



UNION BANCAIRE PRIVÉE

Press release

Annual results 2018

Union Bancaire Privée announces a net profit of CHF 202.4 million, and net asset inflows of more than 5%

Geneva, 17 January 2019

- UBP's *net profit* for the full year 2018 was CHF 202.4 million (CHF 209.4 million excluding non-recurring costs relating to acquisitions), compared with CHF 220.4 million in 2017.
- Net inflows of assets reached CHF 7.3 billion (5.8% of total assets); CHF 4.7 billion in *net new money* and CHF 2.6 billion thanks to the integration of ACPI.
- The Bank ended 2018 with CHF 126.8 billion in *assets under management*, up 1.2% from CHF 125.3 billion at the end of 2017, after a difficult year in the stock and currency markets.

A year marked by strong inflows and the acquisition of ACPI

Net asset inflows totalled CHF 7.3 billion at the end of 2018, of which CHF 4.7 billion in *net new money*, equally balanced between private and institutional clients, and CHF 2.6 billion from the acquisition of ACPI, which was completed at the end of the year. This growth made up for the difficulties in the stock and currency markets, in particular the strength of the Swiss franc against the euro (which had a negative impact of CHF 1.2 billion). UBP's *assets under management* reached CHF 126.8 billion, a 1.2% year-on-year rise.

Income rose by 1.6% to CHF 1.06 billion. The interest margin grew sharply (+8.2%), while the slowdown in brokerage (-16%), due to the low volume of transactions in the second half of the year, was offset by the upturn in management and advisory fees. The proportion of clients with their assets managed in mandates or in funds has now increased to more than 60%.

Operating expenses amounted to CHF 698 million for 2018 (versus CHF 673.1 million in 2017). Costs remain under control (+3.7%) and are mainly attributable to non-recurring charges (CHF 7.2 million) generated by the acquisitions of ACPI in London and Banque Carnegie Luxembourg (which is expected to be finalised at the end of January 2019), and to recruitments in Asia and the Middle East. Furthermore, UBP made substantial investments in the digital and IT arenas, most notably having entered into a partnership with IBM for the development and maintenance of its IT platforms.

UBP posted a 2018 *operating result* of CHF 257.5 million before provisions (compared with CHF 271.2 million in 2017), and a *net profit* of CHF 202.4 million, compared with CHF 220.4 million the previous year; an 8.2% decline (or -5.2% excluding non-recurring costs). The *cost/income ratio* for the year was 65.8% (compared with 64.4% in 2017).

"We continued to invest in both our offering and our resources amid declining markets and a clear drop in client transaction volumes. The acquisitions of ACPI and Banque Carnegie will allow us to step up our growth in Europe, and the recruitment of new teams in Asia and the Middle East reflects our ambitions in those priority markets. This year's strong net inflows are the reward for our teams' hard work in meeting the expectations of our clients, who seek tailored and innovative solutions", said UBP's CEO Guy de Picciotto.



UNION BANCAIRE PRIVÉE

Strong fundamentals

The balance sheet is stable at CHF 32.6 billion (CHF 32 billion a year ago), and the *Tier I ratio*, at 26.6%, remains well above Basel III and FINMA minimum requirements.

This careful balance sheet management makes UBP one of the best-capitalised and strongest banks among its peers, as attested by the recent long-term Aa2 deposit rating assigned to it by Moody's.

UBP thus has the financial means required to continue its development both in Switzerland and worldwide.

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About Union Bancaire Privée (UBP)

UBP is one of Switzerland's leading private banks, and is among the best-capitalised, with a Tier I ratio of 26.6% as at 31 December 2018. The Bank is specialised in the field of wealth management for both private and institutional clients. It is based in Geneva and employs 1,781 people in over twenty locations worldwide; it held some CHF 126.8 billion in assets under management as at 31 December 2018.

www.ubp.com

FINANCIAL RESULTS AS AT 31 DECEMBER 2018

(UNAUDITED ACCOUNTS)

Financial highlights for the Group

In CHF million, unless otherwise stated

	As at 31.12.2018	As at 31.12.2017	Variation	Variation in %
Net profit	202.4	220.4	(18.0)	(8.2%)
Operating result before provisions	257.5	271.2	(13.7)	(5.0%)
Client assets (in CHF billions)	126.8	125.3	1.5	1.2%
Total operating income	1,061.0	1,044.7	16.3	1.6%
Net result from interest operations	304.4	281.5	22.9	8.2%
Net fees and commissions income	651.3	658.0	(6.7)	(1.0%)
Profit on trading operations and on fair value options	94.0	92.6	1.4	1.5%
Total operating expenses	698.0	673.1	24.9	3.7%
Personnel expenses	515.2	508.8	6.4	1.3%
General and administrative expenses	182.8	164.3	18.5	11.3%
Depreciation, value adjustments, provisions and losses	105.5	100.4	5.1	5.0%
Total assets	32,570.8	32,036.4	534.4	1.7%
Shareholders' equity	2,302.7	2,235.3	67.4	3.0%
Share capital	300.0	300.0	0.0	0.0%
Capital reserves	867.3	867.3	0.0	0.0%
Reserves and retained earnings	717.6	632.2	85.4	13.5%
Reserves for general banking risks	215.4	215.4	0.0	0.0%
Staff members (as at 31 December)	1,781	1,697	84	4.9%
Net profit per staff member (in CHF thousands)	113.6	129.9	(16.3)	(12.5%)
Operating cost/income ratio	65.8%	64.4%	-	-
Cost/income ratio after depreciation	75.3%	73.7%	-	-
Return on equity (ROE)	9.1%	10.5%	-	-
Shareholders' equity/total assets	7.1%	7.0%	-	-
Tier 1 capital ratio	26.6%	27.5%	-	-
Liquidity coverage ratio (LCR)	301.4%	278.8%	-	-
Leverage ratio	5.6%	5.4%	-	-

Consolidated statement of income (unaudited accounts)

In CHF thousands

	As at 31.12.2018	As at 31.12.2017	Variation	Variation in %
Consolidated statement of ordinary income and expenses on banking operations				
Result from interest operations				
Interest and discount income	489,759	325,659	164,100	50.4%
Interest and dividends from financial investments	106,144	102,432	3,712	3.6%
Interest expense	(291,481)	(146,772)	144,709	98.6%
Gross result from interest operations	304,422	281,319	23,103	8.2%
Changes in value adjustments and provisions for default risks and losses from interest operations		146	(146)	(100.0%)
Net result from interest operations	304,422	281,465	22,957	8.2%
Fees and commissions				
Commission income on securities trading and investment transactions	661,735	674,923	(13,188)	(2.0%)
Credit-related fees and commissions	2,661	3,263	(602)	(18.4%)
Other fees and commissions income	3,116	1,939	1,177	60.7%
Commission expense	(16,165)	(22,174)	(6,009)	(27.1%)
Fees and commissions	651,347	657,951	(6,604)	(1.0%)
Result from trading activities and the fair value option	94,000	92,645	1,355	1.5%
Other result from ordinary activities				
Result from the disposal of financial investments	6,952	9,378	(2,426)	(25.9%)
Income from participations	1,655	1,643	12	0.7%
of which, from participations reported using the equity method	(1,018)	(928)	90	9.7%
of which, from other non-consolidated participations	2,673	2,571	102	4.0%
Result from real estate	1,028	738	290	39.3%
Other ordinary income	1,615	864	751	86.9%
Other ordinary expenses	-	-	-	-
Other result from ordinary activities	11,250	12,623	(1,373)	(10.9%)
Total income	1,061,019	1,044,684	16,335	1.6%

In CHF thousands

	As at 31.12.2018	As at 31.12.2017	Variation	Variation in %
Operating expenses				
Personnel expenses	(515,199)	(508,795)	6,404	1.3%
General and administrative expenses	(182,828)	(164,280)	18,548	11.3%
Operating expenses	(698,027)	(673,075)	24,952	3.7%
Value adjustments on participations and depreciation of tangible and intangible fixed assets				
	(101,288)	(96,377)	4,911	5.1%
Changes to provisions and other value adjustments and losses				
	(4,166)	(4,027)	139	3.5%
Operating result	257,538	271,205	(13,667)	(5.0%)
Extraordinary income				
	4,750	4,455	295	6.6%
Taxes				
	(59,883)	(55,296)	4,587	8.3%
Group profit	202,405	220,364	(17,959)	(8.2%)

Consolidated balance sheet

In CHF thousands

	As at 31.12.2018	As at 31.12.2017
Assets		
Cash and cash equivalents	8,435,045	8,881,983
Due from banks	1,083,437	1,878,195
Due from securities financing transactions	814,300	292,545
Due from clients	8,909,196	7,736,181
Mortgages	1,620,091	1,475,424
Trading portfolio assets	394,723	23,087
Positive replacement values of derivative financial instruments	501,912	315,773
Other financial instruments at fair value	793,102	669,061
Financial investments	9,205,249	9,978,352
Accrued income and prepaid expenses	143,085	136,963
Non-consolidated participations	2,615	9,069
Tangible fixed assets	295,718	260,636
Intangible assets	324,698	347,791
Other assets	47,603	31,305
Total assets	32,570,774	32,036,365
Total subordinated claims	-	-

In CHF thousands

	As at 31.12.2018	As at 31.12.2017
Liabilities		
Due to banks	617,320	541,959
Liabilities from securities financing transactions	4,593,034	5,938,741
Due in respect of client deposits	23,137,793	21,835,427
Liabilities from trading portfolios	-	3
Negative replacement values of derivative financial instruments	389,183	284,186
Liabilities from other financial instruments at fair value	989,734	722,215
Accrued expenses and deferred income	379,462	375,139
Other liabilities	127,867	74,609
Provisions	33,672	28,819
Total liabilities	30,268,065	29,801,098
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	717,593	632,192
Group profit	202,405	220,364
Total equity	2,302,709	2,235,267
Total liabilities and equity	32,570,774	32,036,365
Total subordinated liabilities	-	-

Off-balance-sheet transactions

In CHF thousands

	As at 31.12.2018	As at 31.12.2017
Contingent liabilities	405,587	488,729
Irrevocable commitments	71,554	81,734
Liabilities to pay up shares and to make additional payments	210,860	171,142
Credit commitments (deferred payments)	599	-