



BASEL III - PILLAR 3
MARKET DISCIPLINE
2019 REPORT



UNION BANCAIRE PRIVÉE

Purpose and scope of this report

Disclosure principles

The purpose of this report is to publish in-depth information about risk management at the Union Bancaire Privée, UBP SA group in Switzerland (hereinafter the “UBP Group” or the “Bank”). This document reports on its level of share capital and describes its risk management framework.

It has been drafted as per the disclosure requirements set out in Circular 2016/01 titled “Disclosure – banks” issued by the Swiss Financial Market Supervisory Authority (FINMA).

This report is published twice a year within the two months following the mid-year closure of the accounts and four months following the closure of the annual accounts. It is available on the UBP Group’s website, www.ubp.com.

The information in this report refers to the UBP Group’s annual consolidated accounts closed on 31 December 2019.

Scope of consolidation

The scope of consolidation relating to capital requirements is based on the scope that applies to the consolidated annual financial statements (see “Consolidated holdings” on page 12 of the 2019 Annual Financial Report). The main holdings and the changes compared to the previous year taken into account in the calculation of the capital requirement are stated in the 2019 Annual Financial Report (see p. 24).

There is no indication of any internal or external restrictions preventing money or capital transfers within the UBP Group.

KM1 Table: Key regulatory figures

(in CHF thousands)

	31.12.2019	30.06.2019	31.12.2018	
Eligible capital				
1	Common equity (CET1)	1,937,966	1,849,748	1,840,187
2	Common equity (T1)	1,937,966	1,849,748	1,840,187
3	Total shareholders' equity	1,941,966	1,853,748	1,844,187
Risk-weighted assets (RWA)				
4	RWA	7,577,384	7,098,071	6,935,664
4a	Minimum capital requirement	606,191	567,846	554,853
Shareholders' equity ratios based on risk (as a % of RWA)				
5	CET1 ratio (%)	25.6%	26.1%	26.5%
6	T1 ratio (%)	25.6%	26.1%	26.5%
7	Overall common equity ratio (%)	25.6%	26.1%	26.6%
CET1 buffer requirements (as a % of RWA)				
8	Capital buffer in accordance with Basel requirements (%)	2.5%	2.5%	1.9%
11	Overall buffer requirements in accordance with Basel requirements as CET1 (%)	2.5%	2.5%	1.9%
12	Available CET1 to cover buffer requirements in accordance with Basel requirements (after deduction of CET1 assigned for covering minimum requirements and, where applicable, TLAC requirements) (%)	17.6%	18.1%	18.6%
Capital ratio target as per appendix 8 of the CAO, (as a % of RWA)				
12a	Capital buffer as per appendix 8 of the CAO (%)	4.0%	4.0%	4.0%
12b	Countercyclical buffers (Art. 44 & 44a of the CAO) (%)	0.018%	0.021%	0.023%
12c	Target CET1 ratio (as a %) as per appendix 8 of the CAO, plus countercyclical buffers as per Art. 44 & 44a of the CAO	7.8%	7.8%	7.8%
12d	Target T1 ratio (as a %) as per appendix 8 of the CAO, plus countercyclical buffers as per Art. 44 & 44a of the CAO	9.6%	9.6%	9.6%
12e	Total target capita ratio (as a %) as per appendix 8 of the CAO, plus countercyclical buffers as per Art. 44 & 44a of the CAO	12.0%	12.0%	12.0%
Leverage ratio according to Basel III				
13	Total commitments	33,612,959	32,741,570	33,145,025
14	Basel III leverage ratio (common equity as a % of total commitments)	5.8%	5.6%	5.6%
Liquidity coverage ratio (LCR)				
15	LCR numerator: sum of high-quality liquid assets	10,711,452	12,488,389	10,960,460
16	LCR denominator: net sum of cash outflows	4,062,817	4,202,083	3,645,044
17	Liquidity coverage ratio (LCR) (%)	263.6%	297.2%	300.7%

OVA Table: Bank risk management approach

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 Statement", 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's risk tolerance (risk appetite) is based on its business model or objectives, and on its capital planning, and is determined by setting thresholds for each related risk tolerance indicator (liquidity, market, credit, and operating risk). Risk tolerance is capped by the high-crisis stress scenario limit, which in turn is based on a major liquidity crisis resistance test. In other words, the Group's activities are de facto limited and capped at all times by the liquidity risk tolerance limit, as set by the Board's Risk Committee and based on liquidity stress tests.

The process is based on Risk Manuals, comprehensive and detailed guidelines, and effective information management systems for monitoring, controlling and reporting all significant risks (liquidity/ALM, market, credit, country, and operating risks). To ensure that risk is taken in a cautious, measured way in keeping with our commercial strategy, we apply a strict 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); and
- Risk control, primarily by the independent Group Risk Management unit, as well as the Compliance Department and the Credit Administration & Control team.

Risk is controlled and reported as follows within each of the Group's divisions – Treasury & Trading, Wealth Management, Asset Management and Group Shared Services:

- Independent risk oversight, risk alert systems and crisis scenarios, and reporting to senior management bodies and operational management;
- Governance and risk vision;
- Identifying and evaluating the Group's market, liquidity, credit, and operating risk, and submitting a Daily Risk Snapshot to the Risk Committee and the Executive Committee, as well as submitting a monthly consolidated risk report to the Board's Risk Committee, and a quarterly one to the Board of Directors;
- Controlling Wealth Management's & Asset Management's investment process, measuring performance, analysing portfolios, assessing operating risk, with consolidated risk reporting submitted to the relevant bodies at various intervals (stated above);
- Risk management system selection, design and maintenance; and
- Risk measurement relating to derivatives/structured products and new products being developed.

OV1 Table: Overview of risk-weighted assets

(in CHF thousands)

	RWA 31.12.2019	RWA 30.06.2019	Minimum shareholders' equity as at 31.12.2019
1 Credit risk – excluding credit counterparty risk	4,914,393	4,237,742	393,151
2 of which, standardised approach (SA)	4,914,393	4,237,742	393,151
6 Counterparty credit risk	492,386	652,182	39,391
7b of which, standardised approach (SA)	492,386	652,182	39,391
13 Investments in collective investment vehicles – mandate-based approach	295,386	306,967	23,631
15 Settlement risk	450	242	36
20 Market risk	145,272	175,407	11,622
21 of which, standardised approach (SA)	145,272	175,407	11,622
24 Operating risk	1,729,497	1,725,531	138,360
27 Total	7,577,384	7,098,071	606,191

LI1 Table: Reconciliation between accounting and regulatory scopes of consolidation

(in CHF thousands)

	Carrying values				
	Carrying values under the scope of accounting and regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets					
Liquid assets	7,099,857	7,099,857			-
Due from banks	2,057,494	1,408,719	648,775		-
Due from securities financing transactions	454,151	38,734	415,417		-
Due from clients	9,418,196	9,361,620	55,356		1,220
Mortgage loans	1,686,248	1,686,248			-
Trading portfolio assets	688,044	674		687,370	-
Positive replacement values of derivative financial instruments	382,284	175,268	207,016		-
Other financial instruments at fair value	957,917			957,917	-
Financial investments	9,091,438	7,609,227			1,482,211
Accrued income and prepaid expenses	147,737	147,737			-
Non-consolidated participations	3,173	3,173			-
Tangible fixed assets	306,436	306,436			-
Intangible assets	286,361				286,361
Other assets	176,264	176,264			-
Total assets	32,755,600	28,013,957	1,326,564	1,645,287	1,769,792

(in CHF thousands)

	Carrying values of items				
	Carrying values under the scope of accounting and regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
Liabilities					
Due to banks	722,431		347,754		374,677
Liabilities from securities financing transactions	2,963,872				2,963,872
Liabilities from client deposits	24,326,892	2,369,542			21,957,350
Liabilities from trading portfolios	521			521	-
Negative replacement values of derivative financial instruments	571,338		318,737	252,601	-
Liabilities from other financial instruments at fair value	1,378,138			1,378,138	-
Accrued expenses and deferred income	333,619				333,619
Other liabilities	60,652				60,652
Provisions	42,913				42,913
Total liabilities	30,400,376	2,369,542	666,491	1,631,260	25,733,083

Carrying values under the scope of accounting consolidation and those under the scope of regulatory consolidation are identical.

LIA Table: Explanation of differences between regulatory exposure amounts and carrying values

Carrying values under the scope of accounting consolidation and those under the scope of regulatory consolidation are identical.

CC1 Table: Presentation of eligible regulatory capital

(in CHF thousands)

	31.12.2019	Reference	
Common equity (CET1)			
1	Issued and paid-in capital, fully eligible	300,000	c
2	Retained earnings reserves, including reserves for general banking risks/profit (loss) carried forward and profit (loss) for the period	1,058,211	
3	Capital reserves	867,336	
6	= Common Equity Tier 1 capital before regulatory adjustments	2,225,547	
CET1: regulatory adjustments			
8	Goodwill (net of related tax liability)	(286,361)	a
17	Qualified participations where a controlling influence is exercised together with other owners (CET1 instruments)	(1,220)	
	Participations to be consolidated (CET1 instruments)		
28	= Total regulatory adjustments to CET1	(287,581)	
29	= Common Equity Tier 1 capital (net CET1)	1,937,966	
Tier 2 capital (T2)			
50	Valuation adjustments; provisions and depreciation for prudential reasons; compulsory reserves on financial investments	4,000	
51	= Tier 2 capital before regulatory adjustments	4,000	
58	= Tier 2 capital (net T2)	4,000	
59	= Regulatory capital (net T1 & T2)	1,941,966	
60	Total risk-weighted assets	7,577,384	
Capital ratios			
61	CET1 ratio (as a percentage of risk-weighted assets)	25.6%	
62	T1 ratio (as a percentage of risk-weighted assets)	25.6%	
63	Regulatory capital ratio (as a percentage of risk-weighted assets)	25.6%	
64	CET1 requirements in accordance with CAO transitional arrangements (minimum requirements + capital buffer + countercyclical buffer) plus the capital buffer for systemically important institutions in accordance with the Basel requirements (as a percentage of risk-weighted assets)	2.5%	
65	of which, capital buffer in accordance with Basel III requirements (as a percentage of risk-weighted assets)	2.5%	
66	of which, countercyclical buffer in accordance with Basel III requirements (as a percentage of risk-weighted assets)		
68	CET1 available to meet minimum and buffer requirements, after deduction of the AT1 and T2 requirements met by CET1 (as a percentage of risk-weighted assets)	17.6%	
68a	CET1 target in accordance with appendix 8 of the CAO, plus the countercyclical buffer (as a percentage of risk-weighted assets)	7.8%	
68b	of which, countercyclical buffer in accordance with Art. 44 & 44a of the CAO (as a percentage of risk-weighted assets)	0.018%	
68c	CET1 available (as a percentage of risk-weighted assets)		
68d	T1 target in accordance with appendix 8 of the CAO, plus the countercyclical buffer (as a percentage of risk-weighted assets)	9.6%	
68e	T1 available (as a percentage of risk-weighted assets)	23.2%	
68f	Target for regulatory capital ratio in accordance with Appendix 8 of the CAO, plus the countercyclical buffer (as a percentage of risk-weighted assets)	12.0%	
68g	Regulatory capital available (as a percentage of risk-weighted assets)	25.6%	

CC2 Table: Reconciliation of financial statements and regulatory exposure

Balance sheet

(in CHF thousands)

	Based on close of accounts and relating to the consolidated Group	
	31.12.2019	Reference
Assets		
Liquid assets	7,099,857	
Due from banks	2,057,494	
Due from securities financing transactions	454,151	
Due from clients	9,418,196	
Mortgage loans	1,686,248	
Trading portfolio assets	688,044	
Positive replacement values of derivative financial instruments	382,284	
Other financial instruments at fair value	957,917	
Financial investments	9,091,438	
Accrued income and prepaid expenses	147,737	
Non-consolidated participations	3,173	
Tangible fixed assets	306,436	
Intangible assets	286,361	a
including goodwill	286,361	
Other assets	176,264	
Total assets	32,755,600	

(in CHF thousands)

Based on close
of accounts and
relating to the
consolidated
Group

	31.12.2019	Reference
Liabilities		
Due to banks	722,431	
Liabilities from securities financing transactions	2,963,872	
Liabilities from client deposits	24,326,892	
Liabilities from trading portfolios	521	
Negative replacement values of derivative financial instruments	571,338	
Liabilities from other financial instruments at fair value	1,378,138	
Accrued expenses and deferred income	333,619	
Other liabilities	60,652	
Provisions	42,913	
Total liabilities	30,400,376	
Capital		
Reserves for general banking risks	215,375	
Share capital	300,000	c
of which, recognised as CET1	300,000	
Legal/optional reserves, or profits/losses carried forward and for the financial year concerned	1,840,172	
Minority interests in equity	(323)	
Total capital	2,355,224	

CCA Table: Material features of regulatory capital instruments and other TLAC instruments

As at 31 December 2019

Share capital

1	Issuer	UNION BANCAIRE PRIVÉE, UBP SA
2	Unique identifier (e.g. ISIN)	n/a
3	Governing law of the instrument	Swiss law

Regulatory treatment

4	Under transitional Basel III rules	CET1
5	Under post-transitional Basel III rules	CET1
6	Eligible at single-entity or group level, and at single-entity and group levels	Single-entity and group
7	Equity securities/debt securities/hybrid instruments/other instruments	Equity securities
8	Amount recognised in regulatory capital (as per most recent capital adequacy report)	CHF 300 million
9	Par value of instrument	CHF 300 million
10	Accounting classification	Share capital
11	Original date of issuance	3 July 1956
12	Perpetual or dated	Perpetual
13	Original maturity date	n/a
14	Issuer call (subject to prior approval from supervisory authority)	None
15	Optional call date/contingent call dates /redemption amount	n/a
16	Subsequent call dates, if applicable	n/a

Coupons/dividends

17	Fixed/floating rate/initially fixed and subsequently floating rate/initially floating and subsequently fixed rate	n/a
18	Coupon rate and any related index	n/a
19	Existence of a dividend stopper	n/a
20	Coupon payment/dividends: fully discretionary, partially discretionary, or mandatory	Discretionary dividends
21	Existence of step up or other incentive to redeem	None
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Unsecured creditors
36	Features that prevent full recognition under Basel III	None

LR1 Table: Leverage ratio – comparison of accounting assets versus leverage ratio exposure measure

(in CHF thousands)

	31.12.2019
1 Total assets as per published financial statements	32,755,600
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation (margin nos. 6 & 7 FINMA Circ. 15/3) as well as adjustment for assets deducted from Tier 1 capital (margin nos. 16 & 17 FINMA Circ. 15/3)	(287,581)
4 Adjustment for derivative financial instruments (margin nos. 21–51 FINMA Circ. 15/3)	675,418
6 Adjustment for off-balance-sheet items (i.e. conversion to credit equivalent amounts of off-balance-sheet exposures) (margin nos. 74–76 FINMA Circ. 15/3)	469,522
7 Other adjustments	-
8 Total leverage ratio exposure	33,612,959

LR2 Table: Leverage ratio – detailed presentation

(in CHF thousands)

	31.12.2019	31.12.2018	
On-balance-sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral) (margin nos. 14 and 15 FINMA Circ. 15/3)	31,919,165	31,254,563
2	(Assets that must be deducted in determining the eligible Tier 1 capital) (margin nos. 7, 16, & 17 FINMA Circ. 15/3)	(287,581)	(327,522)
3	Total on-balance sheet exposures within the leverage ratio framework (excluding derivatives and SFTs)	31,631,584	30,927,041
Derivatives			
4	Replacement values associated with all derivatives transactions, including those with CCPs, taking into account the margin payments received and netting agreements in accordance with margin nos. 22, 23, 34, & 35 of FINMA Circ. 15/3	314,233	431,857
5	Add-on amounts for PFE associated with all derivatives transactions (margin nos. 22 & 25 FINMA Circ. 15/3)	743,469	635,472
11	Total derivative exposures	1,057,702	1,067,329
Securities financing transaction (SFT) exposures			
12	Gross SFT assets with no recognition of netting (except in the case of novation with a QCCP as per margin no. 57 FINMA Circ. 15/3) including sale accounting transactions (margin no. 69 FINMA Circ. 15/3), less the items specified in margin no. 58 FINMA Circ. 15/3)	454,151	814,300
16	Total securities financing transaction exposures	454,151	814,300
Other off-balance-sheet exposures			
17	Off-balance-sheet exposure at gross national amounts before application of credit conversion factors	892,922	688,600
18	(Adjustments for conversion to credit equivalent amounts) (margin nos. 75 & 76 FINMA Circ. 15/3)	(423,400)	(352,245)
19	Total off-balance-sheet items	469,522	336,355
Eligible capital and total exposures			
20	Tier 1 capital (margin no. 5 FINMA Circ. 15/3)	1,937,966	1,840,187
21	Total exposures	33,612,959	33,145,025
Leverage ratio			
22	Leverage ratio (margin nos. 3 and 4 FINMA Circ. 15/3)	5.8%	5.6%

LIQA Table: Liquidity risk management

The Group has a clearly defined system for managing liquidity risk including determining its risk tolerance (based on its ALM Risk Manual, Liquidity Risk Manual, Liquidity Contingency Funding Plan, Funds Transfer Pricing Policy, and ALM and Capital Management Policy for Local Entities, as well as various directives and procedures). This involves consolidated analysis carried out and submitted monthly to the Board's Risk Committee, the Executive Committee, the Risk Committee, and the departments concerned.

The general principles governing liquidity risk management can be summarised as follows:

- Maintain a comfortable level of liquidity at all times in order to withstand multiple liquidity stress scenarios, whether within the Group or on the markets;
- Have diversified and stable refinancing strategies in place at all times, with a high ratio of HQLAs;
- Maintain a liquidity stress limit which determines and sets the maximum for all other risk limits and risk appetites defined (market, ALM, credit, and operating risk);
- Run daily liquidity stress tests and impact analyses on the Group's balance sheet, profitability, and solvency;
- Maintain a solid Group-wide emergency refinancing plan;
- Meet subsidiaries', branches' and individual entities' liquidity and refinancing needs within regulatory limits.

The Group's liquidity risk tolerance depends on the business model, objectives and capital planning; it is based on the High Crisis Stress Scenario liquidity limit and the High Crisis Stress Test (retail client run-off/run on the Bank set at 40% in a single week), and codified in the Bank's Liquidity Risk Tolerance & Risk Appetite Statement. In other words, the Group's activities are de facto limited and capped at all times by the liquidity risk tolerance limit (High Crisis Stress Scenario liquidity limit), as set by the Board's Risk Committee. This liquidity risk management concept is more conservative than LCR or NSFR measures (as are underlying assumptions for defining HQLA inflows and outflows).

The Group manages liquidity risk at three levels:

- The Board of Directors sets the liquidity risk policy and tolerance limit through the Board's Risk Committee, while the Executive Committee supervises and monitors them;
- The Treasury Desk and the Asset & Liability Committee (ALCO) manage liquidity risk, including daily active management and continuous monitoring of liquidity risk exposure;
- Group Risk Management controls liquidity risk independently on a daily basis (potentially throughout the day).

The Bank has set a Liquidity Contingency Funding Framework for managing and monitoring its liquidity risk profile during periods of stress. This Framework defines responsibilities and procedures relating to liquidity resource management to prepare for multiple liquidity stress situations that may arise (whether within the Group or on the markets), for every currency to which the Bank is exposed and for each of the Bank's entities. Two crisis levels have been identified: Stage A ('very high crisis') and Stage B ('severely high crisis'). Each of those levels has been assigned a specific body, activation and termination triggers, scenario descriptions and a specific set of measures to be taken with regard to asset classes and investment products taking into account currencies.

The Risk Management unit generates specific daily reports as regards liquidity risk exposure (crisis, high crisis, and catastrophe stress scenarios) for the Group's senior management to analyse and take decisions on, and those reports are passed on to the Risk Committee and the Executive Committee. A consolidated stress liquidity risk report is submitted to the Board's Risk Committee, the Executive Committee, the Risk Committee and the departments concerned each month.

LIQ1 Table: Liquidity coverage ratios

(in CHF thousands)

	4 th quarter 2019		3 rd quarter 2019	
	Unweighted values	Risk-weighted values	Unweighted values	Risk-weighted values
A High-quality liquid assets (HQLAs)				
1 Total HQLAs	10,735	10,711	12,221	11,984
B Cash outflows				
2 Retail deposits	16,377	2,146	16,312	2,165
3 of which, stable deposits				
4 of which, less stable deposits	16,377	2,146	16,312	2,165
5 Unsecured corporate and wholesale funding	10,046	4,704	9,733	4,645
7 of which, non-operational deposits	10,038	4,696	9,724	4,636
8 of which, unsecured debt issuance	8	8	9	9
9 Secured corporate and wholesale funding and collateral swaps	1,119	6	2,084	8
10 Other cash outflows	778	430	766	272
11 of which, those relating to derivatives and other transactions	109	109	127	127
13 of which, those relating to committed credit and liquidity facilities	669	321	639	145
14 Other contractual funding obligations	15	15	12	12
15 Other contingent funding commitments	431	22	431	22
16 Total cash outflows		7,323		7,124
C Cash inflows				
17 Secured financing transactions				
18 Cash inflows from non-impaired receivables	6,058	2,935	6,383	3,127
19 Other cash inflows	325	325	122	122
20 Total cash inflows	6,383	3,260	6,505	3,249
21 Total high-quality liquid assets (HQLAs)		10,711		11,984
22 Net cash outflows		4,063		3,875
23 Short-term liquidity coverage ratio (as a percentage)		263.6%		309.3%

CRA Table: Credit risk – general information

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 client credit, counterparty, settlement and country risk, based on various risk manuals, directives and procedures. This includes consolidated analysis which is submitted monthly to the Board's Risk Committee, the Executive Committee, the Risk Committee, and the departments concerned.

Credit risks concerning individual clients

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 Administration & 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 market price. Daily supervision and management of loan rates is based on predefined safety thresholds (additional margin calls and realisation of pledged assets).

The Group's wealth 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. Such assessments are renewed regularly.

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. A loan is 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 are 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 is considered past due when the credit limit granted has been exceeded for longer than 90 days. As of that time, the interest is no longer credited to the statement of income.

The Credit Administration & Control team runs an independent check and monitoring of client credit risk, and produces a report on exposure to such risk which is submitted monthly to the Risk Committee and the Board's Risk Committee, and quarterly to the Board of Directors.

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.

For all our products, the Group's exposure to country risk is calculated on the basis of the credit-rating equivalent. Levels of provisioning for specific country risk exposure reflect default ratings by Moody's, Standard & Poor's and Fitch.

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

Group Risk Management runs independent controls and monitoring of counterparty, settlement, and country risk, and submits a Daily Risk Snapshot to the Risk Committee and the Executive Committee, a monthly consolidated risk report to the Board's Risk Committee, and a quarterly one to the Board of Directors.

CR1 Table: Credit risk – credit quality of assets

(in CHF thousands)

		Gross carrying values of		Value adjustments/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans (excluding debt securities)	11,261	12,493,032	8,972	12,495,321
2	Debt securities		7,393,765		7,393,765
3	Off-balance-sheet exposures		892,922		892,922
4	Total	11,261	20,779,719	8,972	20,782,008

CR2 Table: Credit risk – changes in stock of defaulted loans and debt securities

(in CHF thousands)

1	Defaulted loans and debt securities as at 31.12.2018	18,210
2	Loans and debt securities that have defaulted	4,024
3	Returned to non-defaulted status	(10,792)
4	Amounts written off	(181)
5	Other changes (+/-)	
6	Defaulted loans and debt securities as at 31.12.2019	11,261

CRB Table: Credit risk by geographical area

(in CHF millions)

	Switzerland	Oceania	North America	Latin America	Europe	Caribbean	Asia	Africa	Total
Loan commitments									
Balance sheet/loans									
Liquid assets	6,850				249		1		7,100
Due from banks	1,067	3	1		250	1	87		1,409
Due from clients	1,170	177	776	194	3,011	2,183	1,781	71	9,363
Mortgages	194		19	1	1,092	179	179	22	1,686
Financial investments/debt securities	822	119	3,731	6	1,937	44	736	5	7,400
Balance sheet total as at 31.12.2019	10,103	299	4,527	201	6,539	2,407	2,784	98	26,958
Balance sheet total as at 31.12.2018	11,102	309	4,744	170	8,090	2,396	2,995	95	29,901

Off-balance sheet exposures

Irrevocable commitments	9	1	8	3	26	27	36	1	111
Liabilities to pay in full and to make additional payments	13	3	54	6	121	55	64	7	323
Off-balance sheet total as at 31.12.2019	22	4	62	9	147	82	100	8	434
Off-balance sheet total as at 31.12.2018	117	5	76	9	520	102	101	9	939

The geographical distribution of risk is based on domicile as per the SNB's statistics.

Past-due loans

Past-due loans									
of which, past-due loans that are not impaired									
of which, loans past due for over 90 days that are not impaired									
Impaired loans	5						6		11
Value corrections for impaired positions	4								4
Positions written off in the year									

CRB Table: Credit risk by industry

(in CHF millions)

	Central governments and central banks	Banks and brokers	Public bodies	Corporates	Retail Shares and similar securities and rights	Other exposures	Total
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Loan commitments (at year end)

Balance sheet/loans

Liquid assets	7,091					9	7,100	
Due from banks		1,142			267		1,409	
Due from clients	237	722	688	710	7,006		9,363	
Mortgage loans	11	8		109	1,558		1,686	
Financial investments/debt securities	3,282	1,533	918	1,663		4	7,400	
Balance sheet total as at 31.12.2019	10,621	3,405	1,606	2,482	8,831	4	9	26,958
Balance sheet total as at 31.12.2018	12,638	4,824	1,476	5,922	5,030	3	8	29,901

Off-balance-sheet exposures

Contingent liabilities	5	6	2	9	89			111
Liabilities to pay in full and to make additional payments	23	41	1	18	240			323
Off-balance sheet total as at 31.12.2019	28	47	3	27	329	-	-	434
Off-balance sheet total as at 31.12.2018	-	400	11	369	159	-	-	939

CRB Table: Credit risk by residual maturity

(in CHF millions)

	Due						Total
	At sight	Cancellable	Up to 3 months	3 to 12 months	12 months to 5 years	More than 5 years	
Balance sheet/loans							
Liquid assets	7,100						7,100
Due from banks	214		627	568			1,409
Due from clients		659	7,317	1,135	226	26	9,363
Mortgage loans			687	249	553	197	1,686
Financial investments/debt securities	4	81	580	872	3,361	2,502	7,400
Balance sheet total as at 31.12.2019	7,318	740	9,211	2,824	4,140	2,725	- 26,958
Balance sheet total as at 31.12.2018	9,869	712	10,348	2,667	4,111	2,194	- 29,901
Off-balance sheet exposures							
Contingent liabilities	10		99	2			111
Liabilities to pay in full and to make additional payments			274		12	37	323
Off-balance sheet total as at 31.12.2019	10	-	373	2	12	37	- 434
Off-balance sheet total as at 31.12.2018	-	763	48	45	83	-	- 939

CRC Table: Credit risk – qualitative disclosure requirements related to risk-mitigation techniques

Credit exposures are presented after netting according to capital requirements. Collateral is taken into account using the comprehensive approach.

CR3 Table: Credit risk – overview of risk-mitigation techniques

(in CHF thousands)

	Exposures unsecured/ carrying amount	Exposures secured by collateral carrying amount	of which secured by collateral/ secured amount	of which secured by financial guarantees/ or credit derivatives
1	Loans (excluding debt securities)	682,049	11,813,272	11,813,272
2	Debt securities	6,618,297	775,468	775,468
3	Total	7,300,346	12,588,740	12,588,740
4	of which, defaulted exposures		11,261	

Unsecured client loans include CHF 647 million in loans granted to Swiss public entities (Canton, City).

CRD Table: Credit risk – qualitative disclosures of the Bank's use of external credit ratings under the standardised approach

The Bank uses external credit assessments for calculating the risk weighting of nearly all the counterparties to which it applies the international standardised approach and that have been rated by Standard & Poor's and/or Moody's. These are mainly large companies and bonds in the financial investment portfolio. For companies that have no external credit rating, the weighting is set at 100% (unrated classes).

CR4 Table: Credit risk – exposure and credit risk mitigation (CRM) effects under the standardised approach

(in CHF thousands)

Exposure class	Exposures before CCF and CRM		Exposures after CCF and CRM		RWA	RWA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1 Central governments and central banks	10,378,234		10,378,234		21,448	0.2%
2 Banks and securities firms	3,263,895	11,708	3,107,221	6,050	1,009,623	32.4%
3 Other public sector entities and multilateral development banks	1,571,278	19,706	1,568,487	9,369	212,914	13.5%
4 Corporates	2,276,627	61,342	1,955,569	7,997	757,078	38.6%
5 Retail	10,268,813	800,166	3,072,755	62,833	2,327,986	74.2%
6 Equity	4,095		4,095		6,142	150.0%
7 Other exposures	530,706		333,782		324,975	97.4%
8 Total	28,293,648	892,922	20,420,143	86,249	4,660,166	22.7%

CR5 Table: Credit risk – exposures by exposure category and risk weights under the standardised approach

(in CHF thousands)

Exposure class/risk weight	0%		10%		20%		35%		50%		75%		100%		150%		Other		Total credit exposures amount (post-CCF and post-CRM)
1 Central governments and central banks	10,304,052		52,144				22,038												10,378,234
2 Banks and securities firms	983		1,861,924				1,235,144					6,328		8,892					3,113,271
3 Non-central government public sector entities and multilateral development banks	618,567		889,253				70,036												1,577,856
4 Corporates			992,529	129,680	655,344	2,001	184,012												1,963,566
5 Retail			8,915	1,048,196	162,419	151,731	1,764,327												3,135,588
6 Equity														4,095					4,095
7 Other exposures	8,807											324,975							333,782
8 Total	10,932,409	-	3,804,765	1,177,876	2,144,981	153,732	2,279,642	12,987	-	20,506,392									
9 of which, covered by mortgages				1,160,175		41,545	587,182												1,788,902
10 of which, past-due loans				4,573		183	4,216												8,972

CCRA Table: Counterparty credit risk – general information

For OTC derivative transactions, credit and counterparty risks are managed and related risk limits monitored by applying the market-value method, using regulatory add-on factors; 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 are 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, with the limit fluctuating according to corresponding CDS spread movements. The Bank uses the standardised approach to calculate regulatory capital requirements in relation to counterparty credit risk.

CCR3 Table: Counterparty credit risk – CCR exposures by exposure category and risk weights under the standardised approach

(in CHF thousands)

Exposure category/risk weight	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure
1 Central governments and central banks									-
2 Banks and securities firms		152,041	244,455						396,496
3 Other public sector entities and multilateral development banks									-
4 Corporates				427			10,965		11,392
5 Retail							39		39
6 Equity									-
7 Other exposures									-
9 Total	-	-	152,041	244,882	-	-	11,004	-	407,927

CCR5 Table: Counterparty credit risk – composition of collateral for CCR exposure

(in CHF thousands)

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – CHF	25,293		44,810			
Cash – other currencies	162,121		155,584		23,025	
Swiss Confederation sovereign debt						
Other sovereign debt			98,536		206,489	1,377,665
Government agency debt						43,195
Corporate bonds					222,603	1,472,103
Equity						
Other collateral						
Total	187,414	-	298,930	-	452,117	2,892,963

CCR8 Table: Counterparty credit risk – exposures to central counterparties

(in CHF thousands)

	EAD (after CRM)	RWA
1	Exposures to QCCPs (total)	122
2	Exposures for trades through QCCPs (excluding initial margin and default fund contributions)	6,105
3	of which, OTC derivatives	6,105
4	of which, exchange-traded derivatives	
5	of which, SFTs	
6	of which, netting sets where cross-product netting has been approved	
7	Segregated initial margin	43,479
8	Non-segregated initial margin	
9	Pre-funded default fund contributions	
10	Unfunded default fund contributions	
11	Total exposures to non-QCCPs	14,078
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions)	37,229
13	of which, OTC derivatives	37,229
14	of which, exchange-traded derivatives	
15	of which, SFTs	
16	of which, netting sets where cross-product netting has been approved	
17	Segregated initial margin	
18	Non-segregated initial margin	
19	Pre-funded default fund contributions	
20	Unfunded default fund contributions	

SECA Table: Securitisations – general information related to securitisation exposures

The Group has no internal securitisation activity, but it has exposures resulting from third-party securitisations in its banking book. Those securitisations are limited to collateralised mortgage obligations invested either in Swiss prime residential mortgages with an AAA rating, or in US prime residential mortgages explicitly guaranteed by the government through its Ginnie Mae agency with an AAA rating.

SEC1 Table: Securitisations – exposures in the banking book

(in CHF thousands)

	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
Retail (total) – of which							120,866		120,866
residential mortgages							120,866		120,866
credit cards									
other retail exposures									
re-securitisation									
Wholesale (total) – of which									
loans to corporates									
commercial mortgages									
leases and receivables									
other wholesale									
re-securitisation									

MRA Table: Market risk – general information

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 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 losses); 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, as well as the Bank's management bodies.

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 crisis), as defined in the stress-scenario manual for market risk.

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

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, directives and procedures set down in the internal "ALM Risk Policy & Procedures Manual" and "Liquidity Risk Manual", and according to the following system of integrated limits:

- Stress liquidity;
- Value and income effects arising from sensitivity to interest-rate shifts (+/-100bp);
- Value at risk (VaR);
- Maximum loss (stop losses); 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 ALM market risk and stress liquidity risk exposure for analysis and decision-making by the Group's top management. A consolidated analysis of ALM market risk on the balance sheet and stress liquidity risk is submitted to the Board's Risk Committee, the Executive Committee, the Risk Committee and the departments concerned each month.

As at 31 December 2019, ALM market risk exposure on the balance sheet based on a 100bp increase in interest rates was CHF +64.5 million in terms of the Bank's assets and CHF -8.5 million in terms of its income.

MR1 Table: Market risk – minimum capital requirements under the standardised approach

(in CHF thousands)

RWA
31.12.2019

Outright products		
1	Interest-rate risk (general and specific)	102,450
2	Equity risk (general and specific)	17,481
3	Foreign exchange risk	14,649
4	Commodity risk	5,479
Options		
5	Simplified approach	
6	Delta-plus method	5,213
7	Scenario approach	
9	Total	145,272

IRRBB table / Interest rate risk: Objectives and standards for managing interest rate risk in the banking book

Interest Rate Risk in the Banking Book (IRRBB) is the risk to the Bank's capital and to its earnings arising from changes in interest rates. The banking book is composed of all client-related positions and the Bank's own positions which are not subject to its short-term trading activity.

The organisation and supervision of interest rate risk management is explained in the section on market risk.

The Asset & Liability Committee (ALCO) is the centralised decision-making body in charge of asset and liability management (ALM). Meeting monthly, it is responsible for managing and monitoring interest rate and liquidity risk through planning the balance sheet structure, ensuring that sensitivity limits set by senior management are adhered to, and ensuring that the Bank meets regulatory and supervisory requirements.

The Bank's IRRBB limit structure is composed of a limit on changes in the economic value of equity (EVE) and of a limit on changes in net interest income (NII), along with an overall liquidity risk limit defined for the Bank, which caps the maximum ALCO investment portfolio and loan book exposures, based on the existing run-off assumptions for retail deposits and on the classification of asset classes.

The Bank monitors the limits and submits reports to the ALCO and to senior management every month. The balance sheet is allocated in terms of future cash flows in order to analyse the timing of potential funding gaps. This is supplemented with an economic value stress test that excludes any replication of non-maturing positions and of capital. Several economic value stress tests based on various shifts in interest rate curves are also provided.

The sensitivity of EVE and of NII to changes in interest rates is measured by applying a 1% upward parallel shock to all interest rate curves. For economic value calculations, future cash flows are discounted using overnight indexed swap (OIS) interest rates. Cash flows from interest-yielding positions include spread margin payments. NII calculations are made over a forward-looking period of 12 months with the assumption that the balance sheet will remain constant.

The Bank uses interest rate swaps to reduce interest rate risks.

IRRBA1 table / Interest rate risk: Quantitative information on the structure of the exposure and the interest rate fixing date

	Volume in CHF millions			Average interest rate reset period (in years)		Maximum interest rate reset period (in years) for exposures with modelled (not determined) interest rate reset dates	
	Total	Of which CHF	Of which other significant currencies that make up more than 10% of total assets or liabilities	Total	Of which CHF	Total	Of which CHF
Defined interest rate reset date							
Due from banks	1,744	1,040	703	0.38	0.43		
Due from clients	8,486	1,285	5,400	0.29	0.28		
Money market mortgages	1,513	146	429	0.19	0.20		
Fixed-rate mortgages	136	54	72	0.79	0.65		
Financial investments	7,288	844	5,936	3.53	3.27		
Other receivables							
Assets from interest-rate derivatives	45,010	9,735	31,584	0.26	0.63		
Due to banks	(3,342)	(25)	(3,317)	0.06	0.10		
Liabilities from client deposits	(8,949)	(3)	(8,190)	0.09	0.36		
Other liabilities							
Liabilities from interest-rate derivatives	(45,687)	(17,337)	(24,053)	1.96	0.58		

IRRBA1 table / Interest rate risk: Quantitative information on the structure of the exposure and the interest rate fixing date

	Volume in CHF millions			Average interest rate reset period (in years)		Maximum interest rate reset period (in years) for exposures with modelled (not determined) interest rate reset dates	
	Total	Of which CHF	Of which other significant currencies that make up more than 10% of total assets or liabilities	Total	Of which CHF	Total	Of which CHF
Undefined interest rate reset date							
Due from banks	1,130	3	426	0.01	0.00		
Due from clients	723	99	545	0.00	0.00		
Floating-rate mortgages							
Other sight receivables							
Sight liabilities from personal accounts and current accounts	(14,550)	(1,719)	(10,787)	0.50	0.50		
Other sight liabilities							
Liabilities from client deposits, terminable but not transferable (savings)							
Total	(6,498)	(5,877)	(1,252)	-	-	-	-
No interest rate reset date							
Deposits with central banks	7,090	6,842	248				
Other assets	962	544	367				
Other liabilities	433	243	121				
Total	1,987	1,752	(516)	-	-		

Interest rate and currency swap transactions are composed of both assets and liabilities. The assets are reported under "Assets from interest-rate derivatives" and the liabilities under "Liabilities from interest-rate derivatives".

Table IRRBB1 / Interest rate risk: quantitative information on the net present value of the exposure and interest income

(in CHF millions)	EVE (changes in the net present value) 31.12.2019	NII (changes in the discounted earnings value) 31.12.2019
Parallel shift up	25	117
Parallel shift down	(34)	(84)
Steeper shock	44	
Flattener shock	(39)	
Rise in short-term interest rates	(25)	
Fall in short-term interest rates	26	
Maximum	(39)	(84)
Period	31.12.2019	
Tier 1 capital	1,938	

The six interest rate scenarios are imposed by FINMA Circular 2019/2 “Interest rate risk – Banks”. Values are calculated according to FINMA Circular 2016/1 “Disclosure – banks”.

Interest rate risk in the banking book is influenced mainly by the investment book and by clients' current account balances. Due to the current account balances in USD of its high-asset clients, the Bank is exposed to USD interest rates, which impacts potential net interest income (NII) fluctuations. NII projections are made assuming that the structure of the balance sheet will remain the same.

For the economic value of equity (EVE) and NII, the maturity assumptions on client sight deposits are: 85% due within 1 day, 10% due with a maturity of 5 years and the rest with a maturity of 10 years. For the Bank's capital, the maturity assumption is 5 years.

ORA Table: Operational risk – general information

Operational 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 Manual, supplemented by various appendices including the New Business/Product Risk Assessment and Change Risk Assessment, defines the following principles and key components:

- The policy, strategies and active supervision required to manage operational risk, as developed by the Board's Risk Committee and implemented by the Executive Committee;
- A common description 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 Heads of Operating Units and the Risk Control Units (Risk Management, Compliance);
- 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, and key risk indicators);
- 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;
- 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
- Guidelines for promoting 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 multi-tiered organisational structure:

- Board's Risk Committee
- Audit Committee
- Risk Committee
- Independent Control Units (Group 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 is sustainable 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.

Capital, liquidity coverage, and leverage ratios

Parent bank

Parent bank (non-consolidated)

Capital ratio

(in CHF thousands)

	31.12.2019	31.12.2018
Minimum capital based on risk-weighted asset (RWA) requirements	630,743	527,110
Eligible capital	1,518,380	1,216,069
of which, Common Equity Tier 1 (CET1)	1,239,007	936,697
of which, core capital (T1)	1,514,380	1,212,070
Risk-weighted assets (RWA)	7,884,292	6,588,880
CET1 ratio (as % of RWA)	15.7%	14.2%
T1 ratio (as % of RWA)	19.2%	18.4%
Total capital ratio (as % of RWA)	19.3%	18.5%
Countercyclical capital buffer (as % of RWA)	0.02%	0.02%
Target CET1 ratio (in %) as per appendix 8 of the CAO, plus countercyclical buffer	7.8%	7.8%
Target T1 ratio (in %) as per appendix 8 of the CAO, plus countercyclical buffer	9.6%	9.6%
Total capital ratio target (in %) as per appendix 8 of the CAO, plus countercyclical buffer	12.0%	12.0%

Leverage ratio according to Basel III

(in CHF millions)

Leverage ratio Basel III (margin numbers 3 and 4, FINMA Circ. 15/3)	4.5%	3.7%
Total commitments	33,401	32,866

Liquidity coverage ratio (LCR)

(in CHF millions)

Liquidity coverage ratio (LCR) (in %), 4 th quarter	220.2%	251.0%
LCR numerator: sum of high-quality liquid assets	10,476	10,776
LCR denominator: net sum of cash outflows	4,757	4,293
Liquidity coverage ratio (LCR) (in %), 3 rd quarter	258.9%	253.5%
LCR numerator: sum of high-quality liquid assets	11,748	9,363
LCR denominator: net sum of cash outflows	4,538	3,694
Liquidity coverage ratio (LCR) (in %), 2 nd quarter	253.9%	236.4%
LCR numerator: sum of high-quality liquid assets	12,267	10,356
LCR denominator: net sum of cash outflows	4,831	4,380
Liquidity coverage ratio (LCR) (in %), 1 st quarter	268.9%	243.8%
LCR numerator: sum of high-quality liquid assets	11,817	10,283
LCR denominator: net sum of cash outflows	4,395	4,217

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