

INTERIM REPORT FIRST HALF 2019



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FINANCIAL REVIEW

Saxo Bank Group (the Group) reported a net loss of DKK 139 million for the first half of 2019 compared to a net profit of DKK 153 million as of first half of 2018. The result is slightly lower than anticipated.

Volatility across most financial markets - particularly FX markets which account for a large part of the Group's earning - continued to be close to all-time low during the first half of 2019 which has resulted in significantly lower trading activity compared to the first half of 2018. In addition to the external market environment, the Group has also invested in future growth potential by lowering prices significantly across asset-classes, securing the Group a highly competitive market position. As a result, operating income for the Group ended at DKK 1.1 billion compared to DKK 1.5 billion as of 30 June 2018 which represents a decrease of 26%.

At the same time, several leading indicators have continued a favorable development during the first half of 2019. In the first half 2019, the direct client base grew with more than 17,000 new trading and investing clients, an increase of 66% compared to the same period last year. With 19 new wholesale partners onboarded, the onboarding and pipeline of wholesale partners have also reached new heights during the first half of 2019. Clients' collateral deposits continued to increase to DKK 131 billion from DKK 113 billion as of 31 December 2018 representing an increase of 16%.

Despite the headwind from external market conditions, the Group has continued significant investments - underpinning its position as a Fintech and Regtech leader - to execute the

Group's ambitious strategic priorities of fully digitising the entire value chain, creating a world class sales and service organisation and industrialising the wholesale offering.

In aggregate, CAPEX investments increased to DKK 290 million in the first half of 2019, representing an increase of DKK 93 million compared to the first half of 2018, with most of it going into ongoing digitisation and investments in compliance and Regtech. In addition to CAPEX investments, the Group has during the first half of 2019 invested heavily in the implementation of wholesale partners such as Banca Generali, building the foundation for the Group's plans for the Greater China area as well as preparing and planning the integration of BinckBank. The Group's headcount in Sales and Operations increased by 56 full-time equivalent employees during the first half of 2019 - further demonstrating the commitment to execute on the strategic priorities.

Staff costs and administrative expenses of DKK 1.1 billion for the Group were unchanged compared to first half of 2018. During the second quarter of 2019 several cost and efficiency savings initiatives were initiated in the Group to partly off-set the negative development in the operating income, while at the same time ensuring that the Group continues to deliver on the strategy execution plan.

EBITDA amounted to DKK 57 million from DKK 398 million in the first half 2018 representing a decrease of 86%. Adjusted for special items, including costs related to the acquisition and integration of BinckBank, adjusted EBITDA was DKK 125 million compared to DKK 431 million in the first half of 2018.

KEY FIGURES AND RATIOS • SAXO BANK GROUP

(DKK million)	First half 2019	First half 2018	First half 2017	First half 2016	First half 2015 ¹⁾
Operating income	1,110	1,506	1,558	1,459	752
EBITDA	57	398	496	429	(297)
Adjusted EBITDA ²⁾	125	431	550	490	516
Profit before tax	(164)	209	312	216	(593)
Net profit	(139)	153	233	162	(483)
Total equity	5,387	4,763	4,470	4,078	4,096
Total assets	37,529	38,772	40,846	36,797	38,162
Clients' collateral deposits	130,826	110,435	98,298	82,032	76,007
Total capital ratio	31.9%	27.6%	20.0%	21.5%	19.4%
Return on equity before tax ³⁾	-6.5%	8.9%	14.0%	10.6%	-30.2%
Full-time-equivalent staff (end of period)	1,737	1,619	1,555	1,585	1,477
Hereof employed in India	612	535	472	421	324

¹⁾ The numbers for 2015 all include the effect of the Swiss event (except for Adjusted EBITDA).

²⁾ For further details, please refer to note 18.

³⁾ Annualised.

Please refer to Saxo Bank's Annual Report 2018 page 94 for definitions of key figures and ratios.

Since 1 January 2019 the IFRS 16 standard on Leases has been applicable. The impact of implementing this standard on the financial results and equity for the 2019 was not material.

Loans and other receivables at amortised cost amounting to DKK 4.3 billion as of 30 June 2019 is a gross exposure, which has a maximum uncollateralised exposure to the Group of DKK 75 million, as it is collateralised through investment grade government bonds.

Total shareholders' equity was DKK 5.0 billion as of 30 June 2019 compared to DKK 5.2 billion as of 31 December 2018.

Capital, ICAAP and Liquidity

As of 30 June 2019, the regulatory Common Equity Tier 1 capital (CET1), total tier 1 capital and total capital amounted to DKK 3.2 billion, DKK 3.5 billion and DKK 3.9 billion respectively. This corresponds to a common equity tier 1 ratio, a tier 1 capital ratio and a total capital ratio for the Group of 26.1%, 28.9% and 31.9% respectively. As of 31 December 2018, the corresponding ratios were 29.2%, 32.0% and 35.0% respectively after inclusion of the total comprehensive income for the year.

The total risk exposure amounts of the Group was DKK 12.1 billion as of 30 June 2019 compared with DKK 12.0 billion as of 31 December 2018.

As of 30 June 2019, the Group's Internal Capital Adequacy Assessment Process (ICAAP) resulted in a capital requirement of 13.2% of risk exposure amounts, equivalent to DKK 1.6 billion. As such the CET1 buffer was DKK 1.9 billion, equivalent to 15.7% of risk exposure amounts.

As of 30 June 2019, the Group reported a LCR ratio of 315.5%, thereby fulfilling the regulatory and ILAAP requirements.

Danish Financial Supervisory Authority (FSA) conducted an inspection of Saxo Bank A/S

In March 2019, the Danish Financial Supervisory Authority (FSA) conducted an inspection of Saxo Bank A/S. The inspection was conducted as an ordinary inspection, comprising a review of the Bank's material risk areas based on a risk-based approach. The report on the ordinary inspection was made public by the FSA in June and published on Saxo Bank's website.

Saxo Bank A/S has taken note of the Danish FSA's orders as they reflect areas that are taken very seriously, and Saxo Bank has therefore already initiated concrete initiatives, that will be now accelerated further with increased resources and priority. In addition, Saxo Bank has agreed an additional Pillar II capital requirement of DKK 100 million which the Danish FSA concludes is sufficient.

Saxo Bank is satisfied that the FSA notes the fact that, over the last couple of years, the Bank's risk in relation to clients' trades and hedging hereof has been reduced significantly.

The process of reducing the Bank's risk has required significant investments, and today Saxo Bank operates a notably more robust business model which is scalable and provides access to global capital markets for both direct clients and partners.

Furthermore, it is evident from the report that the Danish FSA's conclusions do not impact Saxo Bank's clients or financial position. Saxo Bank A/S' CET1 ratio is at 26.3% and total capital ratio is at 32.2% as of June 2019, which we consider a solid foundation both in relation to the Danish FSA's remarks and the execution of the Saxo Bank's long-term strategy.

Events after the reporting date

7 August 2019, the Group obtained control and completed the acquisition of BinckBank N.V. BinckBank is an online bank for investors and savers, established in the Netherlands and listed on the Euronext Amsterdam exchange. The acquisition of BinckBank marks an important milestone for the Group as it after the acquisition will service approximately 860,000 clients in total and hold approximately DKK 344 billion in client assets. The acquisition is in line with the strategy of gaining scale through direct clients, wholesale partners and acquisitions while reducing cost and complexity. By gaining scale, the Group can continue its ambitious investments in the digital client experience and expand its product offering, delivering more relevant and intuitive platforms and services. Clients and partners will in the long term significantly benefit from being serviced by a much larger Group with enhanced resources and capabilities for innovation and development.

On 31 July 2019, the Group declared the offer on BinckBank unconditional and on 7 August 2019 Saxo Bank Group achieved control of BinckBank. The final acceptance level following the post-closing acceptance period and including shares already held by the Group ended at 97.96%. The Group intends to initiate the statutory buy-out proceedings to obtain 100% ownership of BinckBank and delist BinckBank.

The total purchase price of BinckBank amounts to EUR 415 million and the estimated acquisition costs are approximately DKK 65 million of which DKK 13 million is expensed in first half of 2019.

As part of the process of acquiring BinckBank, current main shareholders have made a capital increase in Saxo Bank A/S of EUR 132 million.

Saxo Bank A/S has issued EUR 100 million tier 2 subordinated debt on 3 July 2019, to continue the ongoing capital optimisation. The issue was well received in the market with a significant oversubscription, resulting in a very strong and well diversified investor base, ensuring favorable pricing for the Group.

Events after the reporting date are disclosed in note 17 in the consolidated interim financial statements.

OPERATIONAL REVIEW

Strategic Direction

Saxo Bank exists to democratise trading and investment by levelling the playing field and creating equal opportunities for access to financial markets to empower every human being to take control of their financial destiny. This will always be core to Saxo Bank's DNA.

We continue to focus on this ambition by delivering the best SaxoExperience to our clients which comprise traders, investors and wholesale clients. The SaxoExperience includes our ability to deliver timely and relevant engagement, education and guidance, affordability (competitive prices), simplification and ease of use, accessibility and diversification, fairness and transparency, appropriate risk / reward opportunities and empowerment.

To realise the vision of an unparalleled SaxoExperience, we have set three strategic priorities:

Fully digitalise our value chain. By digitalising the value chain, we provide a world class SaxoExperience in a scalable way. We are developing the Saxo Experience to be relevant to the client's needs, accessible in the ways the client prefers, and automatic when speed is needed. Our highest priorities are in smooth and efficient client onboarding, payments and intuitive client engagement. As an example, we will allow clients to invest in themes they believe in while providing full transparency on their portfolio risk profile. Another benefit of digitalising the value chain is that we create scalability while reducing cost and complexity.

Create a world class sales and service organisation.

Developing a world class, efficient global distribution and client services organisation, delivering a combination of human touch and service to our best clients and partners, supported by digital tools and interaction across the organisation. Leveraging digitalisation through AI and self-help, allow us to spend time on value-added solutions and service for all our clients.

Industrialise our SaxoSolutions (wholesale) offering. We are working on industrialising our SaxoSolutions offering to become the best cloud-native, open banking (Banking as a Service) provider and the globally preferred partner for capital markets trading and investing. We will fully automate the offering to smaller solution partners, and onboard large, complex clients with faster time-to-market, e.g. by offering the full value chain to our solutions partners, including improving flexibility to have other providers as part of the value chain.

We continuously strengthen our SaxoExperience through constantly striving to offer better products, platforms, prices and services to all our existing clients and partners, allowing them to better manage their goals and risks. Increasing the relevance of information and themes presented to the client using data models has driven up the client engagement. This approach is already showing its value in both the quality and the quantity of our engagement with the clients.

Clients

Saxo Bank aims to be the preferred partner of traders, investors and wholesale clients.

Traders. Our direct trader clients are B2B or B2C and seek to trade actively at competitive prices. Traders are comfortable using sophisticated trading tools and data on a self-directed basis and mainly use our SaxoTraderPRO or SaxoTraderGO platforms.

Investors. Our direct investor clients are B2B or B2C and generally have a longer-term investment horizon, less frequent trading, lower risk profile, as well as a mixed use of self-directed investing and discretionary portfolio management services.

Wholesale (SaxoSolutions). Our wholesale partners are intermediaries to the end-client, i.e. B2B2B or B2B2C. Partners utilise our services to support their value chain (BaaS) incl. technology entrants who wants to leverage our infrastructure to onboard and manage client assets.

Direct Business

The first half of 2019 marked another record in the number of new clients. 17,497 new trading and investment clients choose to start trading with Saxo Bank. This is an improvement of 66% over first half of 2018. This increase is a testament to the strength of Saxo Bank's unique offering, and on the operational side, particularly six major improvements drove this:

- Improved data driven marketing
- Use of big data and AI in the sales process
- Improved and structured sales processes for both direct and wholesale segments
- Improved digital client onboarding
- Instant demonstration of our platforms offering clients direct access to SaxoExperience through multiple channels, e.g. email, text messages, What's App, as well as other social media.
- Improved user journeys leading to a better and more intuitive user experience

For digital onboarding the STP (Straight Through Processing) rates have been steadily climbing through the year thanks to a focused effort. In the markets that allow for STP, 40-65% of all applications are handled fully automatically.

From both new and existing clients, we continue to see a very positive uptake in referrals. Saxo Bank has chosen to reward this very positive engagement from the clients, and we are proud that to have welcomed 3,000 clients in the first half of 2019 that were referred by other clients.

Wholesale Business

It is one of Saxo Bank's key strategic priorities to industrialise its White Label offering. In essence, ensuring that Saxo Bank can offer a partner solution that is fully scalable and can be deployed with flexibility and cost efficiently to meet the requirements of our partners.

During first half of 2019, we have gone live with a number of exciting new partnerships ranging from traditional banks to new market entrants and across multiple geographies. Some of the partnerships worth highlighting is Mandatum in Finland, Banca Generali in Italy, Portfolio Personal in Argentina and some of the new challengers in Denmark like Grandhood and Lunar Way.

Specifically, for Grandhood Saxo Bank has developed a new pension solution allowing Danish clients to hold their pension savings (rate pension) with Saxo Bank. The solution will be offered to more wholesale partners as well as to direct clients of Saxo Bank in second half of 2019.

Another important focus area is growing and developing our business with existing partners. We continuously add new products and multiasset capabilities to existing partners and build out our mutual fund and SaxoSelect offering. In first half of 2019, we have launched mutual funds with partners in Finland and South Africa.

Saxo Bank's Open API continues to be an integral part of our offering and is growing in relevance for both our existing and new partners. In the first half of 2019, the number of trades through open-API was 5 million representing 24% of the total number of wholesale business trades in for Saxo Bank in first half of 2019.

Product Development

In January, Saxo Bank was one of the first Danish banks to launch the new tax wrapper "Aktiesparekonto" to its clients. A testament to the strength of Saxo Bank's investor offering, media reports showed that Saxo Bank not only delivers the most price competitive service but also managed to onboard more "Aktiesparekonti" than any other Danish bank.

In March, Saxo Bank continued the roll-out of the SaxoInvestor platform in Singapore with reduced prices on local instruments and a collaboration with local mutual funds providers.

Also, in March, Saxo Bank launched fully digital access to Chinese bonds via the Hong Kong based Bond Connect. The launch of mainland China bonds further strengthened Saxo Bank's position as a gateway to China for international investors which also includes unique access to China A-shares listed on the Shanghai and Shenzhen stock exchanges.

In April, Saxo Bank and Brown Advisory, a leading global investment manager with a long history in sustainable investing, announced a collaboration to offer a portfolio of ethical stocks through the fully digital and automated trading and investment service, SaxoSelect. Saxo Bank is the first to offer retail clients outside of the U.S. access to invest in Brown Advisory's Ethical Selection portfolio that offers an attractive and cost-effective way to invest in a sustainable, all-cap, 30-40 stock portfolio comprising of U.S. listed companies.

In May, Saxo Bank introduced CME's new Micro E-mini futures on the S&P 500, Nasdaq-100 and Russell 2000 indices. At one tenth of the size of their classic E-mini counterparts, Micro E-mini futures are more accessible to a broader audience. The Micro E-mini futures supplement the existing CFD offering which efficiently enables clients to hedge portfolio risk or express views on market direction - both long and short - in a broad range of indices. The contracts started trading on 6 May and are available for all clients who are qualified for futures trading.

SaxoSelect is Saxo Bank's digital portfolio management offering targeted towards investors who demands prefers others to manage their portfolio for them. The SaxoSelect platform is purely digital where everything is done online including selecting the portfolio fitting the investor's risk, return and theme preferences. We collaborate with the best investment managers across the globe and provide their investment expertise through the SaxoSelect portfolios and offer it at highly competitive rates. We will build out the SaxoSelect offering with more portfolios and themes and offer SaxoSelect to more markets in the future.

SAXO BANK'S BUSINESS MODEL

Saxo Bank's business model is unique and democratises trading and investment. We are a facilitator providing access to global capital markets and products for all our clients through a truly scalable technology infrastructure supporting traders, investors and wholesale clients. Saxo Bank's business model is based on unbundling the value chain through an open architecture sourcing the best ideas, products, liquidity and services from the best providers in the market.

Liquidity provisioning

Saxo Bank obtains capital market liquidity from more than 150 different liquidity venues including 20 large global banks as well as the world's major trading venues and 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 transactions in a cost-effective way. Efficient execution and risk management are core competencies of Saxo Bank. Saxo Bank do not act as principal in the individual transaction with clients only as agent. By doing so, we are fully aligned with the interest of our client and can-do best execution.

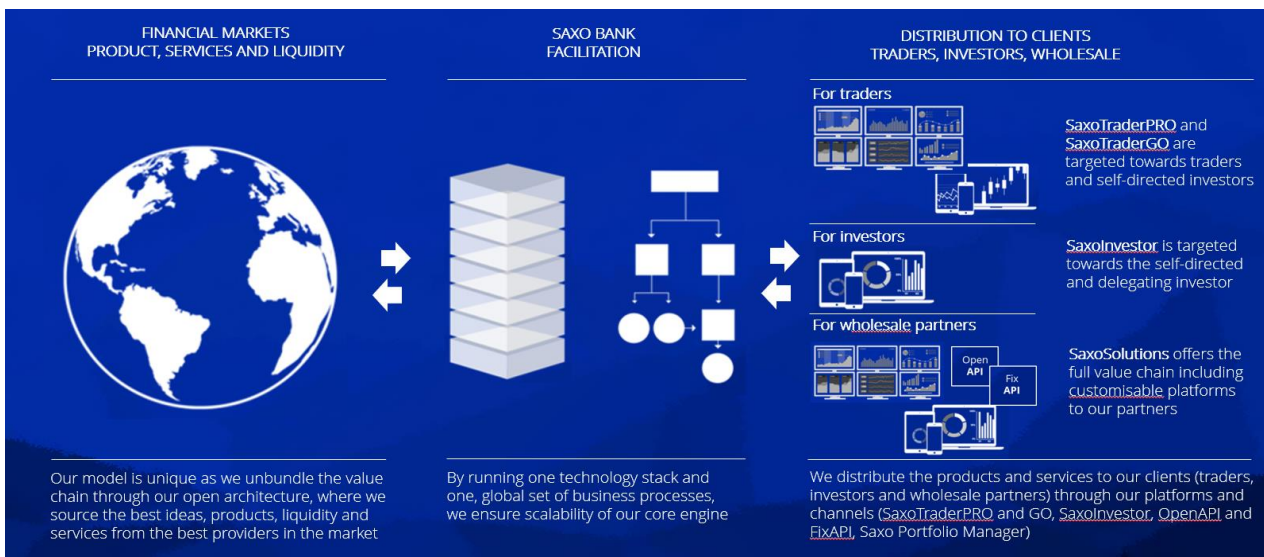
Products

Through the platforms, clients can trade more than 35,000 instruments across bonds, mutual funds, stocks, ETF's, CFD's, futures, options and FX from a single account. Clients also get free access to a large universe of fundamental research and technical trade signals integrated directly in the platform for easy access.

Client interfaces

To facilitate its clients' trading and investment needs, Saxo Bank has developed proprietary online trading and investment platforms, tailored to fit different client experiences, preferences and different types of hardware. The platforms remain the focal point of Saxo Bank's core business, targeting direct clients through the SaxoTraderGO, SaxoTraderPRO and SaxoInvestor platform and via partners through Open as well as Fixed API.

Saxo Bank is a global, multi-asset facilitator



REGULATORY ENVIRONMENT

Capital & ICAAP

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

The ICAAP Report Q2 2019 provides additional information regarding the Bank's and the Group's total capital, risk exposure amounts and capital requirements. The report is available at www.home.saxo/about-us/investorrelations.

Liquidity & ILAAP

CRD IV and CRR require Saxo Bank Group to monitor and report a short-term Liquidity Coverage Ratio (LCR) and a long-term Net Stable Funding Ratio (NSFR).

The Group is required to hold liquidity at least equal to the current Internal Liquidity Adequacy Assessment Process (ILAAP) level as determined by the Board of Directors as part of the yearly ILAAP-process. This ILAAP level cannot be less than the current minimum regulatory requirements.

The fulfilment of the Danish liquidity Supervisory Diamond requirement is published in the Supervisory Diamond half year 2019 report available at www.home.saxo/about-us/investorrelations.

Regulatory Environment

Saxo Bank A/S is required to comply with Danish regulation and EU regulation on Group level and Parent level. In addition, some of the Group's subsidiaries are financial entities which are required to comply with local regulatory requirements.

Changes in supervision and regulation could potentially affect the Group's business, the products and services offered or the value of the assets.

A list of the Bank's subsidiaries can be found in note 29 in the Group's Annual Report for 2018. A description of Saxo Bank's legal, management and organizational structure is also available at www.home.saxo/about-us/investor-relations.

Forthcoming Regulation

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

On 7 June 2019 the European Union published the final text on a package of amendments and revision to key parts of the CRD IV regulation which will apply from June 2021.

The Group is currently analyzing the amendments and is further awaiting EBA to specify the changes in detailed Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS).

Additional information about forthcoming regulation can be found in Saxo Bank's Annual Report 2018 in the section "Regulatory Environment".

Resolution and Recovery of banks

All member states in the EU must apply a single rulebook for the resolution of banks and large investment firms, as prescribed by the Bank Recovery and Resolution Directive (BRRD).

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 to which Danish credit institutions including Saxo Bank A/S contribute. In addition, the Group is contributing to other resolution funds in other jurisdictions.

As of the disclosure date of the Interim Report 2019, Saxo Bank Group had not yet received the final MREL requirement from the Danish authorities.

MIFID II and MIFIR

The Markets in Financial Instruments Directive (MiFID II) and the Regulation on Markets in Financial Instruments (MiFIR) contain together more than 5,000 pages of regulation, including provisions on reporting, 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.

Accounting standards (IFRS)

From 1 January 2019 the Group has adopted IFRS 16 Leases. The standard changes the accounting treatment of leases previously treated as operating leases. The lessees shall, with a few exceptions recognise all leases as right-of-use assets and the related lease obligations as liabilities in the statement of financial position. The lease payments will be recognised as depreciation and interest expense over the leasing period. The impact is disclosed in note 1 in the consolidated interim financial statements.

FINANCIAL OUTLOOK 2019

Due to the nature of the Group's activities, the forecast of trading related income is highly dependent on the volatility of currency markets, stock markets as well as interest rate levels. We do foresee continued low trading activity levels throughout 2019. Furthermore, the full year 2019 will be affected by the acquisition of BinckBank, acquisition and integration costs. With that in mind and based on the result for the first half of 2019, our dedicated investments in our strategy execution and our initiated cost savings initiatives we do foresee a full year 2019 financial result that will be significantly lower than our 2018 results.

The net profit for 2019 for the Saxo Bank Group will include net profit from BinckBank as from the acquisition date.

Following the closing of the BinckBank acquisition the capital ratios of Saxo Bank will decrease as a consequence of the intangible assets (including goodwill) created by the transaction, however the capital levels will remain with an appropriate distance to the regulatory minimum required capital.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects are forward-looking statements. The words "may", "will", "should", "expect", "anticipate", "believe", "estimate", "plan", "predict", "intend" or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements. Saxo Bank has based these forward-looking statements on its current views with respect to future events, a number of risks and un-

certainties, 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.

INTERIM FINANCIAL STATEMENTS

SAXO BANK GROUP

INCOME STATEMENT – SAXO BANK GROUP

Note	(1,000 DKK)	First half 2019	First half 2018
3	Interest income calculated using the effective interest method	95,645	116,970
3	Other interest income	608,225	752,087
4	Interest expense	(123,326)	(137,956)
	Net interest income	580,544	731,101
5	Fee and commission income	714,056	820,929
6	Fee and commission expense	(507,176)	(492,503)
	Net interest, fees and commissions	787,424	1,059,527
7	Price and exchange rate adjustments	322,332	446,913
	Operating income	1,109,756	1,506,440
	Other income	1,591	1,495
8	Staff costs and administrative expenses	(1,090,536)	(1,128,414)
	Depreciation, amortisation and impairment of intangible and tangible assets	(180,920)	(154,892)
	Other expenses	(3,755)	(8,452)
9	Impairment charges loans and receivables etc.	266	(6,775)
	Profit before tax	(163,598)	209,402
	Tax	24,569	(56,137)
	Net profit	(139,029)	153,265
	Net profit attributable to:		
	Shareholders of Saxo Bank A/S	(155,216)	151,823
	Additional tier 1 capital holders	16,187	16,187
	Non-controlling interests	-	(14,745)
	Net profit	(139,029)	153,265

STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK GROUP

(1,000 DKK)	First half 2019	First half 2018
Net profit	(139,029)	153,265
Other comprehensive income		
Items that will not be reclassified to income statement:		
Remeasurement of defined benefit plans	(3,425)	(1,808)
Tax	724	382
Items that will not be reclassified to income statement	(2,701)	(1,426)
Items that are or may be reclassified subsequently to income statement:		
Exchange rate adjustments	22,202	9,834
Hedge of net investments in foreign entities	(13,439)	(2,271)
Fair value adjustment of cash flow hedges:		
Effective portion of changes in fair value	(10,627)	(2,904)
Net amount transferred to income statement	6,079	6,553
Tax	3,899	(360)
Items that are or may be reclassified subsequently to income statement	8,114	10,852
Total other comprehensive income	5,413	9,426
Total comprehensive income	(133,616)	162,691
Total comprehensive income attributable to:		
Shareholders of Saxo Bank A/S	(149,803)	161,249
Additional tier 1 capital holders	16,187	16,187
Non-controlling interests	-	(14,745)
Total comprehensive income	(133,616)	162,691

STATEMENT OF FINANCIAL POSITION – SAXO BANK GROUP

Note	(1,000 DKK)	30 June 2019	31 Dec. 2018
ASSETS			
	Cash in hand and demand deposits with central banks	2,027,875	2,960,272
9	Receivables from credit institutions and central banks	1,987,978	1,777,088
10	Trading assets	25,738,074	26,504,833
9	Loans and other receivables at amortised cost	4,289,868	138
	Current tax assets	59,214	47,523
	Intangible assets	1,920,389	1,768,806
	Tangible assets	931,005	790,355
	Deferred tax assets	40,447	29,265
	Other assets	534,270	605,833
	Total assets	37,529,120	34,484,113
LIABILITIES			
	Debt to credit institutions and central banks	3,452,574	4,653,809
10	Trading liabilities	1,780,347	1,724,743
	Deposits	25,560,458	21,370,224
	Current tax liabilities	59,461	61,842
	Other liabilities	806,881	600,529
	Deferred tax liabilities	2,411	41,595
9	Provisions	114,999	118,531
12	Subordinated debt	365,365	360,672
	Total liabilities	32,142,496	28,931,945
EQUITY			
	Share capital	68,284	68,284
	Translation reserve	224,900	213,181
	Hedging reserve	(41,490)	(37,885)
	Revaluation reserve	47,091	49,597
	Retained earnings	4,742,029	4,913,000
	Shareholders of Saxo Bank A/S	5,040,814	5,206,177
13	Additional tier 1 capital	345,810	345,991
	Total equity	5,386,624	5,552,168
	Total liabilities and equity	37,529,120	34,484,113

STATEMENT OF CHANGES IN EQUITY – SAXO BANK GROUP

Shareholders of Saxo Bank A/S

(1,000 DKK)	Share capital	Trans-lation reserve	Hedging reserve	Reva-luation reserve	Retained earnings	Total	Additional tier 1 capital	Non-controlling interests	Total
Equity at 1 January 2019	68,284	213,181	(37,885)	49,597	4,913,000	5,206,177	345,991	-	5,552,168
Net profit	-	-	-	-	(155,216)	(155,216)	16,187	-	(139,029)
Other comprehensive income									
Exchange rate adjustments	-	22,202	-	-	-	22,202	-	-	22,202
Hedge of net investments in foreign entities	-	(13,439)	-	-	-	(13,439)	-	-	(13,439)
Fair value adjustment of cash flow hedges	-	-	(4,548)	-	-	(4,548)	-	-	(4,548)
Revaluation of domicile properties	-	-	-	(3,213)	3,213	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	(3,425)	(3,425)	-	-	(3,425)
Tax	-	2,956	943	707	17	4,623	-	-	4,623
Total other comprehensive income	-	11,719	(3,605)	(2,506)	(195)	5,413	-	-	5,413
Total comprehensive income	-	11,719	(3,605)	(2,506)	(155,411)	(149,803)	16,187	-	(133,616)
Transactions with owners									
Tier 1 interest payment	-	-	-	-	-	-	(16,368)	-	(16,368)
Share-based payments	-	-	-	-	(15,560)	(15,560)	-	-	(15,560)
Equity at 30 June 2019	68,284	224,900	(41,490)	47,091	4,742,029	5,040,814	345,810	-	5,386,624

Shareholders of Saxo Bank A/S

(1,000 DKK)	Share capital	Trans-lation reserve	Hedging reserve	Reva-luation reserve	Retained earnings	Total	Additional tier 1 capital	Non-controlling interests	Total
Equity at 1 January 2018	68,284	174,721	(43,269)	51,936	3,985,584	4,237,256	346,048	38,110	4,621,414
Restatement on initial application of IFRS 9	-	-	-	-	(26,498)	(26,498)	-	(1,463)	(27,961)
Restated equity at 1 January 2018	68,284	174,721	(43,269)	51,936	3,959,086	4,210,758	346,048	36,647	4,593,453
Net profit	-	-	-	-	151,823	151,823	16,187	(14,745)	153,265
Other comprehensive income									
Exchange rate adjustments	-	9,834	-	-	-	9,834	-	-	9,834
Hedge of net investments in foreign entities	-	(2,271)	-	-	-	(2,271)	-	-	(2,271)
Fair value adjustment of cash flow hedges	-	-	3,649	-	-	3,649	-	-	3,649
Revaluation of domicile properties	-	-	-	(2,787)	2,787	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	(1,808)	(1,808)	-	-	(1,808)
Other equity movements	-	8,877	-	-	(8,877)	-	-	-	-
Tax	-	501	(861)	613	(231)	22	-	-	22
Total other comprehensive income	-	16,941	2,788	(2,174)	(8,129)	9,426	-	-	9,426
Total comprehensive income	-	16,941	2,788	(2,174)	143,694	161,249	16,187	(14,745)	162,691
Transactions with owners									
Tier 1 interest payment	-	-	-	-	-	-	(16,337)	-	(16,337)
Share-based payments	-	-	-	-	10,155	10,155	-	-	10,155
Transactions with non-controlling interests	-	-	-	-	-	-	-	13,300	13,300
Equity at 30 June 2018	68,284	191,662	(40,481)	49,762	4,112,935	4,382,162	345,898	35,202	4,763,262

STATEMENT OF TOTAL CAPITAL – SAXO BANK GROUP

(1,000 DKK)	30 June 2019	31 Dec. 2018
Tier 1 capital		
Total equity 1 January excl. non-controlling interests	5,206,177	4,210,758
Net profit excl. non-controlling interests	(139,029)	987,492
Accrued interest (dividend) on Additional tier 1 capital	(16,187)	(32,643)
Share-based payments	(15,560)	7,059
Total other comprehensive income	5,413	33,511
Hedging reserve	41,490	37,884
Intangible assets	(1,920,389)	(1,768,806)
Deferred tax liabilities, intangible assets	47,825	78,516
Deferred tax assets	(27,078)	(15,691)
Prudent valuation adjustments	(27,551)	(28,262)
Common equity tier 1 capital (net after deduction)	3,155,111	3,509,818
Additional tier 1 capital	334,802	334,802
Total tier 1 capital	3,489,913	3,844,620
Tier 2 capital		
Subordinated debt	365,365	360,672
Total tier 2 capital	365,365	360,672
Total capital	3,855,278	4,205,292
Risk exposure amounts		
Credit risk	3,043,672	3,069,572
Market risk	3,565,987	3,474,861
Operational risk	5,487,052	5,487,437
Total risk exposure amounts	12,096,711	12,031,870
Common equity tier 1 ratio	26.1%	29.2%
Tier 1 capital ratio	28.9%	32.0%
Total capital ratio	31.9%	35.0%

Total capital is calculated in accordance with CRD IV and CRR applicable taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority.

CASH FLOW STATEMENT – SAXO BANK GROUP

(1,000 DKK)	First half 2019	First half 2018
Cash flow from operating activities		
Profit before tax	(163,598)	209,402
Tax paid	(31,596)	(63,622)
<i>Adjustment for non-cash operating items:</i>		
Amortisation and impairment charges of intangible assets	130,389	131,840
Depreciation and impairment charges of tangible assets	50,532	23,052
Loan impairment charges	(266)	6,775
Other non-cash operating items	9,038	28,138
Total	(5,501)	335,585
<i>Changes in operating capital:</i>		
Receivables from credit institutions and central banks	5,453	4,890
Derivative financial instruments	437,486	(330,008)
Loans and other receivables at amortised cost	(4,289,762)	(53,444)
Bonds	405,920	(1,048,455)
Other assets	77,380	(64,429)
Debt to credit institutions and central banks	(1,202,303)	324,860
Deposits	4,147,106	2,163,421
Provisions and other liabilities	57,928	(9,488)
Cash flow from operating activities	(366,293)	1,322,932
Cash flow from investing activities		
Divestment of businesses and other participating interests, net of cash	-	(371,406)
Acquisition of intangible and tangible assets	(289,784)	(196,500)
Cash flow from investing activities	(289,784)	(567,906)
Cash flow from financing activities		
Principal portion of the lease liability	(26,466)	-
Tier 1 interest payment	(16,369)	(16,337)
Transactions with non-controlling interests	-	11,022
Share-based payments	(17,142)	6,555
Cash flow from financing activities	(59,977)	1,240
Net increase/(decrease) in cash and cash equivalents	(716,054)	756,266
Cash and cash equivalents at 1 January	4,731,907	6,828,633
Cash and cash equivalents at 30 June	4,015,853	7,584,899
Cash and cash equivalents at 30 June		
Cash in hand and demand deposits with central banks	2,027,875	2,405,659
Amounts due from credit institutions and central banks within three months	1,987,978	5,179,240
Cash and cash equivalents at 30 June	4,015,853	7,584,899

NOTES – SAXO BANK GROUP

Note

1 Accounting policies

The interim financial statements of Saxo Bank Group for the first half of 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for interim reports of financial institutions.

The interim report for the first half 2019 has not been subject to audit or review.

The Group has implemented standards and amendments applicable in EU from 1 January 2019. Other than from the implementation of IFRS 16 Leases and of the amendment to IAS 12 Income Taxes in the Annual Improvements 2015-2017 Cycle, the accounting policies are unchanged from those applied in the Annual Report from 2018. The Annual Report 2018 contains the full description of the accounting policies.

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.

Due to the application of the amendment to IAS 12 Income Taxes comparative figures have been changed.

Changes in accounting policies

IFRS 16 Leases

The Group has 1 January 2019 implemented IFRS 16 Leases which changes the accounting principles for the Group's operational leases. IFRS 16 requires for leases in which the Group is the lessee, the Group to recognise a right-of-use asset and a lease liability in the statement of financial position for all operational leases with a few exceptions. In the income statement the leasing expense under IFRS 16 will consist of 2 elements: a depreciation charge and an interest expense, unlike the previous accounting rules where the annual leasing payments were recognised in Staff costs and administrative expenses. The standard is applied prospectively with the cumulative effect of initially applying the standard recognised at 1 January 2019 hence the comparative figures are not restated.

On implementation of IFRS 16, at 1 January 2019 the Group recognised right-of use-assets of DKK 186 million and lease liabilities of DKK 186 million. As a result, the equity impact is DKK 0 million. The right-of-use assets are adjusted by any accrued lease payments recognised in the statement of financial position prior to the implementation. Right-of-use assets are presented as Tangible assets and lease liabilities as Other liabilities.

Lease assets consist mainly of office premises which are depreciated on a straight-line basis over the expected lease term of 2-10 years.

When assessing the expected lease term, the Group has identified the non-cancellable lease term of the agreement plus periods comprised by an extension option, which management with reasonable probability expects to exercise. When measuring the lease liability, the Group has applied an alternative borrowing rate to discount future lease payments between 2%-10% p.a.

Accounting policy from 1 January 2019

On initial recognition, the right-of-use asset is measured at cost, corresponding to the value of the lease liability, adjusted for prepaid lease payments, plus any initial direct costs and cost to restore the underlying asset, when it incurs an obligation for those costs. On subsequent recognition, the asset is measured at cost less any accumulated depreciation and impairments. The right-of use asset is depreciated over the shorter of the lease term and the useful life of the asset. Depreciation charges are recognised in the income statement on a straight-line basis. The right-of-use asset is adjusted for changes in the lease liability following from changes in the lease terms or changes in the contractual cash flows.

On initial recognition, the lease liability is measured at the present value of the future lease payments, discounted using an alternative borrowing rate. The lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a change in the underlying contractual cash flows or if the Group changes its assessment of whether it is reasonably certain that an extension option or a termination option will be exercised.

The Group presents the right-of-use asset and lease liabilities as part of the Group's Tangible assets and Other liabilities.

The Group recognises a right-of-use asset and a lease liability for all lease agreements except for short-term leases (lease term of 12 month or less) and leases of low value assets. Lease payments on lease of underlying assets with low value or short-term are recognised in the income statement when incurred.

NOTES – SAXO BANK GROUP

Note

1 Accounting policies (continued)

Amendment to IAS 12 Income tax

The Group has 1 January 2019 implemented the amendment to IAS 12 Income Taxes. The amendment implies the income tax impact of dividends to be recognised in the income statement, and not to be recognised directly in equity as previously. Tax impact of the distribution of interest on the Group's equity accounted Additional tier 1 capital is in according to the amendment to be recognised in the income statement when the interest is paid. The net impact on equity 1 January 2019 is DKK 0 million as it is a reclassification between net profit and directly in equity. Comparative figures have been adjusted accordingly by recognising the tax impact through the income statement instead of directly in equity.

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 goodwill and other intangible assets

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

Note 2 in the Groups Annual Report for 2018 provide a comprehensive description of the Groups critical accounting estimates and judgements.

NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	First half 2019	First half 2018
3	Interest income		
	Credit institutions and central banks	52,426	47,014
	Loans and other receivables	43,219	69,956
	Total interest income calculated using the effective interest method	95,645	116,970
	Bonds	112,249	103,816
	Derivative financial instruments	495,038	646,707
	Other interest income	938	1,564
	Total other interest income	608,225	752,087
4	Interest expense		
	Credit institutions and central banks	(22,392)	(27,054)
	Deposits	(20,339)	(10,133)
	Subordinated debt	(27,162)	(26,437)
	Derivative financial instruments	(47,972)	(74,304)
	Interest leases	(5,461)	-
	Other interest expense	-	(28)
	Total interest expense	(123,326)	(137,956)
5	Fee and commission income		
	Trading with equities and derivative financial instruments	701,963	793,389
	Origination fees	-	9,154
	Asset management fees	-	2,278
	Other fee and commission income	12,093	16,108
	Total fee and commission income	714,056	820,929
6	Fee and commission expense		
	Trading with equities and derivative financial instruments	(507,176)	(492,503)
	Total fee and commission expense	(507,176)	(492,503)
7	Price and exchange rate adjustments		
	Bonds	(52,042)	(87,434)
	Equities	-	913
	Investment securities	(86)	2,833
	Foreign exchange	259,717	368,451
	Derivative financial instruments ¹⁾	114,743	162,150
	Total price and exchange rate adjustments	322,332	446,913
	1) Other than foreign exchange		

NOTES – SAXO BANK GROUP

Note (1,000 DKK)

8 Staff costs and administrative expenses

In first half of 2019 it is decided to offer to repurchase all warrants granted from 2015 to 2018. 2,969,025 warrants have as of 30 June 2019 been repurchased. Number of outstanding warrants granted from 2015 to 2018 are at 30 June 2019 899,100. The purchase price is recognised directly in Equity.

9 Loans and other receivables at amortised cost

Loans and other receivables at amortised cost amounting DKK 4.3 billion as of 30 June 2019 is a gross exposure, which has a maximum uncollateralised exposure to the Group of DKK 75 million, as it is collateralised through investment grade government bonds.

Impairment allowance financial assets at amortised cost and guarantees

30 June 2019	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Impairment allowance 1 January 2019	2,265	-	21,817	24,082
Impairment for the period	1,739	-	-	1,739
Reversal of impairment from previous years	(1,442)	-	(563)	(2,005)
Amounts written down	-	-	(38)	(38)
Impairment allowance 30 June 2019	2,562	-	21,216	23,778
31 December 2018				
Impairment allowance 1 January 2018	-	-	115,106	115,106
Restatement of prior year due to change in accounting policy	17,190	29,629	(10,971)	35,848
Disposal of Saxo Payments A/S and the loan portfolio in Saxo Privatbank A/S	(14,395)	(29,629)	(88,620)	(132,644)
Impairment for the year	-	-	19,872	19,872
Reversal of impairment from previous years	(530)	-	(4,318)	(4,848)
Amounts written down	-	-	(4,207)	(4,207)
Other	-	-	(5,045)	(5,045)
Impairment allowance 31 December 2018	2,265	-	21,817	24,082

10 Trading assets and liabilities	30 June	31 Dec.
	2019	2018
Listed bonds	21,490,054	21,883,044
Derivative financial instruments with positive fair value	4,248,020	4,621,789
Total trading assets	25,738,074	26,504,833
Derivative financial instruments with negative fair value	1,780,347	1,724,743
Total trading liabilities	1,780,347	1,724,743

NOTES – SAXO BANK GROUP

Note (1,000 DKK)

11 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
30 June 2019					
Financial assets					
Trading portfolio bonds ¹⁾	21,490,054	-	-	21,490,054	21,490,054
Derivative financial instruments with positive value ¹⁾	1,885,378	2,212,876	149,766	4,248,020	4,248,020
Loans and other receivables at amortised cost	4,289,868	-	-	4,289,868	4,289,868
Investment securities ²⁾	24,423	-	8,591	33,014	33,014
Financial liabilities					
Derivative financial instruments with negative value ¹⁾	1,255,081	525,266	-	1,780,347	1,780,347
Interest swaps ²⁾	-	63,604	-	63,604	63,604
Subordinated debt	-	-	365,365	365,365	395,935

	Quoted market price - Level 1	Observable input - Level 2	Non- observable input - Level 3	Total fair value	Total carrying amount
31 December 2018					
Financial assets					
Trading portfolio bonds ¹⁾	21,883,044	-	-	21,883,044	21,883,044
Derivative financial instruments with positive value ¹⁾	2,103,145	2,371,072	147,572	4,621,789	4,621,789
Loans and other receivables at amortised cost	-	-	138	138	138
Investment securities ²⁾	23,577	-	8,706	32,283	32,283
Financial liabilities					
Derivative financial instruments with negative value ¹⁾	956,704	768,039	-	1,724,743	1,724,743
Interest swaps ²⁾	-	59,319	-	59,319	59,319
Subordinated debt	-	-	360,672	360,672	360,672

¹⁾ Trading portfolio bonds and derivatives are presented in the statement of financial position as Trading assets and Trading liabilities, note 10

²⁾ Investment securities and interest swaps are presented in the statement of financial position as Other assets and Other liabilities

	30 June 2019	31 Dec. 2018
Financial instruments valued at the basis of non-observable input - level 3		
Fair value at 1 January	156,278	169,937
Additions	2,194	18,844
Disposals	-	(33,107)
<i>Gains and losses recognised in income statement:</i>		
Realised fair value adjustments recognised in price and exchange rate adjustments	(115)	1,565
Unrealised fair value adjustments recognised in price and exchange rate adjustments	-	(961)
Fair value end of period	158,357	156,278

NOTES – SAXO BANK GROUP

Note (1,000 DKK)

11 Fair value hierarchy for financial instruments (continued)

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. The fair value is adjusted for credit value adjustment based on the client's credit worthiness and fair value assessment of collateral received. Investment securities (level 3) are primarily measured based on third party pricing information.

Financial instruments measured at amortised cost

For 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 other receivables is primarily estimated based on expected future payments, the basis of the difference between current market interest rate level and the agreed interest as well as the difference between the expected loss and incurred loss on the loans.

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

										30 June 2019	31 Dec. 2018
				Margin first period		Margin second period		Margin third period			
Cur- rency	Year of issue	Maturity	Interest	Rate	Years	Rate	Years	Rate	Years		
EUR	2015	14.04.2025	Fixed/EURIBOR ¹⁾	14.40%	0.25	12.00%	4.75	12.30%	5.00	365,365	360,672
Total Tier 2 capital instruments										365,365	360,672

¹⁾ Fixed interest apply in first and second margin period and EURIBOR apply in third margin period.

Note 16 in the Group Annual Report for 2018 provides more detailed information.

13 Additional tier 1 capital

Cur- rency	Year of issue	Maturity	Interest	Nominal	Rate	Years	30 June 2019	31 Dec. 2018
EUR	2014	Perpetual	Fixed ¹⁾	45,000	9.75%	5.25 ¹⁾	334,802	334,802
Equity accounted Additional tier 1 capital							334,802	334,802

¹⁾ The interest rate is fixed the first five years and three months after issuance. Hereafter the interest rate is fixed every fifth year at the 5-year mid-swap rate plus 9.30% until redemption

As at June 2019, the tier capital notes including carrying interests included in equity amount to DKK 346 million (31 December 2018: DKK 346 million).

Note 18 in the Group Annual Report for 2018 provides more detailed information.

NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	30 June 2019	31 Dec. 2018
14	Contingent and other contractual commitments		
	Guarantees		
	Financial guarantees	33,839	43,036
	Other guarantees	18,607	19,790
	Total guarantees	52,446	62,826
	Loan commitments etc.		
	Other unutilised credit facilities	-	50,000
	Total loan commitments etc.	-	50,000
	Other contractual commitments		
	Other contractual commitments ¹⁾	168,966	343,580
	Total other contractual commitments	168,966	343,580

¹⁾ Operating lease obligations disclosed as Other contractual commitments 31 December 2018 are from 1 January 2019 recognised in the statement of financial position. Comparative figures are not restated, see note 1.

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 taxed jointly with all Danish entities in the Danish joint taxation and is jointly and severally liable with these for payments of Danish corporate tax and withholding tax etc.

Until 14 September 2018 Saxo Bank was the administration company for the Danish joint taxation consisting of Saxo Bank A/S and its Danish subsidiaries. Due to Geely Financials Denmark A/S' controlling influence in Saxo Bank A/S, Saxo Bank A/S and its Danish subsidiaries joint from 14 September 2018 a Danish joint taxation with Geely Financials Denmark A/S as the administration company.

15 Related parties

The nature of related-party transactions in the first half of 2019 are all of same nature as the ones disclosed in note 25 in the Group Annual Report for 2018.

NOTES – SAXO BANK GROUP

Note (1,000 DKK)

16 Assets deposited as collateral

Of the Group's bond holdings, bonds with a nominal value of DKK 2.5 billion (31 December 2018: DKK 2.9 billion), and a fair value of DKK 2.5 billion (31 December 2018: DKK 3.0 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 30 June 2019, 12% (31 December 2018: 14%) of the Group's total fair value of bonds were held in custody.

Of deposits with investment brokers, banks and other credit institutions, DKK 121 million (31 December 2018: DKK 153 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 placed cash DKK 72 million (31 December 2018: DKK 72 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 (31 December 2018: DKK 365 million) on the Group's domicile property.

17 Events after the reporting date

Acquisition of BinckBank N.V.

On 31 July 2019, the Group declared the offer on BinckBank unconditional and on 7 August 2019 Saxo Bank Group achieved control of BinckBank. The final acceptance level following the post-closing acceptance period and including shares already held by the Group ended at 97.96%. The Group intends to initiate the statutory buy-out proceedings to obtain 100% ownership of BinckBank and delist BinckBank.

BinckBank is an online bank for investors and savers, established in the Netherlands and listed on the Euronext Amsterdam exchange. BinckBank's services are deployed from its head office in the Netherlands and its local branches in Belgium, France, and Italy and representation in Spain. BinckBank offers services in investment, asset management and savings, and targets its services to retail customers, businesses/legal entities, and independent asset managers.

The combination of Saxo Bank Group and BinckBank will benefit from the two parties' complementarity in geographic footprint, product offerings, and customer bases, covering the full retail client spectrum from mass retail to high-end. Further the combination offers benefits from gaining more scale in terms of assets, talent and market reach.

The total purchase price (cash payment) of BinckBank amounts to EUR 415 million and the estimated acquisition costs are approximately DKK 65 million of which DKK 13 million is expensed in first half of 2019. BinckBank is a listed company and does not give any specific outlook for the full year 2019. The net profit for 2019 for the Group will include net profit as from the acquisition date.

The acquisition date of BinckBank is 7 August 2019 and the initial accounting for the business combination is incomplete. Information on the fair value of each major class of assets acquired and liabilities assumed acquired in the business combination, the gross contractual amounts of receivable acquired (and the contractual cash flows not expected to be collected) and description of factors making up goodwill has therefore not been disclosed.

Non-controlling interests are measured at the proportionate interest in the recognised of the identifiable net assets of the acquiree. Goodwill recognised relates only to the controlling interest acquired.

Capital increase

As part of the process of acquiring BinckBank, current main shareholders have made a capital increase in Saxo Bank A/S of EUR 132 million. Warrants 1,770,000 issued to shareholders have been exercised in connection with the capital increase.

Subordinated debt

Saxo Bank A/S has issued EUR 100 million Tier 2 Subordinated Debt with a coupon of 5.5% on 3 July 2019. Saxo Bank A/S has issued the debt to optimise the capital structure and long-term capital planning for the Group. Net proceeds from the issue amounts to DKK 740 million.

NOTES – SAXO BANK GROUP

Note	(1,000 DKK)	First half 2019	First half 2018
18	Key figures and ratios		
	Highlights		
	Net interest, fees and commissions	787,424	1,059,527
	Price and exchange rate adjustments	322,332	446,913
	Staff costs and administrative expenses	(1,090,536)	(1,128,414)
	Impairment charges loans and receivables etc.	266	(6,775)
	Net profit	(139,029)	153,265
	Loans and other receivables at amortised cost ¹⁾	4,289,868	45,935
	Subordinated debt	365,365	355,458
	Total equity	5,386,624	4,763,262
	Total assets	37,529,120	38,771,603
	Full-time-equivalent staff (end of period)	1,737	1,619
	EBITDA		
	Net profit before tax adjusted for:	(163,598)	209,402
	<i>Depreciation and amortisation</i>	180,920	154,892
	<i>Interest expenses, non-core</i>	39,745	33,596
	EBITDA	57,067	397,890
	<i>Acquisitions and integration</i>	32,608	-
	<i>Litigations, claims and restructuring</i>	26,038	33,266
	<i>Other income and expenses, net</i>	9,399	-
	Adjusted EBITDA	125,112	431,156
	Key figures and ratios		
	Total capital ratio	31.9%	27.6%
	Tier 1 capital ratio	28.9%	24.8%
	Return on equity before tax ²⁾	-6.5%	8.9 %
	Return on equity after tax ²⁾	-5.6%	6.5 %
	Income/cost ratio	87.2%	116.0%
	Interest rate risk	2.6%	2.9%
	Foreign exchange rate risk/Tier 1 capital	4.5%	10.9%
	Value at risk of foreign exchange rate risk/Tier 1 capital	0.0%	0.1%
	Loans and other receivables plus impairment charges/Deposits ¹⁾	16.8%	0.2%
	Loans and other receivables proportional to Total equity ¹⁾	0.8	0.0
	Growth in loans and other receivables ¹⁾	9239.0%	-97.3%
	Liquidity coverage ratio	315.5%	284.7%
	Sum of large exposures/Total capital	8.3%	11.2%
	Loss and provisions ratio	0.0%	7.2 %
	Return on assets ²⁾	-0.7%	0.8 %

¹⁾ See note 9 Loans and other receivables at amortised cost 30 June 2019. 2018 is impacted by the disposal of the retail bank activities in Saxo Privatbank A/S.

²⁾ Annualised.

See definitions in Groups Annual Report 2018 page 94.

INTERIM FINANCIAL STATEMENTS

SAXO BANK A/S

INCOME STATEMENT – SAXO BANK A/S

Note	(1,000 DKK)	First half 2019	First half 2018
2	Interest income	635,207	765,015
3	Interest expense	(110,145)	(126,837)
	Net interest income	525,062	638,178
	Fee and commission income	693,486	725,798
	Fee and commission expense	(810,602)	(890,033)
	Net interest, fees and commissions	407,946	473,943
4	Price and exchange rate adjustments	329,092	443,254
	Operating income	737,038	917,197
	Other income	16,108	18,425
	Staff costs and administrative expenses	(822,531)	(750,582)
	Depreciation, amortisation and impairment of intangible and tangible assets	(152,204)	(142,703)
	Other expenses	(2,495)	(3,380)
5	Impairment charges loans and receivables etc.	213	559
	Income from subsidiaries	45,007	145,001
	Profit before tax	(178,864)	184,517
	Tax	39,835	(16,507)
	Net profit	(139,029)	168,010
	Net profit attributable to:		
	Equity method reserve	(225,881)	112,466
	Additional tier 1 capital holders	16,187	16,187
	Retained earnings	70,665	39,357
	Net profit	(139,029)	168,010

STATEMENT OF COMPREHENSIVE INCOME – SAXO BANK A/S

(1,000 DKK)	First half 2019	First half 2018
Net profit	(139,029)	168,010
Other comprehensive income		
Items that will not be reclassified to income statement:		
Other comprehensive income from subsidiaries, net of tax	(2,701)	(1,426)
Items that will not be reclassified to income statement	(2,701)	(1,426)
Items that are or may be reclassified subsequently to income statement:		
Exchange rate adjustments	22,202	9,834
Hedge of net investments in foreign entities	(13,439)	(2,271)
Other comprehensive income from subsidiaries, net of tax	(3,605)	2,789
Tax	2,956	500
Items that are or may be reclassified subsequently to income statement	8,114	10,852
Total other comprehensive income	5,413	9,426
Total comprehensive income	(133,616)	177,436
Total comprehensive income attributable to:		
Equity method reserve	(220,468)	130,769
Additional tier 1 capital holders	16,187	16,187
Retained earnings	70,665	30,480
Total comprehensive income	(133,616)	177,436

STATEMENT OF FINANCIAL POSITION – SAXO BANK A/S

Note	(1,000 DKK)	30 June 2019	31 Dec. 2018
ASSETS			
	Cash in hand and demand deposits with central banks	240,367	967,335
5	Receivables from credit institutions and central banks	1,272,391	1,018,901
5	Loans and other receivables at amortised cost	4,396,644	119,818
	Bonds at fair value	20,232,892	20,638,824
	Equities etc.	33,014	27,784
	Investments in subsidiaries	2,098,408	2,316,740
	Intangible assets	1,956,469	1,790,068
	Tangible assets	89,834	71,102
	Tax receivables	49,444	48,151
	Deferred tax assets	13,703	791
	Other assets	4,618,125	5,052,616
	Prepayments	89,048	68,958
	Total assets	35,090,339	32,121,088
LIABILITIES			
	Debt to credit institutions and central banks	4,175,778	5,315,220
	Deposits	22,719,207	18,588,093
	Tax liabilities	32,780	41,271
	Other liabilities	2,296,282	2,119,277
	Total debt	29,224,047	26,063,861
	Deferred tax liabilities	-	30,148
5	Provisions for guarantees	19,970	19,970
	Other provisions	93,765	93,701
	Total provisions	113,735	143,819
	Subordinated debt	365,365	360,672
EQUITY			
	Share capital	68,284	68,284
	Equity method reserve	524,774	745,242
	Retained earnings	4,448,324	4,393,219
	Shareholders of Saxo Bank A/S	5,041,382	5,206,745
	Additional tier 1 capital	345,810	345,991
	Total equity	5,387,192	5,552,736
	Total liabilities and equity	35,090,339	32,121,088

STATEMENT OF CHANGES IN EQUITY – SAXO BANK A/S

(1,000 DKK)	Shareholders of Saxo Bank A/S					
	Share capital	Equity method reserve	Retained earnings	Total	Additional tier 1 capital	Total
Equity at 1 January 2019	68,284	745,242	4,393,219	5,206,745	345,991	5,552,736
Net profit	-	(225,881)	70,665	(155,216)	16,187	(139,029)
Other comprehensive income						
Exchange rate adjustments	-	22,202	-	22,202	-	22,202
Hedge of net investments in foreign entities	-	(13,439)	-	(13,439)	-	(13,439)
Other comprehensive income from subsidiaries, net of tax	-	(6,306)	-	(6,306)	-	(6,306)
Tax	-	2,956	-	2,956	-	2,956
Total other comprehensive income	-	5,413	-	5,413	-	5,413
Total comprehensive income	-	(220,468)	70,665	(149,803)	16,187	(133,616)
Transactions with owners						
Tier 1 interest payment	-	-	-	-	(16,368)	(16,368)
Share-based payments	-	-	(15,560)	(15,560)	-	(15,560)
Equity at 30 June 2019	68,284	524,774	4,448,324	5,041,382	345,810	5,387,192

(1,000 DKK)	Shareholders of Saxo Bank A/S					
	Share capital	Equity method reserve	Retained earnings	Total	Additional tier 1 capital	Total
Equity at 1 January 2018	68,284	428,531	3,741,009	4,237,824	346,048	4,583,872
Restatement due to changes in accounting policies	-	(24,713)	(1,785)	(26,498)	-	(26,498)
Restated equity at 1 January 2018	68,284	403,818	3,739,224	4,211,326	346,048	4,557,374
Net profit	-	112,466	39,357	151,823	16,187	168,010
Other comprehensive income						
Exchange rate adjustments	-	9,834	-	9,834	-	9,834
Hedge of net investments in foreign entities	-	(2,271)	-	(2,271)	-	(2,271)
Other comprehensive income from subsidiaries, net of tax	-	1,363	-	1,363	-	1,363
Other equity movements	-	8,877	(8,877)	-	-	-
Tax	-	500	-	500	-	500
Total other comprehensive income	-	18,303	(8,877)	9,426	-	9,426
Total comprehensive income	-	130,769	30,480	161,249	16,187	177,436
Transactions with owners						
Tier 1 interest payment	-	-	-	-	(16,337)	(16,337)
Share-based payments	-	-	10,155	10,155	-	10,155
Equity at 30 June 2018	68,284	534,587	3,779,859	4,382,730	345,898	4,728,628

STATEMENT OF TOTAL CAPITAL – SAXO BANK A/S

(1,000 DKK)	30 June 2019	31 Dec. 2018
Tier 1 capital		
Total equity 1 January	5,206,745	4,211,326
Net profit	(139,029)	987,492
Accrued interest (dividend) on Additional tier 1 capital	(16,187)	(32,643)
Share-based payments	(15,560)	7,059
Total other comprehensive income	5,413	33,511
Intangible assets	(1,956,469)	(1,790,068)
Deferred tax liabilities, intangible assets	57,387	84,907
Deferred tax assets	(8,478)	-
Prudent valuation adjustments	(26,294)	(27,013)
Common equity tier 1 capital (net after deduction)	3,107,528	3,474,571
Additional tier 1 capital	334,802	334,802
Total tier 1 capital	3,442,330	3,809,373
Tier 2 capital		
Subordinated debt	365,365	360,672
Total tier 2 capital	365,365	360,672
Total capital	3,807,695	4,170,045
Risk exposure amounts		
Credit risk	4,916,722	4,905,260
Market risk	3,445,560	3,368,663
Operational risk	3,470,485	3,470,485
Total risk exposure amounts	11,832,767	11,744,408
Common equity tier 1 ratio	26.3%	29.6%
Tier 1 capital ratio	29.1%	32.4%
Total capital ratio	32.2%	35.5%

The Total capital is calculated in accordance with CRD IV and CRR applicable taking transitional rules into account as stipulated by the Danish Financial Supervisory Authority.

NOTES – SAXO BANK A/S

Note

1 Accounting policies

The interim financial statements of Saxo Bank A/S for the first half of 2019 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 interim report for the first half of 2019 has not been subject to audit or review.

At 1 January 2019 the new accounting rules on leases has been applied and the accounting of the tax impact of the interest on the Additional tier 1 capital is changed. Except from these changes Saxo Bank A/S has not changed its accounting policies compared to those applied in the Annual Report 2018. For further information see note 1 in the consolidated interim financial statements.

Comparative figures have been changed due to the change in the recognition of the tax impact on the interest on the Additional tier 1 Capital.

Change in accounting policies

Leases

Saxo Bank A/S has adopted the new accounting rules on leases from 1 January 2019.

The new accounting rules changes the accounting principles for operational leases and requires for leases in which Saxo Bank A/S is the lessee recognition of a right-of-use asset and a lease liability in the statement of financial position for all operational leases with a few exceptions. In the income statement the leasing expense will consist of 2 elements: a depreciation charge and an interest expense, unlike the previous accounting rules where the annual leasing payments were recognised in Staff costs and administrative expenses.

The change in accounting policy is applied prospectively with the cumulative effect recognised at 1 January 2019 hence comparative figures are not restated.

On implementation of at 1 January 2019 Saxo Bank A/S recognised right-of-use assets of DKK 19 million and lease liabilities of DKK 19 million. As a result, the equity impact is DKK 0 million. Right-of-use-assets are presented as Tangible assets and lease liabilities as Other liabilities.

Saxo Bank A/S has entered into a lease agreement with its 100% owned subsidiary Ejendomsselskabet Bygning 119 A/S regarding office premises. The subsidiary is measured in accordance with the equity method. The intercompany lease agreement is eliminated when applying the new accounting rules for leases. Hence the intercompany lease continues to be accounted for as operational lease and does not impact the statement of financial position 1 January 2019.

The accounting policy from 1 January 2019 is described in Note 1 in the consolidated interim financial statements.

Income tax

The accounting of the tax impact of the distribution of interest on Saxo Bank A/S' equity accounted Additional tier 1 capital has changed. The tax impact is recognised in the income statement instead of directly in the equity as previously. The net impact on equity 1 January 2019 is DKK 0 million as it is a reclassification between net profit and directly in equity.

NOTES – SAXO BANK A/S

Note	(1,000 DKK)	First half 2019	First half 2018
2	Interest income		
	Credit institutions and central banks	7,324	5,420
	Loans and other receivables	52,166	55,689
	Bonds	107,244	101,525
	Derivative financial instruments	468,473	602,381
	Total interest income	635,207	765,015
3	Interest expense		
	Credit institutions and central banks	(6,687)	(9,806)
	Deposits	(28,694)	(17,534)
	Subordinated debt	(27,162)	(26,438)
	Derivative financial instruments	(47,243)	(73,059)
	Interest leases	(359)	-
	Total interest expense	(110,145)	(126,837)
4	Price and exchange rate adjustments		
	Bonds	(49,048)	(87,090)
	Foreign exchange	261,612	366,531
	Derivative financial instruments ¹⁾	116,528	163,813
	Total price and exchange rate adjustments	329,092	443,254

¹⁾ Other than foreign exchange

NOTES – SAXO BANK A/S

Note (1,000 DKK)

5 Loans and other receivables at amortised cost

Loans and other receivables at amortised cost amounting DKK 4.4 billion as of 30 June 2019 is mainly a gross exposure, which has a maximum uncollateralised exposure to Saxo Bank A/S of DKK 75 million, as it is collateralised through investment grade government bonds.

Impairment allowance financial assets at amortised cost and guarantees

	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
30 June 2019				
Impairment allowance 1 January 2019	2,264	-	21,804	24,068
Impairment for the period	1,739	-	-	1,739
Reversal of impairment from previous years	(1,442)	-	(510)	(1,952)
Amounts written down	-	-	(89)	(89)
Impairment allowance 30 June 2019	2,561	-	21,205	23,766
31 December 2018				
Impairment allowance 1 January 2018	-	-	15,016	15,016
Restatement of prior year due to change in accounting policy	2,288	-	-	2,288
Impairment for the period	-	-	16,934	16,934
Reversal of impairment from previous years	(24)	-	(894)	(918)
Amounts written down	-	-	(4,207)	(4,207)
Other	-	-	(5,045)	(5,045)
Impairment allowance 31 December 2018	2,264	-	21,804	24,068

NOTES – SAXO BANK A/S

Note	(1,000 DKK)	30 June 2019	31 Dec. 2018
6	Contingent and other contractual commitments		
	Guarantees		
	Financial guarantees	163,898	215,398
	Guarantees issued to subsidiaries	-	17,607
	Other guarantees	18,607	2,183
	Total guarantees	182,505	235,188
	Loan commitments etc.		
	Other unutilised credit facilities	-	50,000
	Total other contractual commitments	-	50,000
	Other contractual commitments		
	Rent commitments towards subsidiaries	374,144	390,729
	Other contractual commitments incl. operating leases ¹⁾	164,290	204,962
	Total other contractual commitments	538,434	595,691

1) Operating lease obligations disclosed as Other contractual commitments 31 December 2018 are from 1 January 2019 recognised in the statement of financial position except of headquarter premise lease, see note 1.

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 is taxed jointly with all Danish entities in the Danish joint taxation and is jointly and severally liable with these for payments of Danish corporate tax and withholding tax etc.

Until 14 September 2018 Saxo Bank was the administration company for the Danish joint taxation consisting of Saxo Bank A/S and its Danish subsidiaries. Due to Geely Financials Denmark A/S' controlling influence in Saxo Bank A/S, Saxo Bank A/S and its Danish subsidiaries joint from 14 September 2018 a Danish joint taxation with Geely Financials Denmark A/S as the administration company.

7 Related parties

The nature of related-party transactions in the first half of 2019 are all of same nature as the ones disclosed in note 20 in Saxo Bank A/S' Annual Report for 2018 (part of the Groups annual report).

8 Assets deposited as collateral

Of the Bank's bond holdings bonds with a nominal value of DKK 2.5 billion (31 December 2018: DKK 2.9 billion), and a fair value of DKK 2.5 billion (31 December 2018: DKK 3.0 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 30 June 2019, 12% (31 December 2018: 14%) of the Bank's total fair value of bonds were held in custody.

Of deposits with investment brokers, banks and other credit institutions, DKK 121 million (31 December 2018: DKK 153 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.

9 Events after the reporting date

For detailed information on events after the reporting date, see note 17 Events after the reporting date in the consolidated interim financial statements.

NOTES – SAXO BANK A/S

Note	(1,000 DKK)	First half 2019	First half 2018
10	Key figures and ratios		
	Highlights		
	Net interest, fees and commissions	407,946	473,943
	Price and exchange rate adjustments	329,092	443,254
	Staff costs and administrative expenses	(822,531)	(750,582)
	Impairment charges loans and receivables etc.	213	559
	Income from subsidiaries	45,007	145,001
	Net profit	(139,029)	168,010
	Loans and other receivables at amortised cost ¹⁾	4,396,644	85,506
	Subordinated debt	365,365	355,458
	Total equity	5,387,192	4,728,628
	Total assets	35,090,339	32,632,063
	Full-time-equivalent staff (avg.) ²⁾	729	1,125
	Key figures and ratios		
	Total capital ratio	32.2%	29.6%
	Tier 1 capital ratio	29.1%	26.6%
	Return on equity before tax ³⁾	-7.2%	7.9 %
	Return on equity after tax ³⁾	-5.6%	7.2 %
	Income/cost ratio	81.7%	120.6%
	Interest rate risk	2.9%	3.4%
	Foreign exchange rate risk/Tier 1 capital	3.6%	9.1%
	Value at risk of foreign exchange rate risk/Tier 1 capital	0.0%	0.0%
	Loans and other receivables plus impairment charges/Deposits ¹⁾	19.4%	0.5%
	Loans and other receivables proportional to Total equity ¹⁾	0.8	0.0
	Growth in loans and other receivables ¹⁾	5041.9%	4.1 %
	Liquidity coverage ratio	225.6%	214.5%
	Sum of large exposures/Total capital	7.1%	8.2%
	Loss and provisions ratio	0.0%	-0.2%
	Return on assets ³⁾	-0.8%	1.0 %

¹⁾ See note 5 Loans and other receivables at amortised cost at 30 June 2019.

²⁾ In second half of 2018 activity in India was moved from a branch to a subsidiary.

³⁾ Annualised.

See definitions in the Groups Annual Report 2018 page 94.

STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management have considered and approved the interim report first half 2019 for Saxo Bank A/S.

The consolidated interim financial statements for the first half of 2019 have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and the Parent Company's interim financial statements have been prepared in accordance with the Danish Financial Business Act. Furthermore, the interim report has been prepared in accordance with Danish disclosure requirements for interim reports of financial institutions.

In our opinion, the interim 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 30 June 2019 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the period 1 January - 30 June 2019.

Moreover, in our opinion, the Management Report include a fair review of developments in the Group's and the Parent Company's operations and financial position and describe the significant risks and uncertainty factors that may affect the Group and the Parent Company.

Copenhagen, 21 August 2019

BOARD OF MANAGEMENT

Kim Fournais
CEO and Founder

Søren Kyhl
Deputy CEO and COO

Damian James Bunce
Chief Commercial Officer

Steen Blaafoalk
Chief Financial and Risk Officer

BOARD OF DIRECTORS

Donghui Li
Chairman

Henrik Michael Normann
Vice Chairman

John Patrick Sture Lapveteläinen

Preben Damgaard Nielsen

Yi Ian Zhang

COMPANY INFORMATION

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Reg. No.: 1149
CVR No.: 15 73 12 49
Website: www.home.saxo

Board of Directors

Donghui Li	Chairman of the Board
Henrik Michael Normann	Vice Chairman of the Board
John Patrick Sture Lapveteläinen	Member of the Board
Preben Damgaard Nielsen	Member of the Board
Yi Ian Zhang	Member of the Board

Board of Management

Kim Fournais	CEO and Founder
Søren Kyhl	Deputy CEO and COO
Damian James Bunce	Chief Commercial Officer
Steen Blaafalk	Chief Financial and Risk Officer

Shareholders

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

Fournais Holding A/S, DK-2850 Nærum, Denmark
Geely Financials Denmark A/S, DK-1609 København, Denmark
Sampo Plc. FI-00100 Helsinki, Finland