



**CORPORATE GOVERNANCE**



**CITÉ GESTION**

## BOARD OF DIRECTORS

The Board of Directors is composed of three independent members:

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

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 Christophe Utelli, Deputy CEO
- Mr Laurent Kramer, Responsible for Lausanne's Office
- 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 categorised as follow:

- Financial risks: credit and 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
- Investment Committee

### The active functions within the ICS are:

- Risk Management
- Legal & Compliance
- Finance & Operations
- HR & Communication



## 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 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 does not grant unsecured credit or mortgage financing. It may only grant Lombard loans or guarantees up to the amount of its own equity, in accordance with the rules on pledging and the concentration limits in force. 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. To a limited extent and according to a very prudent selection method formalised in the Treasury Directive, Cité Gestion uses leading Swiss banks to invest its liquid assets.

### 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, 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. Legal risk 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 for securities dealers 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:

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.



## 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



## 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

|   | 31.12.2020   | 31.12.2019   | 31.12.2018   | 31.12.2017   |
|---|--------------|--------------|--------------|--------------|
|   | In thousands | In thousands | In thousands | In thousands |
|   | CHF          | CHF          | CHF          | CHF          |
| <b>Available capital</b>                                |              |              |              |              |
| 1. Common Equity Tier 1 (CET1)                          | 14 073       | 13 819       | 11 788       | 11 470       |
| 2. Tier 1   | 14 073       | 13 819       | 11 788       | 11 470       |
| 3. Total capital  | 14 073       | 13 819       | 11 788       | 11 470       |
| <b>Risk weighted assets (RWA)</b>                       |              |              |              |              |
| 4. Total RWA  | 66 814       | 63 260       | 56 316       | 55 652       |
| 4a. Minimal capital requirement                         | 5 345        | 5 061        | 4 505        | 4 452        |
| <b>Risk-based capital ratios as a percentage of RWA</b> |              |              |              |              |
| 5. Common Equity Tier 1 ratio (%)                       | 21.1%        | 21.8%        | 20.9%        | 20.6%        |
| 6. Tier 1 ratio (%)                                     | 21.1%        | 21.8%        | 20.9%        | 20.6%        |
| 7. Total capital ratio (%)                              | 21.1%        | 21.8%        | 20.9%        | 20.6%        |

## KM1 : KEY METRICS

|  | 31.12.2020   | 31.12.2019   | 31.12.2018   | 31.12.2017   |
|--|--------------|--------------|--------------|--------------|
|  | In thousands | In thousands | In thousands | In thousands |
|  | CHF          | CHF          | CHF          | CHF          |
| <b>Additional CET1 buffer requirements as a percentage of RWA</b>  |              |              |              |              |
| 8 Capital conservation buffer requirement (2.5% from 2019) (%)   | 2.5%         | 2.5%         | 1.9%         | 1.3%         |
| 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%         | 1.9%         | 1.3%         |
| 12 CET1 available after meeting the bank's minimum capital requirements (ie, after the CET1 allocated to minimum capital requirements and any TLAC requirements) (%) | 13.1%        | 13.8%        | 17.4%        | 17.1%        |
| <b>FINMA capital ratio requirements as a percentage of RWA</b>   |              |              |              |              |
| 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

|  | <b>31.12.2020</b> | <b>31.12.2019</b> | <b>31.12.2018</b> | <b>31.12.2017</b> |
|--|-------------------|-------------------|-------------------|-------------------|
|  | In thousands      | In thousands      | In thousands      | In thousands      |
|  | CHF               | CHF               | CHF               | CHF               |
| <b>Basel III leverage ratio</b>                    |                   |                   |                   |                   |
| 13 Total Basel III leverage ratio exposure measure | 193 270           | 266 712           | 247 908           | 198 679           |
| 14 Basel III leverage ratio (%)                    | 7.3%              | 5.2%              | 4.8%              | 5.8%              |

## OV1 : OVERVIEW OF RISK-WEIGHTED ASSETS

|   | <b>31.12.2020</b><br>In thousands<br>CHF | <b>31.12.2019</b><br>In thousands<br>CHF | <b>31.12.2018</b><br>In thousands<br>CHF | <b>31.12.2017</b><br>In thousands<br>CHF |
|---|--|--|--|--|
| 1. Credit risk (excluding CCR - counterparty credit risk)                   | 1 475                                    | 1 907                                    | 1 713                                    | 1 396                                    |
| 20. Market risk   | 225                                      | 84                                       | 95                                       | 376                                      |
| 24. Operational risk  | 3 645                                    | 3 070                                    | 2 698                                    | 2 681                                    |
| 25. Amounts below the threshold for deduction (subject to 250% risk weight) | 0  | 0  | 0  | 0  |
| <b>27 Total (1 + 20 + 24 + 25 )</b>   | <b>5 345</b>                             | <b>5 061</b>                             | <b>4 506</b>                             | <b>4 453</b>                             |

## CR1 : CREDIT QUALITY OF ASSETS

|                                     | a                        | b                          | c                           | d              |
|-------------------------------------|--------------------------|----------------------------|-----------------------------|----------------|
|                                     | Gross carrying values of |                            | Allowances /<br>impairments | Net values     |
|                                     | Defaulted<br>exposures   | Non-defaulted<br>exposures |                             |                |
| 1 Loans (excluding debt securities) | 0                        | 54 213                     | 0                           | 54 213         |
| 2 Debt securities                   | 0                        | 59 480                     | 0                           | 59 480         |
| 3 Off-balance-sheet exposures       | 0                        | 9 987                      | 0                           | 9 987          |
| <b>4 Total at 31 December 2020</b>  | <b>0</b>                 | <b>123 680</b>             | <b>0</b>                    | <b>123 680</b> |

## CR3 : CREDIT RISK MITIGATION TECHNIQUES - OVERVIEW

|                                     | a  | b1                                     | b   | d   |
|-------------------------------------|--|--|---|---|
|                                     | Exposures<br>unsecured /<br>carrying<br>amount | Exposures secured /<br>carrying amount | Of which:<br>exposures secured<br>by collateral | Of which:<br>exposures<br>secured by<br>financial<br>Guarantees |
| 1 Loans (including debt securities) | 10 466   | 74 916                                 | 74 916  | 0   |
| 2 Off-balance-sheet operations      | 685  | 14 426                                 | 14 426  | 0   |
| <b>3 Total at 31 December 2020</b>  | <b>11 151</b>                                  | <b>89 342</b>                          | <b>89 342</b>                                   | <b>0</b>  |
| 4 of which defaulted                | 0  | 0                                      | 0   | 0   |

**CITÉ** GESTION

**THE ESSENCE**  
OF FREEDOM

