SAANENLAND, WHERE BANKING MATTERS. SINCE 1874.

# INFORMATION CONCERNING THE INVESTMENT BUSINESS OF

## SB SAANEN BANK AG

SAANEN SB BANK
GSTAAD'S PRIVATE BANK

This text applies analogously to female persons and to a plurality of persons.

Ladies and gentlemen

This information brochure provides you with information about SB Saanen Bank AG (hereafter "Bank"), our customer segmentation, the financial services we offer and the associated risks, how we handle conflicts of interest and how to initiate a mediation procedure with the Office of the Ombudsman. The latest version of this brochure is available at all our branches and on our website at www.saanenbank.ch/en/media-center/download-center.

The costs of the financial services offered are set out in our Overview of Services and Prices, which is provided separately and can be requested from us at any time. The latest Overview of Services and Prices can also be found online at www.saanenbank.ch/en/media-center/download-center.

Information on the risks generally associated with the financial instruments can be found in the attached brochure "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association. The brochure is also available in our branch offices and can be downloaded online at www.saanenbank.ch/en/media-center/download-center.

This brochure meets the disclosure obligations pursuant to the Federal Act on Financial Services and aims to give you an overview of the Bank's investment business. If you would like further information our customer advisors will be happy to discuss your questions personally with you.

SB Saanen Bank AG

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# 1. INFORMATION CONCERNING THE BANK

**1.1 Name and address**

| | |
|---|---|
| **Name** | SB Saanen Bank AG |
| **Address** | Bahnhofstrasse 2 |
| **Post code, town/city** | 3792 Saanen |
| **Telephone** | 033 748 46 46 |
| **E-mail** | info@saanenbank.ch |
| **Website** | www.saanenbank.ch |
| | |
| **BIC** | 6342 |
| **Swift** | RBABCH22342 |
| **LEI** | 529900J81YR2R3UHBO95 |
| | |
| **Comm. Reg. No.** | 160694 |
| **VAT No.** | CHE-105.931.834 |

**Stock exchange trading via telephone** 033 748 46 59

**1.2 Area of activity**

The Bank is a regional bank with its registered office in Saanen and branch offices in Gstaad, Schönried, Lauenen and Gsteig. It offers services related to payments, financing, investing, savings and pensions.

**1.3 Regulatory status and responsible authority**

The Bank holds a licence pursuant to Article 3 of the Swiss Federal Law on Banks and Savings Banks which was granted to it by the competent supervisory authority, the Swiss Financial Market Supervisory Authority FINMA, Laupenstrasse 27, 3003 Bern.

# 2. CUSTOMER SEGMENTATION

The Bank classifies all its customers as private customers. In doing so, the Bank follows the principle of providing the customer with the highest possible level of protection.

# 3. CONSIDERATION OF SUSTAINABILITY AND ESG PREFERENCES IN ASSET MANAGEMENT

For asset management, the Bank collects information from clients about their ESG (environmental, social and governance) preferences in relation to the financial service being provided.

The Bank distinguishes between three categories: “neutral”, “interested” and “very interested”. For clients categorised as “neutral” or those who do not specify their preferences, ESG criteria are not taken into account and the Bank may select investments with or without considering ESG criteria in its asset management.

If the Bank is unable to provide suitable financial services or instruments based on the client’s preferences or other disclosed information, those with an interest in ESG are informed accordingly.

# 4. INFORMATION CONCERNING THE FINANCIAL SERVICES OFFERED BY THE BANK

**The Bank considers only third-party products when selecting financial instruments and does not offer proprietary financial instruments.**

## 4.1 Execution Only

### 4.1.1 Type, characteristics and mode of operation of the financial service

All financial services which relate to simply executing or transmitting customer orders without the Bank providing any kind of advice or management are considered to be Execution Only. The Bank buys or sells financial instruments on behalf of and for the account of its customer. With Execution Only, orders are initiated exclusively by the customer. The Bank does not check the extent to which the transaction in question corresponds to the knowledge and experience (appropriateness) and the financial circumstances and investment objectives of the customer (suitability). In connection with the future issue of orders by the customer the fact that no appropriateness and suitability test is conducted shall not be reiterated by the Bank.

### 4.1.2 Rights and obligations

With Execution Only, the customer is entitled to issue orders to buy or sell financial instruments in the market offering that is being taken into account. The Bank is under an obligation to execute issued orders with the same care as it customarily applies in its own affairs.

To place an order, the client can call the client adviser or the Bank's trade team on 033 748 46 59 any banking day from 8.00 a.m. to 12.00 noon and from 1.30 p.m. to 5.30 p.m. to forward execution-only orders.
The Bank informs the customer immediately of all material circumstances which might adversely affect the correct processing of the order. In addition, the Bank informs the customer on a regular basis of the composition, valuation and performance of the Execution Only Portfolio and of the costs associated with the executed orders.

### 4.1.3 Risks

With Execution Only, the following risks arise which are in the area of responsibility of the customer and are consequently borne by the customer:

- **Asset preservation risk** or the risk that the financial instruments in the customer custody account will lose value: This risk, which may vary depending on the financial instrument, is borne in full by the customer. In respect of the risks of the individual financial instruments, reference is made to the brochure entitled "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association.
- **Information risk on the part of the customer** or the risk that the customer has too little information to be able to make a sound investment decision: With Execution Only, the customer makes investment decisions without any involvement by the Bank. He accordingly needs specialist knowledge to understand the financial instruments as well as time to be able to deal with the financial markets. If the customer does not have the necessary knowledge and experience he runs the risk of investing in a financial instrument that is inappropriate for him. A lack of financial knowledge or deficient financial knowledge might also result in the customer making investment decisions which are not in line with his financial circumstances and/or investment objectives.
- **Risk regarding the timing in issuing an order** or the risk that the customer chooses a bad time to issue the order, resulting in price losses.
- **Risk of lack of monitoring** or the risk that the customer fails to monitor or inadequately monitors his Execution Only portfolio: At no time does the Bank have a duty to monitor, warn or disclose information. Various risks, such as cluster risks, may arise due to inadequate monitoring by the customer.

In addition, with Execution Only, risks arise which are in the Bank's area of responsibility and for which the Bank is liable to the customer. The Bank has taken appropriate measures to counter these risks, in particular by adhering to the principles of good faith and equal treatment in the processing of customer orders. The Bank also ensures optimal execution of customer orders.

### 4.1.4 Market offering taken into account

In the context of Execution Only, all standard financial instruments are in principle available to the customer. The Bank reserves the right to refuse to accept orders for individual or groups of financial instruments as well as markets for reasons related to risk or compliance.

### 4.2 Transaction-related investment advice

#### 4.2.1 Type, characteristics and mode of operation of the financial service

With transaction-related investment advice, the Bank advises the customer with regard to individual transactions with financial instruments without taking the advisory portfolio into account. When providing its advice, the Bank takes into consideration both the knowledge and experience (appropriateness) and the requirements of the customer and based on that gives the customer personal recommendations to buy, sell or hold financial instruments. The customer makes his own decision about the extent to which he will follow the Bank's recommendation. He is responsible himself for the structuring of his advisory portfolio in this connection. The composition of the transaction-related advisory portfolio and the suitability of a financial instrument for the customer, i.e. whether a financial instrument meets the investment objectives and financial circumstances of the customer, are not checked by the Bank.

#### 4.2.2 Rights and obligations

With transaction-related investment advice, the customer is entitled to personal investment recommendations. Transaction-related investment advice is provided at the initiative of the customer as well as at the initiative of the Bank in relation to financial instruments that are part of the market offering being considered. In this process, the Bank advises the customer to the best of its knowledge and belief and with the same care as it customarily applies in its own affairs.

The Bank informs the customer immediately of all material circumstances which might adversely affect the correct processing of the order. In addition, the Bank informs the customer on a regular basis of the composition, valuation and performance of the advisory portfolio and of the costs associated with the executed orders.

#### 4.2.3 Risks

With transaction-related investment advice, the following risks arise which are in the area of responsibility of the customer and are consequently borne by the customer:

- **Asset preservation risk** or the risk that the financial instruments in the advisory portfolio will lose value: This risk, which may vary depending on the financial instrument, is borne in full by the customer. In respect of the risks of the individual financial instruments, reference is made to the brochure entitled "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association.
- **Information risk on the part of the Bank** or the risk that the Bank has too little information to be able to issue an appropriate recommendation: With

transaction-related investment advice, the Bank takes account of the customer's knowledge and experience as well as his requirements. If the customer provides the Bank with inadequate or incorrect information concerning his knowledge, experience and/or requirements, these is a risk that the Bank may not advise him appropriately.

- **Information risk on the part of the customer** or the risk that the customer has too little information to be able to make a sound investment decision: With transaction-related advice, the Bank does not consider the composition of the advisory portfolio, nor does it perform a suitability test with regard to the investment objectives and financial circumstances of the customer. The customer accordingly needs technical knowledge to understand the financial instruments. With transaction-related investment advice, the customer therefore runs the risk that because of a lack of or inadequate financial knowledge he may make investment decisions which do not correspond to his financial circumstances and/or investment objectives and are consequently not suitable for him.
- **Risk regarding the timing in issuing an order** or the risk that the customer issues a purchase or sale order too late after advice has been provided by the Bank, resulting in price losses: The recommendations issued by the Bank are based on the market data available at the time the advice is given and are only valid for a brief period due to market dependency.
- **Risk of lack of monitoring** or the risk that the customer fails to monitor or inadequately monitors his advisory portfolio: At no time does the Bank have a duty to monitor, advise, warn or provide information with regard to the quality of the individual positions and/or the structuring of the advisory portfolio. Various risks, such as cluster risks, may arise due to inadequate monitoring by the customer.
- **Risk as a qualified investor in the case of collective investment schemes:** Customers who avail themselves of transaction-related investment advice are deemed to be qualified investors within the meaning of the Federal Act on Collective Investment Schemes, CISA. Qualified investors have access to types of collective investment schemes which are open to them exclusively. This status allows a broader range of financial instruments to be considered when structuring the customer portfolio. Collective investment schemes for qualified investors may be exempt from regulatory requirements. Such financial instruments are therefore not, or are only partly, subject to the Swiss regulations. Resulting risks may arise, particularly due to the liquidity, investment strategy or transparency. Detailed information concerning the risk profile of a specific collective investment scheme may be found in the documents establishing the financial instrument and, where necessary, in the basic information sheet and the Prospectus.

In addition, with transaction-related investment advice, risks arise which are in the Bank's area of responsibility and for which the Bank is liable to the customer. The

Bank has taken appropriate measures to counter these risks, in particular by adhering to the principles of good faith and equal treatment in the processing of customer orders. The Bank also ensures optimal execution of customer orders.

### 4.2.4 Market offering taken into account

The Bank's investment commission draws up the investment policy based on its assessment of the relevant markets and the economic environment. With transaction-related investment advice, the financial instruments specified in the Bank's investment list, as amended from time to time, are available to the customer.
The Bank does not offer any proprietary financial instruments in transaction-related investment advice.

### 4.2.5 Sustainability and ESG

The Bank's transaction-related investment advice is provided without considering ESG criteria.

## 4.3 Asset management

### 4.3.1 Type, characteristics and mode of operation of the financial service

Asset management means the management of assets which the customer deposits with the Bank to administer on his behalf, for his account and at his risk. The Bank implements transactions at its own absolute discretion and without consulting the customer. In doing so the Bank ensures that the executed transaction corresponds to the financial circumstances and investment objectives of the customer or the investment strategy agreed with the customer and ensures that the portfolio structuring is suitable for the customer.

### 4.3.2 Rights and obligations

With asset management, the customer is entitled to management of the assets in his management portfolio. In this process the Bank selects with due care the investments to be included in the management portfolio from the market offering taken into account. The Bank ensures an appropriate risk spread to the extent permitted by the investment strategy. It regularly monitors the assets under its management and ensures that the investments match the investment strategy agreed in the investment profile and are suitable for the customer.
The Bank informs the customer on a regular basis of the composition, valuation and performance of the management portfolio and of the costs associated with the executed orders.

### 4.3.3 Risks

With asset management, the following risks arise which are in the area of responsibility of the customer and are consequently borne by the customer:

- **Risk of the selected investment strategy:** Various risks may arise from the agreed investment strategy that is based on the investment profile created (see below). The customer shall bear these risks in full. A description of the risks and a corresponding risk disclosure shall be provided before the investment strategy is agreed.

- **Asset preservation risk** or the risk that the financial instruments in the custody account under management will lose value: This risk, which may vary depending on the financial instrument, is borne in full by the customer. In respect of the risks of the individual financial instruments, reference is made to the brochure entitled “Risks Involved in Trading Financial Instruments” published by the Swiss Bankers Association.
- **Information risk on the part of the Bank** or the risk that the Bank has too little information to be able to make a sound investment decision: With asset management, the Bank considers the financial circumstances and investment objectives of the customer (suitability test). If the customer provides the Bank with inadequate or incorrect information concerning his financial circumstances and/or investment objectives, there is a risk that the Bank may not make appropriate investment decisions for the customer.
- **Financial risk associated with sustainability (ESG risk)** refers to the potential negative impact that environmental, social or governance-related events or conditions might have on the company’s profitability, costs and reputation, for example, and thus on its value and the price of financial instruments, either now or in the future. For further details, please refer to the brochure “Risks Involved in Trading Financial Instruments” of the Swiss Bankers Association.
- **Risk as a qualified investor in the case of collective investment schemes:** Customers who avail themselves of asset management are deemed to be qualified investors within the meaning of the Federal Act on Collective Investment Schemes, CISA. Qualified investors have access to types of collective investment schemes which are open to them exclusively. This status allows a broader range of financial instruments to be considered when structuring the customer portfolio. Collective investment schemes for qualified investors may be exempt from regulatory requirements. Such financial instruments are therefore not or are only partly subject to the Swiss regulations. Resulting risks may arise, particularly due to the liquidity, investment strategy or transparency. Detailed information concerning the risk profile of a specific collective investment scheme may be found in the documents establishing the financial instrument and, where necessary, in the basic information sheet and the Prospectus.

In addition, with asset management, risks arise which are in the Bank’s area of responsibility and for which the Bank is liable to the customer. The Bank has taken appropriate measures to counter these risks, in particular by adhering to the principles of good faith and equal treatment in the processing of customer orders. The Bank also ensures optimal execution of customer orders.

### 4.3.4 Estate tax liability on US direct investments

US Federal Estate Tax may, under certain conditions, trigger a reporting obligation and tax liability even for Non-US citizens residing outside the USA.
This tax liability arises because US Federal Estate Tax is levied not only on the assets of deceased US citizens and persons residing in the USA (US decedents) but also on the estate of Non-US decedents provided they hold certain US assets at the time of their death. These include shares and bonds of US companies, real estate in the USA, and certain US investment funds.
According to US Federal Estate Tax, American citizens as well as Non-US persons are subject to this tax if they hold more than USD 60,000 in US securities. According to the US interpretation of the law, US securities constitute US-situated assets, with the result that US securities in foreign estates are also taxable.
Depending on the Double Taxation Agreements between the country of residence of the decedent and the USA, higher tax allowances or exemptions for certain assets may also be claimed.
Given the legal position, Bank has decided, with asset management, to stop investing in US direct investments.

### 4.3.5 Market offering taken into account

The Bank's investment commission draws up the investment policy and investment strategy that are to be used to manage the clients' asset management mandates based on its assessment of the relevant markets and the economic environment. The investment commission decides on the definition and changes to the strategic weighting within the asset classes and sets out the principles of the investment universe. The Bank does not offer any of its own financial instruments as part of the asset management.

### 4.3.6 Sustainability and ESG

The Bank's asset management takes into account ESG criteria.

### 4.3.7 Cluster risks under asset management

The Bank measures, manages and monitors the cluster risks associated with the size of its investment positions. Thresholds of 5% and 10% are systematically applied to individual securities and individual issuers, respectively. However, unusual market concentrations of risk (e.g. 10% or more in individual securities and 20% or more in individual issuers, as well as correlated sectors, countries and currencies) cannot be entirely excluded in specific cases.

## 4.4 Granting of loans for the purpose of implementing transactions with financial instruments

### 4.4.1 Type, characteristics and mode of operation of the financial service

The customer takes out a loan with the Bank to finance transactions with financial instruments. This is typically the case with Lombard loans, although Lombard loans can also be used for other financing purposes. In addition, other types of loans, such as mortgage loans and consumer credit loans, can also be used for implementing transactions with financial instruments.

### 4.4.2 Rights and obligations

The customer is entitled as the borrower to use the loan amount provided to him to implement transactions with financial instruments. The customer undertakes to pay interest on the loan amount at the agreed rate and to repay it along with all costs when the loan falls due. If the loan amount is exceeded, overdraft interest shall be payable. At the same time, the borrower is obliged to immediately repay the exceeding of the loan amount.
The customer further undertakes to furnish collateral for the loan. These are generally financial instruments. However, other collateral is also possible.

### 4.4.3 Risks

With the granting of loans for the purpose of implementing transactions with financial instruments, the following risks arise which are in the area of responsibility of the customer and are consequently borne by the customer:

- **Impairment risk of the loan-financed financial instruments:** The customer must repay the loan amount even in the event that the loan-financed investments depreciate. With respect to the risks of the individual financial instruments, reference is made to the brochure entitled “Risks Involved in Trading Financial Instruments” published by the Swiss Bankers Association.
- **Impairment risk of the collateral:** The collateral furnished by the customer, generally financial instruments, remains the property of the customer. The customer therefore also bears all specific risks of the individual financial instruments. With respect to the risks of the individual financial instruments, reference is made to the brochure entitled “Risks Involved in Trading Financial Instruments” published by the Swiss Bankers Association.
  In the event that the collateral, in particular the financial instruments, lose value, the customer must furnish additional collateral or repay the corresponding extent of the loan amount. Failure by the customer to meet these obligations within the period set by the Bank entitles the Bank to liquidate the securities. Under certain circumstances this may be done at a disadvantageous price and hence at a price loss to the customer’s detriment.
- **Risks of the financial service associated with the granting of the loan:** Taking out a loan for the purpose of implementing transactions with financial instruments additionally entails the aforementioned risks of the associated financial service.

# 5. HANDLING CONFLICTS OF INTEREST

## 5.1 In general

Conflicts of interest may arise if the Bank:

- may, in breach of good faith, obtain a financial advantage or avoid a financial loss for itself to the detriment of customers;
- has an interest in the result of a financial service provided for customers which conflicts with the interest of the customers;
- has, when providing financial services, a financial or other incentive to place the interests of certain customers above the interests of other customers; or
- in breach of good faith, accepts from a third party in relation to a financial service provided for the customer an incentive in the form of financial or non-financial benefits or services.

Conflicts of interest may arise in the process in connection with Execution Only, transaction-related investment advice, asset management and the granting of loans for the purpose of implementing transactions with financial instruments. They arise in particular where there is:

- a convergence between multiple customer orders;
- a convergence of customer orders with own transactions, own interests of the Bank, transactions of employees of the Bank, including companies affiliated with the Bank, by exploiting knowledge of customers orders for the prior, parallel, or subsequent implementation of concurrent employee transactions or own transactions of the Bank (front/parallel/after running); or
- multiple fee billing when considering own financial instruments, role of governing bodies at customers, or a personnel union of an employee in trading and asset management.

In order to identify conflicts of interest and prevent them from prejudicing the customer, the Bank has enacted internal directives and taken preventive organisational measures:

- The Bank has established an independent control department which controls on an ongoing basis the investment and employee transactions of the Bank as well as compliance with the Market Behaviour Rules. The Bank can in this way prevent conflicts of interest through effective control and sanction measures.
- The Bank complies with its record-keeping, reporting and journal keeping obligations in the case of securities and derivatives transactions.
- When implementing orders, the Bank observes the "first come, first served" principle, i.e. all orders are entered immediately in the chronological order in which they are received.
- The Bank creates confidentiality areas (Chinese walls) within the Bank and also ensures there is separation, both in terms of staff and spatially, between customer and proprietary trading on the one hand, and asset management/investment advice, lending, trading and processing on the other hand.

- The Bank requires its employees to disclose mandates which may result in a conflict of interest.
- The Bank structures its compensation policy in such a way as to prevent any incentives to engage in proscribed practices.
- The Bank regularly trains its employees and ensures they have the required professional knowledge.
- The Bank consults the control department when there are facts or circumstances in which a conflict of interest might arise and has those approved by that department.

### 5.2 Compensation paid specifically by and to third parties

In the course of providing financial services, the Bank may receive compensation from third parties which it passes on to the customer in full, thereby avoiding the conflicts of interest that might arise with compensation from third parties.
Even external asset managers who attend to customers of the Bank are not paid any sales commission or other forms of compensation by the Bank.

### 5.3 Additional information

Your customer advisor will be happy to provide you with further information at your request regarding potential conflicts of interest in connection with the services provided by the Bank and the steps taken to protect the customer.

## 6. OMBUDSMAN

Your satisfaction is our top priority. If the Bank has nevertheless rejected a claim from you, you may instigate a mediation procedure through the Office of the Banking Ombudsman. In that case, please contact:

| | |
|---|---|
| **Name** | **Swiss Banking Ombudsman** |
| **Address** | Bahnhofplatz 9, PO Box |
| **Post code, town/city** | CH-8021 Zürich |
| **Telephone** | 043 266 14 14 (Deutsch / English) |
| | 021 311 29 83 (Français / Italiano) |
| **Website** | http://www.bankingombudsman.ch/ |

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