



CORPORATE GOVERNANCE

CITÉ GESTION
PRIVATE BANK

BOARD OF DIRECTORS

The Board of Directors is composed of five independent members:

- Mr Germain Steiner, Chairman
- Mr Jean-François Ducrest, Vice-Chairman
- Mrs Sophie Maillard
- Mr Patrick Fritz
- Mr Patrick Voegeli

The Board acts without committees and takes all decisions during its regular meetings. It may take decisions only if the majority of the members is present.

*Professional background and education:
cf. website under « Our Team – Executive Board»*

EXECUTIVE COMMITTEE

The Executive Committee (ExCo) is composed of five members:

- Mr Guy Barbey, CEO
- Mr Laurent Kramer, Deputy CEO, Responsible for Lausanne's Office
- Mr Christophe Utelli, Deputy CEO
- Mr Sébastien Micotti, Responsible for Legal & Compliance
- Mr Daniel Steffen, Senior Banker, Responsible for Zürich's Office

*Professional background and education:
cf. website under « Our Team – Executive Management »*



CITÉ GESTION STRATEGIC MANAGEMENT OF RISKS AND RISK PROFILE

The risks inherent in Cité Gestion activities can be categorized as follow:

- Financial risks: credit, counterparty & market risks;
- Operational risks: business relationship, investment (customer asset management), fraud, cyber and business continuity risks;
- Reputational risk resulting from mismanagement of the above mentioned points

DIFFERENT BODIES AND THEIR RESPONSABILITIES

Board of Directors:

The primary responsibility for risk policy rests with the Board of Directors. It adopts the general principles of the internal control system (ICS) and the tolerance and risk limits ("Risk Appetite"). It reviews Cité Gestion's risk policy and takes the necessary corrective measures annually.

Executive Committee:

The Executive Committee implements the risk policies adopted by the Board of Directors and reports at each meeting or more often if necessary. It ensures the consistency of the internal control system and the activity of the various committees and functions that make up the ICS.

Other active committees:

- Diligence Committee
- Risk Committee
- Credit Committee
- ALM Committee
- Investment Committee

The active functions within the ICS are:

- Risk Management
- Legal
- Compliance
- Central File
- Finance
- Operations



CONTROL ARCHITECTURE

Three levels of controls can be distinguished:

- The first level of controls is performed by the operational and commercial teams and is integrated in the work processes, carried out daily and based on internal directives and procedures.
- The Second level of controls is performed by the Committees and functions active within the ICS in their respective areas of expertise.
- The Third level of controls is ensured by Internal Audit (outsourced to KPMG).

A fast and concise management information system (MIS) completes the ICS in order to guarantee adequate decision-making and Cité Gestion's ability to react to any given situation.

The external auditor Pricewaterhouse Coopers assesses the effectiveness of the ICS of Cité Gestion at least once a year.



FINANCIAL RISKS

Credit risks:

Cité Gestion only grants Lombard loans or guarantees, in accordance with the rules on pledging and the concentration limits in force. In principle, it does not grant credit without collateral. Cité Gestion does not grant any mortgage. Credit risk management is defined in the Credit Directive. To date, Cité Gestion has not incurred any credit losses.

Counterparty risks:

The main counterparty to Cité Gestion is the Swiss National Bank (SNB). To facilitate its clients' operations, cash is held with the Lombard Odier Group, to which most of Cité Gestion's IT and operational activities have been outsourced.

Market risks:

Cité Gestion does not trade for its own account and does not actively take foreign exchange risk on its balance sheet. For collateral reasons with the Lombard Odier Group and Vontobel Bank, a portfolio of high quality bonds is held and managed within strict limits defined by the Board of Directors (Treasury Directive).



OPERATIONAL RISKS

Risks related to business relationships:

Cité Gestion opened its first account at the beginning of 2010 and immediately applied the strictest rules regarding cross border and acceptance of relationships according to their taxation. In this sense, Cité Gestion has no legacy business. The Legal & Compliance Department reviews money laundering and terrorist financing risks as well as compliance with national and international sanctions lists on a daily basis. To date, there have been no cases of review by the judicial or supervisory authorities. The Legal service also deals with possible claims and disputes of customers or counterparties.

Investment risks:

Investment risk is at the heart of Cité Gestion's business. The resources committed to this risk are intended to ensure that investment decisions comply with the investment objectives and restrictions specific to each mandate, as well as with internal and regulatory directives (in particular the rules of conduct and the directives concerning the asset management mandate of the Swiss Bankers Association (SBA)). Investment risk management is defined in the Investment Risk Directive.

Fraud risk:

The fraud risk can be of external nature (execution of transfers on client's or company's accounts by unauthorized persons) or internal (transfers performed by employees for their profit and with a loss for clients or the company). To ensure the safety of the clients' assets and the ones of the bank, strict rules have been defined and are applied continuously by the control function in the ICS. Every breach is immediately addressed.

OPERATIONAL RISKS

Cyber-risk:

Cité Gestion has outsourced the majority of its IT to the Lombard Odier Group, which ensures the security of its tools. Cité Gestion carries out an appropriate monitoring concerning the measures taken by its service provider in the Cyber-risk field. In addition, Cité Gestion has set up a process with partners in the event of the occurrence of such a risk, which is structured according to the following phases: forensic investigations, repair and restoration countermeasures, legal management, notification(s) to the authorities. An insurance with a high level of coverage enables Cité Gestion to cover the possible financial impacts of such a risk. To date, no such event has happened against Cité Gestion.

Business continuity:

Cité Gestion has developed a Business Continuity Plan (BCP) in collaboration with its partner in the field (Lombard Odier Group) in line with the recommendations of the Swiss Banking Association (SBA) and the requirements of FINMA. It protects critical processes for Cité Gestion's business in the event of a crisis through preventive measures and the creation of computer back-ups. The BCP includes a risk analysis, identifications of needs and expectations, as well as a recovery strategy. The priorities of the BCP are: people's safety, the ability to make and execute decisions, and the full recovery of the most critical processes within a pre-defined period of time. The BCP has yet been triggered at Cité Gestion, even though it is tested on a regular basis.



BASEL III - PILLAR 3



CITÉ GESTION
PRIVATE BANK



PURPOSE AND SCOPE OF THIS REPORT

This document aims to provide our counterparties, external analysts, rating agencies, control bodies and our clients with detailed information relating to Cité Gestion risk management. This document provides information about the capital adequacy, the risk assessment methods and the level of risks taken by Cité Gestion. This document has been prepared according to the conditions defined in FINMA Circular 2016/1 'Disclosure – banks' from the Swiss Financial Market Supervisory Authority.

KM1 : KEY METRICS

31.12.2022 **31.12.2021** **31.12.2020** **31.12.2019**
 In thousands In thousands In thousands In thousands
 CHF CHF CHF CHF

Available capital

| | | | | |
|--------------------------------|--------|--------|--------|--------|
| 1. Common Equity Tier 1 (CET1) | 23 627 | 17 559 | 14 073 | 13 819 |
| 2. Tier 1 | 23 627 | 17 559 | 14 073 | 13 819 |
| 3. Total capital | 23 627 | 17 559 | 14 073 | 13 819 |

Risk weighted assets (RWA)

| | | | | |
|---------------------------------|---------|--------|--------|--------|
| 4. Total RWA | 111 020 | 93 190 | 66 814 | 63 260 |
| 4a. Minimal capital requirement | 8 882 | 7 455 | 5 345 | 5 061 |

Risk-based capital ratios as a percentage of RWA

| | | | | |
|-----------------------------------|-------|-------|-------|-------|
| 5. Common Equity Tier 1 ratio (%) | 21,3% | 18,8% | 21,1% | 21,8% |
| 6. Tier 1 ratio (%) | 21,3% | 18,8% | 21,1% | 21,8% |
| 7. Total capital ratio (%) | 21,3% | 18,8% | 21,1% | 21,8% |

KM1 : KEY METRICS

| | 31.12.2022 | 31.12.2021 | 31.12.2020 | 31.12.2019 |
|--|--------------|--------------|--------------|--------------|
| | In thousands | In thousands | In thousands | In thousands |
| | CHF | CHF | CHF | CHF |
| Additional CET1 buffer requirements as a percentage of RWA | | | | |
| 8 Capital conservation buffer requirement (2.5% from 2019) (%) | 2,5% | 2,5% | 2,5% | 2,5% |
| 9 Countercyclical buffer requirement (%) | - | - | - | - |
| 10 Bank G-SIB and/or D-SIB additional requirements (%) | - | - | - | - |
| 11 Total of bank CET1 specific buffer requirements (%) | 2,5% | 2,5% | 2,5% | 2,5% |
| 12 CET1 available after meeting the bank's minimum capital requirements (ie, after the CET1 allocated to minimum capital requirements and any TLAC requirements) (%) | 10,8% | 10,8% | 13,1% | 13,8% |
| FINMA capital ratio requirements as a percentage of RWA | | | | |
| 12a CET1 buffer (CAO, Annex 8) | 2,5% | 2,5% | 2,5% | 2,5% |
| 12b Countercyclical buffer (CAO, Art 44 and 44a) (%) | 0,0% | 0,0% | 0,0% | 0,0% |
| 12c CET1 total requirement in accordance with Annex 8 of CAO plus countercyclical buffer (CAO, Art 44 and 44a) (%) | 7,0% | 7,0% | 7,0% | 7,0% |
| 12d Tier 1 total requirements countercyclical buffer (CAO, Art 44 and 44a) (%) | 8,5% | 8,5% | 8,5% | 8,5% |
| 12e Total regulatory capital requirement in accordance with Annex 8 of CAO plus countercyclical buffer (CAO, Art 44 and 44a) (%) | 10,5% | 10,5% | 10,5% | 10,5% |

KM1 : KEY METRICS

31.12.2022 **31.12.2021** **31.12.2020** **31.12.2019**
 In thousands In thousands In thousands In thousands
 CHF CHF CHF CHF

Basel III leverage ratio

| | | | | |
|--|---------|---------|---------|---------|
| 13 Total Basel III leverage ratio exposure measure | 438 745 | 423 562 | 193 270 | 266 712 |
| 14 Basel III leverage ratio (%) | 5,4% | 4,1% | 7,3% | 5,2% |

Liquidity Coverage Ratio (LCR)

| | | | | |
|--|---------|---------|---------|-----|
| 15 Total high-quality liquid assets (HQLA) | 253 094 | 267 721 | 263 240 | N/A |
| 16 Total net cash outflow | 68 894 | 115 374 | 129 046 | N/A |
| 17 Liquidity coverage ratio, LCR (%) | 367,4% | 232,0% | 204,0% | N/A |

Net stable funding ratio (NSFR)

| | | | | |
|--|---------|---------|---------|-----|
| 18 Available stable refinancing | 262 512 | 199 574 | 162 146 | N/A |
| 19 Required stable refinancing | 80 245 | 54 888 | 47 326 | N/A |
| 20 Net stable funding ratio (NSFR) (%) | 327,1% | 363,6% | 342,6% | N/A |

OV1 : OVERVIEW OF RISK-WEIGHTED ASSETS

| | 31.12.2022 In thousands CHF | 31.12.2021 In thousands CHF | 31.12.2020 In thousands CHF | 31.12.2019 In thousands CHF |
|---|--|--|--|--|
| 1. Credit risk (excluding CCR - counterparty credit risk) | 2 868 | 2 527 | 1 475 | 1 907 |
| 20. Market risk | 617 | 412 | 225 | 84 |
| 24. Operational risk | 5 337 | 4 516 | 3 645 | 3 070 |
| 25. Amounts below the threshold for deduction (subject to 250% risk weight) | 0 | 0 | 0 | 0 |
| 27 Total (1 + 20 + 24 + 25) | 8 822 | 7 455 | 5 345 | 5 061 |

CR1 : CREDIT QUALITY OF ASSETS

| | a | b | c | d |
|-------------------------------------|--------------------------|----------------------------|-----------------------------|----------------|
| | Gross carrying values of | | Allowances / impairments | Net values |
| | Defaulted exposures | Non-defaulted exposures | | |
| 1 Loans (excluding debt securities) | 0 | 121 861 | 0 | 121 861 |
| 2 Debt securities | 0 | 254 162 | 0 | 254 162 |
| 3 Off-balance-sheet exposures | 0 | 17 174 | 0 | 17 174 |
| 4 Total at 31 December 2022 | 0 | 393 197 | 0 | 393 197 |

CR3 : CREDIT RISK MITIGATION TECHNIQUES - OVERVIEW

| | a | b1 | b | d |
|-------------------------------------|--|--|---|---|
| | Exposures unsecured / carrying amount | Exposures secured / carrying amount | Of which: exposures secured by collateral | Of which: exposures secured by financial Guarantees |
| 1 Loans (including debt securities) | 1 938 | 374 085 | 374 085 | 0 |
| 2 Off-balance-sheet operations | 1 626 | 15 548 | 15 548 | 0 |
| 3 Total at 31 December 2022 | 3 564 | 389 633 | 389 633 | 0 |
| 4 of which defaulted | 0 | 0 | 0 | 0 |

PUBLICATION REQUIREMENTS LINKED TO THE EQUITY AND LIQUIDITY RISK ACCORDING TO FINMA CIRCULARY 2016/01

IRRBB Interest rate risk : objectives and risk management framework of the interest rate risk

A) Definition of the Interest Rate Risk (IRRBB)

The interest rate risk corresponds to the risk of the bank's equity and its interest income. The variations of interests influences the economical value of the assets, liabilities and off-balance sheet positions. They also have an influence on the interest income of the bank.

B) Stratégies to manage and reduce the IRRBB

According to FINMA circularies 2019/2 Interest Rate Risk and 2016/1, the Bank defined a framework to manage interest rate risks. The supervisory body for interest rate risk is the Board, which determines the principles of risk management and the target levels.

C) Periodicity and indicators to assess interest rate risk

The indicators of the interest rate risk are determined quarterly :

- Economical variation of equity (base equity) : Indicateur IRRBB.
- Effect on income: Net Interest Income: NII.

D) Stresstests

The Bank uses the following scenarios:

- Parallel shift of +150 basis points,
- Parallel shift of -150 basis points
- Increase in the slope of the curb (short term rates decreasing and long term rates increasing),
- Decrease of the slope of the curb (short term rates increasing and long term ones decreasing),
- Increase in the short term interest rates,
- Decrease in the short term interest rates.

E) Model Hypotheses

There is no divergent hypothesis.

PUBLICATION REQUIREMENTS LINKED TO THE EQUITY AND LIQUIDITY RISK ACCORDING TO FINMA CIRCULARY 2016/01

F) General description of how the Bank covers the IRRBB

The risk appetite is small. The Bank limits its exposure to interest rate risk. It ensures that the composition of the ALM Committee is adequate, with a majority of members independent of the Front. The ALM Committee is coming together as soon as necessary and has the necessary knowledge and competencies to achieve its objectives.

G) Key hypotheses and parameter for the modelisation:

The numbers presented in the tables hereafter respect the rules of the FINMA circulary 2016/1 « Publication – banks ». The 6 interest rate scenarios are defined in the FINMA circulary 2019/2 « Interest Rate Risk – banks ». The following paragraphs describe in more details the hypothesis and parameters for the determination of the variation of the economical value of equity ΔEVE and the interest rate margin ΔNII .

1. ΔEVE

For the positions with fixed maturities, the individual cash flows are determined for each position. They are grouped within time buckets.

The positions without maturities are integrated according to replication models.

The future cash flows of all the positions are actualised according to the actual interest rate curve. Its variation according to the 6 scenarios mentioned above gives a precise indication of the debalancing in the balance sheet.

2. ΔNII

For the renewal of fixed term or variable term positions, the simulated 6 scenarios of interest rate curve change is applied for the next 12 months. The increase and decrease in the interest rate income is determined accordingly.

IRRB INTEREST RATE RISKS: QUANTITATIVE INFORMATION ON THE STRUCTURE OF POSITIONS AND REDEFINITION OF RATES AT 31.12.2022

| | Volumes in CHF millions | | | Average rate reset times (in years) | Maximum rate reset time (in years) for positions with modeled (non-predetermined) definition of the | |
|--|-------------------------|--------------|--|-------------------------------------|---|--------------|
| | Total | Of which CHF | Of which other significant currencies representing more than 10% of assets or liabilities of the balance sheet total | | Total | Of which CHF |
| Fix Reset Date | | | | | | |
| Receivables from banks | 8 | 2 | 2 | 0,01 | 0,03 | |
| Receivables from customers | 94 | 30 | 64 | 0,20 | 0,23 | |
| Fixed rate mortgages | | | | | | |
| Financial fixed assets | 254 | 241 | 13 | 0,53 | 0,52 | |
| Other receivables | | | | | | |
| Receivables arising from interest rate derivatives | 122 | | | 0,05 | | |
| Commitments to banks | | | | | | |
| Commitments resulting from customer deposits | | | | | | |
| Cash bonds | | | | | | |
| Borrowings and loans from bond issuing centers | | | | | | |
| Other commitments | | | | | | |
| Commitments resulting from interest rate derivatives | -122 | -122 | 115 | 0,05 | 0,05 | |
| Variable reset date | | | | | | |
| Receivables from banks | | | | | | |
| Receivables from customers | 28 | 2 | 26 | 0,22 | 0,22 | |
| Fixed rate mortgages | | | | | | |
| Financial fixed assets | | | | | | |
| Other receivables | | | | | | |
| Receivables arising from interest rate derivatives | | | | | | |
| Commitments to banks | -5 | | -5 | 1,04 | 1,04 | |
| Commitments resulting from customer deposits | -360 | -137 | -211 | 0,72 | 0,72 | |
| Cash bonds | | | | | | |
| Borrowings and loans from bond issuing centers | | | | | | |
| Other commitments | | | | | | |
| Commitments resulting from interest rate derivatives | | | | | | |
| Total | 19 | 14 | | | | |

IRRBBA1 INTEREST RATE RISK: QUANTITATIVE INFORMATION ON THE ECONOMIC VALUE OF THE EQUITY AND INTEREST INCOME (IRRBBA1) AT 31.12.2022

The values are those reported to the SNB on the corresponding reporting forms..

| <i>Period</i> | <i>ΔEVE (change in economic value of equity)</i> | | <i>ΔNII (change in net interest income)</i> | |
|--|--|------------|---|------------|
| | <i>in thousands of CHF</i> | | | |
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| Parallel rise | 1 818 | 2 412 | 346 | -2 461 |
| Parallel decline | -1 989 | -2 594 | -338 | 2 436 |
| Curve steepening {so-called steepener shock ² } | -86 | -626 | - | - |
| Curve flattening (flattener ³) | 438 | 1 086 | - | - |
| Increase in short-term rates | 1 033 | 1 816 | - | - |
| Decrease short-term interest rates | -1 129 | -1 938 | - | - |
| Maximum ⁴ | 1 818 | 2 412 | 346 | 2 436 |
| | | 31.12.2022 | | 31.12.2021 |
| Core capital (Tier 1) ⁵ | | 23 627 | | 17 559 |

¹ Including currency positions (in thousands of CHF).

² Lower short-term interest rates, combined with higher long-term interest rates.

³ Rise in short-term interest rates, associated with a fall in long-term interest rates.

⁴ Highest positive amount

⁵ Equity after distribution of the result.

CITÉ GESTION
P R I V A T E B A N K