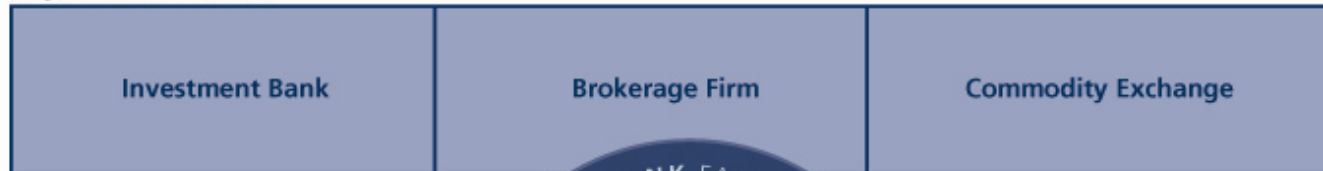


Copenhagen Financial Information Summit



SAXO BANK BUSINESS MODEL

LIQUIDITY PROVIDERS



DISTRIBUTION



2008 - for Saxo Bank

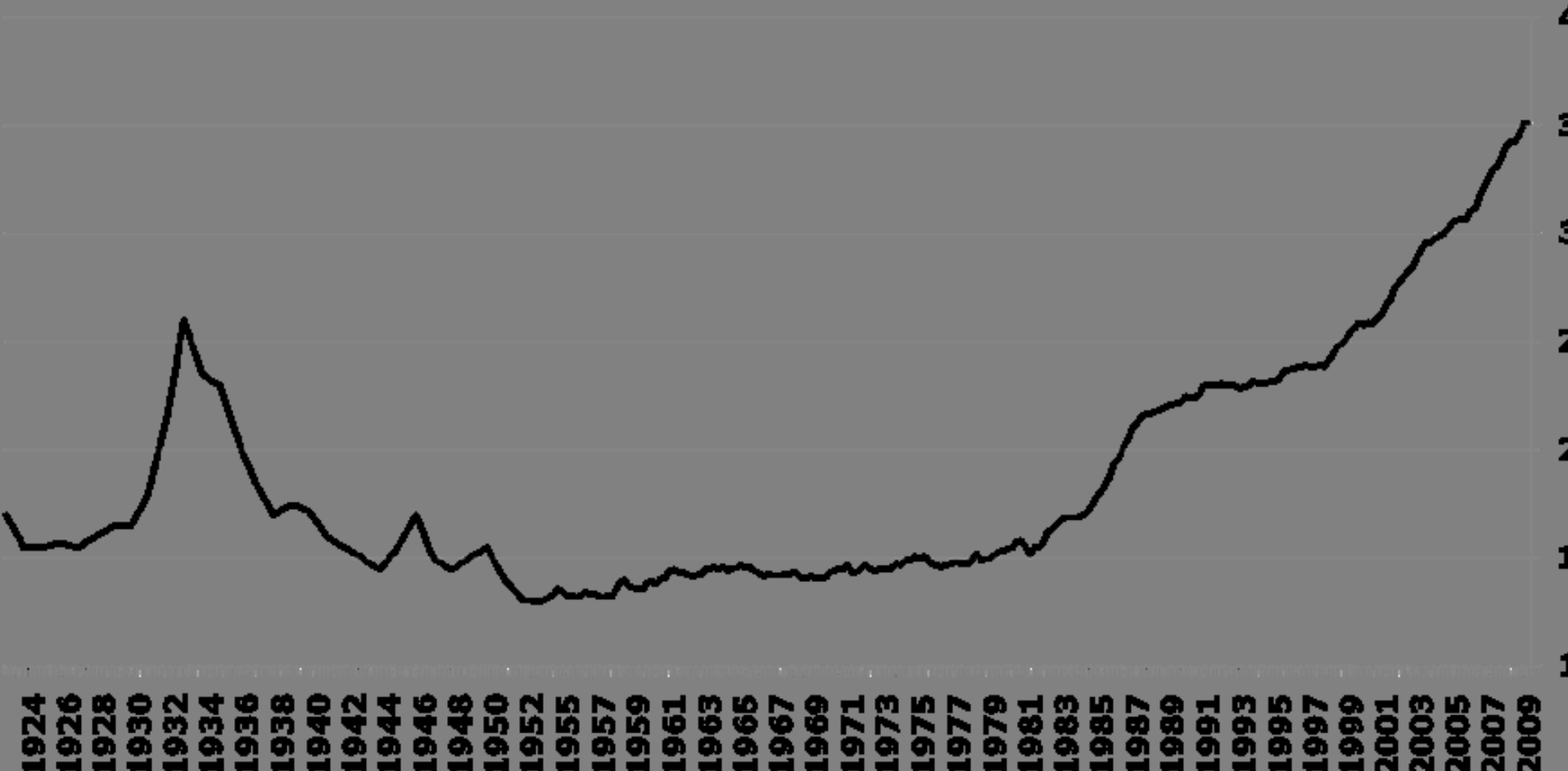
- 2008 market environment provided unexpected challenges although we had predicted a tough year for investors.
- Increased volatility, but also tough on increasingly shell-shocked investors.
- Saxo Bank's business model performed well, delivering profit growth even in a year where many banks suffered great difficulties.
- Bottom line was affected by one-off streamlining costs, but still grew in excess of 20%.
- The big challenge was slow AUM growth, our number one indicator of future profitability, but AUM and new client growth has picked up in early 2009, which is an encouraging sign for the market conditions.

2009 Outlook – both challenges and opportunities

- The outlook is dominated by very low visibility and the economic crisis may worsen
- Many investors have suffered significant losses, and may retrench from the markets in the short term
- Political and regulatory impact is unpredictable and inconsistent
- The market environment is like to continue to be challenging, and there is a risk of clients becoming increasingly risk adverse, BUT:
- High volatility is generally beneficial to our business model
- The competitive environment has changed dramatically
- The playing field is more level than ever before
- Our products are more relevant than ever before

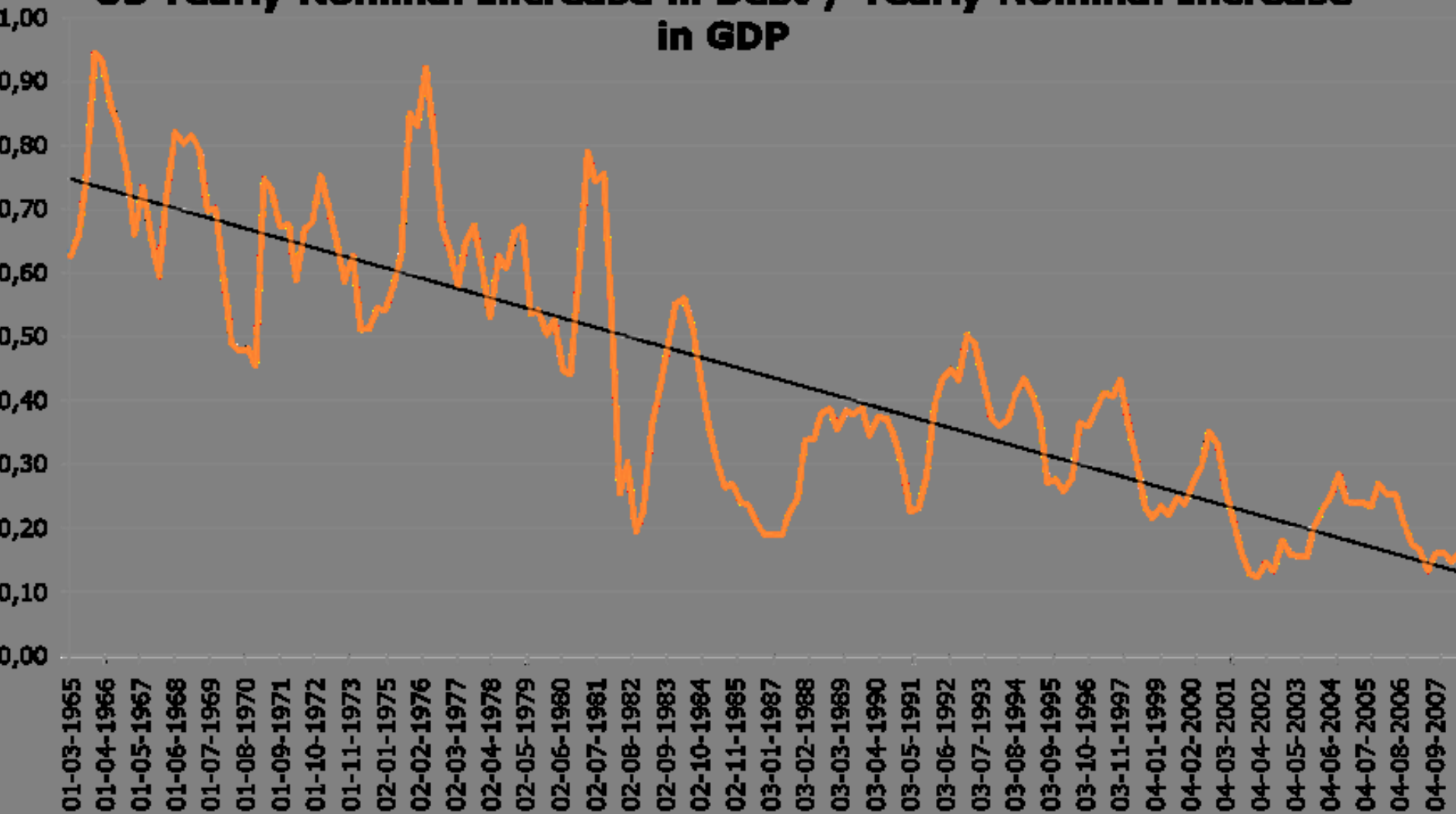
The big question is: can debt be paid back?
Deleveraging is needed and under way.

US: Total Outstanding Credit / Nominal GDP



Diminishing the marginal utility of debt has reached zero and there are no more bubbles to inflate.

Marginal Utility of Debt: US Yearly Nominal Increase in Debt / Yearly Nominal Increase in GDP



Uncertainty will continue

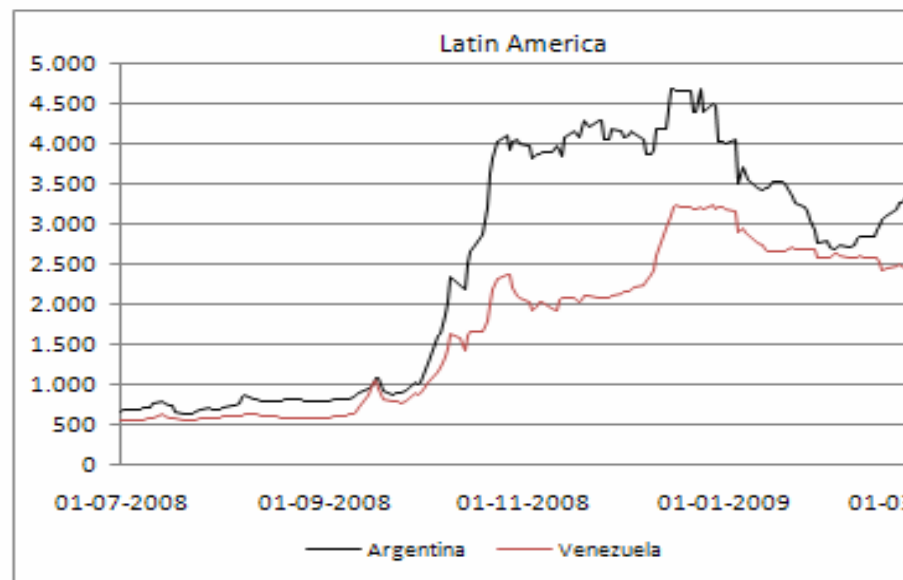
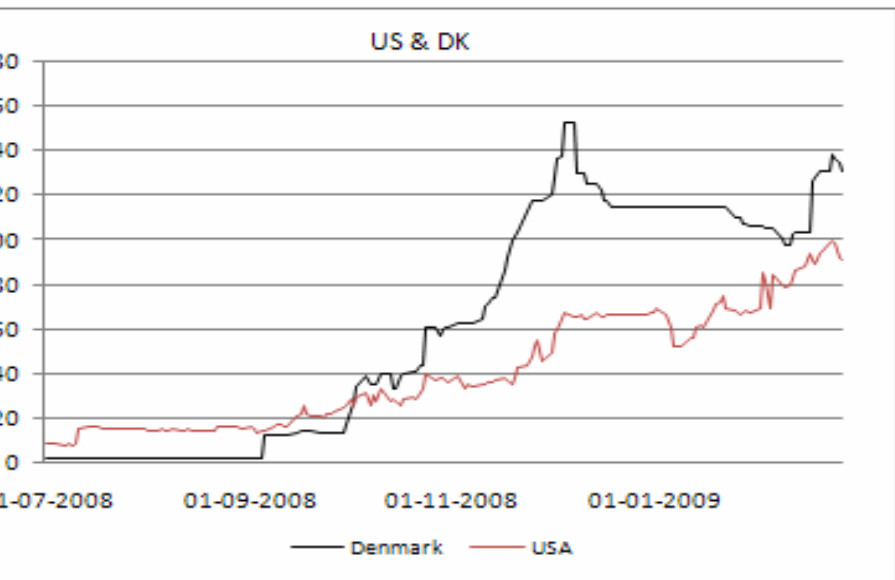
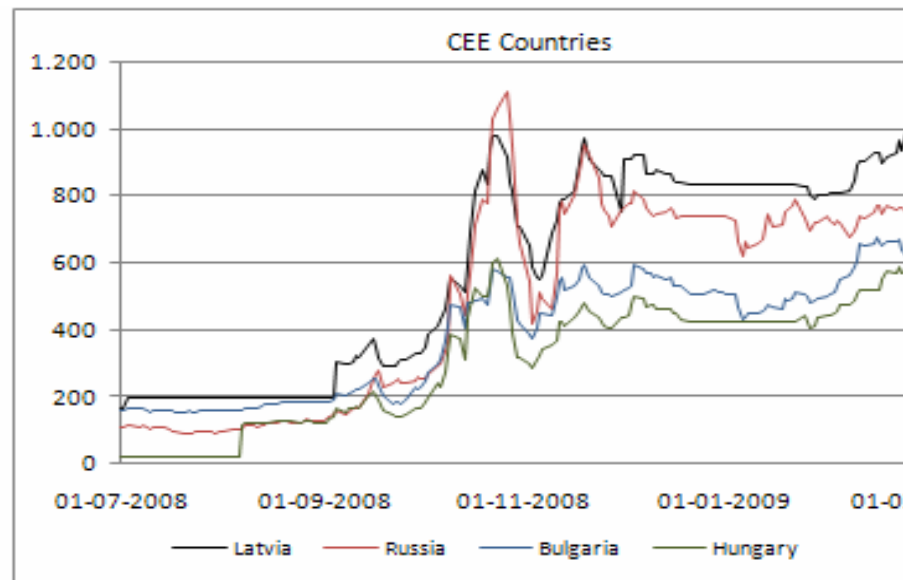
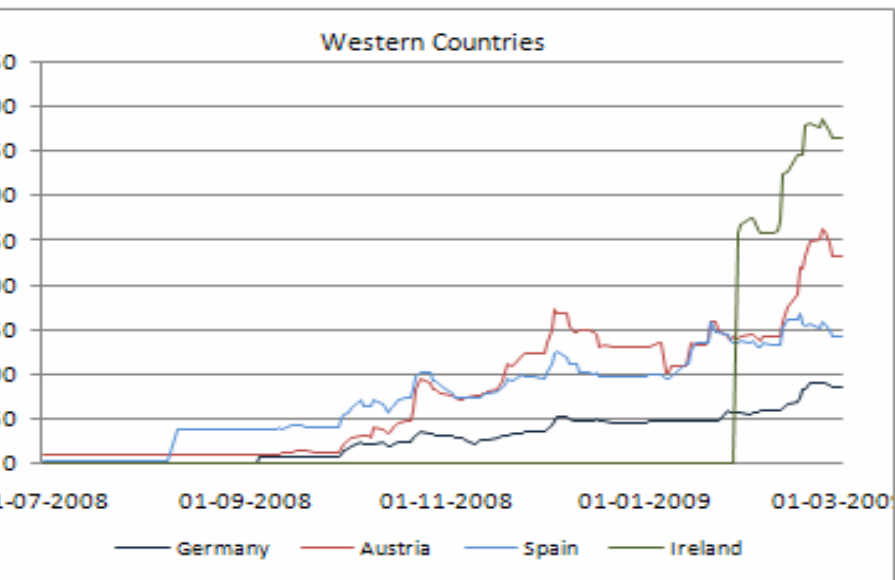
The role of government has expanded exponentially in this crisis. But the role it has taken is also expanding uncertainty:

- Liquidity has dried up for troubled products because institutions expect to sell to government at higher prices.
- Lots of financial shares are implicitly trading on the assumption that they will get bailed out.
- The viability of government guarantees covering trillions of assets in the most liquid (money) markets could be questioned if the budget deficits continue.
- The stimulus packages and bailouts with taxpayers' money will crowd out private capital and destroy otherwise sound private businesses that need refinancing.

The deleveraging will be deflationary:

- Everybody points to Japan. They had savings in 1990. We don't.
- The US Federal Government has to refinance around \$6.3T ($\approx 44\%$ of GDP) of debt in the next 12 months. Who want to buy at less than 70 bps. yield?
- With the coming losses from Eastern Europe, the already thinly capitalized European bank system will need lots of capital.

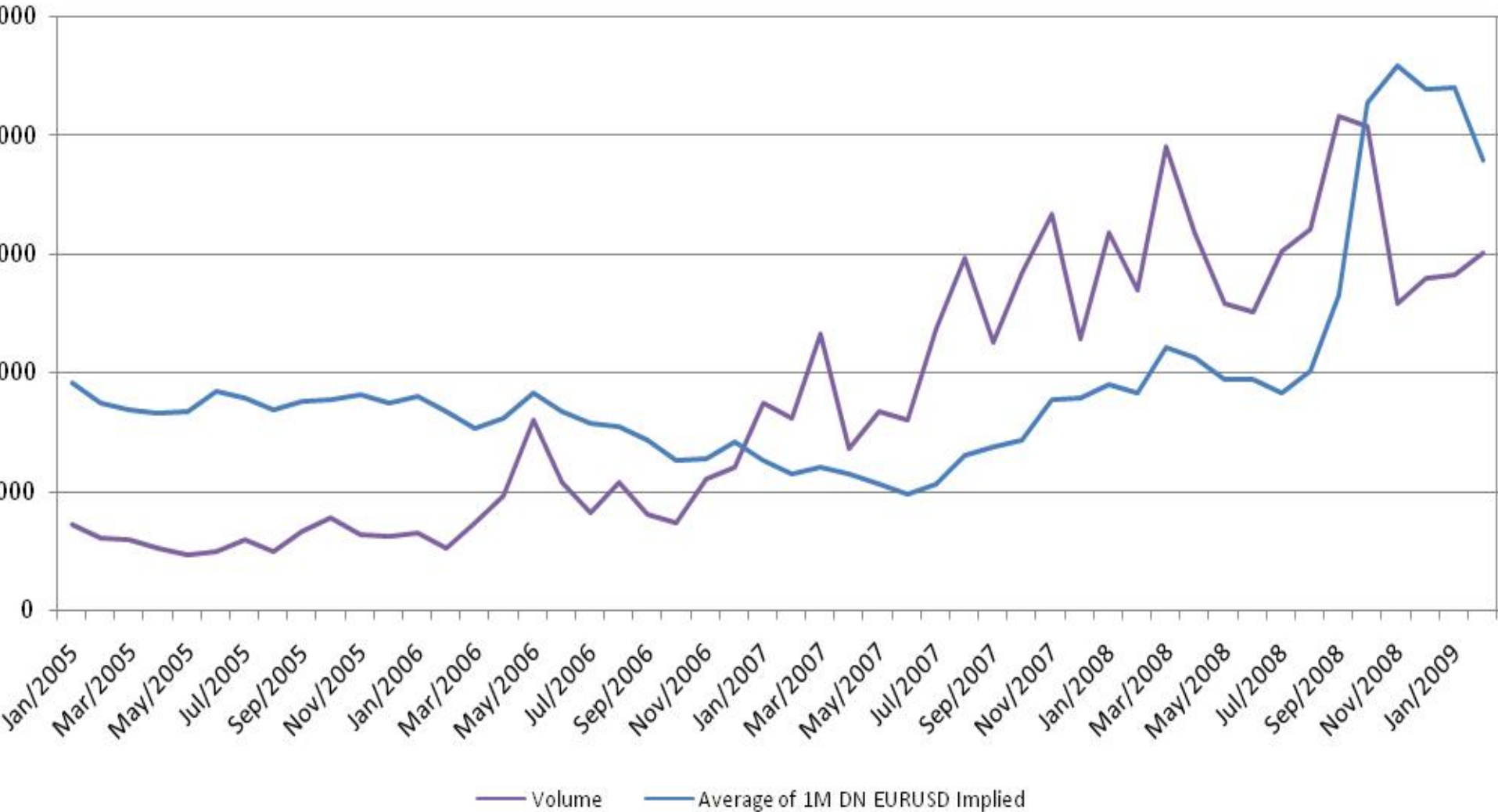
The biggest worry of all...



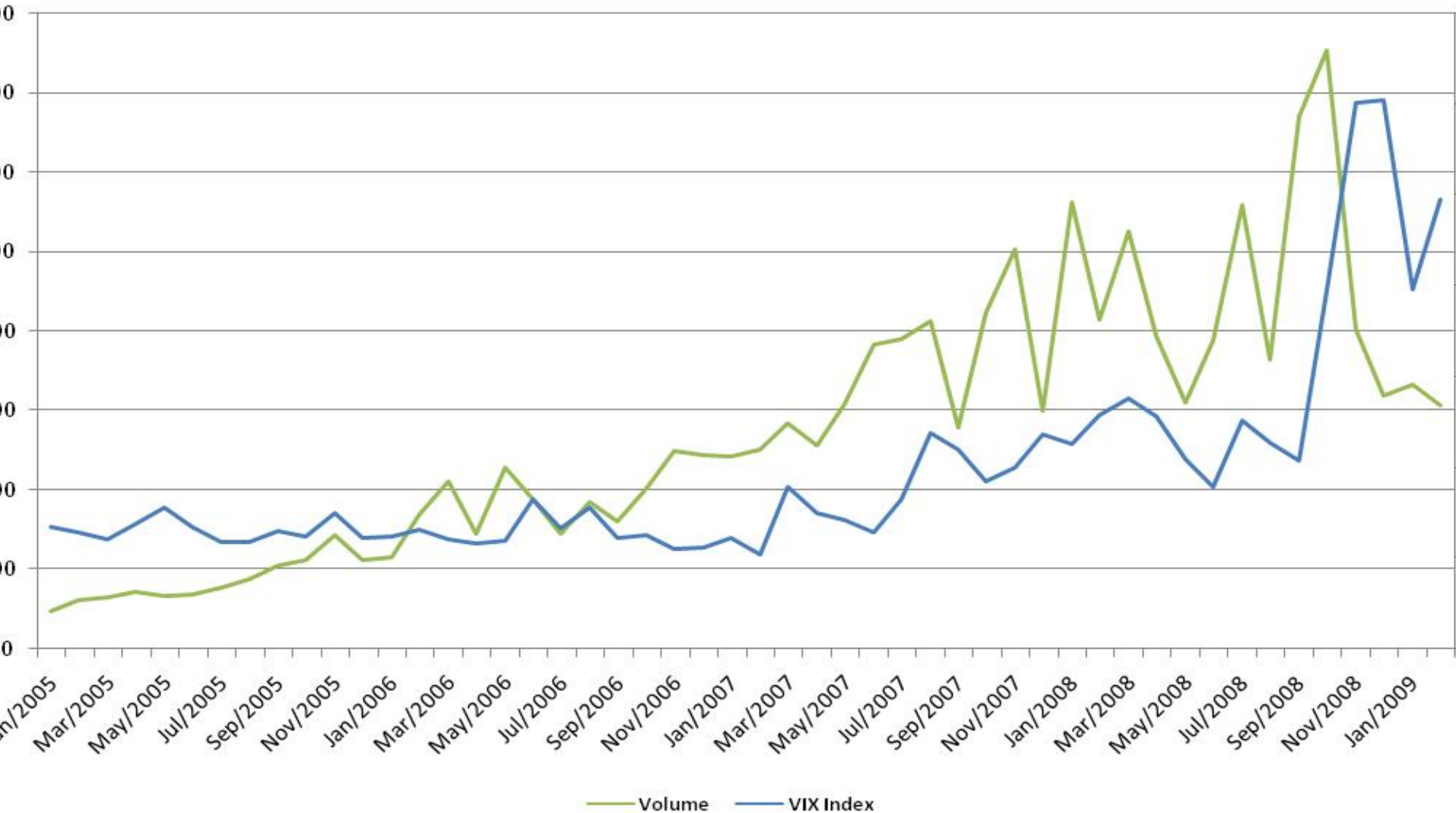
Markets volume in 2009

- 2009 is expected to continue where 2008 left off – i.e. high volatility in all asset classes – but not as extreme as in 2008
- Early indications in the industry show FX Spot volume down 20-30%, FX Options down 30-40% and Equity volume down 40-60% - all compared to same months in 2008
- Lower risk willingness means smaller trade amounts and more intraday trading
- Liquid products will be favoured – major currencies, stocks indices, bonds and in general products traded at the exchanges

FX Volume (M EUR) vs 1M EURUSD implied Vol



CFD Volume (M EUR) vs VIX Index



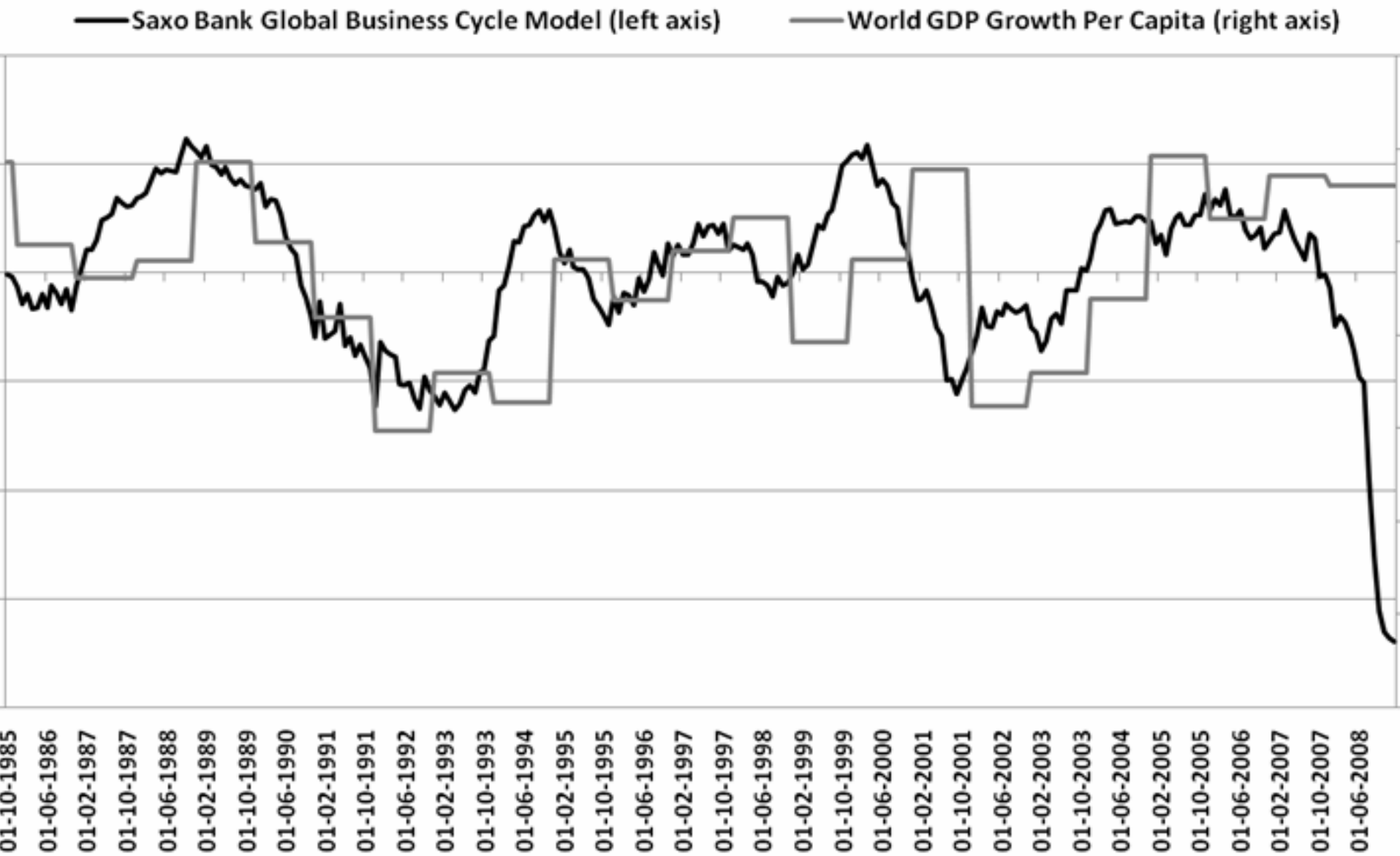
Data and technology implications

- Best execution requirements will lead to more need for accuracy and documentation of data
- Latency is increasingly becoming an important differentiating factor, leading to ever more need for efficient delivery
- (Lack of) reliable pricing and transparency is at the core of the crisis, hence will be required by regulators and business managers
- More realtime reporting to government agencies
- The new focus on cost and efficiency will lead to increased demand for business data
- The competitive environment, cost cutting and the increased regulatory requirements for accurate audit trails will lead to more electronic delivery and less human interaction
- The demand will grow for intelligent platforms, that assist investors and traders by smart use of data

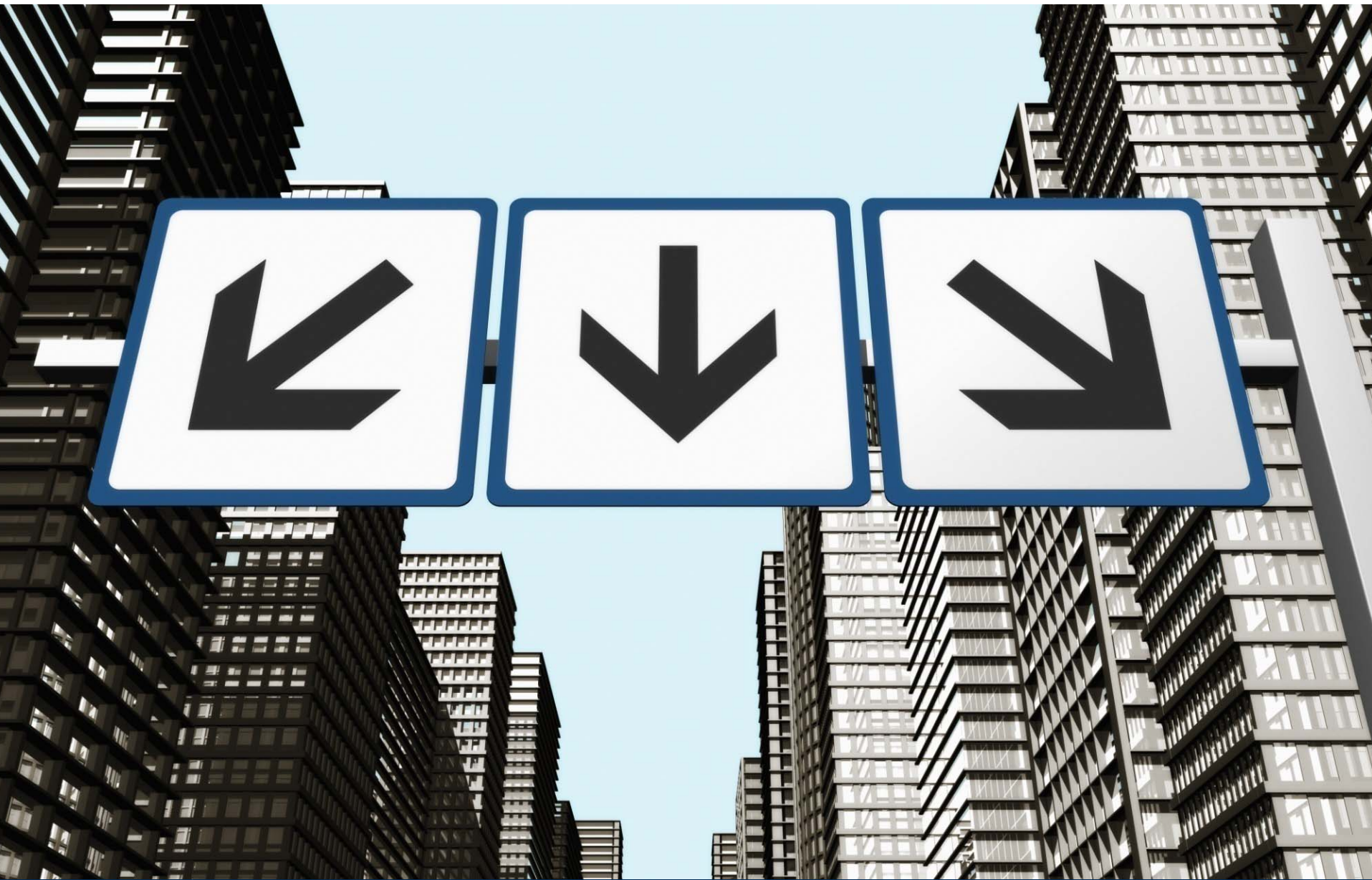
Regulatory/political response

- Increased regulation of "old enemies" like private equity and hedge funds, even if they outperformed during the crisis.
- A move towards central clearing and exchanges where possible, with OTC products being questioned, but probably continuing to operate unaffected in most cases due to efficiency and customization.
- Symbolism – more bonus and salary rules, more interference, more rethoric against greed and Wall Street – which may lead to many leaving the industry.
- Higher, or more cyclical, capital requirements but unlikely until after the crisis has topped.
- Review of roles played by rating agencies, advisory/sales functions, speculation, intransparent derivatives, disconnect between lenders and borrowers, national regulatory efforts vs international coordination.

How bad is it?



Where to go now?



What's next?

- We need to stabilize the financial sector urgently – but will it be possible without drastic changes to the industry?
- The toxic assets bailout is fraught with complications, moral hazards, and political pressure groups
- The world needs tax cuts and private sector driven demand – but it gets increased public expenditure, and huge deficits, leading to higher taxes
- Risks are substantial – the world is not used to bad news, leading to civil unrest, and populist political answers
- What brought us here was too low interest rates, political interference in the economy, and a lack of accountability and transparency – as well as some not too clever bankers and irresponsible, but unchecked, clients.
- It was not capitalism, not liberalism, not market forces, not free trade – so let us not blame the crisis on those drivers of human development and increased wealth
- The next 5 years may well be the biggest challenge the modern economy and the political system has faced since World War II.

Let's be very careful that we do not throw the baby out with the bathwater...



Thank you – be careful out there

