

The Supervisory Diamond

Saxo Bank A/S – June 2019



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 2019.

Conclusion

At 30 June 2019, Saxo Bank A/S complied with all the limit values except for lending growth. Lending growth of 5041.9% is primarily related a gross exposure, which has a maximum uncollateralised exposure to Saxo Bank A/S of DKK 75 million, as it is collateralised through investment grade government bonds.

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.

For Saxo Bank A/S this value is 7.1% as of 30 June 2019.

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.

For Saxo Bank A/S this value is 5041.9% as of 30 June 2019.

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 1.23% as of 30 June 2019. Property exposure is 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 0.15 as of 30 June 2019.

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 225.6% as of 30 June 2019.

Approved by the of Board of Directors, 21 August 2019

Donghui Li
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Henrik Michael Normann
Vice-Chairman

John Patrick Sture Lapveteläinen

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