

GEELY FINANCIALS DENMARK A/S

Annual Report 2022

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

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COMPANY INFORMATION

Company

Address	Geely Financials Denmark A/S c/o Gorrissen Federspiel Axeltorv 2 1609 København V Denmark
CVR No.	38 97 61 76

Board of Directors


Donghui Li	Chair of the Board
Hans Oscarsson	Member of the Board
Yi lan Zhang	Member of the Board

Board of Management

Yi lan Zhang	Managing Director
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Approved at the Annual General Meeting

Date


25 April 2023

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. (Chair (C), Board member (BM), Chief Executive Officer (CEO)).

Board of Directors

Donghui Li - Chair

Geely Holding Group (CEO & BM)
Geely Automobile Holdings Limited (BM)
Genius Auto Finance Co. Limited (C)
Lotus Group International Limited (C)
Polestar Automotive Holding UK PLC (BM)
Volvo Car Corporation (BM)

Yi lan Zhang - Board Member

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

Hans Oscarsson - Board Member

Geely Sweden Holdings AB (CEO)
Geely Europe Innovation Centre AB (C)
Geely Business Center AB (C)
Geely Group Motorsports International AB (BM)

Board of Management

Yi lan Zhang - Managing Director

MANAGEMENT REPORT

MAIN ACTIVITY

Geely Financials Denmark A/S (the Company) is a financial holding company, whose primary purpose is to invest in shares in other companies. At 31 December 2022, the investment in shares in Saxo Bank A/S (Saxo Bank) is the sole investment made by the Company.

Saxo Bank is an international multi-asset facilitator and delivers capital markets access, products and services through multi assets platforms to Traders, Investors and Saxo Institutional wholesale partners and Saxo Institutional direct clients. Saxo Bank empowers clients and partners to trade and invest across any macrocycle with access to more than 70,000 tradable instruments, including stocks, bonds, ETFs, mutual funds, FX, CFDs, options, commodities and Crypto FX. All products and services are offered either directly in the platforms SaxoInvestor, SaxoTraderGO and SaxoTraderPRO or through the partner-oriented Open API and FIX API solutions and SaxoPartnerConnect.

As a fully licensed and regulated bank, Saxo Bank is under supervision of the Danish Financial Supervisory Authority. 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 with 72 nationalities.

A list of the Group's subsidiaries is disclosed in note 23 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 431 million (2021: DKK 600 million). The net profit for the Group comprise net profit in the Saxo Bank Group adjusted for amortisation and impairment of intangible assets and related tax 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 2022, the Group expected to end 2022 with a net profit in the level around DKK 450 million. The lower net profit was mainly driven by remeasurement of deferred tax liabilities due to an increase in the corporate tax rate for the financial sector in Denmark. The corporate tax rate will for the financial sector in Denmark increase from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards. The increase of deferred tax liabilities was partly offset by increased net interest income as a result of higher interest rates. The Board of Directors considers the result for the year acceptable.

No dividend will be paid out for 2022.

EQUITY AND REGULATORY CAPITAL

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

Geely Financials Denmark Group's total capital was DKK 3,774 million at 31 December 2022 (2021: DKK 3,663 million), which resulted in a total capital ratio of 22.4% (2021: 20.6%).

Geely Financials Denmark A/S' total capital was DKK 4,697 million at 31 December 2022 (2021: DKK 4,475 million), which resulted in a total capital ratio of 90.9% (2021: 88.7%).

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 or liabilities in future periods.

Areas involving significant estimates and judgements:

- Classification and fair value measurement of financial instruments
- Measurement of expected credit loss on financial assets at amortised cost
- Measurement of goodwill and other intangible assets
- Measurement of deferred tax assets and deferred tax liabilities
- Measurement of provisions

MANAGEMENT REPORT - Continued

Classification and fair value measurement of financial instruments

The financial assets are classified into the different measurement categories based on the business model for managing the financial asset and the contractual cash flow 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.

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, hence not subject to significant estimates. Quoted prices or interbank quoted prices can be applied directly or applied as the most significant input in the valuation e.g. by applying the quoted price for the underlying assets or for a similar financial instrument.

Loan notes issued with contain certain conversion rights and are measured at fair value based on estimates of expected future cash flow by using a discounted cash flow model, hence substantial non-observable input is applied in the valuation. The key input in the valuation besides the expected cash flow is the discount rate. Measurement of financial assets based on non-observable input is subject to estimates. In note 25 Investments in joint ventures, information on the fair value of the convertible loan notes is disclosed.

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 increased significantly, 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 entails use of judgement and estimates.

Note 27 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 technology, 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 was recognised in 2022 (2021: DKK 0 million).

Other intangible assets are tested if indications of impairment exist. 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.

Assessment of impairment entails use of judgement and estimates.

Note 11 Intangible assets provides information on carrying amount of intangible assets.

Measurement of deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognised and measured on the basis of tax regulation enacted and at the tax rate that applies to the period when the deferred tax is expected to be utilised. In 2022, the bill for increase of the corporate tax rate from the current tax rate of 22.0%, 25.2% in 2023 and 26.0% in 2024 and onwards for the financial sector in Denmark has been enacted. Due to the increase in tax rate, the deferred tax assets and deferred tax liabilities have been remeasured. The impact on deferred tax assets and deferred tax liabilities is estimated to DKK 166 million at 31 December 2022, which is recognised as a tax expense in the statement of profit or loss, see note 8 Tax. The determination of the impact entails use of estimates and is subject to adjustments until the increase in tax rate is fully implemented in 2024.

Measurement of provisions

As part of its ordinary course of business, the Group is and will from time to time be involved in various disputes and legal proceedings, including tax matters. The results of such disputes and legal proceedings may be difficult to predict, and the Group's assessment of the relevant disputes and proceedings may change as they unfold. A provision is recognised for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Management assesses provisions, contingent assets and liabilities, and the likely outcome of pending or probable disputes and legal proceedings etc. on an ongoing basis. The outcome depends on future events, which are by nature uncertain. The assessment entails use of judgement and estimates.

MANAGEMENT REPORT - Continued

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 Saxo Bank Group's Annual Report 2022". In addition to the credit exposure, Geely Financials Denmark A/S has a loan granted to Geely Sweden Holding AB of DKK 354 million, see note 22 Related parties in the consolidated financial statements.

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

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

SOCIAL CONTRIBUTIONS

Geely Financials Denmark A/S has no other employees than the Managing Director. In 2022, the proportion of women and men in the Board of Directors of Geely Financials Denmark A/S was 0% and 100%, respectively. 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 2022".

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 2023

In the section "Extract from Saxo Bank Group's Annual Report 2022", the Financial outlook for 2023 for Saxo Bank Group is outlined. Compared to the Saxo Bank Group, the net profit for Geely Financials Denmark Group will be impacted by amortisation of intangible assets and related tax recognised at the date of acquisition. The impact net of tax for 2023 is estimated to DKK 145 million, hence the Geely Financials Denmark Group expects to end 2023 with a net profit in the range DKK 505 - 655 million.

EVENTS AFTER THE REPORTING DATE

After the reporting date, there have been no events that have materially affected the assessment of the Annual Report 2022.

EXTRACT FROM SAXO BANK GROUP'S ANNUAL REPORT 2022

The subsequent section is text from the management report in Annual Report 2022 for Saxo Bank Group. The following sections are extracts: Financial review, Our business model and strategy, Our business risks and Sustainability. The Annual Report for 2022 for Saxo Bank Group is available at www.home.saxo/about-us/investor-relations.

FINANCIAL REVIEW 2022 - SAXO BANK GROUP

Despite a challenging year with declining equity markets, higher inflation and rising interest rates, resulting in lower trading activity, the Saxo Bank Group realised a net profit of DKK 711 million in 2022. Taking into account the difficult market conditions, the result is considered acceptable and is above the half-year guidance. The result highlights the resilience of our business model in terms of client and product mix as well as geographical presence, as it reduces our vulnerability to the impact from macroeconomic and country-specific conditions.

The Saxo Bank Group's result is to a large extent linked to the clients' trading activity. Following the negative equity market trends in 2022 combined with higher inflation and interest rates not least with the Russian invasion of Ukraine in early 2022, the trading activity among our clients was lower than in 2021, affecting Saxo Bank's transactional revenue in the form of trading fees and commissions. The decline in trading activity was most significantly seen within the Investor area. The decrease in fee and commission income as a consequence of the lower trading activity was, however, partly offset by higher interest income following the rising interest rates. At the same time, the Group's cost level remained stable.

Despite decreasing trading activity, the net inflow of new clients continued in 2022 and led to a record high number of 876,000 clients at 31 December 2022. Total client assets decreased to DKK 584 billion, mainly driven by the equity market decline, partly offset by positive net funding from clients of DKK 47 billion.

Net interest, fees and commissions decreased to DKK 2,991 million (2021: DKK 3,213 million). The decrease was mainly due to lower trading activity following the macroeconomic situation, leaving especially commissions on stock trading at a lower level than in 2021. This was partly offset by increased interest income because of the higher interest rate levels across our geographical presence.

MANAGEMENT REPORT - Continued

Price and exchange rate adjustments ended with an income of DKK 1,444 million (2021: DKK 1,279 million). Price and exchange rate adjustments for 2021 included a negative amount of DKK 148 million related to fair value adjustments on the bond portfolio. As per 1 July 2021, the Group's liquidity investments of hold-to-maturity bonds were reclassified from fair value to amortised cost and accordingly, no fair value adjustments were recorded in 2022. Besides the impact from the changed treatment of bonds, Price and exchange rates adjustments in 2022 was positively impacted by higher trading activity within FX and CFD products, which was offset by lower exchange-rate revenue from reduced trading activity in international stocks.

Total income of DKK 4,455 million was almost unchanged compared to DKK 4,527 million in 2021 as the lower revenue from the Investor area was partly offset by growth in the Saxo Institutional area and income resilience in the Trader area.

Trading related and interest earnings amounted to DKK 4,385 million in 2022 with Trader clients accounting for 44%, Investor clients 28% and Saxo Institutional 28%. Compared to 31 December 2021, the relative share of both Traders (31 December 2021: 41%) and Saxo Institutional (31 December 2021: 24%) have increased, while the Investor area has declined (31 December 2021: 35%).

Recurring revenue increased to 41% compared to 32% for 2021, mainly driven by change in product mix with lower transactional related income and higher interest income for both the Investor and Institutional commercial areas. The change in product mix was a result of growth within Trader related products as FX, futures and options, while stocks, mutual funds and ETPs decreased resulting in lower transactional related income.

Staff cost and administrative expenses decreased to DKK 2,839 million (2021: DKK 2,912 million), mainly due to additional temporary staff in 2021 in connection with the migration of the former BinckBank as well as lower marketing costs following the macroeconomic situation with less appetite of trading and investments among clients.

Recent years' high level of investments in our platforms, new products and services as well as digitisation to improve the Saxo Experience and migrating BinckBank clients to Saxo Bank's platforms led to increased **amortisation, depreciation and impairment losses** of DKK 620 million in 2022, an increase of DKK 102 million compared to 2021.

Due to a slight decrease in revenue, incl. Share of net profit/loss from joint ventures, and an almost unchanged cost level, the **cost/income ratio** for 2022 was 79%.

Share of net profit/loss from joint ventures ended with a loss of DKK 7 million (2021: loss of DKK 18 million), impacted by share of net loss from the joint venture Saxo Geely Tech Holding A/S of DKK 61 million. This was partly offset by positive fair value adjustments of loan notes to the joint venture of DKK 54 million. In June 2022, Saxo Bank A/S converted loan notes of EUR 21 million to share capital in the joint venture Saxo Geely Tech Holding A/S accompanied by a proportionate cash based increase in share capital by co-investor Geely Sweden Holdings AB.

Profit before tax ended at DKK 949 million. The **effective tax rate** in 2022 decreased to 25.1% compared to 26.8% in 2021, primarily due to adjustments to tax related to previous years, which was partly offset by write-down of deferred tax assets as well as remeasurement of deferred tax assets and liabilities following the enactment in June 2022 of an increase in the corporate tax rate for the financial sector in Denmark.

H2 2022 financial result

Total income in H2 2022 was DKK 2,310 million compared to DKK 2,145 million in H1 2022, as H2 2022 was positively impacted by higher net interest income driven by higher interest rates. Costs decreased slightly in H2 2022 compared to H1 2022.

The net profit in H2 2022 was DKK 409 million compared to DKK 302 million for H1 2022.

2022 performance vs. half-year outlook

Net profit for 2022 of DKK 711 million ended above the half-year guidance of DKK 600 million, mainly driven by increased net interest income as a result of higher interest rates.

Statement of financial position

The cash inflow from clients' deposits were placed with counterparty banks, in bonds and other interest-bearing assets. **Cash in hand and demand deposits with central banks** amounted to DKK 21 billion as of 31 December 2022 compared to DKK 32 billion at 31 December 2021. **Bonds at amortised cost** amounted to DKK 45 billion as of 31 December 2022, compared to DKK 31 billion at 31 December 2021. The increase in the bond portfolio was mainly allocation from Cash in hand and demand deposits with central banks and placement of surplus liquidity from client funding.

MANAGEMENT REPORT - Continued

Loans and other receivables at amortised cost were DKK 4.3 billion as of 31 December 2022, compared to DKK 5.5 billion as of 31 December 2021, a 22% decrease mainly related to margin lending.

Total shareholders' equity was DKK 6.7 billion as of 31 December 2022, almost unchanged compared to 31 December 2021. Total shareholders' equity was affected by the result for the year of DKK 711 million and paid dividend of DKK 500 million for 2021 as well as paid interim dividend of DKK 302 million for 2022.

EU Taxonomy disclosure

As holder of a banking license within the European Union, the Saxo Bank Group is required to report under the EU taxonomy disclosure. As such in 2022, 0% (2021: 0%) of the Group's total assets were exposed to taxonomy eligible activities, while 100% (2021: 100%) of total assets were exposed to taxonomy non-eligible economic activities. The 100% non-eligible activities should be seen in relation to 0% of total assets were covered by the taxonomy. The proportion of the Group's total assets of undertakings not subject to NFRD disclosure was 72.8% (2021: 74.8%); the proportion of sovereigns was 33.8% (2021: 21.0%), central bank exposures 22.8% (2021: 35.2%), on demand interbank loans 3.8% (2021: 7.1%) and trading book 12.4% (2021: 11.5%).

Events after the reporting date

After the reporting date, there have been no events that have materially affected the assessment of the Annual Report 2022.

Financial outlook 2023

Saxo Bank Group operates in global financial markets, and income generation is besides the number of clients and client assets subject to volatility within the currency, equity, and commodity markets, as well as fluctuating interest rates.

For 2023, it is expected that the current challenging market conditions will continue for our clients with high level of uncertainty in the direction of the global markets, inflation and interest rates. Hence, it is assumed that the lower trading activity, especially among our Investor clients, will continue as a reflection of the riskoff sentiment. This will to some extent be offset by the full year impact of the increasing interest rates seen through 2022, which will increase the return on the liquidity portfolio.

Our strategic focus remains unchanged with a continued emphasis on growing our client and client asset base, and on enhancing the product and platform offering to the benefit of our clients. Following the migration of the remaining BinckBank clients in 2022, we seek to ensure that the cost levels remain stable in 2023 as efficiency savings are expected to offset the inflationary pressure on the cost base.

The market conditions for 2023 remain highly uncertain with regards to volatility, inflation, and changes to central bank statements on financial markets, and as a result, the Saxo Bank Group expects Net profit in the range of DKK 650-800 million.

OUR BUSINESS MODEL AND STRATEGY - SAXO BANK GROUP

Saxo is an international multi-asset facilitator. We deliver capital markets access, products, and services through our multi-asset platforms to Traders, Investors and Saxo Institutional wholesale partners and Saxo Institutional direct clients. Based on our open business model, we unbundle the value chain, source from the best product, service and liquidity providers 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.

OUR BUSINESS RISKS - SAXO BANK GROUP

Saxo is exposed to various risks. The Group strives to manage and mitigate risks which may adversely impact the Group to ensure that risks are within Saxo's risk appetite.

Saxo 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.

Risk factors which could adversely affect Saxo's future growth, activities, financial position, and results are described below. This description may not be exhaustive.

The conflict between Russia and Ukraine as well as the global economic environment have caused uncertainty and instability on the financial markets, which may cause demand for Saxo's products and services to decline or cause abrupt changes in client behaviour.

The inflationary environment has also caused uncertainty and instability on financial markets, however the financial sector is also benefiting from an environment of increased interest rates. The increasing inflation has had, and is expected to continue to have, an adverse effect on especially the investor client activity.

Further information on the risk management framework can be found in the Risk Report 2022 at www.home.saxo/about-us/icaap-and-risk-reports.

MANAGEMENT REPORT - Continued

Credit risk

Credit risk impacts Saxo's financial counterparts as market liquidity providers. These brokers are generally major international banks. In addition, Saxo 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 Saxo is unable to collect the amounts due. To mitigate these risks, Saxo 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

Market risk exposures in Saxo primarily arise when clients' trading activities are not fully hedged on a back-to-back basis. The market value of any positions in non-hedged financial instruments held by Saxo is sensitive to changes in market rates and parameters and the value of such instruments could decrease and cause Saxo to record market risk losses, which could have an adverse effect on Saxo's business, results of operations and financial position.

Interest Rate Risk in the Banking Book (IRRBB)

In the banking book, the interest rate risk exposures primarily originate from Saxo's liquidity investments of hold-to-maturity bonds measured at amortised cost, from issued capital instruments and from received client deposits. These exposures are managed under the market standard Interest Rate Risk in the Banking Book (IRRBB) framework.

Liquidity and funding risk

Saxo encounters liquidity risk mainly when facilitating clients' trading activities. Liquidity risk is the risk of Saxo 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 Saxo does not comply with regulatory liquidity requirements.

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

Saxo has put in place a risk management framework, which includes the proactive identification, assessment and management of this type of risk, as well as the reactive management of materialised loss events, which includes mitigating actions to reduce the risk of reoccurrence.

Business and IT infrastructure disruption

Saxo is highly dependent on the continuous operation of its IT infrastructure. Therefore, system failures could impact Saxo's services to its clients or critical internal business processes. Consequently, a system outage could have a financial and reputational impact on Saxo.

To control and mitigate this risk, Saxo 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 Saxo 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.

Cyber-attack risk

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

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

MANAGEMENT REPORT - Continued

Third-party service providers

Saxo 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 Saxo to incur losses and harm Saxo's reputation.

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

SUSTAINABILITY - SAXO BANK GROUP

At Saxo, we believe that financial success and sustainability go hand in hand. We strive to enable our clients to make well-informed investment decisions for their financial goals and to make a positive, sustainable impact on the issues they value. We are committed to incorporating Environmental, Social, and Governance (ESG) factors into our platforms, products and services, and to advancing sustainability throughout our operations. We believe that will help build a better future for all.

Sustainability and Environmental, Social and Governance (ESG) factors are integral to our purpose and business model and are necessary for assessing Saxo's impact on risks and opportunities across all areas of our business. For further details on our business model, see Our business model and strategy, page 10.

We group our efforts into three themes:

- **Sustainable Company:** Establish accountability and ownership for our social and environmental impact both as a company and as individuals
- **Sustainable Investing:** Offer transparent and approachable ESG products and tools across our platforms
- **Sustainable Society:** Promote the importance of financial literacy through investing

We firmly believe that these areas are where Saxo can create a long-lasting and meaningful impact on our employees, clients, partners, shareholders and the societies we operate in.

In 2022, Saxo has taken tangible steps and actions to meet our ESG targets for 2025. We have set supporting targets in our sustainability strategy that deliver both on short-term goals as well as long-term value creation.

Sustainable Company

- **Climate Neutral Company** – Balancing of our emissions with renewable energy and reducing our own emissions considerably through concrete reduction measures
- **Procurement Gone Sustainable** – Ensuring 100% of Saxo's vendors meet our sustainability standards and requirements based on our Supplier Code of Conduct
- **Creating an inclusive Workplace** – Improving diversity and inclusion within Saxo, and increasing the representation of women within the Board of Directors of Saxo Bank A/S, the Executive Team, and the management level referring to the Executive Team, by 2024
- **Trusted Partner** – Ensuring that Saxo is a trusted partner for direct clients and partners through consistently delivering a safe and secure Saxo Experience

Sustainable Investing

- **Becoming a leading ESG-Investing Platform** – Enabling clients through our platform tools, products and inspirational content on ESG to make better informed ESG decisions to both meet their financial goals and have a real-world impact

Sustainable Society

- **Advancing Investing Literacy** – Engaging over 1 million people with Saxo's educational experiences and content

Sustainable company

Environment and Climate

Saxo recognises that we have a responsibility to be accountable for the impact that our operations have on the environment and climate. Therefore, we have set the overall ambition of becoming carbon neutral by 2025.

Supporting this goal, we have also set targets for reducing our overall emissions by 25%, based on a 2020 baseline year, and shifting our energy consumption to renewable energy sources on local grids within the markets we operate.

MANAGEMENT REPORT - Continued

Over the past years, we have focused on utilising green technologies where possible to cool our buildings and servers with seawater, and since 2019, we have done away with single use plastics and replaced them with glass and pottery across our offices. At the end of 2022, we initiated several measures in our canteens for reducing food waste and recycling materials as much as possible. These initiatives have been driven in cooperation with suppliers and partners and are part of our commitment to significantly reduce our operational emissions in a meaningful and sustainable way.

A materiality assessment has been completed to assess an index of ESG topics on the basis of their long-term value and importance to our main stakeholders. Based on this assessment, we have established both a set of strategic initiatives that are uniquely connected to Saxo's business, as well as a selection of themes which carry potential risks. The risks identified include themes such as IT Security, Diversity and Inclusion, Financial Crime Prevention, and Sustainable Wealth Creation.

Risks associated with climate and environmental themes are not as prominent due to Saxo's business model, which does not include traditional lending activity to retail or wholesale sectors. Nonetheless, environmental risks are accounted for in our strategy's environmental targets and our overall footprint. Furthermore, Saxo will follow the development on the regulatory side such as for prudential (capital) treatment of environmental risks, which is expected to be further clarified in 2023.

Diversity and Inclusion

In Saxo, we value the diversity of all talents, and we strive to enable every employee to fulfill their career aspirations in a fair, safe, and unbiased environment. Saxo represents more than 70 nationalities, and we acknowledge that Diversity & Inclusion promotes commercial benefits, by building upon diverse backgrounds, educations, experiences, perspectives, and ideas, contributing to more innovation, improved collaboration and better decision making.

In 2023, Saxo is committed to creating an even more diverse and inclusive workplace by mitigating conscious and unconscious biases across all people processes as well as strengthening knowledge and awareness on Diversity & Inclusion across the organisation.

The Board of Directors has adopted a Diversity Policy to promote gender diversity at all levels of Saxo. 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.

Per 1 January 2023, the Board of Directors set a target to ensure that both men and women are represented by at least 30% among other levels of management in 2025. "Other levels of management" include the Executive Team and the management level referring to the Executive Team. At the end of 2022, the proportion of women in "other levels of management" of Saxo Bank A/S is 18.9%.

A larger Diversity & Inclusion initiative was launched in late 2020 involving employees and leaders from the whole organisation. In September 2022, the initiative was absorbed into Group People & Culture to further strengthen the progress already made, to continuously develop learning opportunities for leaders and all Saxonians and to secure momentum going forward. One of the outcomes from the initiative was a 4-module leadership programme on Inclusive Leadership. The programme was piloted during 2022 and 100 leaders participated in the programme. In 2023, the Inclusive Leadership training will be an integrated part of Saxo's leadership development portfolio and thereby made available for all leaders in a blended learning format.

Employee engagement

Employee engagement continues to be a key focus area of the Executive Team, as it is crucial for the well-being of employees and strategy execution.

The annual Employee Engagement Survey (EES) is used by the Executive Team, leaders, employees, and Group People & Culture 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 and become an even higher performing, more engaged and stronger organisation. In 2022, we introduced EES supporting materials, facilitating the communication of EES results in all teams.

In the EES, we try to get a temperature read of the organisation on various topics: Culture, Diversity and Inclusion, Leadership, Strategy understanding etc. In 2022, we introduced questions around Diversity and Inclusion and offensive behaviour based on a risk assessment and in 2023, we will introduce questions around stress and mental health.

In 2022, 92% of our employees participated in our EES. Overall, the feedback from employees has shown a positive trend in several important areas, such as Client Centricity and Core Team Collaboration.

We use the HiPO Index (High Performance Organisation) as an overall indicator of how the organisation is developing. In 2022, the HiPO Index was 74 compared to 76 in 2021.

MANAGEMENT REPORT - Continued

Every year, a number of focus areas for the Saxo Group are identified. In 2022, we introduced the following focus areas:

- Create a workplace of openness and inclusion
- Strengthen the confidence in senior leadership and the strategic direction of Saxo
- Maintain strong core team collaboration while reinforcing cross team collaboration
- Develop leadership capabilities and behaviours to grow people and business while showing a high level of proximity to teams and individuals

All leaders and teams are focused on actively working with the identified focus areas and each team is also encouraged to identify additional focus areas.

In line with Saxo's work culture and diversity efforts, we comply with collective agreements and respect to human rights across our offices, and we are committed to achieving a work environment founded on equality and diversity. We consider discrimination to be the primary risk affecting human rights, which is why we have adopted a zero-tolerance policy concerning any form of discrimination of employees or anyone involved in Saxo 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.

We are introducing additional measures to eliminate discrimination (e.g., unconscious biases) at the hiring stage embedded in the hiring process. We will also introduce additional training in 2023 for leaders and all employees on how to handle, escalate and report offensive behaviour. During 2022, we have not recorded any discrimination cases.

We have a whistleblowing channel for employees and other stakeholders. All employees and other stakeholders are encouraged to report concerns of misconduct or behaviour that is likely to harm employees, clients, business partners or the reputation or financial well-being of Saxo.

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 Saxo and supports employees by escalating relevant issues that are detrimental to the health and safety of the workplace.

Safeguarding our clients

Saxo 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 Institutional wholesale 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 exploitation of clients and Saxo, legal prosecutions and fines, which would adversely impact our reputation.

In recent years, Saxo has invested significantly in security and the prevention of financial crime to protect our clients and our business integrity. 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 2022, Saxo continued the integration of the security and financial crime units into one department under the remit of the COO. The department has the overall mission of protecting clients and Saxo from cyber-attacks, data breaches, financial crime and fraud events. The department is responsible for ensuring that Saxo takes a holistic, client-centric view of risk and controls, while driving tactical and strategic prevention across the value chain. The department is ensuring that Saxo has a single pane of glass for rapid detecting and response to cyber-attacks, data breaches, financial crime and fraud events.

We continuously strive towards a fair, ethical and lawful collection, use and processing of our clients' personal data. Moreover, we 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 2022, we continued to improve and take necessary steps to enhance data protection 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.

MANAGEMENT REPORT - Continued

Anti-bribery and corruption

Saxo 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 staff must regularly perform documented ABC training. It is our assessment that in particular the employees who are involved in negotiation of contracts with vendors potentially are exposed to a higher risk of bribery and corruption. For that reason, these employees receive training more frequently. If employees have concerns about the conduct of individuals, they are strongly encouraged to report this, if necessary, through Saxo's whistleblowing set-up.

During 2022, we have not recorded any breach of Saxo's ABC Policy including the Inducement Policy.

Tax contribution

Saxo 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, Saxo 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.

Saxo aims to ensure a good local tax reputation by being transparent and cooperative with the tax authorities in each country.

Total tax contribution made by the Saxo Bank Group:

DKK million	Denmark			Other countries			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Corporate taxes incl. CFC taxes	15	12	25	175	254	255	190	266	280
Payroll taxes	411	334	285	184	181	179	595	515	464
Social taxes	1	2	2	99	87	70	100	89	72
Financial Services Employer taxes	128	125	111	-	-	-	128	125	111
Property taxes	4	4	4	3	3	3	7	7	7
Value added taxes	178	128	112	56	81	73	234	209	185
Taxes on dividends	4	5	-	-	-	-	4	5	-
Other taxes	-	-	-	21	22	21	21	22	21
Total taxes	741	610	540	538	628	601	1,279	1,238	1,140

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.

As a result of increased interest and demand from Investors, heightened regulatory scrutiny and our commitment to support client's ambitions to align their investments with their values, we have strengthened our ESG offering in recent years and will continue to do so in the years ahead.

Through our offering of sustainable products ranging from ESG-friendly stocks, highly rated sustainable mutual funds and ETFs and our own ESG considered portfolios as part of our asset management offering (SaxoWealthCare and SaxoSelect), we empower our clients to make sustainable choices in line with their risk tolerance and sustainable preferences. To make it easier for clients to identify and compare sustainable products and thus make better informed decisions, we have added third party ESG ratings tools to the platform.

MANAGEMENT REPORT - Continued

Sustainability is part of the discretionary services we offer to clients, but also a part of the selection process of external model providers that we partner with. With SaxoWealthCare, one of our portfolio management services, we have partnered with BlackRock and Amundi to deliver ESG considered portfolios to our clients. For clients seeking an even stronger ESG profile to their investments, we offer a portfolio that commits to a minimum of 80% of sustainable investments via our SaxoSelect offering in partnership with Brown Advisory. In 2023, we plan to explore additional innovative sustainable products and, if feasible, add them to our investment universe.

SaxoWealthCare ESG-considered portfolios and SaxoSelect Brown Advisory Ethical Selection Portfolio do not have sustainable investments as their objective. However, they strive to contribute to the positive development of society, by making use of a combination of exclusions, ESG integration and sustainability focus. These portfolios promote environmental as well as social factors and take into consideration good governance practices of the companies selected into these portfolios, thereby adhering to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

Furthermore, in addition to ESG themes (which are lists of relevant ESG products), we provide ESG related educational content on the platform to help clients understand what ESG stands for, the opportunities and risk it represents and the impact it can have on society and the environment.

The ESG themes cover various ESG factors (E, S, G or a combination of the 3), investment strategies (negative screening, impact investing etc.) or thematic (clean energy, EV, water etc.) with an added focus on financial performance enabling clients to make better informed decisions rooted in both sustainability and meeting financial needs.

We are committed to continuously developing our product range in sustainable investments and making it easier for our clients to invest sustainably.

Sustainable society

At the heart of Saxo's purpose, we seek to engage people around the world to be invested both towards their own financial goals, but also in the things that they value. Therefore, increasing global financial literacy through investing is a core ambition for Saxo. We recognise this is a challenge that cannot be taken on alone, and regularly partner with universities and third parties in the markets we operate to engage with our local community on this topic.

Enhancing financial literacy through investing-related content and events

In addition to having the products, platforms and access for Investors to get invested in the world, Saxo also has a wide variety of educational experiences and content to support them. In 2022, we launched a new webinar series called 'Saxo Investing Sessions', with a focus on inspiring and educating clients on a range of topics from basic strategies for investing to more advanced trading approaches.

Since 2019, the 'Saxo Market Call' has been running as a daily podcast, with a focus on providing relevant and timely information to Investors to make informed investment decisions. As of December 2022, the podcast hit 3 million downloads since it was initiated in 2019, and provided a clear indication that Investors see Saxo as a trusted source for informing their investment activities.

Saxo believes in being accountable for the unique role we have in supporting financial literacy through investing, and helping to drive further investment into sustainable initiatives. As part of the content found on our platforms, clients can also easily navigate investment opportunities based on theme baskets from sustainable investing (ESG) to battery technology, to next generation medicine. Learning how to integrate these theme baskets into your investment approach is also part of the educational content available on our platforms.

Working together for a bigger impact

Partnerships with universities and associations within the markets we operate help Saxo to deepen our connection to our local community. In Denmark and Singapore, Saxo engages with universities on a regular basis by co-hosting educational events, webinars, and investing competitions on Saxo simulation accounts. By engaging with the next generation of Investors, Saxo hopes to both increase their understanding of what investing can do for their financial goals, and empower them to impact the world around them by being invested in it.

In 2022, Saxo's Singapore office partnered with the '100 Women in Finance', a global organisation supporting women in finance. As a member of this network, Saxo is able to both support the member community with educational content for investing, and sponsor various events focused on sharing knowledge, empowering diversity within finance, and driving impact through investing.

MANAGEMENT REPORT - Continued

Connecting with our local community

Throughout the year, Saxo's local offices are encouraged to support and volunteer their local communities through partnerships with charities. In 2022, Saxo employees volunteered their time in the United Kingdom with the National Trust Sutton House and Breakers Yard; in India as a donor for organisations such as the Prime Minister CARES Fund and the National Association for the Blind; and in Singapore helping the Willing Hearts Soup Kitchen preparing, cooking and distributing 11,000 daily meals to 70 locations island-wide to elderly, disabled and low income/povertystricken families and migrant workers.

Data ethics

Saxo has adopted a data ethics policy, which defines Saxo's principles on data ethics. The principles are essential for how Saxo works with data, and they form the basis for a commitment to a high standard of data processing. The purpose of the policy is to protect the clients and keep their trust in Saxo by guiding Saxo employees on how to work with data in an ethical way, and to create a focus on the data ethical dilemmas that follow the rapid technological development.

Further, Saxo has appointed an ESG Committee, which comprises key stakeholders, including members of the Executive Team. The Committee and the Executive Team work closely in ensuring that, among others, the principles on data ethics are integrated into the daily work.

The principles can be found on Saxo's website here: www.home.saxo/legal/privacy-policy/data-ethics-policy.

GROUP FINANCIAL STATEMENTS

GEELY FINANCIALS DENMARK GROUP

STATEMENT OF PROFIT OR LOSS – GEELY FINANCIALS DENMARK GROUP

1 January - 31 December

DKK million	Note	2022	2021
Interest income	2	1,981	1,483
Interest expense	3	-531	-353
Net interest income		1,450	1,130
Fees and commission income	4	2,942	3,632
Fees and commission expense		-1,397	-1,551
Net interest, fees and commissions		2,995	3,210
Price and exchange rate adjustments	5	1,441	1,279
Operating income		4,436	4,489
Other income		20	35
Staff costs and administrative expenses	6	-2,840	-2,914
Amortisation, depreciation and impairment		-814	-712
Other expenses		-47	-42
Impairment charges financial assets etc.		7	-7
Share of net profit/loss from joint ventures	25	-7	-18
Profit before tax		756	833
Tax	8	-325	-233
Net profit		431	600
Attributable to:			
Shareholders of Geely Financials Denmark A/S		202	286
Additional tier 1 capital holders		36	36
Non-controlling interests		192	278
Net profit		431	600

STATEMENT OF COMPREHENSIVE INCOME – GEELY FINANCIALS DENMARK GROUP

1 January - 31 December

DKK million	2022	2021
Net profit	431	600
Other comprehensive income		
Remeasurement of defined benefit plans	25	9
Tax	-5	-2
Net total, that will not be reclassified to statement of profit or loss in subsequent periods	20	7
Exchange rate adjustments foreign entities	42	87
Hedge of net investments in foreign entities	-32	-108
Share of other comprehensive income in joint ventures, net of tax	-11	30
Tax	7	24
Net total, that may be reclassified to statement of profit or loss in subsequent periods	6	33
Total other comprehensive income	26	40
Total comprehensive income	457	640
Attributable to:		
Shareholders of Geely Financials Denmark A/S	215	307
Additional tier 1 capital holders	36	36
Non-controlling interests	205	297
Total comprehensive income	457	640

STATEMENT OF FINANCIAL POSITION – GEELY FINANCIALS DENMARK GROUP

At 31 December

DKK million	Note	2022	2021
ASSETS			
Cash in hand and demand deposits with central banks		20,595	32,035
Receivables from credit institutions and central banks	9	3,630	6,273
Loans and other receivables at amortised cost	10	4,613	5,576
Bonds at amortised cost		45,295	31,336
Equities		857	155
Investments in joint ventures	25	418	402
Intangible assets	11	7,004	7,144
Tangible assets	12	1,227	1,297
Tax receivables		171	114
Deferred tax assets	8	14	33
Other assets	13	10,817	10,731
Prepayments		240	236
Total assets		94,881	95,332
LIABILITIES			
Debt to credit institutions and central banks	14	4,729	5,178
Deposits	15	69,702	68,577
Current tax liabilities		114	96
Other liabilities	16	7,343	8,690
Total debt		81,889	82,542
Deferred tax liabilities	8	1,206	1,032
Provision for guarantees		9	16
Other provisions		305	312
Pension and similar provisions		10	32
Total provisions		1,530	1,391
Subordinated debt	17	794	770
EQUITY			
Share capital	18	10	10
Translation reserve		15	12
Retained earnings		6,151	5,935
Equity, shareholders of Geely Financials Denmark A/S		6,176	5,957
Additional tier 1 capital	18	452	452
Non-controlling interests		4,040	4,220
Total equity		10,668	10,629
Total liabilities and equity		94,881	95,332

STATEMENT OF CHANGES IN EQUITY – GEELY FINANCIALS DENMARK GROUP

1 January - 31 December

DKK million	Shareholders of Geely Financials Denmark A/S						
	Share capital	Trans-lation reserve	Retained earnings	Total	Additional tier 1 capital	Non-controlling interests	Total
2022							
Equity at 1 January	10	12	5,935	5,957	452	4,220	10,629
Net profit	-	-	202	202	36	192	431
Other comprehensive income							
Exchange rate adjustments foreign entities	-	21	-	21	-	20	42
Hedge of net investments in foreign entities	-	-16	-	-16	-	-16	-32
Remeasurement of defined benefits plans	-	-	13	13	-	12	25
Share of other comprehensive income in joint ventures, net of tax	-	-5	-	-5	-	-5	-11
Tax	-	4	-2	1	-	1	2
Total other comprehensive income	-	3	10	13	-	13	26
Total comprehensive income	-	3	212	215	36	205	457
Tier 1 interest payment	-	-	-	-	-36	-	-36
Share-based payments	-	-	3	3	-	3	7
Dividends paid to non-controlling interests	-	-	0	0	-	-388	-388
Transactions with owners	-	-	3	3	-36	-385	-418
Equity at 31 December	10	15	6,151	6,176	452	4,040	10,668
2021							
Equity at 1 January	10	-4	5,641	5,647	452	4,410	10,509
Net profit	-	-	286	286	36	278	600
Other comprehensive income							
Exchange rate adjustments foreign entities	-	44	-	44	-	43	87
Hedge of net investments in foreign entities	-	-55	-	-55	-	-53	-108
Remeasurement of defined benefits plans	-	-	5	5	-	5	9
Share of other comprehensive income in 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
Tier 1 interest payment	-	-	-	-	-36	-	-36
Share-based payments	-	-	3	3	-	3	7
Dividends paid to non-controlling interests	-	-	-0	-0	-	-490	-490
Transactions with owners	-	-	3	3	-36	-487	-520
Equity at 31 December	10	12	5,935	5,957	452	4,220	10,629

STATEMENT OF TOTAL CAPITAL – GEELY FINANCIALS DENMARK GROUP

At 31 December

DKK million	2022	2021
Tier 1 capital		
Equity 31 December	3,589	3,668
Proposed dividend	-411	-500
Minority interest given recognition in CET1 capital	2,005	1,932
Intangible assets	-2,336	-2,419
Deferred tax liabilities, intangible assets	141	220
Deferred tax assets	-0	-13
Prudent valuation adjustments	-17	-18
Common equity tier 1 capital (net after deduction)	2,971	2,870
Additional tier 1 capital	320	315
Total tier 1 capital	3,291	3,185
Tier 2 capital		
Subordinated debt	483	478
Total tier 2 capital	483	478
Total capital	3,774	3,663
Risk exposure amounts		
Credit risk	7,859	9,107
Market risk	854	1,558
Operational risk	8,104	7,138
Total risk exposure amounts	16,817	17,803
Capital ratios		
Common equity tier 1 ratio	17.7%	16.1%
Tier 1 capital ratio	19.6%	17.9%
Total capital ratio	22.4%	20.6%

Total capital is calculated in accordance with the Capital Requirement 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.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

1 Accounting policies

Statement of compliance

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

On 25 April 2023, the Board of Directors and Board of Management authorise the Annual Report for the financial year 2022 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 25 April 2023.

The accounting policies are unchanged compared to those applied in the Annual Report for 2021.

Change in comparative figures

Certain insignificant changes have been made to the comparative figures for 2021 due to reclassifications.

Basis of preparation

The Annual report is 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 for the year ended 31 December 2022 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 measured at fair value: 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.

Changes in ownership interest in a subsidiary, without loss of control, are accounted for as equity transactions. 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 23.

The consolidated financial statements are 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 net profit/loss and equity, respectively, but is disclosed separately.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

1 Accounting policies - continued

Business combinations

Acquired businesses are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date when control is obtained of the acquired entity. Businesses which are divested are recognised in the consolidated financial statements until the date 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 arise from a contractual right. 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 date, 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 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.

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.

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 in the statement of financial position.

Foreign currency translation

A functional currency is determined for each reporting entity in the Group. The functional currency is the primary currency used by the reporting entity's operations. Transactions denominated in currencies other than the functional currency 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 statement of profit or loss as foreign exchange rate adjustments.

On recognition of entities with a functional currency other than the presentation currency (DKK), the statement of profit or loss is translated at the exchange rates at the transaction date, and the statement of financial position is 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.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

1 Accounting policies - continued

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 statement of profit or loss 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

Hedge of net investment

Gain or loss from 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. Gains or losses relating to the ineffective portion is recognised immediately in the statement of profit or loss.

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 statement of profit or loss 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 statement of profit or loss, 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 statement of profit or loss over the period to maturity.

Securities lending transactions

Clients' securities lending, through the Group, to a third party who is borrowing the client's securities is collateralised by bonds or cash. 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. Bonds received or pledged as collateral are not recognised respectively derecognised on the statement of financial position. Cash provided in securities lending is recognised in the statement of financial position in Loans and other receivables at amortised cost.

STATEMENT OF PROFIT OR LOSS

Interest, fees and commissions

Interest income and expenses are recognised in the period the interest is attributable to. Interest income and expense related to financial assets and financial liabilities measured at amortised cost is recognised in statement of profit or loss using the effective interest method. 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.

Interest and financing of foreign exchange and securities transactions 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.

Fees and commission income and expenses result from trading with securities, derivative financial instruments and from assets under management. Fees and commissions are recognised when the service is delivered or received.

Price and exchange rate adjustments

Price and exchange rate adjustments comprise gains and losses related to financial assets and liabilities at fair value and foreign exchange rate adjustments. Any ineffective portion in a hedge accounting relationship is recognised in Price and exchange rate adjustments.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

1 Accounting policies - continued

Operating income

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

Other income

Other income includes non-financial income, e.g. gain from divestments, income from sale of IT services.

Staff costs and administrative expenses

Staff costs include salaries and other remuneration, including share-based payments, and are recognised in the year in which the employee renders the related service.

Administrative expenses includes other employee related costs, marketing costs, IT costs, consultants and general administration 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 by using the Black and Scholes valuation model and are recognised as an expense in Staff costs and administrative expenses over the vesting period with a corresponding increase in equity.

The model considers the terms and conditions under which the warrants are granted. Subsequent fair value adjustments are not recognised in the statement of profit or loss.

Amortisation, depreciation and impairment

Amortisation, depreciation and impairment includes amortisation, depreciation and impairment charges related to Intangible and Tangible assets.

Other expenses

Other expenses includes expenses for participation in the Danish Deposit Guarantee Fund, Danish Resolution Fund and Guarantee Schemes in other jurisdictions, including guarantee commission and provision to cover possible losses under the schemes. In addition losses from divestments and other disposals are included 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.

Share of net profit/loss from joint ventures

Share of net profit/loss from joint ventures includes the Group's share of net profit/loss in joint ventures and fair value adjustments on loan notes (receivable) from the joint ventures.

Income taxes

Income tax comprises current tax and changes in deferred tax, including changes due to change in tax rate. The income tax relating to the profit before tax for the year is recognised in the statement of profit or loss, while the income tax relating to items recognised in other comprehensive income or directly in equity is recognised in the statement of comprehensive income or equity.

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 securities are measured based on quoted prices.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

1 Accounting policies - continued

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.

Exchange traded products e.g. structured products, stocks, ETO, futures 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, CFDs 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 liabilities are 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.

Financial instruments

Financial assets are classified into the following measurement categories:

- * Amortised cost
- * Fair value through profit or loss (FVPL)

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent 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 using the effective interest rate method.

Fair value through profit or loss

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

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

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.

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

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

1 Accounting policies - continued

Reclassification of bond portfolio 1 July 2021

Until the end of June 2021, the Group had both bonds measured at amortised cost and at fair value. However, a new Group interest rate risk strategy was decided and implied changes to the business model applied for managing the bonds. The change entailed that bonds of DKK 26 billion were reclassified from the fair value measurement category into the amortised cost measurement category applicable from 1 July 2021.

Financial assets and financial liabilities at fair value

Financial assets at fair value comprise listed securities, turbos, derivative financial instruments with positive fair value.

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

Financial assets measured at amortised cost

Financial assets measured at amortised cost comprise receivables from credit institutions and central banks, bonds held to maturity and loans and other receivables are measured at amortised cost less expected credit losses.

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 based on 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 statement of profit or loss 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 12 months' 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 loss 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 statement of profit or loss.

Amounts due to credit institutions, central banks and deposits

Amounts due to credit institutions, 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 statement of financial position.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

1 Accounting policies - continued

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 or loss from the investments in joint ventures represents the Group's share of the profit or loss after tax. The financial 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.

Intangible assets

Goodwill is initially recognised at cost and subsequently measured 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.

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 can be measured reliably 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 the software is ready for use, the cost is amortised on a straight-line basis over the estimated useful life of the assets, which is 3-5 years. The cost of development consists primarily of direct salaries and other directly attributable development costs. Expenses in the planning phase are expensed when incurred.

Software purchased is measured at cost and the cost is amortised on a straight-line basis over the estimated useful life of the assets, which is 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.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

1 Accounting policies - continued

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 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. 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. No independent valuer has been involved in valuation of the domicile properties.

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. If an increase due to revaluation reverses a revaluation decrease previously recognised in the statement of profit or loss, the increase is recognised in the statement of profit or loss. A decrease in the carrying amount as a result of a revaluation is recognised in the statement of profit or loss, except from when the decrease reverses a previous revaluation increase recognised in equity, then it is recognised in equity.

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

The expected useful life is as follows:

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.

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 statement of profit or loss 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 liability is increased to reflect the accretion of interest and reduced for the lease payments made. Further, lease liabilities are changed when remeasurement is required.

The Group presents the right-of-use asset as part of Tangible assets and lease liabilities as part of 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 statement of profit or loss when incurred.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

1 Accounting policies - continued

Pension plans

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

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

For defined benefit plans, an annual actuarial calculation is made of the present value of future benefits and obligations under the defined benefit plan. For defined benefit plans, the Group has an obligation to pay defined future benefits from the time of retirement. The present value is determined on the basis of expected future development in variables such as salary levels, interest rates and inflation, time of retirement and mortality etc. Pension costs for the year are recognised in the statement of profit or loss based on actuarial estimates and financial expectations at the beginning of the reporting period. Any difference between the expected development in the 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 as part of Other liabilities.

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.

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 applies, the subordinated debt is measured at fair value.

Other assets and Other liabilities

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

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 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.

Tax assets and tax liabilities

Current tax payable and receivable are recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account, respectively.

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 gains and losses. However, deferred tax is not recognised on temporary differences relating to goodwill that is not deductible for tax purposes and other items where temporary differences, apart from in business combination, arise at the acquisition date without affecting either the Net profit or the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including deferred tax related to 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 entity has a legal enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liability relate to income taxes levied by same taxation authority.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

1 Accounting policies - continued

Deferred tax is measured according to the tax rules at the reporting date and at the tax rates applicable when the deferred tax is expected to materialise as current tax.

The change in deferred tax as a result of changes in tax rates is recognised in the statement of profit or loss. Changes to deferred tax on items recognised in other comprehensive income are, however, recognised in other comprehensive income.

Shareholders' equity

Translation reserve

Foreign exchange differences arising from the translation of the financial statements of foreign entities are recognised in equity and presented in the Translation reserve.

Gain or loss from 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. The amount is net of tax.

Dividends

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

Dividend is recognised as a liability at the date when the dividend is adopted at the Annual General Meeting (date of declaration).

Treasury shares

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

Additional tier 1 capital

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 financial liability. The net amount received at the date of issue is recognised as an increase in equity. Interest payments are accounted for as dividend which is 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 the shareholders' equity of subsidiaries not owned directly or indirectly by Geely Financials Denmark A/S.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2022	2021
2	Interest income		
	Credit institutions and central banks	274	13
	Bonds at amortised cost	208	8
	Loans and other receivables at amortised cost	164	192
	Bonds at fair value	-	106
	Derivative financial instruments	1,335	1,164
	Total interest income	1,981	1,483
	Hereof interest received due to negative interest rates	34	70
3	Interest expense		
	Credit institutions and central banks	-114	-184
	Deposits	-180	-18
	Bonds at amortised cost	-67	-49
	Subordinated debt	-44	-40
	Derivative financial instruments	-116	-50
	Interest expense leases	-9	-9
	Other interest expense	-	-3
	Total interest expense	-531	-353
	Hereof interest paid due to negative interest rates	-101	-179
4	Fee and commission income		
	Trading with securities and derivative financial instruments	2,846	3,502
	Asset management fees	42	68
	Other fee and commission income	54	62
	Total fee and commission income	2,942	3,632
5	Price and exchange rate adjustments		
	Bonds at fair value	-	-148
	Securities	-0	-1
	Foreign exchange	1,064	1,069
	Derivative financial instruments ¹⁾	377	359
	Total price and exchange rate adjustments	1,441	1,279

¹⁾ Other than foreign exchange.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2022	2021
6	Staff costs and administrative expenses		
	Staff costs	-1,511	-1,501
	Administrative expenses	-1,329	-1,413
	Total staff costs and administrative expenses	-2,840	-2,914
	Staff costs		
	Salaries	-1,489	-1,510
	Share-based payment	-7	-7
	Defined benefit plans	-8	-7
	Defined contribution plans	-125	-118
	Social security expenses and financial services employer tax	-189	-194
	Staff costs transferred to software under development	308	336
	Total staff costs	-1,511	-1,501
	Number of full-time-equivalent staff (average)	2,534	2,456

Board of Directors and Board of Management 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 table shows remuneration of significant risk takers in Saxo Bank Group:

DKK million	2022	2021
Remuneration of significant risk takers in Saxo Bank Group		
Salaries and other remuneration	-129	-128
Variable remuneration	-0	-20
Share-based payments	-3	-3
Total remuneration of significant risk takers	-132	-151
Number of significant risk takers end of year	56	59

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 2022 is available at Saxo Bank Group's website: www.home.saxo/about-us/investor-relations.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

6 Staff costs and administrative expenses - continued

Share-based payments, Saxo Bank A/S

Saxo Bank A/S has implemented a warrant scheme to retain employees on long-term basis and has in total granted 2,961,027 warrants to Board of Management and certain employees in Saxo Bank Group. Each warrant gives a right to subscribe for one share of nominally DKK 1. The warrant scheme is equity-settled.

Vesting of the warrants is conditional on the performance and capital requirements of Saxo Bank A/S and behaviour, 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	Exercise period	Exercise price DKK	Expiry date	Fair value at grant date DKK million
Warrants granted in 2020	1,720,730	2025	210	2025	22
Warrants granted in 2020	100,000	2025-2026	210	2026	1
Warrants granted in 2021	186,619	2025	210	2025	3
Warrants granted in 2021	394,240	2025-2026	210	2026	8
Warrants granted in 2021	24,965	2026-2027	210	2027	1
Warrants granted in 2022	323,188	2025	275	2025	5
Warrants granted in 2022	91,888	2025-2026	275	2026	2
Warrants granted in 2022	93,888	2026-2027	275	2027	2
Warrants granted in 2022	25,509	2027-2028	275	2028	1
Total warrants outstanding	2,961,027				45

7 Fees to auditors

DKK million	2022	2021
Audit firm appointed by the annual general meeting:		
Statutory audit	-7	-7
Other assurance services	-1	-1
Tax advisory services	-0	-0
Other services	-1	-1
Total	-9	-9

Fees for services other than statutory audit provided by Deloitte Statsautoriseret Revisionspartnerselskab, Denmark, cover other assurance reports, including accounting services and report on business controls and IT security.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2022	2021
8	Tax		
	Effective tax rate		
	Profit before tax	756	833
	Tax using the Danish tax rate 22%	-166	-183
	Effect of tax rates in foreign jurisdictions	0	-23
	Change in tax rate	-166	-3
	Change in value of tax assets	-12	-8
	Unrecognised tax assets current year	-6	-
	Non tax-deductible expenses and non taxable income, net	-12	-5
	Withholding tax and other taxes	-2	-3
	Effect of tax of result from joint ventures	-1	-4
	Adjustments to tax previous years, net	40	-4
	Total income tax recognised in statement of profit or loss	-325	-233
	Effective tax rate	43.1%	27.9%

In 2022, the bill for increase of the corporate tax rate from the current tax rate of 22.0% to 25.2% in 2023 and 26.0% in 2024 and onwards for the financial sector in Denmark was enacted. Saxo Bank A/S is impacted by the tax increase. Due to the increase in tax rate, the deferred tax assets and deferred tax liabilities have been remeasured. The net impact on deferred tax assets and deferred tax liabilities is estimated to DKK 166 million at 31 December 2022, which is recognised as a tax expense in the statement of profit or loss.

Tax for the year

DKK million	Statement of profit or loss	Other comprehensive income	Total comprehensive income
2022			
Current tax	-201	7	-194
Change in deferred tax for the year	4	-5	-1
Change in tax rate	-166	-	-166
Withholding tax and other taxes	-2	-	-2
Adjustments to tax previous years, net	40	-	40
Total tax for the year	-325	2	-323
2021			
Current tax	-321	24	-297
Change in deferred tax for the year	98	-2	96
Effect from change in tax rate	-3	-	-3
Withholding tax and other taxes	-3	-	-3
Adjustments to previous years	-4	-	-4
Total tax for the year	-233	22	-211

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

8 Tax - continued

Tax in other comprehensive income

DKK million	Recognised item before tax	Tax	Net of tax
2022			
Exchange rate adjustments foreign entities	42	-	42
Hedge of net investments in foreign entities	-32	7	-25
Remeasurement of defined benefit plans	25	-5	20
Share of other comprehensive income in joint ventures, net of tax	-11	-	-11
Total	24	2	26
2021			
Exchange rate adjustments foreign entities	87	-	87
Hedge of net investments in foreign entities	-108	24	-84
Remeasurement of defined benefit plans	9	-2	7
Share of other comprehensive income in joint ventures, net of tax	30	-	30
Total	18	22	40

Deferred tax assets and liabilities

DKK million	Deferred tax assets		Deferred tax liabilities	
	2022	2021	2022	2021
Intangible assets	-	-	-993	-985
Tangible assets	18	12	-81	-77
Bonds at amortised cost	-	-	-170	-3
Tax losses carried forward	0	12	-	-
Deferred income	-	-	-222	-222
Provisions	258	264	-2	-
Total before offset	276	288	-1,468	-1,287
Offset within legal tax jurisdictions	-262	-255	262	255
Deferred tax assets and liabilities at 31 December	14	33	-1,206	-1,032

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2022	2021
9	Receivables from credit institutions and central banks		
	Demand deposits	3,566	6,223
	Within 3 months	59	45
	From 3 to 12 months	6	5
	Total receivables from credit institutions and central banks	3,630	6,273
10	Loans and other receivables at amortised cost		
	Lending clients	4,563	5,576
	Trading clients (cash collateral provided in securities lending)	50	-
	Total loans and other receivables at amortised cost	4,613	5,576
	On demand (collateralised loans)	4,258	5,471
	Within 3 months	-	-
	From 3 to 12 months	-	104
	From 1 to 5 years	354	-
	Total loans and other receivables at amortised cost	4,613	5,576

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

11 Intangible assets

DKK million	Goodwill	Software under development	Software developed and purchased	Technology (Trading platforms)	Client relationships	Trade-mark	Total
2022							
Cost at 1 January	1,915	398	1,796	2,382	1,075	1,239	8,804
Additions	-	564	1	-	-	-	565
Transfer from internal development	-	-747	702	-	-	-	-45
Disposals	-	-	-	-	-	-	-
Exchange rate adjustments	-	-0	2	-	1	-	3
Cost at 31 December	1,915	215	2,500	2,382	1,076	1,239	9,326
Amortisation and impairment at 1 January	-	-	-735	-656	-245	-23	-1,660
Amortisation	-	-	-426	-148	-86	-	-659
Impairment	-	-	-2	-	-	-	-2
Disposals	-	-	-0	-	-	-	-0
Exchange rate adjustments	-	-	1	-	-1	-	-1
Amortisation and impairment at 31 December	-	-	-1,162	-804	-333	-23	-2,322
Carrying amount at 31 December	1,915	215	1,338	1,578	743	1,216	7,004
2021							
Cost at 1 January	1,915	188	1,368	2,382	1,068	1,239	8,161
Additions	-	678	20	-	12	-	710
Transfer 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	1,796	2,382	1,075	1,239	8,804
Amortisation and impairment at 1 January	-	-	-405	-508	-159	-20	-1,093
Amortisation	-	-	-329	-148	-86	-3	-566
Impairment	-	-	-2	-	-	-	-2
Disposals	-	-	0	-	2	-	2
Exchange rate adjustments	-	-	-0	-	-1	0	-1
Amortisation and impairment at 31 December	-	-	-735	-656	-245	-23	-1,660
Carrying amount at 31 December	1,915	398	1,061	1,726	829	1,216	7,144

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

12 Tangible assets

DKK million	Land and Buildings	Other equipment and fixtures	Right-of-use assets	Total
2022				
Cost at 1 January	1,078	233	247	1,558
Additions	-	18	25	43
Transfer from internal development	-	45	-	45
Disposals	-	-104	-58	-161
Exchange rate adjustments	-0	-2	-0	-2
Cost at 31 December	1,078	191	214	1,484
Depreciation and impairment at 1 January	-77	-82	-102	-261
Depreciation	-27	-69	-57	-153
Impairment	-	0	-	0
Disposals	-	104	47	152
Exchange rate adjustments	0	2	4	6
Depreciation and impairment at 31 December	-104	-45	-107	-256
Carrying amount at 31 December	974	147	107	1,227
2021				
Cost at 1 January	1,078	176	232	1,486
Additions	-	8	43	51
Transfer from internal development	-	61	-	61
Modifications	-	-	-1	-1
Disposals	-	-19	-36	-54
Exchange rate adjustments	-0	7	9	16
Cost at 31 December	1,078	233	247	1,558
Depreciation and impairment at 1 January	-49	-28	-85	-162
Depreciation	-27	-64	-52	-143
Impairment	-	-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	1,001	151	145	1,297

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2022	2021
13	Other assets		
	Derivatives financial instruments with positive fair value	10,369	10,295
	VAT and other tax receivables from authorities	216	245
	Interest swaps (fair value hedge)	33	10
	Rent deposits	32	37
	Accrued commissions	29	16
	Other receivables	138	129
	Total other assets	10,817	10,731
14	Debt to credit institutions and central banks		
	Debt on demand	4,729	5,178
	Total debt to credit institutions and central banks	4,729	5,178
15	Deposits		
	Demand deposits, trading clients	69,480	68,377
	Pension funds	223	200
	Total deposits	69,702	68,577
	Deposits on demand included DKK 5,312 million (2021: DKK 4,575 million) required by the Group as collateral for unrealised client trading positions at 31 December.		
16	Other liabilities		
	DKK million	2022	2021
	Derivatives financial instruments with negative fair value	6,593	7,667
	Suppliers and other outstanding costs	331	378
	Staff commitments	280	443
	Lease liabilities	127	166
	Other obligations	12	37
	Total other liabilities	7,343	8,690

NOTES – GEELY FINANCIALS DENMARK GROUP

Note DKK million

17 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 Saxo Bank A/S's voluntary or compulsory winding-up, the tier 2 capital instruments will not be repaid until 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		2022	2021
EUR	100	2019	Saxo Bank A/S	03.07.2029	Fixed ¹⁾	5.50%	5.00	741	740
Accrued interest on subordinated debt								20	20
Fair value adjustment due to hedge accounting ²⁾								33	10
Total subordinated debt								794	770

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

²⁾ The Group uses interest rate swaps to manage the interest rate risk on its tier 2 capital, see note 21 Hedge accounting.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2022	2021
18	Equity		
	Number of shares outstanding		
	Shares issued at 1 January	10,000,000	10,000,000
	Total number of shares outstanding at 31 December	10,000,000	10,000,000

The share capital consists of shares with a nominal value of DKK 1 per share. All shares are issued and fully paid and have no 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 2022, the CET 1 capital ratio is 24.0% (2021: 22.4%) for Saxo Bank Group and 23.6% (2021: 23.0%) for Saxo Bank A/S.

The exchange-rate adjusted value of the additional tier 1 capital as of 31 December 2022 would translate into DKK 446 million (2021: DKK 446 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	2022	2021
EUR	60	2019	Saxo Bank A/S	Perpetual	Fixed ¹⁾	8.125%	448	448
							4	4
							452	452

¹⁾ The interest rate is fixed at 8.125% until the First optional Call Date, payable semi-annually in arrears on the outstanding principal amount. The interest rate is reset every 5 years thereafter (non-step) to the sum of the 5-year Mid-Swap Rate and the spread.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2022	2021
19	Contingent and other contractual commitments		
	Financial guarantees	54	36
	Total guarantees, net of allowance	54	36
	Other contractual commitments	334	191
	Total other contractual commitments	334	191

As part of the Group's ordinary course of business, the Group is involved in various disputes and legal proceedings, 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 taxes and withholding taxes related to interests, royalties and dividends for the entities in the joint taxation.

BinckBank N.V. has as part of an acquisition in 2007 acquired the Alex Bottom-Line product, which is an agreement with the Dutch Investors' Association. If BinckBank N.V. terminates this agreement, 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. It is not practicable to estimate the financial effect based on available information.

20 Assets deposited as collateral

DKK million	2022	2021
Cash in hand and demand deposits with central banks	380	343
Receivables from credit institutions and central banks	1,124	724
Bonds at amortised cost	8,551	10,543

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 the open positions against these credit institutions.

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

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

21 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 in 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.

DKK million	Notional amount	Carrying amount	Line item	Recognised in the translation reserve, net of tax (accumulated)	Change in fair value used for measuring hedge ineffectiveness
2022					
Hedged item:					
Foreign exchange risk related to net Investment in foreign entities		6,618			33
Hedging instruments:					
Foreign currency derivatives and other foreign positions	-6,736	-6,555	Financial liabilities at fair value/Deposits	-82	-32
Hedge ineffectiveness			Price and exchange rate adjustments		1
2021					
Hedged item:					
Foreign exchange risk related to net Investment in foreign entities		6,182			110
Hedging instruments:					
Foreign currency derivatives and other foreign positions	-6,425	-6,201	Financial liabilities at fair value/Deposits	-57	-111
Hedge ineffectiveness			Price and exchange rate adjustments		-1

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

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

21 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 tier 2 capital. At 31 December 2022, interest swaps were in place with a notional amount of DKK 744 million (2021: DKK 744 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 curves applied and/or differences in timing of cash flows differently impacting the fair value movements of the hedging instrument and hedged item.

DKK million	Notional amount	Carrying amount	Line item	Accumulated fair value adjustments included in the hedged item	Change in fair value used for measuring hedge ineffectiveness
2022					
Hedged item:					
Tier 2 capital		-774	Subordinated debt	-33	-23
Hedging instruments:					
Interest rate swap	EUR 100 mio	33	Financial assets at fair value		23
			Price and exchange rate adjustments		
Hedge ineffectiveness					-
2021					
Hedged item:					
Tier 2 capital		-749	Subordinated debt	-10	7
Hedging instruments:					
Interest rate swap	EUR 100 mio	10	Financial assets at fair value		-7
			Price and exchange rate adjustments		
Hedge ineffectiveness					-

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 subsequently adjusted for changes in fair value as they are part of a hedging relationship 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.

At 31 December 2022, the accumulated fair value adjustment was DKK 0 million (2021: negative fair value adjustments of DKK 1 million). No gain or loss has been recognised in 2022 or in 2021 due to hedge ineffectiveness.

At 31 December 2022, the Group held crypto currencies of DKK 8 million (2021: DKK 28 million) recognised in Other assets. Positions in crypto derivatives are recognised in Derivatives financial instruments with negative value.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

22 Related parties

No party has the controlling influence of Geely Financials Denmark A/S. At 31 December 2022, 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 Queensway, Hong Kong

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

DKK million	Parties with significant influence		Joint ventures ^{1) 2)}	
	2022	2021	2022	2021
Convertible loan notes	-	-	267	270
Loans and other receivables at amortised cost	354	104	-	-
Other assets	-	-	6	4
Interest income	5	0	-	-
Other services (income)	-	-	8	28
Interest expenses	-0	-2	-	-
Capital increase (including conversion of convertible loan notes)	-	-	156	112

¹⁾ See note 25 Investment in joint ventures for the obligation related to convertible loan notes.

²⁾ Two of Saxo Bank A/S' Board of Management members hold Board of Director positions in Saxo Financial Technology Limited Company, which is the subsidiary of the joint venture Saxo Geely Tech Holding A/S. No fee is charged.

Remuneration to Board of Directors and Board of Management is disclosed in note 6 Staff costs and administrative expenses. There have not been any transactions with the Board of Directors or the Board of Management during 2022 or 2021.

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.

Two loans are granted from Geely Financials Denmark A/S to Geely Sweden Holding AB of EUR 33 million (DKK 245 million) and EUR 14 million (DKK 104 million), respectively. The intercompany loan of EUR 33 million should be repaid in May 2025 and the loan of EUR 14 million should be repaid in November 2027. Accrued interest amounted to DKK 5 million at 31 December 2022.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

23 Group entities

	Local currency million	Net profit	Equity	Ownership
Saxo Bank A/S, Denmark	DKK	711	7,118	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	5	80%
Saxo Bank (Schweiz) AG, Switzerland	CHF	8	69	100%
Saxo Bank Securities Ltd., Japan	JPY	224	1,755	100%
Saxo Capital Markets HK, Hong Kong	HKD	-30	193	100%
Saxo Capital Markets Pte. Ltd., Singapore	SGD	43	185	100%
Saxo Capital Markets Pty Ltd., Australia	AUD	4	35	100%
Saxo Capital Markets UK Ltd., UK	GBP	12	54	100%
BinckBank N.V., the Netherlands	EUR	31	516	100%
Other				
Saxo Far East (HK) Limited, Hong Kong	HKD	2	32	100%
Ejendomsselskabet bygning 119 A/S, Denmark	DKK	25	273	100%
Initto A/S, Denmark	DKK	-2	24	100%
Saxo Group India Private Limited, India	INR	431	1,148	100%
Saxo Asgard Computer Technology (Shanghai) Co. Ltd., China Mainland	CNY	4	3	100%
Joint ventures				
Saxo Geely Tech Holding A/S, Denmark	EUR	-10	209	50%

The financial information disclosed is extracted from the companies' most recent annual reports prior to approval of the consolidated financial statements of Geely Financials Denmark A/S.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note DKK million

24 Activities by country

Country	Activity	Income ¹⁾	Profit before tax	Tax	Received government grants	Number of full-time-equivalent staff
Australia	Trading and investment	98	27	-9	-	11
Belgium	Sales and marketing	73	6	-1	-	43
China	Sales and marketing and IT support services	62	-53	-2	1	24
Czech Republic	Sales and marketing	48	4	-1	-	41
Denmark	Trading and investment and Other activities ²⁾	4,091	794	-59	-	807
France	Sales and marketing	117	24	-6	-	41
Hong Kong	Trading and investment	41	-20	-4	1	24
India	IT support services and business support services	433	62	-16	-	1,029
Italy	Trading and investment	18	-3	-10	-	19
Japan	Trading and investment	56	5	-2	-	22
Netherlands	Trading and investment	893	256	-60	-	257
Singapore	Trading and investment	551	267	-41	-	104
Switzerland	Trading and investment	287	79	-16	-	36
UK	Trading and investment	340	134	-27	-	56

¹⁾ Income is defined as the total of Interests income, Fee and commission income and Other income.

²⁾ Other activities include management of domicile property and other support services.

The table disclose information by country, in which Saxo Bank A/S operates through a subsidiary or a branch.

Note 23 in the consolidated financial statements provides information on the company names and financial information of Saxo Bank Group's significant subsidiaries.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

25 Investments in joint ventures

Saxo Bank A/S has a 50% interest in Saxo Geely Tech Holding A/S, a jointly controlled entity. Saxo Geely Tech Holding A/S' subsidiary in China, Saxo Financial Technology Company Limited (Saxo FinTech), provides IT-services 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%)

DKK million	2022	2021
Statement of profit or loss		
Revenue	10	12
Operating expenses	-116	-94
Amortisation and depreciation	-6	-3
Net financing income	0	1
Profit before tax	-111	-84
Tax	-12	12
Net profit	-123	-72
Other comprehensive income	154	229
Total comprehensive income	30	157
Statement of financial position		
Current assets:		
Cash and cash equivalents	96	89
Other assets	18	9
Non-current assets:		
Intangible assets	2,411	2,455
Tangible assets	16	9
Deferred tax assets	-	15
Current liabilities:		
Other liabilities	24	18
Non-current liabilities:		
Convertible loan notes	848	1,004
Total equity	1,669	1,555

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2022	2021
25	Investments in joint ventures - continued		
	Share of net profit/loss from joint ventures		
	50% share of net profit/loss	-61	-36
	Fair value adjustment of loan notes, net of tax	54	18
	Total share of net profit/loss from joint ventures	-7	-18

50% of other comprehensive income from Saxo Geely Tech Holding A/S, net of intercompany eliminations, amounted to a loss of DKK 11 million for 2022 (2021: income of DKK 30 million). Saxo Bank A/S has since February 2021 hedged foreign currency risk (EUR and CNY) of the net investment in the joint venture. Note 21 provides information on hedge accounting.

DKK million	2022	2021
Carrying amount of Investments in joint ventures		
50% share of the equity in the joint venture	834	778
Convertible loan notes at fair value	267	270
Intercompany elimination	-684	-645
Total investments in joint ventures	418	402

At 31 December 2022, Saxo Bank A/S had a receivable (loan notes) of DKK 267 million (2021: DKK 270 million) from Saxo Geely Tech Holding A/S. The loan notes include conversion rights and are 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 loan notes. In 2022, loan notes of DKK 156 million (2021: DKK 112 million) were converted to new shares in the joint venture. The maturity date for the loan notes is 31 March 2030, but early redemption is possible at any time.

In Saxo Bank Group, the outstanding convertible loan notes are measured at fair value based on unobservable inputs (level 3) by using a discounted cash flow model. In 2022, fair value adjustments of the loan notes impacted the Group's net profit with DKK 54 million (2021: DKK 18 million). The key input in the valuation model is the discount rate of 17.1% (2021: 15.7%) and timing of redemption. An increase in the applied discount rate of 5% at 31 December 2022 would have resulted in a positive impact on net profit of DKK 29 million (31 December 2021: negative impact of DKK 12 million) compared to DKK 54 million (2021: DKK 18 million) recognised in 2022. A decrease in the discount rate of 5% would have impacted net profit positively by DKK 90 million (2021: positive impact of 65 million).

For Saxo FinTech, there may due to Chinese legislation be certain limitations on the Group's ability to access cash.

26 Events after the reporting date

After the reporting date, there have been no events that materially affected the assessment of the Annual Report 2022.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

27 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 described in this note are all established in Saxo Bank Group. Reference in this note to Board of Directors and Board of Management is to members of the Boards in Saxo Bank A/S. Similar for references to Committees etc.

Risk management strategy

The Group strives to maintain a prudent risk strategy and prudent 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 the 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

Risk culture influences organisational behaviours and constitutes an important success factor for any risk management program. The Group strives to have a culture of transparency and risk awareness, where risks are acknowledged, actions and preconceptions are constructively challenged, ethical business practices and principles are continuously promoted, and past, current and emerging risk exposures and issues are openly discussed without fear of blame or repercussions.

The unaudited Risk Report 2022 provides additional information about Saxo Bank Group's risk management approach. The Risk Report 2022 is available at www.home.saxo/about-us/icaap-and-risk-reports.

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.

The Group incurs credit risk including counterparty credit risk in support of its business to facilitate access to global capital markets for its clients and partners. The primary sources of the Group's credit risk exposures are as follows:

- Counterparty credit risk exposure on the Group's financial partners (prime brokers) providing market liquidity in the products offered in the trading platforms
- Counterparty credit risk on clients offered margin trading (leveraged trading against collateral), "margin trading risk"
- Credit risk on margin lending clients (collateralised lending)
- Credit risk on central banks and credit institutions receiving parts of the Group's liquidity surplus as cash deposits
- Credit risk in the form of issuer risk on bond investments (minimum investment grade and primarily high rated government and mortgage bonds) financed by the Groups' liquidity surplus

The Group does not offer standard retail consumer or wholesale bank lending products.

Note

27 Risk Management - continued

Credit & Counterparty Risk Management

The Board of Directors is responsible for defining the Group's Credit Policy, the Group's credit risk appetite and for approving individual credit risk limits. The Group's Credit Authority Policy defines certain credit risk limit approval mandates for the Board of Management and the Credit Risk team.

The Credit Risk team within Trading is the first line of defence for credit risk and responsible for the management of the Group's credit risk. Credit risk management includes counterparty credit risk assessments and ongoing counterparty and credit exposure monitoring and reporting. The internal Saxo rating uses international rating standards and reflects the one-year probability of default. Counterparty credit ratings as well as credit risk limits are subject to annual risk reassessments as a minimum.

Credit risk exposures are also monitored and compared to applicable limits by Group Risk & Capital Management daily.

Group Credit reports on a quarterly basis to the Board of Management and the Board of Directors on credit related information.

Credit risk exposures, limit breaches and other observations are also monthly reported by Group Risk and Capital Management to the Board of Management and the Board of Directors.

Group Risk & Capital Management reports on the Group's margin trading risk exposures, limit breaches and other, limit breaches and other observations, to the Board of Management and senior management employees on a daily basis. The Board of Directors is informed of the Group's margin trading risk exposures on a monthly basis. Group Risk and Capital Management also performs credit control as a second line function.

Margin trading risk

The Group accepts margin trading risk against collateral (margin) to support non-institutional clients' margin trading within the leverage limits offered by the Group. The Group's margin trading risk management is supported by a proprietary real-time risk management system that stops out clients who have insufficient collateral to support the actual exposures. The Group's margin trading risk management system supports that the Group will not incur any uncollateralised client credit exposures in normal market situations. However, in case of a sudden market price gap where the market price moves from one level to another without any market liquidity and trading in between, the Group's margin trading risk system may not be able to close clients' positions at a price which ensures that clients will not take a loss greater than their posted collateral. Such situations will leave the Group with an uncollateralised client credit risk exposure. Clients, except for retail clients with negative account protection, are liable to losses that may exceed the posted collateral.

Margin lending resembles margin trading but works as a loan secured by the collateral value of the financed securities after applicable haircut (i.e. reduction applied to the value of an asset).

The Group's Margin Trading Risk Management Policy, approved by the Board of Directors, establishes the Group's principles for managing credit risks in the form of margin trading risk. This also includes the Group's minimum margin requirements and collateral haircuts. In the Group's Risk Appetite Statements, the Board of Directors has defined a maximum acceptable loss from the margin trading business and supporting limits for aggregated uncollateralised client credit risk exposures in alternative severe stress scenarios. In addition to risk appetite limits attention levels are designed to support adherence to risk appetite limits and provide early warning signals of potential breaches.

The Group's Market Risk and Counterparty Credit Risk Committee (a sub-committee of the Management Risk and Compliance Committee) reviews on a weekly basis the Group's margin trading risk exposure profile, discusses the development in financial markets and upcoming events that may affect financial markets, and decides on actions to be taken as appropriate.

Credit institutions, central banks and bonds

The Group incurs credit risk against credit institutions when placing part of its liquidity surplus with other predominantly large international credit institutions many of which are 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.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

27 Risk Management - continued

Credit risk exposure

DKK million	Margin trading and margin lending	Credit institutions, central banks and bonds	Other	Total
2022				
Statement of financial position items				
Cash in hand and demand deposits with central banks	-	20,597	-	20,597
Receivables from credit institutions and central banks	-	3,633	-	3,633
Financial assets at fair value	10,402	-	857	11,259
Bonds at amortised cost	-	45,302	-	45,302
Loans and other receivables at amortised cost	4,221	-	404	4,626
Convertible loan notes at fair value	-	-	267	267
Impairment allowance	-13	-12	-	-25
Total credit exposure in statement of financial position	14,611	69,520	1,528	85,659
Off-balance items				
Guarantees	-	-	63	63
Impairment allowance	-	-	-9	-9
Credit exposure off-balance items	-	-	54	54
Total credit exposure net of impairment	14,611	69,520	1,582	85,712
2021				
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	-	6,280	-	6,280
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	69,645	529	85,950
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	69,645	565	85,986

The Group has a credit risk exposure of DKK 267 million (2021: DKK 270 million) related to convertible loan notes. 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 ordinary course of business.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

27 Risk Management - continued

Credit risk exposure

DKK million	Credit exposure	Impairment	Exposure before collateral	Collateral held	Remaining exposure
2022					
Financial assets at amortised cost					
Demand deposits with central banks	20,597	-2	20,595	-	20,595
Receivables from credit institutions and central banks	3,633	-3	3,630	-	3,630
Bonds at amortised cost	45,302	-7	45,295	-	45,295
Loans and other receivables at amortised cost:					
Loans collateralised with securities (margin lending)	4,219	-13	4,207	4,192	15
Trading clients (cash collateral provided in securities lending)	50	-	50	50	-
Other loans	354	-	354	-	354
Accrued interest on loans	2	-	2	-	2
Guarantees	63	-9	54	-	54
Total	74,221	-34	74,186	4,242	69,944
2021					
Financial assets at amortised cost					
Demand deposits with central banks	32,038	-3	32,035	-	32,035
Receivables from credit institutions and central banks	6,279	-6	6,273	-	6,273
Bonds at amortised cost	31,341	-5	31,336	-	31,336
Loans and other receivables at amortised cost:					
Loans collateralised with securities (margin lending)	5,480	-11	5,469	5,469	-
Other loans	104	-	104	-	104
Accrued interest loans	2	-	2	-	2
Guarantees	52	-16	36	-	36
Total	75,296	-41	75,255	5,469	69,786

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

NOTES – GEELY FINANCIALS DENMARK GROUP

Note	DKK million	2022	2021
27	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	3,055	2,106
	Other businesses	1,611	3,505
	Total	4,666	5,611
	Geographical distribution:		
	Denmark	88	37
	The Netherlands	3,920	5,116
	Other countries	658	459
	Total	4,666	5,611
	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. The collateral value covering securities has in the table below been reduced by the applied haircuts.		
	DKK million	2022	2021
	Credit exposure net of impairment	4,666	5,611
	Collateral:		
	Listed securities (collateralised loans)	4,220	5,469
	Guarantees	22	-
	Total collateral	4,242	5,469
	Total unsecured credit exposure loans and other receivables at amortised cost and guarantees	424	142

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

27 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 rating.

Receivables from credit institutions and central banks by credit rating category

DKK million	2022			2021		
	Credit institutions	Central banks	Total	Credit institutions	Central banks	Total
AAA	1,777	20,513	22,290	-	32,035	32,035
AA	1,032	82	1,114	48	-	48
AA-	1	-	1	685	-	685
A-	608	-	608	5,192	-	5,192
BBB	54	-	54	236	-	236
BBB-	130	-	130	86	-	86
BB-	7	-	7	22	-	22
B	21	-	21	4	-	4
Total	3,630	20,595	24,226	6,273	32,035	38,307

Receivables from credit institutions and central banks by geography:

DKK million	2022			2021		
	Credit institutions	Central banks	Total	Credit institutions	Central banks	Total
Denmark	130	297	428	1,298	682	1,980
The Netherlands	1,045	16,526	17,571	1,811	25,939	27,750
Germany	469	1	470	263	88	351
United Kingdom	430	-	430	567	-	567
France	107	24	131	262	31	293
Switzerland	40	3,689	3,729	97	4,908	5,005
Asia	1,015	-	1,015	905	-	905
Other	394	58	452	1,069	388	1,457
Total	3,630	20,595	24,226	6,273	32,035	38,307

Receivables from credit institutions and central banks can be withdrawn on-demand.

Receivables from credit institutions and central banks include mandatory reserve deposits of DKK 478 million (2021: DKK 448 million). The mandatory reserve deposits are not free for withdrawal.

No collateral is received for receivables from credit institutions at 31 December 2022 (2021: DKK 0 million).

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

27 Risk Management - continued

Credit risk - derivatives

DKK million	2022			2021		
	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Currency contracts						
Forward/futures purchased	19,312	439	-332	16,043	199	-137
Forward/futures sold	24,433	139	-369	21,384	87	-206
Options purchased	14,836	42	-129	15,993	16	-84
Options written	14,522	118	-35	15,992	104	-15
Unsettled spot purchased	15,165	1,218	-100	18,371	867	-113
Unsettled spot sold	16,557	778	-92	14,089	605	-42
Interest rate contracts						
Forward/futures purchased	5,977	101	-1	5,324	24	-1
Forward/futures sold	5,935	0	-120	5,300	3	-34
Options purchased	3,202	1	-4	3,532	1	-3
Options written	3,202	4	-1	3,532	3	-1
Interest swaps	744	33	-	744	10	-
Equity contracts						
Forward/futures purchased	17,663	2,094	-458	25,799	1,448	-1,443
Forward/futures sold	17,384	769	-294	25,809	1,435	-157
Options purchased	81,761	-	-4,186	91,683	1	-4,584
Options written	81,733	4,186	-1	91,531	4,583	-0
Commodity contracts						
Forward/futures purchased	3,863	118	-70	5,313	77	-144
Forward/futures sold	3,897	59	-101	5,451	136	-65
Options purchased	1,639	4	-20	2,040	4	-35
Options written	1,639	20	-3	2,040	35	-3
Other contracts						
Turbos	277	279	-277	600	667	-600
Total derivatives		10,402	-6,593		10,305	-7,667

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 988 million (2021: DKK 575 million). The Group accepts margin trading risk covered by collateral, however, for the main part of the net credit risk exposure, collateral received was not considered, as the right to offset in case of default has not been verified by a formalised legal opinion.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

27 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.

DKK million	2022			2021		
	Danish mortgage bonds	Government bonds	Total	Danish mortgage bonds	Government bonds	Total
Bond portfolio by rating category						
AAA	13,899	2,008	15,907	12,004	1,672	13,677
AA+	300	14,304	14,604	-	9,256	9,256
AA	-	11,421	11,421	-	7,515	7,515
Other investment grade	244	2,867	3,111	-	714	714
Accrued interest	-	-	252	-	-	174
Total	14,444	30,599	45,295	12,004	19,157	31,336
Bond portfolio by geography						
Denmark	14,444	-	14,444	12,004	-	12,004
France	-	8,174	8,174	-	4,772	4,772
Spain	-	2,867	2,867	-	2,615	2,615
USA	-	13,821	13,821	-	10,047	10,047
Other	-	5,737	5,737	-	1,724	1,724
Accrued interest	-	-	252	-	-	174
Total	14,444	30,599	45,295	12,004	19,157	31,336

The fair value of bonds at amortised cost amounted to DKK 44,236 million at 31 December 2022 (31 December 2021: DKK 31,320 million). The fair value was based on quoted prices if traded in an active market. The fair value measurement for covered bonds, where quoted prices are not deemed an accurate market-based measurement, is based on a quote from the primary market maker.

Note

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

Stage 1: No significant increase in credit risk

For the financial credit exposures 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 recognition 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).

Stage 2: Significant increase in credit risk

Financial assets for which it is identified that the counterparty has a significant credit risk deterioration since initial recognition are classified in stage 2.

The following events are some of the indications of a significant increase in credit risk compared to the determined credit risk on initial recognition of the asset and can imply a transition from stage 1 to 2:

- Significant change in the client's expected commitment or ability to meet payment commitments
- An increase or expected increase in the life-time PD of 0.5%
- The borrower is in arrear for more than 30 days

For exposures classified in stage 2, the expected credit loss is determined based on the PD over the entire contractual term of the asset (lifetime PD).

Stage 3: Impairment

A financial asset is credit-impaired when one or more events with significant impact on the estimated future cash flows of the financial assets have occurred (non-exhaustive):

- The borrower is in arrear for more than 90 days
- The clients is experiencing significant financial difficulties
- The client breaches terms of contract with the Group
- The clients is at possibility of bankruptcy or in actual bankruptcy

For stage 3 exposures, the expected credit loss is calculated as the difference between the accounting value before expected losses less the value of expected future payments from the asset.

Both quantitative and qualitative indicators are applied when assessing the credit risk and whether or not the borrower is expected to be able to meet its obligations.

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, and as a result the expected credit loss is calculated based on a 12-months PD (stage 1), unless the PD has significantly increased 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 market movements in the value of the client's investments and/or movement in the collateral received, hence an uncollateralised exposure may occur in the event of an extreme market price movement. In case of 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 holding significant credit risk 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 and are fully impaired.

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

27 Risk Management - continued

Credit risk - Expected credit loss

DKK million	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
2022				
Financial assets at amortised costs before allowance				
Demand deposits with central banks	20,597	-	-	20,597
Receivables from credit institutions and central banks	3,633	-	-	3,633
Loans and other receivables at amortised cost	4,613	-	13	4,626
Bonds at amortised cost	45,302	-	-	45,302
Guarantees	54	-	9	63
Total	74,199	-	22	74,221
Impairment allowance				
Demand deposits with central banks	2	-	-	2
Receivables from credit institutions and central banks	3	-	-	3
Loans and other receivables at amortised cost	-	-	13	13
Bonds at amortised cost	7	-	-	7
Guarantees	-	-	9	9
Total	12	-	22	34
2021				
Financial assets at amortised costs before allowance				
Demand deposits with central banks	32,038	-	-	32,038
Receivables from credit institutions and central banks	6,279	-	-	6,279
Loans and other receivables at amortised cost	5,572	-	14	5,586
Bonds at amortised cost	31,341	-	-	31,341
Guarantees	36	-	16	52
Total	75,267	-	29	75,296
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

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

27 Risk Management - continued

Credit risk - Expected credit loss

Consolidated impairment allowance for financial assets at amortised cost and guarantees

DKK million	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
2022				
Impairment allowance 1 January	14	-	26	41
Decreases due to redemptions and derecognitions	-	-	-4	-4
Changes due to change in credit risk, net	-2	-	-	-2
Impairment allowance 31 December	12	-	22	34
2021				
Impairment allowance 1 January	8	-	39	48
Decreases due to redemptions and derecognitions	-	-	-7	-7
Changes due to change in credit risk, net	6	-	-5	1
Impairment allowance 31 December	14	-	26	41

Securities lending

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

Receivables relating to the third party who is borrowing securities and payables to clients lending their securities to the Group are disclosed in the below table. Neither the receivable nor the payable is recognised in the statement of financial position as the ownership and control of the securities remain with the client.

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

DKK million	2022	2021
Receivables due to securities lending	569	-
Collateral received (bonds)	714	-
Liabilities from securities lending (clients)	569	-
Collateral pledged (bonds)	664	-

Cash provided as collateral in securities lending amounted to DKK 50 million at 31 December 2022 (31 December 2021: DKK 0 million) was recognised in the statement of financial position in Loans and other receivables at amortised cost, see Credit risk exposure section above.

Securities lending has been offered in both 2022 and 2021, however at 31 December 2021, no securities lending was outstanding.

Note

27 Risk Management - continued

Market risk

Market risk is defined as the risk of a loss in market value as a result of changes in market rates and parameters that affect market values:

- Foreign exchange risk is the risk of losses on positions in foreign exchange products (including currency derivatives and options) due to changes in currency rates
- Equity risk is the risk of losses due to changes in equity prices
- Commodity risk is the risk of losses due to changes in commodity prices
- Interest rate risk is the risk of losses on positions in interest rate sensitive instruments caused by changes in interest rates

Saxo Bank Group is a global multi-asset facilitator and has no proprietary position taking. The Group's client-based trading flow is executed and hedged automatically between the client and the market to minimise the Group's intermediate market risk. However, some limited and mostly temporary market risks can arise from client trading related to the Group's optimisation of the hedging of client trades. Market risk in the Group primarily relates to positions which are measured at fair value and for reasons of statutory requirements are placed in the Group's regulatory trading book.

Risk management

The Board of Directors has defined the overall Group Market Risk Policy as well as specific limits for the different types of market risk defined in the Saxo Bank Group's risk appetite. The purpose of the Market Risk Policy and Risk Appetite Statements is to determine the overall principles of the Group's management of market risk exposures as well as the Group's overall risk appetite within the market risk area.

Market risk exposures are monitored intra-day by the Trading Department against the limits set in the Risk Appetite Statement by the Board of Directors. Group Risk and Capital Management perform second line risk oversight on the market risk area. Reporting of exposures and limit utilisation is done on a daily basis to the Board of Management and at least monthly to the Board of Directors. To support management on market risk and to maintain an updated and appropriate Risk Management Framework, the Market and Counterparty Credit Risk Committee (MCCRC) meets on a regular basis to address

Exposure limits on the market risk area in the Group's Risk Appetite Statement, are defined based on the underlying asset class according to the assets' risk profile

- For foreign exchange risk, limits are defined based on market availability, liquidity and volatility. Foreign exchange risk is monitored and reported as the higher of the sum (per currency) of all long foreign exchange positions or the sum of all short foreign exchange positions. For foreign exchange-, commodity- and equity options, limits are monitored and reported based on specific option risk factors to ensure that key risk elements, such as underlying price sensitivity and volatility, are considered
- For instruments with equity risk, limits are set on a gross, net and single instrument basis in order to capture market movements as well as concentration risk. Equity risk exposure is monitored and reported as the sum of both net and gross positions in underlying instruments with equity risk
- For commodity risk, limits are set on a gross and net basis. Commodity risk exposure is monitored and reported as the sum of both net and gross positions in same maturity and underlying instrument
- For instruments with interest rate risk, limits are set on gross as well as net basis

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

27 Risk Management - continued

Foreign exchange risk

DKK million	Exposure	Sensitivity (1%)		Exposure	Sensitivity (1%)
Long positions					
USD	382	4	USD	117	1
JPY	34	0	CHF	25	0
NOK	11	0	CNY	17	0
CNY	6	0	TRY	4	-
AED	2	-	AUD	4	0
Other	8	0	Other	22	0
Total long positions	444	4		189	2
Short positions					
EUR	207	2	EUR	51	1
HUF	42	0	JPY	49	1
HKD	35	0	SGD	44	0
INR	15	0	INR	35	0
CHF	15	0	HKD	6	0
Other	57	1	Other	54	1
Total short positions	371	4		239	2
Total		8			4

The corresponding sensitivity is calculated by applying a loss-generating shift to the exchange rate of 1%.

Equity risk

Equity exposures are limited and stem from hedging of the client trading flow where a limited amount of risk is held for shorter time periods on certain products to allow for optimised hedging. The net exposure for equities is determined by measuring the net exposure for each equity base contract. At 31 December 2022, the aggregated absolute exposure was DKK 25 million (31 December 2021: DKK 78 million).

Commodity risk

Commodity exposures are limited and stem from hedging of the client trading flow, where a limited amount of risk is held for shorter time periods on certain products to allow for optimised hedging. The net exposure for commodities is determined by measuring the net exposure for each commodity type. At 31 December 2022, the net exposure was DKK 10 million (31 December 2021: DKK 12 million).

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

27 Risk Management - continued

Interest rate risk

Exposures towards interest rate movements are managed either under the trading book or the banking book. Trading book exposures stem from hedging of the client trading flow, where a limited amount of risk is held for shorter time periods on certain products to allow for optimised hedging.

In the banking book, the interest rate risk exposures primarily originate from the Group's liquidity investments of hold-to-maturity bonds measured at amortised cost, from issued capital instruments and from received client deposits. These exposures are managed under the market standard Interest Rate Risk in the Banking Book (IRRBB) framework.

To determine the Capital-at-Risk and Pillar II add-on for interest rate risk, the Group calculates stress tests in accordance with the definitions in the ICAAP-guideline. The stress tests determine a calculated loss amount in the following stress scenarios:

- Parallel increase/decrease in interest rate curves
- Increase/decrease in the short-end of interest rate curves
- Steepening and flattening scenarios where the short-end and the long-end of the interest rate curves move in opposite directions

The Group monitors and evaluates the impact of interest rate changes on its earnings (Earnings-at-Risk or EAR) via the net interest income. For the EAR calculation, changes in interest rates are derived by applying both instantaneous and gradual shocks to the interest rate curves and thus measuring the impact on the Group's earnings from the applied shifts in the interest rate curves over different time horizons.

DKK million	Capital-at-Risk		Earnings-at-Risk	
	2022	2021	2022	2021
Risk amount	214	390	64	226
Scenario	Parallel down	Parallel down	Gradual down	Gradual down

NOTES – GEELY FINANCIALS DENMARK GROUP

Note

28 Key figures	2022	2021	2020	2019 ¹⁾	2018 ²⁾
Statement of profit or loss (DKK million)					
Net interest, fees and commissions	2,995	3,210	3,061	1,972	599
Price and exchange rate adjustments	1,441	1,279	1,307	637	222
Staff costs and administrative expenses	-2,840	-2,914	-2,708	-2,583	-711
Impairment charges financial assets etc.	7	-7	-24	-9	0
Share of net profit/loss from joint ventures	-7	-18	-7	-0	-
Profit before tax	756	833	938	-317	717
Net profit	431	600	639	-271	736
Statement of financial position (DKK million)					
Loans and other receivables at amortised cost	4,613	5,576	4,811	9,883	0
Deposits	69,702	68,577	60,197	59,311	21,370
Subordinated debt	794	770	776	1,140	370
Total equity	10,668	10,629	10,509	10,342	9,574
Total assets	94,881	95,332	83,099	79,439	39,474
Other					
Number of full-time-equivalent staff (end of year)	2,515	2,510	2,224	2,170	1,658
Financial ratios					
Total capital ratio	22.4%	20.6%	22.7%	19.6%	27.5%
Tier 1 capital ratio	19.6%	17.9%	19.7%	16.2%	24.5%
Return on equity before tax	7.1%	7.9%	9.0%	-3.2%	7.5%
Return on equity after tax	4.0%	5.7%	6.1%	-2.7%	7.7%
Income/cost ratio	120.5%	122.7%	127.3%	90.9%	179.2%
Interest rate risk/Tier 1 capital ³⁾	14.9%	5.9%	4.8%	6.9%	3.2%
Foreign exchange rate risk/Tier 1 capital	17.9%	7.7%	25.5%	9.0%	5.3%
Value at risk of foreign exchange rate risk/Tier 1 capital	0.4%	0.1%	0.1%	0.1%	0.0%
Loans and other receivables plus impairment charges/Deposits	6.6%	8.2%	8.1%	16.7%	0.0%
Loans and other receivables proportional to Total equity	0.43	0.52	0.46	0.96	0.00
Growth in loans and other receivables	-17.3%	15.9%	-51.3%	>1,00%	N/A
Sum of large exposures/CET 1 capital	31.5%	40.3%	31.4%	44.5%	13.5%
Loss and provisions ratio	-0.2%	0.1%	0.5%	0.1%	-0.2%
Return on assets	0.5%	0.6%	0.8%	-0.3%	1.9%

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

²⁾ Net profit from Saxo Bank Group was consolidated from September 2018, where Geely Financials Denmark A/S acquired the shares in Saxo Bank A/S.

³⁾ The ratio for interest rate risk has been adjusted for the years 2019-2021 compared to the Annual Report 2021 due to alignment throughout the Group. The interest rate risk ratio has increased from 5.9% in 2021 to 14.9% in 2022. The increase is due to increase in the bond portfolio and due to an extended maturity for the bonds.

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

PARENT FINANCIAL STATEMENTS

GEELY FINANCIALS DENMARK A/S

STATEMENT OF PROFIT OR LOSS – GEELY FINANCIALS DENMARK A/S

1 January - 31 December

DKK million	Note	2022	2021
Interest income		5	-
Interest expense		-0	-3
Net interest income		5	-3
Fees and commission expense		-0	0
Net interest, fees and commissions		5	-3
Price and exchange rate adjustments		-4	-0
Operating income		1	-3
Staff costs and administrative expenses	2	-0	-1
Result from subsidiaries		202	290
Profit before tax		202	286
Tax	3	-0	1
Net profit		202	286
Attributable to:			
Equity method reserve		-207	-223
Retained earnings		409	509
Net profit		202	286

STATEMENT OF COMPREHENSIVE INCOME – GEELY FINANCIALS DENMARK A/S

1 January - 31 December

DKK million	2022	2021
Net profit	202	286
Other comprehensive income		
Other comprehensive income in subsidiaries, net of tax	10	4
Net total, that will not be reclassified to statement of profit or loss in subsequent periods	10	4
Other comprehensive income in subsidiaries and joint ventures, net of tax	3	17
Net total, that will may be reclassified to statement of profit or loss in subsequent periods	3	17
Total other comprehensive income	13	20
Total comprehensive income	215	307
Attributable to:		
Equity method reserve	-193	-202
Retained earnings	409	509
Total comprehensive income	215	307

STATEMENT OF FINANCIAL POSITION – GEELY FINANCIALS DENMARK A/S

At 31 December

DKK million	Note	2022	2021
ASSETS			
Receivables from credit institutions and central banks	4	166	7
Loans and other receivables at amortised cost	9	356	105
Investments in subsidiaries	5	4,176	4,366
Intangible assets	6	1,479	1,479
Tax receivables		29	111
Total assets		6,206	6,068
LIABILITIES			
Other liabilities		30	111
Total liabilities		30	111
EQUITY			
Share capital	7	10	10
Equity method reserve		119	309
Retained earnings		6,047	5,638
Total equity		6,176	5,957
Total liabilities and equity		6,206	6,068

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

1 January - 31 December

DKK million	Share capital	Equity method reserve	Retained earnings	Total
2022				
Equity at 1 January	10	309	5,638	5,957
Net profit	-	-207	409	202
Other comprehensive income				
Other comprehensive income in subsidiaries and joint ventures, net of tax	-	13	-	13
Total other comprehensive income	-	13	-	13
Total comprehensive income	-	-193	409	215
Other equity movements from subsidiaries	-	3	-	3
Transactions with owners	-	3	-	3
Equity at 31 December	10	119	6,047	6,176
2021				
Equity at 1 January	10	508	5,129	5,647
Net profit	-	-223	509	286
Other comprehensive income				
Other comprehensive income in subsidiaries and joint ventures, net of tax	-	20	-	20
Total other comprehensive income	-	20	-	20
Total comprehensive income	-	-202	509	307
Other equity movements from subsidiaries	-	3	-	3
Transactions with owners	-	3	-	3
Equity at 31 December	10	309	5,638	5,957

STATEMENT OF TOTAL CAPITAL – GEELY FINANCIALS DENMARK A/S

At 31 December

DKK million	2022	2021
Tier 1 capital		
Equity end of the reporting period	6,176	5,957
Intangible assets	-1,479	-1,479
Other deductions	-	-4
Common equity tier 1 capital (net after deduction)	4,697	4,475
Total tier 1 capital	4,697	4,475
Total capital	4,697	4,475
Risk exposure amounts		
Credit risk	4,614	4,473
Operational risk	553	573
Total risk exposure amounts	5,167	5,046
Capital ratios		
Common equity tier 1 ratio	90.9%	88.7%
Tier 1 capital ratio	90.9%	88.7%
Total capital ratio	90.9%	88.7%

Total capital is calculated in accordance with the Capital Requirement Regulation (CRR).

NOTES – GEELY FINANCIALS DENMARK A/S

Note

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 or 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.

Changes to comparative figures

Certain minor changes have been made to the comparative figures for 2021 due to reclassifications.

	DKK million	2022	2021
2 Staff costs and administrative expenses			
Administrative expenses		-0	-1
Total staff costs and administrative expenses		-0	-1

Apart from the managing director, the Company has no employees.

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

	DKK million	2022	2021
3 Tax			
Effective tax rate			
Profit before tax		202	286
Tax using the Danish tax rate 22%		-44	-63
Non tax-deductible expenses and non taxable income, net		-	-0
Effect of tax of result in joint ventures and subsidiaries		44	64
Total income tax recognised in statement of profit or loss		-0	1
Effective tax rate		0.1%	-0.2%

NOTES – GEELY FINANCIALS DENMARK A/S

Note	DKK million	2022	2021
4	Receivables from credit institutions and central banks		
	Demand deposits	166	7
	Total receivables from credit institutions and central banks	166	7
5	Investment in subsidiaries		
	Note 23 in the consolidated financial statements provides information on Group entities.		
6	Intangible assets		
	Geely Financials Denmark A/S has goodwill of DKK 1,479 million (2021: DKK 1,479 million) related to the acquisition of Saxo Bank A/S in 2018. No impairment on goodwill has been recognised in 2022 or 2021.		
7	Equity		
	At 31 December 2022, the share capital consisted of 10,000,000 shares (2021: 10,000,000 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 payments of Danish corporate taxes and withholding taxes related to interests, royalties and dividends for the entities in the joint taxation.		

NOTES – GEELY FINANCIALS DENMARK A/S

Note

9 Related parties

No party has the controlling influence of Geely Financials Denmark A/S.

At 31 December 2022, the following shareholders were 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 Queensway, Hong Kong

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

DKK million	Parties with significant influence		Subsidiaries	
	2022	2021	2022	2021
Loans and other receivables at amortised cost	354	104	-	-
Interest income	5	0	-	-
Dividend from Saxo Bank A/S	-	-	408	513
Interest expense	-0	-2	-	-
Service agreement (expense)	-	-	-0	-0

In the consolidated financial statements, note 6 provides information on remuneration of Board of Directors and Board of Management.

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.

Two loans are granted from Geely Financials Denmark A/S to Geely Sweden Holding AB of EUR 33 million (DKK 245 million) and EUR 14 million (DKK 104 million), respectively. The intercompany loan of EUR 33 million should be repaid in May 2025 and the loan of EUR 14 million should be repaid in November 2027.

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

After the reporting date, there have been no events that have materially affected the assessment of the Annual Report 2022.

STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management have considered and approved the Annual Report for the financial year 2022 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 2022 and of the results of the Group's and the Parent Company's operations for the financial period 1 January – 31 December 2022.

Moreover, in our opinion, the Management Report includes a fair review of developments in the Group's and the Parent Company's operations and financial position (page 5-16) and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

Copenhagen, 25 April 2023

BOARD OF MANAGEMENT



Yi lan Zhang
Managing Director

BOARD OF DIRECTORS



Donghui Li
Chair



Hans Oscarsson



Yi lan 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 1 January - 31 December 2022, which comprise the statement of profit or loss, statement of comprehensive income, statement of financial position, 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 Business 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 December 2022 and of the financial performance for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Business Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 Business 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 Entity'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 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 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.
- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT - Continued

- 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 Entity'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 Business 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 Business Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 25 April 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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