

2015



ANNUAL REPORT **2015**



TRADING OPPORTUNITIES. ANYTIME, ANYWHERE.

SAXO BANK AT A GLANCE

Saxo Bank is a leading online trading and investment specialist, supporting an international client base from our headquarters in Copenhagen and offices across Europe, Asia, the Middle East, Latin America and Australia. As a fully licensed and regulated bank in Europe under supervision of the Danish FSA, Saxo Bank offers private investors and institutional clients a complete set of tools for implementing their trading and investment strategies. We enable clients to trade FX, CFDs, ETFs, stocks, futures, options and other derivatives via SaxoTraderGO,

a device-neutral platform that allows seamless transition between mobile and desktop.

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

25
languages



SAXO
BANK

Founded
1992

Number of **27.7 million** executed in 2015
Clients spanning over **180** countries
More than **70** industry awards for our trading platforms

More than
30,000
financial instruments

ABU DHABI · AUSTRALIA · BRAZIL
· DENMARK · DUBAI · FRANCE
JAPAN · NETHERLANDS · PANAMA
SOUTH AFRICA · SWITZERLAND ·

1,559 employees
with **61** nationalities across
offices in **23** countries

· CHINA · CYPRUS · CZECH REPUBLIC
· GREECE · HONG KONG · ITALY ·
· POLAND · RUSSIA · SINGAPORE ·
TURKEY · UNITED KINGDOM · URUGUAY



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Among the awards Saxo Bank was honoured with in 2015 was "Best White Label Technology Provider" from FX Week

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

REVIEW OF 2015

MANAGEMENT REPORT

Saxo Bank Group reported a net loss of DKK 645 million for 2015 compared to a net profit of DKK 381 million for 2014. By the end of 2015 Client's collateral deposits had increased by DKK 9.4 billion to DKK 77.6 billion, which is a new all-time high.

The Board of Directors and the Board of Management find the result for the year unsatisfactory. However the Board of Directors and Board of Management notes that the result is heavily affected by the effects of the decision made by the Swiss National Bank on January 15, where the fixed floor between Euro and the Swiss franc was removed.

Despite Saxo Banks warning about growing risk in CHF trades in September 2014, no one could have foreseen the historic movement. As a result a number of Saxo Bank's clients ended up with insufficient margin collateral to cover their losses on positions in Swiss franc. Where clients have unsettled negative balances end of 2015 these balances have been fully provided for which has resulted in significant credit value adjustments for the year.

The net loss for the Bank related to the Swiss event amounts to approximately DKK 0.7 billion and have been included in the result for the period. The collection process concerning the unsettled negative balances will continue and further coverage from clients will have a positive impact on the Bank's future result.

The inflow of clients' collateral and new clients continued successfully in 2015, but in the aftermath of the Swiss event with cautiousness and the uncertainty concerning China and thus the global economy continued as well throughout 2015. Trading activities in 2015 have been lower than expected even though volatility has increased compared to 2014.

Operating income decreased mostly due to the Swiss event from DKK 3.0 billion in 2014 to DKK 2.1 billion. Cost has been impacted by the increase of staff in the last two years as well as restructuring. Staff costs and administrative expenses of DKK 2.3 billion were therefore 14% above the 2014 expenses.

KEY FIGURES AND RATIOS · SAXO BANK GROUP

(DKK million)	2015 ¹⁾	2014	2013	2012	2011
Operating income	2,126.7	3,006.8	2,861.0	2,966.4	3,526.9
EBITDA ²⁾	(109.4)	1,099.0	898.0	605.9	1,155.6
Profit before tax	(778.4)	564.8	247.4	152.0	847.9
Net profit	(644.6)	381.2	162.2	80.9	617.8
Total equity	3,938.4	4,225.2	3,492.7	3,364.5	3,240.0
Total assets	33,501.6	36,008.3	27,746.2	25,623.2	27,018.2
Clients' collateral deposits	77,568.0	68,227.2	50,644.0	40,199.0	35,275.3
Assets under management (Wealth management)	14,227.0	14,101.9	12,845.9	14,633.8	12,240.0
Total capital ratio	20.7%	19.7%	16.2%	13.5%	14.5%
Return on equity before tax	(19.1)%	14.6%	7.2%	4.6%	27.7%
Average number of employees	1,494	1,456	1,362	1,522	1,413

¹⁾Please note that the numbers for 2015 all includes the effect of the Swiss event.

²⁾Net profit before tax, depreciation, amortisation, income from associates and and non-trading related interest expenses etc.

See definitions in Saxo Bank's Annual Report 2015 page 109.

The continued rise in client's collateral deposits of DKK 9.4 billion shows the strength of the business model and is a clear sign of trust and confidence in the Bank. The cash inflow from client's cash deposit is placed with counterparty banks as well as in bonds and other interest-bearing assets.

In April 2015 Saxo Bank issued new share capital of DKK 228 million and new subordinated debt in EUR corresponding to DKK 337 million in book value (Tier 2 Coco Bonds) in order to strengthen its capital base.

Saxo Bank continued within the core business areas to invest in improving its future products offering and competitiveness to enable the Bank to provide good trading possibilities for the clients. Especially the launch of the new trading platform SaxoTraderGO was a significant step forward in 2015.

STRATEGIC DIRECTIONS

Saxo Bank's strategy is founded on a vision of democratising trading and investment, and providing unparalleled access to global financial markets anytime, anywhere. The Bank's goal is to become the most professional and profitable facilitator in global capital markets, disrupting traditional business models and adding significant value for Saxo Bank's clients.

With a heritage of more than 20 years as a disruptive technology provider in capital markets, Saxo Bank is in a good position to realise its vision and reach its goal. IT and innovative technology are fundamental parts of the Bank's DNA. During the last two decades, Saxo Bank's product offering has grown to become a truly multi-asset offering, and the Bank's trading platforms have evolved to become some of the most advanced and widely-recognised in the industry. Far from resting on its laurels, Saxo Bank continues to pioneer innovative solutions, utilising the newest technologies to enable today's investors to trade multiple assets and instruments seamlessly on any device.

Rapid advances in technology, globalisation, new regulation and fresh waves of disruptive business models and

concepts – these changes are part of our lives today, posing both challenges and breathtaking opportunities. Saxo Bank believes it is well positioned to take advantage of these opportunities by continuing to disrupt what is, and creating what should be. For Saxo Bank's clients, that means more innovation and more value in the Bank's products and service.

Saxo Bank has increased focus on indirect sales through white label solutions and Open API functionality as brokers and private banks have growing interest in utilising these possibilities in order to cater for their clients' needs for trading service and digital channels. Furthermore, as Saxo Bank's online trading offering has evolved, the Bank has broadened its focus to new types of clients, from traditional investors to algorithmic traders within the private client segment, to fund managers, investment advisors and family offices within the institutional business. The common thread for Saxo Bank is the ability to meet the precise needs of these new types of traders and investors, creating value for both the clients and Saxo Bank.

From a trader's first visit to explore Saxo Bank's offering, to reaching out to the Service Center for assistance or meeting fellow investors in the TradingFloor.com community, Saxo Bank is creating the Saxo Experience. In 2016 and beyond, the Bank will focus on enhancing every touchpoint in the Saxo Experience to ensure that clients receive the most rational combination of best-in-class Transparency, Platforms, Products, Pricing and Service.

AWARDS

Saxo Bank's platforms and technology received widespread industry recognition in 2015.

Saxo Bank received the 'Best Forex Broker' award at the industry-voted Finance Magnates London Summit for the third time, and the Bank's SaxoTraderGO platform was named to Global Finance's 2015 Innovators in Foreign Exchange list in September. Saxo Bank was also named 'Best White Label Technology Provider' at FX Week's e-FX Awards in July 2015.

SAXO BANK'S AWARDS & RECOGNITIONS 2015



Global Banking & Finance Review announced Saxo Bank as the winner of three awards:

'Best Multi-Asset Liquidity Provider Europe 2015', 'Best Social Trading Platform Europe 2015' and 'Best White Label Solutions Provider Europe 2015'.

Saxo Bank's institutional business was also recognised at the Sell-Side Technology Awards 2015, where it was again named 'Best Outsourcing Provider'.

The UK Forex Awards reward companies for championing cutting-edge technology, low-cost trading, comprehensive market research tools, advanced educational programmes and world-class customer service, and Saxo Bank was announced the winner of 'Best Forex Mobile/Tablet Trading Application' of 2015 for SaxoTraderGO.

SPONSORSHIP ACTIVITIES

With the continuation of the professional cycling team Tinkoff-Saxo sponsorship through 2015, Saxo Bank had an opportunity to reach key client groups through cycling's growing popularity in the financial sector.

Two unique events were launched in 2015 to forge even closer ties between the business and the sponsorship. With the Ride Like A Pro programme, Saxo Bank gave a select group of current and prospective clients an exclusive opportunity to live and train with the professional riders of the Tinkoff-Saxo team, as well as the chance to race the toughest stages of the Grand Tour La Vuelta.

Launched in March, Trade Like A Pro turned the tables and gave the Tinkoff-Saxo team the opportunity to become traders and trade equities on Saxo Bank's social trading platform, TradingFloor.com. The competition ran until the end of the cycling season, when the team's total account balance, including any trading proceeds, was donated to the winning participant's charity of choice.

In October, Saxo Bank announced that it would not renew the sponsorship of the cycling team after having proudly sponsored the team for eight seasons and being thankful for the numerous successes the team had achieved.

Saxo Bank continued its engagement in F1 with a business partnership with Lotus F1 Team and driver Romain Grosjean, brought to life through the #R80opportunity campaign that reached more than 1 million users on social media. Grosjean was featured in the SaxoTraderGO campaign, and appeared at the 'Talent du Trading' event in Paris and the opening of the SaxoTraderGO lounge in Geneva.

SOCIAL CONTRIBUTION

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



TAILORED PRICING – ONE SIZE DOES NOT FIT ALL

New pricing structure – making trading more profitable and transparent

Recognising that traders have different needs, Saxo Bank introduced new pricing on FX and stocks in 2015, with the overall goal of increasing transparency and giving clients more control over their trading costs. The unique choice of price plan lowers the overall cost per trade and empowers clients to trade precisely and profitably.

With the new pricing, FX traders have a choice of three price plans: 1) The “FX All-inclusive Price Plan” with no volume-based commission and more consistent spreads; 2) The “FX Volume Price Plan” with tighter spreads as low as 0.2 pips, and per-trade commission payments depending on the volume clients expect to trade; and 3) Bespoke pricing plans that can be created for clients with larger ticket sizes or large monthly volumes.

To help clients make informed decisions on which FX price plans best suit their needs and trading, Saxo Bank launched a tool showcasing historic spreads for the different price plans.

On stocks, Saxo Bank’s new pricing rewards active traders for their loyalty with prices as low as 6 USD per trade. Clients making 100 trades or more per month qualify for our lowest prices.



As of 31 December 2015, Saxo Bank employs 1,559 employees, including 771 in Denmark.

Throughout the organisation, we encourage diversity in all aspects as this enriches the society. Within Saxo Bank Group, there are approximately 61 different nationalities employed. Saxo Bank has a key focus on securing the best talent regardless of gender, ethnicity or nationality. We recognise that employee diversity brings important business benefits, among them, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

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

Targets	Men	Women
Board of Directors	80%	20%
Board of Management	No targets	
Executive Team and Senior Management	80%	20%
Other employees titles with management responsibilities	70%	30%

The proportion of the underrepresented gender does not meet the targets and therefore remains a focus area. Through hiring, internal training and development and career advancement opportunities, the Bank is actively working to meet the targets by the time of the annual report's approval for the 2018 financial year.

REGULATORY ENVIRONMENT

Saxo Bank A/S is required to comply with Danish regulation and EU regulation on Bank level and Group level. In addition, some of the Group's subsidiaries are financial entities and are required to comply with local regulatory requirements. Changes in supervision and regulation could potentially materially affect the Group's business, the products and services offered or the value of its assets.

A list of the Bank's subsidiaries can be found in Note 38 in the consolidated financial statements. Description of Saxo Bank's legal, management and organisational structure is also available at www.saxobank.com/investor-relations.

EMIR

The European Market Infrastructure Regulation (EMIR) has been applicable since 2012. The Group is required to report derivatives transactions, clear certain standardised derivatives with an approved central counterparty (CCP), and fulfil certain requirements related to risk management and credit risk mitigation (margin requirements inter alia) for derivatives not cleared with a central counterparty.

The Group's current OTC-traded derivatives are not cleared by a CCP. The final margin requirements are expected to be issued in 2016 with a phase-in period over the coming years as suggested by the ESA (European Supervisory Authorities) in March 2016.

MIFID II and MIFIR

The Markets in Financial Instruments Directive (MiFID II) and the Regulation on Markets in Financial Instruments (MiFIR) was adopted by the European Council and European Parliament in May 2014 and will be applicable from January 2018. MiFID II includes provisions on trading in certain standardised OTC-products, enhanced investor protection and transparency regulation, corporate governance and other operational requirements, as well as record keeping and the use of algorithmic trading.

Money laundering

The Fourth Directive on the Prevention of the use of the Financial System for the Purpose of Money Laundering and Terrorist Financing, and Regulation on Information Accompanying Transfers of Funds, was adopted by the European Council and European Parliament in May 2015 and will be applicable from June 2017.

Tax crimes have been added as a predicate offence and domestic politically exposed persons are now covered by the directive, which broadens the scope of the directive. The regulation adds information on the payee to the information that has to follow a transaction.

Resolution and Recovery of banks

All member states in the EU have to apply a single rule-book for the resolution of banks and large investment firms, as prescribed by the Bank Recovery and Resolution Directive (BRRD). The directive was implemented in Danish law in 2015.

These rules harmonise and improve the tools for dealing with bank crises across the EU. The aim is to ensure that shareholders and creditors of banks will pay their share of the costs through a "bail-in" mechanism.

A Danish resolution fund has been established where Danish credit institutions including Saxo Bank A/S and Saxo Privatbank A/S have to contribute on the basis of the credit institutions' individual data and risk exposures relative to other credit institutions. In 2015 the Group paid in total DKK 1.7 million corresponding to 1/20 of the calculated total fund requirement. In addition, the Group is required to pay to other resolutions funds in other jurisdictions.

The implementation of BRRD broadens the power of national authorities to intervene and prevent banks from failing, while it requires banks themselves to prepare recovery plans including strategic objectives in critical situations. National authorities have the power to implement resolution plans to resolve failed banks.

To avoid institutions structuring their liabilities in a way that impedes the effectiveness of the bail-in or other resolution tools and to avoid the risk of contagion or a bank run, the BRRD requires that institutions at all times meet a robust minimum requirement of own funds and eligible liabilities (the so-called MREL). It is expected that institutions will have adequate time to meet this new requirement. It is expected that MREL for Danish banks will be set in 2016.

Deposit Guarantee Schemes

In Denmark, and other jurisdictions, Deposit Guarantee Schemes and similar funds have been implemented from which compensation for deposits may become payable to customers of financial services firms, in the event of a financial services firm being unable to pay, or unlikely to pay, claims against it. In Denmark the funds in the existing

deposit guarantee scheme funds named "Garantifonden" have been transferred to a new fund named "Garantiformuen" regulated under the Danish implementation of the Deposit Guarantee Scheme Directive (DGSD). Currently, Garantiformuen is fully funded. In addition, the Group is required to pay to other Guarantee Schemes in other jurisdictions.

Accounting standards (IFRS)

The Group adopts the new standards and amendments when they become mandatory in EU. None of the standards and amendments are expected to have a material impact on the consolidated financial statements. However a complete analysis of the impact of implementation of IFRS 9 and IFRS 16 (issued 13 January 2016) is to be composed. IFRS 9 and IFRS 16, which have not yet been adopted by the EU, are effective from respectively 1 January 2018 and 1 January 2019.

EU Tax regulations plans

On 17 June 2015 the EU Commission presented an action plan to reform the corporate tax system in the EU. It includes a series of initiatives designed to end tax evasion, ensure the sustainability of revenues and strengthen the internal market for business.

This action plan includes implementation of the OECD's Base Erosion and Profit Shifting (BEPS) in EU legislation and a more effective VAT regime. In addition, the question of a Financial Transaction Tax (FTT) may be discussed again during the first half of 2016, if the leading group of member states that have opted for closer cooperation in this area agree on a proposal for a directive. Depended on the final tax regulations, this may be applicable for the Group.

CRR and CRD IV

The Fourth edition of the Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CRR) were applicable from the beginning of 2014, with some planned future developments over several years. This regulation should ensure that the Basel III international standards for banks are fully adhered to in all member states in the EU, including Denmark.

CRD IV and CRR is a single set of prudential rules for banks across the EU.

CRD IV defines the overall supervisory framework for banks (including the individual risk assessment) and other measures such as the combined capital buffer requirements, governance and remuneration requirements. CRD IV came into force through implementation in the Danish regulation.

CRR covers a wide range of requirements for banks across EU member states, including capital requirements, definitions of capital, Risk Exposure Amounts, leverage ratio, large exposure and liquidity requirements. CRR applies directly to all credit institutions in the EU and does not, unlike the directive, require national implementation in the form of national law.

In addition, the EU has issued several Commission Delegated Acts, Commission Implementation Acts, Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS), which are applicable for the Bank and the Group.

Capital Requirements

CRD IV and CRR require the Group to monitor and report capital requirements and buffers. Saxo Bank will over time be required to set aside more and higher quality capital as a cushion against events with a negative capital impact.

Saxo Bank will be required to hold a "capital conservation buffer" to absorb losses and protect the capital, and a "countercyclical capital buffer" to ensure that in times of economic growth, the Group accumulates a sufficient capital base to enable it to continue its operations under adverse conditions. In addition, member states may decide to require additional buffers. If the Bank does not maintain these buffers, restrictions will be placed on its ability to pay dividend until the buffer-requirements are sufficiently met.

In Denmark, the "capital conservation buffer" will be phased in from 2016 starting at 0.625% of Risk Exposure Amount to 2.5% of Risk Exposure Amount in 2019.

The "countercyclical capital buffer" applies from 2015 and is dependent on the potential national introduction of the

countercyclical buffers. This may affect the Group's capital ratios, if the buffer-requirement is activated in jurisdictions where the Group has exposures. However, only a few countries have currently set a countercyclical buffer.

Specification on the Bank's and the Group's capital statement, capital instruments, current capital requirements and capital buffers are disclosed in the Risk Report 2015 and the quarterly ICAAP Q4 2015 Report. The reports are available at www.saxobank.com/investor-relations.

Leverage ratio

CRD IV and CRR require Saxo Bank to report and monitor their leverage ratios. The leverage ratio is defined as Tier 1 capital divided by a non-risk-based measure of an institution's on- and off-balance sheet items (the "exposure measure"). The leverage ratio is currently assessed under Pillar II (ICAAP requirement). Leverage Ratio is planned to be a 3% binding requirement in 2018, exact timing and potential transition rules will be decided by the EU.

Specification on the Bank's and the Group's Leverage Ratio are disclosed in the Risk Report 2015 and are available at www.saxobank.com/investor-relations.

Liquidity Requirements

CRR defines two liquidity ratios, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The LCR stipulates that banks must have a liquidity buffer that ensures a survival horizon of at least 30 calendar days in a seriously stressed liquidity scenario. The NSFR is intended to ensure a sound funding structure by promoting an increase in long-term funding. In addition, CRR and guidelines from EBA require Saxo Bank to monitor, report and disclose Asset Encumbrance.

The Danish implementation of transition rules on the LCR ratio includes a phasing-in of the minimum requirement with 60% being the requirement from October 2015, 70% from January 2016, 80% in 2017 and 100% from 2018. The LCR ratio is defined as High Quality Liquid Assets (HQLA) divided by net cash outflows calculated in stressed conditions over a 30-day period.

The introduction of final standards approved by the EU may have an impact on the calculated LCR. In addition, the DFSA plans to issue a change in the Danish Supervisory Diamond liquidity requirements in 2016 to align it with the LCR measure. This change may require the Bank to hold a LCR above the minimum requirement according to CRR.

NSFR is planned to be phased to a binding requirement in 2018, exact timing and potential transition rules will be decided by the EU. The calibration of the final regulation may have an impact on the Group's future funding structure.

Specification on the Bank's and the Group's LCR, and Asset Encumbrance are disclosed in the Risk Report 2015 and is available at www.saxobank.com/investor-relations.

The Group is also subject to a Danish regulatory liquidity requirement in the Danish Business Act, which is less restrictive than the LCR requirement. The current Danish liquidity requirement in the Danish Business Act is expected to be phased out by the end of 2016 due to the transition of the LCR.

Governance

CRD IV sets requirements concerning corporate governance arrangements and processes with the aim to ensure the effectiveness of risk oversight by Boards, improving the status of the risk management function and ensuring effective monitoring by supervisors of risk governance. The Group's current implementation of governance is disclosed in the Risk Report 2015 according to CRR.

The Danish Bankers Association has published recommendations on institutions' Corporate Governance. The Group has disclosed the implementation status on these recommendations in the report "The Bankers Association, Corporate Statement". This report is available at www.saxobank.com/investor-relations.

Remuneration

According to CRD IV and Danish Legislation, the Group is required to implement a remuneration policy for staff members whose professional activities have material impact on the institution's risk profile. This policy shall ensure that remuneration is consistent with sound and effective

risk management and provides an incentive for prudent and sustainable risk taking. Remuneration Regulation sets limits on the relationship between the variable (or bonus) component of remuneration and the fixed component (or salary), requirements to remuneration reporting and disclosure requirements. The Remuneration Report Saxo Bank 2015 is available at www.saxobank.com/investor-relations.

EU data protection reform

In December 2015, the EU Commission agreed on a Data Protection Regulation to enable people to better control their personal data and a Data Protection Directive for the police and criminal justice sector with the aim to ensure that the data of victims, witnesses and suspects of crimes are duly protected in the context of a criminal investigation or a law enforcement action. The final regulation is expected to be issued in 2016 and expected to become applicable in 2018.

Supervisory Diamond

The Danish FSA apply a number of specific risk indicators and threshold values to banks in Denmark, in a Supervisory Diamond. Saxo Bank A/S's compliance with the specific risk indicators is disclosed in a Supervisory Diamond report, and is available at www.saxobank.com/investor-relations.

Other Forthcoming Regulation

The regulatory landscape is expected to continue to undergo changes over the forthcoming years.

For example, the Basel Committee has published several papers including fundamental review of the trading book and market risk framework, revision of the operational risk approach and revision of credit risk. Depending on the final calibration of the regulation and implementation in the EU, this may have impact on the Group's future level of Risk Exposure Amounts.

Additional information about this can be found in the Group's Risk Report 2015 in the section "Regulatory Landscape". The Risk Reports are available at www.saxobank.com/investor-relations.

#SAXOSTRATS – YOUR NEXT TRADE

In 2015, Saxo Bank became the first investment firm to live stream trading ideas directly to its retail clients.

The new service, #SaxoStrats, is available on Twitter via @SaxoStrats. As a result of the growing trend in trading on mobile devices, the service is also available via Periscope, Twitter's live streaming app.

Democratising trading

Democratising trading has been a clear goal of Saxo Bank for more than 20 years. #SaxoStrats is another example of how Saxo Bank breaks the barriers to investing by giving retail investors access to real-time tradable ideas from our experts and analysts. The move serves to further level the playing field between retail and institutional investors.

More sophisticated traders

Retail investors are moving away into more sophisticated ways of trading. They are looking at their portfolios holistically, diversifying their exposures and moving into new asset classes. The time and resources needed to monitor the markets and achieve performance are often beyond their reach. We have perhaps reached a tipping point where there is too much information available, and what #SaxoStrats offers is independent dissection of that information, a real-time view of the market and concrete trading ideas, something institutional investors have had for years.

#SaxoStrats serves to further bridge this gap between retail and institutional investors.



FINANCIAL REVIEW

Saxo Bank Group reported a net loss of DKK 645 million for 2015 compared to a net profit of DKK 381 million for 2014. Client's collateral deposits increased by DKK 9.4 billion to DKK 77.6 billion by the end of 2015.

The result for the year was to a high degree affected by one off losses relating to especially the negative impact of the Swiss Event in January 2015.

The decision made by the Swiss National Bank to remove the fixed floor between the Swiss franc and the Euro on 15 January 2015 have adversely affected the result for the period. As a result of this decision, the exchange rate against Euro increased significantly, and a number of the Banks clients ended up with insufficient margin collateral to cover their losses on positions in the Swiss franc. The losses have to some extent subsequently been covered by the clients but any unsettled negative balance as of the end of the period have been fully provided for in the Banks result for 2015.

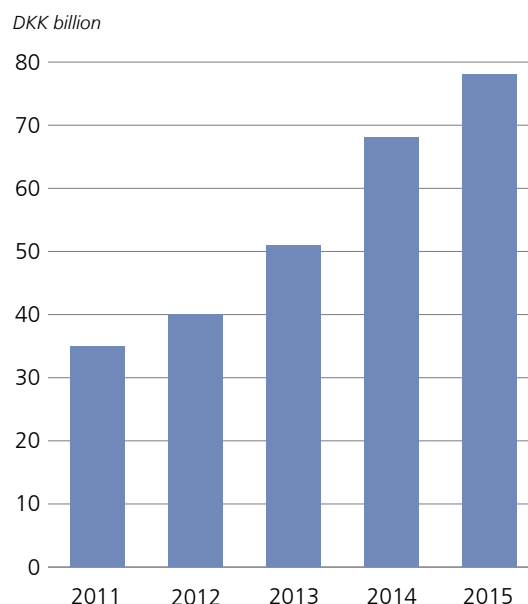
The net loss for the Bank related to the Swiss event amounts to DKK 0.7 billion and have been included in the result for the year. The collection process concerning the unsettled negative balances will continue and any further coverage from clients will have a positive impact on the Bank's future result.

The inflow of clients' collateral and new clients continued successfully in 2015, but in the aftermath of the Swiss event as well as the uncertainty concerning China and thus the global economy then the trading activity remained lower than expected despite the increased volatility compared to 2014.

The operating income for the Group amounts to DKK 2.1 billion, a decrease of 29% compared to 2014 primarily affected by the Swiss event. Other income amounted to DKK 41 million mostly related to the divestment of the Groups investment in the associate Banco Best.

Operating costs amounted to DKK 2.3 billion for the Group. Operating costs have increased with 14% compared to 2014 due to an increase in the average number

Clients' collateral deposits 2011-2015



of employees and an increase in the administrative expenses as well as an increase of DKK 88 million in provisions.

Depreciation and impairment charges amounted to DKK 535 million in 2015, which is an increase of DKK 115 million compared to 2014. In 2015 write-down of software amounted to DKK 84 million and of goodwill to DKK 55 million.

Income from associates and joint ventures has been negative in 2015 due to an impairment charge on goodwill of DKK 60 million, related to the investments in Banco Best S.A. In 2014 an impairment of DKK 75 million was also recognised in Income from associates and joint ventures.

STATEMENT OF FINANCIAL POSITION

The continued increase in client's collateral deposits of DKK 9.4 billion shows the strength of the business model. The cash inflow from client's cash deposit is placed with counterparty banks as well as in bonds and other interest-bearing assets.

Trading assets comprise primarily of bonds and derivative financial instruments with a positive fair value/unsettled spot transactions towards client trading. In 2015 trading assets decreased by DKK 2.1 billion to DKK 24.3 billion. Listed bonds increased with DKK 1.5 million whereas derivative financial instruments decreased with DKK 3.6 million due to a lower level of open positions.

Total assets decreased from DKK 36.0 billion in 2014 to DKK 33.5 billion in 2015, a decrease of 7%. The decrease is primarily due to the decrease in value of derivative financial instruments.

Trading liabilities decreased from DKK 7.1 billion in 2014 to DKK 2.5 billion as of 31 December 2015 due to a lower trading activity end of year 2015 compared to 2014.

Client deposits have increased by DKK 1.5 billion during 2015, from DKK 21.2 billion in 2014 to DKK 22.7 billion as of 31 December 2015. Subordinated debt increased by a net of DKK 131 million to DKK 674 million as of end 2015. This is the combined effect of issuance of Tier 2 Coco Bonds on April 14 2015 of DKK 338 million and the repayment of guarantor capital for the subsidiary Saxo Privatbank A/S of DKK 207 million in 2015.

Total Shareholders' equity decreased by 8% to DKK 3.55 billion as of 31 December 2015 compared to DKK 3.86 billion at the end of 2014.

POST BALANCE SHEET EVENTS

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

OUTLOOK 2016

Saxo Bank expects the global economy to continue to face both political and economic headwinds as growth remains stable but low, and inflation continues to underperform which will translate to better conditions and opportunities for investors.

The currency market volatility is expected to increase which is expected to lead to higher trading activity by our clients. Saxo Bank has changed the margin requirements on a number of currency products to ensure balance and security for the clients in a market where volatility and related risks are high.

However the situation remains uncertain until the effects of the continued roll-back of various quantitative easing programmes, currently in effect, become clearer, as well as the effect of the programme being rolled out by the European Central Bank.

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

Cost control, capital and liquidity management are ongoing themes for Saxo Bank in 2016. With a close eye on overall cost development, Saxo Bank will continue its investments in products and platforms. At the same time, system enhancements and knowledge upgrades are expected within the Bank's core business areas.

Saxo Bank is confident that the Group has a solid foundation for its operations in 2016.

CAPITAL, ICAAP & ILAAP

Being based in an EU member state, the Saxo Bank Group is required to fulfil the requirements set out in CRD IV and CRR, which are based on the principles set out in Basel III.

As of 31 December 2015, the Common Equity Tier 1 capital (CET1), Tier 1 capital and Total capital amounted to DKK 1.92 billion, DKK 2.26 billion and DKK 2.69 billion. This corresponds to a Common Equity Tier 1 ratio, a Tier 1 capital ratio and a Total capital ratio for the Group of 14.8%, 17.4% and 20.7% respectively after inclusion of the total comprehensive income for the year. By the end

of 2014 the corresponding ratios were 16.0%, 18.3% and 19.7% respectively.

The Capital base has in 2015 been affected by negative earnings, influenced by the loss of DKK 0.7 billion related to the Swiss Event in January, and positively by issuance of new capital. The new capital instruments comprise DKK 228 million new share capital (CET1) and new subordinated debt in EUR corresponding to DKK 337 million in book value (Tier 2 capital).

In November 2015 the Group redeemed guarantor capital worth of DKK 114 million in the subsidiary Saxo Privatbank, materialising in a decrease in the regulatory capital base.

The capital contribution of the subordinated debt issued by the Group before 2014 is gradually being phased out until the end of 2017, as they do not completely fulfil the requirements in the CRR and the Danish Transition Rules. The gradual reduction of subordinated debt does not affect the excess Common Equity Tier 1 capital. As of 31 December 2015, DKK 92 million of subordinated debt issued by the Bank under old regulation is included in the Tier 2 capital.

The total Risk Exposure Amounts of the Group was DKK 13.0 billion as of 31 December 2015 compared with DKK 14.3 billion as of 31 December 2014.

As of 31 December 2015, the ICAAP of Saxo Bank showed a capital requirement of 14.0% of Risk Exposure Amounts, equivalent to DKK 1.8 billion. The Common Equity Tier 1 buffer was DKK 0.8 billion corresponding to 6.1% of the Risk Exposure Amounts.

The Risk Report 2015 and the ICAAP Q4 2015 Report, provide additional information regarding the Bank's and the Group's Total Capital (including regulatory own funds disclosures), Risk Exposures Amounts and capital requirements.

CRD IV and CRR require the Bank and the Group to monitor and report a short term Liquidity Coverage Ratio (LCR) and a long term Net Stable Funding Ratio (NSFR). In Denmark, LCR is phased in gradually as a new minimum li-

quidity requirement, meaning a gradual phase-in of 60% of the full requirement from October 2015, 70% in 2016, 80% in 2017 and 100% in 2018. As of 31 December 2015, the Bank and the Group had a LCR of 101% and 105% respectively.

The LCR requirement is more restrictive than the current Danish regulation due to higher liquidity requirements on investment bank activities, which are the Group's core business.

The Bank and the Group are required to hold liquidity at least equal to the current Internal Liquidity Adequacy Assessment Process (ILAAP) level as determined by the Board of Directors. This ILAAP level cannot be less than the current minimum regulatory requirements. The ILAAP is performed quarterly based on guidelines issued by the DFSA.

In the ILAAP per end of 2015, it is concluded, that the Bank has a safe operational setup within the liquidity area and that the current level of liquidity is sufficient to uphold the Bank's operation and meet a prudent requirement under the LCR regime. Since the LCR requirement is the most challenging for the Bank to fulfil it is also the one used for the internal liquidity adequacy measurement.

The fulfilment of current Danish liquidity requirement is published in the Supervisory Diamond 2015 report available at www.saxobank.com/investor-relations.

The Risk Report 2015 provides additional information regarding the Bank's and the Group's liquidity, the liquidity requirements and the ILAAP. The report is available at www.saxobank.com/investor-relations.

FSA INSPECTION AT SAXO BANK A/S

Review of the Bank's Risk Management of Margin Trading

The Danish Financial Supervisory Authorities conducted an inspection at Saxo Bank A/S in May 2015. The inspection was partly a follow-up on the review in spring 2014 of the Bank's risk management of clients' margin trading and partly carried out following the bank's losses on 15 January, 2015 due to the Swiss event.

The review included the Board of Director's determination of risk appetite for margin trading and as well the Board of Director's guidelines to the Bank's Board of Management with regards to limits for clients' margin trading and sub-delegation hereof. The review also covered the Bank's risk management function and risk committees, especially concerning risk management of clients' margin trading. As a consequence of their findings the Danish FSA 3 July 2015 issued Executive Orders.

The inspection included a review of the Bank's capital requirement assessment and the Danish FSA noted that the Group's capital was sufficient to cover the Bank's estimated net loss due to the Swiss event. Danish FSA also noted that the Bank subsequently strengthened the Group's total capital.

Review of the handling of the Swiss Event

The Danish FSA received a number of complaints and within the framework of investor protection regulation the Danish FSA then conducted a thorough investigation of Saxo Bank's handling of the Swiss event on 15 January 2015.

In its conclusions, the Danish FSA 7 July 2015 issued two reprimands but finds apart from that no reason to criticize the Bank's procedures. The first reprimand related to incomplete marketing information and the second related to lack of immediate communication to some of the clients.

Review of the handling of the requirements in the Money Laundering Directive

The Danish FSA conducted an investigation at Saxo Bank A/S in May 2015 of the Bank's intrinsic risk assessment of the risk of money laundering. It was the Danish FSA's assessment that the inherent risk related to money laundering is high compared to other financial institutions in Denmark due to the Bank's business model.

In its conclusions, the Danish FSA's assessed that the Bank had implemented significant measures aimed at mitigating the risk of money laundering however in certain areas the procedures in place could be improved and the Danish FSA 8 October 2015 issued Executive Orders related hereto. At

the same time the Danish FSA acknowledged that part of these had already been fulfilled at the time of the issue.

CHANGES TO BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

On 30 April 2015, Lone Fønss Schrøder was elected new Chairman of the Board. Concurrently, Henrik Normann entered the Board as new member. On 16 December 2015, Henrik Normann was elected new Vice Chairman of the Board and Wikawi Oei was elected new Board Member, while Sarah McPhee stepped down. The Board of Saxo Bank consists of Lone Fønss Schrøder, Chairman, Henrik Normann, Vice Chairman, Asiff Hirji, Wikawi Oei, Jacob Polny and Thomas Plenborg.

On 31 December 2015, Lars Seier Christensen stepped down as Co-CEO after 20 years of service. The Management of Saxo Bank consists of Kim Fournais, CEO, Steen Blaafoalk, CF&RO, and from 1 January 2016, Søren Kyhl, COO.

OPERATIONAL REVIEW

PRODUCT DEVELOPMENT

Developing the product portfolio remains a key focus for Saxo Bank, and during 2015 five new CFD indices were launched on the platform, including South Africa 40, China 50, India 50, Singapore and Taiwan. New stock options on all 20 Swiss SMI and 25 Dutch AEX stocks were also added to Saxo Bank's expanding range of more than 500 stock options across US, European and Asian markets. In addition, 25 of the most-traded UK stock options traded on the ICE exchange became available in June.

By popular request, Saxo Bank also added options on US Treasury Bonds, including 5-, 10- and 30-year T-Notes and Ultra T-Bonds, and approximately 70 new exchange-traded stock and ETF options across seven global exchanges.

With continuing global interest in trading the offshore Chinese Renminbi, Saxo Bank added four new crosses to its CNH FX Spot offering, being CADCNH, CHFCNH, GBPCNH and NZDCNH.

SAXOTRADERGO

The trading platform remains the focal point of Saxo Bank's core business and the Bank laid the foundation of the trading platform of the future with the launch of SaxoTraderGO in May 2015. Built on HTML5 technology, SaxoTraderGO allows users to move seamlessly between devices and accelerates global market access with an online platform optimised for connections anywhere in the world for a genuine anytime, anywhere trading experience.

The new trading platform is born out of a clear mission: To create the world's most intuitive multi-asset trading platform for retail private traders and investors. Nearly 3,000 retail traders' activities were part of the intelligence-gathering phase of the platform creation to ensure that the new platform reflects their needs.

The platform is built from the ground up with a distinct focus on usability, and is designed to be easy and intuitive to operate across all devices. The fact that SaxoTraderGO

is developed to be device-neutral and that the functionality allows for seamless transition between mobile and desktop is very important to any private trader or investor, and is a future-proofing of Saxo Bank's market position.

An update was launched in December 2015 enabling client identification on SaxoTraderGO through biometric verification using Touch ID. Simultaneously, a dedicated chat section, allowing chat communication between clients and Saxo Bank's sales traders, was added.

More than 20% of our overall retail trading takes place through mobile devices, and 75% of all trades and orders come from clients using multiple devices. This behavioural shift among retail traders is fully incorporated in SaxoTraderGO, which uniquely enables clients to customise their trading universe and transition seamlessly from desktop to mobile, empowering them to seize trading opportunities wherever they are.

SaxoTraderGO has established itself as the fastest-growing platform ever launched by Saxo Bank. The response from traders and investors has been positive, with more than 50% of existing clients having migrated to SaxoTraderGO. In November 2015, SaxoTraderGO was made available to White Label clients, which allows the direct integration of brokers' trading and investment capabilities into the client's own applications and systems.

EXPERIENCE OFFICE

Having the client experience at the centre of the business is pivotal for Saxo Bank, and the Bank continuously works on enhancing the clients' experience, the Saxo Experience.

Saxo Bank will always be passionate about the Saxo Experience (all interaction touchpoints with our clients and potential clients) and will strive to offer the most rational combination of best-in-class Transparency - Platforms - Products - Pricing - Service.

Having established a new function as Chief Experience Officer, Saxo Bank strives to strengthen the Saxo Experience

across the value chain, including marketing, communication and intelligence.

Digitalisation of the value chain is a crucial element in the process of constantly improving and perfecting the Saxo Experience, ultimately resulting in a stronger relationship with both existing and potential clients.

GLOBAL PRESENCE

Saxo Bank continues to see local presence as a competitive advantage, and in September 2015 Saxo Bank opened a new office in the Shanghai free-trade zone as a part of the Bank's commitment to develop its business model in close cooperation and within the local regulations governing the free-trade zone participants.

The People's Republic of China (PRC) will become one of the most important markets globally. With China's initiation of the Silk Road land route and maritime equivalent, this economic program will provide a significant boost to economies in the region as much of the work and investment needed across Eurasia is in infrastructure, buildings and railroads.

Saxo Bank has presence in 23 countries.

PRIVATE BUSINESS

Throughout 2015, Saxo Bank continued its pursuit of empowering professional retail investors to trade anywhere, anytime. Investments in platforms and product innovation are key areas to satisfying the ever-changing and growing demands of the modern day investor. The introduction of brand new features, instruments and other advancements to our platforms has greatly enhanced both user experience and our position as an industry leader in the multi-asset trading sphere.

Facilitating the private client trading experience is a task in constant change – truly befitting Saxo Bank's longstanding tradition of embracing the challenge to improve. Subsequently, a number of measures have been initiated to

continually gauge levels of satisfaction. Equating the Saxo Experience with exceptional service is of utmost importance to our value proposition. Utilising a greater breadth of client services personnel and enhancing communication procedures has been instrumental in shaping the direction of scalable yet professional client care.

INSTITUTIONAL BUSINESS

During 2015, Saxo Bank continued the build-out of its institutional offering with the launch of Saxo Markets, the Bank's standalone business platform for its growing institutional client base.

The launch of Saxo Markets follows the strategic move to develop global institutional hubs in London, Denmark and Singapore to further develop Saxo Bank's offering in a number of key areas of excellence aligned with its multi-asset trading capabilities. Today, Saxo Bank's institutional business spans trading, prime brokerage, liquidity and post-trade services, as well as a well-established White Label trading solutions business.

With regulatory requirements for major asset classes converging, Saxo Bank is ideally placed to offer trading capabilities, liquidity and post-trade solutions to meet the multi-asset trading needs of institutions and their clients.

In 2015, Saxo Bank consolidated the institutional business into three centres of excellence in London, Copenhagen and Singapore. This strategic move allows the Bank to centralise its capabilities and put its extensive resources at the service of its growing institutional client base to facilitate partnerships and collaborations that make trading and investment opportunities accessible and efficient.

Saxo Bank has strong credentials in bringing innovations to trading and has a longstanding track record of providing White Label solutions. Today, the firm offers trading capabilities to over 120 institutions worldwide. In addition to banks, Saxo Bank is servicing the needs of a growing number of fund managers, investment advisors and family offices and third-party service providers.



Through its multi-asset offering, Saxo Bank continued to attract a number of small and medium-sized hedge funds seeking to streamline their broker relationships and have a more holistic approach to portfolio management and reporting.

During 2015, Saxo Bank has also found an opportunity to plug the gap in the FX prime brokerage space at a time when many banks are exiting this market. It is doing so by leveraging its technology to help smaller players access liquidity through improved credit risk controls.

WHITE LABEL BUSINESS

Saxo Bank's White Label solution is of specific strategic importance to the Bank. In a White Label solution, Saxo Bank provides banks, brokers and increasingly wealth managers with a reliable, sophisticated and cost-efficient way to replace outdated trading technology.

Saxo Bank's White Label Clients (WLCs) benefit from over two decades of innovation and proven technology fully tested with our own client base. Our ongoing investment in platform innovation and asset class expansion, together

with our ability to provide access to trading as part of a full-service value chain including client on-boarding and back office support, enables WLCs to multiply trading volumes as well as protect their business from rapid technological change.

During 2015, Saxo Bank expanded its offering to its WLCs by introducing stock options trading and Saxo Portfolio Manager, an integrated portfolio management and trading solution for wealth managers. SaxoTraderGO, the Bank's next-generation multi-asset trading platform, was also made available to WLCs.

Open Bank Strategy

SaxoTraderGO is built using Open API. Saxo Bank believes that the combination of SaxoTraderGO built on OpenAPI offers endless customisation opportunities which will change the way trading technology is white labelled in the future.

Saxo Bank's APIs combined with single sign-on features enable institutions to create a seamless user experience within their own client offerings. Allowing WLCs to plug in their own liquidity on the front-end and giving them the choice of using existing relationships or the open back-office of Saxo Bank as the prime broker/custodian makes Saxo Bank's solution in this space unique.

Saxo Bank believes that opening up its infrastructure will appeal to local leaders (retail aggregators) capable of attracting significant numbers of clients to the Bank's platform, and that the Open Bank strategy will allow deeper integration and more sophisticated White Label business.

SAXO PRIVATBANK/RETAIL BANKING

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

In 2015, Saxo Privatbank demonstrated strong client acquisition and positive development in client balances, resulting in an increase in revenues.

During the year, Saxo Privatbank refocused its local presence by opening in Aarhus and Esbjerg and simultaneously closed branches in Vejen and Holsted.

Taking into account the investments in additional staff and establishing the aforementioned physical presences, total costs have been reduced. This has been accomplished through significant cost reductions in IT and related areas.

Saxo Privatbank continues to focus on Private Banking, offering full-service banking with special attention to investment advisory services. The core offering combines digital solutions for everyday banking transactions, as well as the ability to use advanced tools and services to make sound investment decisions, combined with 360-degree advisory services.

The core offering is an innovative integration of Saxo Bank's new trading and investment platform with its third-part banking infrastructure (SDC). The new and combined offering allows clients to use advanced order types and technical analysis, and provides access to 32 markets – also from pension accounts. The solution is accessible from PC, tablet and smartphone, and settings and work-spaces are shared across devices.

The total value of cash deposits and investments by clients of Saxo Privatbank AuM amounted to DKK 26.4 billion as of 31 December 2015. Of this amount, DKK 15.3 billion were investments managed by Saxo Wealth Management on behalf of clients, while DKK 8.0 billion was clients' direct investments in securities, with the remaining DKK 3.0 billion representing clients' cash deposits with Saxo Privatbank. The total balance of loans outstanding amounted to DKK 1.8 billion.

SAXOTRADERGO – THE NEXT GENERATION OF TRADING

2015 saw the introduction of the new intuitive multi-asset trading platform, SaxoTraderGO. This new trading platform is born out of a clear mission: to create the world's most intuitive multi-asset trading platform for retail private traders and investors.

Leadership in the trading space

Saxo Bank continues to demonstrate leadership in the trading space, as it differentiates itself from the competition on technology and innovation, breadth of products, quality of insights and service. SaxoTraderGO is built from the ground up with special focus on usability and performance, enabling a faster and more intuitive trading experience. The launch of SaxoTraderGO showcases Saxo Bank as a disruptive force in the financial industry as well as a leader in the trading space.

The future of trading

SaxoTraderGO reflects one key trend: 20% of the Banks' overall retail trading is currently done on mobile devices. Feedback from client surveys has been used extensively in the design phase, with the overall ambition to provide retail clients with a fast and intuitive trading experience from any device, anywhere.

The fact that SaxoTraderGO is developed to be device-neutral and that the functionality allows for seamless transition between mobile and desktop is very important to any private trader or investor, and is a future-proofing of Saxo Bank's market position.

With technological innovation in its DNA, SaxoTraderGO is Saxo Bank's next step into the future.



THE BUSINESS OF SAXO BANK

SAXO BANK'S BUSINESS MODEL

Saxo Bank is a facilitator of online trading with a global footprint and local presence. The bank continuously works to improve its platforms and products to provide its retail and institutional clients' access to the financial markets through the most sophisticated, cloud-based, multi-asset platform available.

Historically, access to financial markets was the preserve of financial institutions and private clients were restricted in their access to market information and trading venues.

The advent of the internet presented an opportunity to open the world's financial markets to private clients through access to real-time market information and real time transactions. Saxo Bank was, and still is, a pioneer in providing innovative solutions to individuals who want to invest in and trade the world's financial markets. Today, the Bank's proposition is as attractive to private clients as it is to financial institutions such as hedge funds, asset managers and corporates, for whom Saxo Bank has developed dedicated solutions and service models.

Saxo Bank's ambition is to empower clients to execute on their investment ideas, reducing intermediation and squeezing out cost inefficiencies. At the same time, the Bank offers clients a robust trading infrastructure, secure and real-time access to the markets, access to a wealth of support in the form of news, market information, ideas, social interaction with fellow traders and assistance when needed.

Saxo Bank's business model is illustrated in the diagram on page 28.

TRADING FACILITATION

Liquidity provisioning

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

actions in a cost-effective way. Due to Saxo Bank's wide client base, the Bank is often able to match two sides of the trade on the Bank's own platform, thereby improving the efficiency of the trading process and eliminating the cost of hedging that exposure. Efficient execution and risk management are thus core competencies of Saxo Bank.

Products

Saxo Bank offers a wide range of assets and products for online trading including Over The Counter (OTC) FX and CFD products and exchange-traded CFDs, stocks, futures and options from across the globe including:

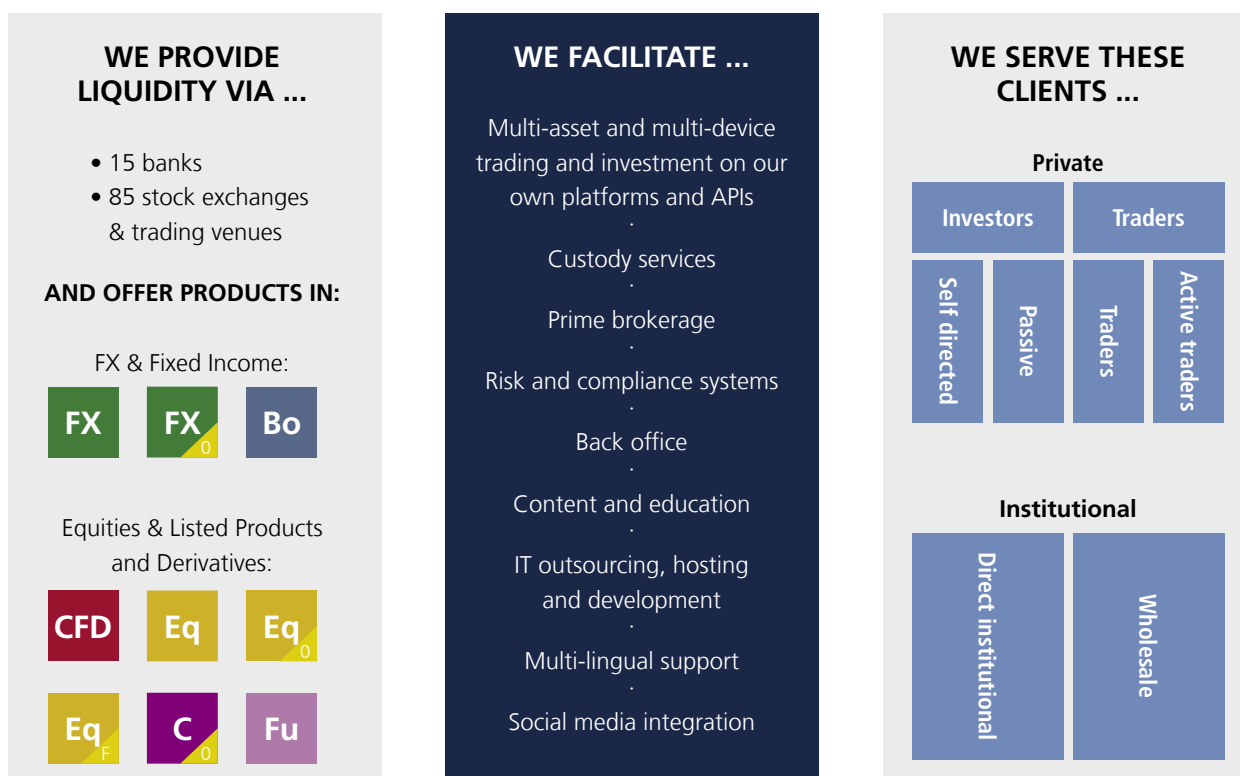
215 FX crosses (126 tradable as FX Forwards)
45 FX Options
11 NDFs
7,600 CFD Stocks, 24 CFD Indices and
34 CFD Commodities
18,400 Stocks, ETFs and ETCs
230 Contract Futures
640 Stock Options
167 Contract Options

Margin trading and risk management

FX, CFDs and futures are typically traded on margin, enabling clients to enter into nominal investments/ positions that exceed the value of their deposits with Saxo Bank, with dynamic margin changes reflecting the changes in the risk profile of the trades. To facilitate clients' trading in margin products, Saxo Bank allows clients to use cash deposits, stocks and bonds as collateral. The Bank's risk exposure to clients' margin trading is managed in real-time through Saxo Bank's proprietary risk-management systems.

Trading platforms

To facilitate its clients' trading needs, Saxo Bank has developed proprietary online trading platforms, tailored to fit different client preferences and different types of hardware and technologies. The trading platform remains the focal point of Saxo Bank's core business. It was therefore a significant event when SaxoTraderGO, a MobileTrader, iPadTrader and WebTrader all in one, using HTML5 technology, was launched in May 2015. This new trading plat-



form is born out of a clear mission: To create the world's most intuitive multi-asset trading platform for retail private traders and investors. The fact that SaxoTraderGO is developed to be device neutral has made it popular among clients with more than 50% of existing clients having migrated to SaxoTraderGO since the launch. Saxo Bank also supports offline trading in a wide range of fixed-income products, including sovereign bonds, government bonds, corporate bonds and mortgage bonds. In addition to prices and spreads, Saxo Bank's trading platforms provide clients with access to real-time market news and analysis from recognised sources such as Dow Jones Newswires and Reuters. Clients also have access to real-time charts, financial calendar, risk management tools and educational resources. An advanced API-based trading solution is also offered, branded as Saxo Direct. The API solution provides access to Saxo Bank's own multi-asset liquidity. This access is suited to retail aggregators and asset managers who can benefit from competitive spreads

on a range of assets, including FX, CFDs (Indices and Commodities), CFD DMA, stocks and futures.

Open API

Saxo Bank is one of the first financial institutions to give access to its trading infrastructure through the Bank's new REST based API called Open API. The move allow partners, clients and external developers to access over 20 years of trading infrastructure innovation and enable them to customise their trading experience and create new revenue streams.

Saxo Bank's APIs combined with single sign-on features, enable institutions to create a seamless user experience within their own client offerings. The Bank's capability to allow WLCs to plug in their own liquidity on the front-end and giving the WLC the choice to either use existing relationships or the open back-office of Saxo Bank as the prime broker/custodian makes the Bank's solution in this space truly unique.

CAPITAL MANAGEMENT

The purpose of Saxo Bank Group's capital management is to ensure that the Group has sufficient capital at all times to cover the risks associated with its activities. The framework for the Group's capital management is rooted in the CRD IV Pillars I, II and III. Pillar I defines a set of rules for calculating the minimum capital requirement. Pillar II describes the framework for the Group's Internal Capital Adequacy Assessment Process (ICAAP) and the supervisory review, while Pillar III contains the disclosure aspect. The Group's ICAAP comprises six steps as described below:

- Step 1: Capital requirement according to CRR/CRD IV (Pillar I)
- Step 2: Self-assessed capital requirement using a quantitative approach (part of Pillar II)
- Step 3: Capital requirement using the 8+ approach (part of Pillar II)
- Step 4: Self-assessed capital requirement using a scenario-based approach (part of Pillar II)
- Step 5: Capital adequacy determination, based on the four previous steps (Pillar II)
- Step 6: Disclosure (Pillar III)

PILLAR I, CAPITAL REQUIREMENTS

This first step in assessing the Group's adequate capital level is to calculate the minimum capital requirement using the CRD IV - Pillar I. The Group uses the following methodologies to calculate risk exposure amounts for the three types of risks:

Credit risk - The Standard Method

- Counterparty Credit Risk: Marked to market Method
 - Used for determining the Bank's size of the Exposure Amount against counterparties who have entered into a derivative-transactions with the Bank
- Credit Risk Mitigation:
 - Financial Collateral Comprehensive Method
 - Used for both credit mitigation concerning Counterparty Credit Risk as well traditional Credit Risk, e.g. retail banking

Market risk - Standard methods

- Equity Price Risk: The Standardised Approach
- Currency Risk: The Standardised Approach
- Interest Rate Risk: The Standardised Approach
- Option Risk (gamma, vega): The Scenario Approach
- Commodity Risk: The Maturity Ladder Method

Operational risk - Basic Indicator Method

PILLAR II, RISK SELF-ASSESSMENT USING A QUANTITATIVE APPROACH

The second step is to assess the risks to which the Group is exposed in an internal, quantitative approach. The internal approach, where each risk category is assessed subjectively in accordance with certain principles, determines the capital requirement for each of the risk categories. More details regarding how the exposures for each of the risk categories are assessed can be found in the Saxo Bank

Group Risk Report 2015, which is available at www.saxobank.com/investor-relations.

Credit risk

The Group's credit risk exposures are assessed using a Monte Carlo-simulation to estimate the potential losses from clients and broker counterparties.

The simulation is based on empirical data for retail and corporate clients, and external data for brokers and institutions. The simulations include probability of default, exposure at default, loss given default and correlations between clients and brokers.

The exposures against brokers are calculated as the unrealised profit and the posted margin at the broker. For clients, the exposure is estimated inter alia using the client's unrealised losses as well as an estimation of the client's potential exposure.

Market risk

The market risk in the Group from open market positions in FX, interest rates, equities and commodities is meas-

ured as the expected one day loss for the portfolio using a Value-at-Risk model (VaR). The VaR model has a lookback period of one year, but puts more weight on recent observations (Exponential Weighting). The model takes into account risk diversifications effects.

Operational, Compliance and Legal risk

The Group's operational risk is assessed through a self-assessment process where likelihood and impact levels of risk events are determined. The risk in the Group has been determined using a portfolio approach and a Monte Carlo simulation with a 0% event correlation. To incorporate stress, a number of combined event scenarios have been introduced in the simulation.

Liquidity risk

The liquidity risk is determined as the increased cost of raising capital in a very illiquid market. The Saxo Bank Group has determined the liquidity risk based on scenarios with a liquidity shortfall within the Group. To the extent that the events cannot be absorbed by the budgeted income, capital will be explicitly allocated to cover the risk.

Business and Other risk

The business risk and other risk, reflects the risks of a direct or an indirect loss, or damaged reputation as a result of changes in external circumstances or events. Some of these risks are only partially captured in the other risk categories, and these risks are therefore addressed in this category.

CAPITAL REQUIREMENT, 8+ METHODOLOGY

The third step calculates the capital requirement in line with the requirements of the DFSA's capital adequacy requirement guideline (referred to as 8+). Each defined risk category is examined in order to determine whether additional capital beyond the Pillar I requirement should be set aside and as determined by the internal Pillar II calculation. The total capital requirement is specified in the ICAAP Q4 2015 report at www.saxobank.com/investor-relations.

STRESS TESTING USING A SCENARIO-BASED APPROACH

In addition to the pillar I and pillar II approach, the Group performs a scenario-based approach to assess the adequate capital requirement as a step four in the ICAAP. The scenario-based approach reflects a loss given the occurring of an impact or event. The scenarios are developed on the basis of the risk register, and reflect exceptional but possible single events or chains of events.

Furthermore, the Group uses a number of combined scenarios, combining multiple events across risk categories. One of the combined events entails a close to unlikely chain of events, in order to ensure the utmost degree of stress. Where applicable, the scenario takes insurance coverage into account. The scenarios are updated and reviewed according to significant changes in the market and economic environment, and at least once a year.

CAPITAL ADEQUACY DETERMINATION

To determine the appropriate level of capital adequacy, the results using the different methods are compared for each risk category. As the 8+ method results in the largest capital requirement for each risk category, the sum of these will compose the advised minimum capital level required to operate the Group.

CAPITAL PLANNING

Part of the ICAAP is planning future capital needs in relation to the future regulatory requirements, the business environment, growth and strategic plans in the years to come. Potential major changes to the risk profile, and thereby the future solvency needs, are estimated using the ICAAP and captured in the Capital Plan. The Capital Plan is used in the strategic decision-making process by the Board of Directors and the Board of Management.

LIQUIDITY MANAGEMENT

In accordance with EU-regulation, Danish credit institutions are required to perform an internal liquidity adequacy assessment process (ILAAP). Accordingly, the purpose of the ILAAP is to determine the adequate level of liquidity that is required to operate the Saxo Bank Group.

The ILAAP is based on an internal process in which the Board of Management assesses the overall liquidity and funding risks. It is the policy of the Group to update, maintain and execute stress tests on the liquidity on an ongoing basis. In addition, the Group's objectives and liquidity risk appetite are monitored as part of the ILAAP process.

Liquidity management in the Saxo Bank Group covers short-term and long-term, as well as intraday liquidity management. The Group relates to both regulatory and self-assessed liquidity ratios and stress tests to insure that liquidity requirements and operating obligations are met on all time horizons.

Procedures for the intraday liquidity management ensure that the Bank is positioned for timely and accurate settlements and executions of any demands, requirements and obligations. The Group operates with a day-to-day strategy of handling liquidity.

Details regarding the liquidity management and the ILAAP can be found in the Saxo Bank Group Risk Report 2015 available at www.saxobank.com/investor-relations.

RISK FACTORS

Saxo Bank Group is exposed to various risks that are actively monitored as applicable based on the underlying exposure. The Group strives to manage and mitigate those risks that it has influence upon in order to ensure that risks are within the Group's risk appetite. In addition, the Group may be subject to external events beyond its control, e.g. acts of terror, political intervention, meltdown of the financial markets, changes in technology or other rare and unpredictable exogenous events. The Group strives to be observant and responsive to changes in the external environment. Nevertheless, there can be no assurance this will prove to be sufficient, as actual developments may differ significantly from the Group's expectations.

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

BUSINESS RISK

The competitive environment

Technology spreads out making it easier to replicate existing trading platforms and enabling newcomers to start up at low cost. As a result of lower barriers to entry, many low-cost players have been attracted to the market place. Consequently, these newcomers may lead to increased price competition, which could have a material adverse impact on Saxo Bank Group. Although the Group seeks to differentiate its offerings from its competitors and enter into new markets broadening its product offerings, it may not be successful in reducing the effects of increased competition. Thus, the increased competition may decrease the Group's revenue or margins and thereby have a material adverse effect on the Group.

The regulatory environment

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

Client activity

Saxo Bank Group believes that the potential growth in demand for its products generally correlates with market volatility as well as the general economic conditions. Thus, the demand for the Group's products is subject to changes in market conditions as well as clients' attitude towards risk and other factors beyond the Group's control. Periods of low risk appetite mean lower activity and reduced demand for the Group's leveraged products, which may have a material adverse effect on the Group's results and financial position.

OPERATIONAL RISK

Business disruption

Saxo Bank Group is highly dependent on the continuous operation of its IT infrastructure. Therefore, system failures could impact the Group's services to its clients or critical internal business processes. For example, the complete loss of the IT infrastructure means that the Group and its clients are unable to see their exposures as well as execute trades electronically, which during market turmoil could result in material losses. Consequently, a system outage may have a severe financial and reputational impact on the Group. Furthermore, in a catastrophic event such as a global pandemic or severe fire, a large proportion of staff might not be able to carry out their daily duties. As a result, the Group might be adversely affected.

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

Third parties

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

Security risk

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

Compliance risk

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

Cyber risk

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

As with any other business solution, the Group's trading infrastructure might be exploited or misused by cyber criminals. The Group has taken several steps to protect its infrastructure both with policies and procedures as well as mitigating technical controls for these emerging threats. The Group furthermore keeps an eye on the evolution of cyber-attacks, ensuring an adaptive defense.

CREDIT RISK

The Group is subject to credit risks from its retail banking operation, trading operation and its brokerage operation.

Client trading exposures may lead to uncollateralised client trading exposures in the event of an unexpected large price gap in one or several markets. In these instances the collateral posted by clients may not offset sustained trad-

ing deficits. To mitigate these risks the Group uses a near real-time monitoring system, which can intervene appropriately.

The Group also faces credit risks in its brokerage operation from liquidity providers, financial brokers and counterparties to derivative trades. The counterparty default risk is mitigated by pledging collateral via third party custody accounts, by implementing bilateral collateral agreements, by the use of trade compression as well as other means. However, all credit exposures cannot be totally eliminated on an intraday basis. In acknowledgement of this fact, the Group only operates with regulated counterparties carrying a high credit rating and within a set of predefined limits.

Lastly, the Group encounters credit risk through traditional banking operations. The day to day business of granting credit to retail clients and SME's exposes the Group to potential losses if these clients can't meet their obligations. The granting of a credit facility is based on the Group's insight into the client's financial position. As part of this process, the Group strives to ensure that each facility matches the credit quality and financial position of the client. Furthermore, the Group strives to avoid single-name concentration risks as well as concentrations within certain business segments.

MARKET RISK

The Group encounters market risk from the investment of client funds deposited in Saxobank as margin to support the clients trading activities. A large portion of the deposited funds are invested conservatively in short term government bonds on a daily basis by the Group's treasury department in order to generate extra yield. The difference in the variability of short term interest rates for deposited client funds and the variability for short to medium term Government or other bonds bought by the group treasury creates market risk.

Market risks arise also from the market making activities in the Markets department. As part of offering competitive prices, the main role of Saxo Bank Group's trading

function is to optimise the trading flow i.e. determine the timing of covering the market risk.

The lion share of the trading flow from clients taking place on the Saxo Bank trading platform is executed automatically by a central computer. The computer works to minimise the market risk exposure.

In case of a significant adverse movement in the foreign exchange, equity, commodity or interest rate market or any other external event outside the Group's control, exposures in the above mentioned areas may have a material adverse effect on the Group. This is why the Group monitors market exposures and losses closely on an intra-day basis.

The overall strategic direction of Saxo Bank remains to optimise the hedging of all trading flows in order to minimize the Bank's market risk exposure from client trading as much as possible.

FORWARD-LOOKING STATEMENTS

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



HIGHLIGHTS

2015

JANUARY



- Saxo Bank renews the sponsorship of Danish GP2 driver Marco Sørensen. Sørensen switched to GP2 from Formula Renault 3.5 Series mid-last season and achieved his maiden GP2 victory in October 2014.

MARCH

- Saxo Bank launches Trade Like a Pro, a competition involving Alberto Contador and the rest of the Tinkoff-Saxo professional cycling team in an effort to raise money for charity.

APRIL

- Saxo Bank launches live video streaming of expert trading ideas. The new service, called #SaxoStrats is available on Twitter via @SaxoStrats. The move serves to further democratise trading and level the playing field between retail and institutional investors, a clear goal of Saxo Bank for more than 20 years.
- Saxo Bank named 'Best Outsourcing Provider' for its White Labelling service at the Sell-Side Technology Awards 2015.



MAY

- Saxo Bank launches the new trading platform SaxoTraderGO. Built from the ground up with focus on usability and performance, the platform integrates seamlessly between desktop and mobile devices.
- Alberto Contador, sponsored by Saxo Bank, wins the prestigious Giro d'Italia.



JULY

- Saxo Bank wins 'Best White Label Technology Provider' at FX Week's annual e-FX Awards.

FX

Winner
FX • Week
e-FX
Awards
2015
Best white label
technology provider



AUGUST

- Saxo Bank announces Søren Kyhl as new Group Chief Operating Officer. Kyhl brings significant expertise and a strong track record of performance, which together with his unique financial sector experience will further strengthen Saxo Bank's focus on its core business.
- Sinar Mas Group buys 9.9% stake in Saxo Bank. The new shareholder will be a strong partner in the Asian markets and strengthen the Bank's already solid growth in Asia.

SEPTEMBER

- Saxo Markets is launched as the Bank's standalone business platform for the growing institutional client base. The launch follows the strategic move to develop global institutional hubs to further develop the firm's offering in a number of key areas of excellence.
- Saxo Bank opens access to its trading infrastructure with the launch of OpenAPI. This allows partners, clients and external developers to access years of trading infrastructure innovation to customise their trading experience and create new revenue streams.
- Saxo Bank announces the opening of a new office in Shanghai, China, furthering its reach into Asia. The move comes as the Bank expands business in the region.



NOVEMBER

- Saxo Markets continues to enhance its institutional credentials by making SaxoTraderGO available to its White Label clients.
- Saxo Bank reinforces its strong Middle East presence by winning the coveted 'Best Investment Bank in the Middle East' award at the 8th Saudi Money Expo.



DECEMBER

- Saxo Bank's John Hardy is named as the year's most successful forecaster among over 30 of FX Week's regular contributors. Anticipating macro trends and the relative policy trajectory among central banks helped Saxo Bank to top currency forecast tables throughout the year with on-target calls for G10 currency pairs.



FINANCIAL STATEMENTS

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INCOME STATEMENT – SAXO BANK GROUP
1 JANUARY – 31 DECEMBER

Note	(DKK 1,000)	2015	2014
3	Interest income	1,264,126	1,288,701
4	Interest expense	201,840	171,784
	Net interest income	1,062,286	1,116,917
5	Fee and commission income	1,262,887	1,123,538
6	Fee and commission expense	(972,612)	(1,035,775)
	Net interest, fees and commissions	1,352,561	1,204,680
7	Price and exchange rate adjustments	774,130	1,802,151
	Operating income	2,126,691	3,006,831
8	Other income	40,671	81,439
9	Staff costs and administrative expenses	(2,296,832)	(2,008,907)
18,20	Depreciation, amortisation and impairment of intangible and tangible assets	(535,136)	(420,122)
	Other expenses	(20,268)	(18,662)
12	Impairment charges for receivables, loans, advances etc.	(40,388)	(1,745)
37	Income from associates and joint ventures	(53,099)	(74,076)
	Profit before tax	(778,361)	564,758
13	Tax	133,722	(183,354)
	Net profit	(644,639)	381,224
	Net profit attributable to:		
	Shareholders of Saxo Bank A/S	(655,919)	391,632
	Additional tier 1 capital	32,656	3,080
	Non-controlling interests	(21,376)	(13,488)
	Net profit	(644,639)	381,224

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

Note	(DKK 1,000)	2015	2014
	Net profit	(644,639)	381,224
	Other comprehensive income		
	Items that will not be reclassified subsequently to income statement:		
20	Revaluation of domicile properties	-	600
	Actuarial gains/(losses)	3,259	(19,135)
13	Tax on other comprehensive income	(603)	3,487
	Items that will not be reclassified subsequently to income statement	2,656	(15,048)
	Items that are or may be reclassified subsequently to income statement:		
	Exchange rate adjustments	125,149	69,470
32	Fair value adjustment of cash flow hedges:		
	Effective portion of changes in fair value	(3,521)	(44,066)
	Net amount transferred to profit or loss	14,464	13,924
32	Hedge of net investments in foreign entities	(63,118)	(50,096)
	Other comprehensive income from associates, net of tax	13	(117)
13	Tax on other comprehensive income	12,138	19,533
	Items that are or may be reclassified subsequently to income statement	85,125	8,648
	Total other comprehensive income, net of tax	87,781	(6,400)
	Total comprehensive income	(556,858)	374,824
	Total comprehensive income attributable to:		
	Shareholders of Saxo Bank A/S	(568,138)	385,229
	Additional tier 1 capital	32,656	3,080
	Non-controlling interests	(21,376)	(13,485)
	Total comprehensive income	(556,858)	374,824

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

Note	(DKK 1,000)	2015	2014
ASSETS			
	Cash in hand and demand deposits with central banks	2,808,010	1,900,572
14	Receivables from credit institutions and central banks	1,735,824	2,647,919
15	Trading assets	24,311,589	26,416,499
16	Loans and advances at amortised cost	1,793,022	1,834,306
17	Investment securities	39,287	39,195
	Current tax assets	12,500	19,573
37	Investments in associates and joint ventures	-	189,762
18	Intangible assets	1,678,312	1,871,083
	Investment properties	4,500	2,305
20	Tangible assets	804,555	836,167
13	Deferred tax assets	56,111	20,945
	Other assets	257,853	229,942
	Total assets	33,501,563	36,008,268

STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP
AT 31 DECEMBER

Note	(DKK 1,000)	2015	2014
LIABILITIES			
21	Debt to credit institutions and central banks	2,807,481	2,096,199
15	Trading liabilities	2,536,624	7,057,018
22	Deposits	22,734,633	21,255,053
	Current tax liabilities	55,838	56,868
	Other liabilities	603,675	532,872
13	Deferred tax liabilities	1,400	163,187
23	Provisions for pensions and similar obligations	19,679	18,562
24	Provisions	129,736	60,542
25	Subordinated debt	674,070	542,743
	Total liabilities	29,563,136	31,783,044
EQUITY			
26	Share capital	68,284	66,618
	Translation reserve	233,380	156,516
	Hedging reserve	(52,320)	(60,568)
	Revaluation reserve	55,597	56,901
	Retained earnings	3,244,836	3,640,853
	Shareholders of Saxo Bank A/S	3,549,777	3,860,320
	Additional tier 1 capital	346,084	337,976
	Non-controlling interests	42,566	26,928
	Total equity	3,938,427	4,225,224
	Total liabilities and equity	33,501,563	36,008,268

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

(DKK 1,000)	Shareholders of Saxo Bank A/S						Additional tier 1 capital	Non-controlling interests	Total
	Share capital	Trans-lation reserve	Hedging reserve	Reva- luation reserve	Retained earnings	Total			
Equity 1 January 2015	66,618	156,516	(60,568)	56,901	3,640,853	3,860,320	337,976	26,928	4,225,224
Net profit	-	-	-	-	(655,919)	(655,919)	32,656	(21,376)	(644,639)
Other comprehensive income									
Exchange rate adjustments	-	125,149	-	-	-	125,149	-	-	125,149
Fair value adjustment of cash flow hedges	-	-	10,943	-	-	10,943	-	-	10,943
Hedge of net investments in foreign entities	-	(63,118)	-	-	-	(63,118)	-	-	(63,118)
Revaluation of domicile properties	-	-	-	(1,725)	1,725	-	-	-	-
Other comprehensive income from associates, net of tax	-	-	-	-	13	13	-	-	13
Actuarial gains / (losses)	-	-	-	-	3,259	3,259	-	-	3,259
Tax on other comprehensive income	-	14,833	(2,695)	421	(1,024)	11,535	-	-	11,535
Total other comprehensive income	-	76,864	8,248	(1,304)	3,973	87,781	-	-	87,781
Total comprehensive income	-	76,864	8,248	(1,304)	(651,946)	(568,138)	32,656	(21,376)	(556,858)
Transactions with owners and equity note holders									
Issuance of additional tier 1 capital	-	-	-	-	(201)	(201)	-	-	(201)
Tier 1 Interest payment	-	-	-	-	-	-	(24,548)	-	(24,548)
Share-based payment	-	-	-	-	12,944	12,944	-	1,421	14,365
Increase in share capital, net of transaction costs ¹⁾	1,666	-	-	-	226,267	227,933	-	(2)	227,931
Treasury shares	-	-	-	-	10,441	10,441	-	-	10,441
Transactions with non-controlling interest	-	-	-	-	(1,193)	(1,193)	-	35,595	34,402
Tax	-	-	-	-	7,671	7,671	-	-	7,671
Equity at 31 December 2015	68,284	233,380	(52,320)	55,597	3,244,836	3,549,777	346,084	42,566	3,938,427

¹⁾ Transaction costs deducted from equity DKK 5 million.

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

(DKK 1,000)	Shareholders of Saxo Bank A/S						Additional tier 1 capital	Non-controlling interests	Total
	Share capital	Trans-lation reserve	Hedging reserve	Reva-luation reserve	Retained earnings	Total			
Equity at 1 January 2014	66,599	124,866	(37,683)	57,426	3,246,804	3,458,012	-	34,669	3,492,681
Net profit	-	-	-	-	391,632	391,632	3,080	(13,488)	381,224
Other comprehensive income									
Exchange rate adjustments	-	69,470	-	-	-	69,470	-	-	69,470
Fair value adjustment of cash flow hedges	-	-	(30,142)	-	-	(30,142)	-	-	(30,142)
Hedge of net investments in foreign entities	-	(50,096)	-	-	-	(50,096)	-	-	(50,096)
Revaluation of domicile properties	-	-	-	(703)	1,300	597	-	3	600
Other comprehensive income from associates, net of tax	-	-	-	(37,936)	(117)	(117)	-	-	(117)
Actuarial losses	-	-	-	-	(19,135)	(19,135)	-	-	-
Tax on other comprehensive income	-	12,276	7,257	178	3,309	23,020	-	-	23,020
Total other comprehensive income	-	31,650	(22,885)	(525)	(14,643)	(6,403)	-	3	(6,400)
Total comprehensive income	-	31,650	(22,885)	(525)	376,989	385,229	3,080	(13,485)	374,824
Transactions with owners and equity note holders									
Issuance of additional tier 1 capital, net of transaction costs ¹⁾	-	-	-	-	(5,861)	(5,861)	334,802	-	328,941
Interest at issuance of additional tier 1 capital	-	-	-	-	-	-	94	-	94
Share-based payments	-	-	-	-	15,742	15,742	-	135	15,877
Increase in share capital	19	-	-	-	1,981	2,000	-	-	2,000
Transactions with non-controlling interest	-	-	-	-	4,443	4,443	-	5,609	10,052
Tax	-	-	-	-	755	755	-	-	755
Equity at 31 December 2014	66,618	156,516	(60,568)	56,901	3,640,853	3,860,320	337,976	26,928	4,225,224

¹⁾ Transaction costs deducted from equity DKK 6 million.

STATEMENT OF TOTAL CAPITAL (OWN FUNDS) – SAXO BANK GROUP

(DKK 1.000)	2015	2014
Tier 1 capital		
Total equity 1 January excl. non-controlling interests	3,860,320	3,458,012
Net profit excl. non-controlling interests	(623,263)	394,712
Accrued interest (dividend) on additional tier 1 capital	(32,656)	(3,080)
Cost of issuance of additional tier 1 capital	(201)	(5,861)
Share-based payments	12,944	-
Total other comprehensive income	87,781	(6,403)
Change in common equity tier 1 capital (CET1 capital)	237,181	2,000
Common equity tier 1 capital from subsidiaries	1,147	144,575
Hedging reserve	52,320	60,568
Intangible assets ¹⁾	(1,678,312)	(1,931,639)
Deferred tax liabilities, intangible assets	136,565	189,133
Deferred tax assets	(123,265)	(10,015)
Prudent valuation adjustments	(6,673)	(6,682)
Common equity tier 1 capital (net after deduction)	1,923,888	2,285,320
Additional tier 1 capital	334,802	334,802
Tier 1 capital from subsidiaries	65	2,459
Total tier 1 capital	2,258,755	2,622,581
Tier 2 capital		
Subordinated debt, new regulation	338,224	-
Subordinated debt, old regulation, reduced value	92,385	189,361
Tier 2 capital from subsidiaries	109	10,241
Total tier 2 capital	430,718	199,602
Total capital	2,689,473	2,822,183
¹⁾ Including goodwill and other intangible assets recognised as investments in associates and joint ventures, DKK 0 million (31 December 2014: DKK 60.6 million).		
Risk exposure amounts		
Credit risk	4,355,232	4,601,367
Market risk	2,916,862	3,671,262
Operational risk	5,703,384	6,027,378
Total risk exposure amounts	12,975,478	14,300,007
Common equity tier 1 ratio	14.8%	16.0%
Tier 1 capital ratio	17.4%	18.3%
Total capital ratio	20.7%	19.7%

The Total Capital is calculated in accordance with CRD IV and CRR which have been applicable from beginning of year 2014 and taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority.

CASH FLOW STATEMENT – SAXO BANK GROUP AT 31 DECEMBER

(DKK 1,000)	2015	2014
Cash flow from operating activities		
Profit before tax	(778,361)	564,758
Tax paid	(59,922)	(74,194)
Adjustment for non-cash operating items:		
Income from associates and joint ventures	53,099	74,076
Amortisation and impairment charges of intangible assets	474,561	337,553
Depreciation and impairment charges of tangible assets and investment properties	60,575	82,569
Loan impairment charges	21,817	695
Other non-cash operating items	84,467	(27,051)
Total	(143,764)	958,406
Changes in operating capital:		
Receivables from credit institutions and central banks	(290)	3,731
Derivative financial instruments	(877,527)	1,331,429
Loans and advances at amortised cost	45,591	122,553
Bonds	(1,406,784)	(4,911,800)
Other assets	(54,879)	162,594
Debt to credit institutions and central banks	712,084	(83,597)
Deposits	1,202,335	3,315,472
Provisions and other liabilities	187,540	90,430
Cash flow from operating activities	(335,694)	989,218
Cash flow from investing activities		
Divestment of businesses, associates, joint ventures and other participating interests, net of cash	194,527	38,344
Acquisition of intangible and tangible assets	(249,490)	(298,296)
Cash flow from investing activities	(54,963)	(259,952)
Cash flow from financing activities		
Issued additional tier 1 capital, net of transaction costs	-	329,035
Tier 1 interest payment	(24,548)	-
Issuance/redemption of subordinated debt	131,327	(258,756)
Transactions with non-controlling interests	37,022	10,052
Increase in share capital	227,931	2,000
Share-based payments	4,117	2,579
Purchase/disposal of treasury shares	10,441	-
Cash flow from financing activities	386,290	84,910
Net increase/(decrease) in cash and cash equivalents	(4,367)	814,176
Cash and cash equivalents at 1 January	4,543,077	3,728,901
Cash and cash equivalents at 31 December	4,538,710	4,543,077
Cash and cash equivalents at 31 December		
Cash in hand and demand deposits with central banks	2,808,010	1,900,572
Amounts due from credit institutions and central banks with original maturity less than three months	1,730,700	2,642,505
Cash and cash equivalents at 31 December	4,538,710	4,543,077

NOTES – SAXO BANK GROUP

Note

1 Accounting policies

Statement of compliance

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

On 18 April 2016, the Board of Directors and Board of Management authorise the annual report for the financial year 2015 for Saxo Bank A/S for issue. The annual report will be submitted for approval by the shareholders of Saxo Bank A/S, at the subsequent annual general meeting on 29 April 2016. The accounting policies adopted in the year remain unchanged from prior year.

Comparative figures

Certain minor changes have been made to the comparative figures for 2014, due to reclassifications.

Basis of preparation

The consolidated financial statements are presented in Danish kroner (DKK), which is the functional currency of Saxo Bank A/S. All amounts have been rounded to nearest DKK thousand, unless otherwise indicated.

The consolidated financial statements of Saxo Bank A/S for the year ended 31 December 2015 comprise Saxo Bank A/S and its subsidiaries (together referred to as "the Group") and the Group's interests in jointly controlled entities and associates.

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

Basis of consolidation

The consolidated financial statements comprise the parent company Saxo Bank A/S and subsidiaries in which Saxo Bank A/S has control. Control exists when Saxo Bank A/S is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When determining whether Saxo Bank A/S has control, de facto control and potential voting rights, which at the reporting date are substantive, are considered. For a right to be substantive, the Saxo Bank A/S must have the practical ability to exercise that right.

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

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

Information on Group subsidiaries is disclosed in note 38.

Entities in which the Group has significant influence are considered associates. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those. Significant influence is generally presumed to exist when the Group owns or control directly or indirectly more than 20% of the voting rights.

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

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

The non-controlling interest's share of the net profit/loss for the year and of the equity of subsidiaries, which are not wholly owned, are included in the Group's net profit/loss and equity, respectively, but is disclosed separately.

Business combinations

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

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

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

If uncertainties exist at the acquisition date regarding identification or measurement of acquired identifiable assets, liabilities and contingent liabilities or regarding the consideration transferred, initial recognition will take place on the basis of provisionally determined fair values. If identifiable

NOTES – SAXO BANK GROUP

Note

1 Accounting policies - continued

assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up to 12 months after the acquisition date. The effect of the adjustments is recognised in the opening balance of equity and the comparative figures are restated accordingly.

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

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

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

At initial recognition a non-controlling interest is measured at fair value or at its proportionate interest in the fair value of the net assets acquired. The measurement principle is elected on a transaction-by-transaction basis and is disclosed in the notes together with the description of the acquired business.

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

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

Offsetting

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

Foreign currency translation

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

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

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

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

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

Hedge accounting

When a derivative or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign entity, the effective portion of changes in the fair value of the hedging instrument is recognised in other comprehensive income and presented in equity under Translation reserve. Any ineffective portion of changes in the fair value of the hedging instrument is recognised immediately in the income statement. The amount recognised in other comprehensive income is reclassified and recognised in the income statement on disposal of the foreign entity.

NOTES – SAXO BANK GROUP

Note

1 Accounting policies - continued

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

INCOME STATEMENT

Interest, fees and commissions

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

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

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

Price and exchange rate adjustments

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

Other income

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

Staff costs and administrative expenses

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

Share-based payments

The Board of Directors, the Board of Management and other employees have been granted warrants. The warrants are measured at fair value at the grant date and are recognised as an expense in Staff costs and administrative expenses over the vesting period. Expenses are set off against shareholders' equity.

The fair value of the warrants is measured using the Black-Scholes valuation method or other generally accepted valuation techniques. The calculation takes into account the terms and conditions under which the warrants are granted. Subsequent fair value adjustments are not recognised in the income statement.

If subsequent modifications to a warrant program increase the value of the warrants granted, measured before and after the modification, the increase is recognised as an expense. If the modification occurs before the vesting period the increase in value is recognised as an expense over the period for services to be received. If the modification occurs after vesting date, the increase in value is recognised as an expense immediately or over the vesting period if conditional on additional period of services is to be completed.

Consideration received for warrants sold are recognised directly in equity.

Other expenses

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

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

Impairment charges for receivables, loans, advances etc.

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

Income from associates and joint ventures

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

Income taxes

Income tax for the year consists of current tax and changes in deferred tax and is recognised in profit for the year, other comprehensive income or equity.

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

NOTES – SAXO BANK GROUP

Note

1 Accounting policies - continued

STATEMENT OF FINANCIAL POSITION

Fair value measurement

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

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

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

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

Receivables from credit institutions and central banks

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

Financial instruments generally

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

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

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

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

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

Trading assets and trading liabilities

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

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

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

If an active market exists, the Group measures the fair value of trading assets and trading liabilities using the quoted market prices for the instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of such instruments is determined on the basis of the most recently observable closing prices at the reporting date. For matching positions mid prices are applied as the basis for determining the fair value of the matching position and bid/ask prices are applied on the open net position, respectively.

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

Loans and advances at amortised cost

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

Impairment of loans, advances or amount receivable

If objective evidence of impairment of a loan, an advance or amount receivable exists the Group determines the impairment charge individually. The impairment charge equals the difference between the carrying amount and the present value of the expected future cash flows from the loan including realisation value of any collateral. The impairment charge is adjusted if the present value of the expected future cash flows is changed subsequently.

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

Loans and advances (retail banking activities) without objective evidence of impairment are included in an assessment of collective impairment on

NOTES – SAXO BANK GROUP

Note

1 Accounting policies - continued

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.

Impairment charges for loans are recognised in an allowance account and set off against loans. Impairment charges for loans are recognised in the income statement. Impairment charges for receivables, loans, advances etc. in the income statement. If subsequent events show that impairment is not permanent, charges are reversed. Loans that are considered uncollectible are written off. Write-offs are debited to the allowance account. Loans are written off once the usual collection procedure has been completed and the loss on the individual loan can be calculated.

Investment securities

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

Asset held for sale

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

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

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

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

Investments in associates

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

Investments in joint ventures

Investments in joint ventures are recognised in accordance with the equity method, and measured at the proportionate share of the net asset value of joint venture at the reporting date.

Intangible assets

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

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

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

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

Amortisation periods are as follows:

Software.....	3-5 years
Client relationships and trademarks.....	4-15 years

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

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

Properties

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

Domicile properties

Domicile properties are properties occupied by the Group. Domicile properties are at initial recognition recognised at cost. Subsequently domicile properties are measured at revalued amount representing the fair value. Revaluations are made with regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. An increase in the carrying amount as a

NOTES – SAXO BANK GROUP

Note

1 Accounting policies - continued

result of a revaluation is recognised in other comprehensive income and presented in equity under Revaluation reserve. If an increase in the carrying amount due to revaluation reverses a revaluation decrease previously recognised in the income statement the increase is recognised in the income statement. A decrease in the carrying amount as a result of a revaluation is recognised in the income statement, except from when the decrease reverses a previous revaluation increase recognised in equity, then it is recognised in equity.

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

Tangible assets

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

Depreciation periods are as follows:

Domicile properties.....	50 years
Leasehold improvements.....	5 years
Fixtures, equipment and vehicles.....	3-5 years
IT equipment.....	3-5 years

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

Amounts due to credit institutions and central banks and deposits

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

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

Pension and similar obligations

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

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

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

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

Provisions

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

Subordinated debt

Subordinated debt comprises of Tier 2 capital instruments and guarantor capital which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be settled until the claims of ordinary creditors have been met.

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

Tax

Current tax asset and liability is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income for previous years and for tax paid on account.

Deferred tax is measured in accordance with the liability method and comprises all temporary differences between the accounting and the tax values of assets and liabilities. Deferred tax is not recognised on temporary differences relating to goodwill that is not deductible for tax purposes and other items for which temporary differences have arisen at the time of acquisition without affecting either the profit/loss for the year or the taxable income. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured based on management's intended use of the assets or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax losses carried forward, are recognised at the expected value of their utilisation: either as offset against tax on future income or as offset against deferred tax liabilities in the same legal tax entity and jurisdiction.

NOTES – SAXO BANK GROUP

Note

1 Accounting policies - continued

Deferred tax assets and liabilities are offset if the Group has a legal right to offset current tax liabilities and tax assets or intends to settle current tax liabilities and tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Deferred tax is measured on the basis of the tax regulations and tax rates enacted or substantively enacted at the reporting date. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or statement of comprehensive income.

Shareholders' equity

Translation reserve

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

Hedging reserve

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

Revaluation reserve

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

Proposed dividends

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

Treasury shares

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

Additional tier 1 capital

Tier 1 capital issued includes no contractual obligation to deliver cash or another financial asset to the holders, as Saxo Bank A/S may, at its sole discretion, omit payment of interest and principal payments to the bond holders. Therefore, the issue does not qualify as a financial liability according to IAS 32. The net amount received at the date of issue is recognised as an increase in equity. Interest is recognised as distribution to owners directly in equity. If Saxo Bank A/S chooses to redeem the bonds, equity will be reduced by the redemption amount at the date of redemption.

Additional tier 1 capital under Equity comprises proceed received at the date of insurance and accrued interest not yet paid to the holders.

Non-controlling interests

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

CASH FLOW STATEMENT

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

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

NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERPRETATIONS

IASB has published the following standards and amendments to existing standards that are not yet mandatory for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2015:

- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment in Entities: Applying the Consolidation Exception
- Amendments to IFRS 10 and IAS 28: Sale and Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

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

None of the standards and amendments are expected to have a material impact on the consolidated financial statements. However a complete analysis of the impact of implementation of IFRS 9 and IFRS 16 (issued 13 January 2016) is to be composed. IFRS 9 and IFRS 16, which have not yet been adopted by the EU, are effective from respectively 1 January 2018 and 1 January 2019.

NOTES – SAXO BANK GROUP

Note

2 Critical accounting estimates and judgements

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

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

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

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

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

Swiss Event

On 15 January 2015 the rate of Swiss franc increased significantly when the Swiss National Bank decided to remove the fixed floor between the Swiss franc and the Euro.

Due to this significant increase of the rate of the Swiss franc a number of Saxo Bank's clients ended up with insufficient margin collateral to cover their losses on positions in the Swiss franc.

The Group estimated at the time a net loss of approximately DKK 0.7 billion primarily due to credit value adjustments related to foreign exchange contracts with clients who have been unable to cover their losses on positions in Swiss franc. Any unsettled negative balances have been fully provided for in the Group's result for 2015.

The collection process concerning the unsettled negative balances will continue and any further coverage from the clients will have a positive impact on the Group's future results.

Following the significant increase in the value of the Swiss franc the impairment tests of goodwill for Saxo Bank (Switzerland) AG has been reassessed at 31 December 2015, and an impairment loss of DKK 50 million has been recognised. Note 19 provides more information on impairment test.

Fair value measurement of financial instruments

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

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

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

Classification of financial instruments using the fair value hierarchy and changes to fair value level due to unobservable adjustments are disclosed in note 31 Accounting classifications and valuation of financial assets and liabilities.

Measurement of loans and advances

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

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

The Risk management section from page 88 provides more details on impairment and credit exposure for loans and advances, on rating of loans portfolio and collateral held.

Measurement of goodwill and other intangible assets

Goodwill is tested for impairment if indication of impairment exists or at least once a year. Impairment testing requires that management estimates future cash flows from acquired entities. A number of factors affect the value of such cash flows, including discount rates, changes in expected long-term growth, capital requirements, economic development and other variables.

Total impairment losses of DKK 115 million related to goodwill and customer contracts are recognised in 2015 (2014: DKK 111 million).

Other intangible assets are tested if there are indications of impairment. Impairment testing requires that management estimates future cash flows from the intangibles. A number of factors affect the value of such cash flows, including discount rates, expected useful life, economic development and other variables.

NOTES – SAXO BANK GROUP

Note

2 Critical accounting estimates and judgements - continued

The impairment test of other intangible assets resulted in recognition of an impairment loss of DKK 84 million in 2015. (2014: DKK 0 million)

Note 19 Impairment test provides more information on impairment test.

Recognition and measurement of tax assets and liabilities

Tax assets and liabilities are recognised and measured on the basis of tax regulation enacted and interpretations thereof in each of the jurisdictions where the Group operates. Adjustments to the recognition and measurement of the Group's tax assets and/or liabilities may arise as a consequence of changes in tax regulation or interpretations.

Deferred tax assets arising from unused tax losses are recognised to the extent that such losses can be offset against tax on future profit. Recognition of deferred tax assets is based on management's assessment of the probability and amount of future taxable profit for entities with unused tax losses. The deferred tax assets are measured at the tax rate that applies to the period, when the deferred tax assets are expected to be utilised.

The negative result in 2015 has resulted in an increase in deferred tax assets related to tax losses carried forward compared to 31 December 2014. The tax asset related to tax losses carried forward has increased from DKK 11 million 31 December 2014 to DKK 123 million at 31 December 2015. The deferred tax assets related to tax losses carried forward are offset with deferred tax liabilities in the statement of financial position if they relate to the same tax jurisdiction.

Note 13 Income tax provides more information on income tax.

Measurement of domicile properties

Revaluation of domicile properties not based on observable market data and subject to judgements.

Note 20 Tangible assets provides more details on the key input for determining the fair value of the domicile properties.

NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	2015	2014
3	Interest income		
	Credit institutions and central banks	58,872	27,221
	Loans and advances	153,663	172,558
	Bonds	115,962	62,996
	Derivative financial instruments	933,463	1,019,963
	Other interest income	2,166	5,963
	Total interest income	1,264,126	1,288,701
	Interest accrued on impaired loans and advances amounted to DKK 5.8 million (2014: 2.6 million)		
4	Interest expense		
	Credit institutions and central banks	(59,562)	(43,099)
	Deposits	(22,845)	(47,730)
	Subordinated loans	(46,289)	(16,138)
	Guarantor capital	(13,646)	(3,484)
	Derivative financial instruments	(59,411)	(61,146)
	Other interest expense	(87)	(187)
	Total interest expense	(201,840)	(171,784)
5	Fee and commission income		
	Trading with equities and derivative financial instruments	1,163,819	1,043,284
	Payment services fees	5,548	5,389
	Origination fees	31,870	27,163
	Guarantee commissions	1,666	1,218
	Asset management fees	28,091	22,918
	Other fee and commission income	31,893	23,566
	Total fee and commission income	1,262,887	1,123,538
6	Fee and commission expense		
	Trading with equities and derivative financial instruments	(972,612)	(1,035,775)
	Total fee and commission expense	(972,612)	(1,035,775)
7	Price and exchange rate adjustments		
	Bonds	(81,448)	(12,691)
	Investment securities	2,337	521
	Foreign exchange	427,241	1,435,737
	Derivative financial instruments ¹⁾	428,114	378,969
	Investment properties	(2,114)	(385)
	Total price and exchange rate adjustments	774,130	1,802,151

¹⁾ Other than foreign exchange

Net income from Price and exchange rate adjustments related to Foreign exchange has developed negatively to DKK 427 million in 2015 from DKK 1,435 million in 2014. The decrease is primarily related to the consequences of the removal of the fixed floor between the Swiss franc and the Euro in January 2015, which has resulted in a net loss of approximately DKK 0.7 billion in 2015. The net loss was primarily due to credit value adjustments related to foreign exchange contracts with clients who were unable to cover their losses on positions in Swiss Franc, as disclosed in note 2 Critical accounting estimates and judgements.

In addition other negative credit value adjustments of DKK 58 million is included in derivative financial instruments in 2015 (2014: DKK 116 million).

NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	2015	2014
8	Other Income		
	Gain on divestment	29,928	-
	Gain on sale of receivables	-	66,983
	Other	10,743	14,456
	Total other income	40,671	81,439
9	Staff costs and administrative expenses		
	Staff costs	(1,205,735)	(1,077,049)
	Administrative expenses	(1,091,097)	(931,858)
	Total staff costs and administrative expenses	(2,296,832)	(2,008,907)
	Staff costs		
	Salaries	(1,124,872)	(1,033,598)
	Share-based payment	(10,243)	(13,028)
	Defined benefit plans	(6,254)	(4,581)
	Defined contribution plans	(77,837)	(75,400)
	Social security expenses and financial services employer tax	(117,751)	(106,022)
	Staff costs transferred to software under development	131,222	155,580
	Total staff costs	(1,205,735)	(1,077,049)
	Average number of employees (converted into full-time equivalents)	1,494	1,456
	Remuneration to Board of Management		
	Salaries and other remuneration	(34,608)	(31,242)
	Defined contribution plans	(400)	(275)
	Social security expenses	(6)	(6)
	Share-based payment ¹⁾	(1,226)	(12,661)
	Total remuneration to Board of Management ²⁾	(36,240)	(44,184)
	Remuneration to Board of Directors		
	Salaries and other remuneration	(4,710)	(6,165)
	Total remuneration to Board of Directors	(4,710)	(6,165)
	Remuneration to Board of Management		
	Kim Fournais	(14,495)	(20,748)
	Lars Seier Christensen	(14,473)	(20,572)
	Steen Blaafalk	(7,272)	(2,864)
	Total remuneration to Board of Management	(36,240)	(44,184)

¹⁾ The share based payment for the Board of Management for 2014 relates to the extension of warrants issued before the rules in article 450 in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) became effective.

²⁾ For the Board of Management DKK 3.069 thousand is variable remuneration.

The Group has no pension obligations towards Board of Management as pension schemes are defined contribution plans.

The Board of Management, employed at the time, participate in the 2008 warrant programme. The warrants have an exercise price of DKK 148 per share and are locked up for exercise until 30 June 2018.

Part of Board of management participates in the Saxo Bank A/S warrant programme from 2015 and have purchased warrants in the Saxo Payment A/S warrant programme. The warrants in Saxo Bank A/S have an exercise price between DKK 150-210 per share and can be exercised during the period 1 February 2020 until 28 February 2022. The warrants in Saxo Payment A/S have an exercise price of DKK 246.25 per share and can be exercised during the period 1 January 2019 until 30 July 2019.

The warrant programmes are described in note 11 Share-based payments.

NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	2015	2014
9	Staff costs and administrative expenses - continued		
	Remuneration to Board of Directors		
	Lone Fønss Schrøder (Chairman) From 20 December 2013	(2,000)	(2,000)
	Henrik Normann (Vice Chairman) From 19 May 2015	(750)	-
	Asiff Hirji From 14 April 2014	-	(2,100)
	Wikawi Oei From 16 December 2015	-	-
	Jacob Polny From 20 December 2013	-	-
	Thomas Plenborg From 6 April 2010	(1,000)	(1,000)
	Dennis Malamatinas From 15 March 2007 until 14 April 2014	-	(375)
	Karl I. Peterson From 14 December 2011 until 14 April 2014	-	-
	Sarah McPhee From 14 April 2014 until 16 December 2015	(960)	(690)
	Total remuneration to Board of Directors	(4,710)	(6,165)

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

Warrants held by the Board of Directors are described in note 11 Share-based payments.

Disclosures on remuneration in accordance to article 450 in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) are available on the Group's website www.saxobank.com/investor-relations. The disclosures are not covered by the statutory audit.

Significant risk takers

Total remuneration to significant risk takers included in Staff costs amounts to DKK 118.4 million (2014: DKK 116.8 million). The Group has 50 employees (2014: 56) with significant influence on the Group's risk profile. Employees, who are board member in several subsidiaries, are included once. Remuneration to the 50 significant risk takers (2014: 56) consist of fixed remuneration DKK 99.6 million (2014: DKK 106.1 million) and variable remuneration DKK 18.8 million (2014: DKK 10.7 million). The Group has no pension obligations towards significant risk takers as their pension schemes are defined contribution plans. Variable remuneration is determined according to the Group's remuneration policy and is based on the performance of the individual person. Risk takers in controlling functions do not receive variable remuneration. Some of the significant risk takers participate in the warrant programme described in note 11 Share-based payments.

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

		2015	2014
10	Audit fees		
	Fees for statutory audit	(3,414)	(3,594)
	Fees for assurance engagements other than audit	(903)	(1,015)
	Fees for tax advisory services	(944)	(655)
	Fees for other services	(1,622)	(1,016)
	Total audit fees	(6,883)	(6,280)

Fees related to the audit firm appointed at the annual general meeting. Audit fees are included in administrative expenses.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

11 Share-based payments

The Group has warrant programmes in Saxo Bank A/S and Saxo Payment A/S.

Warrants Saxo Bank A/S

In 2015 2,156,175 warrants with a right to subscribe for shares in Saxo Bank A/S were sold. The fair value of the warrants in 2015 was estimated to DKK 11 million. The fair value was measured using the Black-Scholes option pricing model based on the assumptions at the grant date considering time to maturity, risk-free interest rate (0.27%), volatility (25%), share price (115/140) and exercise restrictions etc. The warrants will vest over a period of 5 years. The warrants are conditional on the performance of the Group. In case of leave of a holder the warrants of said holder may be repurchased. The warrants may be exercised during 1 February 2020 until 28 February 2022. The warrants or a portion thereof that are not exercised by 28 February 2022 will be deemed forfeited without any further compensation. The fair value at grant date of these warrants after deduction of cash payment received from participants is expensed in the income statement over the vesting period from 2015 to 2019.

In 2014 390,000 warrants were sold to a consulting firm with an owner who has become a member of the Board of Directors at the fair value of DKK 2.6 million at the grant date. The warrants may be exercised during 15 March 2015 until 31 March 2017. The warrants or a portion thereof that are not exercised by 31 March 2017 will be deemed forfeited without any further compensation. The warrants are not conditional on performance or presence of the holder.

Warrants were granted in 2007 (2,156,644 warrants) and 2008 (2,849,840 warrants). The exercise price of the granted warrants is equal to the fair value on the date of granting. At the time of grant the fair value of the warrants granted in 2007 was estimated to DKK 13 million and the fair value of the warrants granted in 2008 was estimated to DKK 55 million. The fair value was measured using the Black-Scholes option pricing model based on the assumptions at the grant date considering time to maturity, risk-free interest rate (3%), volatility (20% in 2007 and 25% in 2008), and exercise restrictions etc. The warrants were conditional on the performance of the individual and of the Group and/or presence of the holders concerned. The fair value at grant date of these warrants was expensed in the income statement over the vesting period from 2007 to 2014.

The conditions for the outstanding number of warrants granted in 2007 and 2008 with expiry in 2014 have been modified. The lock-up period has been extended to 30 June 2018. The fair value of DKK 13 million of the modified warrants is calculated based on the assumptions at the date of modification considering time to maturity and risk-free interest rate (4%). The fair value was expensed and recognised as Staff costs and administrative expenses in 2014. There are no additional terms or conditions associated with the extended lock-up period.

The warrants are accounted for as equity-settled transactions.

Number of warrants	Average exercise price	Board of Directors	Board of Management	Employees	Total
Outstanding at 1 January 2014		-	1,770,000	1,230,133	3,000,133
Granted	120	390,000	-	-	390,000
Exercised	103	-	-	(19,418)	(19,418)
Expired	-	-	-	(1,159,352)	(1,159,352)
Outstanding at 31 December 2014		390,000	1,770,000	51,363	2,211,363
Granted	180	-	399,600	1,756,575	2,156,175
Outstanding at 31 December 2015	-	390,000	2,169,600	1,807,938	4,367,538

The weighted average share price at the date of exercise in 2014: DKK 115.

Out of the 4,367,538 (2014: 2,211,363) outstanding warrants as per 31 December 2015 2,382,598 warrants (2014: 1,821,363 warrants) were exercisable. Warrants exercised in 2014 resulted in 19,418 shares being issued at an exercise price of DKK 103 each.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

11 Share-based payments - continued

2015	Exercise price	Expiry date	Exercise period	2015	2014
Warrants issued in 2007	103	2018	2018	51,363	51,363
Warrants issued in 2008	148	2018	2018	1,770,000	1,770,000
Warrants issued in 2014	120	2017	2015	130,000	130,000
Warrants issued in 2014	120	2017	2016	130,000	130,000
Warrants issued in 2014	120	2017	2017	130,000	130,000
Warrants issued in 2015	150	2022	2020-2022	718,725	-
Warrants issued in 2015	180	2022	2020-2022	718,725	-
Warrants issued in 2015	210	2022	2020-2022	718,725	-
Total warrants outstanding				4,367,538	2,211,363

Warrants Saxo Payments A/S

Warrants with a right to subscribe for shares in Saxo Payments A/S were granted or sold in 2015 (65,571 warrants) and in 2014 (50,000 warrants). At the time of grant the fair value of the warrants granted in 2015 was estimated to DKK 3 million. The fair value of warrants in 2015 was measured using the Black-Scholes option pricing model based on the assumptions at the grant date considering time to maturity, risk-free interest rate (2%), volatility (25%), share price (246.25) and exercise restrictions etc. The warrants in 2014 were sold at fair value of DKK 0.3 million.

The warrants are conditional on performance of Saxo Payment A/S and presence of the holders concerned, unless terminated without cause. The warrants may be exercised during 1 January 2019 until 30 June 2019. The warrants or a portion thereof that are not exercised by 30 June 2019 will be deemed forfeited without any further compensation. The fair value at grant date after deduction of cash payment received from participants is expensed in the income statement during the period from 2015 to 2016.

The warrants are accounted for as equity-settled transactions.

2015	Exercise price	Expiry date	Exercise period	2015	2014
Warrants issued in 2014	72.00	2019	2019	50,000	50,000
Warrants issued in 2015	246.25	2019	2019	65,571	-
Total warrants outstanding	-	-	-	115,571	50,000

Out of the 115,571 (2014: 50,000) outstanding warrants as per 31 December 0 warrants (2014: 0 warrants) were exercisable.

Board of Management in Saxo Bank A/S holds 3,333 of the warrants in Saxo Payments A/S. The remaining warrants are granted or sold to Board of Directors, Board of Management and employees in Saxo Payments A/S.

No warrants have been forfeited, exercised or expired in 2015 or 2014.

Expense in income statement

In total DKK 10 million regarding warrants was recognised as Staff cost and administrative expenses (2014: DKK 13 million) with a corresponding increase in equity. Consideration received for warrants sold is recognised directly in equity.

NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	2015	2014
12	Impairment charges for receivables, loans, advances etc.		
	Loans and advances	(42,240)	(54,826)
	Reversal of impairment from previous years	1,852	53,081
	Total impairment charges for receivables, loans, advances etc.	(40,388)	(1,745)
13	Income tax		
	Reconciliation of effective tax rate		
	Profit before tax	(778,361)	564,758
	Tax using the Danish tax rate 23.5% (2014: 24.5%) including CFC tax	182,915	(138,366)
	Effect of tax rates in foreign jurisdictions different from 23.5%	(11,105)	(6,153)
	Changes in deferred tax from change in tax rate (2016: 22%)	(7,238)	1,750
	Non tax-deductible expenses	(29,500)	(18,238)
	Tax-exempt income	11,246	1,919
	Impairment	(1,627)	-
	Effect of unrecognised tax loss current year	-	(120)
	Recognition of previously unrecognised tax losses	-	3,159
	Non exempted withholding tax for the year and previous years	(6,005)	(2,740)
	Effect of tax on income from associates	(12,478)	(18,149)
	Adjustments to tax previous years	7,514	(6,596)
	Total income tax recognised in income statement	133,722	(183,534)
	Effective tax rate	17.2%	32.5%

2015	Income statement	Other comprehensive income	Directly in equity	Total
Current tax	(41,255)	-	-	(41,255)
Changes in deferred tax for the year	180,706	11,535	7,671	199,912
Changes in deferred tax from change in tax rate	(7,238)	-	-	(7,238)
Non exempted withholding tax	(6,005)	-	-	(6,005)
Adjustment to previous years	7,514	-	-	7,514
Total	133,722	11,535	7,671	152,928

2014	Income statement	Other comprehensive income	Directly in equity	Total
Current tax	(100,816)	19,392	755	(80,669)
Changes in deferred tax for the year	(75,132)	3,628	-	(71,504)
Changes in deferred tax from change in tax rate	1,750	-	-	1,750
Non exempted withholding tax	(2,740)	-	-	(2,740)
Adjustment to previous years	(6,596)	-	-	(6,596)
Total	(183,534)	23,020	755	(159,759)

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

13 Income tax - continued

Tax recognised in Other comprehensive income

2015	Before tax	Tax	Net of tax
Exchange rate adjustments	125,149	-	125,149
Fair value adjustment of cash flow hedges	10,943	(2,695)	8,248
Hedge of net investments in foreign entities	(63,118)	14,833	(48,285)
Actuarial losses	3,259	(603)	2,656
Other comprehensive income from associates and joint ventures, net of tax	13	-	13
Total	76,246	11,535	87,781

2014	Before tax	Tax	Net of tax
Exchange rate adjustments	69,470	-	69,470
Fair value adjustment of cash flow hedges	(30,142)	7,257	(22,885)
Hedge of net investments in foreign entities	(50,096)	12,276	(37,820)
Revaluation of domicile properties	597	(141)	456
Actuarial losses	(19,135)	3,628	(15,507)
Other comprehensive income from associates and joint ventures, net of tax	(117)	-	(117)
Total	(29,423)	23,020	(6,403)

Deferred tax assets and deferred tax liabilities	2015	2014
Deferred tax at 1 January, net	(142,242)	(75,271)
Change in deferred tax for the year	199,912	(71,504)
Change in deferred tax from change in tax rate	(7,238)	1,750
Adjustments to previous years	2,249	1,758
Exchange rate adjustments	2,031	1,025
Deferred tax at 31 December, net	54,712	(142,242)

	Deferred tax assets		Deferred tax liabilities		Total deferred tax	
	2015	2014	2015	2014	2015	2014
Intangible assets	(124,186)	2,905	-	(172,448)	(124,186)	(169,543)
Tangible assets	3,495	203	-	(1,507)	3,495	(1,304)
Tax losses carried forward	123,264	10,930	-	-	123,264	10,930
Provisions	53,538	6,907	(1,400)	10,768	52,138	17,675
Total	56,111	20,945	(1,400)	(163,187)	54,711	(142,242)

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

Deferred tax assets DKK 123 million are recognised for tax losses carried forward only to the extent that the realisation of the related benefit is probable.

Unrecognised tax asset amount to DKK 1 million (2014: DKK 1 million). These relate to tax losses which are not expected to be utilised in the foreseeable future. The unrecognised tax assets do not expire.

NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	2015	2014
14	Receivables from credit institutions and central banks		
	Demand deposits	1,634,915	2,589,833
	Within 3 months	95,785	52,672
	From 3 -12 months	5,124	4,729
	From 1-5 years	-	685
	Total receivables from credit institutions and central banks	1,735,824	2,647,919
	Amounts with original maturity less than 3 months DKK 1.73 billion (2014: DKK 2.64 billion) are included in the cash flow statement under Cash and cash equivalents.		
15	Trading assets and liabilities		
	Listed bonds	19,076,397	17,554,304
	Derivative financial instruments with positive fair value	5,230,430	8,857,923
	Other securities (unlisted)	4,762	4,272
	Total trading assets	24,311,589	26,416,499
	At 31 December 2015 DKK 2,443 million (2014: DKK 1,365 million) of trading assets are expected to be recovered more than 12 months after the reporting date.		
	Derivative financial instruments with negative fair value	2,536,624	7,057,018
	Total trading liabilities	2,536,624	7,057,018
	At 31 December 2015 DKK 0 million (2014: DKK 0 million) of trading liabilities are expected to be settled more than 12 months after the reporting date.		

NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	2015	2014
16	Loans and advances at amortised cost		
	Trading clients	38,924	67,843
	Lending clients	1,754,098	1,766,463
	Total loans and advances at amortised cost	1,793,022	1,834,306
	Demand deposits	268,967	312,471
	Within 3 months	136,957	27,642
	From 3 - 12 months	273,832	249,479
	From 1 - 5 years	395,891	456,403
	More than 5 years	717,375	788,311
	Total loans and advances at amortised cost	1,793,022	1,834,306
17	Investment securities		
	Unlisted equities	39,287	39,195
	Total investment securities	39,287	39,195

At 31 December 2015 DKK 39 million (2014: DKK 39 million) of investment securities are expected to be recovered more than 12 months after the reporting date

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

18 Intangible assets

2015	Goodwill	Software under development	Software developed	Software purchased	Client relationships	Other	Total
Cost at 1 January	972,083	19,875	1,966,094	112,783	72,203	10,008	3,153,046
Additions	-	217,871	-	5,760	-	-	223,631
Additions from internal development	-	(213,517)	213,517	-	-	-	-
Disposals	-	-	(49)	(296)	-	-	(345)
Exchange rate adjustments	59,241	-	(17)	809	2,661	(1,057)	61,637
Cost at 31 December	1,031,324	24,229	2,179,545	119,056	74,864	8,951	3,437,969
Amortisation and impairment at 1 January	(25,000)	-	(1,111,587)	(85,064)	(60,304)	(8)	(1,281,963)
Amortisation	-	-	(319,546)	(13,783)	(2,040)	(1)	(335,370)
Impairment losses ¹⁾	(54,849)	-	(84,342)	(149)	-	-	(139,340)
Disposals	-	-	49	296	-	-	345
Exchange rate adjustments	-	-	15	(682)	(2,661)	(1)	(3,329)
Amortisation and impairment at 31 December	(79,849)	-	(1,515,411)	(99,382)	(65,005)	(10)	(1,759,657)
Carrying amount at 31 December	951,475	24,229	664,134	19,674	9,859	8,941	1,678,312

¹⁾ For details of impairment losses, see note 19 Impairment test

In 2015, the Group expensed DKK 7.6 million for development projects, primarily planning costs.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

18 Intangible assets

2014	Goodwill	Software under development	Software developed	Software purchased	Client relationships	Other	Total
Cost at 1 January	957,492	139,865	1,581,362	151,383	71,742	9,600	2,911,444
Additions	-	266,582	-	16,655	-	-	283,237
Additions from internal development	-	(385,892)	385,892	-	-	-	-
Disposals	-	(652)	(1,160)	(55,439)	-	-	(57,251)
Exchange rate adjustments	14,591	(28)	-	184	461	408	15,616
Cost at 31 December	972,083	19,875	1,966,094	112,783	72,203	10,008	3,153,046
Amortisation and impairment at 1 January	-	-	(837,591)	(107,192)	(55,421)	(7)	(1,000,211)
Amortisation	-	-	(275,073)	(33,046)	(4,435)	(1)	(312,555)
Impairment losses ¹⁾	(25,000)	-	-	-	-	-	(25,000)
Disposals	-	-	1,160	55,330	-	-	56,490
Exchange rate adjustments	-	-	(83)	(158)	(448)	-	(689)
Amortisation and impairment at 31 December	(25,000)	-	(1,111,587)	(85,064)	(60,304)	(8)	(1,281,963)
Carrying amount at 31 December	947,083	19,875	854,507	27,719	11,899	10,000	1,871,083

¹⁾ For details of impairment losses, see note 19 Impairment test

In 2014, the Group expensed DKK 8.6 million for development projects, primarily planning costs.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

19 Impairment test

Goodwill

Goodwill is tested for impairment if indication of impairment exists or at least once a year. For the purpose of the impairment test, goodwill acquired in a business combination is allocated to cash generating units (CGU) which are the smallest identifiable groups of assets that generate cash inflows largely independent of the cash inflows from other assets or activities.

The impairment tests compare the carrying amount and the estimated expected future cash flows. The special debt structure of financial institutions requires the use of the discounted dividend model to calculate the present value of future cash flows. For non-financial CGU's a discounted cash flow model is applied. The recoverable amount of each CGU is determined on the basis of its value in use.

For each CGU for which the goodwill is significant in comparison with the Group's total carrying amount of goodwill key assumptions applied in the impairment tests are presented below.

	Carrying amount goodwill	Growth in terminal period	Discount rate, post tax	Discount rate, pre tax
2015				
Saxo Bank (Switzerland) AG ¹⁾	379,232	0.61%	6.90%	9.02%
Saxo Privatbank A/S	245,681	1.98%	8.50%	9.71%
Other ¹⁾	326,562	-	-	-
Total	951,475			
2014				
Saxo Bank Switzerland AG	569,439	0.67%	6.90%	8.89%
Saxo Privatbank A/S	245,681	2.05%	8.00%	9.15%
Banco Best S.A. ²⁾	55,522	2.45%	11.70%	14.77%
Other	131,964	-	-	-
Total	1,002,606			

¹⁾ Part of goodwill in total DKK 182 million related to the investment in Saxo Bank (Switzerland) AG is as from 1 January 2015 reallocated to respectively the business in Saxo Capital Markets UK Ltd. with DKK 124 million and Saxo Bank A/S with DKK 58 million due to reorganisation within the Group.

²⁾ Goodwill related to associates DKK 0 million (2014: 55.5 million) is recognised in carrying amount of investments in associates.

The cash flow projections are based on earnings estimates for each of the CGUs for a 5-year forecast period. The management approved Anchor Forecast for 2016 are applied for the first year of the forecast period, and for entities with normalised earnings a growth rate of 1% in year 2-5 is applied for both revenue and cost. For entities where earnings are not considered to be at a normalised level in 2016, the estimated earnings from 2016 onwards are projected on the basis of business plans.

For the terminal period the long-term growth rate is determined on the basis of forecast GDP rates in the country in which the CGU operates.

The estimated dividend flow/cash flow is discounted at a post-tax CGU specific discount rate. The CGU specific discount rate, which is calculated net of tax, are generally based on a 10 year government bond of the respective countries in which the CGU is located.

Impairment test results 2015

The impairment tests in 2015 resulted in recognition of total impairment losses of DKK 115 million on goodwill and customer contracts.

DKK 50 million relates to the investment in Saxo Bank (Switzerland) AG, mainly attributable to an increase in the carrying amount of goodwill due to the significant increase in the Swiss franc in 2015 and increase in local regulatory capital requirement. The recoverable amount of goodwill is DKK 379 million as of December 31 2015 based on value in use calculation. A discount rate of 6.9% was applied.

In June 2015 an impairment loss of DKK 60 million was recognised on goodwill and customer contracts related to the investment in Banco Best S.A. Saxo Bank (25% ownership). The impairment loss was due to continuous uncertainties related to the future structure and earnings of the company and accordingly an increase in discount rate. The impairment loss is recognised in the income statement under Income from associates and joint ventures. The investment (25% ownership) is divested in November 2015 and no further impairment loss was recognised.

Furthermore an impairment loss of DKK 5 million was recognised on goodwill related to Saxo Capital Markets CY Limited. The impairment loss was attributable to wind-up of the company. Following the impairment no goodwill remains related to the investment.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

19 Impairment test - continued

Impairment test results 2014

The impairment tests in 2014 resulted in recognition of total impairment losses of DKK 111 million on goodwill.

DKK 75 million related to the investment in Banco Best S.A. where Saxo Bank held a 25% ownership in the company. Due to accounting irregularities and a negative financial situation in Banco Espírito Santo, S.A. who held the 75% shares in Banco Best S.A. an intervention was made by the Banco de Portugal. The healthy business and assets of Banco Espírito Santo, S.A. were in 2014 transferred to Novo Banco. The transfer of assets included Banco Espírito Santo, S.A.'s 75% ownership in Banco Best S.A. Consequently, 75% of Banco Best was owned by Novo Banco. The impairment loss was mainly attributable to uncertainties related to net profit in the period over which the net profit was expected to normalise. The recoverable amount was DKK 56 million 31 December 2014 based on value in use. A discount rate of 11.7% was applied.

Furthermore, an impairment loss of DKK 25 million was recognised on goodwill attributable to uncertainties related to future net profit in none significant entities within the Group. The recoverable amount was DKK 5 million 31 December 2014 based on value in use. Discount rates applied was in the range 11.5%-14.9%.

In June 2014 an impairment loss of DKK 11 million was recognised on goodwill related to the investment in Leverate Technological Trading Ltd. The impairment loss was attributable to indications of a net recoverable amount below carrying amount. The investment (25% ownership) was divested in December 2014 and no further impairment loss was recognised.

Key assumptions

Following the impairment loss of DKK 50 million on the investment in Saxo (Switzerland) AG there is no excess value as the carrying amount of the investment is written down to the recoverable amount. The carrying amount of goodwill is as at 31 December DKK 379 million. The carrying amount of goodwill related to Saxo Bank (Switzerland) AG represents 40% (2014: 57%) of the total goodwill.

The net profit for 2015 for Saxo (Switzerland) AG was negatively affected by the Swiss event, note 2 provides further details on the Swiss event. In the impairment test an annual revenue growth of 7% year on year for 2016-2020 compared to the revenue for 2015 (adjusted for the affect of the Swiss event) and the cost as in the Anchor Forecast for 2016 with a growth of 2.0% year on year for 2017-2020 is applied. In the terminal period a growth rate of 0.6% is applied. A sensitivity analysis shows that if the growth in revenue for 2016 decline to 6% it would indicate an additional impairment of DKK 13 million or if the discount rate post tax increase from 6.9% to 7.4% it would indicate an additional impairment of DKK 55 million all other things being equal.

The carrying amount of goodwill related to Saxo Privatbank A/S represents 26% (2014: 25%) of the total goodwill. The cash flow projections for Saxo Privatbank A/S are based on a 7 year forecast period, as the growth projected in the business plan is expected to normalise beyond 5 years. However, if a forecast period of 5 years was applied, the calculated recoverable amount still exceeds the carrying amount.

An improvement in net profit is expected for Saxo Privatbank A/S for 2016. The expected development is primarily due to increase in Assets under management, effect of new branches, increase in interest income and a steady cost base. The expected growth in revenue for 2016 is approximately 10%. For the period 2016-2022 the net profit is expected to increase in average 6% year on year, with a decreasing percentage. A sensitivity analysis has been performed and if the estimated growth in net profit for the period 2016-2022 only reaches 85% of the expected growth in net profit each year, the recoverable amount still exceeds the carrying amount of the investment. In the terminal period a growth rate of 1.98% is applied. A sensitivity analysis shows that if the growth rate in the terminal period decline from 1.98% to negative growth of 1.2% (2014: from 2.1% to negative 3.5%), or the discount rate post tax increase from 8.5% to 10.5% (2014: from 8.0% to 11.3%) the excess value would be zero.

Except for Saxo Bank (Switzerland) AG management assess that no reasonable possible change in one of the key assumptions above, on which management has based its determination of the recoverable amount of goodwill, would cause recognition of an impairment loss. However the key assumptions may change as market conditions or the regulatory environment change.

Intangible assets other than goodwill and property, plant and equipment

Other intangible assets than goodwill and property, plant and equipment are tested if there are indications of impairment.

In 2015 impairment losses of DKK 84 million (2014: DKK 0 million) was recognised, related to a number of investments in software due to change in future use and uncertainties related to future economic benefit. The recoverable amount of the impaired software was DKK 0 million.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

20 Tangible assets

2015	Domicile properties	Leasehold improvements	Fixtures, equipment and vehicles	IT equipment	Total
Cost or valuation at 1 January	768,924	125,030	143,157	275,949	1,313,060
Additions	1,365	6,166	3,211	24,847	35,589
Disposals	-	(1,667)	(14,876)	(13,652)	(30,195)
Transfers	(10,820)	340	(228)	228	(10,480)
Exchange rate adjustments	-	3,923	3,044	2,805	9,772
Cost or valuation at 31 December	759,469	133,792	134,308	290,177	1,317,746
Depreciation and impairment losses at 1 January	(36,438)	(103,301)	(97,373)	(239,783)	(476,895)
Depreciation	(11,674)	(10,920)	(11,752)	(25,943)	(60,289)
Impairment	-	-	-	(137)	(137)
Disposals	-	1,180	13,083	13,601	27,864
Transfer	4,844	-	138	(138)	4,844
Exchange rate adjustments	-	(3,707)	(2,578)	(2,293)	(8,578)
Depreciation and impairment at 31 December	(43,268)	(116,748)	(98,482)	(254,693)	(513,191)
Carrying amount at 31 December	716,201	17,044	35,826	35,484	804,555

The fair value of the Group's domicile properties rely substantially on non-observable input. The domicile properties are measured by applying an asset return model. The key input in the asset return model is the rate of return and market rent. The applied rate of return is determined on the basis of its location, potential use, condition and terms of lease. Fair value decreases with DKK 59.7 million (2014: 61.1 million) if the rate of return increases with 0.5 percentage point.

At 31 December 2015 the fair value of the domicile properties was determined. No fair value adjustment was recognised in 2015 or 2014. No independent valuer has been involved.

	2015	2014
Domicile properties		
Rate of return applied in the fair value calculation	5.05%	5.14%
Carrying amount if the domicile properties were carried under the cost method	646,338	660,393

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

20 Tangible assets

2014	Domicile properties	Leasehold improvements	Fixtures, equipment and vehicles	IT equipment	Total
Cost or valuation at 1 January	768,325	122,372	141,218	258,302	1,290,217
Revaluation	600	-	-	-	600
Additions	-	956	5,181	16,944	23,081
Disposals	-	(505)	(4,893)	(1,281)	(6,679)
Exchange rate adjustments	-	2,207	1,651	1,985	5,843
Cost or valuation at 31 December	768,925	125,030	143,157	275,950	1,313,062
Depreciation and impairment losses at 1 January	(23,841)	(90,064)	(87,393)	(198,158)	(399,456)
Depreciation	(11,732)	(12,084)	(12,222)	(41,464)	(77,502)
Impairment	(865)	-	-	-	(865)
Disposals	-	450	3,166	1,244	4,860
Exchange rate adjustments	-	(1,604)	(924)	(1,404)	(3,932)
Depreciation and impairment at 31 December	(36,438)	(103,302)	(97,373)	(239,782)	(476,895)
Carrying amount at 31 December	732,487	21,728	45,784	36,168	836,167

NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	2015	2014
21	Debt to credit institutions and central banks		
	Debt on demand	2,442,115	1,716,785
	Within 3 months	1,390	1,332
	From 3 - 12 months	4,080	12,193
	From 1 - 5 years	114,658	90,435
	More than 5 years	245,238	275,454
	Total debt to credit institutions and central banks	2,807,481	2,096,199
22	Deposits		
	Deposits	21,805,030	20,365,981
	Term deposits	141,805	55,607
	Time deposits	16,631	13,794
	Special deposits	771,167	819,671
	Total debt to credit institutions and central banks	22,734,633	21,255,053
	Deposits on demand	21,738,855	20,428,937
	Within 3 months	300,764	79,591
	From 3 - 12 months	11,662	9,792
	From 1 - 5 years	65,164	71,204
	More than 5 years	618,188	665,529
	Total deposits	22,734,633	21,255,053

Deposits on demand included DKK 3,481 million (2014: DKK 3,644 million) required by the Group as collateral for unrealised client trading positions as at 31 December, see note 30 Offsetting financial assets and liabilities.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

23 Pension and similar obligations

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

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

	2015	2014
Defined benefit plans are recognised in the statement of financial position as follows:		
Present value of defined benefit obligations	62,311	88,152
Fair value of plan assets	(42,632)	(69,590)
Net obligation recognised	19,679	18,562
Plan assets consist of the following:		
Equities securities	27.02%	26.01%
Debt securities	41.19%	47.59%
Properties	11.03%	10.51%
Other	20.76%	15.89%
Total	100.00%	100.00%
Actuarial assumptions		
Discount rate	0.75%	1.50%
Expected return on plan assets	0.75%	1.50%
Future salary increases	1.00%	1.00%

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

The Group expects to pay DKK 3.9 million in contribution to defined benefit plans during 2016 (2015: DKK 3.7 million).

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

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

24 Provisions

2015	Total
Provisions at 1 January	60,542
Additional provisions recognised	99,230
Used during the year	(27,871)
Reversal of unused provisions	(2,427)
Exchange rate adjustments	262
Provisions at 31 December	129,736

At 31 December 2015 DKK 83,6 million (2014: DKK 31 million) of provisions are expected to be settled more than 12 months after the reporting date.

The provision comprises litigations, claims and restructuring costs including costs for reorganisation of the Group's operations as well as various other obligations incurred in the normal course of business such as provision for onerous contracts etc.

NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	2015	2014
26	Share Capital		
	Number of shares outstanding		
	Shares issued at 1 January	66,618,481	66,599,063
	Shares issued during the year	1,665,462	19,418
	Total shares issued at 31 December	68,283,943	66,618,481
	Holding of treasury shares	67,706	125,380
	Total shares outstanding at 31 December	68,216,237	66,493,101

At 31 December 2015 a total of 68,283,943 (2014: 66,618,481) shares with a nominal value of DKK 1 per share are issued and fully paid. No shares carry special rights.

In 2015, 1,665,462 ordinary shares were issued with a total proceed net of transaction costs of DKK 228 million. Share capital increased with DKK 1.7 million and a share premium of DKK 226.3 million has been recognised in the retained earnings in Equity.

Holding of treasury shares	Number of shares	Nominal value DKK	Percentage of ordinary shares	Sales/purchase price DKK (1,000)
At 1 January 2014 and 31 December 2014	125,380	125,380	0.19%	
Purchased	1,162,382	1,162,382	1.75%	159,498
Sold	(1,220,056)	(1,220,056)	-1.83%	169,939
Holding at 31 December 2015	67,706	67,706	0.10%	

The treasury shares acquired during 2015 is due to the exchange of shares when divesting Saxo Bank A/S' 25% ownership in Banco Best S.A. Remaining treasury shares are planned to be part of employees incentive schemes.

No dividend has been declared and paid to shareholders of Saxo Bank A/S in 2015 or 2014.

Additional tier 1 capital

In 2014, Saxo Bank A/S issued for EUR 45.0 million (DKK 335 million) Perpetual Fixed Rate Resettable Additional tier 1 Capital notes. The notes are perpetual securities and have no fixed date for redemption. Initial rate of interest is 9.75% per annum. Redemption is capped at a rate of 100.

Saxo Bank A/S may, at its sole discretion, omit interest and principal payments to bond holders. Any interests must be paid out of distributable items in Saxo Bank Group and Saxo Bank A/S. The additional tier 1 capital will be written down if the common equity tier 1 ratio falls below 7% for Saxo Bank Group or Saxo Bank A/S. At 31 December 2015 the common equity tier 1 ratio was 14.8% (2014: 16.0%) for Saxo Bank Group and 19.0% (2014: 17.6%) for Saxo Bank A/S. The ratios are disclosed in Statement of Total Capital.

As at December 2015, the Tier 1 Capital notes including carrying interests included in equity amount to DKK 346 million (2014: DKK 338 million).

The issue is classified as an equity instrument and equity increased at the time of issue by the net proceeds received. Interest paid to the bond holders reduces equity at the time of payment and does not affect net profit. If capital is repaid, equity will be reduced by the repaid amount at the time of redemption. The capital issued is included in Tier 1 capital in the Statement of Total Capital.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

27 Contractual due dates of financial liabilities

The following table analyses the contractual cash flows payable for the Group's financial liabilities including issued guarantees and other unutilised commitments by remaining, earliest possible contractual maturities on an undiscounted basis. Interest payments are based on market conditions at 31 December. Cash flows are expected to vary significantly from this analysis e.g. deposits as clients are required to maintain certain levels of deposits with the Group. Cash flows from issued bonds at amortised cost and subordinated debt are based on interest rates currently valid from 31 December 2015.

The financial liabilities balances in the table will not agree to the balances reported in the consolidated statement of financial position as it incorporates all contractual cashflows, on an undiscounted basis, relating to both principal and interest payments.

2015	On demand	Within 3 month	From 3-12 month	From 1-5 years	More than 5 years	Total
Debt to credit institutions and central banks	2,442,114	2,581	15,487	174,060	345,563	2,979,805
Deposits	21,738,855	300,956	11,704	66,195	653,993	22,771,703
Subordinated debt	-	15,193	45,579	568,463	555,943	1,185,178
Total financial liabilities	24,180,969	318,730	72,770	808,718	1,555,499	26,936,686
Guarantees	297,858	149,396	199,873	129,355	309,466	1,085,948
Loan commitments etc.	346,805	766,114	-	-	-	1,112,919
Total	24,825,632	1,234,240	272,643	938,073	1,864,965	29,135,553

2014	On demand	Within 3 month	From 3-12 month	From 1-5 years	More than 5 years	Total
Debt to credit institutions and central banks	1,716,784	2,005	14,164	98,971	282,891	2,114,815
Deposits	20,428,937	79,701	9,866	73,687	768,010	21,360,201
Subordinated debt	-	228,975	8,071	43,043	339,617	619,706
Total financial liabilities	22,145,721	310,681	32,101	215,701	1,390,518	24,094,722
Guarantees	95,771	64,936	62,808	56,789	206,158	486,462
Loan commitments etc.	365,604	598,049	-	-	-	963,653
Total	22,607,096	973,666	94,909	272,490	1,596,676	25,544,837

Derivative financial instruments notional and net fair value is specified by maturity in the Risk Management section on page 103 and 104. Most of the derivative financial instruments are short term and management believes that the net fair value best represents the cash flow that would have to be paid if positions had to be stopped out.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

28 Acquisition and divestment of businesses

Acquisitions and divestments

No acquisitions or divestments have been completed in 2015 or 2014.

In 2015 Saxo Bank A/S recognised DKK 7.7 million (2014: DKK 0 million) in Other income due to adjustments at settlement of earn-outs related to divestments previous years.

Note 37 provides information on divestment of associates.

	2015	2014
29 Transactions with non-controlling interests		
Paid/received	(1,865)	10,052
Proportionate share of equity acquired/disposed of	931	(5,694)
Other changes in proportionate share of equity due to other capital movements	(259)	85
Difference recognised directly in equity	(1,193)	4,443

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

30 Offsetting financial assets and liabilities

2015	Gross amount	Offsetting	Net amount presented in the statement of financial position	Master netting agreements and similar agreements	Cash collateral	Financial collateral	Net amount
Financial assets							
Derivatives with positive fair value ¹⁾	5,230,430	-	5,230,430	(1,570,872)	(3,481,077)	(100,180)	78,301
Total	5,230,430	-	5,230,430	(1,570,872)	(3,481,077)	(100,180)	78,301
Financial liabilities							
Derivatives with negative fair value ¹⁾	2,536,624	-	2,536,624	(1,570,872)	-	(197,798)	767,954
Interest swaps ²⁾	79,844	-	79,844	-	-	(79,844)	-
Total	2,616,468	-	2,616,468	(1,570,872)	-	(277,642)	767,954
2014							
Financial assets							
Derivatives with positive fair value ¹⁾	8,857,923	-	8,857,923	(5,023,694)	(3,643,927)	(110,006)	80,296
Total	8,857,923	-	8,857,923	(5,023,694)	(3,643,927)	(110,006)	80,296
Financial liabilities							
Derivatives with negative fair value ¹⁾	7,057,018	-	7,057,018	(5,023,694)	-	(755,343)	1,277,981
Interest swaps ²⁾	91,313	-	91,313	-	(17,681)	(48,397)	25,235
Total	7,148,331	-	7,148,331	(5,023,694)	(17,681)	(803,740)	1,303,216

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

²⁾ Recognised as Other liabilities in statement of financial position

Cash collateral received is recognised in Deposits in the statement of financial position, see note 22. Cash and financial collateral provided is part of assets deposited as collateral in note 36.

Assets and liabilities are offset when the Group and the counterparty have a legally enforceable right to offset recognised amounts and have agreed to settle the balances on a net basis or to realise the asset and settle the liability simultaneously. Master netting agreements or similar agreements give the right to additional offset in the event of default. Such agreements reduce the exposure further in the event of default, but do not qualify for offsetting.

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

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

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

31 Accounting classification and valuation of financial instruments

The accounting classification can be specified as follows:

	Fair value through profit and loss		Amortised cost		Total carrying amount
	Held for trading	Designated	Loans and advances	Liabilities	
2015					
Financial assets					
Cash in hand and demand deposits with central banks	-	-	2,808,010	-	2,808,010
Receivables from credit institutions and central banks	-	-	1,735,824	-	1,735,824
Trading assets	24,311,589	-	-	-	24,311,589
Loans and advances at amortised cost	-	-	1,793,022	-	1,793,022
Investment securities	-	39,287	-	-	39,287
Financial liabilities					
Debt to credit institutions and central banks	-	-	-	2,807,481	2,807,481
Trading liabilities	2,536,624	-	-	-	2,536,624
Deposits	-	-	-	22,734,633	22,734,633
Subordinated debt	-	-	-	674,070	674,070

	Fair value through profit and loss		Amortised cost		Total carrying amount
	Held for trading	Designated	Loans and advances	Liabilities	
2014					
Financial assets					
Cash in hand and demand deposits with central banks	-	-	1,900,572	-	1,900,572
Receivables from credit institutions and central banks	-	-	2,647,919	-	2,647,919
Trading assets	26,416,499	-	-	-	26,416,499
Loans and advances at amortised cost	-	-	1,834,306	-	1,834,306
Investment securities	-	39,195	-	-	39,195
Financial liabilities					
Debt to credit institutions and central banks	-	-	-	2,096,199	2,096,199
Trading liabilities	7,057,018	-	-	-	7,057,018
Deposits	-	-	-	21,255,053	21,255,053
Subordinated debt	-	-	-	542,743	542,743

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

31 Accounting classification and valuation of financial instruments - continued

Fair value hierarchy for financial instruments

	Quoted market price - Level 1	Observable input - Level 2	Non- observable input - Level 3	Total fair value	Total carrying amount
2015					
Financial assets ¹⁾					
Trading portfolio bonds	19,076,398	-	-	19,076,398	19,076,398
Trading portfolio equities	1,762	-	3,000	4,762	4,762
Derivative financial instruments with positive value	2,090,167	2,857,590	282,672	5,230,430	5,230,430
Loans and advances at amortised cost	-	-	1,751,095	1,751,095	1,793,022
Investment securities	-	-	39,287	39,287	39,287
Financial liabilities					
Derivative financial instruments with negative value	1,302,335	1,234,289	-	2,536,624	2,536,624
Subordinated debt	-	-	606,362	606,362	674,070
2014					
Financial assets ¹⁾					
Trading portfolio bonds	17,554,304	-	400	17,554,704	17,554,704
Trading portfolio equities	965	-	2,907	3,872	3,872
Derivative financial instruments with positive value	2,473,632	6,021,647	362,644	8,857,923	8,857,923
Loans and advances at amortised cost	-	-	1,805,616	1,805,616	1,834,306
Investment securities	-	-	39,195	39,195	39,195
Financial liabilities					
Derivative financial instruments with negative value	1,739,982	5,317,036	-	7,057,018	7,057,018
Subordinated debt	-	-	477,347	477,347	542,743

¹⁾ Trading portfolio bonds, equities and derivatives are presented in the statement of financial position as Trading assets and Trading liabilities, note 15.

Financial instruments measured at fair value

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices. Listed bonds, listed equities, futures, ETO's and CFD single equities are measured based on quoted prices (level 1).

If quoted prices for financial instruments fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established using interbank quoted prices or valuation techniques. Interbank quoted prices are generally provided by several other financial institutions. The Group applies valuation techniques for FX instruments. Valuation techniques used are different option pricing models. In most cases the valuation is substantially based on observable input, such as interbank quoted prices and implied volatility (level 2).

Fair value for CFD contracts with clients where credit value adjustments are made is established by using the same valuation techniques as for level 2. This fair value is adjusted for credit value adjustment based on the client's worthiness. Investment securities are primarily measured based on third party pricing information (level 3).

The Group has an ongoing process of assessing the best valuation technique and changes in the valuation process are implemented when relevant. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

31 Accounting classification and valuation of financial instruments - continued

Financial instruments measured at amortised cost

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

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

For subordinated loans an estimate of the current return required by the market is applied to measure the fair value. Transfers between levels of the fair value hierarchy are recognised as of the end of the reporting period during which the changes have occurred.

Financial instruments measured at fair value categorised into level 3 of the fair value hierarchy

	2015	2014
Fair value at 1 January	405,146	440,514
Additions	5,357	3,013
Additions transferred from level 1	-	124,226
Disposals	(40,471)	(26,837)
Gains and losses recognised in income statement:	-	-
Fair value adjustments realised	498	2,919
Fair value adjustments unrealised	(45,571)	(138,689)
Fair value at 31 December	324,959	405,146

The fair value adjustments through income statement are recognised in Price and exchange rate adjustments. Transfer into level 3 in 2014 (DKK 124.2 million) are open CFD contracts with clients with insufficient collateral. The CFD contracts with clients with insufficient collateral are subject to credit value adjustment.

At 31 December 2015, financial assets valued on the basis of non-observable input comprise:

- Client's open CFD contracts in level 3 after credit value adjustment amounts to DKK 283 million (31 December 2014: DKK 363 million). The accumulated unobservable credit value adjustment is DKK 444 million (31 December 2014: DKK 386 million). The credit value adjustment may change with DKK 0/+444 million, if the client's creditworthiness is better than estimated at 31 December 2015. Collateral consist primarily of cash in foreign currency.
- Investment securities DKK 39.3 million (31 December 2014: DKK 39.2 million).

A 20% increase or decrease in the fair value of investment securities measured based on non-observable input would result in a gain or loss of DKK 7.86 million (31 December 2014: DKK 8.5 million).

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

32 Hedge accounting

Hedge of net investments

The Group hedges the exchange rate risk of net investments in certain foreign entities net of goodwill by establishing hedge relationship 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 entities' expected income or future transactions.

At 31 December 2015 the carrying amount of net investments in entities hedged amounted to DKK 1,282.7 million (2014: DKK 1,328.8 million) and the corresponding fair value of the hedging instrument amounted to DKK 1,272.7 million (2014: DKK 1,329.2 million).

Cash flow hedge

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. At 31 December 2015, the carrying amount of mortgage hedged amounted to DKK 336 million (2014: DKK 348 million) and the fair value of the hedging instruments amounted to DKK 80 million and nominal value DKK 336 million (2014: DKK 91 million and the nominal value DKK 348 million).

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

	2015	2014
Cash inflows		
Within 1 year	-	2,644
1-5 years	1,450	8,536
Over 5 years	1,422	7,436
Cash outflows		
Within 1 year	(16,130)	(16,610)
1-5 years	(53,150)	(57,228)
Over 5 years	(46,662)	(58,928)

During 2015 losses of DKK 14.5 million (2014: DKK 13.9 million) relating to cash flow hedge were transferred from equity to profit and loss and are reflected in interest expense. At 31 December 2015 net losses of DKK 10.9 million (2014: net gains of DKK 30.1 million) relating to the cash flow hedges were recognised in other comprehensive income.

33 Operational leasing

Future operating lease payments

	2015	2014
Within 1 year	45,355	48,024
From 1-5 years	41,399	35,928
More than 5 years	-	-
Total	86,754	83,952

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

Operating lease expenses recognised in the income statement in 2015 amounts to DKK 53.4 million (2014: DKK 62.4 million).

NOTES – SAXO BANK GROUP

Note (DKK 1,000)

34 Related parties

No party has the controlling influence in Saxo Bank A/S. As at 31 December 2015, the following shareholders are registered as holders of more than 5% of the share capital of Saxo Bank A/S:

Fournais Holding A/S, DK-2850 Nærum, Denmark.
 Seier Capital A/S, DK-1256 Copenhagen, Denmark.
 TPG Merl Sarl, L-2453, Luxembourg.
 Gold Shine Investment Holding Pte. Ltd., S-048616, Singapore

(DKK million)	Board of Directors		Board of Management		Associates	
	2015	2014	2015	2014	2015	2014
Deposits (liabilities)	-	-	5	6	-	68
Trading liabilities, open positions	-	-	-	-	-	305
Interest income	-	-	-	-	4	8
Fee and commission income	-	-	-	-	21	35
Fee and commission expense	-	-	-	-	14	23
Administrative services etc.	-	-	1	2	-	-

Remuneration to Board of Directors and Board of Management is disclosed in note 9 Staff costs and administrative expenses and note 11 Share-based payment

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

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

NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	2015	2014
35	Contingent and other contractual commitments		
	Guarantees		
	Financial guarantees	228,584	89,404
	Mortgage finance guarantees	244,756	151,545
	Registration and remortgaging guarantees	145,325	24,336
	Other guarantees	305,552	221,177
	Total guarantees	924,217	486,462
	Loan commitments etc.		
	Other unutilised credit facilities	1,112,919	963,652
	Total loan commitments etc.	1,112,019	963,652
	Other contractual commitments		
	Other contractual commitments incl. operating leases	364,702	396,869
	Total other contractual commitments	364,702	396,869

Note 33 provides information about the future operating lease payments.

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

Saxo Bank A/S is administration Company in a Danish joint taxation. Saxo Bank A/S is taxed jointly with all Danish entities in Saxo Bank Group and is jointly and severally liable for payments of Danish corporate tax and withholding tax etc.

36 Assets deposited as collateral

Of the Group's bond holdings, bonds with a nominal value of DKK 4.5 billion (2014: DKK 4.5 billion), and a fair value of DKK 4.5 billion (2014: DKK 4.5 billion), are held in custody with institutions. The bonds serve as security for the Group's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Group's open positions against these institutions. At 31 December 2015, 24% (2014: 26%) of the Group's total fair value of bonds were held in custody.

Of deposits with investment brokers, banks and other credit institutions, DKK 380.7 million (2014: DKK 165.5 million) serve as collateral for the Group's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Group's open positions against these institutions.

The Group has deposited bonds with a nominal DKK 85 million (2014: DKK 48 million) and a fair value of DKK 85 million (2014: DKK 48 million), cash DKK 0 million (2014: DKK 18 million), and placed a mortgage deed of DKK 0 million (2014: DKK 74 million) as security for an interest swap entered to hedge the Group's mortgage debt.

Debt to credit institutions is secured by mortgage deed of DKK 365 million (2014: DKK 400 million) on the Group's domicile property.

NOTES – SAXO BANK GROUP

Note	(DKK 1,000)	2015	2014
37	Associates and joint ventures		
	Summarised financial information for material associates		
	Banco Best S.A., Financial institution:		
	Income	118,023	210,143
	Net profit	33,809	53,193
	Other comprehensive income	(33)	(33)
	Total comprehensive income	33,776	53,160
	Statement of financial position		
	Current assets	-	3,064,061
	Non-current assets	-	45,054
	Current liabilities	-	(2,559,373)
	Non-current liabilities	-	(18,084)
	Equity	-	531,658
	Saxo Bank Groups share of equity (0%) (2014: 25%)	-	132,915
	Carrying amount of investment in associates and joint ventures		
	Carrying amount of investment in material associates	-	132,915
	Goodwill related to material associates ¹⁾	-	55,522
	Carrying amount of investment in joint ventures, individually not material	-	1,325
	Total investment in associates and joint ventures	-	189,762

¹⁾ For details of impairment losses, see note 19 Impairment test.

In first half of 2015 an impairment loss of DKK 60 million is recognised on goodwill and customer contracts related to the investment in Banco Best S.A., see note 19 Impairment test. The investment in Banco Best S.A. (25% ownership) is in November 2015 divested resulting in a gain of DKK 22 million.

The impairment loss of DKK 60 million is recognised in the income statement under Income from associates and joint ventures. The gain of DKK 22 million is recognised in the income statement under Other income.

The investments in Capital Four Management Fondsmæglerselskab A/S (47% ownership) and Leverate Technological Trading Ltd. (25% ownership) were divested in 2014.

The financial information disclosed for Banco Best S.A. is for the period 1 December 2014 - 30 September 2015 (2013: 1 December 2013 - 30 November 2014).

NOTES – SAXO BANK GROUP

Note (1,000)

38 Group entities

Subsidiaries	Currency	Net profit	Equity	Ownership
Financial institutions				
Saxo Bank do Brasil Escritorio, Brasil ¹⁾	BRL	-	-	100%
Saxo Bank Dubai Ltd., Dubai	USD	283	2,766	100%
Saxo Bank (Panama) S.A., Panama ¹⁾	USD	-	-	100%
Saxo Bank Securities Ltd., Japan	JPY	43,039	1,059,635	100%
Saxo Bank (Switzerland) AG, Switzerland	CHF	16,928	73,442	100%
Saxo Banque France SAS, France	EUR	2,988	11,142	100%
Saxo Capital Markets Agente de Valores S.A., Uruguay	UYU	(19,518)	21,617	100%
Saxo Capital Markets BV, Netherland	EUR	(3)	15	100%
Saxo Capital Markets CY Limited, Cyprus	EUR	1,780	3,913	100%
Saxo Capital Markets HK, Hong Kong	HKD	(1,538)	76,243	100%
Saxo Capital Markets HK, Far East	HKD	(2,687)	3,963	100%
Saxo Capital Markets Menkul Degerler Anonim Sirketi, Turkey	TRY	1,388	17,483	100%
Saxo Capital Markets Pty Ltd., Australia	AUD	3,278	10,816	100%
Saxo Capital Markets Pte. Ltd., Singapore	SGD	18,008	55,379	100%
Saxo Capital Markets SA Ltd., South Africa	ZAR	13,807	39,792	100%
Saxo Capital Markets UK Ltd., UK	GBP	4,448	15,818	100%
Saxo Payments A/S, Denmark	DKK	(27,147)	47,619	50.1%
Saxo Privatbank A/S, Denmark	DKK	13,098	331,201	99.6%
SBSF Ltd., UK	GBP	1	(65)	100%
Other				
Ejendomsselskabet Bygning 119 A/S, Denmark	DKK	4,092	159,577	100%
Initto A/S, Denmark	DKK	1,186	35,028	100%
Saxo Jet A/S, Denmark	DKK	216	(10,085)	100%
Saxo Treasury A/S, Denmark	DKK	3,676	413,350	100%

¹⁾ The company does not publish an annual report.

The financial information disclosed is extracted from the companies' most recent annual reports. Financial institutions supervised by national FSAs are subject to local statutory capital requirements. These requirements restrict intra-group facilities and dividend payouts.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

Saxo Bank Group's (Group) overall risk management framework and governance structure is established by the Board of Directors and based on recommendations from the Board Risk Committee. The Board of Directors has in the Board Instructions laid out a set of instructions to the Board of Management on management of the day-to-day business of the Group.

The Board instructions are supplemented by the Group Risk Management Governance & Policy and Risk Appetite Statements, which defines the Group's risk management framework and articulate the Group's risk and includes specific limits for the Group's risk taking activities.

The Chief Risk Officer (CRO) has the overall responsibility for maintaining and developing the risk management framework, as well as for controlling and reporting the Group's risks.

Risk types

The Bank and the Group are exposed to a number of risks, which can be categorized as follows:

- Credit risk: The potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms.
- Market risk: The risk of a loss in value as a result of changes in market rates and parameters that affect the market values, e.g. interest rates, credit spreads, FX rates, equity prices, commodity prices and option volatilities.
- Operational risk: The risk of direct or indirect financial losses or damaged reputation due to failure attributable to technology, employees, procedures or external events. Operational risk includes legal and compliance risk, but excludes strategic and reputational risk.
- Liquidity risk: The risk that the Group's cost of funds rise to disproportionate levels or in worst case prevents the Group from continuing as a going concern under its current business model. Also, the risk that the Group does not have sufficient liquidity to fulfil its payment obligations as and when they fall due. Finally, the risk that the Group does not comply with regulatory liquidity requirements, e.g. liquidity coverage ratio.
- Business and Other risk: The risk of a direct or an indirect loss, or damaged reputation as a result of changes in external circumstances, events or due to risks being only partially captured under the other risk categories.

The Board of Management and the Board of Directors are informed on the Group's risks, capital requirements and liquidity situation on a regular basis.

The Danish FSA receives reporting on the Bank's and the Group's capital requirements and liquidity situation on a regular basis and at least quarterly.

Management's Report and the Risk Report 2015 provide additional information about the Group's risk management approach. Risk Report 2015 is available for download from the Group's website at <http://www.saxoworld.com/investorrelations>. The Risk Report is not covered by the statutory audit.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

CREDIT RISK

Credit risk is defined as the risk that a retail client or counterparty fail to meet its obligations in accordance with agreed terms.

The Board of Directors has defined the Group Credit Risk Policy, and articulated the Group's credit risk appetite and approved specific limits for the Group's largest clients and counterparties as well as industry sector limits. The Policy, Risk Appetite Statements and the limits are reviewed as often as needed and as a minimum once a year.

Client credit risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction. An economic loss would occur if the transactions or portfolio of transactions with counterparty has a positive economic value at the time of default and the counterparty's posted collateral is insufficient to cover the loss. These risks usually occur in the event of a price gap. Price gap means that there is no market liquidity, e.g. because the market is closed, to support trading at a price level close to the most recently traded level.

Settlement risk

Settlement risk is the risk of a counterparty failing to deliver money or securities according to contractual terms at the time of settlement. Settlement risk includes a principal risk if money or securities are transferred before the corresponding asset has been received with finality.

To reduce settlement risk in foreign exchange transactions, the Group has entered into settlement agreements with the Group's prime brokers. In securities trading, the settlement risk is mitigated by delivery versus payment settlement and contractual settlement agreements.

Counterparty risk versus brokers and in the Group's Trading Book

The Group also faces credit risks in its brokerage operation from liquidity providers, financial brokers and counterparties to derivative trades.

The Group hedges to a large extent its market risks through the Group's brokers. The Group posts cash as collateral for the market value of these hedges. The cash-deposits give rise to a potential credit risk towards the Group's brokers. The Group regularly and at least annually conducts credit assessments of the brokers in order to mitigate these credit risks.

The Group purchases bonds into its trading book as part of its liquidity management, which gives rise to credit risk. However, the Board Risk Appetite Statements set requirements for the credit quality of these and accordingly only a smaller part of the Group's own trading book can be placed in bonds that are rated less than AAA and all bonds have to be at least investment grade (BBB).

Traditional retail banking services

Traditional banking services cover loans, overdraft facilities, business credits, construction and housing credits, guarantees etc. These services are provided through the subsidiary Saxo Privatbank A/S. The granting of a credit is based on the Bank's insight into the client's financial position through credit assessments ensuring, that each facility matches the credit-worthiness and financial position of the client.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

Credit risk exposure

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

Breakdown of credit risk exposure without taking collateral and netting into account

2015	Credit risk, lending activities	Counter- party risk, derivatives	Credit risk, investing activities	Total
Statement of financial position item				
Cash in hand and demand deposits with central banks	-	-	2,808,010	2,808,010
Receivables from credit institutions and central banks	-	-	1,735,824	1,735,824
Trading assets	-	5,230,430	19,081,159	24,311,589
Loans and advances at amortised cost	1,928,044	-	-	1,928,044
Investment securities	-	-	39,287	39,287
Credit exposure before impairment	1,928,044	5,230,430	23,664,280	30,822,754
Impairment loans and advances	(135,023)	-	-	(135,023)
Credit exposure in statement of financial position	1,793,021	5,230,430	23,664,280	30,687,731
Off-balance items				
Guarantees	924,217	-	-	924,217
Other unutilised credit facilities ¹⁾	896,019	-	-	896,019
Impairment for off-balance items	(698)	-	-	(698)
Credit exposure off-balance items	1,819,538	-	-	1,819,538
Total credit exposure net of impairment	3,612,559	5,230,430	23,664,280	32,507,269
2014				
Statement of financial position item				
Cash in hand and demand deposits with central banks	-	-	1,900,572	1,900,572
Receivables from credit institutions and central banks	-	-	2,647,919	2,647,919
Trading assets	-	8,857,923	17,558,576	26,416,499
Loans and advances at amortised cost	1,938,821	-	-	1,938,821
Investment securities	-	-	39,195	39,195
Credit exposure before impairment	1,938,821	8,857,923	22,146,262	32,943,006
Impairment loans and advances	(104,515)	-	-	(104,515)
Credit exposure in statement of financial position	1,834,306	8,857,923	22,146,262	32,838,491
Off-balance items				
Guarantees	486,828	-	-	486,828
Other unutilised credit facilities ¹⁾	598,048	-	-	598,048
Impairment for off-balance items	(366)	-	-	(366)
Credit exposure off-balance items	1,084,510	-	-	1,084,510
Total credit exposure net of impairment	2,918,816	8,857,923	22,146,262	33,923,001

¹⁾ The Group has in addition granted credit facilities in regards to stock loans. The additional unutilised credit facilities amount to DKK 216.9 million as per 31 December 2015 (2014: DKK 365.6 million). The credit facilities can only be utilised, if required collateral is provided and can be terminated on demand.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES

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

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

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

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

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

Credit exposure broken down by rating category

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

	Maximum credit exposure	Impairment	Exposure before collateral	Collateral held	Remaining exposure
2015					
1 Outstanding clients	617,107	-	617,107	201,256	415,851
2 Good clients	920,518	-	920,518	262,641	657,877
3 Standard clients	1,708,941	-	1,708,941	451,310	1,257,631
4 Clients that show some weakness	179,492	-	179,492	30,780	148,712
5 Weak clients that need increased attention	51,405	-	51,405	10,516	40,889
6 Clients with impairment	270,815	(126,084)	144,731	64,472	80,259
Total before collective impairment	3,748,278	(126,084)	3,622,194	1,020,975	2,601,218
Collective impairment	-	(9,635)	(9,635)	-	(9,635)
Total	3,748,278	(135,719)	3,612,559	1,020,975	2,591,584
2014					
1 Outstanding clients	466,113	-	466,113	154,328	311,785
2 Good clients	622,380	-	622,380	184,535	437,845
3 Standard clients	1,533,425	-	1,533,425	363,903	1,169,522
4 Clients that show some weakness	166,236	-	166,236	38,620	127,616
5 Weak clients that need increased attention	78,685	-	78,685	9,755	68,930
6 Clients with impairment	156,858	(97,987)	58,871	16,674	42,197
Total before collective impairment	3,023,697	(97,987)	2,925,710	767,815	2,157,895
Collective impairment	-	(6,894)	(6,894)	-	(6,894)
Total	3,023,697	(104,881)	2,918,816	767,815	2,151,001

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

	2015	2014
CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES - continued		
Credit exposure broken down by sector, industry and geography (%)		
Corporate sector		
Agriculture, hunting, forestry and fisheries	2%	2%
Industry and extraction of raw materials	1%	2%
Buildings and construction	2%	2%
Trading	5%	5%
Transport, hotels and restaurants	2%	2%
Finance and insurance	9%	8%
Real estate	10%	7%
Other businesses	8%	6%
Total corporate sector	39%	34%
Private clients	61%	66%
Total credit exposure loans, advances, guarantees etc. net of impairment	100%	100%
Hereof related to clients in foreign countries	6%	5%

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES - continued

Collateral held against lending activities

An essential element of the Group's credit policy is to mitigate credit risk in the loan portfolio by requiring collateral. The Group continuously assesses the market value of the collaterals. For the most common types of collateral the Group has its own valuation models that estimate the value. For collateral types where no valuation models exist, the valuation is done manually. The value of the collateral is assessed at the current estimated market value including a haircut. A Haircut is a measure of the risk that the Group will not be able to sell the collateral asset at a price equal to the expected value. For property the haircut depends on property type, condition, location etc.

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

	Investment brokers and trading clients	Lending clients	Total
2015			
Credit exposure net of impairment	251,956	3,360,603	3,612,559
Collateral			
Cash	9,161	54,445	63,606
Exchange traded equities, bonds and mutual funds	91,419	215,423	306,842
Property	-	580,005	580,005
Other	26,721	43,801	70,522
Total collateral	127,301	893,674	1,020,975
Total unsecured credit exposure lending activities	124,655	2,466,929	2,591,584
2014			
Credit exposure net of impairment	125,927	2,792,889	2,918,816
Collateral			
Cash	48,153	4,158	52,311
Exchange traded equities, bonds and mutual funds	-	256,991	256,991
Property	-	405,921	405,921
Other	-	52,592	52,592
Total collateral	48,153	719,662	767,815
Total unsecured credit exposure lending activities	77,774	2,073,227	2,151,001

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)	2015	2014
CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES - continued		
Impairment loans, advances and guarantees		
Individual impairment for loans, advances and guarantees		
Impairment allowance at 1 January	97,987	130,902
Impairment for the year	36,423	30,301
Reversals of impairment from previous years	(4,570)	(30,757)
Other	5,794	2,633
Amounts written off	(9,550)	(35,092)
Individual impairment for loans, advances and guarantees at 31 December	126,084	97,987
Collective impairment for loans, advances and guarantees		
Impairment allowance at 1 January	6,894	5,895
Impairment for the year	2,984	1,137
Reversals of impairment from previous years	(243)	(138)
Collective impairment for loans, advances and guarantees at 31 December	9,635	6,894

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT EXPOSURE RELATING TO LENDING ACTIVITIES - continued

Past due loans and advances but not impaired

	Investment brokers and trading clients	Lending clients	Total
2015			
From 1 day to 1 month	2,784	154,493	157,277
From 1-3 months	997	788	1,785
More than 3 months	3,692	1,548	5,240
Total past due loans and advances but not impaired	7,473	156,829	164,302

2014

From 1 day to 1 month	2,234	123,050	125,284
From 1-3 months	742	3,454	4,196
More than 3 months	954	6,674	7,628
Total past due loans and advances but not impaired	3,930	133,178	137,108

Credit quality of loans and advances neither past due nor impaired

	Investment brokers and trading clients	Lending clients	Total
2015			
1 Outstanding clients	51,653	186,791	238,444
2 Good clients	22,853	296,521	319,374
3 Standard clients	47,988	882,849	930,837
4 Clients that shows some weakness	4,461	122,796	127,257
5 Weak clients that need increased attention	913	39,503	40,416
Total loans and advances neither past due nor impaired	127,868	1,528,460	1,656,328

2014

1 Outstanding clients	25,375	203,944	229,319
2 Good clients	-	294,737	294,737
3 Standard clients	3,230	948,030	951,260
4 Clients that shows some weakness	12,989	117,711	130,700
5 Weak clients that need increased attention	4,863	57,440	62,303
Total loans and advances neither past due nor impaired	46,457	1,621,862	1,668,319

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT RISK VERSUS BROKERS AND IN THE GROUP'S TRADING BOOK

The ratings in the following tables are based on Standard & Poor's rating methodology or equivalent rating.

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

	Credit institutions	Central banks	Total
2015			
AAA	-	2,797,555	2,797,555
AA+	3,098	-	3,098
AA-	175,359	-	175,359
A+	113,479	-	113,479
A	438,448	-	438,448
A-	74,837	-	74,837
BBB+	730,600	-	730,600
BBB-	17,182	-	17,182
BB	59,507	-	59,507
Sub-investment grade or unrated	123,314	-	123,315
Total	1,735,824	2,797,555	4,533,380
2014			
AAA	-	1,887,943	1,887,943
AA+	114,479	-	114,479
AA-	366,817	-	366,817
A+	1,037,758	-	1,037,758
A	326,222	-	326,222
A-	587,572	-	587,572
BBB+	7,072	-	7,072
BBB-	92,298	-	92,298
BB	-	-	-
Sub-investment grade or unrated	115,701	-	115,701
Total	2,647,919	1,887,943	4,535,862

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT RISK VERSUS BROKERS AND IN THE GROUP'S TRADING BOOK · continued

Receivables from credit institutions and central banks broken down by geography

2015	Credit institutions	Central banks	Total
Denmark	291,684	1,605,669	1,897,353
Europe, excluding Denmark	1,059,399	1,191,849	2,251,248
USA	201,890	-	201,890
Australia	4,195	-	4,195
Asia	170,115	-	170,115
Other	8,541	37	8,579
Total	1,735,824	2,797,555	4,533,380

2014			
Denmark	418,330	594,349	1,012,679
Europe, excluding Denmark	1,928,068	1,293,556	3,221,624
USA	82,039	-	82,039
Australia	57,052	-	57,052
Asia	148,361	-	148,361
Other	14,069	38	14,107
Total	2,647,919	1,887,943	4,535,862

Impairment for receivables from credit institutions and central banks

No receivables from credit institutions or central banks are considered past due or impaired (2014: DKK 0 million).
No collateral is received from credit institutions and central banks (2014: DKK 0 million).

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

CREDIT RISK VERSUS BROKERS AND IN THE GROUP'S TRADING BOOK - continued

Bond portfolio broken down by rating category

2015	Danish mortgage bonds	Government bonds	Corporate bonds	Other bonds	Total
AAA	1,904,190	97,655	-	-	2,001,845
AA+	2,608,336	4,920,477	-	-	7,528,813
AA	-	5,940,340	-	-	5,940,340
Other investment grade	537,859	3,061,272	298	-	3,599,429
Sub-investment grade or unrated	-	-	5,970	-	5,970
Total	5,050,385	14,019,744	6,268	-	19,076,397

2014

AAA	1,860,169	534,867	-	-	2,395,036
AA+	70,510	12,082,212	-	-	12,152,722
AA	-	2,731,001	-	-	2,731,001
Other investment grade	-	271,045	298	-	271,343
Sub-investment grade or unrated	-	-	4,363	239	4,602
Total	1,930,679	15,619,125	4,661	239	17,554,704

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

Bond portfolio broken down by geography

2015	Danish mortgage bonds	Government bonds	Corporate bonds	Other bonds	Total
Denmark	5,050,385	541	-	-	5,050,926
Europe, excluding Denmark	-	8,030,739	6,268	-	8,037,008
USA	-	5,988,463	-	-	5,988,463
Total	5,050,385	14,019,744	6,268	-	19,076,397

2014

Denmark	1,930,679	534,867	4,269	-	2,469,815
Europe, excluding Denmark	-	6,739,041	392	239	6,739,672
USA	-	8,345,217	-	-	8,345,217
Total	1,930,679	15,619,125	4,661	239	17,554,704

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK

Market risk is defined as the risk of a loss in value as a result of changes in market rates and parameters that affect the market values, e.g. interest rates, credit spreads, FX rates, equity prices, commodity prices and option volatilities.

The Group's market risks can be grouped into the following three main categories:

1. Trading market risk exposures relating to the Market Making of Saxo Markets supporting the Group's online trading and investment services.
2. Investments/liquidity buffer related market risk exposures in Group Treasury.
3. Structural market risk exposures in the Group's balance sheet.

The Board of Directors has defined the overall Group Market Risk Policy, articulated the Group's market risk appetite and set limits for the different types of market risk. Based on this, market risk limits are delegated to the organisation, ie. Saxo Markets and Group Treasury. Market risk exposures are monitored by the Group Risk & Capital Management-department, and the limit utilisation is reported to all governing levels of the Group, including the Board of Directors on a regular basis.

The overall Board policies and limits are supplemented by sub policies, business procedures, work instructions and more detailed risk limits. The Group Market Risk Policy, the Market Risk Appetite Statements and the limits are reviewed as often as needed and as a minimum once a year.

Exposures to various types of market risk for the Group are disclosed below. This information is supported by VaR (Value-at-Risk) information for part of the market risk in the Group.

	2015	2014
Foreign currency risk		
Assets in foreign currency, total	21,125,437	26,803,663
Liabilities in foreign currency, total	26,894,618	28,804,810
Foreign currency indicator 1	339,454	986,474
Foreign currency indicator one is the higher of the sum of long foreign currency positions or the sum of short foreign currency positions.		
Foreign currency indicator 2	5,525	4,851
Foreign currency indicator 2 is calculated on the basis of variances and covariances published by the Danish FSA on the basis of the last 3 years' rolling 10-day periods. A foreign currency indicator 2 equal to DKK 5.5 million (2014: 4.9 million) means, that if the Group does not change foreign currency positions in the following 10 days, there is a 1 % probability that the Group will have a capital loss greater than DKK 5.5 million (2014: DKK 4.9 million).		
Interest rate risk		
Interest rate risk on financial instruments included in trading portfolio	94,627	82,547
Interest rate risk on loans not included in trading portfolio	(37,182)	(30,175)
Total interest rate risk	57,445	52,372

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

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK - continued

Equity price risk

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

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

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

	2015	2014
Equity price risk	46,204	64,357
hereof general risk	13,268	12,459
hereof specific risk	26,180	48,039
hereof position risk in Collective Investment Undertaking	6,756	3,859

Equity risk is calculated as a total of general, specific and position risk.

Commodity price risk

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

Risk exposure amounts according to the standard method for market risk

	Group	Of which is covered by VaR positions ¹⁾
2015		
Foreign currency risk	1,005,310	880,748
hereof non-delta risks	665,856	665,856
Interest rate risk	1,550,485	1,543,029
Equity price risk	46,204	31,759
Commodity price risk	314,863	314,863
hereof non-delta risks	31,033	31,033
2014		
Foreign currency risk	2,008,488	1,916,083
hereof non-delta risks	1,022,013	1,022,013
Interest rate risk	1,320,476	1,320,476
Equity price risk	64,073	52,755
Commodity price risk	278,225	278,225
hereof non-delta risks	14,562	14,562

¹⁾ VaR positions are disclosed on page 101.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK - continued

The Group operates its trading and investment business using the Group's online investment trading platforms. The Group has a low appetite for trading and investment related market risk and continue to execute strategic initiatives to minimise the need for open market risk exposures in the market making/trading activities. The Group's market risk appetite including the appetite for investment risks in Group Treasury is defined by limits set in the Risk Appetite Statements. The Group has low risk appetite for structural market risk exposures to the extent these can be mitigated in a structured and meaningful way.

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

Exposure and loss limit utilisations are monitored on a continuous basis, while Value-at-Risk limit utilisation is evaluated on an end-of-day basis. Exposure limits are both set according to the underlying asset class and different risk profiles within a single asset class.

Exposure limits on foreign exchange are segmented into more granular levels based on instrument characteristics such as market availability, liquidity and volatility. On foreign exchange options limits are also set on the gamma and vega to ensure that the key risk elements (underlying price sensitivity, and volatility) from options are considered and monitored.

Exposure limits on equities and commodities are set on gross, net and single to capture market movements and concentration risk. The single level is furthermore broken into tenors to avoid concentration risk in specific time buckets. Loss limits are set on a single day basis, and relative to the underlying asset class and exposure mandate.

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

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

- A 1-day holding period assumes that it is possible to hedge or eliminate market risk exposure within that period. This may not always be the case for highly illiquid markets
- At a 95% confidence level there is a 5% (1 in 20 days) risk of losses exceeding the estimated loss with no certainty of how much the exceedance will be
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios

Trading and investment services	2015	2014
VaR position		
Foreign currency risk	812	8,050
Interest rate risk	1,439	1,131
Equity price risk	99	75
Commodity price risk	190	441
Total VaR	1,533	7,906

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

Furthermore, a set of stress tests replicating changes experienced in known historical events are also performed.

The VaR position is dependent on the Group's exposure (limits) and the conditions in the market place. The VaR positions at 31 December 2015 are in general representative for the VaR development during 2015. Any fluctuations in VaR were mainly due to varying market conditions and minor changes in exposure limits through 2015.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK - continued

Derivative financial instruments

	2015		2014		2015		2014	
	Notional amount	Net fair value	Notional amount	Net fair value	Fair value Positive	Fair value Negative	Fair value Positive	Fair value Negative
Currency contracts								
Forwards/futures purchased	29,573,884	(58,485)	56,496,201	1,694,654	178,393	(236,878)	2,431,116	(736,462)
Forwards/futures sold	28,976,572	58,686	55,230,313	(917,170)	244,245	(185,559)	598,015	(1,515,185)
Options purchased	46,981,875	(38,024)	95,353,478	1,057,718	211,805	(249,829)	1,192,559	(134,841)
Options written	47,002,538	5,736	89,120,909	(1,952,554)	279,070	(273,334)	416,749	(2,369,303)
Interest rate contracts								
Forwards/futures purchased	56,944	(6,723)	131,249	37,249	4,545	(11,268)	43,277	(6,028)
Forwards/futures sold	56,939	8,148	131,251	(23,401)	10,970	(2,822)	4,515	(27,916)
Options purchased	43,485	2,173	51,007	(677)	3,816	(1,643)	3,564	(4,241)
Options written	43,485	(2,202)	51,007	660	1,615	(3,817)	4,224	(3,564)
Swaps	335,897	(79,844)	348,139	(91,313)	-	(79,844)	-	(91,313)
Equity contracts								
Forwards/futures purchased	2,159,934	(352,902)	2,003,396	10,580	10,549	(363,451)	772,024	(761,444)
Forwards/futures sold	2,128,640	1,598,667	1,998,887	804,155	2,100,148	(501,481)	1,442,878	(638,723)
Options purchased	76,548	180,583	20,803	83,234	180,702	(119)	83,375	(141)
Options written	76,548	(180,583)	20,752	(83,234)	119	(180,702)	141	(83,375)
Commodity contracts								
Forwards/futures purchased	134,881	(160,197)	110,343	(91,233)	24,324	(184,521)	43,979	(135,212)
Forwards/futures sold	134,799	219,084	11,390	150,141	245,128	(26,044)	185,428	(35,287)
Options purchased	67,349	25,540	14,493	28,885	25,542	-	28,885	-
Options written	67,349	(25,540)	14,493	(28,885)	-	(25,542)	-	(28,885)
Total		1,194,117		678,809	3,520,971	(2,326,854)	7,250,729	(6,571,920)

Unsettled spot transactions

Currency contracts								
Foreign exchange, transactions purchased	19,514,991	577,451	14,366,407	356,542	768,395	(190,944)	749,380	(392,838)
Foreign exchange, transactions sold	12,581,054	842,394	17,886,774	674,241	941,063	(98,669)	857,814	(183,573)
Total		1,419,845		1,030,783	1,709,458	(289,613)	1,607,194	(576,411)

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK - continued

Derivative financial instruments

	Within 3 months		3-12 months		1-5 years		> 5 years	
	Notional amount	Net fair value	Notional amount	Net fair value	Notional amount	Net fair value	Notional amount	Net fair value
2015								
Currency contracts								
Forwards/futures purchased	26,283,079	(60,502)	3,290,707	2,017	98	-	-	-
Forwards/futures sold	26,173,455	52,861	2,803,117	5,825	-	-	-	-
Options purchased	42,380,688	(64,398)	4,600,500	26,275	687	100	-	-
Options written	42,381,737	72,663	4,620,249	(66,899)	553	(28)	-	-
Interest rate contracts								
Forwards/futures purchased	30,346	(5,445)	3,433	(48)	23,148	(1,243)	17	13
Forwards/futures sold	30,341	6,690	3,433	349	23,148	1,123	17	(13)
Options purchased	22,999	2,586	11,316	(208)	9,170	(205)	-	-
Options written	22,999	(2,610)	11,316	206	9,170	202	-	-
Swaps	-	-	-	-	-	-	335,897	(79,844)
Equity contracts								
Forwards/futures purchased	2,159,385	(352,509)	442	(346)	96	(17)	10	(29)
Forwards/futures sold	2,128,091	1,597,789	442	688	96	159	10	31
Options purchased	32,457	40,149	13,279	41,007	30,805	96,224	7	3,203
Options written	32,457	(40,149)	13,279	(41,007)	30,805	(96,224)	7	(3,203)
Commodity contracts								
Forwards/futures purchased	59,044	(31,227)	24,646	(60,048)	51,191	(68,923)	-	-
Forwards/futures sold	59,168	74,918	24,440	72,401	51,191	71,765	-	-
Options purchased	41,597	8,308	24,487	15,850	1,266	1,383	-	-
Options written	41,597	(8,308)	24,487	(15,850)	1,266	(1,383)	-	-

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

(DKK 1,000)

MARKET RISK - continued

Derivative financial instruments

	Within 3 months		3-12 months		1-5 years		> 5 years	
	Notional amount	Net fair value	Notional amount	Net fair value	Notional amount	Net fair value	Notional amount	Net fair value
2014								
Currency contracts								
Forwards/futures purchased	50,471,634	(180,263)	6,024,211	1,874,915	356	2	-	-
Forwards/futures sold	50,129,686	125,649	5,100,008	(1,042,811)	619	(8)	-	-
Options purchased	66,337,004	481,655	29,015,771	575,792	703	271	-	-
Options written	58,866,984	(526,231)	30,253,418	(1,426,128)	507	(195)	-	-
Interest rate contracts								
Forwards/futures purchased	65,254	30,016	21,602	2,750	44,393	4,483	-	-
Forwards/futures sold	65,256	(18,599)	21,602	411	44,393	(5,213)	-	-
Options purchased	20,463	157	13,976	(1,294)	16,568	460	-	-
Options written	20,463	(175)	13,976	1,288	16,568	(453)	-	-
Swaps	-	-	-	-	-	-	348,139	(91,313)
Equity contracts								
Forwards/futures purchased	2,002,637	10,190	630	370	115	19	14	1
Forwards/futures sold	1,998,129	804,816	629	(253)	115	(410)	14	2
Options purchased	13,510	39,787	4,135	21,159	3,158	22,255	-	33
Options written	13,459	(39,787)	4,135	(21,159)	3,158	(22,255)	-	(33)
Commodity contracts								
Forwards/futures purchased	52,440	(75,817)	15,048	8,717	42,855	(24,133)	-	-
Forwards/futures sold	52,708	120,865	14,827	4,799	42,855	24,477	-	-
Options purchased	10,266	14,308	4,201	14,353	26	224	-	-
Options written	10,266	(14,308)	4,201	(14,353)	26	(224)	-	-

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

LIQUIDITY RISK

Liquidity Requirements

Saxo Bank is required to meet and report current requirements for both Saxo Bank A/S and Saxo Bank Group.

Saxo Bank is required to fulfill liquidity requirements according to the CRR as well as the liquidity standards set out in the Danish Financial Business Act. In addition, the Danish FSA has defined liquidity threshold values in the so-called Supervisory Diamond.

Current Minimum Requirements

The LCR-requirement means that banks are obligated to hold a buffer of liquid assets as a percentage of net cash outflows over a 30-day period. The objective of the LCR framework is therefore to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high quality liquid assets (HQLA) to survive a significant stress scenario lasting for one month.

In Denmark, the LCR requirement is being phased-in gradually with 60% of the full requirement from October 2015, 70% from January 1st 2016, 80% in 2017 and 100% in 2018. The LCR provisions are further specified in a delegated act which sets detailed rules on the liquidity area hereunder provisions for the composition and the diversification of the liquidity buffer.

The Group reports monthly LCR to the Danish FSA in accordance with Implementing Technical Standards and Regulatory Technical Standards developed by The European Banking Authority. As of 31 December 2015, the Group's reported LCR ratio was 105 % (2014: 85%) The Group is highly liquid and holds a large portfolio of Level 1 assets hereunder cash at central banks and e.g. on 15 January 2015 (during the so called Swiss event) the Group was able to fulfil the largest margin requirement in the Group's history in a fast and timely manner The Group's actual liquidity situation however, is therefore not properly reflected in the current LCR regulation, which to a large extent is designed to regulate liquidity risk in retail banks.

The Group is also subject to regulatory liquidity requirements according to the Danish Financial Business Act where the liquidity shall amount to no less than:

- 15% of the debt exposures that, irrespective of possible payment conditions, are the liability of the Group to pay on demand or at notice of no more than one month, and
- 10% of the total debt and guarantee exposures of the Group, less subordinated debt that may be included in calculations of the Total capital. In addition to the above, the Supervisory Diamond includes 50% additional charge to the above mentioned standard.

The Group met the regulatory liquidity standards throughout the year 2015.

The regulatory liquidity requirement for the Group including the 50% additional surcharge was DKK 5.75 billion as of 31 December 2015 (2014: DKK 5.25 billion). The Group's liquidity as of 31 December 2015 to cover this was DKK 18.66 billion (2014: DKK 17.48 billion).

Further, the Danish FSA expects all Danish banks to hold a "funding-ratio" below 1. The "funding-ratio" is loans divided by the sum of deposits, subordinated debt and equity.

The "funding-ratio" for the Group as of 31 December 2015 was 0.066 (2014: 0.075).

ILAAP requirement

From end of 2014 the Group has been obligated to hold liquidity of at least the current ILAAP level as determined by the Board of Directors. This ILAAP level cannot be less than the current minimum regulatory standard. The ILAAP is performed based on guidelines issued by the Danish FSA.

The calculation of the ILAAP result is based on an internal process in which management assesses the liquidity risks, the overall liquidity management and the funding risks. The Group has implemented liquidity stress testing based on the LCR and section 152 requirements. Stress tests are conducted on a monthly basis. The Group continuously (on daily basis) monitors its liquidity and LCR level in order to ensure compliance with the regulatory standards.

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

Additional information about the Group's liquidity risk and ILAAP is disclosed in the Group's Risk Report 2015 and is available at: www.saxobank.com/investor-relations.

Funding Requirements and Assets Encumbrance

CRD IV and CRR require the Group to monitor and report a long-term Net Stable Funding Ratio (NSFR).

The aim of NSFR is to ensure that banks have an acceptable amount of stable funding to support their assets and activities over the medium term (i.e. a one-year period). Currently, the Group is required to report and monitor NSFR. NSFR is planned to be a 100% requirement from 2018, but the exact timing will be decided by the EU based on reports from EBA. In December 2015 the EBA recommended the introduction of the NSFR-requirement in the EU to ensure an appropriate stable funding structure in relation to the degree of asset illiquidity, as the way of properly mitigating funding risk in banks.

In addition to the funding ratio described above, the Group is also required to monitor, report and disclose Asset Encumbrance. This disclosure shows the Group's ability to provide liquidity based on the current balance sheet etc.

Asset Encumbrance end 2015 is disclosed in the Risk Report 2015 and is available at www.saxobank.com/investor-relations.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

OPERATIONAL RISK

Operational risk is inherent in all activities within the organisation, in outsourced activities and in all interactions with external parties.

Operational risk is defined as the risk of direct or indirect financial losses or damaged reputation due to failure attributable to technology, employees, procedures or external events. The definition includes legal and compliance risk.

Operational Risk Management

The Group's operational risk management policy is approved by the Board of Directors which provides guiding principles for the identification, assessment, monitoring, controlling and reporting of operational risks the Group faces or may face. The operational risk profile is determined by the Group's risk appetite, which is approved by the Board of Directors. Included in the framework are policies for information security risk and insurance.

The Board of Management oversees the Group's operational risk management and established an Operational Risk Committee to ensure that the Group's operational risk management framework is robust and well-functioning, to oversee the Group's operational risk profile, and to escalate threats to the risk profile and breaches in risk appetite as appropriate. The Operational Risk Committee is chaired by the Chief Risk Officer.

The Board of Directors has defined the Group Operational Risk Policy, covering also Information Security Risk, and articulated the Group's operational risk appetite. The Policy and Risk Appetite Statements are reviewed as often as needed and as a minimum once a year.

The overall objective of the operational risk management framework is to define standards, tools and processes to support the organisation in proactively identifying, assessing, monitoring and managing/mitigating operational risks to the largest extent possible at reasonable costs. The Group has a low risk appetite for operational risks that can be mitigated by sound procedures, controls or otherwise insured. Moreover, the Group has no appetite for launching new products, processes, systems, or activities that have not been appropriately risk assessed.

The Group emphasises training personnel on risk awareness and sound risk culture. The training ensures that all employees have relevant and sufficient knowledge of operational risks related to their tasks. Mapping of the Group's operational risk exposure. The mapping of the Group's operational risk landscape is based on historical data and internal risk self-assessments. The following techniques for collecting operational risk events are used and documented, and they form the basis for a consistent examination of the Group's exposures related to operational risk:

- Direct and potential losses ("near-misses") in excess of DKK 15 thousand arising from operational risk events are systematically collected, categorised in the Group's error register. Risk assessments and root cause analysis must be performed to effectively address and provide future mitigants to material operational risk events.
- The Group's operational risk profile is monitored through regular self-assessments processes which are performed at least annually. The purpose of the activity is to assess the quality of internal controls, ensure that all material operational risks inherent in the Group's products, activities, processes and systems are captured and reassessed in a systematic and timely manner to identify areas for improvements.

TOTAL CAPITAL

Regulatory requirements

Saxo Bank A/S is subject to the capital requirements set out in CRR as well as the Danish implementation of CRD IV. This means, that Saxo Bank is required to perform an Internal Capital Adequacy Assessment Process (ICAAP) in accordance with Danish guidelines, issued by the Danish FSA.

Saxo Bank is required to fulfill and report capital requirements on Bank- and Group-level. The Group reports capital (own funds), Risk Exposure Amounts (Risk Weighted Assets) and ICAAP level to Danish FSA in accordance with Implementing Technical Standards and Regulatory Technical Standards developed by The European Banking Authority and additional reporting requirements issued by Danish FSA.

Regulatory Capital Structure

As of 31 December 2015, the Common Equity Tier 1 capital (CET1), Tier 1 capital and Total capital for the Group were DKK 1.92 billion, DKK 2.26 billion and DKK 2.69 billion, respectively, after inclusion of the total comprehensive income for the year, compared with DKK 2.29 billion, DKK 2.62 billion and DKK 2.82 billion as of 31 December 2014.

The capital contribution of the subordinated debt issued by the Group before 2014 is gradually being phased out until the end of 2017, as these do not completely fulfill the requirements in the CRR and the Danish transition rules. As of 31 December 2015 DKK 92 million of subordinated debt issued by the Bank under old regulation is included in the Tier 2 Capital.

During 2015 the Group issued new share capital (CET1) of DKK 228 million and new subordinated debt in EUR corresponding to a value of DKK 337 million to strengthen the consolidated capital base. In November 2015 the Group redeemed guarantor capital worth of DKK 114 million in the subsidiary Saxo Privatbank, materialising in a decrease in the regulatory capital base.

In addition of the above the Common Equity Tier 1 capital is affected by the negative earnings in 2015.

The statement of Total capital for the Group on page 46 and for Saxo Bank A/S on page 118 provides a specification of Total capital including Common Equity Tier 1 capital, Tier 1 capital and Tier 2 capital, and Note 25 in the consolidated financial statements provides a specification of subordinated debt recognised in the Total Capital.

The Risk Report 2015 provides additional information regarding the Bank's and the Group's Regulatory Capital Structure (including regulatory own funds disclosures) and is available at www.saxobank.com/investor-relations.

NOTES – RISK MANAGEMENT – SAXO BANK GROUP

TOTAL CAPITAL (continued)

Risk Exposure Amounts according to CRR

To calculate the minimum capital requirements, Pillar I, the Bank and Group applies the following methods according to CRR to calculate the Risk Exposure Amounts:

Credit Risk: Standard Methods

Market Risk: Standard Methods

Operational risk: Standard Methods

The Bank and the Group does not take diversification effects between the risk categories into account. The Risk Exposure Amounts for each risk category are simply aggregated.

The Total Risk Exposure Amounts was DKK 13.0 billion as of 31 December 2015 compared with DKK 14.3 billion as of 31 December 2014.

The Risk Report 2015 provides additional information about the Bank's and the Group's Risk Exposures Amounts and is available at www.saxobank.com/investor-relations.

Minimum requirements according to CRR

The minimum capital requirement for Common equity tier 1 is 4.5% of the Risk Exposure Amounts.

The minimum capital requirement for Tier 1 capital is 6.0% of the Risk Exposure Amounts.

The minimum capital requirement for Total capital is 8.0% of the Risk Exposure Amounts.

The Group met the regulatory minimum capital requirements throughout the year 2015.

Additional buffer requirements

According to CRD IV the Group will from 1 January 2016 be required to hold a "capital conservation buffer" to absorb losses and to further protect the capital. In Denmark the capital conservation buffer will be phased in with an annual increase of 0.625 percentage points until reaching the full requirement of 2.5% of the Risk Exposure Amounts in 2019.

Furthermore, the "countercyclical capital buffer" applicable since in the beginning of 2015, is to ensure that financial institutions in periods with high economic growth and times of stress, holds sufficient capital to be able to supply extensions of credit. The total countercyclical buffer rate for the Group was per 31 December 2015 close to 0%, as only a limited amount of credit exposures is residing in jurisdictions with buffer rates above 0%. Since the Bank and the Group have credit risk exposures in many countries it is likely that the bank in the future will encounter an increasing countercyclical capital buffer requirement.

If the combined buffer requirements mentioned above is not met, restrictions on the ability to pay dividends etc. will be placed until the buffers are rebuild.

ICAAP requirement

The Group must hold a Total capital of at least equal to the current ICAAP level as determined by the Board of Directors. This ICAAP level cannot be less than the minimum regulatory requirement.

The calculation of the ICAAP result is based on an internal process in which management assesses the overall risks. The ICAAP is updated regularly as capital requirements are subject to change. The Group met the regulatory capital requirements throughout the year 2015.

The ICAAP Q4 2015 Report provides information regarding the Bank's and the Group's ICAAP level.

The quarterly ICAAP reports are available at www.saxobank.com/investor-relations.

Leverage

CRD IV and CRR require the Group to report and monitor their leverage ratios. The leverage ratio is defined as Tier 1 capital divided by a non-riskbased measure of an institution's on- and off-balance sheet items (the "exposure measure").

As of 31 December 2015 the Leverage Ratios were respectively 8.7% (2014:10.3%) for the Bank and 7.0% (2014: 8.4%) for the Group, with both entities thereby fulfilling the regulatory requirements.

The Risk Report 2015 provides additional information about the Bank's and the Group's Leverage Ratio and is available at www.saxobank.com/investor-relations.

NOTES – KEY FIGURES AND RATIOS – SAXO BANK GROUP

(DKK 1,000)	2015	2014	2013	2012	2011
Key figures					
Net interest, fees and commissions	1,352,561	1,204,680	956,924	934,631	873,786
Price and exchange rate adjustments	774,130	1,802,151	1,904,040	2,031,754	2,653,073
Staff costs and administrative expenses	(2,296,832)	(2,008,907)	(2,048,121)	(2,508,063)	(2,498,552)
Impairment charges for receivables, loans, advances etc.	(40,338)	(1,745)	(16,834)	(39,947)	(48,392)
Income from associates and joint ventures	(53,099)	(74,076)	(16,457)	19,635	9,024
Net profit	(644,639)	381,224	162,161	80,892	617,750
Loans and advances at amortised cost	1,793,022	1,834,306	1,956,220	1,760,842	1,690,399
Subordinated debt	674,070	542,743	807,893	871,633	902,512
Total equity	3,938,427	4,225,224	3,492,681	3,364,506	3,240,031
Total assets	33,501,563	36,008,268	27,746,196	25,623,196	27,018,212
Average number of employees	1,494	1,456	1,362	1,522	1,413
Ratios					
Total capital ratio	20.7 %	19.7 %	16.2 %	13.5 %	14.5 %
Tier 1 capital ratio	17.4 %	18.3 %	13.3 %	10.1 %	10.8 %
Return on equity before tax	(19.1)%	14.6 %	7.2 %	4.6 %	27.7 %
Return on equity after tax	(15.8)%	9.9 %	4.7 %	2.4 %	20.2 %
Income proportional to cost	0.73	1.23	1.09	1.05	1.31
Interest rate risk	2.5 %	2.0 %	0.6 %	1.1 %	0.5 %
Foreign exchange rate risk/Tier 1 capital	15.0 %	37.6 %	40.6 %	109.2 %	193.1 %
Value at risk of foreign exchange rate risk/Tier 1 capital	0.2 %	0.2 %	0.2 %	2.5 %	5.7 %
Loans and advances plus impairment allowance/Deposits	8.5 %	9.1 %	11.7 %	11.8 %	12.4 %
Loans and advances proportional to Total equity	0.46	0.43	0.56	0.52	0.50
Growth in loans and advances	(2.3)%	(6.2)%	11.1 %	4.2 %	(15.1)%
Additional liquidity/liquidity requirement	387.1 %	399.1 %	316.0 %	373.9 %	441.4 %
Sum of large exposures/Total capital	-	-	-	-	47.3 %
Loss and provisions ratio (loans and advances)	1.4 %	0.1 %	1.1 %	1.2 %	3.8 %
Return on assets	(1.9)%	1.1 %	0.6 %	0.3 %	2.3 %

See page 109 for definitions.

NOTES – DEFINITIONS OF KEY FIGURES AND RATIOS

Total capital ratio

Capital base as a percentage of risk exposure amounts.

Tier 1 capital ratio

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

Return on equity before tax

Profit before tax as a percentage of average total equity.

Return on equity after tax

Net profit as a percentage of average total equity.

Income proportional to cost

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

Interest rate risk

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

Foreign exchange rate risk/Tier 1 capital

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

Value at risk of foreign exchange rate risk/ Tier 1 capital

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

Loans and advances plus impairment allowance/Deposits

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

Loans and advances proportional to Total equity

Loans and advances proportional to Total equity.

Growth in Loans and advances

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

Additional liquidity/liquidity requirement

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

Sum of large exposures/Total capital

Large exposures as a percentage of total capital.

Loss and provisions ratio

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

Return on assets

Net profit proportional to Total assets.

PARENT COMPANY – SAXO BANK A/S

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

Note	(DKK 1,000)	2015	2014
2	Interest income	1,046,909	1,063,074
3	Interest expense	(143,157)	(110,084)
	Net interest income	903,752	952,990
4	Fee and commission income	1,116,684	996,420
5	Fee and commission expense	(1,784,977)	(1,833,638)
	Net interest, fees and commissions	235,459	115,772
6	Price and exchange rate adjustments	1,029,692	1,752,589
	Operating income	1,265,151	1,868,361
7	Other income	60,193	99,137
8	Staff costs and administrative expenses	(1,527,141)	(1,323,609)
14,15	Depreciation, amortisation and impairment of intangible and tangible assets	(519,821)	(396,057)
	Other expenses	(5,642)	(9,789)
	Impairment charges for receivables, loans, advances etc.	(828)	13,347
	Income from associates, subsidiaries and joint ventures	(46,820)	246,580
	Profit before tax	(774,908)	497,970
9	Tax	151,644	(98,248)
	Net profit	(623,264)	399,722
	Net profit attributable to:		
	Equity method reserve	(187,581)	56,023
	Additional tier 1 capital	32,656	3,080
	Retained earnings	(468,339)	340,619
	Net profit	(623,264)	399,722

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

Note	(DKK 1,000)	2015	2014
	Net profit	(623,264)	399,722
	Other comprehensive income		
	Items that will not be reclassified subsequently to income statement:		
	Other comprehensive income from subsidiaries, net of tax	2,657	(15,051)
	Items that will not be reclassified subsequently to income statement	2,657	(15,051)
	Items that are or may be reclassified subsequently to income statement:		
	Exchange rate adjustments	125,150	69,470
20	Hedge of net investments in foreign entities	(63,118)	(50,096)
	Other comprehensive income from subsidiaries, net of tax	8,248	(22,885)
	Other comprehensive income from associates and joint ventures, net of tax	13	(117)
9	Tax on other comprehensive income	14,833	12,276
	Items that are or may be reclassified subsequently to income statement	85,126	8,648
	Total other comprehensive income, net of tax	87,783	(6,403)
	Total comprehensive income	(535,481)	393,319
	Total comprehensive income attributable to:		
	Equity method reserve	(99,798)	49,620
	Additional tier 1 capital	32,656	3,080
	Retained earnings	(468,339)	340,619
	Total comprehensive income	(535,481)	393,319

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

Note	(DKK 1,000)	2015	2014
ASSETS			
	Cash in hand and demand deposits with central banks	1,399,428	251,100
10	Receivables from credit institutions and central banks	612,230	1,265,653
11, 12	Loans and advances at amortised cost	38,565	75,484
13	Bonds at fair value	16,806,766	15,111,767
	Equities etc.	4,516	6,314
	Investments in associates and joint ventures	-	189,762
	Investments in subsidiaries	1,863,256	2,177,690
14	Intangible assets	1,703,224	1,895,767
15	Tangible assets	59,827	75,224
	Tax receivables	1,415	18,366
9	Deferred tax assets	66	218
	Other assets	5,428,142	9,085,108
	Prepayments	47,801	48,399
	Total assets	27,965,236	30,200,852

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

Note	(DKK 1,000)	2015	2014
	LIABILITIES		
16	Debt to credit institutions and central banks	4,084,568	3,443,021
17	Deposits	16,255,724	14,541,101
	Tax liabilities	34,043	11,552
	Other liabilities	2,902,669	7,441,473
	Total debt	23,277,004	25,437,147
9	Deferred tax liabilities	6,339	174,221
	Other provisions	111,394	55,488
	Total provisions	117,733	229,709
18	Subordinated debt	674,070	335,133
19	EQUITY		
	Share capital	68,284	66,618
	Equity method reserve	136,539	234,915
	Retained earnings	3,345,522	3,559,354
	Shareholders of Saxo Bank A/S	3,550,345	3,860,887
	Additional tier 1 capital	346,084	337,976
	Total equity	3,896,429	4,198,863
	Total liabilities and equity	27,965,236	30,200,852

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

(DKK 1,000)	Share capital	Equity method reserve	Retained earnings	Total	Additional tier 1 capital	Total
Equity at 1 January 2015	66,618	234,916	3,559,353	3,860,887	337,976	4,198,863
Net profit	-	(187,581)	(468,339)	(655,920)	32,656	(623,264)
Other comprehensive income						
Exchange rate adjustments	-	125,150	-	125,150	-	125,150
Hedge of net investments in foreign entities	-	(63,118)	-	(63,118)	-	(63,118)
Other comprehensive income from subsidiaries, net of tax	-	10,905	-	10,905	-	10,905
Other comprehensive income from associates, net of tax	-	13	-	13	-	13
Tax on other comprehensive income	-	14,833	-	14,833	-	14,833
Total other comprehensive income	-	87,783	-	87,783	-	87,783
Total comprehensive income	-	(99,798)	(468,339)	(568,137)	32,656	(535,481)
Transactions with owners and equity note holders						
Tier 1 issuance	-	-	(201)	(201)	-	(201)
Tier 1 interest payments	-	-	-	-	(24,548)	(24,548)
Share-based payment	-	1,421	11,523	12,944	-	12,944
Increase in share capital, net of transaction costs ¹⁾	1,666	-	226,267	227,933	-	227,933
Treasury shares	-	-	10,441	10,441	-	10,441
Other equity movements	-	-	(1,193)	(1,193)	-	(1,193)
Tax	-	-	7,671	7,671	-	7,671
Equity at 31 December 2015	68,284	136,539	3,345,522	3,550,345	346,084	3,896,429

¹⁾ Transaction costs deducted from equity DKK 5 million.

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

(DKK 1,000)	Share capital	Equity method reserve	Retained earnings	Total	Additional tier 1 capital	Total
Equity at 1 January 2014	66,599	185,160	3,206,253	3,458,012	-	3,458,012
Net profit	-	56,023	340,619	396,642	3,080	399,722
Other comprehensive income						
Exchange rate adjustments	-	69,470	-	69,470	-	69,470
Hedge of net investments in foreign entities	-	(50,096)	-	(50,096)	-	(50,096)
Other comprehensive income from subsidiaries, net of tax	-	(37,936)	-	(37,936)	-	(37,936)
Other comprehensive income from associates, net of tax	-	(117)	-	(117)	-	(117)
Tax on other comprehensive income	-	12,276	-	12,276	-	12,276
Total other comprehensive income	-	(6,403)	-	(6,403)	-	(6,403)
Total comprehensive income	-	49,620	340,619	390,239	3,080	393,319
Transactions with owners and equity note holders						
Issuance of additional tier 1 capital, net of transaction costs ¹⁾	-	-	(5,861)	(5,861)	334,802	328,941
Interest at issuance of tier 1 capital	-	-	-	-	94	94
Share-based payments	-	135	15,607	15,742	-	15,742
Increase in share capital	19	-	1,981	2,000	-	2,000
Tax	-	-	755	755	-	755
Equity at 31 December 2014	66,618	234,915	3,559,354	3,860,887	337,976	4,198,863

¹⁾ Transaction costs deducted from equity DKK 6 million.

STATEMENT OF TOTAL CAPITAL (OWN FUNDS) – SAXO BANK A/S

(DKK 1,000)	2015	2014
Tier 1 capital		
Total equity 1 January	3,860,887	3,458,012
Net profit	(623,264)	399,722
Accrued interest (dividend) on additional tier 1 capital	(32,656)	(3,080)
Cost of issuance of additional tier 1 capital	(201)	(5,861)
Share-based payments	12,944	-
Total other comprehensive income	87,783	(6,403)
Change in common equity tier 1 capital (CET1 capital)	237,181	2,000
Intangible assets ¹⁾	(1,703,224)	(1,956,322)
Deferred tax liabilities, intangible assets	148,420	201,249
Deferred tax assets	(77,044)	-
Prudent valuation adjustments	(2,949)	(4,844)
Common equity tier 1 capital (net after deduction)	1,907,877	2,084,473
Additional tier 1 capital	334,802	334,802
Total tier 1 capital	2,242,679	2,419,275
Tier 2 capital		
Subordinated debt, new regulation	338,224	-
Subordinated debt, old regulation, reduced value	92,385	189,361
Total tier 2 capital	430,609	189,361
Total capital	2,673,288	2,608,636
¹⁾ Including goodwill and other intangible assets recognised as investments in associates and joint ventures DKK 0 million (31 December 2014: DKK 60.6 million).		
Risk exposure amounts		
Credit risk	3,795,520	4,311,732
Market risk	2,502,857	3,289,495
Operational risk	3,724,099	4,218,847
Total risk exposure amounts	10,022,476	11,820,074
Common equity tier 1 ratio	19.0%	17.6%
Tier 1 capital ratio	22.4%	20.5%
Total capital ratio	26.7%	22.1%

The Total Capital is calculated in accordance with CRD IV and CRR which have been applicable from beginning of year 2014 and taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority.

The Saxo Bank Risk Report 2015 provides further information on the assessment of the regulatory capital and is available at www.saxobank.com/investor-relations/.

NOTES – SAXO BANK A/S

Note (DKK 1,000)

1 Accounting policies

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

Comparative figures

Certain minor changes have been made to the comparative figures for 2014, due to reclassifications.

Operating income

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

Investments in subsidiaries

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

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

Derivative financial instruments

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

Equity method reserve

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

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

NOTES – SAXO BANK A/S

Note	(DKK 1,000)	2015	2014
2	Interest income		
	Credit institutions and central banks	17,173	2,466
	Loans and advances	69,313	60,636
	Bonds	107,209	51,037
	Derivative financial instruments	852,742	946,327
	Other interest income	471	2,608
	Total interest income	1,046,909	1,063,074
3	Interest expense		
	Credit institutions and central banks	(30,985)	(21,933)
	Deposits	(7,528)	(8,547)
	Subordinated loans	(46,289)	(11,571)
	Derivative financial instruments	(58,355)	(68,033)
	Total interest expense	(143,157)	(110,084)
4	Fee and commissions income		
	Trading with equities and derivative financial instruments	1,116,684	996,420
	Total fee and commissions income	1,116,684	996,420
5	Fee and commissions expense		
	Trading with equities and derivative financial instruments	(1,784,977)	(1,833,638)
	Total fee and commissions expense	(1,784,977)	(1,833,638)
6	Price and exchange rate adjustments		
	Bonds	(96,840)	(27,752)
	Foreign exchange	698,571	1,401,444
	Derivative financial instruments ¹⁾	427,961	378,897
	Total price and exchange rate adjustments	1,029,692	1,752,589
	¹⁾ Other than foreign exchange		
	Net income from Price and exchange rate adjustments related to Foreign exchange has developed negatively to DKK 699 million in 2015 from DKK 1,401 million in 2014. The decrease is primarily related to the consequences of the removal of the fixed floor between the Swiss franc and the Euro in January 2015, which has resulted in a net loss. The loss was primarily due to credit value adjustments related to foreign exchange contracts with clients who were unable to cover their losses on positions in Swiss Franc, as disclosed in note 2 Critical accounting estimates and judgements in the consolidated financial statements.		
	In 2015 negative credit value adjustment of DKK 58 million (2014: DKK 116 million) is included in derivative financial instruments.		
7	Other income		
	Gain on divestments	29,928	-
	Gain on sale of receivables	-	66,983
	Service agreements and administrative services	24,329	21,025
	Other	5,936	11,129
	Total other income	60,193	99,137

NOTES – SAXO BANK A/S

Note	(DKK 1,000)	2015	2014
8	Staff costs and administrative expenses		
	Staff costs	(687,336)	(661,135)
	Administrative expenses	(839,805)	(662,474)
	Total staff costs and administrative expenses	(1,527,141)	(1,323,609)
	Staff costs		
	Salaries	(681,331)	(672,252)
	Share-based payment	(7,483)	(13,028)
	Defined contribution plans	(52,992)	(54,241)
	Social security expenses and financial services employer tax	(76,752)	(73,725)
	Staff cost transferred to software under development	131,222	152,111
	Total staff costs	(687,336)	(661,135)
	Average number of employees (converted into full-time equivalents)	647	687

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

Share-based payments are described in note 11 Share-based payments in the consolidated financial statements.

Disclosures on remuneration in accordance with article 450 in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) are included in the Group's Remuneration Report 2014 available at www.saxobank.com/investor-relations. The disclosures are not covered by the statutory audit.

Significant risk takers

Total remuneration to significant risk takers included in Staff costs amounts to DKK 61.9 million (2014: DKK 70.7 million). Saxo Bank A/S has 23 employees (2014: 26) with significant influence on the Bank's risk profile. Employees, who are board member in several subsidiaries, are included once. Remuneration to the 23 significant risk takers (2014: 26) consist of fixed remuneration DKK 53.3 million (2014: DKK 68.3 million) and variable remuneration DKK 8.6 million (2014: DKK 2.4 million). Saxo Bank A/S has no pension obligations towards significant risk takers as their pension schemes are defined contribution plans. Variable remuneration is determined according to the Bank's remuneration policy and is based on the performance of the individual person. Risk takers in controlling functions do not receive variable remuneration. Some of the significant risk takers participate in the warrant programme described in note 11 Share-based payments.

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

NOTES – SAXO BANK A/S

Note	(DKK 1,000)	2015	2014
9	Income tax		
	Reconciliation of effective tax rate		
	Profit before tax	(774,908)	497,970
	Tax using the Danish tax rate 23.5% (2014: 24.5%)	182,103	(122,003)
	Effect of tax rates in foreign jurisdictions	325	426
	Changes in deferred tax from change in tax rate	(6,720)	2,000
	Non tax-deductible expenses	(21,832)	(13,082)
	Tax-exempt income	9,504	-
	CFC taxation	(8,460)	(21,121)
	Effect of unrecognised tax loss current year	-	(70)
	Non exempted withholding tax for the year and previous years	(1,474)	(3,529)
	Effect of tax on income from subsidiaries and associates	(11,003)	60,412
	Adjustments to tax previous years	9,201	(1,281)
	Total income tax recognised in income statement	151,644	(98,248)
	Effective tax rate	19.6 %	19.7%

2015	Income statement	Other comprehensive income	Directly in equity	Total
Current tax	(11,005)	-	-	(11,005)
Changes in deferred tax for the year	161,642	14,833	7,671	184,146
Changes in deferred tax from change in tax rate	(6,720)	-	-	(6,720)
Non exempted withholding tax	(1,474)	-	-	(1,474)
Adjustment to previous years	9,201	-	-	9,201
Total	151,644	14,833	7,671	174,148

2014	Income statement	Other comprehensive income	Directly in equity	Total
Current tax	(130,989)	12,276	755	(117,958)
Changes in deferred tax for the year	35,551	-	-	35,551
Changes in deferred tax from change in tax rate	2,000	-	-	2,000
Non exempted withholding tax	(3,529)	-	-	(3,529)
Adjustment to previous years	(1,281)	-	-	(1,281)
Total	(98,248)	12,276	755	(85,217)

NOTES – SAXO BANK A/S

Note (DKK 1,000)

9 Income tax - continued

Tax recognised in Other comprehensive income

2015	Before tax	Tax	Net of tax
Exchange rate adjustments	125,149	-	125,149
Hedge of net investments in foreign entities	(63,118)	14,833	(48,285)
Other comprehensive income from subsidiaries, net of tax	10,905	-	10,905
Other comprehensive income from associates and joint ventures, net of tax	13	-	13
Total	72,949	14,833	87,782

2014	Before tax	Tax	Net of tax
Exchange rate adjustments	69,470	-	69,470
Hedge of net investments in foreign entities	(50,096)	12,276	(37,820)
Other comprehensive income from subsidiaries, net of tax	(37,936)	-	(37,936)
Other comprehensive income from associates and joint ventures, net of tax	(117)	-	(117)
Total	(18,679)	12,276	(6,403)

Deferred tax assets and deferred tax liabilities	2015	2014
Deferred tax at 1 January, net	(174,003)	(213,926)
Deferred tax for the year recognised in income statement and equity	184,146	33,551
Change in deferred tax from changes in tax rate	(6,720)	2,000
Deferred tax utilised in the Danish Joint taxation	(10,600)	-
Adjustment to tax previous years	886	2,374
Exchange rate adjustments	18	(2)
Deferred tax at 31 December, net	(6,273)	(174,003)

	Deferred tax assets		Deferred tax liabilities		Total deferred tax	
	2015	2014	2015	2014	2015	2014
Intangible assets	-	-	(148,420)	(201,249)	(148,420)	(201,249)
Tangible assets	-	-	21,395	16,251	21,395	16,251
Tax losses carried forward	-	-	77,044	-	77,044	-
Other provisions	66	218	43,642	10,777	43,708	10,995
Total	66	218	(6,339)	(174,221)	(6,273)	(174,003)

NOTES – SAXO BANK A/S

Note	(DKK 1,000)	2015	2014
10	Receivables from credit institutions and central banks		
	Demand deposits	612,230	1,265,653
	Total receivables from credit institutions and central banks	612,230	1,265,653
	All receivables are Receivables from credit institutions in 2015 and 2014.		
11	Loans and advances at amortised cost		
	Demand deposits:		
	Trading clients	12,782	42,007
	Lending clients	140	-
	Subsidiaries	25,643	33,477
	Total loans and advances at amortised cost	38,565	75,484
	Loans, advances and guarantees by sector and industry		
	Finance and insurance	69 %	30 %
	Other business	16 %	43 %
	Total corporate sector	85 %	73 %
	Private clients	15 %	27 %
	Total loans and advances at amortised cost	100 %	100 %
12	Impairment allowance for loans, advances and guarantees		
	Individual impairment allowance for loans, advances and guarantees		
	Impairment allowance at 1 January	2,432	43,127
	Impairment for the year	828	12,014
	Reversals of impairment from previous years	-	(25,390)
	Amounts written off	-	(27,319)
	Individual impairment allowance for loans, advances and guarantees, end of period	3,260	2,432
13	Bonds at fair value		
	Quoted on NASDAQ OMX Nordic	4,099,206	1,084,510
	Quoted on other stock exchanges	12,707,560	14,027,257
	Total bonds at fair value	16,806,766	15,111,767

NOTES – SAXO BANK A/S

Note (DKK 1,000)

14 Intangible assets

2015	Goodwill	Software under development	Software developed	Software purchased	Other	Total
Cost at 1 January	962,077	34,650	2,064,459	95,712	4,347	3,161,245
Additions	-	229,023	-	5,622	-	234,646
Additions from internal development	-	(201,960)	201,960	-	-	-
Disposals	-	-	(49)	(42)	-	(91)
Exchange rate adjustments	59,295	-	-	(13)	-	59,282
Cost at 31 December	1,021,372	61,714	2,266,370	101,279	4,347	3,455,082
Amortisation and impairment at 1 January	(25,000)	-	(1,164,021)	(72,111)	(4,347)	(1,265,479)
Amortisation	-	-	(335,434)	(11,711)	-	(347,145)
Impairment losses ¹⁾	(54,849)	-	(84,342)	(149)	-	(139,340)
Disposals	-	-	49	43	-	92
Exchange rate adjustments	-	-	-	14	-	14
Amortisation and impairment at 31 December	(79,849)	-	(1,583,748)	(83,914)	(4,347)	(1,751,857)
Carrying amount at 31 December	941,523	61,714	682,622	17,365	-	1,703,224

2014	Goodwill	Software under development	Software developed	Software purchased	Other	Total
Cost at 1 January	947,317	139,865	1,683,168	80,215	4,348	2,854,913
Additions	567	277,237	-	15,458	-	293,262
Additions from internal development	-	(382,451)	382,451	-	-	-
Disposals	-	-	(1,160)	(63)	-	(1,223)
Exchange rate adjustments	14,193	-	-	102	-	14,295
Cost at 31 December	962,077	34,651	2,064,459	95,712	4,348	3,161,247
Amortisation and impairment at 1 January	-	-	(856,206)	(63,244)	(4,348)	(923,798)
Amortisation	-	-	(308,975)	(8,817)	-	(317,792)
Impairment losses ¹⁾	(25,000)	-	-	-	-	(25,000)
Disposals	-	-	1,160	63	-	1,223
Exchange rate adjustments	-	-	-	(113)	-	(113)
Amortisation and impairment at 31 December	(25,000)	-	(1,164,021)	(72,111)	(4,348)	(1,265,480)
Carrying amount at 31 December	937,077	34,651	900,438	23,601	-	1,895,767

¹⁾For details of impairment losses, see note 19 Impairment test in the consolidated financial statements.

NOTES – SAXO BANK A/S

Note (DKK 1,000)

15 Tangible assets

2015	Leasehold improvements	Fixtures, equipment and vehicles	IT equipment	Total
Cost or valuation at 1 January	70,146	99,639	229,714	399,499
Additions	728	251	18,177	19,156
Disposals	(1,440)	(5,658)	(2,623)	(9,721)
Exchange rate adjustments	(13)	(220)	7	(226)
Cost or valuation at 31 December	69,421	94,012	245,275	408,708
Depreciation and impairment losses at 1 January	(57,203)	(65,525)	(201,548)	(324,276)
Depreciation	(6,277)	(6,353)	(20,570)	(33,200)
Impairment	-	-	(137)	(137)
Disposals	992	5,024	2,610	8,626
Reclassification	-	-	(138)	(138)
Exchange rate adjustments	13	203	28	244
Depreciation and impairment at 31 December	(62,475)	(66,651)	(219,755)	(348,881)
Carrying amount at 31 December	6,946	27,361	25,520	59,827

2014	Leasehold improvements	Fixtures, equipment and vehicles	IT equipment	Total
Cost or valuation at 1 January	70,143	98,773	218,049	386,965
Additions	96	3,332	11,986	15,414
Disposals	-	(2,202)	(22)	(2,224)
Exchange rate adjustments	(93)	(270)	(129)	(492)
Cost at 31 December	70,146	99,633	229,884	399,663
Depreciation and impairment losses at 1 January	(49,107)	(58,040)	(165,187)	(272,334)
Depreciation	(8,149)	(8,442)	(36,674)	(53,265)
Disposals	-	760	19	779
Exchange rate adjustments	53	204	124	381
Depreciation and impairment at 31 December	(57,203)	(65,518)	(201,718)	(324,439)
Carrying amount at 31 December	12,943	34,115	28,166	75,224

NOTES – SAXO BANK A/S

Note	(DKK 1,000)									2015	2014	
16	Debt to credit institutions and central banks											
	Debt on demand									4,084,568	3,443,021	
	Total debt to credit institutions and central banks									4,084,568	3,443,021	
17	Deposits											
	Deposits on demand									16,255,724	14,541,101	
	Total deposits									16,255,724	14,541,101	
	Deposits on demand include DKK 2,331 million (2014: DKK 2,737 million) required by Saxo Bank A/S as collateral for unrealised client trading positions as at 31 December, see note 30 Offsetting financial assets and liabilities in the consolidated financial statements.											
18	Subordinated debt											
						Margin first period	Margin second period	Margin third period				
	Currency	Year of issue	Maturity	Interest	Rate	Years	Rate	Years	Rate	Years	2015	2014
	EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	3	-	-	7,463	7,447
	EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	3	-	-	52,243	52,132
	EUR	2007	15.12.2019	EURIBOR	2.95%	10	3.95%	3	-	-	89,559	89,369
	EUR	2007	15.09.2020	EURIBOR	2.95%	10	3.95%	3	-	-	111,949	111,711
	EUR	2007	15.09.2020	EURIBOR	2.95%	10	3.95%	3	-	-	74,632	74,474
	EUR	2015	14.04.2025	Fixed/ EURIBOR ¹⁾	14.40%	0.25	12.00%	4.75	12.30%	5	338,224	-
	Total Tier 2 capital instruments										674,070	335,133

¹⁾ Interest is fixed in first and second marginal period and EURIBOR apply in third marginal period.

Hereof included in Total Capital DKK 430.6 million (2014: DKK 189.4 million).

Interest on subordinated debt and related items amounts to DKK 46.3 million (2014: DKK 11.6 million).

Subordinated debt consists of liabilities in the form of Tier 2 capital instruments. In case of the Bank's voluntary or compulsory winding-up the subordinated debt will not be repaid until the claims of ordinary creditors have been met. The ranking in coverage is that Additional Tier 1 capital ranks below Tier 2 capital.

Early redemption of subordinated debt is subject to the approval of the Danish Financial Supervisory Authority.

Convertible Tier 2 Capital

In 2015 Saxo Bank A/S issued for nominal EUR 50 million Subordinated Fixed Rate Resetable Convertible Tier 2 Notes with maturity date 14 April 2025. The Tier 2 notes can be optionally redeemed by Saxo Bank A/S from 14 April 2020.

For a more detailed description of the Convertible Tier 2 Capital please refer to note 25 in the Group's Annual Report 2015.

19 Share capital

In 2015, 1,665,462 ordinary shares were issued with a total proceed net of transaction costs of DKK 228 million. Share capital increased with DKK 1.7 million and a share premium of DKK 226.3 million has been recognised in the reserve for retained earnings in Equity.

As at 31 December 2015, the share capital consisted of 68,283,943 (2014: 66,618,481) shares with a nominal value of DKK 1. Holding of treasury shares is disclosed in note 26 Share capital in the consolidated financial statements.

In 2014, Saxo Bank A/S issued for EUR 45.0 million (DKK 335 million) Perpetual Fixed Rate Resetable Additional Tier 1 Capital notes. Further information is disclosed in note 26 Share capital in the consolidated financial statements.

As at 31 December 2015, the Tier 1 Capital notes including carrying interests included in equity amounts to DKK 346 million (2014: DKK 338 million).

NOTES – SAXO BANK A/S

Note (DKK 1,000)

20 Hedge accounting

Saxo Bank A/S hedges the exchange rate risk of net investments in certain foreign entities net of goodwill by establishing hedge relationships between its net investment in foreign entities and currency derivatives or a non-derivative currency financial liability designated as the hedging instruments. Saxo Bank A/S does not hedge the entities' expected income or other future transactions. At 31 December 2015, the carrying amount of net investment in entities hedged amounted to DKK 1,282.7 million (2014: DKK 1,328.8 million) and the corresponding fair value of the hedging instrument amounted to DKK 1,272.7 million (2014: DKK 1,329.2 million).

21 Related parties

No party has the controlling influence in Saxo Bank A/S. As at 31 December 2015 the following shareholders are registered as holders of more than 5% of the share capital of Saxo Bank A/S:

Fournais Holding A/S, DK-2850 Nærum, Denmark.
 Seier Capital A/S, DK-1256 Copenhagen, Denmark.
 TPG Merl Sarl, L-2453, Luxembourg.
 Gold Shine Investment Holding Pte. Ltd., S-048616, Singapore.

(DKK million)	Board of Directors		Board of Management		Subsidiaries		Associates	
	2015	2014	2015	2014	2015	2014	2015	2014
Loans and advances at amortised cost	-	-	-	-	28	33	-	-
Deposits (liabilities)	-	-	3	2	2,814	2,417	-	68
Other assets	-	-	-	-	102	240	-	-
Other liabilities	-	-	-	-	33	18	-	305
Interest income	-	-	-	-	51	86	4	8
Fee and commission income	-	-	-	-	-	-	21	35
Fee and commission expense	-	-	-	-	847	839	14	23
Administrative services etc. (income)	-	-	1	2	24	21	-	-
Administrative services etc. (expense)	-	-	-	-	18	12	-	-
Client support services	-	-	-	-	58	-	-	-
Leases	-	-	-	-	40	39	-	-
Subleases	-	-	-	-	1	1	-	-
Lease of airplane	-	-	-	-	-	5	-	-
Software development	-	-	-	-	83	57	-	-
Dividend from Subsidiaries	-	-	-	-	525	223	-	-

Remuneration to Board of Directors and Board of Management is disclosed in note 8 Staff costs and administrative expenses in the consolidated financial statements.

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

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

22 Investment in associates and joint ventures

In first half of 2015 an impairment loss of DKK 60 million was recognised on goodwill and customer contracts related to the investment in Banco Best S.A. in 2015 (2014: DKK 75 million). Further details are disclosed in note 19 Impairment test in the consolidated financial statements. The investment in Banco Best S.A. (25% ownership) has in November 2015 been divested resulting in a gain of DKK 22 million.

The impairment loss of DKK 60 million is recognised in the income statement under Income from associates and joint ventures. The gain of DKK 22 million is recognised in the income statement under Other income.

Further information on investments in associates and joint ventures is disclosed in note 37 in the consolidated financial statements.

NOTES – SAXO BANK A/S

Note (DKK 1,000)

23 Branches and subsidiaries specified by country at a consolidated basis

Entity	Activity	2015			Number of employees ²⁾
		Income ¹⁾	Profit before tax	Tax	
Australia		100,757	24,360	(8,042)	14
Saxo Capital Markets Pty Ltd.	Online trading and investment services				
Brasil		13,933	2,181	(755)	6
Saxo Bank do Brasil Escritorio	Online trading and investment services				
Cyprus		33,735	12,434	(3,292)	44
Saxo Bank A/S Cyprus	Sales and marketing, branch of Saxo Bank A/S				
Saxo Capital Markets CY Limited	Online trading and investment services				
Czech Republic		12,072	1,097	(229)	7
Saxo Bank A/S Prague	Sales and marketing, branch of Saxo Bank A/S				
Denmark		432,390	13,302	(14,123)	545
Ejendomsselskabet Bygning 119 A/S	Own, rental and management of domicile property				
Initto A/S	IT-development in India				
Saxo Jet A/S	Dormant				
Saxo Payments A/S	Payment services				
Saxo Privatbank A/S	Retail banking and assets management				
Saxo Treasury A/S	Investment company				
Dubai		19,526	1,729	-	6
Saxo Bank Dubai Ltd.	Online trading and investment services				
France		115,132	17,173	(5,660)	31
Saxo Banque France SAS	Online trading and investment services				
Hong Kong		34,419	7,805	(1,288)	23
Saxo Capital Markets HK	Online trading and investment services				
Italy		14,284	1,209	(653)	8
Saxo Bank A/S Milan	Sales and marketing, branch of Saxo Bank A/S				
Japan		35,804	40	(2,503)	12
Saxo Bank FX Securities K.K	Online trading and investment services				
Netherlands		11,610	1,699	(361)	7
Saxo Bank A/S Amsterdam	Sales and marketing, branch of Saxo Bank A/S				
Saxo Capital Markets BV	Dormant				
Panama		7,244	924	-	2
Saxo Bank (Panama) S.A.	Online trading and investment services				
Poland		8,709	705	(143)	5
Saxo Bank A/S Warsaw	Sales and marketing, branch of Saxo Bank A/S				
Singapore		235,478	48,642	(5,046)	85
Saxo Capital Markets Pte. Ltd.	Online trading and investment services				
South Africa		41,649	16,777	(3,702)	13
Saxo Capital Markets SA Ltd.	Online trading and investment services				

Continued on page 130.

NOTES – SAXO BANK A/S

23 Branches and subsidiaries specified by country at a consolidated basis · continued

Entity	Activity	2015			Number of employees ²⁾
		Income ¹⁾	Profit before tax	Tax	
Spain		20,487	1,799	(720)	3
Saxo Bank A/S Spain	Sales and marketing, branch of Saxo Bank A/S				
Switzerland		231,121	(134,243)	25,214	52
Saxo Bank (Switzerland) AG	Online trading and investment services				
Turkey		13,512	4,919	(971)	17
Saxo Capital Markets Menkul Degerler Anonim Sirketi	Online trading and investment services				
UK		252,121	9,756	(3,887)	69
Saxo Bank A/S London	Sales and marketing, branch of Saxo Bank A/S				
Saxo Capital Markets UK Ltd.	Online trading and investment services				
SBSF Ltd.	Financial spread trading service				
Uruguay		22,586	2,839	-	12
Saxo Capital Markets Agente de Valores S.A.	Online trading and investment services				

¹⁾Income is defined as the sum of Interests income, Fee and commission income and Other income.

²⁾Number of employees converted into full-time equivalents at 31 December 2015.

Information on Group entities is disclosed in note 38 in the consolidated financial statements.

NOTES – SAXO BANK A/S

Note	(DKK 1,000)	2015	2014
24	Contingent and other contractual commitments		
	Guarantees		
	Financial guarantees	133,281	163,292
	Guarantees issued to subsidiaries	50,000	-
	Other guarantees	84,425	50,433
	Total guarantees	267,706	213,725
	Other contractual commitments		
	Rent commitments towards subsidiaries	503,527	541,629
	Other contractual commitments incl. operating leases	181,499	274,821
	Total other contractual commitments	685,026	816,450

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.

Saxo Bank A/S has issued a letter of support to the Monetary Authorities in Singapore concerning the operations of Saxo Capital Markets Pte. Ltd. The effect of this has been included in Financial guarantees above.

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

Saxo Bank A/S is administration Company in the Danish joint taxation. Saxo Bank A/S is taxed jointly with all Danish entities in Saxo Bank Group and is jointly and severally liable for payments of Danish corporate tax and withholding tax etc.

25 Assets deposited as collateral

Of the Bank's bond holdings, bonds with a nominal value of DKK 4.5 billion (2014: DKK 4.5 billion), and a fair value of DKK 4.5 billion (2014: DKK 4.5 billion), are held in custody with institutions. The bonds serve as security for the Bank's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Bank's open positions against these institutions. At 31 December 2015, 27% (2014: 30%) of the Bank's total fair value of the bonds were held in custody.

Of deposits with investment brokers, banks and other credit institutions, DKK 380.7 million (2014: DKK 165.6 million) serve as collateral for the Bank's ongoing financial business with the individual institutions. The actual demand for collateral varies from day to day in line with the fair value of the Bank's open positions against these institutions.

The Bank has deposited bonds DKK nominal 84 million (2014: DKK 48 million) with a fair value of DKK 84 million (2014: DKK 48 million) as security for an interest swap on behalf of Ejendomsselskabet Bygning 119 A/S.

26 Risk Management

Risk exposure

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

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

The risk exposures, policies and procedures to monitor the risks for Saxo Bank A/S are the same as for the Group and are described in Risk Management for the Group.

In addition to the credit risk described in Risk Management for the Group Saxo Bank A/S has credit exposure against its subsidiaries due to granted trading and credit lines. The unutilised lines as per 31 December 2015 can be terminated on demand.

Market and credit risk related to derivative financial instruments is disclosed in Risk Management and in note 30 Offsetting financial assets and liabilities in the consolidated financial statements. Derivative financial instruments relates to trading portfolio and are included in Other assets and Other liabilities.

The Management's Report and Risk Report 2015 provide additional information about Saxo Bank A/S' risk management approach. Risk Report 2015 is available for download from the Group's website at www.saxobank.com/investorrelations. The Risk Report is not covered by the statutory audit.

NOTES – SAXO BANK A/S

Note	(DKK 1,000)	2015	2014	2013	2012	2011
27	Key figures and ratios					
	Key figures					
	Net interest, fees and commissions	235,459	115,772	(93,018)	(35,145)	(10,195)
	Price and exchange rate adjustments	1,029,692	1,752,589	1,887,130	2,052,912	2,684,750
	Staff costs and administrative expenses	(1,527,141)	(1,323,609)	(1,392,763)	(1,707,836)	(1,768,858)
	Impairment charges for receivables, loans, advances etc.	(828)	13,347	(1,572)	(14,670)	(31,041)
	Income from associates, subsidiaries and joint ventures	(46,820)	246,580	239,350	45,239	43,670
	Net profit	(623,264)	399,722	151,902	67,573	618,548
	Loans and advances at amortised cost	38,565	75,484	351,926	489,623	404,004
	Subordinated debt	674,070	335,133	410,300	410,314	408,933
	Total equity	3,896,429	4,198,863	3,458,012	3,334,287	3,222,835
	Total assets	27,965,236	30,200,852	22,004,376	20,115,794	20,594,106
	Average number of employees	647	687	660	793	732
	Ratios					
	Total capital ratio	26.7 %	22.1 %	18.0 %	13.7 %	13.9 %
	Tier 1 capital ratio	22.4 %	20.5 %	15.1 %	10.5 %	10.7 %
	Return on equity before tax	(19.1)%	13.0 %	5.7 %	3.1 %	27.8 %
	Return on equity after tax	(15.4)%	10.4 %	4.5 %	2.1 %	20.3 %
	Income proportional to cost	0.62	1.29	1.10	1.05	1.43
	Interest rate risk	3.0 %	2.9 %	2.0 %	1.3 %	1.6 %
	Foreign exchange rate risk/Tier 1 capital	9.6 %	37.0 %	38.2 %	115.6 %	219.2 %
	Value at risk of foreign exchange rate risk/Tier 1 capital	0.2 %	0.2 %	0.2 %	2.5 %	6.4 %
	Loans and advances plus impairment allowance/Deposits	0.3 %	0.5 %	3.4 %	5.4 %	5.1 %
	Loans and advances proportional to total equity	0.01	0.02	0.10	0.15	0.13
	Growth in loans and advances	(48.9)%	(78.6)%	(28.1)%	21.2 %	61.7 %
	Additional liquidity/liquidity requirement	354.3 %	345.1 %	255.8 %	330.6 %	310.4 %
	Sum of large exposures/Total Capital	-	-	-	-	77.4 %
	Loss and provisions ratio (loans and advances)	0.3 %	(17.2)%	0.3 %	2.4 %	8.4 %
	Return on assets	(2.2)%	1.3 %	0.7 %	0.3 %	3.0 %

See page 109 for definitions.

STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management have considered and approved the annual report for the financial year 2015 for Saxo Bank A/S.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the parent company's financial statements have been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at 31 December 2015 and of the results of the Group's and the

Parent Company's operations and the Group's cash flows for the financial year 1 January – 31 December 2015.

Moreover, in our opinion, the Review of 2015 and The Business of Saxo Bank include a fair review of developments in the Group's and the Parent Company's operations and financial position (page 5-37) and describe the significant risks and uncertainty factors that may affect the Group and the Parent Company.

The 2015 annual report is submitted for the approval of the annual general meeting.

Copenhagen, 18 April 2016

BOARD OF MANAGEMENT

Kim Fournais
CEO and Co-founder

Søren Kyhl
Group Chief Operating Officer

Steen Blaafoalk
Group Chief Financial and Risk Officer

BOARD OF DIRECTORS

Lone Fønns Schrøder
Chairman of the Board

Henrik Normann
Vice Chairman of the Board

Asiff S Hirji

Wikawi Oei

Jacob Polny

Thomas Plenborg

STATEMENTS BY THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF SAXO BANK A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements, page 40-109, and the parent company financial statements of Saxo Bank A/S; page 112-132, for the financial year 1 January – 31 December 2015. The consolidated financial statements and parent company financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of total capital (own funds) and notes, including a summary of significant accounting policies for the Group as well as for the parent company and cash flow statement for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (the consolidated financial statements), the Danish Financial Business Act (the parent company financial statements) and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit

regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of

STATEMENTS BY THE INDEPENDENT AUDITOR

the Group's and the parent company's operations and cash flows for the Group for the financial year 1 January – 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent company financial statements.

Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review (page 5-34). We have not

performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review (page 5-34) is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 18 April 2016

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Lars Rhod Søndergaard
State Authorised
Public Accountant

Anders Duedahl-Olesen
State Authorised
Public Accountant

COMPANY INFORMATION

BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

Management positions and Directorships held by the Board of Directors and the Board of Management in companies excluding positions in the Group's subsidiaries (Chairman (CM), Board member (BM), Chief Executive Officer (CEO)).

BOARD OF MANAGEMENT

Kim Fournais – CEO and Co-founder

Fournais Holding A/S (CEO & BM)

Vejrø ApS (CM)

Fournais Aviation ApS (CEO)

Steen Blaafalk – Group Chief Financial and Risk Officer

Gun Air ApS (CM)

Blue Falcon Holding ApS (CEO)

Falcon Future ApS (CEO)

Adept Water Technologies A/S (BM)

Søren Kyhl – Group Chief Operating Officer

Søren Kyhl Holding ApS (CEO)

BOARD OF DIRECTORS

Lone Fønss Schrøder – Chairman

Akastor ASA (BM)

Bilfinger SE (BM)

Valnet OY (BM)

Volvo Car Corporation AB (BM)

Henrik Normann – Vice Chairman

Nordic Investment Bank (President & CEO)

Nordsøfonden (CM)

Syfoglomad Limited (CM)

Asiff S. Hirji – Member of the Board

HP Enterprise (Chief Restructuring Officer)

Inflektion LLC (Founder)

Eze Software Group (BM)

TES Global (BM)

RentPath (BM)

Wikawi Oei – Member of the Board

Ningbo Commerce Bank (BM)

Nanjing Zijin Capital Fund (Partner)

Sinar Mas Group (Directorship)

Jacob Polny – Member of the Board

TPG Capital LLP London (Partner)

X2-Resources Ltd (BM)

Strauss Coffee BV (BM)

Thomas Plenborg – Member of the Board

Independent member of the audit committee with qualifications within accounting

Everyday Luxury Feeling A/S (CM)

COWI Holding A/S (BM)

DSV A/S (BM)

JFE Holding ApS (CEO)

Plenborg Holding ApS (CEO)

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