

The Supervisory Diamond

Saxo Bank A/S - December 2016



Introduction

According to the Danish executive order on Financial Reports for Credit institutions and Investment Firms Etc. section 132 b, Saxo Bank A/S is required to disclose information on the five limit values in the Supervisory Diamond based on the values in the Annual Report for Saxo Bank A/S 2016.

The five limit values in the Supervisory Diamond

Sum of Large Exposures

A Large Exposure, according to CRR article 392, is defined as an exposure where its value is equal or exceeds 10% of its eligible capital (sum of Tier 1 capital and Tier 2 capital that is equal or less than one third of Tier 1 capital), which in Saxo Bank A/S's case is the same as the Total Capital. The sum of Large Exposures in the Supervisory Diamond should be less than 125 % of the eligible capital.

For Saxo Bank A/S this value is 0 % as of 31 December 2016.

All exposures against credit institutions are below the limit in the Supervisory Diamond (EUR 150 million) and are not included in the calculation.

Lending Growth

According to the Supervisory Diamond, the Lending Growth should be less than 20 % measured on a year-to-year basis.

For Saxo Bank A/S this value is 165.2 % as of 31 December 2016, thereby breaching the 20% limit.

The growth observed relates to an intercompany loan, and as the balance of loans only constitute a fraction of the total balance in Saxo Bank A/S, even minor changes will result in large relative movements.

Property Exposure

According to the Supervisory Diamond, the Property Exposure should be less than 25 % of the total loans and guarantees.

For Saxo Bank A/S this value is 24.3 % as of 31 December 2016.

Funding ratio

The Funding Ratio presents the ratio of loans (funding requirements), and the stable funding in the form of working capital less debt securities with a maturity of less than one year. According to the Supervisory Diamond, the Funding Ratio should be less than 1.

For Saxo Bank A/S this value is 0.0015 as of 31 December 2016.

The low value is due to the Bank's very low amount of loans compared to the Banks' balance sheet and working capital.

Excess Liquidity

Excess Liquidity is the surplus of liquidity after applying the regulatory minimum requirements set in the Financial Business Act section 152. According to the Supervisory Diamond, the Excess Liquidity should be greater than 50 %.

For Saxo Bank A/S the value is 415.2 % as of 31 December 2016.

Approved by the of Board of Directors, 17 March 2017

Lone Fønss Schrøder – Chairman of the Board

Henrik Normann – Vice Chairman of the Board

Jacob Polny – Member of the Board

Thomas Plenborg – Member of the Board

Asiff S. Hirji – Member of the Board

Wikawi Oei – Member of the Board