BANQUE
PÂRIS BERTRAND

GOVERNANCE- SUPPLEMENTARY INFORMATION

RISK MANAGEMENT

The Bank's risk management policy is described in its institution-wide risk management framework. Risk aversion and prudence are the main pillars of the Bank's business approach, which is totally oriented towards client satisfaction, which it tries to obtain thanks to its performances, its transparency, its rigorousness and innovation skills. Risk appetite can generally be considered as low.

Credit risk
The Bank offers upon request Lombard credit facilities to its clients, which are fully secured by the assets in deposit with the Bank. Conservative haircuts are applied when assessing the loan-to-value of a portfolio; The Bank does only lend on listed securities and lending value is based on the ratings made available by Standard & Poor's. The Bank does not accept private capital or default debt as collateral. Margin calls would be made when deemed necessary.

Market risk
The Bank does not intend to hold material trading positions for its own account and has set very narrow limits for own trading positions, as well as foreign exchange positions.

Interest rate risk
The Bank does not have interest bearing liabilities as it does not accept saving deposits and does not remunerate non- invested customer current accounts. The Bank's policy is to avoid borrowing on the inter-banking market and not to issue bonds. Hence the Bank's balance sheet is not exposed to interest rate risk due to its inherent structure and business approach.

Operational risk
The Bank's internal control system and its risk management infrastructure and tools allow to limit the various operational risks such as the risk of wrong execution of a transaction, the risk of unproper execution of a mandate, information technology risk, cyber risk, risk of fraud, legal and reputational risk, compliance risk and liquidity risk (see below).

Liquidity risk
The Bank's was launched in 2009 with a share-capital of CHF 20 million. Its balance sheet activities are hence voluntary limited, including Lombard credit activities which are kept below a 50% threshold on customer current accounts. Liquid assets are placed with high quality liquid assets (HQLA). Liquidity planning and stress tests are regularly made to ensure maintaining an adequate level of liquidity at all times.

KEY INDICATORS (in thousands of Swiss Francs)

	Group Pâris Bertrand	
	31.12.2018	**31.12.2017**
Eligible capital		
Common Equity Tier 1 capital (CET1)	13 946	n/a
Common Equity Tier 1 capital without the effects of the transitional provisions for expected losses	13 946	n/a
Tier 1 capital (T1)	13 946	n/a
Tier 1 capital without the effects of the transitional provisions for expected losses	13 946	n/a
Total capital, total	13 946	n/a
Total capital without the effects of the transitional provisions for expected losses	13 946	n/a
Risk-weighted assets (RWA)		
RWA	74 894	n/a
Minimum capital		
Risk-based capital ratios (in % of RWA)		
CET1 ratio (%)	18.62%	n/a
CET 1 ratio without the effects of the transitional provisions for expected losses (%)	18.62%	n/a
Tier 1 capital ratio (%)	18.62%	n/a
Tier 1 capital without impact of the transitional provisions for expected losses (%)	18.62%	n/a
Total capital ratio (%)	18.62%	n/a
Total capital ratio without impact of the transitional provisions for expected losses (%)	18.62%	n/a
CET1 buffer capital requirements (in % of RWA)		
Capital buffer in accordance with Basel Minimum Standards (as of 2019: 2.5%) (%)	2.50%	n/a
Countercyclical buffer (Article 44a CAO) in accordance with the Basel Minimum Standards (%)	0.00%	n/a
Additional capital buffer due to national or international systemic importance (%)	0.00%	n/a
Overall buffer requirements in accordance with the Basel Minimum Standards in CET1 quality (%)	2.50%	n/a
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) (%)	15.12%	n/a
Targeted capital ratio according to Annex 8 of the CAO (in % of RWA)		
Capital buffer according to Annex 8 CAO (%)	2.50%	n/a
Countercyclical buffer (Articles 44 and 44a CAO) (%)	0.00%	n/a
CET1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	7.00%	n/a
Tier 1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	8.50%	n/a
Total capital target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	8.50%	n/a
Basel III leverage ratio		
Total exposure	132 759	n/a
Basel III leverage ratio (Tier 1 capital in % of the total exposure)	10.50%	n/a
Basel III leverage ratio (Tier 1 capital in % of the total exposure) without the effects of the transitional provisions for expected losses	10.50%	n/a
Liquidity Coverage Ratio (LCR)		
LCR numerator: Total high quality liquid assets (HQLA)	21 330	n/a
LCR denominator: Total of net cash outflow	11 821	n/a
LCR (in %)	180.44%	n/a
Net stable funding ratio (NSFR) 2		
Available stable refinancing	73 452	n/a
Required stable refinancing	42 197	n/a
Net stable funding ratio (NSFR) (in %)	174.00%	n/a

OVERVIEW OF RISK-WEIGHTED ASSETS (in thousands of Swiss Francs)

		Group Pâris Bertrand			
		31.12.2018		31.12.2017	
		RWA	Required	RWA	Required
Required capital	**Calculation method**				
Credit risk	SA-BIZ	39 862	3 189	n/a	n/a
Non counterparty risk		2 192	175	n/a	n/a
Market risk	Standardised approach	1 004	80	n/a	n/a
Operational risk	Basis indicator approach	31 836	2 547	n/a	n/a
Total			**5 992**		**n/a**
RWA			**74 894**		**n/a**
Eligible core capital			**13 946**		**n/a**
Capital ratio			**18.62%**		**n/a**

CREDIT RISK: CREDIT QUALITY OF ASSETS (in thousands of Swiss Francs)

	Group Pâris Bertrand			
	31.12.2018			
	Gross carrying values of			
	Defaulted exposures	Non-defaulted exposures	Value adjustments / impairments	Net values
Loans (excluding debt securities)	-	43 152	-	43 152
Debt securities	-	4 915	-	4 915
Off-balance-sheet exposures	-	20 155	-	20 155
Total	**-**	**68 222**	**-**	**68 222**

CREDIT RISK: CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES (in thousands of Swiss Francs)

	Group Pâris Bertrand
	31.12.2018
Defaulted receivables and debt securities11, at end of the previous reporting period	-
Receivables and debt securities that have defaulted since the end of the previous reporting period	-
Exposures that have returned to non-defaulted status	-
Amounts written off	-
Other changes (+/-)	-
Defaulted receivables and debt securities, at end of the reference period (1+2-3-4+5)	-

CREDIT RISK: QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO MITIGATION TECHNIQUES (in thousands of Swiss Francs)

The Bank is only granting Lombard loans and therefore there is no mitigation method currently in place within the Bank.

Group Pâris Bertrand

			31.12.2018
	Unsecured exposures / carrying amount	**Secured exposures, actual collateralized amount**	**Exposures secured with financial guarantees or credit derivatives, actual collateralized amount**
Receivables (including debt securities)	12 485	35 582	-
Off-balance sheet transactions	1 442	20 555	-
Total	**13 927**	**56 137**	**-**
Of which: defaulted	-	-	-

CREDIT RISK: RISK EXPOSURE AND CREDIT RISK MITIGATION (CRM) EFFECTS UNDER THE STANDARDIZED APPROACH (in thousands of Swiss Francs)

Group Pâris Bertrand

						31.12.2018
	Exposures prior to applying a credit conversion factor (CCF) and a credit risk mitigation (CRM)		Exposures after applying a credit conversion factor (CCF) and according to credit risk mitigation (CRM)			
Exposure category	**Balance-sheet exposures**	**Off-balance-sheet exposures**	**Balance-sheet exposures**	**Off-balance-sheet exposures**	**RWA**	**RWA density**
Central governments and central banks	33 558	-	33 558	-	-	0%
Banks and securities dealers	39 742	7 031	39 742	1 862	8 507	20%
Public-sector entities and multilateral development banks	-	170	-	85	17	20%
Corporations	16 431	5 693	2 342	1 130	3 472	100%
Retail	32 897	16 569	15 959	3 072	19 031	100%
Equity interests	5 787	-	8 680	-	8 680	100%
Other exposures	362	-	32	-	32	100%
Total	**128 777**	**29 463**	**100 313**	**6 149**	**39 739**	

CREDIT RISK: EXPOSURES BY EXPOSURE CATEGORY AND RISK WEIGHTS UNDER THE STANDARDIZED APPROACH (in thousands of Swiss Francs)

Group Pâris Bertrand

										31.12.2018
Exposure category / risk-weight	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total of credit risk exposures after CCF and CRM1**
Central governments and central banks	33 558									33 558
Banks and securities dealers			40 981		623					41 604
Public-sector entities and multilateral development banks			85							85
Corporations				16			3 456			3 472
Retail				45		907	18 079			19 031
Equity interests								8 680		8 680
Other exposures							32			32
Total	**33 558**	**-**	**41 066**	**61**	**623**	**907**	**21 567**	**8 680**	**-**	**106 462**
Of which mortgage-backed exposures	-	-	-	-	-	-	-	-	-	-
Of which overdue exposures	-	-	-	-	-	-	-	-	-	-