

# ***The Supervisory Diamond 2012***

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*Saxo Bank A/S*

## Introduction

According to the Danish executive order on Financial Reports for Credit institutions and Investment Firms Etc. section 132 b, Saxo Bank is required to disclose information on the five limit values in the Supervisory Diamond based on the values in the annual report for Saxo Bank A/S 2012.

## The five limit values in the Supervisory Diamond

### **Sum of large engagements**

According to the Supervisory Diamond, the sum of large engagement, according to the Financial Business Act section 145, should be less than 125 % of the Capital Base.

For Saxo Bank A/S this value is 0 % end year 2012. Exposures against credit institutions are excluded in the calculation of the sum of large engagements.

### **Lending growth**

According to the Supervisory Diamond, the lending growth should be less than 20 % per year.

For Saxo Bank A/S this value is 21.2 % for the year 2012.

The Bank's total loans and advances grew 21.2% in 2012, and thus exceeded the Danish FSA's threshold limit value of 20 percent. However, the growth can be attributed to the reclassification of the Bank's claim in Lehman Brothers International in administration from "Receivables from credit institutions and central banks" in 2011 - to "Loans and advances at amortised cost" in 2012. Consequently, the increase does not reflect a change in the Bank's lending strategy, which is to keep growth in lending below FSA's threshold limit value. Excluding this reclassification, the lending growth is negative.

### **Commercial property exposure**

According to the Supervisory Diamond, the commercial property exposure should be less than 25 % of the total loans and guarantees.

For Saxo Bank A/S this value is 19.5 % end year 2012.

The exposure is against subsidiaries including the subsidiary owning the banks domicile.

**Stable funding**

According to the Supervisory Diamond, the stable funding should be less than 1.

For Saxo Bank A/S this value is 0.03 end year 2012.

The low value is due to the banks low amount of loans compared to the banks' balance sheet and working capital.

**Excess liquidity**

According to the Supervisory Diamond, the excess liquidity, according to the Financial Business Act section 152, should be greater than 50 %.

For Saxo Bank A/S the value is 255 % end year 2012.