

Remuneration Report 2011

Summary of Group Saxo Bank's Remuneration Policy & Information about the remuneration of Board of Directors, Board of Management and Significant Risk Takers.

Introduction

The Remuneration Policy implements the regulations set out by the EU Capital Requirements Directive in accordance with the overall business strategy of the Saxo Bank Group. The policy was firstly approved by the Board of Directors of Saxo Bank A/S in December 2010 and afterwards presented for approval at the annual general meeting in April 2011. It is furthermore communicated to all employees of the Saxo Bank Group through the intranet.

Objective and application

The overall objective of the Saxo Bank Group's remuneration policy is to attract, retain, develop and reward the employees who contribute to the value creation of the Saxo Bank Group and thereby support a performance-oriented culture within the Group.

This policy ensures that remuneration in Saxo Bank is credible, effective and fair, that the ratio of fixed vs. variable salary is adequate, proportional and balanced and finally that the overall remuneration model is aligned with sound and efficient risk management principles. A central part of the policy is to avoid risk taking that exceeds the level of tolerated risk of the Saxo Bank Group, and at the same time facilitates a flexible remuneration.

The remuneration policy applies to all employees within the Saxo Bank Group.

This policy covers all forms of remuneration components offered to employees and members of Board of Directors, including, but not limited to, base salary, variable remuneration, pension benefits, non-pay benefits, etc.

Responsibilities of the Board of Directors

The Board of Directors of Saxo Bank A/S is responsible for approving and maintaining the Saxo Bank Group's remuneration policy and overseeing its implementation.

In the design and oversight of the remuneration policy, the Board of Directors must properly involve the Saxo Bank Group's corporate functions, i.e. Risk Management, Compliance, Internal Audit, Group Human Resources, etc., and take into account all relevant inputs provided by such corporate functions.

The Board of Directors must ensure that the remuneration policy is consistent with and promotes sound and effective risk management. The remuneration policy must not encourage excessive risk taking and must not prevent the Saxo Bank Group from achieving and maintaining a sound capital base.

The Board of Directors must ensure that, at any time, the Saxo Bank Group's overall corporate governance principles and structures, as well as its interactions with the remuneration system are considered within the design and implementation of the Saxo Bank Group's remuneration policy and remuneration practices.

The Board of Directors must review the remuneration policy on an annual basis at a minimum. Such central and independent reviews must assess whether the overall remuneration system:

- Operates as intended, including, in particular, that all agreed plans/programs are being covered, that the remuneration payouts are appropriate, and that the risk profile, long-term objectives and goals of the Saxo Bank Group are adequately reflected; and
- Is compliant with national and international regulations, principles and standards.

Remuneration Committee

Under Danish legislation, the Saxo Bank Group is currently not obliged to form a Remuneration Committee as such an obligation applies only if the financial institution is listed on a regulated market or, for a non-listed financial institution, if the financial institution has had a minimum of 1000 employees in average during the last two financial years. However should the requirement for such a Remuneration Committee arise, the Board of Directors will ensure that a such is formed, composed of members of the Board of Directors, no later than the first coming Board Meeting/the first coming annual general meeting and in accordance with any applicable legislation required.

Principles of remuneration for the Board of Directors

The Board of Directors of any company within the Saxo Bank Group is compensated only with fixed remuneration, if any, and not with any variable remuneration.

Remuneration of the Board of Directors of Saxo Bank A/S is set individually at a market competitive level that reflects the competencies and contribution required in view of the Saxo Bank Group's complexity and the extent of the tasks and responsibilities.

The remuneration of the Board of Directors of any entity is presented for approval by the Annual General Meeting as a separate agenda item.

Principles of remuneration to the employees

The total remuneration package for employees in the Saxo Bank Group consists of several elements and aims at honouring and encouraging a performance that creates value for the Bank through results as well as behaviour.

The main part of the remuneration package generally consists of fixed remuneration – compensating employees on a monthly basis – in the form of a base salary and often with the addition of a pension benefit and one or more non-pay benefits. The remuneration package furthermore consists of the possibility of variable remuneration, primarily through the Bank’s variable remuneration Scheme. The remuneration components are balanced in order to ensure a flexible variable remuneration package and a sound and efficient risk management and may consist of the following elements:

- Fixed remuneration
- Pension benefits
- Variable remuneration
- Guaranteed variable remuneration
- A pat on the back
- Severance pay – entitlements on termination of employment

Risk takers

The Saxo Bank Group’s variable remuneration scheme complies with the regulations on variable remuneration in the financial sector under national and EU legislation. These regulations set out a number of special provisions and limitations on variable remuneration for selected employee groups and members of the Board of Directors, including employees who are considered “risk takers”.

The following employees and employee groups in Saxo Bank Group are considered “risk takers” or equal hereto:

- The members of the Board of Directors of any Saxo Bank Group entity
- The members of the Board of Management, the Executive Management Group (EMG) and members of Senior Management of independent entities not reporting directly to a member of the EMG
- Other “risk takers”

The Board of Directors determines who are to be considered risk takers within the entire Saxo Bank Group based on a recommendation from the Board of Management of Saxo Bank A/S.

The definition of risk takers in Saxo Bank must be based on a thorough assessment of roles, responsibilities and actual mandates of positions that could be included as Risk Taker positions by the intention of the new legal framework, as well as a sound assessment of risk under the specific characteristics of Saxo Banks’ business. Special attention must be paid to mandates in relation to financial instruments, investment of company funds, trading mandates, control and compliance functions and senior managerial responsibilities. In the process of defining Saxo Bank risk takers relevant stakeholders and specialists must be involved e.g.: external legal advisors, risk management, internal legal experts, senior management and business expertise from all relevant business units.

In order to ensure transparency and sound risk management the Saxo Bank Group excludes the Boards of Directors as well as employees who are considered “risk takers” and who are involved in controlling or monitoring activities from any variable remuneration scheme.

There will however be employee groups defined as Risk Takers who, due to market conditions, cannot be removed from any variable remuneration scheme. For these employees, the provisions and limitations provided by the implementation of the EU Capital Requirements Directive must be complied with. A non-cash instrument has been established in accordance with the guidelines from the Danish FSA in order to fulfill the obligations in regards to payment in cash and non-cash products as well as deferral of a part of the bonus.

Review and approval

The remuneration policy will be formally reviewed and approved by the Board of Directors as required but at least once a year and afterwards presented to the shareholders at the next annual general meeting.

Information about variable remuneration - Saxo Bank Group

Total remuneration disbursed in the 2011 financial year (DKK 1,000):

	No. of members	Fixed	Variable
Board of Directors	5	5,333	-
Board of Management	2	23,903	-
Significant Risk Takers	41	154,728	35,058

Variable earned salary split (DKK 1,000):

	Cash payment	Shares	Share-based payment	Other instruments
Board of Directors	-	-	-	-
Board of Management	-	-	-	-
Significant Risk Takers	33,153	-	-	1,905

Variable remuneration in the 2011 financial year (DKK 1,000) broken down by disbursement form

	Disbursed	Deferred
Board of Directors	-	-
Board of Management	-	-
Significant Risk Takers	29,343	5,715

Deferred variable remuneration in the 2011 financial year (DKK 1,000)

	Granted	Disbursed	Reduced
Board of Directors	-	-	-
Board of Management	-	-	-
Significant Risk Takers	5,715	-	-

Sign-on and severance pay disbursed in the 2011 financial year (DKK 1,000)

	Sign-on fees	Severance pay	No. of members
Board of Directors	-	-	-
Board of Management	-	-	-
Significant Risk Takers	-	-	-

Severance pay granted in the 2011 financial year (DKK 1,000)

	Total amount	No. of members	Highest award
Board of Directors	-	-	-
Board of Management	-	-	-
Significant Risk Takers	-	-	-

Information about variable remuneration - Saxo Bank A/S

Total remuneration disbursed in the 2011 financial year (DKK 1,000):

	No. of members	Fixed	Variable
Board of Directors	5	5,333	-
Board of Management	2	23,903	-
Significant Risk Takers	30	137,580	32,883

Variable earned salary split (DKK 1,000):

	Cash payment	Shares	Share-based payment	Other instruments
Board of Directors	-	-	-	-
Board of Management	-	-	-	-
Significant Risk Takers	31,413	-	-	1,470

Variable remuneration in the 2011 financial year (DKK 1,000) broken down by disbursement form

	Disbursed	Deferred
Board of Directors	-	-
Board of Management	-	-
Significant Risk Takers	28,473	4,410

Deferred variable remuneration in the 2011 financial year (DKK 1,000)

	Granted	Disbursed	Reduced
Board of Directors	-	-	-
Board of Management	-	-	-
Significant Risk Takers	4,410	-	-

Sign-on and severance pay disbursed in the 2011 financial year (DKK 1,000)

	Sign-on fees	Severance pay	No. of members
Board of Directors	-	-	-
Board of Management	-	-	-
Significant Risk Takers	-	-	-

Severance pay granted in the 2011 financial year (DKK 1,000)

	Total amount	No. of members	Highest award
Board of Directors	-	-	-
Board of Management	-	-	-
Significant Risk Takers	-	-	-