




# FINANCIAL REPORT 2020



UNION BANCAIRE PRIVÉE





# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2020



# FINANCIAL HIGHLIGHTS FOR THE GROUP

	2020 in CHF millions	2019 in CHF millions	Variation in CHF millions	Variation in %
Net profit	181.4	187.8	(6.4)	(3.4%)
Operating result	220.0	202.4	17.6	8.7%
Client assets (in CHF billions)	147.4	140.3	7.1	5.1%
<b>Total operating income</b>	<b>1,071.2</b>	<b>1,067.4</b>	<b>3.8</b>	<b>0.4%</b>
Net result from interest operations	223.6	298.2	(74.6)	(25.0%)
Net fees and commissions income	736.7	677.9	58.8	8.7%
Profit on trading operations and on fair value options	106.7	83.8	22.9	27.3%
<b>Total operating expenses</b>	<b>718.4</b>	<b>725.2</b>	<b>(6.8)</b>	<b>(0.9%)</b>
Personnel expenses	529.8	524.2	5.6	1.1%
General and administrative expenses	188.6	201.1	(12.5)	(6.2%)
Depreciation, value adjustments, provisions and losses	132.7	139.8	(7.1)	(5.1%)
<b>Total assets</b>	<b>37,808.7</b>	<b>32,755.6</b>	<b>5,053.1</b>	<b>15.4%</b>
Shareholders' equity	2,406.9	2,355.2	51.7	2.2%
Share capital	300.0	300.0	-	-
Capital reserves	867.3	867.3	-	-
Reserves and retained earnings	842.8	785.1	57.7	7.4%
Reserves for general banking risks	215.4	215.4	-	-
Staff members (as at 31 December)	1,812	1,743	69.0	4.0%
Net profit per staff member (in CHF thousands)	100.1	107.7	(7.6)	(7.1%)
Operating cost/income ratio	67.1%	67.9%	-	-
Cost/income ratio after depreciation	79.2%	79.5%	-	-
Return on equity (ROE)	7.7%	8.2%	-	-
Shareholders' equity/total assets ratio	6.4%	7.2%	-	-
Tier 1 capital ratio	27.7%	25.6%	-	-
Liquidity coverage ratio (LCR)	307.5%	316.4%	-	-
Leverage ratio	6.6%	5.8%	-	-

## Consolidated balance sheet as at 31 December

(in CHF thousands)

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	7,043,041	7,099,857
Due from banks	2,538,863	2,057,494
Due from securities financing transactions	95,587	454,151
Due from clients	9,587,854	9,418,196
Mortgages	1,957,788	1,686,248
Trading portfolio assets	1,590,107	688,044
Positive replacement values of derivative financial instruments	625,442	382,284
Other financial instruments at fair value	1,454,014	957,917
Financial investments	11,795,932	9,091,438
Accrued income and prepaid expenses	157,875	147,737
Non-consolidated participations	2,755	3,173
Tangible fixed assets	317,643	306,436
Intangible assets	223,433	286,361
Other assets	418,395	176,264
<b>Total assets</b>	<b>37,808,729</b>	<b>32,755,600</b>
<b>Total subordinated claims</b>	<b>-</b>	<b>-</b>

(in CHF thousands)

	2020	2019
<b>Liabilities</b>		
Due to banks	592,670	722,431
Liabilities from securities financing transactions	6,403,239	2,963,872
Due in respect of client deposits	24,894,302	24,326,892
Liabilities from trading portfolios	241	521
Negative replacement values of derivative financial instruments	1,317,827	571,338
Liabilities from other financial instruments at fair value	1,792,661	1,378,138
Accrued expenses and deferred income	295,309	333,619
Other liabilities	78,251	60,652
Provisions	27,306	42,913
<b>Total liabilities</b>	<b>35,401,806</b>	<b>30,400,376</b>
Reserves for general banking risks	215,375	215,375
Share capital	300,000	300,000
Capital reserves	867,336	867,336
Reserves and retained earnings	842,847	785,067
Minority interests in equity	(77)	(323)
Group profit	181,442	187,769
of which minority interests in Group profit	248	82
<b>Total equity</b>	<b>2,406,923</b>	<b>2,355,224</b>
<b>Total liabilities and equity</b>	<b>37,808,729</b>	<b>32,755,600</b>
<b>Total subordinated liabilities</b>	<b>-</b>	<b>-</b>

## Off-balance sheet transactions as at 31 December

(in CHF thousands)

	2020	2019
Contingent liabilities	403,902	422,196
Irrevocable commitments	72,126	146,925
Liabilities to pay up shares and to make additional payments	833,278	322,929
Credit commitments (deferred payments)	1,903	872

## Consolidated statement of income

(in CHF thousands)

	2020	2019
<b>Consolidated statement of ordinary income and expenses on banking operations</b>		
<b>Result from interest operations</b>		
Interest and discount income	318,805	592,215
Interest and dividends from financial investments	66,118	93,602
Interest expense	(161,307)	(383,390)
<b>Gross result from interest operations</b>	<b>223,616</b>	<b>302,427</b>
Changes in value adjustments and provisions for default risks and losses from interest operations	13	(4,270)
<b>Net result from interest operations</b>	<b>223,629</b>	<b>298,157</b>
<b>Fees and commissions</b>		
Commission income on securities trading and investment transactions	746,875	689,466
Credit-related fees and commissions	2,748	2,833
Other fees and commissions income	3,479	4,182
Commission expense	(16,381)	(18,591)
<b>Fees and commissions</b>	<b>736,721</b>	<b>677,890</b>
<b>Result from trading activities and the fair value option</b>	<b>106,660</b>	<b>83,806</b>
<b>Other result from ordinary activities</b>		
Result from the disposal of financial investments	1,867	(524)
Income from participations	706	5,726
of which, from participations reported using the equity method	(415)	(322)
of which, from other non-consolidated participations	1,121	6,048
Result from real estate	576	663
Other ordinary income	1,030	1,643
<b>Other result from ordinary activities</b>	<b>4,179</b>	<b>7,508</b>
<b>Total income</b>	<b>1,071,189</b>	<b>1,067,361</b>



(in CHF thousands)

	2020	2019
<b>Operating expenses</b>		
Personnel expenses	(529,811)	(524,175)
General and administrative expenses	(188,618)	(201,069)
<b>Total operating expenses</b>	<b>(718,429)</b>	<b>(725,244)</b>
Value adjustments on participations and depreciation of tangible and intangible fixed assets	(129,601)	(123,742)
Changes to provisions and other value adjustments and losses*	(3,148)	(16,010)
<b>Operating result</b>	<b>220,011</b>	<b>202,365</b>
Extraordinary income	1	34,361
Taxes	(38,570)	(48,957)
<b>Group profit</b>	<b>181,442</b>	<b>187,769</b>
of which minority interests in Group profit	248	82

\*The US Program provision was stated separately in 2019. The 2019 comparative figure has been reclassified to conform with the 2020 financial statement presentation.

## Consolidated cash flow statement

(in CHF thousands)

	2020		2019	
	Source of funds	Use of funds	Source of funds	Use of funds
<b>Cash flow from operating income (internal sources)</b>				
Group profit	181,442		187,769	
Changes in reserves for general banking risks				
Value adjustments on participations, depreciation on tangible fixed assets and intangible assets	129,601		123,742	
Provisions and other value adjustments	3,148		16,010	
Changes in value adjustments for default risks and losses				
Accrued income and prepaid expenses		10,140		4,653
Accrued expenses and deferred income		38,309		45,843
Other items		18,659		6,700
Dividend from the previous financial year		130,000		135,000
<b>Subtotal</b>	<b>117,083</b>		<b>135,325</b>	
<b>Cash flow from equity capital transactions</b>				
Share capital				
Reserves	161			323
<b>Subtotal</b>	<b>161</b>			<b>323</b>
<b>Cash flow from transactions in participations, tangible fixed assets and intangible assets</b>				
Non-consolidated participations	418			558
Real estate			9,250	
Other tangible fixed assets		78,629		81,699
Intangible assets	749			23,674
<b>Subtotal</b>		<b>77,462</b>		<b>96,681</b>

(in CHF thousands)

	2020		2019	
	Source of funds	Use of funds	Source of funds	Use of funds
<b>Cash flow from banking activities</b>				
<b>Medium- and long-term transactions (&gt;1 year)</b>				
Due to banks				
Due in respect of client deposits				
Other liabilities	17,599			67,215
Due from clients	46,465		54,624	
Mortgages		115,369	36,684	
Financial investments	2,806,530			652,083
Other assets		242,132		128,661
<b>Short-term transactions</b>				
Due to banks		129,761	105,112	
Liabilities from securities financing transactions	3,439,368			1,629,163
Due in respect of client deposits	567,410		1,189,099	
Liabilities from trading portfolios		280	521	
Negative replacement values of derivative financial instruments	746,489		182,155	
Liabilities from other financial instruments at fair value	414,523		388,404	
Due from banks		481,370		974,056
Due from securities financing transactions	358,565		360,149	
Due from clients		216,123		563,624
Mortgages		156,171		102,841
Trading portfolios assets		902,063		293,321
Positive replacement values of derivative financial instruments		243,158	119,628	
Other instruments at fair value		496,097		164,815
Financial investments		5,511,023	765,894	
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	56,816		1,335,188	
<b>Subtotal</b>		<b>39,782</b>		<b>38,321</b>
<b>Total</b>	<b>8,571,009</b>	<b>8,571,009</b>	<b>4,672,783</b>	<b>4,672,783</b>

## Statement of shareholders' equity

(in CHF thousands)

	Share capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Foreign exchanges reserves	Own shares (negative item)	Minority interests in equity	Result of the period	Total
<b>Total shareholders' equity as at 31/12/2019</b>	300,000	867,336	785,067	215,375	-	-	(323)	187,769	2,355,224
Attribution of previous year's result			57,687				82	(57,769)	-
Foreign exchange differences			93				3		96
Acquisition of equity							161		161
Dividends and other distributions								(130,000)	(130,000)
Group profit for the financial year 2020								181,442	181,442
<b>Total shareholders' equity as at 31/12/2020</b>	300,000	867,336	842,847	215,375	-	-	(77)	181,442	2,406,923



APPENDIX  
TO THE  
CONSOLIDATED  
ANNUAL  
FINANCIAL  
STATEMENTS

## Company name, legal form and registered head office

Union Bancaire Privée, UBP SA is a limited company registered in Switzerland and based in Geneva.

## Activities

For details on the Group's business activities, see the activity report.

## Valuation and accounting principles

### Basic principles

The accounting, measurement and presentation principles applied to the Group and individual company financial statements comply with the Swiss federal act on banks and savings banks, its implementing ordinance, FINMA's "Accounting rules for banks, securities dealers, financial groups and conglomerates" (ARB), and FINMA Circular 2020/1.

The consolidated financial statements provide a true and fair picture of the Union Bancaire Privée Group's net worth, financial position and earnings.

The principal accounting methods consistently used to determine the Group's net worth and earnings are as follows:

### Consolidated holdings

Holdings of more than 50% are fully consolidated if the Bank has control, i.e. if the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Assets and liabilities, as well as income and expense, are integrated in full (100%). Minority shareholders interests in net assets and net profit are stated separately in the consolidated balance sheet and statement of income.

Holdings of 20% to 50% are accounted for under the equity method. The net assets and net profit corresponding to those holdings are reflected in the consolidated financial statements in proportion to the Group's percentage stake.

Minor holdings and those of less than 20% are recognised as unconsolidated holdings at their purchase price, after deduction of any depreciation necessary.

### Elimination of intra-group items

All items stated in the balance sheet and statement of income (including off-balance-sheet transactions) resulting from business relationships between Group companies are eliminated in the consolidated financial statements.

### Transaction accounting

All transactions are recognised and measured according to recognised principles and are in principle recognised in the balance sheet at their value date, or at their settlement date for money transfers and cash securities transactions.

### Matching principle

Income and expenses are recognised in the period to which they relate. Accruals and prepayments are made to ensure income and expenses are matched to the proper accounting period.

### Foreign currency translation

The balance sheets of Group companies prepared in foreign currencies are translated into Swiss francs at the exchange rate effective on the balance sheet date, with the exception of equity, which is translated at historical rates. For the statement of income, average annual exchange rates are used. Differences resulting from differing rates are recognised under equity as part of retained earnings.

In the individual financial statements of Group companies, assets and liabilities denominated in foreign currencies are translated into local currency at the exchange rate effective on the balance sheet date. Income and expenses are converted at the rate in force at the time of their recognition, at the exchange rate valid at the end of the month in question, or at a hedging rate if the currency risk was hedged.

Exchange rates of major foreign currencies vs. CHF:

	Average rates			
	31/12/20	31/12/19	2020	2019
USD	0.88395	0.96835	0.9340	0.9929
GBP	1.20832	1.28282	1.2061	1.2719
EUR	1.08156	1.08697	1.0705	1.1111

### Liquid assets, receivables from banks and clients

These items are stated at their nominal value. Known and foreseeable risks are reflected in individual value adjustments, which are deducted directly from the corresponding balance sheet items.

### Securities financing transactions

The Group carries out securities repo and reverse repo transactions as part of its cash management activities, along with securities lending and borrowing transactions on behalf of clients.

The cash exchanged and accrued interest are recognised on the balance sheet at nominal value. A balance-sheet entry only takes place where the party transferring the securities also transfers the economic decision-making power. As regards securities lending and borrowing, transactions in which the Group acts as principal are recognised in the balance sheet, while those carried out on behalf of clients, as agent, are treated in accordance with rules relating to fiduciary transactions.

### Trading portfolio assets and liabilities from trading portfolios

Positions held in a trading portfolio are valued at market prices on the balance-sheet date. They include positions that are not acquired for long-term investment purposes or to hedge client subscriptions to securities-based certificates issued by the Bank.

Realised and unrealised profits and losses are included in the income statement under the line “Result from trading activities and the fair value option”. Securities that are not traded regularly are stated at their acquisition cost after deduction of any depreciation necessary (i.e. at the lower of market and acquisition cost).

Interest and dividend income from positions held in trading portfolios are credited to “Result from trading activities and the fair value option”. Funding costs are deducted, at the market rate, from trading income and credited to “Interest and discount income”.

#### **Other financial instruments measured at fair value and liabilities resulting from financial instruments measured at fair value**

The Group allows its clients to subscribe certificates, which mainly correspond to units in baskets of shares and bonds.

The amount of client certificate subscriptions is included on the liabilities side of the balance sheet under “Liabilities resulting from other financial instruments at fair value”. The amounts corresponding to the underlying financial assets are included on the asset side of the balance sheet under “Other financial instruments at fair value”.

The difference between the amount of client subscriptions on the liabilities side and the securities positions that cover the certificates on the asset side arises mainly from a cash component that has not yet been invested and that is recognised under liquidity on the asset side of the balance sheet, or from positions hedged by derivatives.

#### **Financial investments**

Financial investments include long-term holdings of securities and precious metal positions. In principle, debt securities, both fixed- and floating-rate, are held until maturity. Equity securities are valued at the lower of market and acquisition cost. For debt securities, the difference between nominal value and purchase cost is allocated over the residual life of the security and included under “Interest and dividend income from financial investments”. Gains and losses resulting from positions sold before maturity or redeemed early, are allocated to the income statement over the residual term of the transaction, and are included in the line “Interest and dividends from financial investments”. Precious metals are measured at market prices on the balance-sheet date. They are mainly used to cover client assets in metals accounts.

#### **Non-consolidated participations**

Minor holdings and those of less than 20% are recognised in “Non-consolidated participations” at their purchase price, less any economically necessary value adjustments.

#### **Tangible fixed assets**

Buildings, equipment, fixtures and fittings, and computer programs that have been bought, as well as the fees of third parties relating to software in development, are depreciated over a period that is calculated according to their useful economic life. The carrying values are reviewed periodically for any impairment in value.

Buildings and other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

- buildings: 67 years
- fixtures and fittings: 8 years
- IT hardware, software and telecoms equipment: 3 to 10 years

#### **Intangible assets**

If, when acquiring a business or a client portfolio, the costs of acquisition are higher than the net assets acquired, the difference represents acquired goodwill. Goodwill is capitalised in the balance sheet and amortised on a straight-line basis over the estimated useful life. Given the Group’s ability to maintain the value of acquired assets as shown in various acquisitions in the past, the estimated useful life is 10 years.

#### **Provisions**

Provisions are made for all potential and identifiable risks existing at the balance-sheet date.

#### **Income tax**

Current income taxes are calculated on the basis of the applicable tax laws in the individual countries and recorded as an expense in the period in which the related profits are made. They are shown as liabilities in the balance sheet under “Accruals and deferred income”.

The tax effects arising from temporary differences between the carrying value and tax value of assets and liabilities are recorded as deferred taxes under “Provisions” on the liabilities side of the balance sheet. Recognised timing differences correspond mainly to the reserve for general banking risks. Deferred taxes are calculated using expected future tax rates.

#### **Employee pension plans**

The Group has a number of employee pension benefit institutions in Switzerland and abroad, most of which comprise defined-contribution plans. The adjusted contributions for the period are shown as personnel costs in the statement of income. The corresponding adjustments to assets or liabilities and the claims and commitments arising from statutory, regulatory or contractual requirements are shown in the balance sheet. An annual study is conducted to determine whether the pension fund presents a financial benefit (surplus) or a financial commitment (deficit) from the Bank’s viewpoint. The basis of evaluation is composed of the contracts, annual financial statements of pension institutions established in Switzerland in accordance with the Swiss GAAP RPC 26, and other calculations showing the financial position and surplus or deficit of each pension plan according to actual conditions.

A surplus is recorded in the Bank’s financial statements only if the Bank is legally permitted to use this surplus either to reduce or reimburse the employer contributions, or for purposes outside the framework of the regulatory benefits. In the event of a deficit, a provision is set aside only if the Bank has decided to or is required

to participate in its financing. When the surplus and/or deficit is recorded in the statement of income, it is recognised under “Personnel costs”. In the balance sheet, the surplus is recognised under “Other assets”, whereas a deficit is recognised under “Provisions”.

### Reserves for general banking risks

Accounting rules for banks expressly authorise the creation of a reserve for general banking risks, which may be treated as equity capital.

### Derivative instruments and their replacement value

Derivative instruments include options, futures and swaps on equities, stock indices, currencies, commodities and interest rates, forward rate agreements, and forward contracts on currencies, securities and commodities. Derivative instruments are marked-to-market. Realised and unrealised profits and losses from trading positions and changes in fair value are stated under “Result from trading activities and the fair value option”. Hedging transactions related to interest-rate and currency risk management are valued according to the rules applicable to the underlying position and reported accordingly in the statement of income. In the case of an advance sale of an interest-rate hedging instrument valued on the principle of accrued interest, the realised profit or loss is deferred and reported in the statement of income over the initial term of the instrument sold. If the impact of the hedging transactions is greater than that of the hedged positions, the surplus fraction is treated as a trading transaction. Positive and negative replacement values on transactions carried out on a proprietary trading basis are reported in special asset or liability items, as are those entered into on behalf of clients on OTC contracts.

### Subcontracted services

For the activities carried out by the Singapore and Hong Kong branches, the Bank subcontracts the management, development and maintenance of its banking software as well as its back-office activities to the company Azqore (Switzerland) SA.

Subcontracted services are governed by a detailed service level agreement and monitored through frequent quality and results assessments. The Bank has entrusted the development and maintenance of a large portion of its software applications to IBM. Operations under this subcontracting agreement started on 1 January 2019.

### Auditor

The Group’s auditor has been Ernst & Young SA since 1990, with Raphaël Thürler as head auditor since 2019.

### Global risk management

#### General principles

The risk management mandate defined by the Board of Directors via the Board’s Risk Committee, and the Executive Committee is set out in the “Bank Risk Policy & Risk Governance Framework” and the “Bank’s Liquidity Risk Tolerance & Risk Appetite Framework”, as well as in internal directives and procedures. The

aim is to ensure that risks associated with the Group’s activities are identified, assessed and managed, for the benefit of both clients and shareholders. The Group therefore places great importance on having high-quality human resources and IT systems and infrastructure, and promotes an internal risk management culture. This integrated, rigorous approach to risk management ensures a reliable risk management process and is crucial to our success.

The process is based on comprehensive and detailed guidelines and effective information management systems for monitoring, controlling and reporting all significant risks. To ensure that risk is taken in a cautious, measured way in keeping with our commercial strategy, we apply a conservative risk management framework when planning and conducting our business activities. In terms of organisational structure, the Group has three levels of risk management/risk controlling responsibilities:

- Overall strategic guidance and supervision, performed by the Board of Directors, via the Board’s Risk Committee, which is responsible for determining general risk policy and risk management strategy (risk vision, risk appetite and risk control standards);
- Management and operational supervision by the Executive Committee and the Risk Committee (formulation and implementation of risk management strategies);
- Risk control, primarily by the independent Risk Management unit, as well as the Compliance Department and the Credit Risk Department.

Risk monitoring is carried out in the Group’s various business divisions – Treasury & Trading, Wealth Management, Asset Management, and COO – as follows:

- a) Independent risk oversight, risk alert systems and crisis scenarios;
- b) Governance and risk vision;
- c) “Daily Risk Snapshot” – identification, measurement and reporting of the Bank’s consolidated risk profile in relation to the risk tolerance threshold defined by the Committee of the Board of Directors, i.e. market, liquidity, credit and operational risk – for members of the Risk Committee, and a monthly report for the Board’s Risk Committee and the Executive Committee for analysis and review;
- d) Wealth Management & Asset Management investment process control (“investment suitability”), performance measurement/portfolio analytics assessment, operational risk assessment;
- e) Risk management system selection/design and maintenance; and
- f) Risk measurement relating to derivatives/structured products and new products and activities being developed.

#### Market risk

Market risks arising through the Group’s treasury and trading activities are managed within the framework defined in the internal “Market Risk Manual”, and its appendices “Stress



Scenario Analysis” and “Market Risk Limits”, and according to a system of integrated limits, established at various levels and consisting of the following:

- Position limits (market value / intraday valuation);
- Sensitivity limits (duration, delta, gamma, vega);
- Value at risk (VaR);
- Maximum loss (stop loss); and
- Primary market exposure, issuer and country limits.

That management is supplemented by stress scenario simulations, risk-adjusted performance measurement (RAPM) and VaR backtesting.

Daily consolidated reports regarding market risk exposure, stress VaR, and RAPM are generated by Risk Management for the Risk Committee and the departments concerned, and submitted monthly to the Board’s Risk Committee and the Executive Committee for analysis and review.

In addition, a consolidated stress-scenario analysis is carried out, and submitted to the Board’s Risk Committee, the Executive Committee, the Risk Committee, and to the departments concerned. This analysis is based on full revaluation (for linear and non-linear positions) and covers the worst historical events and the resulting liquidity situations (e.g. 1987 equity crash, 1992 ERM crisis, 1994 bond-market crisis, 2008 global financial crisis), as defined in the stress-scenario manual for market risk.

The Bank uses the standard approach to assess the capital required to hedge market risk in the trading book.

#### **Interest rate risk in the Bank’s portfolio**

As regards asset-liability management (ALM), the Bank uses a centralised approach based on three levels:

- 1) The Board’s Risk Committee and the Executive Committee;
- 2) The Asset & Liability Committee (ALCO); and
- 3) The Treasury Desk.

The ALCO is in charge of final ALM decision-making within the policy and framework established by the Board’s Risk Committee and the Executive Committee, and meets once a month or more frequently if necessary. The role of the ALCO is mainly strategic, taking a medium- to long-term view of the Bank’s overall risk position, whilst the Treasury Desk focuses on day-to-day ALM.

ALM is conducted in compliance with the framework set down in the internal “ALM Risk Policy & Procedures Manual”, and its various appendices including “Liquidity Risk Manual”, “Liquidity Contingency Funding Plan”, “Funds Transfer Pricing”, “ALM and Capital Management Policy for Local Entities” and “ALCO Risk Limits”, and according to a system of integrated limits, established at various levels and consisting of the following:

- “High-crisis stress scenario” liquidity;
- Value and income effects arising from sensitivity to interest-rate shifts (+/-100bp);
- Value at risk (VaR); and
- Issuer and counterparty risk exposure.

These limits are supplemented by monthly ALM stress scenario analyses and impact simulations on net interest income (e.g. through shifts in the interest rate of +/-100bp, +/-200bp, or modelled on the global tightening of 1994).

Risk Management generates specific daily and consolidated monthly reports regarding interest rate risk on the balance sheet (ALM) and stress liquidity risk exposure for analysis and decision-making by the Group’s top management. A consolidated ALM risk and stress liquidity risk report is submitted to the Board’s Risk Committee, the Executive Committee, the Risk Committee and the departments concerned each month.

Interest-rate risk in the Bank’s portfolio is influenced mainly by client loans, the investment portfolio and clients’ current account balances. In terms of ALM key behavioural and modelling assumptions on variable rates / replicating portfolio in measuring interest rate risk in the banking book, 85% of the amount due to clients at sight is taken with a maturity of 1 day, 10% with a maturity of 5 years and 5% with a maturity of 10 years. For capital (net of intangible assets and real estate) the maturity is set at 5 years. The Bank makes substantial use of interest-rate swaps to reduce interest-rate risk.

On 31 December 2020, interest rate risk (ALM risk) exposure based on a 100bp increase in interest rates was CHF +65.5 million in terms of economic value and CHF -23.9 million in terms of return value.

#### **Credit risk**

Credit risk concerns the risk of loss should a counterparty fail to honour its contractual obligations to repay a loan or fulfil any other predetermined financial obligation.

The Group has a clearly defined system for managing counterparty, settlement and country risk, based on various directives and procedures. Consolidated analysis is also carried out and submitted monthly to the Board’s Risk Committee, the Executive Committee, the Risk Committee, and the departments concerned.

#### **Credit risks concerning individual clients**

Credit risk incurred by clients is managed according to the principles stipulated in the manual “Group Credit Policy” and related directives and procedures.

In principle, loans granted to private banking clients are secured by pledged collateral (Lombard loans). Credit risks include current account loans and advances, and risks arising from guarantees and transactions on derivatives, on forex, on securities, and on any other financial instruments.

The pledged portfolios are appraised individually by the Credit Risk Control unit and a loan rate assigned to each position, based on the type of instrument, its credit rating where applicable and its liquidity, together with the diversification of the investments. The assets are valued daily at the spot price. Supervision and daily management of loan rates are based on predefined safety thresholds (additional margin calls and realisation of pledged assets).

The Group's wealth and estate planning business may entail granting mortgages or loans that are partially or fully secured on pledged real estate. This type of loan is granted only on the basis of appraisal of the pledged property by an independent appraiser and the fixing of an adequate loan rate.

It is not the Group's policy to grant commercial loans.

In light of the margins applied to Lombard loans and the safety thresholds in place, there is little risk of default in this credit category. In respect of unsecured loans and those secured by less liquid assets, a loan shall be considered non-performing when a due date (for payment of interest and/or all or part of the principal) is exceeded by more than 90 days. If the borrower seems unlikely to be able to meet its commitments, the loan becomes a doubtful loan. In such an event, special provisions shall be set aside on a case-by-case basis, as determined by Executive Management and/or the Credit Committee and taking into account a detailed appraisal of any pledged assets. The interest shall be considered at risk when the credit limit granted is exceeded for longer than 90 days. As of that time, the interest is no longer credited to the statement of income.

As interest does not represent more than a third of the Bank's or the Group's income within the meaning of Art. 25, Para. 1, Sections b and c of FINMA's Accounting Ordinance, no adjustment has been made for default risks.

#### **Credit risks concerning professional counterparties and country risk**

Counterparty, settlement, and country risk is managed according to the principles set out in the manuals "Credit Risk Management (Counterparty & Settlement)" and "Country Risk Policy & Procedures Manual", and various appendices, including "Counterparty & Settlement Risk Limits", "Country Risk Limits", "Authorised Brokers List", and "Authorised Cash Correspondents & Custodians List".

Exposure to professional counterparty risk is assumed only with counterparties that have very high credit ratings. For OTC derivatives transactions, credit and counterparty risks are managed and related risk limits monitored by applying the market-value method, using regulatory multiplication factors based on the Standardised Approach for Counterparty Credit Risk (SA-CCR). For such transactions, corresponding bilateral agreements (ISDA, CSAs with daily margining) are in place with the counterparties. Risk is limited by the use of an adequate,

flexible system of limits adapted to each category of product and counterparty and to the settlement period. Operational limits on counterparty credit risk exposure is based on a dynamic model using CDS spreads and ratings – a matrix approach combining the least favourable 5-year CDS spreads and the counterparty's LT rating and comparing them to the counterparty's capital.

Daily and monthly consolidated reports regarding market risk exposure are generated by Risk Management for the Risk Committee and the departments concerned, and submitted monthly to the Board's Risk Committee and the Executive Committee.

The Bank uses the standardised approach to calculate regulatory capital requirements in relation to counterparty credit risk.

For all our products, the Group's exposure to country risk is calculated, monitored and reported by Risk Management to the departments concerned and to the Group's management bodies, on the basis of the credit-rating equivalent. Levels of provisioning for specific country risk exposure reflect ratings by Moody's, Standard & Poor's and Fitch. Country risk limits are set according to risk appetite, which depends on the strategic importance of a given country in credit and nostro activities, on credit ratings, and on CDS spreads.

The ongoing monitoring and controlling of counterparty and country risk for market and Treasury activities is managed centrally using a real-time system.

#### **Operating risk**

To manage and supervise operational risk, the Bank has set up a dedicated framework and system that it applies consistently throughout its operational entities and activities. The operational risk system is based on the following principles and key components, as specified in the operational risk manual and supplemented by various appendices including the "New Business/Product Risk Assessment", "Change Risk Assessment", "Cyber Risk", "IT Risk", "Outsourcing Risk", "Conduct Risk", "Compliance Risk Policies" and "Managerial & Functional Controls Framework", and other directives and procedures:

- Clear formulation of the policy, strategies and active supervision required to manage operational risk, as developed by the Board of Directors via the Board's Risk Committee and implemented by the Executive Committee;
- A common definition of operational risk, applied throughout the Group and encompassing all types of operational risk or incident liable to have a significant impact on the Group's activities;
- Clear lines of operational risk responsibilities from the Board's Risk Committee and the Executive Committee down to the Head of Operating Units and the Risk Control Units (Risk Management, Compliance);

- Detailed definition of the methodology used to identify, assess, monitor and control or reduce operational risk (risk event management, risk self-assessment, scenario analysis, change risk assessment, issue management and tracking, key risk indicators, comparative analysis, external event collection and analysis);
- Definition of the procedures for regular, efficient monitoring and reporting of operational risk profiles (use of risk mapping and risk indicators) by the Bank's entities and activities, for communication to the Group's top management, Executive Committee Board's Risk Committee and Audit Committee;
- Definition of emergency and business-continuity plans, to ensure that the Bank's activities may proceed uninterrupted;
- A clear procedure for assessing the operational risk inherent in the launch or use of new products, business activities, processes or systems; and
- Promotion of a sound internal operational-risk culture.

To ensure dynamic management and effective supervision of operational risk and to define proactive risk-reduction measures, the Bank has introduced a five-level organisational structure:

- Board's Risk Committee
- Audit Committee
- Risk Committee
- Independent Control Units (Risk Management, Compliance, Legal departments);
- Internal Audit, and
- Business Unit management teams.

The Bank's priority is therefore to ensure that our risk management culture remains in place at all levels, and that our risk measurement and supervision process is independent and effective. The approach enables us to provide better information to our departments and department heads, thereby ensuring uniformity across the Bank, and to improve our risk management constantly as our business evolves.

The Bank uses the standardised approach to calculate regulatory capital requirements in relation to operational risk.

#### Reputation risk

Our reputation is one of our most precious assets. We therefore make every effort to prevent any damage to that reputation through effective global risk management as described above, and particularly as regards strategic and operational risks.

The Bank's conduct rules and business culture help to ensure that our fundamental values are respected and maintained.

If the Bank's reputation were to be damaged, that could adversely affect our business development and our position in the financial markets. The potential effects could include loss of revenue, litigation, sanctions or increased supervision by the regulatory authorities, and a loss of client trust and loyalty.

Our strong commitment to protecting our reputation also enables us to underpin our values, grow our business with high-quality partners throughout the world, and attract and retain top staff.

We pay close attention to complex transactions, new product launches and initiatives to enter new markets.

The Risk Committee, Executive Committee and Board's Risk Committee carefully examine reputational risk on an ongoing basis.

#### Regulatory risk

Banks around the world are subject to a large number of new rules, including rules to ensure business transparency, compliance with international rules, the suitability of clients' investments relative to their profiles, tax transparency and the exchange of information with other countries, proper execution and management of market abuse risks. In response to those rules, we have strengthened our general control and compliance framework to avoid the risk of non-compliance with laws, regulations and circulars.

Almost all of our activities expose us to legal or regulatory risk. As a result, we have adopted directives for each of the Bank's business lines, including control steps, rules and responsibilities.

By strengthening our control framework, our compliance management and our skills, we can identify, measure, manage and supervise this risk in a suitable way, while complying with the strict standards imposed by regulators and other authorities.

The Compliance Department supervises and manages regulatory risk independently, resulting in directives that give rise to staff training courses, which have been enhanced and updated in view of new requirements arising today and in the future.

By highlighting potential underlying risks, the Compliance Department also makes strategic recommendations and carries out risk mitigation work for the Bank.

The Compliance Department regularly submits regulatory risk management reports to the Bank's various committees, including work required to manage the risk and steps to be taken to ensure that the Bank is compliant when conducting its business.

#### Significant events occurring after the balance sheet closing date

No significant events have taken place since 1 January 2021 that could have an impact on the financial statement as at 31 December 2020.

## Breakdown of securities financing transactions (assets and liabilities)

(in CHF thousands)

	2020	2019
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	95,587	454,151
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	6,403,239	2,963,872
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	6,594,907	3,265,684
of which, those with unrestricted right to resell or pledge	6,594,907	3,265,684
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or pledge	101,183	454,151
of which, repledged securities		
of which, resold securities		

\*before taking into account any netting contracts

## Presentation of collateral for loans/receivables and off-balance sheet transactions as well as impaired loans/receivables

(in CHF thousands)

	Type of collateral			Total
	Mortgage collateral	Other guarantees	Uncollateralised*	
<b>Loans</b>				
<b>(before netting with value adjustments)</b>				
Due from clients		8,649,285	942,734	9,592,019
Mortgages	1,957,788			1,957,788
Residential property	1,426,459			1,426,459
Office and business premises	531,329			531,329
Commercial and industrial premises				-
Other				-
<b>Total loans</b>				
<b>(before netting with value adjustments)</b>				
<b>Financial year 2020</b>	<b>1,957,788</b>	<b>8,649,285</b>	<b>942,734</b>	<b>11,549,807</b>
<b>Financial year 2019</b>	<b>1,686,248</b>	<b>8,745,119</b>	<b>682,049</b>	<b>11,113,416</b>
<b>Total loans</b>				
<b>(after netting with value adjustments)</b>				
<b>Financial year 2020</b>	<b>1,957,788</b>	<b>8,645,120</b>	<b>942,734</b>	<b>11,545,642</b>
<b>Financial year 2019</b>	<b>1,686,248</b>	<b>8,736,147</b>	<b>682,049</b>	<b>11,104,444</b>
<b>Off-balance sheet</b>				
Contingent liabilities		403,902		403,902
Irrevocable commitments		72,126		72,126
Liabilities to pay up shares and to make additional payments		833,278		833,278
Credit commitments		1,903		1,903
<b>Off-balance sheet total</b>				
<b>Financial year 2020</b>	<b>-</b>	<b>1,311,209</b>	<b>-</b>	<b>1,311,209</b>
<b>Financial year 2019</b>	<b>-</b>	<b>892,922</b>	<b>-</b>	<b>892,922</b>
<b>Impaired loans/receivables</b>				
	Gross amount	Estimated realisable value of collateral	Net amount	Individual value adjustments
<b>Financial year 2020</b>	<b>4,173</b>	<b>8</b>	<b>4,165</b>	<b>4,165</b>
<b>Financial year 2019</b>	<b>11,261</b>	<b>2,289</b>	<b>8,972</b>	<b>8,972</b>

\* Unhedged client loans include CHF 915 mn (CHF 647 mn in 2019) in loans to Swiss public entities (cities, cantons).

## Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

(in CHF thousands)

	2020	2019
<b>Assets</b>		
<b>Trading portfolio assets</b>	<b>1,590,107</b>	<b>688,044</b>
Equity interests	1,081,582	688,044
Precious metals and commodities	508,525	
<b>Other financial instruments at fair value</b>	<b>1,454,014</b>	<b>957,917</b>
Equity interests	984,639	472,355
Debt securities	468,989	485,562
Structured products	386	
<b>Total assets</b>	<b>3,044,121</b>	<b>1,645,961</b>
of which, determined using a valuation model		
of which, securities eligible for repo transactions in accordance with liquidity requirements		
<b>Liabilities</b>		
<b>Trading portfolios</b>		
Equity interests*	241	521
<b>Other financial instruments at fair value</b>		
Structured products (certificates)	1,792,661	1,378,138
<b>Total liabilities</b>	<b>1,792,902</b>	<b>1,378,659</b>

\* for short positions (booked on settlement date)

## Presentation of derivative financial instruments (assets and liabilities)

(in CHF thousands)

	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Contract volumes	Positive replacement value	Negative replacement value	Contract volumes
<b>Interest-rate instruments</b>						
Swaps				7,913	417,323	10,146,796
Futures		260,521				
Options (exchange-traded)	1	716,311				
<b>Currency/Precious metals</b>						
Forward contracts	389,677	257,440	29,429,772	165	165	12,306
Combined interest rate/currency swaps				150,760	472,111	15,794,159
Futures			152,964			
Options (OTC)	39,922	38,569	6,808,945			
<b>Equity securities/Stock-index derivatives</b>						
Swaps	791	17,869	199,165			
Futures	16,791	23,036	1,036,167			
Options (OTC)	938	571	3,903			
Options (exchange traded)	18,485	5,686	529,695			
<b>Other</b>						
Futures		85,056	36,519			
<b>Total before impact of netting agreements</b>						
Financial year 2020	466,604	428,228	39,173,962	158,838	889,599	25,953,261
Financial year 2019	254,326	248,839	40,649,100	127,958	322,499	28,297,775
			Positive replacement values (cumulative)		Negative replacement values (cumulative)	
<b>Total after impact of netting agreements</b>						
Financial year 2020			534,999			1,092,052
Financial year 2019			311,229			503,553
<b>Breakdown of counterparties</b>						
	Central clearing houses		Banks and securities dealers			Other clients
<b>Positive replacement values (after impact of netting agreements)</b>						
Financial year 2020		4,034		377,089		153,876
Financial year 2019		5,083		219,955		86,191

## Breakdown of financial investments

(in CHF thousands)	Book value		Fair value	
	2020	2019	2020	2019
<b>Total debt securities</b>	<b>10,681,417</b>	<b>7,561,438</b>	<b>11,153,716</b>	<b>7,780,858</b>
of which, intended to be held until maturity	10,681,417	7,561,438	11,153,716	7,780,858
of which, not intended to be held until maturity (available for sale)				
<b>Equity interests</b>	<b>56,688</b>	<b>29,251</b>	<b>61,681</b>	<b>34,273</b>
of which, qualified participations*				
<b>Precious metals</b>	<b>1,048,781</b>	<b>1,482,211</b>	<b>1,048,781</b>	<b>1,482,211</b>
<b>Real estate</b>	<b>9,046</b>	<b>18,538</b>	<b>9,046</b>	<b>18,538</b>
<b>Total</b>	<b>11,795,932</b>	<b>9,091,438</b>	<b>12,273,224</b>	<b>9,315,880</b>
of which, securities eligible for repo transactions in accordance with liquidity regulations	3,819,356	1,621,168		

\*Where at least 10% of capital or votes is held.

### Breakdown of counterparties by rating\*

#### Total debt securities

(in CHF thousands)

AAA to AA-	9,477,023
A+ to A-	622,952
BBB+ to BBB-	360,036
BB+ to B-	8,491
Below B-	
Unrated	212,915
<b>Total</b>	<b>10,681,417</b>

\*The Bank uses the credit ratings issued by S&P, Moody's and Fitch.



## Presentation of non-consolidated participations

(in CHF thousands)

	Acquisition cost	Cumulative depreciation and value adjustments (equity method)	Book value as at 31 December 2019	Reclassifications	Additions	Disposals and currency translation differences	Depreciation	Value adjustments equity method / write-back of depreciation	Book value as at 31 December 2020	Market value
<b>Participations reported using the equity method</b>										
with market value										
without market value				556		(46)		(415)	95	
<b>Other participations</b>										
with market value										
without market value	3,368	(195)	3,173	(556)	45	(2)			2,660	
<b>Total participations</b>	<b>3,368</b>	<b>(195)</b>	<b>3,173</b>	<b>-</b>	<b>45</b>	<b>(48)</b>	<b>-</b>	<b>(415)</b>	<b>2,755</b>	<b>-</b>

## Disclosure of companies in which the Group holds a permanent direct or indirect significant participation

Name, registered office	Activities	Currency	Capital (in thousands)	Capital share (in %)	Votes share (in %)	Direct holding	Indirect holding
<b>Consolidated subsidiaries</b>							
UBPI Holdings Inc., New York	Holding company	USD	43,443	100%	100%	100%	
UBP Gestion Institutionelle SA, Geneva	Institutional asset management	CHF	5,000	100%	100%	100%	
UBP Asset Management (Bermuda) Ltd., Bermuda	Asset management	USD	12	100%	100%	60%	40%
Union Bancaire Privée (Europe) SA, Luxembourg	Asset management bank	CHF	21,000	100%	100%	100%	
UBP Investments Co., Ltd., Japan	Asset management	JPY	350,000	100%	100%	100%	
UBP Asset Management (Europe) SA, Luxembourg	Asset management	CHF	2,900	100%	100%	100%	
Nexam SA, Paris	Asset management	EUR	2,307	100%	100%		100%
Union Bancaire Gestion Institutionnelle (France) SAS, Paris	Asset management	EUR	3,152	100%	100%		100%
Union Bancaire Privée (Middle East) Ltd., Dubai	Asset management	USD	6,000	100%	100%	100%	
UBP Asset Management Asia Ltd., Hong Kong	Asset management	HKD	71,680	100%	100%	100%	
UBP Finance (Bahamas) Ltd., Nassau	Financial company	CHF	50	100%	100%	100%	
UBP Securities Investment Consulting Co., Ltd. Taiwan	Asset management	TWD	85,000	100%	100%	100%	
ACPI Investments Limited, London	Asset management	GBP	-	100%	100%	100%	
ACPI IM Limited, Jersey	Asset management	GBP	25	100%	100%	100%	
UBP Investment Advisors S.A.	Asset management	CHF	1,000	100%	100%	100%	
UBP Investment Management (Shanghai) Ltd., China	Asset management	CNY	30,000	75%	75%	75%	

## Presentation of tangible fixed assets

(in CHF thousands)

	Acquisition cost	Cumulative depreciation	Book value as at 31 December 2019	Current year					Book value as at 31 December 2020
				Additions	Disposals	Currency translation differences	Depreciation		
Bank buildings	310,555	(142,983)	167,572				(4,543)	163,029	
Proprietary or separately acquired software	216,689	(100,287)	116,402	69,319		(189)	(55,515)	130,017	
Other tangible fixed assets	66,805	(44,343)	22,462	9,691	(104)	(88)	(7,364)	24,597	
<b>Total tangible fixed assets</b>	<b>594,049</b>	<b>(287,613)</b>	<b>306,436</b>	<b>79,010</b>	<b>(104)</b>	<b>(277)</b>	<b>(67,422)</b>	<b>317,643</b>	

## Presentation of intangible assets

(in CHF thousands)

	Acquisition cost	Cumulative depreciation	Book value as at 31 December 2019	Current year					Book value as at 31 December 2020
				Additions	Disposals	Currency translation differences	Depreciation		
Goodwill	627,017	(340,656)	286,361		(83)	(666)	(62,179)	223,433	
<b>Total intangible assets</b>	<b>627,017</b>	<b>(340,656)</b>	<b>286,361</b>	<b>-</b>	<b>(83)</b>	<b>(666)</b>	<b>(62,179)</b>	<b>223,433</b>	

## Breakdown of other assets and other liabilities

(in CHF thousands)

	Other assets		Other liabilities	
	2020	2019	2020	2019
Compensation account	372,903	119,520		
Taxes and indirect taxes	27,617	31,502	15,314	10,459
Internal banking transactions	9,133	11,939	41,448	20,229
Other assets and liabilities	8,742	13,303	21,489	29,964
<b>Total other assets and other liabilities</b>	<b>418,395</b>	<b>176,264</b>	<b>78,251</b>	<b>60,652</b>

## Disclosure of assets pledged or assigned to secure own commitments and of assets subject to reservation of title

(in CHF thousands)

	2020	2019
Book value of assets pledged or assigned as collateral	1,259,088	3,487,473
Firm commitments	1,261,221	3,558,146

## Disclosure of liabilities to own pension funds' and number and nature of equity instruments of the bank held by own pension schemes

The UBP Group operates pension plans for the majority of its employees. Most of those plans apply the principle of defined contributions.

In Switzerland, the Fondation de Prévoyance de l'Union Bancaire Privée, UBP SA (pension fund) and the Fondation Complémentaire de l'Union Bancaire Privée, UBP SA (supplementary pension fund) are defined-contribution funds. Over 61.1% of the Group's employees are affiliated to those funds.

For the UBP entities outside Switzerland, local pension schemes apply. Most of them are defined-contribution plans. Such funds do not generate any commitments or benefits in addition to those presented on the balance sheet.

(in CHF thousands)

	31/12/2020	31/12/2019
<b>Pension funds' commitments</b>		
Due on client deposits	73,862	55,380

## Disclosure of the economic situation of own pension funds

### Employer's contribution reserves (ECR)

There are no employer's contribution reserves with the pension funds for the current or previous year.

### Presentation of the economic benefit/economic obligation and the pension benefit expenses

(in CHF thousands)

	Surplus/ (deficit) 31/12/2020	Economic Interest of the Group		Change in economic interests compared to the previous year	Contributions paid for 2020	Pension benefit expenses within personnel expenses	
		2020	2019			2020	2019
Pension schemes with surplus	125,311				34,640	35,521	35,139

The Bank's governing bodies consider that any excess coverage within the meaning of Swiss GAAP recommendations (GAAP RPC 16) should be used to the benefit of the fund members and therefore no economic gain should ensue for the Group. As at 31 December 2020, there was neither gain nor loss to book on the Group's balance sheet or profit and loss account.

## Presentation of structured products issued

Underlying risk of incorporated derivative

(in CHF thousands)

	Book value				Total
	Valued as a whole		Valued separately		
	Booked under trading operations	Booked under other financial instruments valued at fair value	Value of underlying instrument	Value of derivative	
<b>Interest rate instruments</b>					
With own debenture component (oDC)		441,495			441,495
Without oDC					-
<b>Equity interests</b>					
With oDC		1,351,166			1,351,166
Without oDC					-
<b>Currencies</b>					
With oDC					-
Without oDC					-
<b>Commodities/precious metals</b>					
With oDC					-
Without oDC					-
<b>Total</b>	-	1,792,661	-	-	1,792,661

## Presentation of value adjustments and provisions, reserves for general banking risks and variations therein during the current financial year

(in CHF thousands)

	Position as at 31 December 2019	Used according to purpose	Reclassification	Currency differences	Past due interest/recoveries	New reserves charged to income	Dissolution of reserves credited to income	Position as at 31 December 2020
Provisions for deferred taxes								-
Provisions for pension benefit obligations	12,800	(4,727)				3,000		11,073
Provisions for default risks	4,000							4,000
Provisions for other business risks	11,931	(581)		(13)	302			11,639
Provision for restructuring	348	(155)		(12)		413		594
Other provisions	13,834	(13,834)						-
<b>Total provisions</b>	<b>42,913</b>	<b>(19,297)</b>	<b>-</b>	<b>(25)</b>	<b>302</b>	<b>3,413</b>	<b>-</b>	<b>27,306</b>
<b>Reserves for general banking risks</b>	<b>215,375</b>							<b>215,375</b>
<b>Value adjustments for default and country risks</b>	<b>12,972</b>	<b>(4,574)</b>	<b>-</b>	<b>(261)</b>	<b>40</b>	<b>197</b>	<b>(209)</b>	<b>8,165</b>
of which, value adjustments for default risks in respect of impaired loans/receivables	8,972	(4,574)		(261)	40	197	(209)	4,165
of which, value adjustments for latent risks	4,000							4,000

## Presentation of the Bank's share capital

(in CHF thousands)

	2020			2019		
	Total nominal value	Number of shares	Dividend-bearing capital	Total nominal value	Number of shares	Dividend-bearing capital
Share capital	300,000	30,000	300,000	300,000	30,000	300,000
of which, paid-up capital			300,000			300,000
<b>Total share capital</b>	<b>300,000</b>	<b>30,000</b>	<b>300,000</b>	<b>300,000</b>	<b>30,000</b>	<b>300,000</b>

## Number and value of equity securities or options on equity securities held by all executive management and board members and staff

The UBP Group does not grant any equity securities or options on equity securities to staff and the Bank's governing bodies, and there is no share participation scheme.

## Disclosure of holders of significant participations

(in CHF thousands)

	2020		2019		
	Nominal	Participation rate	Nominal	Participation rate	
Major participants and groups of participants bound by voting agreements					
With voting rights	CBI Holding SA Genève	300,000	100%	300,000	100%

The de Picciotto family holds directly and indirectly 98.35% of CBI Holding SA voting rights and 93.69% of its share capital.



## Disclosure of amounts due from/to related parties

### Business relations with related parties

Related parties are those parties (natural persons or legal entities) able to influence the Bank's financial or operational decisions, either directly or indirectly, to a significant extent. Companies controlled either directly or indirectly by related parties are also considered related parties. Accordingly, Group companies, qualified participants, related companies (sister companies) and Directors and Senior Executives are all considered related parties.

The Bank engages in transactions with related parties in the normal course of its business. These transactions include advances, deposits and transactions on financial instruments (forex, securities etc.). All transactions are performed at the market value prevailing when they were initiated. The balance of transactions with related parties as at 31 December are as follows:

(in CHF thousands)	Due from clients		Due to clients	
	2020	2019	2020	2019
Qualified participants			268,466	456,413
Directors and Senior Executives	14,005	33,242	189,368	185,558

On-balance sheet and off-balance sheet transactions were executed under terms and conditions corresponding to market rates.

"Directors and Senior Executives" refers to the members of the Group's Board of Directors and Executive Committee. These loans are secured by pledged assets, valued according to the criteria laid down by the Bank in its credit policy.

## Presentation of the maturity structure of financial instruments

(in CHF millions)

	At sight	Due						Total
		Cancellable	Up to 3 months	3 to 12 months	12 months to 5 years	More than 5 years	No maturity	
<b>Assets/Financial investments</b>								
Cash and cash equivalents	7,043							7,043
Due from banks	539		1,975	25				2,539
Due from securities financing transactions			96					96
Due from clients		1,263	7,041	1,079	168	37		9,588
Mortgages			874	223	630	231		1,958
Trading portfolio assets	1,590							1,590
Positive replacement values of derivative financial instruments	625							625
Other financial instruments at fair value	1,454							1,454
Financial investments	96	1,358	6,252	1,033	2,554	494	9	11,796
<b>Total</b>								
<b>Financial year 2020</b>	<b>11,347</b>	<b>2,621</b>	<b>16,238</b>	<b>2,360</b>	<b>3,352</b>	<b>762</b>	<b>9</b>	<b>36,689</b>
<b>Financial year 2019</b>	<b>9,720</b>	<b>2,437</b>	<b>9,802</b>	<b>2,992</b>	<b>4,140</b>	<b>2,725</b>	<b>19</b>	<b>31,835</b>
<b>Liabilities/Financial investments</b>								
Due to banks	478		85	30				593
Liabilities from securities financing transactions			6,403					6,403
Due in respect of client deposits	21,296		3,256	342				24,894
Liabilities from trading portfolios								-
Negative replacement values of derivative financial instruments	1,318							1,318
Liabilities from other financial instruments at fair value	1,793							1,793
<b>Total</b>								
<b>Financial year 2020</b>	<b>24,885</b>	<b>-</b>	<b>9,744</b>	<b>372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,001</b>
<b>Financial year 2019</b>	<b>17,286</b>	<b>-</b>	<b>12,239</b>	<b>438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,963</b>

## Presentation of assets and liabilities in Switzerland and abroad by location

(in CHF millions)

	2020		2019	
	Swiss	Foreign	Swiss	Foreign
<b>Assets</b>				
Cash and cash equivalents	6,785	258	6,850	250
Due from banks	1,574	965	1,393	664
Due from securities financing transactions		96	39	415
Due from clients	1,330	8,258	970	8,449
Mortgages	210	1,748	194	1,492
Trading portfolio assets	1,353	237	684	4
Positive replacement values of derivative financial instruments	129	496	80	302
Other financial instruments at fair value	31	1,423	34	924
Financial investments	4,089	7,707	2,318	6,773
Accrued income and prepaid expenses	32	126	24	125
Non-consolidated participations	3		2	1
Tangible fixed assets	307	11	299	8
Intangible assets	140	83	188	98
Other assets	156	262	47	129
<b>Total assets</b>	<b>16,139</b>	<b>21,670</b>	<b>13,122</b>	<b>19,634</b>

(in CHF millions)

	2020		2019	
	Swiss	Foreign	Swiss	Foreign
<b>Liabilities</b>				
Due to banks	248	345	356	366
Liabilities from securities financing transactions	1,944	4,459	86	2,878
Due in respect of client deposits	2,197	22,697	2,561	21,766
Liabilities from trading portfolios				1
Negative replacement values of derivative financial instruments	127	1,191	78	493
Liabilities from other financial instruments at fair value	1,027	766	525	853
Accrued expenses and deferred income	168	127	206	128
Other liabilities	75	4	60	1
Provisions	27	1	43	
Reserves for general banking risks	215		215	
Share capital	300		300	
Capital reserves	867		867	
Reserves and retained earnings	843		785	
Minority interests in equity				
Group profit	181		188	
<b>Total liabilities</b>	<b>8,219</b>	<b>29,590</b>	<b>6,270</b>	<b>26,486</b>

## Breakdown of all assets by country or country group (by principal domicile)

(in CHF millions)

	2020		2019	
	Absolute value	Part as a %	Absolute value	Part as a %
<b>Assets</b>				
Europe	25,077	66.2	20,665	63.1
North America	5,274	14.0	4,381	13.4
Caribbean offshore centres	3,320	8.8	3,664	11.2
South America	270	0.7	264	0.8
Africa	146	0.4	146	0.4
Asia	3,539	9.4	3,443	10.5
Australia/Oceania	183	0.5	193	0.6
<b>Total assets</b>	<b>37,809</b>	<b>100.0</b>	<b>32,756</b>	<b>100.0</b>

This distribution of assets by group of countries is based on clients' domicile rather than on risk domicile. The assets included in this statistic and appearing under non-OECD countries are for the most part hedged with assets deposited with our Bank.

## Breakdown of total net foreign assets by credit rating of country groups (risk domicile view)

(in CHF millions)

Ratings as per FINMA correspondence tables	Net foreign exposure 2020		Net foreign exposure 2019	
	In CHF	Part as a %	In CHF	Part as a %
AAA to AA-	14,233	81.9	11,447	68.2
A+ to A-	644	3.7	860	5.1
BBB+ to BBB-	869	5.0	2,752	16.4
BB+ to BB-	52	0.3	69	0.4
B+ to B-	62	0.4	109	0.6
Below B-	16	0.1	38	0.2
Unrated	1,492	8.6	1,525	9.1
<b>Total</b>	<b>17,368</b>	<b>100.0</b>	<b>16,800</b>	<b>100.0</b>

The Bank uses the credit ratings of S&P, Moody's and Fitch.

## Presentation of assets and liabilities according to the Group's most important currencies

(in CHF millions)

	CHF	EUR	USD	Other	Total
<b>Balance sheet by currency</b>					
<b>Assets</b>					
Cash and cash equivalents	6,781	260	1	1	7,043
Due from banks	1,413	350	543	233	2,539
Due from securities financing transactions			96		96
Due from clients	1,671	2,449	3,648	1,820	9,588
Mortgages	222	678	160	898	1,958
Trading portfolio assets	844	742	3	1	1,590
Positive replacement values of derivative financial instruments	55	284	94	192	625
Other financial instruments at fair value	27	186	1,153	88	1,454
Financial investments	3,070	1,079	5,924	1,723	11,796
Accrued income and prepaid expenses	17	39	72	30	158
Non-consolidated participations	3				3
Tangible fixed assets	308	4		6	318
Intangible assets	220			3	223
Other assets	24	118	183	93	418
<b>Total balance sheet assets</b>	<b>14,655</b>	<b>6,189</b>	<b>11,877</b>	<b>5,088</b>	<b>37,809</b>
<b>Delivery claims resulting from spot, forward and option transactions</b>	<b>3,884</b>	<b>8,574</b>	<b>25,134</b>	<b>8,868</b>	<b>46,460</b>
<b>Total assets</b>	<b>18,539</b>	<b>14,763</b>	<b>37,011</b>	<b>13,956</b>	<b>84,269</b>

(in CHF millions)

	CHF	EUR	USD	Other	Total
<b>Balance sheet by currency</b>					
<b>Liabilities</b>					
Due to banks	68	141	281	103	593
Liabilities from securities financing transactions			6,392	11	6,403
Due in respect of client deposits	1,554	5,032	14,415	3,893	24,894
Liabilities from trading portfolios					-
Negative replacement values of derivative financial instruments	41	60	1,154	63	1,318
Liabilities from other financial instruments at fair value	18	290	1,482	3	1,793
Accrued expenses and deferred income	163	42	31	59	295
Other liabilities	27	21	12	19	79
Provisions	28				28
Reserves for general banking risks	215				215
Share capital	300				300
Capital reserves	867				867
Reserves and retained earnings	843				843
Minority interests in equity					-
Group profit	181				181
<b>Total balance sheet liabilities</b>	<b>4,305</b>	<b>5,586</b>	<b>23,767</b>	<b>4,151</b>	<b>37,809</b>
<b>Delivery commitments resulting from spot, forward and option transactions</b>	<b>14,237</b>	<b>9,182</b>	<b>13,244</b>	<b>9,797</b>	<b>46,460</b>
<b>Total liabilities</b>	<b>18,542</b>	<b>14,768</b>	<b>37,011</b>	<b>13,948</b>	<b>84,269</b>
<b>Net position by currency</b>	<b>(3)</b>	<b>(5)</b>	<b>-</b>	<b>8</b>	<b>-</b>

## Breakdown and explanation of contingent assets and liabilities

(in CHF thousands)

	2020	2019
<b>Contingent liabilities</b>		
Guarantees to secure credits and similar	387,037	334,611
Irrevocable commitments arising from documentary letters of credit	16,865	87,585
<b>Total contingent liabilities</b>	<b>403,902</b>	<b>422,196</b>
Contingent assets arising from tax losses carried forward		
<b>Total contingent assets</b>	<b>-</b>	<b>-</b>

The heading "contingent liabilities" covers guarantees issued on behalf of clients. Like Lombard loans, such commitments are covered with pledged client assets.

The Commercial Court of Justice in London gave notice of civil action against the Bank and 36 other parties in September 2019. The main defendant is a former body of Kuwait's social security institution. The charges brought against it are of having levied undue commissions as part of its functions within the institution. Other defendants include other banks and natural persons charged with being involved in the payment or transfer of such commissions. Some of them have contested the competency of the UK court in the case, which is therefore still pending resolution of that preliminary motion. The Bank contests the charges and deems the risk related to these proceedings very low and not warranting provisions.

## Breakdown of credit commitments

(in CHF thousands)

	2020	2019
Commitments arising from deferred payments	1,903	872
<b>Total</b>	<b>1,903</b>	<b>872</b>



## Breakdown of fiduciary transactions

(in CHF thousands)

	2020	2019
Fiduciary investments with third-party banks	770,375	1,159,052
<b>Total</b>	<b>770,375</b>	<b>1,159,052</b>

## Breakdown of assets under management and presentation of their development

(in CHF millions)

	2020	2019
<b>Breakdown of assets under management</b>		
Assets in collective investment schemes managed by the Group	21,389	24,033
Assets in discretionary asset management mandates	32,509	31,576
Other assets under management	93,515	84,662
<b>Total assets under management (including those counted twice)</b>	<b>147,413</b>	<b>140,271</b>
of which those counted twice	10,169	9,892
<b>Development of assets under management</b>		
<b>Total assets under management (including those counted twice) at beginning</b>	<b>140,271</b>	<b>126,850</b>
+/- Net new money inflow or net new money outflow	8,975	2,414
+/- Price gains/losses, interest, dividends and currency gains/losses	(1,833)	8,880
+/- Other effects*		2,127
<b>Total assets under management (including those counted twice) at end</b>	<b>147,413</b>	<b>140,271</b>

Assets under management include all assets that are held for investment purposes by private banking clients, institutional clients and investment companies/funds. Accordingly, only those assets attributable to profit centres (the Wealth Management and Asset Management divisions) and whose profitability can be measured are taken into account. Assets deposited simply for safekeeping and intended solely for use in transactions/administration are excluded. Net inflows/outflows of new money comprise assets acquired from new or existing clients and assets withdrawn by existing clients or clients that have terminated their relations with the Bank. Their value is fixed on the transfer day (cash and/or tradable securities). The item excludes movements due to markets or quotation changes and the related income (interest/dividends), together with commissions and interest on loans.

\*For 2019 they relate to the acquisition of Banque Carnegie Luxembourg S.A.

## Breakdown of the result from trading activities and the fair value option

(in CHF thousands)

	2020	2019
<b>Breakdown by business area</b>		
Trading result for own account	46,859	29,751
Trading for the account of clients	59,801	54,055
<b>Total result from trading activities</b>	<b>106,660</b>	<b>83,806</b>
<b>Breakdown by type of activity and result from the use of the fair value option</b>		
Result from trading activities on:		
Interest-rate instruments	9,910	6,684
Equity interests (including funds)	15,360	11,174
Foreign currencies, commodities, precious metals	81,390	65,948
<b>Total result from trading activities</b>	<b>106,660</b>	<b>83,806</b>
of which, from fair value option	9,054	6,391
of which, from fair value option on assets	349,589	172,055
of which, from fair value option on liabilities	(340,535)	(165,664)

## Disclosure of material refinancing income in the item "Interest and discount income" as well as material negative interest

Refinancing costs for trading portfolios and fair value option are debited at the market rate from the result from trading activities and the fair value option.

(in CHF thousands)

	2020	2019
<b>Refinancing</b>		
Refinancing costs for trading portfolios and fair value option	(11,387)	(16,329)
<b>Negative interest</b>		
Negative interest on investments	(35,088)	(60,670)
Negative interest on liabilities	8,230	6,921

## Breakdown of personnel expenses

(in CHF thousands)

	2020	2019
Salaries	445,627	440,649
of which, costs relating to alternative forms of variable compensation	124,461	123,442
Social charges	62,552	60,940
Changes in book value for economic benefits and obligations arising from pension schemes		
Other personnel expenses	21,632	22,586
<b>Total personnel expenses</b>	<b>529,811</b>	<b>524,175</b>

## Breakdown of general and administrative expenses

(in CHF thousands)

	2020	2019
Cost of office space	31,041	31,863
Cost of computer equipment, machines, furnishings, etc.	52,193	52,233
Fees of audit firms	3,456	3,419
of which, for financial and regulatory audits	2,971	2,992
of which, for other services	485	427
Other operating expenses	101,928	113,554
<b>Total general and administrative expenses</b>	<b>188,618</b>	<b>201,069</b>

## Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment

(in CHF thousands)

	2020		2019	
	Swiss	Foreign	Swiss	Foreign
Net result from interest operations	131,295	92,334	216,308	81,849
Net fees and commissions income	465,649	271,072	426,272	251,618
Result from trading activities and the fair value option	75,018	31,642	56,685	27,121
Result from the disposal of financial investments	418	1,449	(373)	(151)
Other ordinary net income	2,441	(129)	8,082	(50)
<b>Total operating income</b>	<b>674,821</b>	<b>396,368</b>	<b>706,974</b>	<b>360,387</b>
Personnel expenses	(343,329)	(186,482)	(339,322)	(184,853)
General and administrative expenses	(125,404)	(63,214)	(131,089)	(69,980)
<b>Total operating expenses</b>	<b>(468,733)</b>	<b>(249,696)</b>	<b>(470,411)</b>	<b>(254,833)</b>
Value adjustments on participations and depreciation of tangible and intangible fixed assets	(106,436)	(23,165)	(99,684)	(24,058)
Changes to provisions and other value adjustments and losses	(2,285)	(863)	(15,372)	(638)
<b>Operating result</b>	<b>97,367</b>	<b>122,644</b>	<b>121,507</b>	<b>80,858</b>

## Presentation of current taxes, deferred taxes, and disclosure of tax rate

(in CHF thousands)

	2020	2019
Provision for deferred taxes		
Dissolution of the provision for deferred taxes		
Charges for current taxes	38,570	48,957
<b>Total taxes</b>	<b>38,570</b>	<b>48,957</b>
Weighted average tax rate based on pre-tax result	17.53%	20.68%

The impact of the utilisation of previously unused losses carried over, out of the total amount of taxes for the fiscal year concerned, is CHF 0 (2019: CHF 0).

# AUDITORS' REPORT ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## To the General Meeting of Union Bancaire Privée, UBP SA, Geneva

As statutory auditor, we have audited the consolidated financial statements of Union Bancaire Privée, UBP SA, which comprise the balance sheet, statement of income, cash flow statement, statement of shareholders' equity, and appendix for the year ended 31 December 2020.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the appendix. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2020 comply with Swiss law and the consolidation and valuation principles as set out in the appendix.

### Report on other statutory requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a, paragraph 1, item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Geneva, 25 March 2021

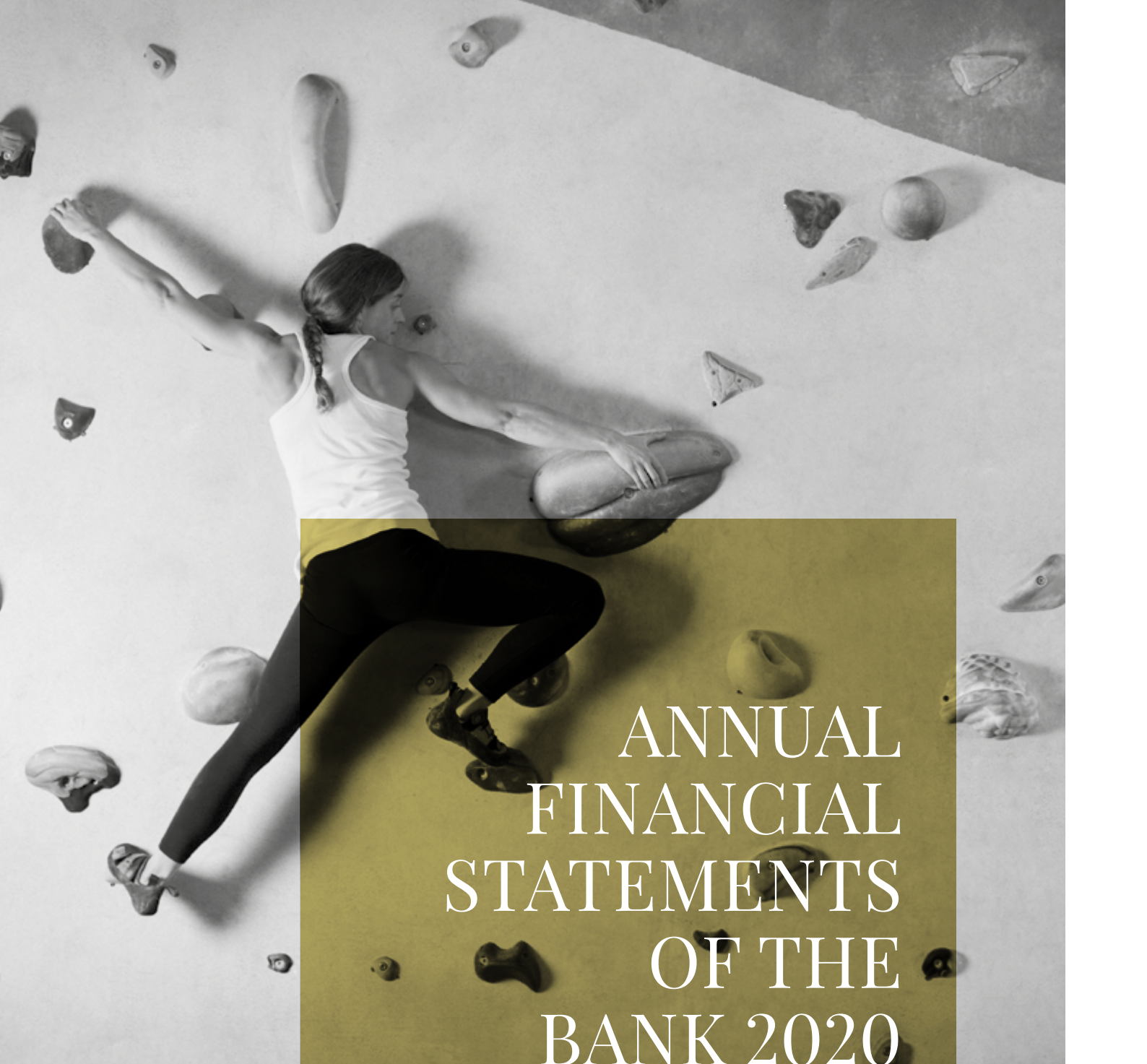
### Ernst & Young SA



**Raphaël Thürler**  
Licensed audit expert  
Head auditor



**Patrick Mettraux**  
Licensed audit expert



ANNUAL  
FINANCIAL  
STATEMENTS  
OF THE  
BANK 2020

## Balance sheet as at 31 December

(in CHF thousands)

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	6,881,225	6,938,655
Due from banks	3,075,231	2,438,734
Due from securities financing transactions	95,587	454,151
Due from clients	9,167,482	9,096,241
Mortgages	1,883,409	1,617,397
Trading portfolio assets	1,589,369	687,444
Positive replacement values of derivative financial instruments	625,107	382,111
Other financial instruments at fair value	1,454,014	957,917
Financial investments	11,476,708	8,963,074
Accrued income and prepaid expenses	125,404	131,980
Participations	132,311	140,394
Tangible fixed assets	314,537	302,801
Intangible assets	177,296	233,415
Other assets	410,225	166,758
<b>Total assets</b>	<b>37,407,905</b>	<b>32,511,072</b>
<b>Total subordinated claims</b>	<b>6,576</b>	<b>5,782</b>



(in CHF thousands)

	2020	2019
<b>Liabilities</b>		
Due to banks	1,579,489	1,658,636
Liabilities from securities financing transactions	6,403,239	2,963,872
Due in respect of client deposits	24,257,163	23,930,666
Liabilities from trading portfolios	241	521
Negative replacement values of derivative financial instruments	1,317,396	570,929
Liabilities from other financial instruments at fair value	1,792,661	1,378,138
Liabilities from trading portfolios	258,792	295,554
Other liabilities	95,084	65,501
Provisions	28,199	43,612
<b>Total liabilities</b>	<b>35,732,264</b>	<b>30,907,429</b>
Reserves for general banking risks	102,560	102,560
Share capital	300,000	300,000
Reserves from capital contribution	728,336	728,336
of which, reserve from tax-exempt capital injection	560,000	560,000
Retained legal earnings	65,850	65,850
Optional reserves on profit	1,500	1,500
Profit (loss) brought forward	275,397	176,676
Annual profit	201,998	228,721
<b>Total equity</b>	<b>1,675,641</b>	<b>1,603,643</b>
<b>Total liabilities and equity</b>	<b>37,407,905</b>	<b>32,511,072</b>
<b>Total subordinated liabilities*</b>	<b>275,373</b>	<b>275,373</b>

\*Relating to a facility made available by an entity of the group treated as AT1 for the calculation of the capital requirement.

## Off-balance sheet transactions as at 31 December

(in CHF thousands)

	2020	2019
Contingent liabilities	377,525	421,774
Irrevocable commitments	64,192	137,242
Liabilities to pay up shares and to make additional payments	790,953	296,102
Credit commitments (deferred payments)	1,903	872

## Statement of income

(in CHF thousands)

	2020	2019
<b>Result from interest operations</b>		
Interest and discount income	316,228	588,893
Interest and dividends from financial investments	64,839	91,598
Interest expense	(170,288)	(396,730)
<b>Gross result from interest operations</b>	<b>210,779</b>	<b>283,761</b>
Changes in value adjustments for default risks and losses from interest operations	(988)	(6,270)
<b>Net result from interest operations</b>	<b>209,791</b>	<b>277,491</b>
<b>Fees and commissions</b>		
Commission income on securities trading and investment transactions	628,852	568,180
Credit-related fees and commissions	2,527	2,703
Commission income on other services	3,477	4,180
Commission expense	(28,084)	(30,299)
<b>Fees and commissions</b>	<b>606,772</b>	<b>544,764</b>
<b>Result from trading activities and the fair value option</b>	<b>96,089</b>	<b>71,815</b>
<b>Other result from ordinary activities</b>		
Result from the disposal of financial investments	1,866	(524)
Income from participations	57,395	128,445
Result from real estate	712	752
Other ordinary income	26,168	25,327
Other ordinary expenses	(4,646)	(9,720)
<b>Other result from ordinary activities</b>	<b>81,495</b>	<b>144,280</b>
<b>Total income</b>	<b>994,147</b>	<b>1,038,350</b>

(in CHF thousands)

	2020	2019
<b>General administrative expenses</b>		
Personnel expenses	(473,426)	(466,104)
General and administrative expenses	(163,016)	(170,158)
<b>Total operating expenses</b>	<b>(636,442)</b>	<b>(636,262)</b>
Value adjustments on participations and depreciation of tangible and intangible fixed assets	(122,497)	(118,605)
Changes to provisions and other value adjustments and losses*	(3,055)	(15,805)
<b>Operating result</b>	<b>232,153</b>	<b>267,678</b>
Extraordinary income	1	
Taxes	(30,156)	(38,957)
<b>Net profit/ (Loss)</b>	<b>201,998</b>	<b>228,721</b>

#### Proposal of the Board

##### Distribution of profit

Annual profit	201,998	228,721
Profit (Loss) brought forward from prior years	275,397	176,676
<b>Total</b>	<b>477,395</b>	<b>405,397</b>

The following distribution is proposed to the General Meeting of Shareholders:

Profit distribution:

- Distributions using retained earnings	130,000	130,000
<b>Profit carried forward</b>	<b>347,395</b>	<b>275,397</b>

\*The US Program provision was stated separately in 2019. The 2019 comparative figure has been reclassified to conform with the 2020 financial statement presentation.

## Statement of shareholders' equity

(in CHF thousands)

	Share capital	Reserves from capital contribution	Retained earnings reserve	Reserves for general banking risks	Other reserves from results and retained earnings	Own shares (negative item)	Result of the period	Total
<b>Total shareholders' equity as at 31/12/2019</b>	300,000	728,336	65,850	102,560	178,176	-	228,721	1,603,643
Attribution of previous year's result					98,721		(98,721)	-
Other allocations / withdrawals affecting the reserve for general banking risks								-
Dividends and other payments							(130,000)	(130,000)
Group profit for the financial year 2020							201,998	201,998
<b>Total shareholders' equity as at 31/12/2020</b>	300,000	728,336	65,850	102,560	276,897	-	201,998	1,675,641



APPENDIX TO  
THE ANNUAL  
FINANCIAL  
STATEMENTS  
OF THE BANK

## Valuation and accounting principles

Union Bancaire Privée's valuation and accounting principles for the parent company correspond to those adopted by the Group.

### Participations

Participations comprise shares in companies, including real-estate companies, held as permanent investments. They are valued at acquisition cost, adjusted for depreciation and other necessary financial provisions. The principles applicable to the Group regarding derivative instruments, risk management and market risk are also applicable to Union Bancaire Privée, UBP SA.

## Auditor

The Bank's auditors are Ernst & Young SA, and have been since 1990, with Raphaël Thürler as head auditor since 2019.

## Breakdown of securities financing transactions (assets and liabilities)

(in CHF thousands)

	2020	2019
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	95,587	454,151
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	6,403,239	2,963,872
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	6,594,907	3,265,684
of which, those with unrestricted right to resell or pledge	6,594,907	3,265,684
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or pledge	101,183	454,151
of which, repledged securities		
of which, resold securities		

\*before impact of possible netting agreements

## Presentation of collateral for loans/receivables and off-balance sheet transactions as well as impaired loans/receivables

(in CHF thousands)

	Type of collateral			Total
	Mortgage collateral	Other guarantees	Uncollateralised*	
<b>Loans (before netting with value adjustments)</b>				
Due from clients		8,224,784	951,863	9,176,647
Mortgages	1,883,409			1,883,409
Residential property	1,371,115			1,371,115
Office and business premises	512,294			512,294
Commercial and industrial premises				-
Other				-
<b>Total loans (before netting with value adjustments)</b>				
Financial year 2020	1,883,409	8,224,784	951,863	11,060,056
Financial year 2019	1,617,397	8,418,759	690,454	10,726,610
<b>Total loans (after netting with value adjustments)</b>				
Financial year 2020	1,883,409	8,215,619	951,863	11,050,891
Financial year 2019	1,617,397	8,405,787	690,454	10,713,638
<b>Off-balance sheet</b>				
Contingent liabilities		377,525		377,525
Irrevocable commitments		64,192		64,192
Liabilities to pay up shares and to make additional payments		790,953		790,953
Credit commitments		1,903		1,903
<b>Off-balance sheet total</b>				
Financial year 2020	-	1,234,573	-	1,234,573
Financial year 2019	-	855,990	-	855,990
<b>Impaired loans/receivables</b>	Gross amount	Estimated realisable value of collateral	Net amount	Individual value adjustments
Financial year 2020	9,173	8	9,165	9,165
Financial year 2019	16,995	4,023	12,972	12,972

\* Unhedged client loans include CHF 915 mn (CHF 647 mn in 2019) in loans to Swiss public entities (cities, cantons).

## Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

(in CHF thousands)

	2020	2019
<b>Assets</b>		
<b>Trading portfolios</b>	<b>1,589,369</b>	<b>687,444</b>
Equity interests	1,080,844	687,444
Precious metals and commodities	508,525	
<b>Other financial instruments at fair value</b>	<b>1,454,014</b>	<b>957,917</b>
Equity interests	984,639	485,562
Debt securities	468,989	472,355
Structured products	386	
<b>Total assets</b>	<b>3,043,383</b>	<b>1,645,361</b>
of which, determined using a valuation model		
of which, securities eligible for repo transactions in accordance with liquidity requirements		
<b>Liabilities</b>		
<b>Trading portfolios</b>		
Equity interests*	241	521
<b>Other financial instruments at fair value</b>		
Structured products (certificates)	1,792,661	1,378,138
<b>Total liabilities</b>	<b>1,792,902</b>	<b>1,378,659</b>

\* for short positions (booked on settlement date)



## Presentation of derivative financial instruments (assets and liabilities)

(in CHF thousands)

	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Contract volumes	Positive replacement value	Negative replacement value	Contract volumes
<b>Interest-rate instruments</b>						
Swaps				7,913	417,323	10,146,796
Futures			260,521			
Options (exchange traded)		1	716,311			
<b>Currency/Precious metals</b>						
Forwards	389,342	257,009	29,417,414	165	165	12,306
Combined interest rate/currency swaps				150,760	472,111	15,769,296
Futures			146,024			
Options (OTC)	39,922	38,570	6,808,945			
<b>Equity securities/Stock-index derivatives</b>						
Swaps	791	17,869	199,165			
Futures	16,791	23,036	1,029,187			
Options (OTC)	938	571	3,903			
Options (exchange traded)	18,485	5,685	529,695			
<b>Other</b>						
Futures		85,056	36,519			
<b>Total before impact of netting agreements</b>						
Financial year 2020	466,269	427,797	39,147,684	158,838	889,599	25,928,398
Financial year 2019	254,153	248,431	40,627,534	127,957	322,498	28,297,775
			Positive replacement values (cumulative)		Negative replacement values (cumulative)	
<b>Total after impact of netting agreements</b>						
Financial year 2020			538,283			1,098,586
Financial year 2019			312,891			509,867
<b>Breakdown of counterparties</b>						
	Central clearing houses	Banks and securities dealers	Other clients			
<b>Positive replacement values (after impact of netting agreements)</b>						
Financial year 2020		4,034	392,174			142,075
Financial year 2019		5,083	234,027			73,781

## Breakdown of financial investments

(in CHF thousands)	Book value		Fair value	
	2020	2019	2020	2019
<b>Total debt securities</b>	<b>10,362,437</b>	<b>7,433,321</b>	<b>10,832,230</b>	<b>7,652,629</b>
of which, intended to be held until maturity	10,362,437	7,433,321	10,832,230	7,652,629
of which, not intended to be held until maturity (available for sale)				
<b>Equity interests</b>	<b>56,444</b>	<b>29,004</b>	<b>61,437</b>	<b>34,024</b>
of which, qualified participations*				
<b>Precious metals</b>	<b>1,048,781</b>	<b>1,482,211</b>	<b>1,048,781</b>	<b>1,482,211</b>
<b>Real estate</b>	<b>9,046</b>	<b>18,538</b>	<b>9,046</b>	<b>18,538</b>
<b>Total</b>	<b>11,476,708</b>	<b>8,963,074</b>	<b>11,951,494</b>	<b>9,187,402</b>
of which, securities eligible for repo transactions in accordance with liquidity regulations	3,819,356	1,621,168		

\* where at least 10% of capital or votes is held

### Breakdown of counterparties by rating\*

(in CHF thousands)	Book value
AAA to AA-	9,353,594
A+ to A-	603,572
BBB+ to BBB-	183,865
BB+ to B-	8,491
Below B-	
Unrated	212,915
<b>Total</b>	<b>10,362,437</b>

\*The Bank uses the credit ratings issued by S&P, Moody's and Fitch.

## Breakdown of other assets and other liabilities

(in CHF thousands)

	Other assets		Other liabilities	
	2020	2019	2020	2019
Compensation account	372,909	119,506		
Taxes and indirect taxes	23,070	29,912	11,603	9,717
Internal banking transactions	9,016	11,595	41,433	20,219
Other assets and liabilities	5,230	5,745	42,048	35,565
<b>Total other assets and other liabilities</b>	<b>410,225</b>	<b>166,758</b>	<b>95,084</b>	<b>65,501</b>

## Disclosure of assets pledged or assigned to secure own commitments and of assets subject to reservation of title

(in CHF thousands)

	2020	2019
Book value of assets pledged or assigned as guarantee	1,409,638	3,537,943
Firm commitments	1,411,771	3,608,616

## Disclosure of liabilities to own pension funds' and number and nature of equity instruments of the Bank held by own pension schemes

The UBP Group operates pension plans for the majority of its employees. Most of those plans apply the principle of defined contributions.

In Switzerland, the Fondation de Prévoyance de l'Union Bancaire Privée, UBP SA (pension fund) and the Fondation Complémentaire de l'Union Bancaire Privée, UBP SA (supplementary pension fund) are defined-contribution funds. Over 69.1% of the Group's employees are affiliated to those funds.

For the UBP entities outside Switzerland, local pension schemes apply. Most of them are defined-contribution plans. Such funds do not generate any commitments or benefits in addition to those presented on the balance sheet.

(in CHF thousands)

	31/12/2020	31/12/2019
<b>Pension funds' commitments</b>		
Due on client deposits	73,862	55,380

## Disclosure of the economic situation of own pension funds

### Employer's contribution reserves (ECR)

There are no employer's contribution reserves with the pension funds for the current or previous year.

### Presentation of the economic benefit/economic obligation and the pension benefit expenses

(in CHF thousands)

	Surplus/ (deficit) 31/12/2020	Economic Interest of the Bank		Change in economic interests compared to the previous year	Contributions paid for 2020	Pension benefit expenses within personnel expenses	
		2020	2019			2020	2019
Pension schemes with surplus	125,311				31,429	32,311	32,356

The Bank's governing bodies consider that any excess coverage within the meaning of Swiss GAAP 16 recommendations (GAAP RPC 16) should be used to the benefit of the fund members and therefore no economic gain should ensue for the Group. As at 31 December 2020, there was neither gain nor loss to book on the Group's balance sheet or profit and loss account.

## Presentation of value adjustments and provisions, reserves for general banking risks and variations therein during the current financial year

(in CHF thousands)

	Position as at 31 December 2019	Used according to purpose	Reclassification	Currency differences	Past due interest/recoveries	New reserves charged to income	Dissolution of reserves credited to income	Position as at 31 December 2020
Provisions for deferred taxes								-
Provisions for pension benefit obligations	12,800	(4,727)				3,000		11,073
Provisions for default risks	4,000							4,000
Provisions for other business risks	12,785	(538)		(12)	297			12,532
Provision for restructuring	193			(12)		413		594
Other provisions	13,834	(13,834)						-
<b>Total provisions</b>	<b>43,612</b>	<b>(19,099)</b>	<b>-</b>	<b>(24)</b>	<b>297</b>	<b>3,413</b>	<b>-</b>	<b>28,199</b>
<b>Reserves for general banking risks</b>	<b>102,560</b>							<b>102,560</b>
<b>Value adjustments for default and country risks</b>	<b>16,972</b>	<b>(4,574)</b>	<b>-</b>	<b>(261)</b>	<b>40</b>	<b>1,197</b>	<b>(209)</b>	<b>13,165</b>
of which, value adjustments for default risks in respect of impaired loans/receivables	12,972	(4,574)		(261)	40	1,197	(209)	9,165
of which, value adjustments for latent risks	4,000							4,000

## Presentation of the Bank's share capital

(in CHF thousands)

	2020			2019		
	Total nominal value	Number of shares	Dividend-bearing capital	Total nominal value	Number of shares	Dividend-bearing capital
<b>Share capital</b>						
Non-share capital/Share capital	300,000	30,000	300,000	300,000	30,000	300,000
of which, paid-up capital			300,000			300,000
<b>Total share capital</b>	<b>300,000</b>	<b>30,000</b>	<b>300,000</b>	<b>300,000</b>	<b>30,000</b>	<b>300,000</b>

## Number and value of equity securities or options on equity securities held by all executive management and board members and staff

The UBP Group does not grant any participation rights or options on such rights to staff and the Bank's governing bodies, and there is no share participation scheme.

## Disclosure of holders of significant participations

(in CHF thousands)

	2020		2019		
	Nominal	Participation rate	Nominal	Participation rate	
Major participants and groups of participants bound by voting agreements					
With voting rights	CBI Holding SA Genève	300,000	100%	300,000	100%

The de Picciotto family holds directly and indirectly 98.35% of CBI Holding SA voting rights and 93.69% of its share capital.

## Disclosure of amounts due from/to related parties

### Business relations with related parties

Related parties are those parties (natural persons or legal entities) able to influence the Bank's financial or operational decisions, either directly or indirectly, to a significant extent. Companies controlled either directly or indirectly by related parties are also considered related parties. Accordingly, Group companies, qualified participants, related companies (sister companies) and Directors and Senior Executives are all considered related parties.

The Bank engages in transactions with related parties in the normal course of its business. These transactions include advances, deposits and transactions on financial instruments (forex, securities etc.). All transactions are performed at the market value prevailing when they were initiated. The balance of transactions with related parties as at 31 December are as follows:

(in CHF thousands)	Due from clients		Due to clients	
	2020	2019	2020	2019
Qualified participants			268,466	456,413
Group companies	574,992	438,351	1,516,118	1,481,367
Directors and Senior Executives	13,897	33,242	189,134	185,333

Balance sheet and off-balance sheet transactions were executed under terms and conditions corresponding to market rates.

"Directors and Senior Executives" comprises the members of the Bank's Board of Directors and Executive Committee. These loans are secured by pledged assets, valued according to the criteria laid down by the Bank in its credit policy.

## Breakdown of total net foreign assets by credit rating of country groups (risk domicile view)

(in CHF thousands)

Ratings as per FINMA correspondence tables	Net foreign exposure 2020		Net foreign exposure 2019	
	In CHF	Part as a %	In CHF	Part as a %
AAA to AA-	13,449	81.7	10,497	66.5
A+ to A-	640	3.9	864	5.5
BBB+ to BBB-	763	4.6	2,734	17.3
BB+ to BB-	50	0.3	68	0.4
B+ to B-	62	0.4	108	0.7
Below B-	16	0.1	38	0.2
Unrated	1,487	9.0	1,489	9.4
<b>Total</b>	<b>16,467</b>	<b>100.0</b>	<b>15,798</b>	<b>100.0</b>

The Bank uses the credit ratings of S&P, Moody's and Fitch.



## Breakdown and explanation of contingent assets and liabilities

(in CHF thousands)

	2020	2019
<b>Contingent liabilities</b>		
Guarantees to secure credits and similar	360,660	334,188
Irrevocable commitments arising from documentary letters of credit	16,865	87,586
<b>Total contingent liabilities</b>	<b>377,525</b>	<b>421,774</b>

Contingent assets arising from tax losses carried forward

<b>Total contingent assets</b>	<b>–</b>	<b>–</b>
--------------------------------	----------	----------

The contingent liabilities cover guarantees issued on behalf of clients and commitments to make additional payments under subscription agreements. Like Lombard credits, such commitments are covered with pledged client assets.

The Commercial Court of Justice in London gave notice of civil action against the Bank and 36 other parties in September 2019. The main defendant is a former body of Kuwait's social security institution. The charges brought against it are of having levied undue commissions as part of its functions within the institution. Other defendants include other banks and natural persons charged with being involved in the payment or transfer of such commissions. Some of them have contested the competency of the UK court in the case, which is therefore still pending resolution of that preliminary motion. The Bank contests the charges and deems the risk related to these proceedings very low and not warranting provisions.

## Breakdown of credit commitments

(in CHF thousands)

	2020	2019
Commitments arising from deferred payments	1,903	872
<b>Total</b>	<b>1,903</b>	<b>872</b>

## Breakdown of fiduciary transactions

(in CHF thousands)

	2020	2019
Fiduciary investments with third-party banks	770,375	1,159,052
<b>Total</b>	<b>770,375</b>	<b>1,159,052</b>

## Breakdown of assets under management and presentation of their development

(in CHF thousands)

	2020	2019
<b>Breakdown of assets under management</b>		
Assets in collective investment schemes managed by the Group	13,901	15,379
Assets in discretionary asset management mandates	16,210	14,914
Other assets under management	86,173	79,420
<b>Total assets under management (including those counted twice)</b>	<b>116,284</b>	<b>109,713</b>
of which those counted twice	10,035	9,797
<b>Development of assets under management</b>		
<b>Total assets under management (including those counted twice) at beginning</b>	<b>109,713</b>	<b>100,541</b>
+/- Net new money inflow or net new money outflow	8,721	1,269
+/- Price gains/losses, interest, dividends and currency gains/losses	(2,150)	7,903
+/- Other effects		
<b>Total assets under management (including those counted twice) at end</b>	<b>116,284</b>	<b>109,713</b>

Assets under management include all assets that are held for investment purposes by private banking clients, institutional clients and investment companies/funds. Accordingly, only those assets attributable to profit centres (the Wealth Management and Asset Management divisions) and whose profitability can be measured are taken into account. Assets deposited simply for safekeeping and intended solely for use in transactions/administration are excluded. Net inflows/outflows of new money comprise assets acquired from new or existing clients and assets withdrawn by existing clients or clients that have terminated their relation with the Bank. Their value is fixed on the transfer day (cash and/or tradable securities). The item excludes movements due to markets or quotation changes and the related income (interest/dividends), together with commissions and interest on loans.

## Breakdown of the result from trading activities and the fair value option

(in CHF thousands)

	2020	2019
<b>Breakdown by business area</b>		
Trading result for own account	46,703	29,737
Trading for the account of clients	49,386	42,078
<b>Total result from trading activities</b>	<b>96,089</b>	<b>71,815</b>
<b>Breakdown by type of activity and result from the use of the fair value option</b>		
Result from trading activities on:		
Interest-rate instruments	9,909	6,683
Equity securities (including funds)	15,204	11,160
Foreign currencies, commodities, precious metals	70,976	53,972
<b>Total result from trading activities</b>	<b>96,089</b>	<b>71,815</b>
of which, from fair value option	9,054	6,391
of which, from fair value option on assets	349,589	172,055
of which, from fair value option on liabilities	(340,535)	(165,664)

## Disclosure of material refinancing income in the item "Interest and discount income" as well as material negative interest

Refinancing costs for trading portfolios and fair value option are debited at the market rate from the result from trading activities and the fair value option.

(in CHF thousands)

	2020	2019
<b>Refinancing</b>		
Refinancing costs for trading portfolios and fair value option	(11,387)	(16,329)
<b>Negative interest</b>		
Negative interest on investments	(35,069)	(61,121)
Negative interest on liabilities	6,288	5,491

## Breakdown of personnel expenses

(in CHF thousands)

	2020	2019
Salaries	399,418	392,807
of which, costs relating to alternative forms of variable compensation	112,529	111,314
Social charges	54,999	53,867
Changes in book value for economic benefits and obligations arising from pension schemes		
Other personnel expenses	19,009	19,430
<b>Total personnel expenses</b>	<b>473,426</b>	<b>466,104</b>

## Breakdown of general and administrative expenses

(in CHF thousands)

	2020	2019
Cost of office space	26,839	27,466
Cost of computer equipment, machines, furnishings, etc.	50,403	49,570
Fees of audit firms	2,480	2,507
of which, for financial and regulatory audits	2,235	2,201
of which, for other services	245	306
Other operating expenses	83,294	90,615
<b>Total general and administrative expenses</b>	<b>163,016</b>	<b>170,158</b>

## Presentation of current taxes, deferred taxes, and disclosure of tax rate

(in CHF thousands)

	2020	2019
Provision for deferred tax		
Dissolution of the provision for deferred taxes		
Charges for current taxes	30,156	38,957
<b>Total taxes</b>	<b>30,156</b>	<b>38,957</b>
Weighted average tax rate based on pre-tax result	12.99%	14.55%

The impact of the utilisation of previously unused losses carried over, out of the total amount of taxes for the fiscal year concerned, is CHF 0 (2019: CHF 0).

# AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF THE BANK

## To the General Meeting of Union Bancaire Privée, UBP SA, Geneva

As statutory auditor, we have audited the individual financial statements of Union Bancaire Privée, UBP SA, which comprise the balance sheet, statement of income, cash flow statement, statement of shareholders' equity, and appendix for the year ended 31 December 2020.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the individual financial statements for the year ended 31 December 2020 comply with Swiss law and the articles of incorporation.

### Report on other statutory requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a, paragraph 1, item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Geneva, 25 March 2021

### Ernst & Young SA



**Raphaël Thürler**  
Licensed audit expert  
Head auditor



**Patrick Mettraux**  
Licensed audit expert

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UNION BANCAIRE PRIVÉE