GEELY FINANCIALS DENMARK A/S

Annual Report
2021

c/o Gorrissen Federspiel
Axeltorv 2
1609 København V
CVR No.: 38 97 61 76

GEELY FINANCIALS DENMARK A/S

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COMPANY INFORMATION

Geely Financials Denmark A/S

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Axeltorv 2
1609 København V

CVR No.: 38 97 61 76

Board of Directors

Donghui Li
Chairman

Yi Ian Zhang

Hans Oscarsson

Board of Management

Yi Ian Zhang - Managing Director

Accepted on the
General Meeting

Date 26 April 2022

BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

Management positions and Directorships held by the Board of Directors and the Board of Management in companies excluding positions in the Group's subsidiaries (Chairman (CM), Board member (BM), Chief Executive Officer (CEO))

Board of Directors

Donghui Li - Chairman

Geely Automobile Holdings Limited (BM)
Geely Holding Group (CEO)
Genius Auto Finance Co. Limited (CM)
Volvo Car Corporation (BM)

Yi Ian Zhang - Member of Board

Geely Financials International Limited (BM)
Geely International (Hong Kong) Limited (BM)
Concordium Foundation (BM)
Concordium AG (BM)

Hans Oscarsson - Member of Board

Geely Sweden Holdings AB (CEO)
Geely Europe Innovation Centre AB (CM)
Geely Business Center AB (CM)

Board of Management

Yi Ian Zhang - Managing Director

MANAGEMENT REPORT

MAIN ACTIVITY

Geely Financials Denmark A/S (the Company) is a financial holding company, which primary purpose is to invest in shares in other companies. At 31 December 2021 the investment in shares in Saxo Bank A/S (Saxo Bank) is the sole investment made by the Company.

Saxo Bank is a global, multi-asset facilitator and delivers capital markets access, products and services through multi assets platforms to traders, investors and institutional partners. Saxo Bank empowers clients and partners to trade and invest across any macrocycle with access to more than 60,000 instruments including stocks, bonds, ETFs, mutual funds, FX, CFDs, options, commodities and Crypto FX. All products and services are offered either via the platforms SaxoInvestor, SaxoTraderGO and SaxoTraderPRO or through our partner-oriented Open API and FIX API solutions.

As a fully licensed and regulated bank Saxo Bank is under supervision of the Danish Financial Supervisory Authority (DFSA). Saxo Bank holds banking licenses in Denmark, the Netherlands and Switzerland, and financial licenses in other jurisdictions. Saxo Bank is a global company with local presence, employing 2,500 people spanning over 65 nationalities.

A list of the Group's subsidiaries is disclosed in note 22 in the consolidated financial statements.

Besides the Managing Director the Company has no employees.

NET PROFIT FOR THE YEAR

The Geely Financials Denmark Group has realised a net profit of DKK 600 million (2020: DKK 639 million). The net profit for the Group comprise net profit in the Saxo Bank Group adjusted for amortisation and impairment of intangible assets recognised at the date of acquisition of the Saxo Bank Group due to fair value measurement of the acquired net assets and liabilities. In the interim report for first half 2021 the Group expected to end 2021 with a net profit in the range DKK 575 -725 million. The Board of Directors find the result for the year satisfactory and in line with latest expectations for 2021.

No dividend will be paid out for 2021.

EQUITY AND REGULATORY CAPITAL

Being based in an EU member state, Geely Financials Denmark A/S and Geely Financials Denmark Group are required to fulfill the requirements set out in CRR (Capital Requirement Regulation).

Geely Financials Denmark Group's total capital is DKK 3,663 million at 31 December 2021 (2020: DKK 3,557 million) which results in a total capital ratio of 20.6% (2020: 22.7%).

Geely Financials Denmark A/S' total capital is DKK 4,475 million at 31 December 2021 (2020: DKK 4,168 million), which result in a total capital ratio of 88.7% (2020: 79.8%).

For Saxo Bank Group the Risk Report for 2021 provides information regarding Saxo Bank Group's risk profile. The report is available at www.home.saxo/about-us/icaap-and-risk-reports.

UNCERTAINTY – RECOGNITION AND MEASUREMENT

In preparing the consolidated financial statements, management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Group's assets, liabilities, income and expenses. The estimates and judgements made are based on historical experience and other factors that management assesses to be reliable, but that by nature, are associated with uncertainty and unpredictability and may therefore prove to be incomplete or incorrect. Uncertainty about these estimates and judgements could result in outcomes that require adjustments to the carrying amount of assets and liabilities in future periods.

Areas involving significant estimates and judgements:

- Classification of financial instruments
- Fair value measurement of financial instruments
- Measurement of expected credit loss on financial assets at amortised cost
- Measurement of goodwill and other intangible assets

Classification of financial instruments

The financial assets are classified into the different measurement categories on the basis of the business model for managing the financial asset and the contractual cash flows characteristics of the asset. It is assessed how the financial asset is managed and the objective of the holding. This assessment entails use of judgement.

Fair value measurement of financial instruments

The majority of the valuation techniques applied for fair value measurement of financial instruments employ either quoted market prices, interbank quoted prices or valuation models substantially based on observable input and are not subject to estimates. Measurement of financial assets based on non-observable input is subject to estimates.

Loan notes issued with certain conversion rights are measured at fair value based on estimates of expected future cash flow by using a discounted cash flow model. In note 23 Investments in joint ventures information on the fair value of the convertible loan notes is disclosed.

MANAGEMENT REPORT - Continued

Measurement of expected credit loss on financial assets at amortised cost

The three-stage expected credit loss impairment model depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the expected credit loss is determined based on the probability that the counterpart will be in default within the next 12 months (stage 1). If the credit risk has significantly increased the expected credit loss is determined based on the probability that the counterpart will default over the lifetime of the financial asset (stage 2 and 3). Determination of the impairment for expected credit losses imply use of judgement and estimates.

Note 26 Risk management provides details on credit exposure and expected credit losses.

Measurement of goodwill and other intangible assets

In a business combination identification and measurement of the fair value of especially intangible assets are subject to estimates and judgement. The existence of intangible assets is not evident and significant uncertainty exists on expected future cash flows, the discount rate, the expected useful life etc. for trademarks and client relationships acquired.

Goodwill is tested for impairment if indication of impairment exists, or at least annually. Impairment test requires estimation of future cash flows from acquired entities and a number of factors affect the value of such cash flows, including discount rate, expected long-term growth rate, capital requirements, economic development and other variables. No impairment loss related to goodwill is recognised in 2021 (2020: DKK 0 million).

Other intangible assets are tested if indication of impairment. Impairment test requires estimation of future cash flows from the intangible assets and a number of factors affect the value of such cash flows, including discount rate, expected useful life, economic development and other variables. No impairment loss related to other intangible assets is recognised in 2021 (2020: DKK 0 million).

Assessment of impairment entails use of judgement and estimates.

Note 10 Intangible assets provides information on carrying amount of intangible assets.

Credit risk and other risks

Geely Financials Denmark Group's credit risk and other types of risks are dependent on the activities in Saxo Bank Group. Credit risk and other types of risks for Saxo Bank Group are outlined in the section "Extract from the Saxo Bank Group's Annual Report 2021". In addition to the credit exposure Geely Financials Denmark A/S has a loan granted to Geely Sweden Holding AB of DKK 104 million, see note 21 related parties in the consolidated financial statements.

BOARD OF DIRECTORS AND BOARD OF MANAGMENT – MANAGEMENT POSITIONS AND DIRECTORSHIPS

Management positions and directorships held by the Board of Directors and the Board of Management is disclosed on page 4.

SOCIAL CONTRIBUTIONS

Geely Financials Denmark A/S has no other employees than the Managing Director. The proportion of women and men in Geely Financials Denmark A/S in the Board of Directors was 0% and 100% respectively in the 2021. Geely Financials Denmark A/S plans to maintain the composition of the Board of Directors.

Saxo Bank Group's diversity policy is outlined in the section "Extract from Saxo Bank Group's Annual Report 2021".

DATA ETHICS POLICY

No separate ethics policy will be prepared for Geely Financials Denmark A/S due to limited data in the company (e.g. no customer or employee data).

OUTLOOK 2022

In the section "Extract from Saxo Bank Group's Annual Report 2021 " the Financial outlook for 2022 for Saxo Bank Group is outlined. The net profit for Geely Financials Denmark Group will compared to the Saxo Bank Group be impacted by amortisation of intangible assets recognised at the date of acquisition. The impact net of tax for 2022 is estimated to DKK 150 million hence the Geely Financials Denmark Group expects to end 2022 with a net profit in the range DKK 450 - 650 million.

EVENTS AFTER THE REPORTING DATE

A draft bill for increase of the corporate tax rate for the financial sector in Denmark has been published for consultation in February 2022. If enacted, the corporate tax rate for Saxo Bank A/S will increase from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards.

No other events which materially affect the assessment of the Annual Report 2021 have taken place after the reporting date.

EXTRACT FROM SAXO BANK GROUP'S ANNUAL REPORT 2021

The subsequent section is text from the management report in Annual Report 2021 for Saxo Bank Group. The following sections are extracts: Financial review, Our business model, Our business risks and Sustainability. The Annual Report for 2021 for Saxo Bank Group is available at www.home.saxo/about-us/investor-relations.

MANAGEMENT REPORT - Continued

Financial Review 2021 – Saxo Bank Group

For 2021, the Saxo Bank Group realised a net profit of DKK 755 million, 1% up from 2020 and in line with the half-year guidance. The result is considered satisfactory as a higher cost level driven by not least the BinckBank migration was mitigated by 5% higher revenue. The investments made served to onboard a large number of new clients and widen the range of products offered on our platforms to be able to migrate the former BinckBank clients and ensure the scalability of our platforms.

Q1 2021 was characterised by an extraordinarily high level of trading in the Investor and Institutional commercial areas, primarily driven by the extraordinary high trading activity within equity markets. The high level of activity not only drove a higher net profit in the first three months, but also the highest quarterly intake of new end clients in the Group's history. After Q1, net profit and the inflow of new clients stabilised at a lower level, though with continued strong growth in Client assets and total number of end clients. The growth led to a total of 820,000 end clients and Client assets of DKK 640 billion.

Net interest, fees and commissions of DKK 3,213 million increased by DKK 149 million (+5%) in 2021. The growing client interests in the CFD product, led to an increase in client exposures. Together with the successful launch of CFD-tiered margin, this prompted a rise in interest income from financial derivatives. Furthermore, net fees and commissions were positively impacted by the growing client base. This drove up commissions primarily from stock trading within the Investor commercial area.

Price and exchange rate adjustments of DKK 1,279 million in 2021 rose slightly compared to 2020. 2021 was positively impacted by a lower net loss for bonds at fair value and higher exchange-rate revenue from higher trading in international stocks. This was partly offset by lower trading in FX products in 2021, compared to 2020 which was extraordinarily impacted by the spike in the FX volatility around the outbreak of COVID-19.

Total Revenue amounted to DKK 4,527 million in 2021 compared to DKK 4,324 million in 2020, corresponding to a 5% increase.

In 2021, the diversification of the Trading related revenue was further improved as the Investor area now account for 36%, Traders 41% and Saxo Institutional 23%. In addition to this, also improving the long term sustainability of the Trading related revenue base. The share of recurring revenue grew to 33% in 2021 compared to 25% in 2020.

Staff cost and administrative expenses of DKK 2,912 million in 2021 increased by DKK 204 million (+8%) as additional FTEs (+13%) were recruited to ensure onboarding of the high number of new clients as well as to migration of the former BinckBank clients onto Saxo Banks trading platforms. The integration efforts also drove higher costs in 2021 associated with additional temporary staff and higher IT costs for running a dual trading platform set-up given the stepwise migration of former BinckBank clients during 2021.

EBITDA reached DKK 1,617 million in 2021, marginally up from 2020 as increased revenue was largely offset by higher cost.

We continued the high level of investments in our platforms, new products and digitisation to improve the Saxo Experience as well as the BinckBank migration.

The high investment levels of recent years led to increased depreciation, amortisation and impairment of DKK 518 million, an increase of DKK 70 million compared to 2020.

The higher level of costs compared to revenue resulted in a Cost/income ratio of 77% in 2021, 2%-points higher than the year before. This led to a profit before tax of DKK 1,031 million, DKK 49 million lower than in 2020. The effective tax rate in 2021 decreased to 26.8% compared to 30.5% in 2020. The decrease compared to 2020 is primarily due to a tax expense of DKK 62 million in 2020 related to the effect of changed tax rates in certain jurisdictions. Net profit of DKK 755 million in 2021 was in line with 2020.

H2 2021 financial result
Total revenue in H2 2021 was DKK 2,093 million compared to DKK 2,434 million in H1 2021. Costs remained at the same level in H2 2021 compared to H1. Due to record high inflow of clients in H1 2021 we saw higher costs related to staff costs and administrative expenses which decreased in H2 2021, while decpreciation, amortisation and impairment costs increased in H2 2021.

The net profit in H2 2021 was DKK 243 million compared to DKK 512 million for H1 2021, as Q1 2021 was positively impacted by an extraordinarily high level of trading and market activity.

MANAGEMENT REPORT - Continued

Statement of financial position

The cash inflow from clients' deposits are placed with counterparty banks, in bonds and other interest-bearing assets. Cash in hand and demand deposits with central banks amounted to DKK 32 billion as of 31 December 2021.

Bonds at amortised cost amounted to DKK 31 billion as of 31 December 2021, compared to DKK 3 billion at 31 December 2020. The bond portfolio measured at fair value amounting to DKK 26 billion as of 30 June 2021, was reclassified from Financial assets at fair value to Bonds at amortised cost with effect from 1 July 2021. The Saxo Bank Group has implemented a new Group interest rate strategy which entails changes to the business model for managing the bond portfolio, which has been reclassified due to these changes. Consequently, Financial assets at fair value was DKK 10 billion as of 31 December 2021 compared to DKK 31 billion at 31 December 2020. Interest income, interest expense and price and exchange rate adjustments are impacted by the change in recognition of Bonds at amortised cost.

Loans and other receivables at amortised cost were DKK 5.5 billion as of 31 December 2021, compared to DKK 4.8 billion as of 31 December 2020, an 14% increase.

Saxo Bank A/S has converted loan notes of EUR 15 million to share capital in the joint venture Saxo Geely Tech Holding A/S which affected Investments in joint ventures. Fair value adjustments of the loan note impacted the net profit by DKK 18 million, recognised in the result from joint ventures. The Saxo Bank Group is continuously building its presence in the Chinese market as part of executing its long-term mainland China strategy.

Total shareholders' equity decreased by 3% to DKK 6.7 billion as of 31 December 2021, compared to DKK 6.9 billion as of 31 December 2020. Total shareholders' equity was affected by the result for the year of DKK 755 million and declared dividend of DKK 1,007 million for 2020 and the first six months of 2021. The Board of Directors propose a dividend of DKK 6.65 per share to be declared at the Annual General Meeting on 14 March 2022. The total proposed dividend for 2021 amounts to DKK 500 million.

Taxonomy disclosure

As holder of banking license within the European Union, the Saxo Bank Group is required to report under the taxonomy disclosure.

As such in 2021, 0% of Saxo Bank's total assets were exposed to taxonomy eligible activities, while 100% of total assets were exposed to taxonomy non-eligible economic activities. The proportion of Saxo Bank's total assets of undertakings not subject to NFRD disclosure was 74.8%; the proportion of sovereigns was 21.0%, central bank exposures 35.2%, on demand interbank loans 7.1% and trading book 11.5%.

Events after the reporting date

A draft bill for increase of the corporate tax rate for the financial sector in Denmark has been published for consultation in February 2022. Consultation deadline is 1 March 2022 and if enacted, the corporate tax rate in Denmark will increase from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards.

No other events which materially affect the assessment of the Annual Report 2021 have taken place after the reporting date.

Financial outlook 2022 - Saxo Bank Group

The Saxo Bank Group operates in global financial markets, and our Trading related income in particular is subject to stock and currency market volatility and fluctuating interest rates.

However, with an increasing share of investor clients, as well as a continued focus on structuring the revenue build-up toward more recurring revenue, we have seen underlying generation of revenue stabilise, a trend that will continue with the rollout of the new Asset Management, Margin- and Securities lending offerings. Nonetheless, the impact of volatility, rising inflation, changes to central bank statements on financial markets in 2022 remains highly uncertain, which will impact the level of revenue achieved, though at this point, we foresee stable growth compared to 2021.

As we move to the next phase of the strategy, we seek to ensure that the level of investment flattens out at its current level and that operating costs stabilise in 2022 as well. As a result, the Saxo Bank Group expects to end 2022 with a Net profit in the range of DKK 600-800 million.

Our business model - Saxo Bank Group

The Saxo Bank Group is a global, multi-asset facilitator. We deliver capital markets access, products, and services through our multi-asset platforms to Traders, Investors and Institutional partners. Based on our open business model, we unbundle the value chain, source from the best products, services and liquidity in the market, process and operate through one technology stack and deliver a unique experience to our clients and partners through our platforms and APIs.

MANAGEMENT REPORT - Continued

Our business risks - Saxo Bank Group

The Saxo Bank Group is exposed to various risks that are actively monitored as applicable based on the underlying exposure. We strive to manage and mitigate those risks that it has influence upon to ensure that risks are within the Saxo Bank Group's risk appetite.

In addition, the Group may be subject to external events beyond its control, e.g., acts of terrorism, political intervention, changes in technology or other rare and unpredictable exogenous events. We strive to be observant and responsive to changes in the external environment.

The risk factors which could adversely affect the Saxo Bank Group's future growth, activities, financial position, and results are described below. This may not be an exhaustive description.

COVID-19 continues to impact the world and the societies we operate in. The pandemic has not had any negative impact on our business model, operational stability, or ability to service our clients or execute our strategy. As part of our risk management, we carefully assess any potential risks from COVID-19 which, given our current policies, geographical footprint and digital business model, remain low.

Further information on the risk management framework can be found in the Risk Report 2021 at www.home.saxo/about-us/icaap-and-risk-reports.

Credit Risk

Credit risk impacts the Saxo Bank Group's financial counterparts as market liquidity providers. These brokers are generally major international banks. In addition, the Group is also exposed to credit risk when placing its surplus liquidity with other major banks or investing in investment grade bonds.

Our clients' margin trading exposures may also lead to uncollateralised exposures in the event of an unexpected wide price gap in one or several markets. In these instances, the collateral posted by clients may not fully offset sustained trading deficits, which may lead to losses if the Saxo Bank Group is unable to collect the amounts due. To mitigate these risks, the Group has several mitigants in place, e.g., a real-time risk management system which can intervene and liquidate positions in case of an adverse market movement.

Market risk

The Saxo Bank Group is a market facilitator and has no proprietary position-taking. The Saxo Bank Group's client-based trading flow is executed and hedged automatically.

To mitigate the intermediate market risk, however, some limited and mostly temporary risks can arise from client trading related to the optimisation of the Group's hedging of these trades.

The Saxo Bank Group encounters market risks from the investment of client funds deposited in Saxo Bank. This Liquidity Buffer portfolio is primarily invested conservatively in central banks, short-term government bonds or prime-rated covered bonds.

Market risk exposures are closely monitored on an intraday basis.

Liquidity and funding risk

The Saxo Bank Group encounters liquidity risk mainly when facilitating clients' trading activities. Liquidity risk is the risk of the Group not being able to fulfil its payment obligations as they fall due, the risk that the cost of funding will rise to disproportionate levels or the risk that the Saxo Bank Group does not comply with regulatory liquidity requirements.

Liquidity management in the Saxo Bank Group covers short-term (including intraday) liquidity management as well as long-term funding management. In order to mitigate liquidity risk, the Group monitors its liquidity position closely according to the defined Risk Appetite minimum levels of required liquidity.

The Saxo Bank Group has a very strong liquidity and funding position.

Operational risk

Operational risk is characterised as the risk of loss due to inappropriate, inadequate or failed internal processes, people or system errors, or loss due to external events.

Business and IT infrastructure disruption

The 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. Consequently, a system outage could have a financial and reputational impact on the Saxo Bank Group.

To control and mitigate this risk, the Saxo Bank Group has redundant data centres, business-continuity plans and insurance programmes in place that are regularly reviewed, challenged and tested to ensure continuing effectiveness and relevance.

Compliance risk

As the Saxo Bank Group is operating under regulated licenses, it is exposed to compliance risks. To mitigate these compliance risks, we promote a strong compliance culture where compliance risks are identified and monitored on an ongoing basis.

MANAGEMENT REPORT - Continued

Cyber-attack risk

Cyber-attacks on financial institutions are becoming increasingly sophisticated and targeted. These emerging threats could harm the Saxo Bank Group and our clients, which might affect the Group financially or harm its reputation.

The Saxo Bank Group protects its infrastructure with policies and procedures as well as mitigations using technical controls for these emerging threats. Furthermore, the Group monitors the evolution of cyber-attacks, ensuring that effective and adaptive defences are in place at all times.

Third party service providers

The Saxo Bank Group relies on service providers to perform certain functions. These service providers also face technology and operational risks, and any significant failures by them could cause the Group to incur losses and harm the Group's reputation.

Risks arising from critical outsourcing arrangements are identified, assessed and monitored regularly to ensure that the risk exposure is within the Saxo Bank Group's tolerance limits.

Sustainability - Saxo Bank Group

As a company, we do not exist in a vacuum. That is why playing an active role in society is key to how we act as a company. We believe that investing can help change peoples' lives and, not least, the wider world. We can make an impact as a company – and it is our vision to enable our clients to make their desired impact.

Sustainability and ESG factors are integral to our strategy and deeply embedded in our purpose.

We group our efforts into three categories: sustainable company, sustainable investing, and sustainable society.

Sustainable company

Enviroment and Climate
At the corporate level, we are committed to reducing our impact on the environment and climate.

We leverage technology to cool our buildings and servers using sea water. Since 2019, we have done away with the use of plastic bottles, cups, cutlery, etc., and replaced these with glass bottles and pottery instead. Furthermore, we have initiated a number of measures in the canteens at our major locations aimed at significantly reducing food waste and our carbon footprint. These initiatives are driven in cooperation with suppliers and partners.

Diversity and Inclusion
Across the organisation, the Saxo Bank Group encourages and aims for diversity and inclusion on all fronts, aspiring to do even better across the hiring process, graduate programmes and other internal operations. The Saxo Bank Group employees represent more than 65 different nationalities, as we acknowledge that employee diversity entails crucial commercial benefits, such as infusing different perspectives and ideas into our business decisions, enhancing innovation and strengthening internal collaboration.

The Board of Directors has adopted a Diversity Policy to promote gender diversity at all levels of the Saxo Bank Group. We aim to increase the number of women in the workforce overall, as well as in senior management positions and on the Board of Directors.

In 2021, we welcomed two new female members to the Executive Team, thus increasing the share of women in executive management from 0% to 22.2%. In 2022, Brit Kannegaard Johannessen will become the new Chief Human Resources Officer, bringing the total proportion of women in the Executive Team to 33.3%. In 2021, the Board of Directors set a target of having 30% women members on the Board of Directors by 2024. To achieve this target, the Board of Directors will strengthen its efforts and reassess its composition during 2022. Our target for woman in senior leadership positions remains at 30%, whereas it was 17.5% (senior management team) at the end of 2021. For general leadership positions within the Saxo Bank Group, the proportion of woman was 17,6% in 2021.

In late 2020, we launched a Diversity Initiative, aimed at further improving the gender composition of our workforce as well as amongst our clients.

The three groups coordinate their efforts to promote equality and break down barriers for clients and employees at the Group:
• the Saxo Career objective is to identify and remove gender bias internally, across hiring, promotion, leadership, and overall corporate culture
• the Saxo WIN objective is to enable more women to fulfil their financial aspirations
• the Saxo Community objective is to build communities and facilitate knowledge sharing amongst Saxonians, men and women alike

MANAGEMENT REPORT - Continued

Employee engagement

Employee engagement is a constant focus of the Saxo Bank Group leadership, as it is critical for the well-being of all employees and for how Saxo delivers on its strategy and further develops the business. We have a comprehensive policy on employee matters built on fairness, transparency and employee well-being.

The annual Employee Engagement Survey (EES) is used by the Executive Team, managers, employees and Group HR to identify our strengths as a company as well as areas of improvement and development, thereby enabling us to act, change and create a better working environment to become an even higher performing and stronger organisation.

In 2021, more than 90% of our employees participated in our annual EES. Overall, the feedback from employees has shown a positive trend in many important areas like Overall Engagement, Client Centricity and Innovation.

The global pandemic has challenged all offices, not least our Indian office where we sadly lost employees to COVID-19. In 2021, we have stepped up our mental health and stress reduction initiatives, psychological first aid, buying and transporting oxygen and many other supportive initiatives.

We use the HiPO Index (High Performance Organisation) as an overall indicator of how the organisation is developing. Since we started working with Kantar on our EES, we have seen continuous improvement. In 2021, the HiPO Index was 76 compared to 74 in 2020.

In our Strategy and Execution Plan for 2024, we have aspirations of a HiPO index exceeding 80.

Our Working Culture Policy was developed after reviewing employees' experiences during the pandemic, to ensure we have all the right information that will enable us to draft a sustainable, long-term setup.

Finalised in August 2021, the policy aims to clarify expectations, define the Group's overall ambition, while continuing to provide and accommodate the flexibility our colleagues expect – just as we expect flexibility in return – thereby creating a win-win situation.

Specifically, this means that in the Saxo Bank Group:

• we believe in the benefits of engaging with colleagues face-to-face, (although with proper social distancing during pandemics such as COVID-19), to discuss and share ideas
• we believe in providing an energising and inspiring working environment in our offices around the world by paying attention to and investing in the physical workspace
• we believe our employees should benefit from working at the office, in a dynamic culture with a shared foundation to create the best possible communication and collaboration and to work together to ensure the execution of our strategy and priorities
• we believe in providing flexibility in terms of where we conduct our work and where it makes sense with respect to the above, depending on function, role type and location

In line with the Saxo Bank Group's work culture and diversity efforts, we comply with collective agreements and respect human rights across our offices and we are committed to achieving a work environment founded on equality and diversity. We consider the primary risk affecting human rights is discrimination, which is why we have adopted a zero-tolerance policy concerning any form of discrimination of employees or anyone involved in the Group's activities. Managing risk in this regard is crucial for attracting talent in all geographical locations and safeguarding the corporate brand and reputation. Discrimination includes unequal treatment based on race, gender, age, disability, sexual orientation, religion, ethnicity, political orientation, or simply compromising the principle of equality.

To reiterate the zero-tolerance policy, in 2021, we have stepped up communication on how harassment has been dealt with in the past, reiterated the importance of the Code of Conduct, and heightened an awareness of our whistleblowing set-up. We are introducing additional measures to eliminate discrimination (e.g., unconscious biases) at the hiring stage embedded in the hiring process.

We have an established a whistleblowing channel for employees and other stakeholders to speak up if they become aware of misconduct. All employees are encouraged to report concerns of misconduct or behaviour that is likely to harm employees, customers, business partners or the reputation or financial well-being of the Saxo Bank Group.

We have two employee representative committees: the Health, Safety & Environment Committee and the Liaison Committee. Both committees are made up of members from various departments and meet on a regular basis. The Health, Safety & Environment Committee strives to continuously improve both the physical and psychological working environment in the company and supports employees by escalating relevant issues that are detrimental to the health and safety of the workplace.

Safeguarding our clients

The Saxo Bank Group is strongly and continuously committed to providing safe and secure digital solutions. As a facilitator of access to global capital markets for traders, investors, and partners worldwide, we are exposed to cyber security risks and the risk of being used as a tool for money laundering, terrorism financing and transactions imposed with sanctions. Failure to manage such risks could lead to legal prosecutions and fines which would adversely impact our reputation.

In recent years, we have invested wisely in security and the prevention of financial crime, and the Board of Directors have adopted group-wide policies, including risk appetite statements, which outline clear limits for operations such as client and transaction acceptance. These policies are available to all employees and are integrated in relevant written procedures and processes. The policy framework is promoted via managers as mandatory reading and annual mandatory training sessions.

In 2021, the security and financial crime units were combined into one department under the remit of the COO. The new department has the overall mission of protecting clients and the Group from cyber-attacks, data breaches, financial crime and fraud events. The new department is responsible for ensuring that the Group takes a holistic, client-centric view of risk and controls, while driving tactical and strategic prevention across the value chain. The department will also ensure that the Group has a single pane of glass for rapid detecting and response to cyber-attacks, data breaches, financial crime and fraud events.

Safeguarding our clients - continued
We continuously strive towards a fair, ethical and lawful collection, use and processing of our clients' personal data. Moreover, want to ensure a high level of data protection as privacy is essential to us for being worthy of our clients' trust, providing best-in-class digital services and ensuring our business going forward.

During 2021, we continued to improve and take necessary steps to enhance data protection compliance within our organisation, including the assignment of responsibilities, heightening awareness, and providing data-protection training of staff involved in processing operations and specifying technical and organisational measures, all for the purpose of ensuring a high level of data protection.

In addition, the Saxo Bank Group's senior management has initiated a project to define and establish a data ethics policy and its implementation principles based on combining policies and procedures already implemented in the Saxo Bank Group's organisational areas dealing with and processing data. The project tasks will include a strategy and principles for sustainable and responsible use of data throughout the organisation, and the project is expected to be completed in 2022.

Anti-bribery and corruption

The Saxo Bank Group has a zero-tolerance policy for bribery and corruption and full transparency for receiving or giving inducements. The Board of Directors has adopted an Anti-Bribery and Corruption Policy to this effect, which also includes a general ban on giving any inducements to government officials.

All relevant staff regularly perform documented ABC training. In 2021, 88.5% of all employees completed the course. If employees have concerns about the conduct of individuals, they are strongly encouraged to report this, if necessary, through the Group's whistleblowing set-up.

Tax contribution

The Saxo Bank Group considers taxes and other duties as constituting an important part of our social contribution in the countries in which we do business. Corporate tax is only a limited part of the overall tax contribution. A large part is made up of direct and indirect taxes, such as real estate tax, payroll tax, non-recoverable VAT and social contribution from employees. In addition to the overall tax contribution, the Saxo Bank Group contributed indirectly through purchases of services, goods, etc., from vendors, which in turn pay taxes through their employees, purchases and direct and indirect taxes, etc.

We do business responsibly, meeting the expectations for a good corporate citizen. This means paying taxes on profits according to where the value is created and in accordance with local tax legislation. It also means that we have a balanced tax-risk profile and that we do not engage in any tax-avoidance activities.

The Saxo Bank Group aims to ensure a good local tax reputation by being transparent and cooperative with the tax authorities in each country we do business in regarding our tax positions filed.

We are subject to Danish CFC taxation which means that positive income in subsidiaries engaged in financial activities is included in the taxable income of Saxo Bank in Denmark. The income of the subsidiary is subject to Danish corporate tax with a tax credit granted for foreign tax paid by the subsidiary. The Danish CFC tax regimen also removes the incentive for tax planning.

Total tax contribution made by Saxo Bank Group:

	Denmark			Other countries			Total		
DKK million	2021	2020	2019	2021	2020	2019	2021	2020	2019
Corporate taxes incl. CFC taxes	37	43	6	254	255	69	291	298	75
Payroll taxes	334	285	292	181	179	105	515	464	397
Social taxes	2	2	1	87	70	73	89	72	74
Financial Services Employer taxes	125	111	111	-	-	0	125	111	111
Property taxes	4	4	4	3	3	2	7	7	6
Value added taxes	128	112	116	81	73	35	209	185	151
Taxes on dividends	5	-	-	-	-	-	5	-	-
Other taxes	-	-	-	22	21	21	22	21	21
Total taxes	635	**557**	**530**	628	**601**	**305**	1,263	**1,158**	**835**

Sustainable investment
By combining traditional investment approaches with environmental, social and governance (ESG) insights, more and more investors are taking a sustainable approach in pursuit of their financial aspirations. With increased interest from investors, heightened regulatory scrutiny and in response to demands and developments, we have strengthened our ESG offering in recent years and will continue to do so in the years ahead.

Through our comprehensive offering of sustainable products ranging from ESG-friendly stocks, highly-rated sustainable mutual funds and ETFs and our own ESG integrated portfolios as part of our asset management offering (SaxoSelect and SaxoWealthcare), we empower our clients to make sustainable investments. To make it easier for clients to identify and compare sustainable products and thus make better informed decisions, we have added ESG ratings tools to the platform. With SaxoWealthCare, we have partnered with BlackRock and Amundi to deliver single A-rated ESG portfolios to our clients. For clients seeking an even stronger ESG profile to their investments, we offer an AA-rated ESG portfolio. In 2022, we plan to add to the offering by incorporating additional innovative ESG products into the platform.

MANAGEMENT REPORT - Continued

Sustainable investment - continued
SaxoSelect and Saxo Wealthcare ESG-considered portfolios do not have sustainable investments as their core objective. However, they strive to contribute to the positive development of the society, promoting environmental as well as social factors and taking into consideration good governance practices of the companies selected into these portfolios, thereby adhering to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

Besides providing clients with ESG products for them to invest in, we also want to help our clients align their values with their investments by helping them understand ESG, its societal and environmental benefits, and the benefits for the clients themselves. This is done by featuring ESG themes on the platform, which also has articles that go into more detail about specific ESG subjects.

In 2021, for the first time we provided our clients with themes covering not only highly rated ESG stocks but also stocks that are highly rated in parameters specifically in terms of environmental, social or governance considerations. This enables our clients to include these specific considerations in their investment portfolios and better align their investment with their values. We are committed to continuously developing our product range in sustainable investments and making it easier for our clients to invest sustainably.

Sustainable society
As more investors entered the capital markets than ever before in 2021, we are also seeing that the financial system, capital markets, and financial institutions remain shrouded in mystery for some, and misunderstood by many others.

We obviously need to challenge and change them to highlight the importance of our purpose and role in society.

Launched in 2021, Money Matters – Make Your Impact is a thought leadership initiative where we aim to inspire people to discuss, reflect on and rethink the concept of money, the financial system and investing as a means to making an impact. Consisting of five animated films exploring different themes in investing, the initiative speaks directly to the Group's purpose and efforts in articulating why we matter in the world and to our clients.

By highlighting the importance of a strong and transparent financial system, supporting win–win transactions, we want to show how investment is indeed the most efficient way for people, businesses, and society to fulfil financial aspirations and make an impact.

We invite you to watch the films here:
Money Matters (Danish)
www.home.saxo/da-dk/campaigns/money-matters
Money Matters (English)
www.home.saxo/en-mena/campaigns/money-matters

We will always be part of the solution. We always want to put a smile on our client's face, knowing that we have kept our promise: taking it to the next level together as one company and delivering something better and unique to all clients in the Saxo Bank Group, enabling them to fulfil their financial aspirations and make an impact.

Local CSR efforts in Singapore and India
SaxoCares is a locally driven project started in 2020 by the Saxo Singapore office that champions 'care for our people, our business, our community, and our environment. In 2021, the project continued to engage employees to support the underprivileged in Singapore by sponsoring Christmas presents for the elderly at the St John's Home for Elderly Persons.

The India office has always been committed to supporting local communities. In 2021, the initiatives carried out by the India office include:
• donation of tablets to students at a school for the visually impaired, so they can continue learning online during the pandemic
• sponsoring the school fees of needy students of the National Blind Association
• donating to Clean India Mission, an initiative by the Indian government to improve solid waste management
• organising RTPCR: a COVID testing drive at the office campus

GROUP FINANCIAL STATEMENTS

GEELY FINANCIALS DENMARK GROUP

INCOME STATEMENT – GEELY FINANCIALS DENMARK GROUP

1 JANUARY 2021 - 31 DECEMBER 2021

Note	DKK million	2021	2020
2	Interest income	1,483	1,402
3	Interest expense	(353)	(317)
	Net interest income	**1,130**	**1,085**
4	Fees and commission income	3,632	3,470
	Fees and commission expense	(1,551)	(1,494)
	Net interest, fees and commissions	**3,210**	**3,061**
5	Price and exchange rate adjustments	1,279	1,307
	Operating income	**4,489**	4,368
	Other income	35	8
6	Staff costs and administrative expenses	(2,914)	(2,708)
	Depreciation, amortisation and impairment	(712)	(641)
	Other expenses	(42)	(57)
	Impairment charges financial assets	(7)	(24)
23	Result from joint ventures	(18)	(7)
	Profit before tax	**833**	**938**
7	Tax	(233)	(299)
	Net profit	**600**	**639**
	Net profit attributable to:		
	Shareholders of Geely Financials Denmark A/S	286	302
	Additional tier 1 capital holders	36	43
	Non-controlling interests	278	293
	Net profit	**600**	**639**

STATEMENT OF COMPREHENSIVE INCOME – GEELY FINANCIALS DENMARK GROUP
1 JANUARY 2021 - 31 DECEMBER 2021

DKK million	2021	2020
Net profit	**600**	**639**
Other comprehensive income		
Items that will not be reclassified to income statement:		
Remeasurement of defined benefit plans	9	4
Tax	(2)	(1)
Items that will not be reclassified to income statement	7	3
Items that are or may be reclassified to income statement:		
Exchange rate adjustments	87	(112)
Hedge of net investments in foreign entities	(108)	108
Fair value adjustment of cash flow hedges	-	2
Reclassification to income statement (cash flow hedge)	-	(9)
Other comprehensive income from joint ventures, net of tax	30	2
Tax	24	(22)
Items that are or may be reclassified subsequently to income statement	33	(32)
Total other comprehensive income	**40**	**(28)**
Total comprehensive income	**640**	**610**
Total comprehensive income attributable to:		
Shareholders of Geely Financials Denmark A/S	307	288
Additional tier 1 capital holders	36	43
Non-controlling interests	297	279
Total comprehensive income	**640**	**610**

STATEMENT OF FINANCIAL POSITION – GEELY FINANCIALS DENMARK GROUP

1 JANUARY 2021 - 31 DECEMBER 2021

Note	DKK million	2021	2020
	ASSETS		
	Cash in hand and demand deposits with central banks	32,035	29,052
8	Receivables from credit institutions and central banks	6,487	5,935
9	Loans and other receivables at amortised cost	5,576	4,811
	Bonds at fair value	-	25,070
	Bonds at amortised cost	31,336	3,399
	Equities	155	110
23	Investment in joint ventures	402	380
10	Intangible assets	7,144	7,068
11	Tangible assets	1,297	1,325
	Tax receivables	114	109
7	Deferred tax assets	33	33
12	Other assets	10,517	5,561
	Prepayments	236	247
	Total assets	**95,332**	**83,099**
	LIABILITIES		
13	Debt to credit institutions and central banks	5,178	4,393
14	Deposits	68,577	60,197
	Current tax liabilities	96	70
15	Other liabilities	8,690	5,659
	Pension and similar provisions	32	39
7	Deferred tax liabilities	1,032	1,093
	Provision for guarantees	16	22
	Provisions	312	342
16	Subordinated debt	770	776
	Total liabilities	**84,703**	**72,591**
17	**EQUITY**		
	Share capital	10	10
	Translation reserve	12	(4)
	Retained earnings	5,935	5,641
	Shareholders of Geely Financials Denmark A/S	**5,957**	**5,647**
	Additional tier 1 capital	452	452
	Non-controlling interests	4,220	4,410
	Total equity	**10,629**	**10,509**
	Total liabilities and equity	**95,332**	**83,099**

STATEMENT OF CHANGES IN EQUITY – GEELY FINANCIALS DENMARK GROUP

DKK million	Shareholders of Geely Financials Denmark A/S							
	Share capital	**Trans-lation reserve**	**Hedging reserve**	**Retained earnings**	**Total**	**Additional tier 1 capital**	**Non-controlling interests**	**Total**
Equity at 1 January 2021	**10**	**(4)**	**-**	**5,641**	**5,647**	**452**	**4,410**	**10,509**
Net profit	-	-	-	286	286	36	278	600
Other comprehensive income								
Exchange rate adjustments	-	44	-	-	44	-	43	87
Hedge of net investments in foreign entities	-	(55)	-	-	(55)	-	(53)	(108)
Remeasurement of defined benefits plans	-	-	-	5	5	-	5	9
Other comprehensive income from joint ventures, net of tax	-	15	-	-	15	-	15	30
Tax	-	12	-	(1)	11	-	11	22
Total other comprehensive income	-	17	-	4	20	-	20	40
Total comprehensive income	-	**17**	-	**290**	**307**	**36**	**297**	**640**
Transactions with owners								
Additional tier 1 interest payment	-	-	-	-	-	(36)	-	(36)
Share-based payments	-	-	-	3	3	-	3	7
Transactions with non-controlling interests	-	-	-	(0)	(0)	-	(490)	(490)
Equity at 31 December 2021	**10**	**12**	**0**	**5,935**	**5,957**	**452**	**4,220**	**10,629**

DKK million	Shareholders of Geely Financials Denmark A/S							
	Share capital	**Trans-lation reserve**	**Hedging reserve**	**Retained earnings**	**Total**	**Additional tier 1 capital**	**Non-controlling interests**	**Total**
Equity at 1 January 2020	**10**	**10**	**3**	**5,336**	**5,358**	**798**	**4,186**	**10,342**
Net profit	-	-	-	302	302	43	293	639
Other comprehensive income		**-**	**-**	**-**	-	**-**	**-**	
Exchange rate adjustments	-	(57)	-	-	(57)	-	(55)	(112)
Hedge of net investments in foreign entities	-	55	-	-	55	-	53	108
Fair value adjustment of cash flow hedges	-	-	1	-	1	-	1	2
Reclassification to income statement (cash flow hedge)	-	-	(5)	-	(5)	-	(5)	(9)
Remeasurement of defined benefits plans	-	-	-	2	2	-	2	4
Other comprehensive income from joint ventures, net of tax	-	-	-	1	1	-	1	2
Tax	-	(12)	1	(0)	(12)	-	(11)	(23)
Total other comprehensive income	-	(14)	(3)	2	(14)	-	(14)	(28)
Total comprehensive income	**-**	**(14)**	**(3)**	**305**	**288**	**43**	**279**	**610**
Transactions with owners								
Additional tier 1 interest payment	-	-	-	**-**	-	(53)	-	(53)
Additional tier 1 capital, net of transaction costs	-	-	-	(1)	(1)	(336)	(1)	(337)
Share-based payments	-	-	-	2	2	-	2	4
Treasury shares	-	-	-	3	3	-	3	6
Acquisition of non-controlling interests	-	-	-	(4)	(4)	-	(60)	(64)
Equity at 31 December 2020	**10**	**(4)**	**0**	**5,641**	**5,647**	**452**	**4,410**	**10,509**

STATEMENT OF TOTAL CAPITAL – GEELY FINANCIALS DENMARK GROUP

DKK million	2021	2020
Tier 1 capital		
Equity end of the reporting period	3,668	3,534
Proposed divided	(500)	(382)
Minority interest given recognition in CET1 capital	1,932	1,900
Intangible assets	(2,419)	(2,445)
Deferred tax liabilities, intangible assets	220	235
Deferred tax assets	(13)	(15)
Prudent valuation adjustments	(18)	(35)
Common equity tier 1 capital (net after deduction)	**2,870**	**2,792**
Additional tier 1 capital	315	304
Total tier 1 capital	**3,185**	**3,096**
Tier 2 capital		
Subordinated debt	478	461
Total tier 2 capital	**478**	**461**
Total capital	**3,663**	**3,557**
Risk exposure amounts		
Credit risk	8,425	4,842
Market risk	2,240	3,776
Operational risk	7,138	7,084
Total risk exposure amounts	**17,803**	**15,702**
Common equity tier 1 ratio	16.1%	17.8%
Tier 1 capital ratio	17.9%	19.7%
Total capital ratio	20.6%	22.7%

Total capital is calculated in accordance with the Capital Requirement Directive (CRD) and -Regulation (CRR).

Calculation of total capital is based on Saxo Bank Group. Total equity end of period is Geely Financials Denmark A/S' ownership (50.89%) of Shareholders equity of Saxo Bank A/S.

Note DKK million

1 **Accounting policies**

The consolidated financial statements have been prepared in accordance with the Danish Financial Business Act and the Danish executive order on the executive order on financial reports for credit institutions and investments companies etc.

On 26 April 2022, the Board of Directors and Board of Management approve the Annual Report for the financial year 2021 for Geely Financials Denmark A/S for issue. The Annual Report will be submitted for approval by the shareholders of Geely Financials Denmark A/S at the Annual General Meeting on 26 April 2022.

The accounting policies are unchanged compared to those applied in the Annual Report for 2020.

Change in comparative figures

Certain changes have been made to the comparative figures for 2020 due to reclassifications.

Reclassification of bond portfolio applicable from 1 July 2021

The Group's financial assets are classified into the following measurement categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

Classification and subsequent measurement of the financial assets depends on the business model for managing the financial asset and the contractual cash flow characteristics of the asset. Until the end of June 2021 the Group has in its bond portfolio held bonds both measured at amortised cost and at fair value based on the applied business model.

On Saxo Bank Board meeting 15 June 2021 a new Group interest rate strategy was decided and implied changes to the business model applied for managing the bonds held in the Group Treasury portfolio. The change entailed that bonds were reclassified from the fair value measurement category into the amortised cost measurement category applicable from 1 July 2021.

The reclassification was based on the Saxo Bank Board decision 15 June 2021 to establish a new interest risk strategy and to introduce a new risk management framework for the management of the interest rate risk, thereby aligning the framework across the Group. The new governance framework for the management of the interest rate risk is effective from end of June 2021 and apply for all activities and exposures of Saxo Bank Group, that are allocated to the regulatory Banking Book as defined in the Capital Requirement Regulation (the CRR2 – EU 2019/876).

With the introduction of the new risk management framework, defined in the Saxo Bank Group Interest Rate Risk in the Banking Book Policy, it was decided that the primary focus will be the structural interest rate risk/earnings risk, however balanced with a view on other interest rate risk measures, such as the changes in the net present value of interest rate sensitive instruments. The business model is to generate earnings through the management and investment of client deposits and own funds, with focus on managing the risk on future earnings rather than the potential daily fluctuations of the fair value of the portfolio and at the same time optimising the usage of regulatory capital, minimizing complexity, and limiting liquidity risk.

The strategy is expressed through the Saxo Bank Group Interest Rate Risk in the Banking Book Policy and the Risk Appetite Statements, where Board of Directors of Saxo Bank A/S has decided the acceptable impact of fluctuating interest rates on both earnings and economic value, and through Group Treasury's investment mandate, where the Board of Directors of Saxo Bank A/S decides the appropriate instruments and strategies to manage the liquidity buffer portfolio.

The implementation of the new interest rate risk strategy entails that bonds previously measured at fair value are now managed with the objective to hold those bonds for collection of contractual cash flows, where those cash flows represent solely payments of principal and interests and hence measured at amortised cost from 1 July 2021.

The management reporting and management systems are changed accordingly.

Reclassified financial assets	Reclassified from	Reclassified to	Reclassification date	Reclassified carrying amount
Bonds	Bonds at fair value	Bonds at amortised cost	1 July 2021	DKK 26 billion

The reclassification is not a change in accounting policy. For accounting purposes, the bonds are reclassified at 1 July 2021, which is the first day of the first reporting period following the change in business model. Amortised cost is applied prospectively from this date.

The fair value at the reclassification date for the bonds concerned became the new gross carrying amount and was used when applying the effective interest method from 1 July 2021.

Note DKK million

1 Accounting policies - continued

Basis of preparation

The consolidated financial statements are presented in Danish kroner (DKK), which is the functional currency of Geely Financials Denmark A/S. All amounts have been rounded to nearest DKK million, except otherwise stated. As a result, rounding discrepancies may occur because totals have been rounded off and the underlying decimals are not presented to financial statement users.

The consolidated financial statements of Geely Financials Denmark A/S for the year ended 31 December 2021 comprise Geely Financials Denmark A/S and its subsidiaries (together referred to as “the Group”).

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, securities and derivatives.

For the purpose of clarity, the financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the financial statements. Similarly, information not considered material is not presented in the notes.

Basis of consolidation

The consolidated financial statements comprise Geely Financials Denmark A/S and subsidiaries controlled by Geely Financials Denmark A/S. Control is achieved when Geely Financials Denmark A/S is exposed to, 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 Geely Financials Denmark 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, Geely Financials Denmark A/S must have the practical ability to exercise that right.

In case of loss of control over a subsidiary the related assets (including goodwill), liabilities, non-controlling interest and other components of equity are derecognised. Any gain or loss is recognised in Other income and Other expenses. Any investment retained is recognised at fair value on initial recognition. Subsequently it is accounted for as an associate, joint venture or investment security depending on the level of influence retained.

Information on Group entities is disclosed in note 22.

The consolidated financial statements have been prepared as a consolidation of the financial statements of Geely Financials Denmark 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 obtains control of the acquired entity. Businesses which are divested are recognised in the consolidated financial statements until the date of control ceases.

Business combinations are accounted for using the acquisition method. The cost of a business combination comprises the fair value of the consideration agreed upon, including fair value of the consideration contingent on future events. The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised, if they are separable or if they arise from contractual rights. Deferred tax on fair value adjustments is recognised.

Any unallocated purchase price (positive amount) is recognised as goodwill and allocated to the Group’s cash generating units.

The identifiable assets, liabilities and contingent liabilities on initial recognition at the acquisition date are subsequently adjusted up until 12 months after the acquisition, and the comparative figures are restated accordingly, if the amount is material. Thereafter no adjustments are made to goodwill, and changes in estimates of contingent consideration are recognised in Other income or Other expenses.

Goodwill and fair value adjustments in connection with the acquisition of a foreign entity 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.

For each business combination, it is elected whether to measure the non-controlling interests at fair value or at the proportionate share of the identifiable net assets.

Acquisition-related costs are expensed when incurred.

Divestments

Gains or losses on the divestment or liquidation of subsidiaries are measured as the difference between the consideration received and the carrying amount of net assets (including goodwill) at the date of disposal or liquidation, foreign exchange adjustments recognised in Translation reserve in equity, and costs to sell or liquidation expenses. Any gain or loss is recognised in Other income or Other expenses.

Note DKK million

1 Accounting policies - continued

Offsetting
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group 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. Master netting agreements or similar agreements give the right to offset in the event of default. Such agreements reduce the exposure further in the event of default, but do not qualify for offsetting.

Foreign currency translation
A functional currency is determined for each of the reporting entities in the Group. The functional currency is the primary currency used for the reporting entity’s operations. Transactions denominated in currencies other than the functional currency of the respective Group entities are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currencies at the exchange rates at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date/or payment date and at the date the transaction arose is recognised in the income statement as foreign exchange rate adjustments.

On recognition of the Group entities with a functional currency other than the presentation currency (DKK), the income statements are translated at the exchange rates at the transaction date, and 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 adjustments arising on translation of the opening balance of equity (including goodwill) of foreign entities at the exchange rates at the reporting date and on translation of the income statements 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 the Translation reserve in equity. Foreign exchange adjustments arising on the translation of the proportionate share of joint ventures are likewise recognised in Other comprehensive income and presented in the Translation reserve in equity.

Foreign exchange adjustment arising on translation of loans with foreign entities which are considered part of the investment in the entity is recognised in Other comprehensive income and presented in the Translation reserve in equity.

Hedge accounting
Net investment hedge
Changes in the fair value of a derivative or a non-derivative financial liability designated as the hedging instrument, when hedging a net investment in a foreign entity, are recognised in Other comprehensive income and presented in the Translation reserve in equity. Changes in fair value relating to the ineffective portion is recognised immediately in the income statement. On complete or partial disposal of a foreign entity gains and losses accumulated in the Translation reserve in equity are reclassified and recognised in the income statement when the gain or loss on disposal is recognised.

Fair value hedge
Changes in the fair value of derivatives designated as the hedging instrument in a fair value hedge are recognised in the income statement, together with changes in the fair value of the hedged asset or liability.

If the hedge no longer meet the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is applied, is amortised to the income statement over the period to maturity.

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

If the hedge is discontinued, and the hedged future cash flow are no longer expected to occur, the amount recognised in the hedging reserve is reclassified to the income statement.

Securities lending transactions
Clients’ securities lending, through the Group, to a third party who is borrowing the clients securities is usually collateralised by securities. Neither the securities lent out, the receivable from third party or payable to clients are recognised in statement of financial position. The ownership and control of the securities remain with the client and the Group acts as an intermediary between the client and the third party. The collateral received or pledged is not recognised respectively derecognised on the statement of financial position.

Interest received or paid are recognised on an effective interest basis and recorded as Interest income or Interest expense.

Note DKK million

1 Accounting policies - continued

INCOME STATEMENT

Interest, fees and commissions

Interest income and expenses are recognised in the period the interest is attributable to. Interest income and expense is recognised in the income statement, using the effective interest method for financial assets and financial liabilities measured at amortised cost. 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 Interest expense.

Negative interest received on financial liabilities is recognised as part of interest income. Negative interest paid on financial assets is recognised as part of interest expense.

Received and paid fees and commissions result from trading with securities, 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 financial asset and liabilities at fair value, including realised and unrealised fair value adjustments and foreign exchange rate adjustments. The ineffective portion of the hedge accounting relation is recognised in Price and exchange rate adjustments.

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 standardised online platforms.

Other income

Other income includes income that is secondary to the Group's activities. This includes operating income from non-financial activities, 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.

Government grants received as salary compensation are recognised as a deduction in staff costs.

Share-based payments

Warrants have been granted in the subsidiary Saxo Bank A/S. The warrants are measured at fair value at the grant date and 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 model. The model considers the terms and conditions under which the warrants are granted. Subsequent fair value adjustments are not recognised in the income statement.

Other expenses

The Group participates in the Danish Deposit Guarantee Fund, Danish Resolution Fund and Guarantee Schemes in other jurisdictions. Guarantee commission and provision to cover possible losses under the schemes are recognised in Other expenses.

Loss from divestments, adjustments to contingent considerations etc. is recognised in Other expenses.

Impairment charges loans and receivables etc.

Impairment charges include losses and impairment for expected credit loss on receivables from credit institutions, loans, other receivables, guarantees and bonds at amortised cost.

Income taxes

Income tax comprises current tax and changes in deferred tax, including changes due to change in tax rate, and is recognised in income statement, other comprehensive income or equity.

Note DKK million

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, or in its absence, the most advantageous market to which the Group has access at that date.

Financial assets and liabilities traded in active markets for identical assets or liabilities are measured at fair value based on quoted market prices. Listed bonds (government bonds) and listed securities are measured based on quoted prices.

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 major financial institutions. Valuation techniques used are different standard option pricing models. In most cases the valuation is substantially based on observable input, such as interbank quoted prices and implied volatility.

The fair value assessment of covered bonds, where quoted prices are not deemed an accurate market-based measurement, are based on a quote from the primary market maker.

Exchange traded products e.g. structured products, stocks, ETFs, futures, bonds are valued using interbank quoted prices.

For OTC derivatives e.g. CFDs and FX instruments quoted prices are not available, however the most significant input in the valuation is the quoted price for the underlying asset.

CFDs on Futures, CFD on Indices, FX Forwards and FX Options are measured based on industry standard valuation models.

Convertible loan notes are measured at fair value based on estimation of expected future cash flows by using a discounted cash flow model.

Amortised cost measurement
The amortised cost is the amount at which the financial assets or liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and for financial assets, adjusted for any loss allowance.

Except for bonds the carrying amount for financial assets and financial liabilities measured at amortised cost is determined a reasonable approximation of the fair value. For this reason the disclosure of the fair value is ommitted. Fair value for bonds at amortised cost is disclosed in note 26 Risk management.

Financial instruments
Financial assets are classified into the following measurement categories:

• Amortised cost
• Fair value through other comprehensive income (FVOCI)
• Fair value through profit or loss (FVPL)

Financial assets and liabilities are at initial recognition measured at fair value. The costs directly related to financial assets or liability classified as financial assets or liabilities measured at FVPL are recognised directly in the income statement. For financial assets and liabilities not measured at FVPL transactions cost that are directly attributable to the acquisition or issue of the financial asset or liability shall be included in the initial fair value.

Classification and subsequent measurement depend the Group’s business model for managing the financial asset and the contractual cash flow characteristics of the asset.

The Group classifies its financial assets into one of the two following measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interests (“SPPI”) are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income or interest expense from these financial assets is recognised in Interest income or interest expense using the effective interest rate method.

Fair value through profit and loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit and loss and not part of a hedging relationship is recognised in the income statement in Price and exchange rate adjustments.

Financial liabilities are subsequently measured at amortised cost, except from derivative financial liabilities.

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

Note DKK million

1 Accounting policies - continued

Financial assets and financial liabilities at fair value
Financial assets at fair value comprise trading portfolio bonds, listed securities, turbos, derivative financial instruments with positive fair value and unsettled spot transactions.

Financial liabilities at fair value comprise of derivatives financial instruments with negative fair value.

Financial assets measured at amortised cost
Receivables from credit institutions and central banks, bonds "held to maturity" and loans and other receivables are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interests (“SPPI”), and are measured at amortised cost less expected credit loss.

Impairment on financial assets measured at amortised cost
Impairments for expected credit losses apply to financial assets recognised at amortised cost, loan commitments and financial guarantees.

The provision is determined on the basis of an expected credit loss model that is dependent on the extent to which the credit risk of the counterparty changes relative to the initial recognition of the asset.
For financial assets recognised at amortised cost, expected credit losses are recognised in the income statement and set off against the asset in the statement of financial position. However, on loan commitments and financial guarantee contracts expected credit losses are recognised as a liability.

The impairment for expected credit loss follows a three-stage model:

Stage 1: If the credit risk has not increased significantly since initial recognition, the impairment equals an amount equal to 12 month expected credit loss.

Stage 2: If the credit risk has increased significantly since initial recognition, the financial assets are transferred to stage 2 and an impairment equal to the lifetime expected credit losses is recognised.

Stage 3: If a financial asset is in default or otherwise credit-impaired, it is transferred to stage 3, which is the same as stage 2, except that interest income is recognised on the net carrying amount.

Financial assets at amortised cost are written off when there is no reasonable expectation of full or partial repayment. Writing off a receivable is, in principle, equal to its derecognition. Any cash flows received on written-off assets, where relevant, 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 a present obligations for the Group and not recognised in the consolidated statement of financial position.

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

Investments in joint ventures are measured in accordance with the equity method, which entails that the investments are measured at the Group’s proportionate share of the net asset value of the joint ventures at the reporting date. Profit and loss from the investments in joint ventures represents the Group’s share of the profit and loss after tax. The financials statements of the joint ventures are prepared according to the Group’s accounting policies.

Unrealised gains on transactions with joint ventures are eliminated in proportion to the Group’s ownership share of the entities.

Long-term convertible loan notes (receivable) from joint ventures are measured at fair value at the reporting date and as it forms part of the net investment in the joint venture, it is presented in the statement of financial position as part of Investment in joint ventures.

Note DKK million

1 **Accounting policies - continued**

Intangible assets
Goodwill is initially recognised at cost and subsequently at cost less accumulated impairment losses. Goodwill is not amortised.

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, acquired trademarks with indefinite useful life are measured at cost less accumulated impairment losses. Trademarks related to the acquisition of Saxo Bank A/S are assessed to have indefinite useful life. Trademarks with finite useful lives are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life, which is 1-2 years for the trademarks related to the acquisition of BinckBank N.V.

Client relationships acquired in a business combination are recognised at fair value at the acquisition date and subsequently at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of the acquired portfolio, which is 5-15 years.

Technology (Trading Platforms) acquired in a business combination are measured at fair value at the date of acquisition. Trading platforms are amortised on a straight-line basis over the estimated useful life of 15 years.

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 exceed the cost. Cost is defined as development costs incurred to make the software ready for use. Once a software has been developed and ready for use, the cost is amortised on a straight-line basis over the estimated useful life of the assets, which are 3-5 years. The cost of development consists primarily of direct salaries and other directly attributable development costs. Expenses incurred in the planning phase are expensed when incurred.

Software purchased is measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of the assets, which are 3-5 years.

Amortisation methods and useful life are reassessed at each reporting date and adjusted prospectively, if appropriate.

Impairment test
Goodwill and intangible assets with indefinite useful life are tested for impairment at least annually. 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.

Tangible assets
Domicile properties are properties occupied by the Group. Domicile properties are at initial recognition recognised at cost. Domicile properties acquired in a business combination are recognised at fair value at the acquisition date. Subsequently domicile properties are measured at revalued amount representing the fair value. Domicile properties are depreciated on a straight-line basis over the estimated useful life taking account of the residual value.

The fair value of domicile properties is determined by applying an asset return model or observable market price. The asset return model includes the property’s rental income and operating expenses. Operating expenses 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.

Revaluations are made, if it is assessed that the carrying amount differs materially from fair value at the reporting date. An increase in the carrying amount as a result of a revaluation is recognised in Other comprehensive income and presented in a separate revaluation reserve in equity.

Leasehold improvements, fixtures, equipment and vehicles, IT equipment are measured at cost, less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis over the estimated useful life:

• Domicile property in Denmark 50 years
• Domicile property in the Netherlands 15 years
• Leasehold improvements 5-10 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 Depreciation, amortisation and impairment of intangible and tangible assets in the income statement.

Note DKK million

1 **Accounting policies - continued**

Leases

On initial recognition, the right-of-use asset is measured at cost, corresponding to the value of the lease liability 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 impairment. 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.

On initial recognition, the lease liability is measured at the present value of the future lease payments, discounted using an incremental borrowing rate. When assessing the expected lease term, non-cancellable lease terms of the agreements plus periods comprised by an extension option, which management with reasonable certainty expects to exercise, are considered. The lease liability is measured at amortised cost using the effective interest rate method. The lease liability is subsequently measured by increasing the carrying amount, to reflect interest and by reducing the carrying amount to reflect the lease payments made. Further lease liabilities are changed when remeasurements are required.

The Group presents the right-of-use asset and lease liabilities as part of 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.

Pension plans

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

Contributions to defined contribution pension 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 pension plans an annual actuarial calculation is made of the present value of future benefits under the defined benefit pension plan. For defined benefit pension 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 provisions.

Provisions

Provisions are recognised if the Group, as a result of a past event has a present legal or a constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. The costs required to settle the obligation are discounted if this significantly impacts the measurement of the liability.

Subordinated debt

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

Other assets and liabilities

Derivative financial instruments with positive value are recognised in Other assets and derivative financial instruments with negative value are recognised in Other liablitiies.

The Group uses quantitative and qualitative materiality considerations when aggregating line items in the statement of financial position that are not considered individually material. Such line items are presented under Other assets or Other liabilities including net assets or net liabilities in defined benefit pension plans, rent deposits, lease liabilities, crypto currencies etc.

At initial recognition crypto currencies are measured at cost. If fair value hedge is applied the crypto currencies are subsequently adjusted for gain or loss on the hedged exposure, hence measured at fair value.

Note DKK million

1 Accounting policies - continued

Deferred tax
Deferred tax comprises temporary differences between the accounting and the tax values of assets and liabilities and is measured in accordance with the liability method. Deferred tax is adjusted for elimination of unrealised intra-group profit and losses. Deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from in business combination, arose at the time of acquisition without affecting either the Net profit or the taxable income. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to management's intended use of the assets or settlement of the liability. Deferred tax is measured according to the tax regulations and tax rates in the respective countries enacted or substantively enacted at the end of the reporting date.

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.

Deferred tax assets and liabilities are offset if the Group has a legal right to offset these and relate to income taxes levied by the same taxation authority.

Shareholders' equity
Translation reserve
The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities.

The reserve also comprises foreign exchange differences arising from the translation of derivative financial instruments which hedge the Group's net investment in foreign entities. The amount is net of tax.

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

Dividends
Dividend proposed for the year is shown separately in shareholders' equity.

Dividends are recognised as a liability at the date when the dividends are adopted at the Annual General Meeting (date of declaration).

Additional tier 1 capital
Additional 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. The issue does not qualify as a financial liability. The net amount received at the date of issue is recognised as an increase in equity. Interest payments are accounted for as dividends which are recognised directly in equity at the time the payment obligation arises. If Saxo Bank A/S chooses to redeem the bonds, equity will be reduced by the redemption amount at the date of redemption.

Non-controlling interests
Non-controlling interests comprise the share of equity in subsidiaries not owned directly or indirectly by Geely Financials Denmark A/S.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2021	2020
2	**Interest income**		
	Credit institutions and central banks	13	41
	Bonds at amortised cost	8	10
	Loans and other receivables at amortised cost	193	235
	Bonds at fair value	106	200
	Derivative financial instruments	1,163	916
	Total interest income	**1,482**	**1,402**
	Hereof interest received due to negative interest rates	70	35
3	**Interest expense**		
	Credit institutions and central banks	(184)	(163)
	Deposits	(18)	(30)
	Bonds at amortised cost	(49)	-
	Subordinated debt	(40)	(58)
	Derivative financial instruments	(49)	(51)
	Other interest expense	(13)	(15)
	Total interest expense	**(353)**	**(317)**
	Hereof interest paid due to negative interest rates	179	149
4	**Fee and commission income**		
	Trading with securities and derivative financial instruments	3,502	3,338
	Other fee and commission income	130	132
	Total fee and commission income	**3,632**	**3,470**
5	**Price and exchange rate adjustments**		
	Bonds at fair value	(148)	(203)
	Securities	59	49
	Foreign exchange	1,069	1,065
	Derivative financial instruments [1)]	299	395
	Total price and exchange rate adjustments	**1,279**	**1,307**

[1)] Other than foreign exchange

Note	DKK million	2021	2020
6	**Staff costs and administrative expenses**		
	Staff costs and administrative expenses	(1,501)	(1,545)
	Administrative expenses	(1,413)	(1,163)
	Total staff costs and adminstratives expenses	**(2,914)**	**(2,708)**
	Staff costs		
	Salaries	(1,510)	(1,563)
	Share-based payment	(7)	(4)
	Defined benefit plans	(7)	(6)
	Defined contribution pension plans	(118)	(107)
	Social security expenses and financial services employer tax	(194)	(174)
	Staff costs transferred to software under development	336	308
	Total staff costs	**(1,501)**	**(1,545)**
	Number of full-time-equivalent staff (avg.)	2,456	2,134

Board of Management and Board of Directors in Geely Financials Denmark A/S have not received remuneration. Further, there are no significant risk takers in Geely Financials Denmark A/S except from Board of Directors and Board of Management.

Below tabel shows remuneration to significant risk takers in Saxo Bank Group:

Remuneration to significant risk takers in Saxo Bank Group	**2021**	**2020**
Number of significant risk takers (full-time-equivalents)	59	57
Salaries and other remuneration	(128)	(122)
Variable remuneration	(20)	(27)
Share-based payments	(7)	(15)
Total remuneration to significant risk takers	**(155)**	**(164)**

Saxo Bank Group has no pension obligations towards significant risk takers as their pension schemes are defined contribution plans. Variable remuneration is determined according to the Saxo Bank Group’s remuneration policy and is based on the performance of the individual person. Some of the significant risk takers have participated in the warrant scheme.

Geely Financials Denmark A/S has not prepared a remuneration policy since no risk takers receive remuneration. Saxo Bank Group's Remuneration Policy for 2021 is available at Saxo Bank Group's website: www.home.saxo/about-us/investor-relations.

Note DKK million

6 Staff costs and administrative expenses - continued

Share-based payments, Saxo Bank A/S

In 2020, Saxo Bank A/S introduced a warrant scheme to retain employees on long-term basis and has in total granted 2,988,976 warrants to employees and Board of Management in Saxo Bank Group for 2020 and 2021. Each warrant gives a right to subscribe for one share of nominally DKK 1 against payment of an exercise price of DKK 210. The warrant scheme is equity settled.

Vesting of the warrants is conditional on the performance and capital requirements of Saxo Bank A/S and behavior, compliance with obligations and continued employment of the warrant holder. If one or more of the vesting conditions are not satisfied, the relevant part of the warrants will lapse without compensation. The warrant scheme entails a five-year vesting period and a six-month exercise period. Any remaining warrants forfeit automatically and without any compensation on expiry of the exercise period.

The value of employee services received in exchange for warrants granted corresponds to the fair value of the warrants at the date of grant. The fair value of the warrants granted is determined based on the Black and Scholes valuation model.

Warrants outstanding	Number of warrants granted	Exercise period	Exercise price DKK	Expiry date	Fair value at grant date DKK million
Warrants granted in 2020	2,074,765	2025	210	2025	26
Warrants granted in 2020	120,000	2025-2026	210	2026	2
Warrants granted in 2021	240,430	2025	210	2025	4
Warrants granted in 2021	519,927	2025-2026	210	2026	10
Warrants granted in 2021	33,515	2026-2027	210	2027	1
Warrants granted in 2021	339	2027-2028	210	2028	0
Total warrants outstanding	**2,988,976**				**43**

Audit fees	**2021**	**2020**
Audit firm appointed by the general meeting:		
Fees for statutory audit of the consolidated and parent company financial statements	4	5
Total audit fees	**4**	**5**

Note	DKK million	2021	2020
7	**Tax**		
	Reconciliation of effective tax rate		
	Profit before tax	833	938
	Tax using the Danish tax rate 22%	(183)	(206)
	Effect of tax rates in foreign jurisdictions	(23)	(26)
	Effect from change in tax rate	(3)	(63)
	Impairment	(8)	(1)
	Non tax-deductible expenses	(12)	(9)
	Tax-exempt income and tax incentives	7	14
	Withholding tax and other taxes	(3)	(3)
	Effect of tax of result from joint ventures	(4)	(2)
	Adjustments to tax previous years	(4)	(2)
	Total income tax recognised in income statement	**(233)**	**(299)**
	Effective tax rate	**27.9%**	**31.9%**

2021	**Income statement**	**Other com-prehensive income**	**Total**
Current tax	(321)	24	(297)
Changes in deferred tax for the year	98	(2)	96
Effect from change in tax rate	(3)	-	(3)
Withholding tax and other taxes	(3)	-	(3)
Adjustment to previous years	(4)	-	(4)
Total	**(233)**	**22**	**(211)**

2020	**Income statement**	**Other com-prehensive income**	**Total**
Current tax	(295)	(23)	(318)
Changes in deferred tax for the year	64	-	64
Effect from change in tax rate	(63)	-	(63)
Withholding tax and other taxes	(2)	-	(2)
Adjustment to previous years	(2)	-	(2)
Total	**(299)**	**(23)**	**(322)**

Note DKK million

7 Tax - continued

Tax recognised in Other comprehensive income

2021	**Before tax**	**Tax**	**Net of tax**
Exchange rate adjustments	87	-	87
Hedge of net investments in foreign entities	(108)	24	(84)
Remeasurement of defined benefit plans	9	(2)	7
Remeasurement of defined benefit plans	30	-	30
Total	**18**	**22**	**40**

2020	**Before tax**	**Tax**	**Net of tax**
Exchange rate adjustments	(112)	-	(112)
Hedge of net investments in foreign entities	108	(24)	85
Fair value adjustment of cash flow hedges	2	(1)	2
Reclassification to income statement (cash flow hedge)	(9)	2	(7)
Remeasurement of defined benefit plans	4	(1)	3
Other comprehensive income from joint ventures, net of tax	2	-	2
Total	**(5)**	**(23)**	**(28)**

	Deferred tax assets		**Deferred tax liabilties**	
	2021	**2020**	**2021**	**2020**
Intangible assets	-	-	(985)	(1,042)
Tangible assets	12	15	(77)	(78)
Bonds at amortised cost	-	-	(3)	-
Tax losses carried forward	12	15	-	-
Deferred inncome	-	-	(222)	(247)
Provisions	264	277	-	-
Deferred tax	**288**	**307**	**(1,287)**	**(1,367)**
Offset within legal tax jurisdictions	(255)	(274)	255	274
Deferred tax after offset	**33**	**33**	**(1,032)**	**(1,093)**

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2021	2020
8	**Receivables from credit institutions and central banks**		
	Receivables from credit institutions and central banks		
	Demand deposits	6,437	5,886
	Within 3 months	45	44
	From 3 -12 months	5	5
	Total receivables from credit institutions and central banks	**6,487**	**5,935**
9	**Loans and other receivables at amortised cost**		
	Lending clients	5,576	4,811
	Total loans and other receivables at amortised cost	**5,576**	**4,811**
	On demand (Collateralised loans)	5,472	4,811
	Within 3 months	-	-
	From 3 - 12 months	104	-
	Total other assets	**5,576**	**4,811**

Note DKK million

10 **Intangible assets**

2021	**Goodwill**	**Software under development**	**Software**	**Technology (Trading Platforms)**	**Client re-lationships**	**Trademark**	**Total**
Cost at 1 January 2021	**1,915**	**188**	**1,368**	**2,382**	**1,068**	**1,239**	**8,161**
Additions	-	678	17	-	12	-	**707**
Transfers from internal development	-	(468)	407	-	-	-	**(61)**
Disposals	-	-	(0)	-	(8)	-	**(8)**
Exchange rate adjustments	-	(0)	0	-	2	(0)	**2**
Cost at 31 December	**1,915**	**398**	**1,793**	**2,382**	**1,075**	**1,239**	8,801
Amortisation and impairment at 1 January 2021	**-**	**-**	**(405)**	**(508)**	**(159)**	**(20)**	(1,093)
Amortisation	-	-	(329)	(148)	(86)	(3)	**(566)**
Impairment losses	-	-	2	-	-	-	**2**
Disposals	-	-		-	2	-	**2**
Exchange rate adjustments	-	-	(0)	-	(1)	0	**(1)**
Amortisation and impairment at 31 December	**-**	**-**	**(732)**	**(656)**	**(245)**	**(23)**	**(1,657)**
Carrying amount at 31 December 2021	**1,915**	**398**	**1,061**	**1,726**	**829**	**1,216**	**7,144**

2020	**Goodwill**	**Software under development**	**Software**	**Technology (Trading Platforms)**	**Client re-lationships**	**Trademark**	**Total**
Cost at 1 January 2020	**1,916**	**124**	**900**	**2,382**	**1,074**	**1,240**	**7,635**
Additions	-	560	1	-	-	-	561
Transfers from internal development	-	(495)	468	-	-	-	(27)
Disposals	-	-	(0)	-	(4)	-	(4)
Exchange rate adjustments	(2)	-	(0)	-	(2)	(0)	(4)
Cost at 31 December	**1,915**	**188**	**1,368**	**2,382**	**1,068**	**1,239**	**8,161**
Amortisation and impairment at 1 January 2020	**-**	**-**	**(169)**	**(360)**	**(79)**	**(6)**	**(614)**
Amortisation	-	-	(246)	(148)	(85)	(15)	(494)
Disposals	-	-	10	-	4	-	15
Exchange rate adjustments	-	-	0	-	0	0	1
Amortisation and impairment at 31 December	**-**	**-**	**(405)**	**(508)**	**(159)**	**(20)**	**(1,093)**
Carrying amount at 31 December 2020	1,915	188	**964**	1,873	909	1,219	7,068

Note DKK million

11 Tangible assets

2021	Land and Buildings	Other equipment, fixtures and fittings	Right-of-use assets	**Total**
Cost at 1 January 2021	**1,078**	**176**	**232**	**1,486**
Additions including right-of-use assets	-	8	43	51
Transfer from internal development	-	61	-	61
Modifications	-	-	(1)	(1)
Disposals	-	(19)	(36)	(55)
Exchange rate adjustments	(0)	7	9	16
Cost at 31 December	**1,078**	**233**	**247**	**1,558**
Depreciation and impairment at 1 January 2021	**(49)**	**(28)**	**(85)**	**(162)**
Depreciation	(27)	(63)	(52)	(143)
Impairment losses	-	(0)	-	(0)
Disposals	-	13	36	49
Exchange rate adjustments	0	(5)	(1)	(6)
Depreciation and impairment at 31 December	**(77)**	**(82)**	**(102)**	**(261)**
Carrying amount at 31 December 2021	**1,001**	**150**	**145**	**1,297**

2020	Land and Buildings	Other equipment, fixtures and fittings	Right-of-use assets	**Total**
Cost at 1 January 2020	**1,080**	**146**	**230**	**1,455**
Additions including right-of-use assets	-	20	13	34
Transfers from internal development	-	26	-	26
Modifications	-	(0)	(0)	(0)
Disposals	-	(8)	(11)	(20)
Exchange rate adjustments	(2)	(8)	(0)	(10)
Cost at 31 December	**1,078**	**176**	**232**	**1,486**
Depreciation and impairment at 1 January 2020	**(22)**	**23**	**(44)**	**(43)**
Depreciation	(27)	(62)	(58)	(147)
Impairment	-	0	-	0
Disposals	-	5	16	21
Exchange rate adjustments	0	6	1	6
Depreciation and impairment at 31 December	**(49)**	**(28)**	**(85)**	**(162)**
Carrying amount at 31 December 2020	**1,029**	**148**	**147**	**1,325**

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2021	2020
12	**Other assets**		
	Derivatives financial instruments with positive fair value	10,305	5,447
	Rent deposits	37	30
	Other receivables	176	84
	Total other assets	**10,517**	**5,561**
13	**Debt to credit institutions and central banks**		
	Debt on demand	5,178	4,393
	Total debt to credit institutions and central banks	**5,178**	**4,393**
14	**Deposits**		
	Deposits on demand, trading clients	68,377	59,203
	Deposits on demand, saving accounts	-	972
	Pension funds	200	5
	Accrued interest	-	17
	Total deposits	**68,577**	**60,197**
15	**Other liabilities**		
	Derivatives financial instruments with negative fair value	7,667	4,281
	Suppliers and other outstanding costs	379	312
	Loans from related parties	-	401
	Staff commitments	443	489
	Lease liability	166	162
	Other obligations	36	16
	Total other liabilities	**8,690**	**5,659**

Note DKK million

16 Subordinated debt

Saxo Bank A/S has issued subordinated debt (tier 2 notes). The tier 2 notes constitute direct, unsecured and subordinated debt obligation of Saxo Bank A/S. In case of the Saxo Bank Group's voluntary or compulsory winding-up, the tier 2 capital instruments will not be repaid intil the claims of the ordinary creditors have been met. The ranking in coverage is that tier 1 capital ranks below tier 2 capital.

Subject to approval by the Danish FSA, subordinated debt with a nominal value of EUR 100 million can be optionally redeemed from 3 July 2024 at a redemption price of 100. The tier 2 notes are eligible to constitute tier 2 capital under CRR.

Currency	Nominal value	Year of issue	Borrower	Maturity	Interest	Rate	Years	2021	2020
EUR	100	2019	Saxo Bank A/S	03.07.2029	Fixed [1]	5.50%	5.00	740	739
Accrued interest on subordinated debt								20	20
Fair value adjustment due to hedge accounting [2]								10	17
Total subordinated debt								**770**	**776**

[1] The interest rate is fixed the first five years after issuance. The following 5 years, the interest rate is fixed at the EUR mid-swap rate plus 5.7115%.

[2] See note 20 for Hedge accounting.

Note DKK million

17 Equity

Number of shares outstanding	**2021**	**2020**
Shares issued at 31 December	10,000,000	10,000,000
Total shares outstanding at 31 December	**10,000,000**	**10,000,000**

The share capital consist of shares with a nominal value of DKK 1 per share. All shares are issued and fully paid. No shares carry special rights.

Additional tier 1 capital

Saxo Bank A/S has issued additional tier 1 capital. The issued additional tier 1 capital notes are perpetual securities and have no fixed date for redemption. Issue of additional tier 1 capital is classified as an equity instrument and equity increased at the time of issue by the net proceeds received. Interest paid to the additional tier 1 capital 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.

Saxo Bank A/S may, at its sole discretion, omit interest and principal payments to additional tier 1 capital 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 temporarily if the Common equity tier 1 ratio falls below 7% for Saxo Bank Group or Saxo Bank A/S. At 31 December 2021 the CET 1 Captial ratio is 22.4% (2020: 25.1%) for Saxo Bank Group and 23.0% (2020: 26.5%) for Saxo Bank A/S.

Equity accounted additional tier 1 capital translated into DKK at the applicable exchange rates at 31 December 2021 amounts to DKK 446 million (2020: DKK 447 million).

Subject to approval by the Danish FSA, notes with nominal value of EUR 60 million can be optionally redeemed on the first call date 26 May 2025 or on any interest payment date hereafter at a redemption price of 100. The additional tier 1 capital notes constitute tier 1 capital under CRR.

Currency	**Nominal value**	**Year of issue**	**Borrower**	**Maturity**	**Interest**	**Rate**	**Years**	**2021**	**2020**
EUR	60	2019	Saxo Bank A/S	Perpetual	Fixed [1)]	8.125%	5.50	448	448
Accrued interest on additional tier 1 capital								4	4
Total additional tier 1 capital								**452**	**452**

[1)] The interest rate is fixed the first five years and six months after issuance. Hereafter the interest rate is fixed every fifth year at the 5-year mid-swap rate plus 8.482% until redemption.

Note	DKK million	2021	2020
18	**Contingent and other contractual commitments**		
	Guarantees		
	Financial guarantees	36	36
	Other guarantees	-	4
	Total guarantees	**36**	**39**
	Other contractual commitments		
	Other contractual commitments	191	224
	Total other contractual commitments	**191**	**224**

In the normal course of business, the Group is involved in various disputes and legal preceedings, including tax matters, that are carefully evaluated when preparing the financial statements.

Geely Financials Denmark A/S is the administration company in a Danish joint taxation. Geely Financials Denmark 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.

BinckBank N.V. has a part of an acqusition in 2007 acquired the Alex Bottom-Line product, which is an agreement with the Dutch Investors´Association. If BinckBank N.V. terminates this agreement then it will be liable to pay an amount equal to the custody fee and dividend commission paid by each client of Alex Bottom-Line on entry into the agreement, plus the amount of any custody fee and dividend commission additionally paid by each client on exceeding set limits.

19 Assets deposited as collateral

Financial assets deposited as collateral	2021	2020
Cash in hand and demand deposits with central banks	343	315
Receivables from credit institutions and central banks	724	1,156
Bonds at fair value	-	6,747
Bonds at amortised cost	10,543	2,832

Receivables from credit institutions and central banks and bonds serve as collateral for the ongoing financial business with credit institutions. The actual demand for collateral varies from day to day in line with the fair value of open positions against these credit institutions.

Bonds also serve as collateral for securities lending transactions with clients.

Note DKK million

20 Hedge accounting

The Group is exposed to certain risks relating to its ongoing business operation and has entered into hedging relationships to cover certain foreign currency risk, interest rate risk and risk related to crypto currencies.

Hedge of net investments - foreign currency risk

The Group hedges the foreign currency risk arising from net investments in foreign entities excluding goodwill, by establishing hedge relationship between the net investments and foreign currency derivatives or non-derivative financial liabilities designated as the hedge instruments.

There is an economic relationship between the hedged item and the hedging instrument as the net investment in foreign entities creates a translation risk that match the foreign exchange exposure on the currency derivatives or non-derivative financial liabilities. A hedge ratio of 1:1 is established as the exposure in net investments is measured and updated each month with the realised net profit of each of the hedged net investment. The notional amount includes the initial net investment and the realised net profit, deducted with dividend and increased/decreased with any other transactions on equity. The Group does not hedge the foreign entities' future income or transactions. The hedge ineffectiveness will arise when the notional foreign currency amount of the investment in foreign entities become lower than the notional amount of the hedging instruments.

2021	Notional amount	Carrying amount	Financial position item	Recognised in the translation reserve, net of tax (accu-mulated)	Change in fair value used for measuring hedge inef-fectiveness
Hedged item:					
Foreign exchange risk related to net Investment in foreign entities		6,182			110
Hedging instruments:					
Foreign currency derivatives and other foreign positions	(6,201)	(6,201)	Financial liabilities at fair value/Deposits	(57)	(111)
Hedge ineffectiveness			Price and echange rates adjustments		(1)
2020					
Hedged item:					
Foreign exchange risk related to net Investment in foreign entities		5,238			(108)
Hedging instruments:					
Foreign currency derivatives and other foreign positions	(5,238)	(5,238)	Financial liabilities at fair value/Deposits	27	110
Hedge ineffectiveness			Price and echange rates adjustments		2

The impact on other comprehensive income in translation reserve is disclosed in statement of changes in equity.

Note DKK million

20 **Hedge accounting - continued**

Fair value hedge - Tier 2 capital - interest rate risk

The Group uses interest rate swaps to manage the interest rate risk on its tier 2 capital. At 31 December 2021, interest swaps are in place with a notional amount of DKK 749 million (2020: DKK 756 million), whereby a fixed rate of interest of 5.5% is received and interest at variable rate equal to EURIBOR 3 months plus 5.7115% on the notional amount is paid. The interest rate swap will expire July 2024.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). A hedge ratio of 1:1 is established for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. The hedge ineffectiveness can arise from different interest rate curve applied and/or differences in timing of cash flows differently impacting the fair value movements of the hedging instrument and hedged item.

2021	Notional amount	Carrying amount	Financial position item	Accumulated fair value adjustments included in the hedged item	Change in fair value used for measuring hedge ineffectiveness
Hedged item:					
Tier 2 capital		(750)	Subordinated debt	(10)	7
Hedging instruments:					
Interest rate swap	EUR 100 mio	10	Financial assets at fair value		(7)
Hedge ineffectiveness			Price and exchanges rate adjustments		-
2020					
Hedged item:					
Tier 2 capital		(756)	Subordinated debt	(17)	(9)
Hedging instruments:					
Interest rate swap	EUR 100 mio	17	Financial assets at fair value		9
Hedge ineffectiveness			Price and exchanges rate adjustments		-

Fair value hedge - crypto currencies

The Group holds a limited amount of crypto currencies. The crypto currencies are measured at cost at initial recognition and subsequent adjusted for changes in fair value as they are part of a hedging relationships for which fair value hedge is applied.

There is an economic relationship between the hedged item and the hedging instrument 1:1 as the change in the fair value of the crypto currencies is identical to the change in fair value of derivatives with crypto currencies as the underlying item. The hedging relationship is established in 2021.

At 31 December 2021, the accumulated fair value adjustment was negative DKK 1 million. No gain or loss has been recognised in 2021 due to hedge ineffectiveness.

At 31 December 2021, the Group held crypto currencies of DKK 28 million (2020: DKK 0 million) recognised in Other assets. Positions in crypto derivatives are recognised in Derivatives financial instruments with negative value.

Cash flow hedge - mortgage debt - interest rate risk

The Group repaid in 2020 the mortgage debt for which cash flow hedge was applied. At the time for the termination of the interest swap the amount, net of tax DKK 7 million recognised in the hedging reserve in equity was reclassified to income statement in Price and exchange rate adjustments as a reclassification adjustment.

No cash flow hedge was applied in 2021.

Note DKK million

21 Related parties

No party has the controlling influence of Geely Financials Denmark A/S. At 31 December 2021, the following shareholders are registered as holders of more than 5% of the share capital of Geely Financials Denmark A/S:

Geely Group Limited, VG1110, British Virgin Islands
Geely Financials International Limited, 89 Qeensway, Hong Kong

No consolidated financial statements are prepared above Geely Financials Denmark A/S.

	Parties with significant influence		Joint Ventures 1)	
	2021	**2020**	**2021**	**2020**
Convertible loan notes	-	-	270	331
Loans and other recivables	104	-	-	-
Other assets	-	-	4	2
Interest (Income)	0	-	-	-
Loans (liabilities)	-	401	-	-
Other services (expense)	-	-	28	7
Interest (expense)	(2)	(4)	-	-
Capital increase (including conversion of convertible loan notes)	-	-	111	560

1) See note 23 Investment in joint ventures for the obligation related to convertible loan notes.

Note 6 provides information on remuneration of Board of Management and Board of Directors. There has not been any transations with the Board of Management or the Board of Directions during 2021 or 2020.

Neither Geely Financials Denmark A/S nor any Group companies have provided any loans, pledges or guarantees to any member of Geely Financials Denmark A/S' Board of Directors or Board of Management or to persons related to these.

The loan granted from Geely Financials Denmark A/S to Geely Sweden Holding AB is EUR 14.0 million (DKK 104 million). The intercompany loan between Geely Financials Denmark A/S to Geely Sweden Holding AB should be repaid in November in 2022.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note DKK million

22 Group entities

	Local currency million	Net profit	Equity	Ownership
Saxo Bank A/S, Denmark	DKK	755	7,177	50.89%

The list includes significant subsidiaries of Saxo Bank A/S.

Subsidiaries	**Local currency million**	**Net profit**	**Equity**	**Ownership**
Financial institutions				
BG Saxo SIM S.p.A, Italy	EUR	(1)	3	80%
Saxo Bank (Schweiz) AG, Switzerland	CHF	11	61	100%
Saxo Bank Securities Ltd., Japan	JPY	34	1,531	100%
Saxo Capital Markets HK, Hong Kong	HKD	(12)	153	100%
Saxo Capital Markets Pte. Ltd., Singapore	SGD	38	142	100%
Saxo Capital Markets Pty Ltd., Australia	AUD	4	31	100%
Saxo Capital Markets UK Ltd., UK	GBP	13	46	100%
BinckBank N.V., Netherlands	EUR	66	478	100%
Other				
Saxo Far East (HK) Limited, Hong Kong	HKD	2	30	100%
Ejendomsselskabet bygning 119 A/S, Denmark	DKK	(23)	248	100%
Initto A/S, Denmark	DKK	0	26	100%
Saxo Group India Private Limited, India	INR	314	718	100%
Saxo Asgard Computer Technology (Shanghai) Co. Ltd., China Mainland	CNY	(1)	(1)	100%
Joint ventures				
Saxo Geely Tech Holding A/S, Denmark	EUR	(2)	158	50%

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

Note DKK million

23 Investments in joint ventures

Saxo Bank A/S has a 50% interest in Saxo Geely Tech Holding A/S, a jointly controlled entity. In 2020, Saxo Geely Tech Holding A/S established a subsidiary in China (Saxo Financial Technology Company Limited (Saxo Fintech)) with the purpose of providing technology solutions to banks and fintechs in Mainland China. The interest in Saxo Geely Tech Holding A/S is accounted for using the equity method.

Summarised financial information for Saxo Geely Tech Holding Group (100%)	2021	2020
Income statement		
Revenue	12	0
Operating expenses	(94)	(17)
Depreciation and amortisation	(3)	(0)
Net financing income	1	0
Profit before tax	**(84)**	**(17)**
Tax	12	2
Net profit	**(72)**	**(14)**
Other comprehensive income	229	(1)
Total comprehensive income	**157**	**(16)**
Statement of financial position		
Current assets:		
Cash and cash equivalents	89	56
Other assets	9	8
Non-current assets:		
Intangible assets	2,455	2,230
Tangible assets	9	1
Deferred tax assets	15	2
Current liabilities:		
Other liabilities	18	7
Non-current liabilities:		
Convertible loan note	1,004	1,116
Total equity	**1,555**	**1,175**

Note DKK million

23 Investments in joint ventures - continued

	2021	2020
Share of net loss from joint ventures		
50% share of net profit	(36)	(7)
Fair value adjustment of loan notes, net of tax	18	-
Total share of net loss from joint ventures	(18)	(7)

50% of Other comprehensive income from Saxo Geely Tech holding A/S, net of intercompany eliminations, amounted to DKK 30 million as of 31 December 2021 (2020: DKK 2 million). Saxo Bank A/S has since February 2021 hedged the net investment in joint ventures. Note 20 provides information on hedge accounting.

Carrying amount of Investments in joint ventures	**2021**	**2020**
50% share of the equity in the joint venture	778	588
Convertible loan notes at fair value	270	331
Intercompany elimination	(645)	-539
Total investments in joint ventures	**402**	380

Saxo Geely Tech Holding A/S' consideration for Intellectual property rights acquired from Saxo Bank A/S in 2019 comprised of loan notes. The loan notes are with conversion rights and presented as part of Investments in joint ventures. Under certain circumstances, Saxo Bank A/S has an obligation to subscribe for new shares in Saxo Geely Tech Holding A/S by debt conversion of the convertible loan notes. The expected remaining repayment period for the loan notes is 9 years.

In 2021, loan notes of DKK 112 million (2020: DKK 562 million) were converted to new shares in the joint venture and DKK 560 million was repaid in 2020.

The convertible loan notes DKK 270 million (2020: DKK 331 million) are in the Group measured at fair value based on unobservable inputs (level 3) by using a discounted cash flow model. In 2021 fair value adjustments of the loan notes impacted the net profit with DKK 18 million and was recognised in Result from joint ventures. The key input in the valuation model is the discount rate of 15.7%. Had a discount rate of 10% been applied 31 December 2021 a gain of DKK 136 million (2020: DKK 139 million) should have been recognised and had a discount rate of 20% been applied a loss of DKK 93 million (2020: DKK 100 million) should have been recognised.

For Saxo Financial Technology Company Ltd., there are due to Chinese legislation certain limitations on the Group's ability to access cash.

24 Acquistions of business

No acquisitions have been completed in 2021 or 2020.

In February 2020, the statutory buy-out proceedings to obtain 100% ownership of BinckBank N.V. was completed. The total purchase price for the remaining non-controlling interests was DKK 97 million (EUR 13 million). On acquisition of the remaining non-controlling interests the acquired net assets are not remeasured at fair value. The difference between the consideration paid and the share of total carrying amount including goodwill was recognised directly in equity.

Note DKK million

25 **Events after the reporting date**

A draft bill for increase of the corporate tax rate for the financial sector in Denmark has been published for consultation in February 2022. If enacted, the corporate tax rate for Saxo Bank A/S will increase from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards.

No other events which materially affect the assessment of the Annual Report 2021 have taken place after the reporting date.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note DKK million

26 Risk Management

The Group's credit risk and market risk are considered to coincide with the risks identified in Saxo Bank Group hence the risks, procedures and policies decribed in this note are all established in Saxo Bank Group. Reference in this note to Board of Director and Board of Management is to members of the Boards in Saxo Bank Group. Similar for references to Committes etc.

Risk management strategy

The Group strives to maintain an appropriate risk strategy and appropriate risk appetite levels, a holistic risk management framework and effective reporting lines to the management. Risks should be taken within a well-defined framework in line with the Group's risk strategy and appetite.

The Group's risk management strategy places strong emphasis on proactive risk management in order to meet strategic goals and objectives and uphold a 'no negative risk surprises' status for stakeholders. The Group derives part of its earnings by managing risk exposures in adherence with the Group's risk appetite. Non-financial risks should be avoided, minimised and managed at reasonable costs with the same high attention as financial risks as the potential negative implications of non-financial risks in terms of direct and indirect losses, including reputational and brand value losses, can be as detrimental for the Group as any financial risk.

The Group actively aligns its risk management objectives with the Group's vision and strategy and the Group promotes adherence to its risk culture and defines its risk appetite and risk management framework consistent with the strategic objectives of the Group.

Risk management framework

The Group's overall risk management framework and governance structure is established by the Board of Directors based on recommendations from the Board Risk Committee.

The board instructions prepared by the Board of Directors to the Board of Management on how to manage the day-to-day business of the Group are supplemented by the Group's risk appetite statements as well as a number of risk management policies, which define Saxo Bank Group's risk management framework and articulate the Group's risk appetite, including specific limits for the Group's risk-taking activities.

The Group Chief Risk Officer (CRO) in Saxo Bank A/S has the overall responsibility of supporting the Board of Directors and Board of Management in establishing, maintaining and implementing the risk management framework as well as controlling and reporting of Saxo Bank Group's risk profile.

Risk culture

The Group defines risk culture as the Group's norms, attitudes and behaviours related to risk awareness, risk taking and risk management and the controls that shape decisions on risks. Risk culture influences the decisions of management and employees during the day-to-day activities and has an impact on the risks they assume.

The unaudited Risk Report 2021 provides additional information about Saxo Bank Group's risk management approach. Risk Report 2021 is available at www.home.saxo/about-us/icaap-and-risk-reports.

Note DKK million

26 Risk Management - continued

Credit risk

Credit risk is defined as the risk of a loss resulting from the failure of a counterparty to meet contractual obligations in accordance with agreed terms causing the counterparty to be unable to fulfil applicable contractual obligations to the Group. Credit risk includes counterparty credit risk and margin trading risk. Counterparty credit risk is defined as the risk of a loss resulting from the default of a counterparty to a derivative transaction occurring before the final settlement (payment) of the transaction resulting in the counterparty being unable to fulfil obligations under the derivative contract. Margin trading risk is counterparty credit risk on the client side for margin trading transactions.

The Group incurs credit risk in support of its core business activity, which is the facilitation of client trading. When facilitating client trading, the Group incurs:

- Margin trading risk on client transactions including on loans collateralised with securities (margin lending)
- Counterparty credit risk against market liquidity providers when facilitating client trading
- Credit risk when placing the Group's liquidity surplus in deposits with credit institutions and central banks or in bond

Credit risk management

The purpose of credit risk management is to avoid credit risk related losses and to ensure that credit risk exposures stay within the limits defined in the risk appetite statement and that credit risk exposures are granted and continuously stay within the limits of the Group credit policy. The Board of Directors is responsible for defining the Group's credit policy, risk appetite on the credit area and for delegating responsibility to the Board of Management on the credit area. The credit policy defines overall principles for maintaining an appropriate credit administration including monitoring and managing the risk of the credit portfolio.

Group Credit's primary responsibilities on the credit area include:

- Performing credit assessment and granting lines and limits as well as assigning credit ratings to clients and counterparties where relevant
- Monitoring the Group's lines and utilisation including credit ratings of clients
- Perform first line reporting obligations to the Board of Directors and Board of Management on the credit risk area

Margin trading and margin lending (loans collateralised with securities)

Margin trading risk in the Group may occur against clients when the Group facilitates client margin trading, which is a core business activity of the Group. Margin trading risk is therefore inherent to the Group's business model.

The Group is prepared to accept margin trading risk against collateral to support clients' margin trading within the leverage limits offered by the Group. The facilitation of margin trading exposes the Group to the potential risk of not being able to close out clients' positions before a loss has surpassed the client's posted collateral, thus creating an uncollateralised exposure. Uncollateralised exposures in margin trading mostly occur as a result of sudden market price gaps of financial assets causing the Group's margin service to be unable to close clients' positions at a price which ensures that clients will not take a loss greater than their posted collateral.

The Group's Margin Trading Risk Management Policy establishes principles for managing credit risks from clients' margin trading including risks in the event of a market price gap. To manage margin trading risk, exposure limits in the risk appetite statement have been defined by the Board of Directors setting limits for uncollateralised client credit exposures in severe market stress scenarios. In addition to the above-mentioned risk appetite limits, attention levels are designed to support the risk appetite limits and provide early warning signals of potential breaches. Saxo Bank Group calculates and monitors clients' margin requirements in real-time and clients must meet their margin requirement at all times. In case of a breach of margin requirements, a stop-out procedure is initiated.

The Group also incurs credit risk when offering loans collateralised with securities to clients, also referred to as margin lending. Margin lending resembles margin trading but works as a credit facility fully secured by the collateral value of the financed securities after haircut. Securities received as collateral for margin lending are subject to a haircut depending on the underlying type of security and on the issuer of the securities. For margin lending exposures, haircut values are updated for all stocks on a regular basis. In case of price volatility, the haircut percentage can be adjusted immediately. The risk appetite framework defines the maximum exposures accepted on the individual securities. Margin lending is predominantly issued in the Netherlands.

When facilitating client trading, the Group incurs counterparty credit risk against other credit institutions. Counterparty credit risk is managed by setting limits for individual exposures against counterparties based on internal and external credit ratings. Counterparty credit exposures are closely monitored by the Group on a daily basis. To further mitigate counterparty credit risk, the Group uses close-out netting agreements for derivative contracts.

Note DKK million

26 Risk Management - continued

Credit institutions, central banks and bonds

The Group incurs credit risk against credit institutions when placing part of its liquidity surplus with other credit institutions, which are predominantly large international global SIFI-institutions. When placing deposits with other credit institutions, the Group defines credit limits for the individual exposures based on internal as well as external ratings. The utilisation of limits against other institutions is monitored closely on a daily basis.

A large part of the Group's liquidity surplus is placed as deposits with central banks in jurisdictions where the Group operates. The deposits are made in the domestic currency of the central bank. Furthermore, the Group is exposed to credit risk through bond holdings obtained as part of the Group's liquidity management process. According to the Group's risk appetite statement bonds must at least be of investment grade quality.

2021	Margin trading and margin lending	Credit institutions, central banks and bonds	Other	Total
Statement of financial position items				
Cash in hand and demand deposits with central banks	-	32,038	-	32,038
Receivables from credit institutions and central banks	-	6,494	-	6,494
Financial assets at fair value	10,305	-	155	10,460
Bonds at amortised cost	-	31,341	-	31,341
Loans and other receivables at amortised cost	5,482	-	104	5,586
Convertible loan notes at fair value	-	-	270	270
Impairment allowance	(11)	(14)	-	(25)
Total credit exposure in statement of financial position	**15,776**	**69,859**	**529**	**86,164**
Off-balance items				
Guarantees	-	-	52	52
Impairment allowance	-	-	(16)	(16)
Credit exposure off-balance items	-	-	36	36
Total credit exposure net of impairment	**15,776**	**69,859**	**565**	**86,200**

2020	Margin trading and margin lending	Credit institutions, central banks and bonds	Other	Total
Statement of financial position items				
Cash in hand and demand deposits with central banks	-	29,055	-	29,055
Receivables from credit institutions and central banks	-	5,941	-	5,941
Financial assets at fair value	5,447	25,070	110	30,627
Bonds at amortised cost	-	3,398	-	3,398
Loans and other receivables at amortised cost	4,828	-	-	4,828
Convertible loan notes at fair value	-	-	331	331
Impairment allowance	(16)	(9)	-	(25)
Total credit exposure in statement of financial position	**10,259**	**63,455**	**441**	**74,155**
Off-balance items				
Guarantees	-	-	62	62
Impairment allowance	-	-	(22)	(22)
Credit exposure off-balance items	-	-	40	40
Total credit exposure net of impairment	**10,259**	**63,455**	**481**	**74,194**

The Group has a credit risk exposure of DKK 270 million (2020: DKK 331 million) related to convertible loan notes issued in 2019 to Saxo Geely Tech Holding A/S as consideration for intellectual property rights. The convertible loan notes are presented as part of the Investments in joint ventures and are not included in the subsequent disclosures for credit risk as it is not considered part of the Group's normal business activities.

Note DKK million

26 Risk Management - continued

Credit risk exposure

2021	Credit exposure	Impairment	Exposure before collateral	Collateral held	Remaining exposure
Financial assets at amortised cost					
Demand deposits with central banks	32,038	(3)	32,035	-	32,035
Receivables from credit institutions and central banks	6,493	(6)	6,487	-	6,487
Bonds at amortised cost	31,341	(5)	31,336	-	31,336
Loans and other receivables at amortised cost:					
Loans collateralised with securities	5,480	(11)	5,469	5,469	-
Other loans	104	-	104	-	104
Accrued interest loans	2	-	2	-	2
Guarantees	52	(16)	36	-	36
Total	**75,510**	**(41)**	**75,469**	**5,469**	**70,000**

2020	Credit exposure	Impairment	Exposure before collateral	Collateral held	Remaining exposure
Financial assets at amortised cost					
Demand deposits with central banks	29,055	(3)	29,052	-	29,052
Receivables from credit institutions and central banks	5,941	(5)	5,936	3,320	2,616
Bonds at amortised cost	3,400	(1)	3,399	-	3,399
Loans and other receivables at amortised cost:					
Loans collateralised with securities	4,781	(16)	4,765	4,759	6
Accrued interest loans	46	-	46	-	46
Guarantees	62	(22)	39	3	36
Total	**43,285**	**(47)**	**43,237**	**8,082**	**35,155**

Collateral values are net of haircuts and capped at exposure amounts.

Note	DKK million	2021	2020
26	**Risk Management - continued**		
	Credit risk - loans and other receivables at amortised cost and guarantees		
	Credit risk exposure broken down by sector and geography		
	Sector distribution:		
	Retail clients	2,106	2,108
	Other businesses	3,505	2,743
	Total	**5,611**	**4,851**
	Geographical distribution:		
	Sector distribution:		
	Denmark	37	40
	The Netherlands	5,116	4,452
	Other countries	459	359
	Total	**5,611**	**4,851**

Collateral held against lending activities - loans and other receivables at amortised cost

An essential element of the Group's credit policy is to mitigate credit risk by collateral.

Securities received as collateral for the collateralised loans are subject to a haircut percentage of minimum 20% depending on the underlying type of security and the issuer. The collateral value covering securities has in the table below been reduced by the applied haircuts.

	2021	2020
Credit exposure net of impairment	5,611	4,851
Collateral:		
Listed securities (collateralised loans)	5,469	4,759
Other corporate tangible and intangible assets (other loans and receivables)	-	3
Total collateral	5,469	4,762
Total unsecured credit exposure loans and other receivables at amortised cost	**142**	**88**

Note DKK million

26 **Risk Management - continued**

Credit risk - credit institutions and central banks

The Group has defined the risk appetite on credit institutions and central banks by setting minimum rating requirements and by defining acceptable country specific criteria. Credit ratings are based on Standard & Poor's ratings.

Receivables from credit institutions and central banks by credit rating category:

	2021			2020		
	Credit institutions	Central banks	Total	Credit institutions	Central banks	Total
AAA	-	32,035	32,035	-	26,783	26,783
AA	48	-	48	63	465	528
AA-	685	-	685	113	1,718	1,831
A-	5,406	-	5,406	4,439	-	4,439
BBB	236	-	236	16	85	101
BBB-	86	-	86	1,282	-	1,282
BB-	22	-	22	21	-	21
B	4	-	4	2	-	2
Total	**6,487**	**32,035**	**38,522**	**5,935**	**29,052**	**34,987**

Receivables from credit institutions and central banks by geography:

	2021			2020		
	Credit institutions	Central banks	Total	Credit institutions	Central banks	Total
Denmark	1,305	682	1,986	901	201	1,102
The Netherlands	2,025	25,939	27,964	32	23,440	23,472
Germany	263	88	351	1,494	-	1,494
United Kingdom	567	-	567	483	-	483
France	262	31	293	14	1,718	1,732
Switzerland	97	4,908	5,005	76	3,142	3,218
Asia	898	-	898	1,089	-	1,089
Other	1,069	388	1,457	1,846	550	2,396
Total	**6,487**	**32,035**	**38,522**	**5,935**	**29,052**	**34,987**

Receivables from credit institutions and central banks include mandatory reserve deposits of DKK 448 million (2020: DKK 368 million). The mandatory reserve deposits are not free for withdrawal.

No collateral is received for receivables from credit institutions at 31 December 2021 (2020: DKK 0 million).

Note DKK million

26 **Risk Management - continued**

Credit risk - derivatives

	2021			2020		
	Notional amount	**Positive fair value**	**Negative fair value**	**Notional amount**	**Positive fair value**	**Negative fair value**
Currency contracts						
Forward/futures purchased	16,043	199	(137)	17,618	131	(332)
Forward/futures sold	21,384	87	(206)	24,509	245	(279)
Options purchased	15,993	16	(84)	19,992	39	(135)
Options written	15,992	104	(15)	18,674	130	(29)
Unsettled spot purchased	18,371	867	(113)	17,470	532	(222)
Unsettled spot sold	14,089	605	(42)	15,635	677	(48)
Interest rate contracts						
Forward/futures purchased	5,324	24	(1)	4,303	8	(8)
Forward/futures sold	5,300	3	(34)	4,282	9	(1)
Options purchased	3,532	1	(3)	8,710	1	(2)
Options written	3,532	3	(1)	8,343	2	(1)
Interest swaps	744	10	-	744	17	-
Equity contracts						
Forward/futures purchased	25,799	1,448	(1,443)	24,121	516	(1,356)
Forward/futures sold	25,809	1,435	(157)	22,949	1,272	(118)
Options purchased	91,683	1	(4,584)	24,063	144	(1,099)
Options written	91,531	4,583	(0)	23,786	1,060	(0)
Commodity contracts						
Forward/futures purchased	5,313	77	(144)	2,697	9	(98)
Forward/futures sold	5,451	136	(65)	2,739	108	(6)
Options purchased	2,040	4	(35)	833	1	(17)
Options written	2,040	35	(3)	829	16	(0)
Other contracts						
Turbos	600	667	(600)	529	531	(529)
Total derivatives		**10,305**	**(7,667)**		**5,447**	**(4,281)**

The Group has entered into master netting or similar agreements that include rights to additional set-off in the event of default by a counterparty. Such agreements reduce the credit risk exposure, but do not qualify for offsetting in the statement of financial position. The net credit risk exposure to derivatives with positive market value after consideration of the effect of master netting agreements and collaterals amounted to DKK 575 million (2020: DKK 1,071 million). The amount represents credit risk exposures, which the Group has accepted within its policies and risk limits. It should be noted that a significant portion of the mentioned exposure is held against different exchanges representing a limited credit risk.

Note DKK million

26 Risk Management - continued

Credit risk - Bonds

The following tables provide an insight into various risk concentrations based on credit ratings and geography for bonds. Credit ratings are based on Standard & Poor's ratings. The portfolio of bonds is distributed on Danish mortgage bonds and government bonds in Europe and the United States. The Group has defined the type of bonds and the minimum rating requirements on the individual bonds in the risk appetite statements. The Group has low appetite for non-investment grade bonds.

	2021			2020		
	Danish mortgage bonds	**Government bonds**	**Total**	**Danish mortgage bonds**	**Government bonds**	**Total**
Bond portfolio						
Bonds at fair value [1]	-	-	**-**	14,739	10,249	**24,988**
Bonds at amortised cost	12,004	19,158	**31,162**	-	3,365	**3,365**
Accrued interest	-	-	**174**	-	-	**116**
Total	**12,004**	**19,158**	**31,336**	**14,739**	**13,614**	**28,469**
Bond portfolio by rating category						
AAA	12,004	1,672	**13,677**	9,658	1,800	**11,457**
AA+	-	9,256	**9,256**	5,081	4,989	**10,070**
AA	-	7,515	**7,515**	-	4,653	**4,653**
Other investment grade	-	714	**714**	-	2,173	**2,173**
Accrued interest	-	-	**174**	-	-	**116**
Total	**12,004**	**19,158**	**31,336**	**14,739**	**13,614**	**28,469**
Bond portfolio by geography						
Denmark	12,004	-	**12,004**	14,739	-	**14,739**
France	-	4,772	**4,772**	-	3,243	**3,243**
Spain	-	2,615	**2,615**	-	1,716	**1,716**
USA	-	10,047	**10,047**	-	5,724	**5,724**
Other	-	1,724	**1,724**	-	2,931	**2,931**
Accrued interest	-	-	**174**	-	-	**116**
Total	**12,004**	**19,158**	**31,336**	**14,739**	**13,614**	**28,469**

[1] At 1 July 2021, bonds DKK 25,905 million were reclasssified from Bonds at fair value to Bonds at amortised cost, see note 1 Accounting policies.

The fair value of Bonds at amortised cost amounted to DKK 31,320 million at 31 December 2021. The fair value was based on quoted prices if traded in an active market. The fair value measuremet for covered bonds, where quoted prices were not deemed an accurate market-based measurement, was based on a quote from the primary market maker.

Note DKK million

26 Risk Management - continued

Credit risk - Expected credit loss

The Group recognises expected credit loss on financial assets measured at amortised cost. The expected credit loss is based on an estimate of the loss arising from differences between the expected cash flows and the contractual cash flows. The methodology takes account of both historical and prospective information and contains subjective estimates. The impairment model considers:

- The deterioration of the credit risk of the counterparty compared at initial recognition
- The Probability of Default (PD)
- The Loss Given Default (LGD)
- The Exposure at Default (EAD)

For the financial instruments measured at amortised cost, staging is applied to categorise the credit risk compared to the credit risk at initial recognition. Financial assets whose credit risk has not significantly deteriorated since initial recog nition are classified as stage 1. Expected credit losses for these assets are based on the probability that the counterparty will be in default in a period of 1 year (12-months PD). Financial assets for which it is identified that the counterparty has a significant credit risk deterioration since initial recognition are classified in stage 2 or stage 3. In these cases, the expected credit loss is determined based on the PD over the entire term of the asset (lifetime PD).

On transition from stage 1 to stage 2 and stage 3, respectively, a significant increase in the credit risk is identified base d on the development in the borrower's deterioration of credit risk. The following events are indications of a significant deterioration compared to the determined credit risk on initial recognition of the asset:

- The borrower is in arrear for more than 30 days
- Clients experiencing significant financial difficulties
- Breach of contract by the client with the Group or with another creditor
- Clients who are bankrupt or where there is a possibility of bankruptcy

A financial asset is credit-impaired when one or more events with detrimental impact on the estimated future cash flows of the financial assets have occurred.

Definition of default:
- The borrower is in arrear for more than 90 days
- The borrower is not expected to be able to meet its obligations

Both quantitative and qualitative indicators are applied when assessing the credit risk and whether the borrower is expected

Credit risk - Expected credit loss

The impairment principles on credit risk segments are as follows:

Demand deposits and receivables with credit institutions and central banks
Cash in hand, demand deposits and receivables from credit institutions and central banks are individually assessed for expected credit loss. The receivables are on demand, as a result the expected credit loss is calculated based on a 12-months PD (stage 1), unless the PD has significantly deteriorated since initial recognition. All credit exposures towards credit institutions and central banks are classified as stage 1.

Loans collateralised with securities (margin lending)
Loans collateralised with securities are individually assessed for expected credit loss based on movements in value of the position and/or movement in the collateral received. An uncollateralised exposure occurs when the value of the collateral is insufficient to cover the loan. In case of such an under-collateralisation, the client is required to provide additional collateral. If the client fails to do so, the Group is entitled to wind down the position and ultimately initiate a collection procedure. An uncollateralised exposure is classified as stage 3 and fully impaired.

Bonds at amortised cost
Bonds at amortised cost are individually assessed for expected credit loss. The portfolio consists solely of bonds with investment grade rating. Based on the investment grade rating, the bonds are considered to have a low credit risk and are classified as stage 1.

Non-performing loans
The Group holds a limited amount of non-performing loans. These loans are classified as stage 3 subject to ongoing stress test calculations.

Note	DKK million				
26	**Risk Management - continued**				
	Credit risk - Expected credit loss				
	2021	**Stage 1 12 months ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	Financial assets at amortised costs before allowance				
	Demand deposits with central banks	32,038	-	-	**32,038**
	Receivables from credit institutions and central banks	6,493	-	-	**6,493**
	Loans and other receivables at amortised cost	5,572	-	14	**5,586**
	Bonds at amortised cost	31,341	-	-	**31,341**
	Guarantees	-	-	52	**52**
	Total	**75,444**	**-**	**66**	**75,510**
	Impairment allowance				
	Demand deposits with central banks	3	-	-	**3**
	Receivables from credit institutions and central banks	6	-	-	**6**
	Loans and other receivables at amortised cost	-	-	11	**11**
	Bonds at amortised cost	5	-	-	**5**
	Guarantees	-	-	16	**16**
	Total	**14**	**-**	**26**	**41**
	2020				
	Financial assets at amortised costs before allowance				
	Demand deposits with central banks	29,055	-	-	**29,055**
	Receivables from credit institutions and central banks	5,941	-	-	**5,941**
	Loans and other receivables at amortised cost	4,810	-	16	**4,826**
	Bonds at amortised cost	3,400	-	-	**3,400**
	Guarantees	4	-	58	**62**
	Total	**43,209**	**-**	**75**	**43,284**
	Impairment allowance				
	Demand deposits with central banks	3	-	-	**3**
	Receivables from credit institutions and central banks	5	-	-	**5**
	Loans and other receivables at amortised cost	-	-	16	**16**
	Bonds at amortised cost	1	-	-	**1**
	Guarantees	-	-	22	**22**
	Total	**8**	**-**	**39**	**47**

Note DKK million

26 Risk Management - continued

Credit risk - Expected credit loss

Consolidated impairment allowance for financial assets at amortised cost and guarantees

2021	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment allowance 1 January	8	-	39	**47**
Decreases due to redemptions and derecognitions	-	-	(7)	**(7)**
Changes due to change in credit risk (net)	1	-	-	**1**
Impairment allowance 31 December	**9**	**-**	**32**	**41**

2020				
Impairment allowance 1 January	15	0	27	**43**
Disposal of mortgages portfolio	(13)	(0)	(5)	**(18)**
Decreases due to redemptions and derecognitions	-	-	(3)	**(3)**
Changes due to change in credit risk (net)	6	0	20	**26**
Impairment allowance 31 December	**8**	**(0)**	**39**	**47**

Securities lending

The Group offers securities lending primarily to clients in the Netherlands.

The below table list the payables to clients lending their securities and the receivables relating to the third party who is borrowing the client securities. Neither the receivable or the payable is recognised in statement of financial position as the ownership and control of the securities remain with the client.

The Group receives securities as collateral from the third party (collateral received) and is obliged to provide securities as collateral to the clients for the securities that they have lent out (collateral pledged). The Group either provides the same securities as received or own securities as collateral to the client.

At 31 December 2021, no securities lending is outstanding, however securities lending will continue in 2022.

	2021	2020
Receivables in respect of securities lending (third party)	-	635
Collateral received	-	679
Liabilities in respect of securities lending (clients)	-	635
Collateral pledged	-	669

Note DKK million

27 Key figures

	2021	2020	2019 [1]	2018
Income statement				
Net interest, fees and commissions	3,210	3,061	1,972	599
Price and exchange rate adjustments	1,279	1,307	637	222
Staff costs and administrative expenses	(2,914)	(2,708)	(2,583)	(711)
Impairment charges financial assets etc.	(7)	(24)	(9)	0
Result from joint ventures	(18)	(7)	0	-
Profit before tax	833	938	(317)	717
Net profit	600	639	(271)	736
Statement of financial position				
Loans and other receivables at amortised cost	5,576	4,811	9,883	0
Deposits	68,577	60,197	59,311	21,370
Subordinated debt	770	776	1,140	370
Total equity	10,629	10,509	10,342	9,574
Total assets	95,332	83,099	79,439	39,474
Number of full-time-equivalent staff (end of period)	2,510	2,224	2,170	1,658
Key figures and ratios [1)]				
Total capital ratio	20.6%	22.7%	19.6%	27.5%
Tier 1 capital ratio	17.9%	19.7%	16.2%	24.5%
Return on equity before tax[2)]	7.8%	9.0%	-3.2%	7.5%
Return on equity after tax[2)]	5.6%	6.1%	-3%	8%
Income/cost ratio	123%	127%	91.0%	179.0%
Interest rate risk	0.3%	-1.8%	2.0%	3.2%
Foreign exchange rate risk/Tier 1 capital	5.4%	22.7%	9.0%	5.3%
Value at risk of foreign exchange rate risk/Tier 1 capital	0.1%	0.1%	0.1%	0.0%
Loans and other receivables plus impairment charges/Deposits	8.0%	8.1%	0.17	0.00
Loans and other receivables proportional to Total equity	0.51	0.47	96.0%	0.0%
Growth in loans and other receivables	13.7%	-51.3%	>1,00%	N/A
Sum of large exposures/CET 1 capital	40.3%	28.4%	44.5%	13.5%
Loss and provisions ratio	0.1%	0.5%	0.1%	-0.2%
Return on assets	0.6%	0.8%	-0.3%	1.9%

The ratios are defined by the Danish FSA in the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

1) Key figures and ratios are impacted by acquisition of BinckBank N.V. from August 2019

PARENT FINANCIAL STATEMENTS

GEELY FINANCIALS DENMARK A/S

INCOME STATEMENT – GEELY FINANCIALS DENMARK A/S

Note	DKK million	2021	2020
	Interest expense	(3)	(4)
	Net interest income	**(3)**	**(4)**
	Fees and commission expense	0	(0)
	Net interest, fees and commissions	**(3)**	**(4)**
	Price and exchange rate adjustments	(0)	2
	Operating income	**(3)**	**(2)**
2	Staff costs and administrative expenses	(1)	(0)
	Result from subsidiaries	290	304
	Profit before tax	**286**	**302**
3	Tax	1	1
	Net profit	**286**	**302**
	Net profit attributable to:		
	Equity method reserve	(223)	304
	Retained earnings	509	(2)
	Net profit	**286**	**302**

STATEMENT OF COMPREHENSIVE INCOME – GEELY FINANCIALS DENMARK A/S

DKK million	2021	2020
Net profit	**286**	**302**
Other comprehensive income		
Other comprehensive income from subsidiaries, net of tax	4	1
Items that will not be reclassified subsequently to income statement	4	1
Items that are or may be reclassified subsequently to income statement:		
Other comprehensive income from subsidiaries and joint ventures, net of tax	17	(15)
Items that are or may be reclassified subsequently to income statement	17	(15)
Total other comprehensive income	**20**	**(14)**
Total comprehensive income	**307**	**288**
Total comprehensive income attributable to:		
Equity method reserve	(202)	290
Retained earnings	509	(2)
Total comprehensive income	**307**	**288**

STATEMENT OF FINANCIAL POSITION – GEELY FINANCIALS DENMARK A/S

Note	DKK million	2021	2020
	ASSETS		
4	Receivables from credit institutions and central banks	7	3
9	Loans and other receivables at amortised cost	105	0
5	Investment in subsidiaries	4,366	4,565
6	Intangible assets	1,479	1,479
	Tax receivables	111	70
	Total assets	**6,068**	**6,117**
	LIABILITIES		
	Other liabilities	111	470
	Total liabilities	111	**470**
	EQUITY		
7	Share capital	10	10
	Equity method reserve	309	508
	Retained earnings	5,638	5,129
	Total equity	**5,957**	**5,647**
	Total liabilities and equity	**6,068**	**6,117**

STATEMENT OF CHANGES IN EQUITY – GEELY FINANCIALS DENMARK A/S

	Shareholders of Geely Financials Denmark A/S			
DKK million	Share capital	Equity method reserve	Retained earnings	Total
Equity at 1 January 2021	**10**	**508**	**5,129**	**5,647**
Net profit	-	(223)	509	286
Other comprehensive income				
Other comprehensive income from subsidiaries and, net of tax	-	20	-	20
Total other comprehensive income	-	20	-	20
Total comprehensive income	-	**(202)**	**509**	**307**
Transactions with owners				
Other equity movements from subsidiaries	-	3	-	3
Equity at 31 December 2021	**10**	**309**	**5,638**	**5,957**

DKK million	Share capital	Equity method reserve	Retained earnings	Total
Equity at 1 January 2020	**10**	**218**	**5,131**	**5,358**
Net profit	-	304	(2)	302
Other comprehensive income		-	-	
Other comprehensive income from subsidiaries, net of tax	-	(14)	-	(14)
Total other comprehensive income	-	(14)	-	(14)
Total comprehensive income	-	**290**	**-2**	**288**
Transactions with owners				
Other equity movements from subsidiaries	-	1	-	1
Equity at 31 December 2020	**10**	**508**	**5,129**	**5,647**

STATEMENT OF TOTAL CAPITAL – GEELY FINANCIALS DENMARK A/S

DKK million	2021	2020
Tier 1 capital		
Equity end of the reporting period	5,957	5,647
Intangible assets	(1,479)	(1,479)
Other deductions	(4)	-
Common equity tier 1 capital (net after deduction)	**4,475**	**4,168**
Total tier 1 capital	**4,475**	**4,168**
Total capital	**4,475**	**4,168**
Risk exposure amounts		
Credit risk	4,473	4,566
Operational risk	573	659
Total risk exposure amounts	**5,046**	**5,225**
Common equity tier 1 ratio	88.7%	79.8%
Tier 1 capital ratio	88.7%	79.8%
Total capital ratio	88.7%	79.8%

Total capital is calculated in accordance with the Capital Requirement Directive (CRD) and -Regulation (CRR).

NOTES – GEELY FINANCIALS DENMARK A/S

Note DKK million

1 Accounting policies

The financial statements of Geely Financials Denmark 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 Geely Financials Denmark A/S are the same as for the Geely Financials Denmark Group, note 1 to the consolidated financial statements, with the exception of the items below.

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 Geely Financials Denmark A/S' share of the profit and loss after tax. The net revaluation is recognised in equity under Equity method reserve.

Equity method reserve

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

2	Staff costs and administrative expenses	2021	2020
	Administrative expenses	(0)	(0)
	Total staff costs and adminstratives expenses	**(0)**	**(0)**

Besides the managing director the Company has no employees.

Remuneration to Board of Directors and the Board of Management are disclosed in note 6 in the consolidated financial statements.

3	Tax	2021	2020
	Reconciliation of effective tax rate		
	Profit before tax	286	302
	Tax using the Danish tax rate 22%	(63)	(66)
	Non tax-deductible expenses	(0)	0
	Effect of tax on income from subsidiaries	64	67
	Total income tax recognised in income statement	1	1
	Effective tax rate	0.2%	0.2%

Note	DKK million	2021	2020
4	**Receivables from credit institutions and central banks**		
	Demand deposits	7	3
	Total receivables from credit institutions and central banks	7	3

5 Investment in subsidiaries

Note 22 in the consolidatted financial statements provides information on Group entities.

6 Intangible assets

Geely Financials Denmark A/S has goodwill DKK 1.479 million (2020: DKK 1.479 million) related to the acquistion of Saxo Bank A/S in 2018. No impairment on goodwill has been recognised in 2021 and 2020.

7 Equity

As at 31 December 2021, the share capital consisted of 10,000,000 (2020: 10,000,000) number of shares with a nominal value of DKK 1.

8 Contingent and other contractual commitments

Geely Financials Denmark A/S is the administration company in a Danish joint taxation. Geely Financials Denmark A/S is taxed jointly with all Danish entities in the Danish taxation and is jointly and severally liable with these for the payments of the Danish corporate tax and withholding taxes etc.

Note DKK million

9 Related parties

No party has the controlling influence of Geely Financials Denmark A/S. At 31 December 2021, the following shareholders are registered as holders of more than 5% of the share capital of Geely Financials Denmark A/S:

Geely Group Limited, VG1110, British Virgin Islands
Geely Financials International Limited, 89 Qeensway, Hong Kong

No consolidated financial statements are prepared above Geely Financials Denmark A/S

	Parties with significant influence		Subsidiaries	
	2021	2020	2021	2020
Loans and other recivables	104	-	-	-
Other assets	-	-	-	-
Interest (Income)	0	-	-	-
Loans (liabilities)	-	401	-	-
Dividend from Saxo Bank A/S	-	-	513	-
Interest (expense)	(2)	(4)	-	-
Service agreement (expense)	-	-	0	0

In the consolidatted financial statements Note 6 provides information on remuneration of Board of Management and Board of Directors.

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

The loan granted from Geely Financials Denmark A/S to Geely Sweden Holding AB is EUR 14.0 million (DKK 104 million). The intercompany loan between Geely Financials Denmark A/S to Geely Sweden Holding AB should be repaid in November in 2022.

10 Risk Management

The Company is exposed to credit risk on receivables from credit institutions and loans at amortised cost.

11 Events after the reporting date

There have been no events that have materially affected the assessment of the Annual Report 2021 after the reporting date.

STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management have considered and approved the Annual Report for the financial period 1 January 2021 – 31 December 2021 for Geely Financials Denmark A/S.

The consolidated financial statements 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 2021 and of the results of the Group's and the Parent Company's operations for the financial period 1 January – 31 December 2021.

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, 26 April 2022

BOARD OF MANAGEMENT

Yi Ian Zhang
Managing Director

BOARD OF DIRECTORS

Donghui Li
Chairman

Hans Oscarsson

Yi Ian Zhang

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Geely Financials Denmark A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of Geely Financials Denmark A/S for the financial year 01.01.2021 – 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021-31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

Continued

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 26 April 2022

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