

SAXO BANK (SWITZERLAND) LTD

Regulatory Disclosures



I. Board of Directors

The Board of Directors of Saxo Bank (Switzerland) Ltd. consists of four members. All members are elected for one year. Re-election is possible. The Board has not established any specific Board committees and performs its duties as joint governance body. The internal organization and modus operandi of the Board of Directors are set out in the "Articles of Incorporation" and in the "Organisational and Business Regulations".

The following table provides an overview of the composition of the Board of Directors:

NAME	FUNCTION	INDEPENDENT	INITIAL ELECTION	ELECTED UNTIL GENERAL MEETING IN
Steen Blaaufalk	Chairman	employed by Saxo Bank A/S (parent company)	September 2014; Chairman since April 2016	April 2020
Dr. Christian Katz	Vice Chairman	Yes	April 2015	April 2020
Tino Gaberthüel	Member	Yes	April 2015	April 2020
Dr. Søren Kyhl	Member	employed by Saxo Bank A/S (parent company)	April 2016	April 2020

Steen Blaaufalk, Chairman, Danish, 1961

Educational background

- Master in Business Administration, Scandinavian International Management Institute (SIMI), Copenhagen
- Master in Economics, University of Copenhagen

Professional background

- Since 2014 Saxo Bank A/S, Group Chief Financial and Risk Officer
- 2010 – 2014 Danske Bank, Group Treasurer
- 2006 – 2010 Danske Bank, CEO Investment Bank
- 1980 – 2006 Danske Bank, various specialist and executive functions in the Investment Bank

Dr. Christian Katz, Vice Chairman, Swiss, 1967

Educational background

- PhD in Economics, University of St. Gallen (HSG)
- Master in Business Administration, University of St. Gallen (HSG)

Professional background

- Since 2016 MainStrait AG, Founder and Managing Partner
- 2009 – 2015 SIX, CEO of Swiss Exchange and Member of the Group Executive Board
- 2006 – 2009 Goldman Sachs International, Managing Director
- 1993 – 2006 Several roles in international investment banking

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Tino Gaberthüel, Member, Swiss, 1971

Educational background

- Certificate in Business Administration, Kellogg School of Management
- Master in Law (LL.M.), Northwestern School of Law
- Admission to Zurich bar
- Master in Law (lic.iur.), University of Zurich

Professional background

- Since 2011 Lenz & Staehelin, Partner
- 2004 – 2010 Lenz & Staehelin, Associate
- 2003 – 2004 Covington & Burling, Foreign Associate
- 2000 – 2002 Associate position in business law firm

Dr. Søren Kyhl, Member, Danish, 1962

Educational background

- PhD in Economics, University of Copenhagen
- Master in Economics (Cand. Polit), University of Copenhagen
- Advanced Management Program (AMP 182), Harvard Business School

Professional background

- Since 2016 Saxo Bank A/S, Group Chief Operating Officer
- 2014 – 2015 Danske Bank, Global Head of Transaction Banking and COO
- 2013 – 2014 Danske Bank, Co-Head Danske Markets
- 2010 – 2013 Danske Bank, COO and Head of Research Danske Markets
- 2007 – 2010 Danske Bank, Global Head of Research and Product Lab Danske Markets
- 2006 – 2007 Danske Bank, Head of Fixed Income and Credit Research Danske Markets

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II. Board of Management

The following table provides an overview of the composition of the Board of Management:

NAME	FUNCTION	IN THIS FUNCTION SINCE	RESIGNATION
Renato Santi	CEO	February 2019	
Michael Völlm	CFO	April 2015	
Mario Alini	COO	October 2019	
Rajanvir Mehra	COO	August 2016	September 2019
Dr. Patrick Hunger	CEO	June 2016	February 2019
Marco Bartolucci	Head Commercial	September 2017	February 2019

Renato Santi, CEO, Swiss & Italian, 1969

Educational background

- Master Degree in Economics, University of St. Gallen (HSG)
- Certificate in Advanced Management (AMP), INSEAD, Fontainebleau (France) and Singapore

Professional background

- Since February 2019 Saxo Bank (Switzerland) Ltd., CEO
- 2017 - 2018 MBS Consulting (Milan), Associate Partner
- 2013 – 2017 EFG International, CEO Switzerland and Italy
BSI SA, CEO Switzerland and Europe
- 2007 – 2012 BSI SA, Head Personal Banking & Strategic Marketing & Project Management
- 2006 – 2007 BSI SA (Paris), Head of Corporate Services
- 2003 – 2005 BSI SA, Head of Product Management

Michael Völlm, CFO, Swiss, 1972

Educational background

- Master in Economics, University of Zurich
- Chartered Alternative Investment Analyst, CAIA

Professional background

- Since 2015 Saxo Bank (Switzerland) Ltd., CFO
- 2010 – 2015 Bank of America Merrill Lynch, Country CFO Switzerland
- 2005 – 2015 Merrill Lynch Capital Markets AG, CFO
- 2000 – 2004 Deutsche Bank, various functions in Finance and Risk

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Mario Alini, COO, Swiss, 1969

Educational background

- Bachelor in Business Administration, University of Applied Sciences

Professional background

- Since 2019 Saxo Bank (Switzerland) Ltd., COO
- 2016 – 2019 Swiss Financial Market Supervisory Authority FINMA, Senior Specialist in large bank supervision
- 2015 – 2016 Bank of America NA, Zurich Branch, CEO
- 2010 – 2010 Merrill Lynch Bank (Switzerland) Ltd., CEO
- 2008 – 2016 Merrill Lynch (Group companies & Pension Fund Merrill Lynch Switzerland), various Board of Directors mandates
- 2007 – 2016 Merrill Lynch Capital Markets Ltd., CFO and Deputy CEO, COO and Country COO for Luxemburg and Italy
- 1999 – 2007 Bank Leumi le-Israel (Switzerland), various functions in Finance and Risk, CFO and Deputy CEO
- 1996 – 1998 PwC Switzerland, Assistant Manager Audit and Consultancy in the Financial Industry

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III. Regulatory capital and liquidity disclosures

(CHF thousands)	31.12.2018	31.12.2017
Eligible capital		
Common Equity Tier 1 capital (CET1)	62'115	55'142
Tier 1 capital (T1)	62'115	55'142
Total capital	62'115	55'142
Risk-weighted assets (RWA)		
Risk-weighted assets	139'346	160'647
Minimum capital requirement	11'148	12'852
Risk-based capital ratios (in % of RWA)		
CET1 ratio (%)	44.6%	34.3%
Tier 1 capital ratio (%)	44.6%	34.3%
Total capital ratio (%)	44.6%	34.3%
CET1 buffer capital requirements (in % of RWA)		
Capital conservation buffer requirement according to Basel minimum requirements (%)	1.875%	1.25%
Countercyclical buffer requirement according to Basel minimum requirements (%)	0%	0%
Additional capital buffer due to national or international systemic importance (%)	0%	0%
Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	1.875%	1.25%
Available CET1 to cover buffer requirements in accordance with Basel Minimum Standards (after deducting CET1 from the cover of the minimum requirements and possibly to cover the TLAC requirements) (%)	41.1%	30.8%
Target capital ratios according to Annex 8 CAO (in % of RWA)		
Capital conservation buffer according to CAO, Annex 8 (%)	2.5%	2.5%
Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0.0%	0.0%
CET1 capital target (%) according to CAO, Annex 8 plus countercyclical buffer according to CAO, Art. 44 and 44a	7.0%	7.0%
Tier 1 capital target (%) according to CAO, Annex 8 plus countercyclical buffer according to CAO, Art. 44 and 44a	8.5%	8.5%
Total capital target (%) according to CAO, Annex 8 plus countercyclical buffer according to CAO, Art. 44 and 44a	10.5%	10.5%
Basel III leverage ratio		
Total exposure	587'032	639'225
Basel III leverage ratio (Tier 1 capital in % of the total exposure)	10.6%	8.6%

Liquidity Coverage Ratio (LCR)

(CHF thousands)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net cash outflows	193'377	236'123	231'633	216'771	185'800
Total high quality liquid assets (HQLA)	351'705	357'383	340'128	332'564	324'197
Liquidity Coverage Ratio (LCR in %)	182%	151%	147%	153%	174%



IV. Risk strategy and risk management

Risk management is an integral part of banking and trading activities. As guiding principle, Saxo Bank (Switzerland) Ltd. (hereinafter 'the Bank') has a conservative risk strategy and appetite. The Bank has only appetite for risks that are transparent and well understood and where the Bank itself or through its outsourcing partners have the needed competences, experience, resources and systems to manage the risks. The Bank has no appetite for unrewarded risks nor risks, which cannot be appropriately quantified, monitored and managed. Traditionally, the Bank disposes of an above-average level of capital and liquidity.

The Board of Directors has the ultimate responsibility for risk and for ensuring an effective internal control system. It sets the overall risk strategy, approves and regularly assesses the conceptual framework for the Bank's entity wide risk management framework as well as the principal risks the Bank is exposed to. This risk assessment covers both current as well as potential prospective risks. In order to perform its monitoring duties, the Board receives regular reports provided by all responsible departments in addition to a comprehensive risk report.

The Board of Management is responsible for the elaboration and operational implementation of the risk framework including policy formulation and control of all risks. To operationalize the responsibility of risk management, the Bank has a 'committee structure'. The Bank has established a Financial- and an Operational Risk Committee, which are subordinated to the CFO and the COO respectively. These committees are responsible for the ongoing identification, monitoring, management and assessment of all relevant risks and are composed of the department heads or key personal of all relevant business areas. Further, a Swiss Product Committee under the direction of the CEO is in place to drive the risk identification and assessment process for regulatory and operational risks associated with specific products offered by the Bank.

Department heads are responsible for managing risks in their area of responsibility in accordance with the underlying business procedures. Compliance, internal control and risk control constitute the independent control bodies. The independent control bodies monitor risks and compliance with statutory, regulatory and internal rules and limit system and report into one Board of Management member. Internal Audit assists the Board of Directors to exercise its statutory supervisory and control duties. It performs independent audits on the appropriateness and effectiveness of the company's organization and business processes.

Risk types

The Bank is exposed to several risks, which are managed as follows:

Interest rate risk

Interest rate risks are managed within the limits set by the Board of Directors.

Other market risks

Trading is managed through internal directives and guidelines. The Bank does not engage in proprietary trading. Exceptions are the liquidity management of the Bank's client deposits and equity in accordance with FINMA rules and regulations and foreign exchange transactions based on client orders. Currency and foreign exchange risks are managed with back-to-back transactions.

Credit risk

As a general principle, lending to clients is done only in relation to trading through the Bank and on a collateralized basis. Granting of unsecured credit lines occurs only in very rare cases.

The close follow-up of clients' activities is imperative, as this remains the major credit risk. In this respect, the margin requirement calculations and stop-outs, if any, are provided by the trading platform in real time. Margin based lending to clients in relation to trading is done on a collateralized basis. It is limited by the assets deposited with the Bank and in accordance with the margin requirements defined in the internal guidelines. The risks linked to securities and derivatives are managed within the limits approved by the Board of Directors.

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The Bank controls on an ongoing basis the default risk of all open positions and has adequate procedures in place. Specifically, the Financial Risk Committee meets on a regular basis to review among others credit, liquidity, client trading, product concentration and counterparty risk. For the overall credit risk management, the Bank monitors various stress scenarios and its Tier 1 ratio on a regular basis. The Tier 1 ratio is calculated in accordance to the Basel III requirements.

Counterparty risks are limited by the choice of bank counterparties and the implementation of regular review and approval of limits by the Board of Directors.

Liquidity risks

Liquidity risks are mitigated through several measures. A comprehensive risk management is in place incorporating financial, operational, legal and compliance aspects. Through its business model, the Bank generates a cash surplus as it receives cash deposits from clients as collateral for margin trading. This surplus is placed with highly rated credit institutions as well as the Group or invested in government bonds. Within the limits set by the Board of Directors, the Bank may place some of its deposits with the Group as call deposits. The Bank is not engaged in any interest-bearing lending activities and therefore is not dependent on third party loans for refinancing. Further, the Bank holds substantial liquidity in Switzerland in compliance with FINMA regulations. The assets used to secure the preferential deposits are mostly placed with the Swiss National Bank or invested in minimum AA-rated government bonds.

Operational risks

The Bank has implemented an organization with a proper segregation of duties with independent approval of transactions (4-eyes principle). Internal guidelines govern the various operating procedures, which are based on the relevant FINMA circulars.

Contact:

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