

The Supervisory Diamond

Saxo Bank A/S – June 2018



Introduction

In order 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, Saxo Bank A/S has issued this report on compliance with the Danish FSA's Supervisory Diamond.

The report covers Saxo Bank A/S and discloses information on the five limit values in the Supervisory Diamond. The limit values are based on financial information in the interim report for Saxo Bank A/S first half 2018.

Conclusion

At 30 June 2018, Saxo Bank A/S complied with all the limit values.

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 < 125%

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 for Saxo Bank A/S 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 30 June 2018.

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 < 20%

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 4.1% as of 30 June 2018.

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.

For Saxo Bank A/S this value is 16.52% as of 30 June 2018.

Property exposure is primarily related to a loan to a Danish subsidiary.

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.

For Saxo Bank A/S this value is 0.0035 as of 30 June 2018.

Liquidity Coverage Ratio > 100%

The new 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 %

For Saxo Bank A/S the value is 197.6% as of 30 June 2018.

Approved by the of Board of Directors, 15 August 2018

Henrik Normann

Chairman of the Board

Asiff S. Hirji

Member of the Board

Wikawi Oei

Member of the Board

Jacob Polny

Member of the Board

Thomas Plenborg

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