

The Supervisory Diamond

Saxo Bank A/S - December 2019



1. Introduction

Saxo Bank A/S has issued this report on compliance with the Danish FSA's Supervisory Diamond to comply with the disclosure requirements of section 132 b of the Danish Executive Order on Financial Reports for Credit institutions and Investment Firms, etc. of 26 March 2014.

The report covers Saxo Bank A/S and is a supplement to Saxo Bank's Annual Report.

Conclusion

At 31 December 2019, Saxo Bank A/S complied with all the limit values.

| Supervisory Diamond (%) | Limit value | 31 december 2019 | 31 december 2018 |
|--------------------------------|--------------------|-----------------------------|-----------------------------|
| Sum of large exposures | <175% | 23.1% | 7.4% |
| Lending growth | <20% | -27.1% | 62.5% |
| Property exposure * | <25% | 19.0% | 16.0% |
| Funding ratio | <1 | 0.0028 | 0.0049 |
| Liquidity requirement ratio | >100% | 216.7% | 179.6% |

* Property exposure is related to a loan to a Danish subsidiary. Increase in property exposure is due to decrease of total loans while the loan to the Danish subsidiary is unchanged in 2019.

2. Supervisory Diamond limit values

The Supervisory Diamond for banks sets up a number of benchmarks to indicate banking activities which initially should be regarded as having a higher risk profile. All Danish banks must comply with the limit values.

Sum of large exposures < 175%

Large exposures according to CRR article 387-403 The sum of large exposures in the Supervisory Diamond should be less than 175% of the common equity tier 1 capital. All exposures against credit institutions are not included in the calculation.

Lending growth < 20%

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

Property exposure < 25%

According to the Supervisory Diamond, the property exposure should be less than 25% of the total loans and guarantees to the real property and building projects industry segments as reported to the Danish FSA.

Funding ratio < 1

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.

Liquidity requirement ratio > 100%

The liquidity measure for the Supervisory Diamond uses the LCR-ratio (Liquidity Coverage Ratio) but with three months forward looking approach rather than the 30 days outflow period in the regular LCR. The measure should be above 100 %.

3. Additional information

More information about the Supervisory Diamond is available at the Danish FSA´s website <https://www.dfsa.dk/Supervision/Supervisory-Diamond-for-banks>.

Approved by the of Board of Directors, 1 April 2019

Daniel Donghui Li
Chairman of the Board

Henrik Normann

Yi lan Zhang

John Patrick Sture Lapveteläinen

Preben Damgaard Nielsen