

Saxo Payments A/S
CVR no. 32 33 88 95

Annual Report 2014

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Saxo Payments A/S for the financial year 1 January – 31 December 2014.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of the Company's operations for the financial year 1 January – 31 December 2014.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report is approved at the annual general meeting.

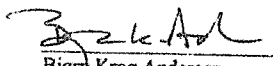
Hellerup, 7 May 2015

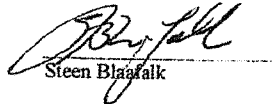
Executive Board:


Laust Vrist Bertelsen


Anders la Cour Møller

Board of Directors:


Bjørn Krog Andersen
Chairman


Steen Blaaufalk


Lars Torpe Christoffersen

Independent auditors' report

To the shareholders of Saxo Payments A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Saxo Payments A/S for the financial year 1 January – 31 December 2014, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of its operations for the financial year 1 January – 31 December 2014 in accordance with the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

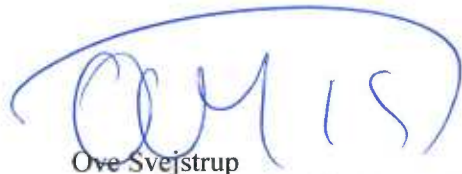
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 7 May 2015

ERNST & YOUNG
Godkendt Revisionspartnerselskab



Lars Rhod Søndergaard
State Authorised Public Accountant



Ove Svejstrup
State Authorised Public Accountant

Management's review

Company details

Name	Saxo Payments A/S
Address, zip code, city	Philip Heymans Allé 15, 2900, Hellerup
CVR no.	32 33 88 95
Established	27 June 2013
Registered office	Gentofte
Financial year	1 January – 31 December
Board of Directors	Bjørn Krog Andersen, Chairman Steen Blaaufalk Lars Torpe Christoffersen
Executive Board	Laust Vrist Bertelsen Anders la Cour Møller
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 2000 Frederiksberg

Management's review

Principal activities of the Company

On 15 August 2013 the Company was licensed as a payment institution. The Company's principal activity is to pursue payment services and associated activities.

Development in activities and financial matters

On 6 January 2014 the Company established a branch in UK to function primarily as a sales hub for the Company.

Result for the year shows a loss of DKK 27,147 thousand after tax.

The negative result is a consequence of the Company still being in a start-up phase and significant costs associated with this.

Net profit for the year is considered satisfactory and in line with the business plan.

Events after the balance sheet date

No events occurring after the balance sheet date have had significant influence on the Company's financial position at 31 December 2014.

Outlook 2015

Management expects an improved but still negative net profit for 2015 compared with 2014.

Financial statements for the period 1 January – 31 December

Income statement

Note	DKK 1,000	27 June – 31 December	
		2014	2013
2	Interest income	73	3
	Net interest income	73	3
3	Fee and commission income	139	0
4	Fee and commission expense	-5	0
	Net fees and commissions	134	0
5	Price and exchange rate adjustments	-11	5
6	Staff costs	-11,320	-4,791
	Other external costs	-16,369	-1,093
8,9	Depreciation and amortisation	-6,376	-3,182
	Loss before tax	-33,869	-9,058
7	Tax on loss for the year	6,722	1,473
	Loss for the year	-27,147	-7,585
	Proposed distribution of loss		
	Retained earnings	-27,147	-7,585
		-27,147	-7,585

Financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK 1,000	2014	2013
	ASSETS		
	Non-current assets		
8	Intangible assets		
	Knowhow	21,655	27,842
	Trademarks and licenses	500	643
	Development projects	3,586	0
		<u>25,741</u>	<u>28,485</u>
9	Tangible assets		
	Other plant, fixtures and equipment	97	83
		<u>97</u>	<u>83</u>
	Total non-current assets	<u>25,838</u>	<u>28,568</u>
	Current assets		
	Receivables		
	Current tax assets, joint taxation	6,717	1,475
10	Deferred tax assets	1	0
	Deposit	22	21
	Prepayments	7,700	360
	Total receivables	<u>14,440</u>	<u>1,856</u>
	Securities		
	Bonds at fair value	4,777	0
	Total securities	<u>4,777</u>	<u>0</u>
	Cash at hand and in bank	<u>14,482</u>	<u>36,045</u>
	Total current assets	<u>33,699</u>	<u>37,901</u>
	TOTAL ASSETS	<u>59,537</u>	<u>66,469</u>

Financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK 1,000	2014	2013
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	1,142	1,000
	Retained earnings	46,477	63,416
	Total equity	47,619	64,416
	Provisions		
10	Deferred tax liabilities	0	2
	Total provisions	0	2
	Liabilities		
	Current liabilities other than provisions		
	Payment accounts	2,334	651
	Trade payables	6,213	5
	Payables to group enterprises	322	105
	Other payables	3,049	1,290
		11,918	2,051
	Total liabilities	11,918	2,051
	TOTAL EQUITY AND LIABILITIES	59,537	66,469

- 1 Accounting policies
- 11 Mortgages and collateral
- 12 Contractual obligations and contingencies, etc.
- 13 Related party disclosures
- 14 Ownership

Financial statements for the period 1 January – 31 December

Equity

DKK 1,000	Share capital	Share premium	Retained earnings	Total
Balance at 1 January 2014	1,000	0	63,416	64,416
Capital increase	142	9,929	0	10,071
Share premium transferred to retained earnings	0	-9,929	9,929	0
Share-based payments	0	0	270	270
Exchange rate adjustments	0	0	9	9
Transferred; see distribution of loss	0	0	-27,147	-27,147
Balance at 31 December 2014	1,142	0	46,477	47,619

The share capital of 1,142,109 shares with a nominal value of DKK 1 per share is divided into the following classes: A, DKK 1,116,742 and B, DKK 25,367.

The costs associated with the capital increase for the year amount to DKK 20 thousand.

Changes in share capital since establishment 27 June 2013 can be specified as follows:

DKK 1,000	31 December 2014	27 June 2013
Balance at 1 January	1,000	0
Cash capital increase	142	1,000
	1,142	1,000

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Saxo Payments A/S for 2014 has been prepared in accordance with the Danish Financial Statements Act, reporting class B. In addition, the provisions applying to class C enterprises in recognition and measurement of development projects have been adopted.

The preparation of the annual report is adapted to the Company's principal activity as financial payment provider.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The annual report is presented in Danish kroner.

General about recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities, measured at fair value or at amortised cost.

Any costs, including depreciations, amortisation, impairment, provisions and reversals due to changed accounting estimates of amounts previously recognised in the income statement, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is likely that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will flow from the company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Foreign currency translation

The functional currency used is Danish kroner. Other currencies are considered foreign currencies.

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as price and exchange rate adjustments.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as price and exchange rate adjustments.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Interest, fees and commissions

Interest income and expenses are recognised in the income statement by the amounts that relate to the financial year. Fee and commission income is recognised in the income statement at the transaction date. Fee and commission expense is recognised in the income statement by the amounts that relate to the financial year.

Price and exchange rate adjustments

Price and exchange rate adjustments of foreign currency positions and securities is measured at fair value on the balance sheet date and recognised in the income statement by the amounts that relate to the financial year.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees.

Other external costs

Other external costs comprise costs for premises and operating leases, insurance, consultancy costs, phone and internet, travel, advertising, office supplies, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Knowhow, Trademarks and licenses

On initial recognition, intangible assets are measured at cost.

Trademarks and licences are subsequently measured at cost less accumulated amortisation. Amortisation is provided on a straight-line basis over the estimated useful life estimated at 5 years.

Cost comprises the purchase price and any costs directly attributable to the acquisition.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Development projects

Development costs comprise salaries that are directly and indirectly attributable to the development projects.

Development projects that are clearly defined and identifiable, where the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the Company is evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling and administrative expenses and development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation/impairment losses and the recoverable amount.

Following the completion of the projects, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is maximum 5 years.

Tangible assets

On initial recognition tangible assets are measured at cost.

Other plant, fixtures and equipment are subsequently measured at cost less accumulated depreciation. The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

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

Other plant, fixtures and equipment 3 years

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments, recognised as assets, comprise costs incurred concerning subsequent financial years.

Securities

Bonds, traded in active markets, are measured at fair value using the quoted market price at the balance sheet date. All portfolio bonds are traded in active markets.

Corporation tax and deferred tax

The Company is covered by the Danish rules on compulsory joint taxation. Saxo Bank A/S is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid to the administrative company.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Payment accounts

Payment accounts include the client's foreign currency holdings and are used exclusively for payment transactions.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to nominal debt.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK 1,000	2014	27 June – 31 December 2013
2 Interest income		
Bonds	60	0
Other interest income	13	3
	<u>73</u>	<u>3</u>
3 Fee and commission income		
Other fee and commission income	139	0
	<u>139</u>	<u>0</u>
4 Fee and commission expense		
Other fee and commission expense	5	0
	<u>5</u>	<u>0</u>
5 Price and exchange rate adjustments		
Bonds	-39	0
Foreign exchange	28	5
	<u>-11</u>	<u>5</u>
6 Staff costs		
Wages and salaries	9,703	4,297
Other social security costs	1,617	494
	<u>11,320</u>	<u>4,791</u>
Average number of full-time employees	<u>13</u>	<u>6</u>
7 Tax on loss for the year		
Computed tax on the taxable income for the year	6,719	1,475
Adjustment of deferred tax for the year	3	-2
	<u>6,722</u>	<u>1,473</u>

Financial statements for the period 1 January – 31 December

Notes to the financial statements

8 Intangible assets

DKK 1,000	Knowhow	Trademarks and licenses	Development projects
Cost at 1 January 2014	30,935	715	0
Additions	0	0	3,586
Cost at 31 December 2014	30,935	715	3,586
Amortisation at 1 January 2014	-3,093	-72	0
Amortisation	-6,187	-143	0
Amortisation at 31 December 2014	-9,280	-215	0
Carrying amount at 31 December 2014	21,655	500	3,586

9 Tangible assets

DKK 1,000	Other plant, fixtures and equipment
Cost at 1 January 2014	100
Additions	60
Cost at 31 December 2014	160
Depreciation at 1 January 2014	-17
Depreciation	-46
Depreciation at 31 December 2014	-63
Carrying amount at 31 December 2014	97

Financial statements for the period 1 January – 31 December

Notes to the financial statements

10 Deferred tax

DKK 1,000	2014	2013
Deferred tax at 1 January 2014	2	0
Changes in deferred tax for the year	-3	2
Deferred tax at 31 December 2014	-1	2
Deferred tax relates to:		
Tangible assets	-1	2

11 Mortgages and collateral

The Company has at 31 December 2014 no mortgages or provided collateral.

12 Contractual obligations and contingencies, etc.

The Company is jointly taxed with other Danish entities in Saxo Bank Group. Saxo Bank A/S is the administrative company for the joint taxation. As a subsidiary the Company is joint and unlimited liable for payments for Danish corporation taxes and withholding taxes on dividends, interests and royalties.

The Company has entered into a service agreement with Saxo Bank A/ S at 12 months' notice. The service agreement commitment totalled DKK 383 thousand at 31 December 2014 in the irrevocable period.

The Company has entered into a tenancy agreement which can be terminated with 12 months' notice. The tenancy commitment totalled DKK 123 thousand at 31 December 2014 in the irrevocable period.

The Company has entered into a leasing and implementation agreement on IT which can be terminated on 31 March 2017. The leasing and implementation agreement commitment totalled DKK 7,749 thousand at 31 December 2014 in the irrevocable period.

The Company has entered into a hosting and service agreement with an IT provider with expiry on 11 March 2017. The hosting and service agreement commitment totalled DKK 5,558 thousand at 31 December 2014 in the irrevocable period. If the agreement is terminated early, the Company will in addition to the irrevocable fee be charged a fee of DKK 406 thousand.

The company has entered into a car lease agreements with a value of DKK 200 thousand.

The Company has no other contractual or contingent liabilities.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

13 Related party disclosures

Saxo Payments A/S' related parties comprise of the parent company Saxo Bank A/S and subsidiaries hereof.

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

14 Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Saxo Bank A/S, Philip Heymans Allé 15, 2900 Hellerup
Aktieselskabet af 20. Maj 2013, Høbjergvej 29B, 3200 Helsingør

The Company is included in the consolidated financial statements of Saxo Bank A/S. The consolidated financial statements are available on <http://storage.saxobank.com/documents/saxo-bank-annual-report-2014.pdf>.