTING AND STRENGTHENING THE PARTNER BUSINESS MODEL

Recognising the importance of client development and commercial management of the partners' on-line business, Saxo Bank selectively offers support and consulting in website development and client acquisition. The bank's objective is to provide its partners with tools that enable them to effectively increase the flow of inquiries, leads, downloads and clients. For other partners, Saxo Bank may provide sales trading and account management services to establish procedures for managing on-line business and client trading flows.

MARKETING THE BANK THROUGH INTRODUCING BROKERS

Introducing brokers continue to provide a significant market for the SaxoTrader. Clients of introducing brokers are direct clients of the bank, wherein the introducing broker may trade on behalf of the client through a Power of Attorney. In this way, the retail client gains the benefits of the introducing broker's advice and experience as well as other services and products while the introducing broker gains access to the suite of capital markets products on the SaxoTrader.

Introducing broker relationships provide the bank with insight into the market-place, to product requirements and service demands. Direct input from clients and professional users is central to the bank's ability to enhance and expand the service offering.

During the year, several successful introducing broker relationships matured into full WLP engagements wherein the provider demonstrated their ability to generate significant client initiated trading flows. Again, over time the merits of the platform prove themselves.

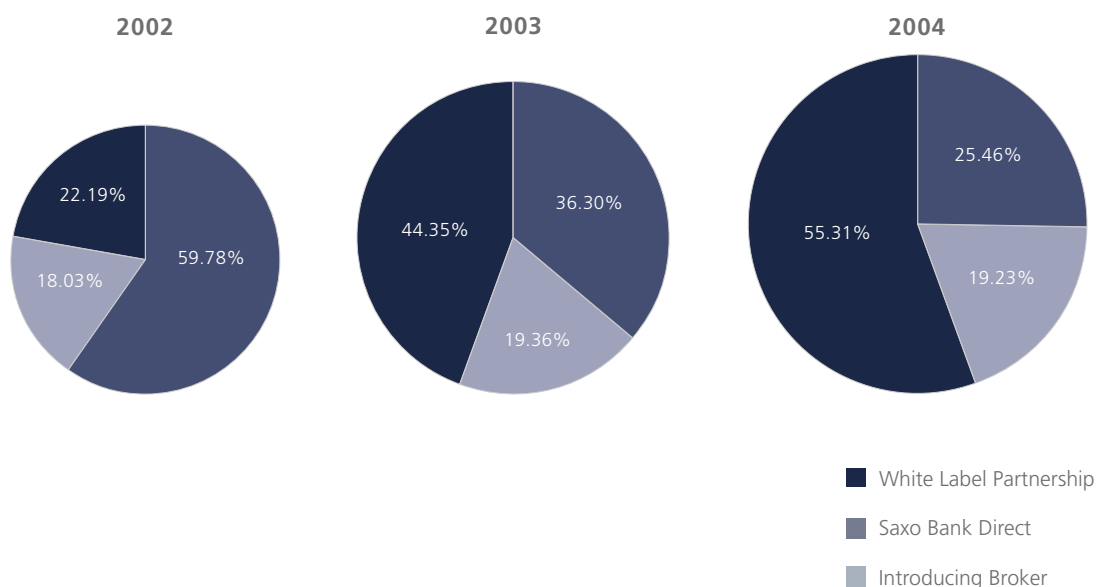
INSTITUTIONAL

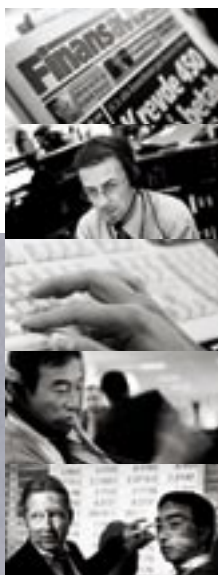
Proprietary FX traders, corporate treasurers and other professional institutional dealers are increasingly choosing the SaxoTrader as a preferred platform. The aggregation of liquidity and competitive prices offered through the bank's trading platform provide experienced traders with a clear window to the dynamics and opportunities of the market.

The bank's ability to bring together multiple providers' liquidity to help assure price competitiveness, consistency, instrument coverage and depth is welcomed by local clients throughout the world.

YEARLY DISTRIBUTION OF NEW CLIENTS BY PERCENTAGE

Percentage distribution of new clients through the bank's direct and partner related sales efforts during the last 3 years.





PERFORMANCE

Covering markets, exchanges and financial instruments throughout the world, Saxo Bank offers professional investors real-time data, information, trade execution and risk management tools.

In both established and emerging markets, the SaxoTrader offers financial institutions rapid access to consistent liquidity. Institutional clients select Saxo Bank for its global currency coverage, stability and consistency.

From Japan to Portugal, Germany to the United States, Saxo Bank is welcoming new institutional trading partners, delivering both the liquidity and the state-of-the-art trading and risk management tools demanded.

During 2004, global settlement services through CLS Bank (Continuous Linked Settlement) began transforming the industry. With its third-party membership through UBS, a founding member of CLS, Saxo Bank is able to participate in secure settlement of FX trades with any other member of the CLS network. The advantages for the bank are significant. CLS will complement other settlement processes such as credit lines, margin lines and prime brokerage.

DESIGNING STRATEGIES AND SERVICES FOR AN EXPANDED MARKET

With a dynamic and growing market for online trading now more of a reality than ever, the bank has introduced an additional service for investors seeking to participate with a lower investment account size. Drawing on IT capabilities, web resources and risk management oversight, Saxo Bank is able to recon-

figure and package specific functions to deliver a new product suite showcasing a simplified auto-execution user interface and single click execution.

In regions where an emerging open market is now allowing transfers of funds to external providers, such as the Far East, India and Eastern Europe, the demand for a lighter version of the trading platform is considerable. This autumn the bank unveiled SaxoSpread, a unique platform containing four separate trading strategies accessing a common set of instruments including FX, CFDs, individual stocks and futures.

SaxoSpread is accessed via the Internet allowing greater accessibility as there is no requirement to download the platform. An important advantage built into the design of SaxoSpread is the full automation of the account opening, funds transfer and trading processes. This is one example of product packaging and reconfiguration that will extend the muscle of Saxo Bank's technological capability.

At the higher end of the market, Saxo Bank introduced institutional pricing for qualified clients. Larger trading organisations are provided with a fully designed workspace showing institutional pricing and a host of other unique institutional trading features. New prospects are able to access either the institutional or the private client setup when they visit the bank's website.

AWARDS AND RECOGNITIONS

In the previous 14 months, Saxo Bank was privileged to earn top marks in the industry's premier award venues: Euromoney and FX Week. The bank is recognised for liquidity, cross-product trading, technology, e-research, and overall FX as rated by professional investors.





STRATEGY

The bank is expanding its client strategy to meet market demand from institutional traders through to the retail end of the active trader segment.



SERVING CLIENTS AND PARTNERS WITH INTEGRATED SOLUTIONS

Two significant corporate alignments designed to better service the bank's clients and partners matured during the year.

Account management, as defined separately from sales and business development, emerged as a critical dimension to the sustained productivity of the firm's institutional, white label and introducing broker business. In this approach, dedicated professionals assigned to specific clients – including VIP Private Client traders – work exclusively with these priority clients to help them build their business, to better service their commercial requirements, and to provide strategic and tactical advice and support.

In addition, this year the bank merged its client support functions into a broader group, Customer Service, which now handles client needs from account set-up through funds transfer, cash management and account servicing. This new organisation adds welcome structure to the bank's processes and expedites client set-up and business. Efficiencies gained through better technological solutions are now complemented by well-designed systems flow and process improvement.

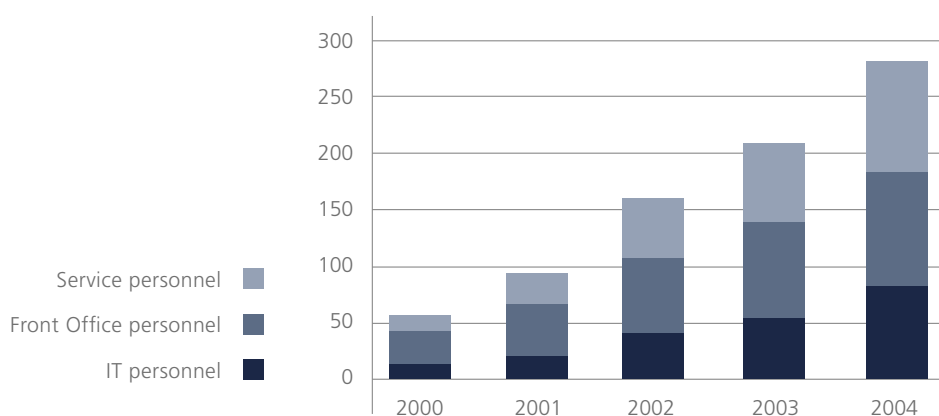
DEVELOPING PROFESSIONALS, TRAINING AND MANAGING FOR GROWTH

With the bank's growth in headcount and concurrent escalation in complex functions and services, management has moved to empower more managers with authority for commercial, technical and partner decisions. In 2004, the bank increased onsite and offsite training across all departments from IT through traders through web and marketing functions.

More employees throughout the organisation attended training programs, external courses and development seminars. Participation will continue to increase during the coming years in programs ranging from ACI examinations to advanced seminars in finance and risk management, from systems development training to data management studies.

During the year, the bank also conducted a series of strategic and management planning meetings to help increase the level of commercial understanding, business ownership and empowerment throughout the bank's line management functions and team leaders as part of an overall programme of continuously rebuilding, training and educating the bank's most important resource, the employees.

GROWTH IN PERSONNEL ACROSS THE BANK'S VALUE CHAIN



By the end of 2004, the number of skilled IT professionals accounted for almost one third of the total workforce, reflecting the bank's continued investment in technology.





ANALYSIS

Each day, thousands of serious traders tune in via the trading platform, the website and Saxo Bank's "Market Call" to consider the bank's expert opinion.



DEEPENING THE VOICE AND INSIGHT OF SAXO BANK

The bank's commitment to providing intelligent tools for analysis and research led to further contractual agreements with leading providers of news and information. Earlier in the year, Market News International, one of the industry's leading news and reporting organisations, routed its data to the trading platform followed during the summer with the addition of Dow Jones Newswire.

In addition, Russian, Chinese and Japanese language variants of the latter service are available through the SaxoTrader, thereby further bolstering the bank's presence in those regions. The bank's investment in expanded news and data coverage offers clients significant value added services in support of their online investment trading needs.

Auto-execution of trades through the Saxo Bank TradeMaker reached thousands of private clients and, indirectly, thousands of white label partner clients. Through this application, built into the

SaxoTrader, clients can participate in Saxo Bank's strategies in real-time, typically offered as three way orders with explicit entry points, stop-loss levels and profit thresholds.

The bank continued to expand the research and analysis tools it offers equity and CFD traders with the addition of Saxo Bank's Equity Technical Analysis Tool, which provides pattern recognition, price movement alerts and company news of a wide range of global stocks.

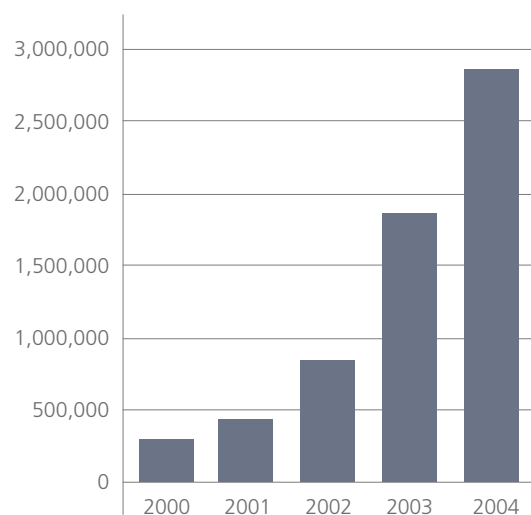
The voice and insight of Saxo Bank is registered throughout the investment market via the Internet, the trading platform, and via the live Saxo Bank Market Call video broadcasts. Daily at 10:00 a.m., CET, the bank films and broadcasts its senior analysts' commentary, opinion and trading ideas to web sites and individual users throughout the world. This liberal distribution is unique among investment banks and underscores the bank's commitment to providing thoughtful and practical information to the trading population.

MARKET UPDATES FOUR TIMES A DAY (CET)

10:00 a.m.	MARKET CALL
9:00 a.m. - 5:00 p.m.	START EURO morning briefing
3:00 p.m. - 10:00 p.m.	UPDATE USA morning briefing
0:00 a.m. - 8:00 a.m.	UPDATE ASIA morning briefing

Market and product research is updated three times each day covering the global markets: Far East, Europe, and North America. Each day at 10:00 a.m., CET, Saxo Bank's Market Call is broadcast to thousands of subscribers.

TOTAL ASSETS (DKr. '000)



Continued growth in client deposits has contributed to the growth in total assets.

SAXO BANK WORLDWIDE

Saxo Bank has launched 53 white label partnerships since 2001. These partnerships are a valuable and integral element of the bank's business model and help to drive the bank's continued expansion of services to individual investors, as well as institutional and corporate clients throughout the world.

Anguilla
 Australia
 Cyprus
 Denmark
 Finland
 France
 Germany
 Hong Kong
 Hungary
 Israel
 Italy
 Japan
 Kuwait
 Lebanon
 Luxembourg
 Mauritius
 Mexico
 Moldova
 New Zealand
 Norway
 Panama
 Poland
 Portugal
 Qatar
 South Africa
 South Korea
 Spain
 Sweden
 Switzerland
 United Kingdom
 United States of America



SAXO BANK

TIMELINE 2004

Rapid, planned development and implementation of critical services, enhancements and products characterised the year completed. Below we have charted a sampling of significant events and bank activities during 2004.

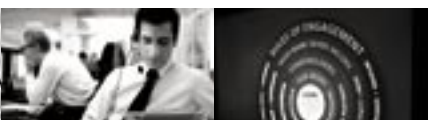
Q1			Q2		
JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<p>Launch of first Capital Guarantee Bond</p> <p>Saxo Bank commences 3rd party CLS member operations</p> <p>Saxo Bank commences SWIFT-based operations</p>	<p>9 new currencies launched on the SaxoTrader bringing total coverage to 120 crosses</p> <p>Introduction of streaming news from Market News International</p> <p>1st WLP in Hong Kong is launched</p>	<p>Value of client funds reaches DKr. 1.5 bln</p> <p>SaxoTrader expands global equities coverage to 23 international stock exchanges</p>	<p>TradeMaker (auto execution of recommended trading strategies) launched</p> <p>Launch of Institutional version of Trading Platform with CLS and Primary Broker-based FX Settlements facility</p> <p>Establishment of SaxoSoft subsidiary company to expand and accelerate IT development</p>	<p>Saxo Bank launches 1st WLP in Israel</p> <p>Euromoney FX Poll: Saxo Bank earns 11 top placements</p>	<p>Improved retail pricing introduced</p> <p>Introduction of streaming news from Dow Jones International on SaxoTrader and www.saxobank.com</p>

Q3			Q4		
JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
<p>Introduction of decimal pipping (broken pips) across 11 major crosses</p> <p>Saxo Bank awarded best liquidity outsourcing eFX award from FXWeek</p> <p>Saxo Bank posts record post-tax half year results of DKr. 47m</p>	<p>Launch of ETAT (Equity Technical Analysis Tool) on SaxoTrader</p> <p>Value of Client Funds reaches DKr. 2 bln</p> <p>Introduction of CME as liquidity partner via eTrading program</p>	<p>Saxo Bank launches 1st WLP in USA</p> <p>Saxo Bank recruits 250th employee</p> <p>Saxo Bank granted Australian Financial Services License by ASIC</p>	<p>Saxo Bank launches beta version of SaxoSpread – trading platform for small, retail investors</p> <p>Introduction of spot gold, silver and CBOT gold futures contracts on Saxo Trader</p>	<p>Saxo Bank voted top ten bank for FX Dealing by professional FX investors</p> <p>Saxo Bank voted No.3 in eTrading by FX Week</p> <p>Saxo Bank voted No.4 in best dealing technology by FX Week</p> <p>Saxo Bank expands Managed Funds programme</p>	<p>Saxo Bank launches CFD Combi Model trading on SaxoTrader</p> <p>Value of client funds reaches DKr. 2.5 bln</p> <p>Saxo Bank launches 50th WLP</p>



QUALITY

Underscoring the success of the bank's business model are the twin themes of partner and client focus and execution. As a result, our partners and clients can expect a consistent level of exceptional quality.



OUTLOOK FOR 2005

Saxo Bank is a facilitator. In the online trading industry, the bank will continue to demonstrate its ability to foster mutually beneficial relationships with liquidity providers and with distributors. Facilitation in this industry demands transparency, stability and consistency in operations and business practices. In each area, the bank seeks to expand and deepen its reputation and presence.

The bank's business model emphasises a continuously expanding technological foundation, which in 2005 will introduce the next generation of the SaxoTrader client station. For direct clients and partner clients, the new client station offers a more intuitive user experience and can be readily expanded to be suitable for professionals. The next generation of the bank's award-winning online investment trading platform, SaxoTrader, will integrate multiple instrument types so that, for example, one may trade Spot FX, CFD indices and financial futures contracts from a single window. New charting functionalities and more flexible workspace designs will enable traders to work across product and instrument types with minimal navigation slow-downs.

The bank also plans to expand the product coverage and offer greater depth and functionality during 2005. In response to growing market demand, the bank is introducing offline fixed income during the first quarter, which will also provide additional collateral flexibility. During the second quarter, the bank expects to introduce a full suite of online fixed income instruments. Saxo Bank is introducing an enhanced funds transfer protocol through which credit card payments will be accepted and which will allow client management of account transfers, enabling the bank to better meet the clients' and partners' needs for facilitating online cash management and funding arrangements.

The bank also anticipates growth in its managed fund business. As a technology provider, Saxo Bank offers a proved administrative, operational and technical infrastructure ideally suited to the needs of the growing hedge fund market.

In 2004, Saxo Bank introduced a client configuration manager application, which enables partners to perform many of the time-consuming back office tasks typically handled internally by the bank. During the coming year, Saxo Bank expects to increase the provision of additional services, which in turn will help empower the bank's clients and partners in increasing their capacity to administrate and control their investment trading activities.

Saxo Bank remains fully committed to offering a professional and cost-effective offering to clients and partners alike in support of growing the bank's futures business. The bank has already planned to increase the level of support provided for accessing available liquidity, improve the ease of access to the markets and relevant exchanges as well as to expanding the existing product coverage through the addition of a comprehensive suite of commodity-based contracts.

With the Bank of International Settlement reporting that USD 1.9 trillion is traded daily in currencies, the rapid growth of the online trading market will continue to favour those participants who can facilitate efficiencies, deliver depth and consistency, and expedite processes with transparency and reliability.

Saxo Bank's philosophy remains practical, market-driven and proven through tangible results. We thank our clients and partners as we move ahead and continue to create a powerful and cost-effective investment trading environment.



MARKET CALL

Broadcast every banking day at 10:00 a.m., CET, Saxo Bank's "Market Call", Copenhagen, Denmark, offers analysis, outlook and opinion.

FINANCIAL REVIEW

Saxo Bank reported a profit after tax of DKr. 109 million, which represented a healthy increase of 142% from the DKr. 45 million reported in 2003. The result was better than management's expectations and reaffirms the overall strength and value of the bank's leading position as an established and proven facilitator for online investment trading.

Operating income during 2004 reached a record DKr. 459 million, compared to DKr. 287 million during 2003. This 60% year-on-year increase in operating income was due largely to the continued, steady growth in client accounts, trading volumes and client funds.

Trading volumes and related income across foreign exchange, cash equities and CFDs and futures continued to demonstrate the strength of the bank's strategy in providing our clients with the most up to date offering in terms of product coverage, available market liquidity and ease of access to the global financial markets.

Trading income from foreign exchange trading rose by 68% during 2004, with client initiated trading volumes exceeding EUR 500 billion for the year, whilst trading income contributions from futures, other trade related activities and equities (including CFDs) increased during the year by 51%, 38% and 16% respectively.

Operating costs for the year were DKr. 299 million, an increase of 35% from the previous year. The bank's investments in sales and marketing personnel, technology and operating facilities during 2004 reflect the continued need for strengthening and expanding the bank's operating infrastructure as well as effectively supporting the global reach of the bank's client and partner servicing capabilities.

The bank made further capital expenditure during 2004 of DKr. 22 million in order to strengthen the IT infrastructure, expand the bank's principal office premises located in Gentofte, and secure a

higher level of facility for the bank's disaster recovery and business contingency requirements.

The bank also continued to strengthen and improve the overall calibre and capabilities of the bank's personnel through renewed, more focused recruitment efforts and the expansion of the bank's personnel development and training initiatives. The average number of employees increased to 239 during the year and reflected a further strengthening of the bank's capabilities across the value chain through the addition of qualified, skilled and experienced personnel throughout the management, IT, sales and marketing, operations and other key functions.

BALANCE SHEET, SOLVENCY AND EQUITY

The combined assets of the bank increased to DKr. 2,817 million, an increase of 55% during the year. The growth in the number of client accounts gave rise to an increase in client deposits, which in turn resulted in the net value of DKr. 2,330 million for short-term cash and government bond holdings.

The Board recommends to the general meeting of the shareholders that DKr. 36 million of the profit after tax is distributed as dividend to the shareholders and DKr. 73 million is allocated to the shareholders' equity bringing the total shareholders' equity to DKr. 178 million at the end of 2004.

The bank's solvency ratio was 28.4% at the end of the financial year, aided partly by the contribution of the result to the shareholders' equity, and reflected a more than adequate coverage in support of the bank's overall business and obligatory requirements.



EXECUTION

With more than 30,000 trades executed daily on the platform, and a scalability commitment to grow the capacity exponentially. Saxo Bank remains committed to technology, infrastructure and service.



FINANCIAL RISKS

The bank continues to operate with efficient market making functions in support of the bank's overall offering to clients and partners for foreign exchange and CFD investment trading operations. All other traded instruments are supported on the bank's online, investment trading platform on a fully hedged basis in compliance with the prevailing operating mandate issued to the management by the Board.

Management has applied for, and the Board has subsequently approved regulated increases in the bank's overall risk parameters for foreign exchange and CFD related investment trading during the year in response to the continued growth in overall trading volumes.

The Board however continues to emphasise that the bank maintains an effective balance between the size and nature of market risks undertaken and the overall capacity of the bank to actively monitor, control and mitigate those risks.

Further enhancements within the bank's risk management control and reporting systems and the deployment of a dedicated risk management function are just two of the principal initiatives undertaken during 2004 in order to ensure that the bank continues to maintain such a balance.

The bank has also taken steps during 2004 to prepare for the introduction and subsequent adoption of the Basel II, Sarbanes-Oxley and IAS initiatives, whilst further efforts to improve the bank's deployment of the Value-at-Risk (VaR) based risk measurement methodologies and enhanced, real-time risk exposure management tools have also been undertaken.

FINANCIAL OUTLOOK FOR 2005

The bank remains quietly confident that the general market conditions and the established value of the bank's business model will facilitate further business growth during 2005. Through close interaction with partners, business counterparts and clients and with well formulated and focused plans for the completion of key initiatives, management has established a reasonably well de-

fined framework for achieving growth targets in new client accounts, trading volumes, partner growth and resulting trading income.

Included in the initiatives are plans to introduce online fixed income trading, support for online cash management facilities, further expansion of the bank's managed funds programme, and the planned launch of the next generation version of the bank's award winning investment trading platform technology as well as the introduction of a new, web based online investment trading platform for smaller retail investors.

Management has accordingly budgeted for an improved profit on ordinary activities for 2005, where the operating income is expected to reflect a steady year-on-year growth across the existing investment products already facilitated by the end of 2004 and where planned increases in operating costs are also expected in order to continue service the required levels of advancement in technology, sales and marketing, personnel development and to maintain an efficient operating infrastructure.

POST BALANCE SHEET EVENTS

No events occurring after the balance sheet date have had any significant influence on the financial position of the bank as of 31st December 2004.

BOARD OF DIRECTORS

The Board has remained unchanged for the year and is expected to continue.

ANNUAL GENERAL MEETING

The bank's annual general meeting will be held at 3.00 p.m. on Wednesday March 2nd, 2005 at Smakkedalen 2, DK-2820 Gentofte.

SHAREHOLDER INFORMATION

The following shareholders have registered shareholdings of more than 5% of the bank's share capital.

Internet Invest Holding A/S, Smakkedalen 2, DK-2820 Gentofte.

Ecolex A/S, Nytorv 5, DK-1450 Copenhagen K.

AUTHENTICATION OF ACCOUNT

It is proposed that the Annual Report for 2004 be submitted to the general meeting of the company's shareholders and board of directors for formal adoption.

Copenhagen, 23rd February 2005

Executive Management

Lars Seier Christensen

Kim Fournais

Board of Directors

Henrik Thufason
(Chairman of the Board)

Peter Lerbrandt
(Vice Chairman of the Board)

John Korsø Jensen

Henning Skovlund

Teddy Jacobsen

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SAXO BANK A/S

We have audited the annual accounts of Saxo Bank A/S for the financial year 1 January – 31 December 2004 prepared in accordance with Danish statutory financial reporting requirements.

The annual accounts are the responsibility of the Bank's Board of Directors and Executive Management. Our responsibility is to express an opinion on the annual accounts based on our audit.

BASIS OF OPINION

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and Executive Management, as well as evaluating the overall annual accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

OPINION

In our opinion, the annual accounts give a true and fair view of the Bank's assets, liabilities and financial position at 31 December 2004 and of the result of the Bank's operations for the financial year 1 January – 31 December 2004 in accordance with Danish statutory financial reporting requirements.

Copenhagen, 23rd February 2005

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

AP Statsautoriserede Revisorer
Statsautoriseret Revisionsinteressentskab

Hans Jørgen Borgen Henrik O. Larsen
State Authorised Public Accountants

Jørgen Christiansen Anders Ladegaard
State Authorised Public Accountants

ACCOUNTING POLICIES APPLIED

GUIDING PRINCIPLES

The annual accounts for 2004 have been prepared in accordance with the Commercial Banks and Savings Banks Act, the Danish Executive Order on Presentation of Accounts of Banks and guidelines issued by the Danish Financial Supervisory Authority.

With reference to section 115 of the Danish Executive Order on Presentation of Accounts of Banks, no consolidated annual accounts have been prepared as the annual accounts of the bank and the subsidiary companies, I.I. Real Estate A/S and Saxo Soft A/S form part of the consolidated accounts of the parent company, Internet Invest Holding A/S, Smakkedalen 2, Gentofte, Denmark. The information required according to section 115 concerning the Saxo Bank Group is disclosed in note 22.

The accounting policy regarding costs for internally developed software has been changed effective January 1st, 2004. Such costs are recognised as an asset if it can be demonstrated that they will generate additional future economic benefits. Internally developed software is depreciated over the expected useful life. Previously the development costs were charged to the profit and loss account when incurred. The change in accounting policy has increased Profit before tax by Dkr. 1,954 thousand while the shareholders' equity has increased by Dkr. 1,368 thousand.

The accounting policies are apart from this unchanged compared to last year.

INTEREST AND COMMISSION

Interest receivable and payable, commissions and premiums on forward transactions are stated on an accruals basis. Dividends, fees and other commission revenue are recognised as income when received.

LOANS AND ADVANCES

Loans and advances (loans, client margin requirements) have been reviewed individually, in accordance with generally accepted accounting principles, to assess risks of loss, and amounts have been written off or provided for as appropriate. Total provisions and losses have been recognised in the profit and loss account under "Loss and provisions for bad debts".

TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible fixed assets have been included at cost less accumulated depreciation.

The costs of internally developed software are, effective of January 1st, 2004, recognised as an asset if it can be demonstrated that the software will generate additional future economic benefits. Prior to January 1st, 2004 development costs were expensed when incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are:

<i>Inventory, refurbishments and company cars</i>	<i>5 years</i>
<i>IT equipment</i>	<i>3 years</i>
<i>Software</i>	<i>3-5 years</i>

Assets with a cost of less than Dkr. 10,800 are charged to the profit and loss account in the year of acquisition.

SECURITIES

Securities are measured at fair value at the balance sheet date. For securities quoted on stock and securities exchanges, officially quoted prices are used. The value adjustment has been included in the profit and loss account.

ACCOUNTS IN FOREIGN CURRENCIES

Accounts and positions held in foreign currencies have been stated at the official market rates as at the end of the year. Realised and unrealised gains and losses have been included in the profit and loss account.

FINANCIAL INSTRUMENTS

Open forward exchange transactions, futures and options, etc. have been stated at the market value. Net premiums on forward transactions relating to foreign exchange and securities have been stated on an accruals basis and included in the profit and loss account under "interest receivable".

The value adjustments of forward exchange transactions, futures and options deriving from changes in interest rates, rates of exchange, etc. after entering into the contract have been included in the profit and loss account under "price and exchange rate adjustments".

Average market values are calculated based on quarterly computations.

Financial instruments with a positive market value are included in "other assets" and financial instruments with a negative market value are included in "other liabilities".

**PARTICIPATING INTERESTS
IN SUBSIDIARY COMPANIES**

Participating interests in affiliated undertakings comprise shares in subsidiary companies. The shares are valued according to the equity method. Accordingly they are stated in the balance sheet of the parent company at the proportionate share of the net asset values of the subsidiaries, and the parent company's proportionate share of the profits and losses of the subsidiaries is stated in the profit and loss account of the parent company under "Result of participating interests in affiliated undertakings".

WARRANTS ISSUED TO EMPLOYEES

The estimated market value of warrants issued to the bank's employees is included in the profit and loss account as staff costs and added to shareholders' equity.

TAX

Tax for the year comprises current and deferred tax and is provided for at existing tax rates.

Current tax is calculated based on the profit before tax and is adjusted for non-taxable income and expenses. The bank is included in the on account tax scheme.

Deferred tax is calculated on all time differences arising between profit before tax and the taxable income and is included under "Provisions for commitments" or "Other assets" at the expected realisable value.

Profit and Loss Account

(DKr. '000)	Note	2004	2003
Interest receivable	1	177,103	76,496
Interest payable	2	-90,090	-46,507
Net interest receivable		87,013	29,989
Fees and commissions receivable		95,659	44,246
Fees and commissions payable		-272,955	-137,775
Net interest, fees and commissions receivable		-90,283	-63,540
Price and exchange rate adjustments	3	549,387	350,323
Other ordinary income	4	856	332
Staff costs and administrative expenses	5	-284,064	-209,125
Depreciation and amortisation of intangible and tangible assets	6	-14,380	-10,510
Other ordinary charges		-599	-1,113
Loss and provisions for bad debts		-383	-277
Result of participating interests in affiliated undertakings		161	-167
Profit on ordinary activities before tax		160,695	65,923
Tax	7	-51,294	-20,821
Net profit for the financial year		109,401	45,102

Proposed Allocation of Profits

Net profit for the financial year	109,401	45,102
Total amount for distribution / to be allocated	109,401	45,102
Dividends	36,102	14,923
Allocated to shareholders' equity	73,299	30,179
Total allocation	109,401	45,102

Balance Sheet as at December 31

(DKr. '000)	Note	2004	2003
ASSETS			
Cash in hand and demand deposits with central banks		98	76
Receivables from credit institutions and central banks	10	514,187	342,325
Loans and advances	11	103,179	62,493
Bonds	12	1,712,051	1,055,249
Equities	13	16	16
Participating interest in affiliated undertakings	14	1,071	409
Intangible assets	15	12,545	7,291
Tangible assets	16	21,090	16,718
Other assets		448,922	333,828
Prepayments		3,629	4,716
Total assets		2,816,788	1,823,121
SHAREHOLDERS' EQUITY AND LIABILITIES			
Debt to credit institutions and central banks	17	34,269	0
Deposits	18	2,162,190	1,363,146
Other liabilities	19	364,256	282,036
Provisions for commitments	20	3,685	2,063
		2,564,400	1,647,245
Subordinated loan	21	74,375	74,463
Shareholders' equity			
Share capital		46,410	45,219
Other reserves		437	444
Share premium account		2,527	410
Retained earnings		128,639	55,340
Total shareholders' equity		178,013	101,413
Total shareholders' equity and liabilities		2,816,788	1,823,121
OFF-BALANCE SHEET ITEMS			
Guarantees, etc.		1,644	901
Other liabilities		41,860	33,505
Total off-balance sheet items		43,504	34,406

Changes in Capital

(DKr. '000)	Share Capital	Share Premium Account	Other Reserves	Retained Earnings	Total
Beginning 2003	45,219	410	405	25,161	71,195
Net profit for the year allocation	0	0	0	30,179	30,179
Issue of warrants	0	0	45	0	45
Repurchase of warrants	0	0	-6	0	-6
End 2003/Beginning 2004	45,219	410	444	55,340	101,413
Net profit for the year allocation	0	0	0	73,299	73,299
Capital increase through exercise of warrents	1,191	2,117	0	0	3,308
Repurchase of warrants	0	0	-7	0	-7
End 2004	46,410	2,527	437	128,639	178,013

The share capital has been increased by 1,190,775 shares in 2004 through exercise of warrants issued in 2000 and 2001 with a nominal value of DKr. 1.00. The share capital now consists of 46,410,014 shares with a nominal value of DKr. 1.00.

The bank has only issued one class of share.

The bank has sold/issued warrants to the bank's employees as follows:

Year of issue	Amount Issued	Exercised/ Expired	Outstanding	Strike Price	Expiry
2000	454,500	454,500	0	2.78	2004
2001	927,000	927,000	0	2.78	2004
2002	744,750	0	744,750	2.78	2006
2003	102,000	0	102,000	5.28	2007
Total	2,228,250	1,381,500	846,750		

SOLVENCY (DKr. '000)	2004	2003
Core share capital less statutory deductions	165,468	94,122
Core capital and subordinated capital	239,842	168,586
Weighted items not included in traded portfolio	186,622	150,972
Weighted items with market risk included in traded portfolio	656,920	439,181
Total weighted items	843,542	590,153
Core capital ratio	19.6%	15.9%
Solvency ratio	28.4%	28.6%

Pledges and Contingent Liabilities

(DKr. '000)	Note	2004	2003
OFF-BALANCE SHEET ITEMS, Guarantees			
Danish Guarantee Fund		1,644	901
Total guarantees		1,644	901
OFF-BALANCE SHEET ITEMS, Other Liabilities			
Office rent obligations for premises at Smakkedalen 2 and 4		24,453	23,787
Other rental and lease commitments		17,407	9,718
Total other liabilities		41,860	33,505

A proportion of the bank's deposits and bond holdings held with the investment brokers, banks and other credit institutions have been provided as security for the bank's margin requirements arising from the bank's financial trading with these institutions.

Credit Risk

LOANS, ADVANCES AND GUARANTEES BY SECTOR AND INDUSTRY	2004	2003
Credit, finance and insurance	95%	98%
Property and trading administration, business service	1%	2%
Total corporate sector	96%	100%
Private customers	4%	0%
Total	100%	100%
CREDIT RISK, DERIVATIVE FINANCIAL INSTRUMENTS (DKr. '000)		
Positive market value, counterparty with risk weighting of 20%	110,690	59,702
Positive market value, counterparty with risk weighting of 100%	219,120	236,284
Total credit risk, derivative financial instruments	329,810	295,986
Accumulated provisions (DKr. '000)		
Accumulated provisions against loans, advances and guarantees at December 31	727	617
Total accumulated provisions	727	617
Accumulated provisions against loans, advances and guarantees as percentage at December 31	0.7%	1.0%

Market Risk

(DKr. '000)	2004	2003
Total assets in foreign exchange	2,704,099	1,712,055
Total liabilities in foreign exchange	2,406,866	1,574,956
Exchange rate indicator 1	901,121	325,336
Exchange rate indicator 1 as percentage of core capital	544.6%	345.6%
Exchange rate indicator 2	10,852	6,095
Exchange rate indicator 2 as percentage of core capital	6.6%	6.5%
Interest rate risk		
Total interest risk on loans etc.	3,692	366
Interest rate risk broken down by currency		
DKK	469	243
USD	604	1,277
EUR	2,668	-285
JPY	-80	-1,360
GBP	-35	-100
CHF	166	76
Other	-100	515

Market Risk

DERIVATIVE FINANCIAL INSTRUMENTS (DKr. '000) / Specified by remaining life as at December 31

	3 months and below		Over 3 months to 1 year		Over 1 year to 5 years		Over 5 years	
	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value	Notional amount	Net market value
Currency contracts								
Forwards/futures bought	6,831,318	46,834	491,975	4,345	-	-	-	-
Forwards/futures sold	6,685,146	27,444	407,973	(4,210)	-	-	-	-
Swaps	-	-	-	-	-	-	-	-
Options bought	5,113,445	66,124	1,042,388	21,882	-	-	-	-
Options written	3,783,965	(62,609)	712,996	(12,008)	-	-	-	-
Interest rate contracts								
Forwards/futures bought	195,481	537	37,466	40	-	-	-	-
Forwards/futures sold	195,368	(294)	37,453	(53)	-	-	-	-
FRAs bought	-	-	-	-	-	-	-	-
FRAs sold	-	-	-	-	-	-	-	-
Swaps	-	-	-	-	-	-	-	-
Options bought	149,583	1,115	-	-	-	-	-	-
Options written	149,583	(1,115)	-	-	-	-	-	-
Equity contracts								
Forwards/futures bought	1,038,522	20,035	691	10	-	-	-	-
Forwards/futures sold	1,077,591	7,469	691	(10)	-	-	-	-
Options bought	45,489	228	-	-	-	-	-	-
Options written	45,489	(228)	-	-	-	-	-	-
Commodity contracts								
Forwards/futures bought	119,426	(388)	3,772	60	1,282	-	-	-
Forwards/futures sold	120,155	943	3,767	(60)	1,282	-	-	-
Options bought	7,618	150	3,349	129	3,141	174	-	-
Options sold	4,944	(84)	-	-	3,141	(174)	-	-
Other contracts								
	-	-	-	-	-	-	-	-

Market Risk

DERIVATIVE FINANCIAL INSTRUMENTS (DKr. '000)

	2004		2003		2004		2003	
	Notional amount	Net market value	Notional amount	Net market value	Market value		Market value	
					Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	7,323,293	51,179	6,638,514	128,347	94,741	43,563	141,785	13,439
Forwards/futures sold	7,093,118	23,234	7,034,555	(52,425)	90,641	67,407	42,683	95,108
Swaps	-	-	-	-	-	-	-	-
Options bought	6,155,833	88,006	3,453,547	65,836	88,006	-	65,836	-
Options written	4,496,961	(74,617)	2,878,146	(52,258)	-	74,617	-	52,258
Interest rate contracts								
Forwards/futures bought	232,947	577	192,057	(388)	845	268	457	845
Forwards/futures sold	232,822	(347)	192,354	786	199	546	883	97
FRAs bought	-	-	-	-	-	-	-	-
FRAs sold	-	-	-	-	-	-	-	-
Swaps	-	-	-	-	-	-	-	-
Options bought	149,583	1,115	76,201	780	1,115	-	780	-
Options written	149,583	(1,115)	76,201	(780)	-	1,115	-	780
Equity contracts								
Forwards/futures bought	1,039,213	20,045	377,872	16,472	23,204	3,159	18,096	1,624
Forwards/futures sold	1,078,282	7,459	398,034	2,613	27,697	20,238	10,406	7,793
Options bought	45,489	228	301,767	14,337	228	-	14,337	-
Options written	45,489	(228)	301,785	(14,337)	-	228	-	14,337
Commodity contracts								
Forwards/futures bought	124,479	(329)	27,552	566	939	1,268	610	45
Forwards/futures sold	125,204	883	27,539	(520)	1,741	859	35	555
Options bought	14,108	453	544	78	453	-	78	-
Options sold	8,085	(259)	544	(78)	-	259	-	78
Other contracts	-	-	-	-	-	-	-	-
Total	116,285		109,027		329,809	213,527	295,986	186,959

Market Risk

DERIVATIVE FINANCIAL INSTRUMENTS (DKr. '000)

	2004		2003		2004		2003	
	Average market value		Average market value		Market value of non-guaranteed contracts		Market value of non-guaranteed contracts	
	Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
Currency contracts								
Forwards/futures bought	57,013	16,237	74,158	10,505	94,378	43,479	141,657	13,437
Forwards/futures sold	36,284	23,210	27,826	38,150	90,462	67,297	42,674	94,993
Swaps	-	-	-	-	-	-	-	-
Options bought	76,754	-	29,852	-	87,184	-	65,836	-
Options written	-	69,031	-	23,620	-	74,469	-	52,258
Interest rate contracts								
Forwards/futures bought	950	576	2,165	284	-	-	-	-
Forwards/futures sold	584	715	210	2,021	-	-	-	-
FRAs bought	-	-	-	-	-	-	-	-
FRAs sold	-	-	-	-	-	-	-	-
Swaps	-	-	-	-	-	-	-	-
Options bought	653	-	2,162	-	-	-	-	-
Options written	-	653	-	2,162	-	-	-	-
Equity contracts								
Forwards/futures bought	13,529	4,176	6,931	3,874	22,560	3,033	17,303	1,619
Forwards/futures sold	22,911	10,904	12,036	3,367	27,515	19,804	10,111	7,484
Options bought	3,433	-	7,695	-	-	-	-	-
Options written	-	3,433	-	7,675	-	-	-	-
Commodity contracts								
Forwards/futures bought	2,143	758	425	843	-	-	-	-
Forwards/futures sold	832	1,789	734	467	-	-	-	-
Options bought	246	-	83	-	-	-	-	-
Options sold	-	155	-	72	-	-	-	-
Other contracts	-	-	-	-	-	-	-	-
Total market value	215,332	131,638	164,277	93,039	322,099	208,082	277,581	169,791
Total market value after netting					322,099	-	277,581	-

Average market value is reported using the quarterly mark-to-market values.

Market Risk

UNSETTLED SPOT TRANSACTIONS (DKr. '000)

	2004	2003	2004		2003		2004	2003
	Notional amount		Market value		Market value		Net market value	
			Positive	Negative	Positive	Negative		
Currency contracts								
Foreign exchange transactions bought	3,727,434	280,806	57,532	11,035	14	7,075	46,497	(7,061)
Foreign exchange transactions sold	4,173,453	284,752	48,655	25,960	7,748	9	22,695	7,739
Interest rate transactions bought	-	-	-	-	-	-	-	-
Interest rate transactions sold	-	-	-	-	-	-	-	-
Equity transactions bought	-	-	-	-	-	-	-	-
Equity transactions sold	-	-	-	-	-	-	-	-
Total	7,900,887	565,558	106,187	36,995	7,762	7,084	69,192	678

Liquidity Risk

Details of liquidity risk are stated in notes 10, 11, 17 and 18.

Notes to the Profit and Loss Account

NOTE (DKr. '000)	2004	2003
1 Interest receivable		
Receivables from credit institutions and central banks	46,785	26,535
Loans and advances	29,753	18,958
Bonds	24,063	13,899
Other interest income	0	1
Derivative financial instruments		
Foreign exchange contracts	55,527	10,460
Share contracts	20,975	6,643
Total derivative financial instruments	76,502	17,103
Total interest receivable	177,103	76,496
2 Interest payable		
Credit institutions and central banks	-25,480	-10,202
Deposits	-51,425	-32,255
Subordinated loan	-3,501	-1,887
Derivative financial instruments		
Share contracts	-9,684	-2,163
Total interest payable	-90,090	-46,507
3 Price and exchange rate adjustments		
Bonds	-661	14
Foreign exchange	509,635	318,600
Derivative financial instruments		
Share contracts	40,302	31,554
Commodities contracts	111	155
Total derivative financial instruments	40,413	31,709
Total price and exchange rate adjustments	549,387	350,323
4 Other ordinary income		
Administrative services etc.	856	332
Total other ordinary income	856	332

Notes to the Profit and Loss Account

NOTE (DKr. '000)	2004	2003
5 Staff costs and administrative expenses		
Salaries and remuneration of Board of Directors, Chief Executive Officers and Board of Representatives		
Chief Executive Officers	-19,344	-4,909
Board of Directors	-696	-444
Total	-20,040	-5,353
Staff costs		
Salaries	-155,830	-125,758
Pensions	-2,950	-822
Social security expenses	-15,684	-11,980
Total	-174,464	-138,560
Other administrative expenses	-89,560	-65,212
Total staff costs and administrative expenses	-284,064	-209,125
6 Depreciation and amortisation of intangible and tangible assets		
Intangible assets	-4,831	-3,938
Tangible assets	-9,549	-6,572
Total depreciation and amortisation of intangible and tangible assets	-14,380	-10,510
7 Tax		
Taxation on profit for the year	-49,640	-21,786
Deferred tax	-1,646	1,048
Adjustment of prior year's taxation	-8	-83
Total taxation for the year	-51,294	-20,821
Tax paid during the year	42,482	20,796
Effective tax rate	31.92%	31.58%
Current tax rate	30%	30%
Tax payable on profit for the year	-48,209	-19,777
Non tax-deductible expenses	-2,003	-777
Profit / loss of participating interest in subsidiary companies	48	-50
Other taxation, incl. adjustment to previous years	-1,130	-217
Total taxation for the year	-51,294	-20,821

Supplementary Notes

NOTE (DKr. '000)		2004	2003
8	Audit Fees		
	Total fee to the auditors elected at the general meeting, performing the statutory audit,	2,761	1,203
	which include other services than audit	1,506	302
9	Number of employees		
	Average number of employees during the financial year converted into full-time employees	238.6	174.4

Notes to the Balance Sheet

NOTE (DKr. '000)		2004	2003
10	Receivables from credit institutions and central banks		
	Claims on credit institutions on demand	514,187	342,325
	Total claims on credit institutions	514,187	342,325
11	Loans and Advances		
	Loans and advances on demand	103,179	62,493
	Including:		
	Investment Brokers	68,838	52,865
	Clients	25,250	1,510
	Affiliated undertakings	9,091	8,118
	Total loans and advances	103,179	62,493
12	Bonds		
	Quoted on the Copenhagen Stock Exchange	21,027	19,418
	Quoted on other exchanges	1,691,024	1,035,831
	Total bonds	1,712,051	1,055,249
13	Equities		
	Equities	16	16
	Total equities	16	16
14	Participating interest in affiliated undertakings		
	Total purchase price, beginning	630	630
	Additions	500	0
	Total purchase price, end	1,130	630
	Revaluation, beginning	-221	-54
	Profit / loss	161	-167
	Adjustment	1	0
	Revaluation, end	-59	-221
	Booked holdings, end	1,071	409
	Booked holdings, beginning	409	576
Participating interest in associated companies comprise: I.I. Real Estate A/S, Gentofte, ownership and voting rights 100%. Saxo Soft A/S, Gentofte, ownership and voting rights 100%. Established on 1st April 2004.			

Notes to the Balance Sheet

NOTE (DKr. '000)	2004	2003
15 Intangible assets		
Total purchase price, beginning	17,283	13,418
- Additions	10,085	3,914
- Disposal	0	49
Total purchase price, end	27,368	17,283
Depreciation and write-down, beginning	9,992	6,057
Depreciation for the year	4,831	3,938
Reversal of depreciation and write-down	0	3
Depreciation and write-down, end	14,823	9,992
Booked value, end	12,545	7,291
Booked value, beginning	7,291	7,361
16 Tangible assets		
Total purchase price, beginning	28,613	18,683
- Additions	14,878	10,474
- Disposals	2,859	544
Total purchase price, end	40,632	28,613
Depreciation and write-down, beginning	11,895	5,437
Depreciation for the year	9,549	6,572
Reversal of depreciation and write-down	1,902	114
Depreciation and write-down, end	19,542	11,895
Book value, end	21,090	16,718
Book value, beginning	16,718	13,246
17 Debt to credit institutions and central banks		
Debt to credit institutions on demand	34,269	0
Total debt to credit institutions and central banks	34,269	0
18 Deposits		
Deposits on demand	2,162,190	1,363,146
Total Deposits	2,162,190	1,363,146

Notes to the Balance Sheet

NOTE (DKr. '000)	2004	2003
19 Other liabilities		
Provision for share dividend, etc.	36,102	14,923
20 Provision for liabilities		
Provision for deferred tax	2,256	610
Provisions for losses on legal proceedings	1,429	1,453
Total provisions for liabilities	3,685	2,063
21 Subordinated loan		
7-year loan from Deutsche Bank of 10 m EUR	74,375	74,463
Is a part of the total core capital		
Interest rate is EURIBOR plus 2,5 % per annum		
Repayable 18th June 2010		

Notes without reference

22 Information about Saxo Bank Group		
Interest income	176,676	76,501
Dividends from shares	0	0
Fees and commissions receivable	95,659	44,246
Price and exchange rate adjustments	549,384	350,323
Other ordinary income	3,181	2,961

With reference to section 115 of the Danish Executive Order on Presentation of Accounts of Banks, consolidated accounts have not been prepared at the Saxo Bank Group level, since the annual accounts of the bank and the subsidiary companies, I.I. Real Estate A/S and Saxo Soft A/S, are included in the consolidated accounts of the parent company, Internet Invest Holding A/S, Smakkedalen 2, Gentofte.

Annual Report 2004

The original Saxo Bank A/S annual report is written in Danish. This is an English translation of the Danish annual report. This report includes illustrative graphs, charts and pie diagrams. The annual report in Danish may be obtained upon request.

