Annual Report 2016

UBP

Union Bancaire Privée

Annual Report 2016

Table of contents

Letter from the Board of Directors

For the first time since the financial crisis broke out in 2007, a broad improvement in economic fundamentals across the world is finally starting to take shape. The past year was one of transition, marked by spikes of volatility, a reversal in the global economic scenario, and geographic and sector rotations on the equity markets.

Observers will remember that 2016 did not get off to the best of starts. The threat of deflation in the first quarter generated sharp volatility in the stock markets amid a climate of heightened risk. This put intense pressure on equity markets, and triggered a massive flight to quality on the bond markets as yields continued to plummet.

One key event, however, helped put the markets back on track; the US Federal Reserve (the Fed) ended its quantitative easing policy at the end of 2015, and sent a strong signal to investors that, after a decade of gloom, the US could finally see some light at the end of the tunnel. Other central banks followed in the Fed's wake, gradually switching off their life-support machines, giving markets a second wind.

There has, however, been a distinct divergence between the European Union and the US with regard to monetary policy. The European Central Bank (ECB) does not have as much control over the euro as the Fed has over the dollar, and has struggled to keep its currency stable during the political storm blowing through Europe. This also made life difficult for Switzerland in 2016, as it had to contend with its strong currency while attempting to stay competitive on the world stage. This affected its economy and its markets also posted weak performances despite robust fundamentals.

Once the markets had got through the tricky first quarter, boosted by the Fed's actions, the rest of the year was more promising. Besides the upturn in various asset classes, especially equities, high-yield bonds and emerging market debt, global inflation also began to stir, which allowed markets to pick up. This rally fuelled hopes of stronger growth for 2017, even though investors should be wary of the rather high valuations, especially in the US, and paved the way for synchronised growth worldwide. The major economic areas – the US, Europe, India and China – as well as Japan (which seems to be benefiting from its reflation measures) are all showing clear signs of renewed momentum.

Last year would have gone more smoothly had it not been for politics interfering with the markets. The agitation started in June after the British people shocked the world by voting to leave the EU and was further exacerbated by the election of Donald Trump to the White House in early November. The referendum in Italy topped off the list of major political upsets for 2016. Faced with all these unexpected electoral outcomes we, as investors, have had to be both more pragmatic and vigilant than ever. Although we are maintaining the focus of our investment strategy on economic and financial fundamentals, the lesson to be learned is clear: never underestimate political risk. In the run-up to yet more pivotal elections in the Netherlands, France and Germany (the outcomes of which have the potential to throw the already weakened EU completely off balance), we must not lose sight of the long-term consequences that could result from Brexit and the new US administration. The UK's leaving the EU could precipitate its complete break-up. As for Donald Trump, he bears a heavy weight on his shoulders because the bolder his promises are, the higher the risk of bitter disappointment. If interest rates react by surging too fast, global growth could suffer and, in the worst possible case, it could lead to stagflation.

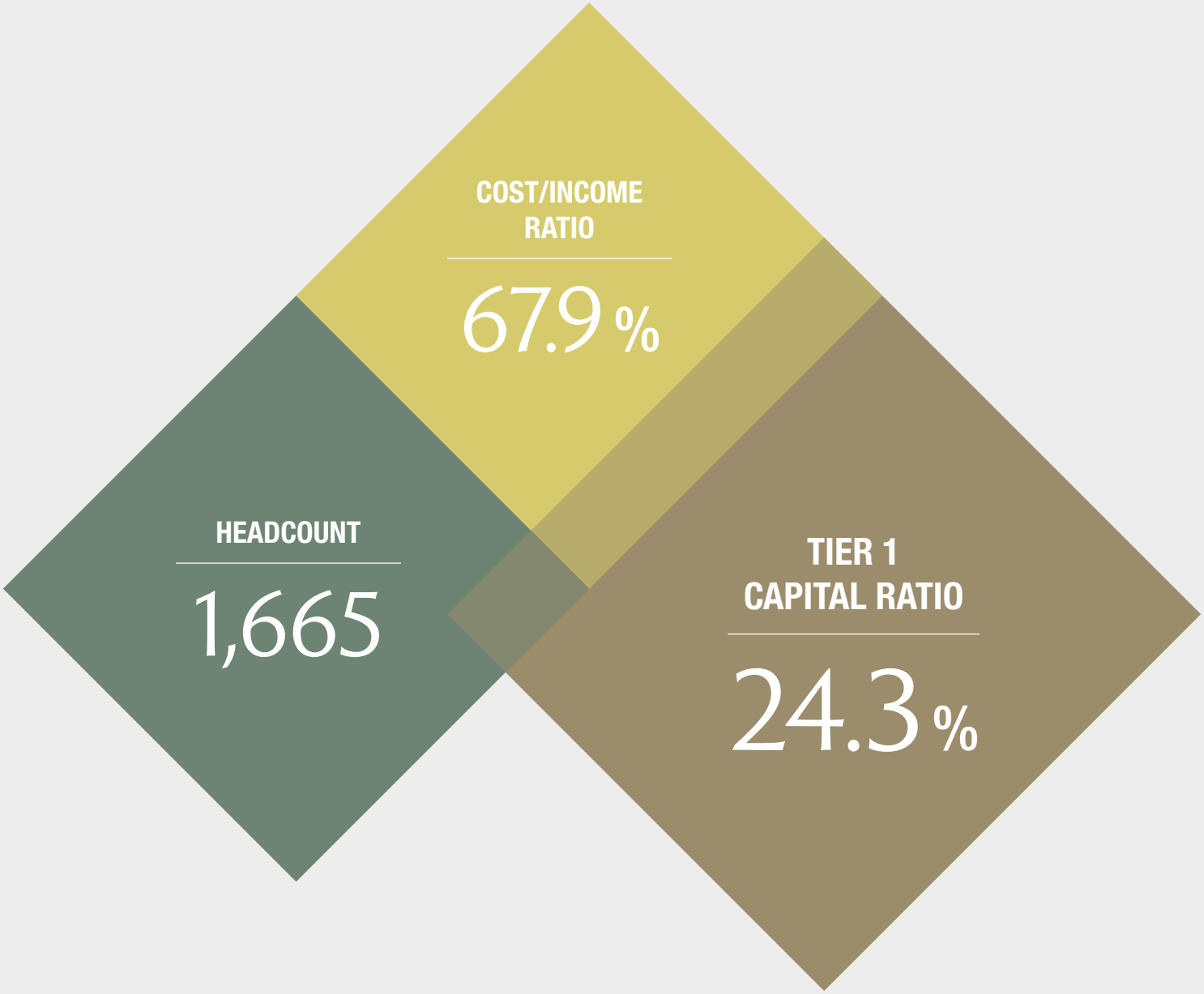
To sum up, after a year of transition, 2017 should see growth pick up across the world as US economic activity grows more strongly, as Europe shows clear signs of recovery, and as emerging markets push to restore lasting growth.

But as we emerge from almost a decade of dealing with the fallout of the systemic financial crisis, we may well be heading into a systemic political crisis in Europe where tensions and unpredictability are rising due to the weakness of the political, economic and monetary union. This year we will, therefore, be paying especially close attention to geopolitical events worldwide. The key will be to stay quick and agile in order to best manage market volatility and preserve our clients' wealth.

March 2017

Daniel de Picciotto
Chairman of the Board of Directors

Key Figures


COST/INCOME RATIO
67.9 %
HEADCOUNT
1,665
TIER 1 CAPITAL RATIO
24.3 %

ASSETS UNDER MANAGEMENT
(IN CHF)

118.3
BILLION

INTERNATIONAL NETWORK

24
OFFICES

NET PROFIT
(IN CHF)

176.4
MILLION

Activity Report

Strong Growth

With our foothold in Singapore, Hong Kong, Taiwan, Shanghai, and Tokyo, we now have a solid base in the region from which to continue our development, backed by our unique value proposition combining asset management services with bespoke wealth management solutions for both private and institutional investors.

Last year was an eventful one. Several incidents and developments shook the markets, including the slowdown in China that triggered a slump in the first quarter, the volatility sparked by the political upsets in the UK and the US, and commodity prices' backslide, especially oil, not to mention the very low, and in some cases even negative, interest rates. Our Bank managed to navigate all these obstacles and achieved strong results.

Successful Private Banking integration in Asia

After having integrated the Switzerland, Monaco and Middle East entities of Coutts International in October 2015, we completed the process by transferring the Hong Kong and Singapore activities in April 2016, concluding another essential stage in our growth strategy. Asia has long featured among UBP's key markets – we have already been active there in asset management for over twenty years.

Our two sites in Asia have got off to a very promising start. After eight months, our results have exceeded our expectations, and are in large part attributable to considerable net inflows of new assets as we have developed an offering that meets our clients' needs. At the end of 2016, assets under management for the Group in Asia totalled more than CHF 17 billion – CHF 11 billion in Private Banking (PB) and CHF 6 billion in Asset Management (AM).

With footholds in Singapore, Hong Kong, Taiwan, Shanghai, and Tokyo, we now have a solid base in the region from which to continue our development, backed by our unique value proposition combining asset management services with bespoke wealth management solutions for both private and institutional investors.

Our communications campaign has also raised our brand's profile in the region, and this has strengthened trust and revived interest among clients, but also among relationship managers in search of new challenges. Building further on this development, we have been recruiting new talent.

Asset and revenue growth

The Coutts International acquisition quickly had a very positive impact, as the growth in our revenues and assets under management shows. This transaction contributed to the 7.6% growth in the Group's overall assets under management, from CHF 110 billion at the end of 2015 to CHF 118.3 billion at the end of 2016. Our revenue has also increased sharply; gaining 24.7% for the year, it totalled CHF 934.6 million for 2016, leading to a net profit of CHF 176.4 million. This is a particularly noteworthy achievement by our teams given the current climate, with the banking industry under pressure as costs increase and with fees being squeezed, and rising interest margins only partly offsetting the losses. We increased our revenues by strengthening our sales forces at all our sites, as we had already done in Zurich and Dubai. Proof of the success of these efforts came recently when UBP Dubai won the award for Private Bank of the Year.

Asset Management shows its resilience

In 2016, asset managers had to deal with the contrasting performances of the different asset classes. Because of the intense volatility, most investors adopted a cautious, wait-and-see approach. Our AM teams overcame these challenges, achieving positive net inflows and clocking up several commercial successes in UBP's traditional places of business, such as Switzerland and Spain, but also in Italy, Germany and Benelux. Achieving inflows of more than CHF 1 billion, AM's assets under management gained 4% in 2016, reaching CHF 33.8 billion by the end of the year. Several large European pension funds put their trust in our AM division, attracted by our specialised expertise in various bond compartments, in alternative UCITS solutions, in European equities and in emerging markets – all of these skills having earned our teams several industry awards.

PRIVATE BANKING

CHF **92.3**
billion in assets under management

330
relationship managers

632
staff

Another achievement was to further increase synergies and collaboration between Asset Management and Private Banking by setting up a new team called Investment Services within the Asset Management division, dedicated to private clients.

Finding effective solutions for our clients is a constant goal

Faced with very low interest rates, and even negative ones for certain bonds, and the unpredictability of markets caused by the widespread political uncertainty, the Bank continued to broaden its range of alternative solutions, including direct investments. Such opportunities were very much in demand by those private clients looking for investments in tangible assets, such as shares in a Boeing 777-300 ER for leaseback to the airline Emirates, ownership of oil assets in the US, and stakes in new student accommodation, mainly in Germany. We also approached Partners Group to launch an attractive product in private debt, which enabled us to create a unique investment strategy; the product was an immediate hit. Judging by the promising pipeline, we also expect appetite for this kind of low-correlation investment solution to carry on increasing in 2017.

Our AM division came up with further innovative ideas in 2016, such as a UCITS platform to allow both private and institutional clients to gain access to the best hedge fund managers. We also broadened our high-yield bond range, and entrusted AJO, a leading equity management firm on the US market, with the management of our US equity fund (renamed UBAM - AJO US Equity Value). Among our other successes was a privileged distribution agreement with SEB, Scandinavia's leader in Danish real estate-backed financial products, and these investment strategies have been particularly popular with Japanese clients. Lastly, we also entered into research and advisory partnerships with local asset managers in Chile and India in order to expand our coverage in Latin America and the Indian subcontinent.

Treasury & Trading's strong contribution

The Treasury & Trading division got its positioning just right at key moments in the year, while continuing to widen our currency advisory offering. Having anticipated heightened volatility around the time of the Brexit referendum and, above all, when the outcome was announced, our Treasury department chose to be prudent. This enabled it to profit from the various situations, taking positions at very attractive rates before they returned to normal levels. The volatility surge also provided our trading room with many opportunities, especially on the forex market. The fall of the pound, which lost more than 15% against the dollar and the Swiss franc over the year, was also very beneficial, generating substantial gains.

Lastly, our Direct Access Client (DAC) service, which allows experienced investors to trade while in direct contact with our expert traders, increased revenue by over 25% year on year, a performance that confirms the added value of the service, especially during periods of uncertainty where fast reactions and sharp advice make all the difference.

The need for cost-management in times of industry mutation

We can be proud of all our hard work and investment over the years to adapt to new regulations. To make the necessary changes we have had to hire tax experts, review our operations, and update our IT infrastructure, all of which has weighed heavily on our budget. In this particularly complex environment, the fact that we have managed to increase our operating income, which came to CHF 191.9 million at the end of 2016 (up from CHF 152 million at the end of 2015), attests to our Group's ability to adjust to industry developments while keeping a tight rein on costs. Our responses to new tax laws in the US and in Europe, to investor-protection regulations and, of course, to the automatic exchange of information legislation have also significantly reshaped our offering. This has led us to overhaul our Advisory service and strengthen our bespoke asset management mandates so that we can better respond to the ever-evolving expectations of our client base, both professional and private. Assets under management in advisory and discretionary management mandates totalled CHF 24.4 billion at the end of 2016, 38% more than a year earlier, demonstrating our clients' interest in personalised advice and high value-added services.

ASSET MANAGEMENT

CHF **33.8***

billion in assets under management

34

institutional salespeople

217

staff

*of which CHF 7.8 billion is managed by AM on behalf of PB clients.

Our Direct Access Client service, which allows experienced investors to trade while in direct contact with our expert traders, increased its revenue by over 25% year on year, a performance that confirms the added value of the service.

Streamlining and adapting our organisation

Last year we also revised our Private Banking organisation, positioning more teams into a structure by market across the Group. Our aim was to give a boost to regions with high growth potential – Asia, the Middle East, Latin America and Eastern Europe – in which our performances were very strong during the year, while also paying attention to our European market, where higher ambitions are now likely to pay off.

Another achievement was to further increase synergies and collaboration between AM and PB by setting up a new team called Investment Services within the AM division, dedicated to our private clients. This arrangement, with asset management services centred round this new unit, has enabled managers and clients alike to gain direct access to over forty investment professionals as well as to all our research, advisory and asset allocation expertise.

Our Operations division has also undertaken a far-reaching transformation project lately. The purpose here too is to streamline the structure, with a special focus on automating processes in order to increase speed, productivity and commercial efficiency.

The last major change in 2016 was UBP's decision to no longer be custodian to its own funds in Luxembourg, hiring the services of BNP Paribas Securities Services (BP2S) instead. This strategic switch was carried out between August and October as part of a set of measures aimed at focusing UBP's resources on its core areas of expertise while, at the same time, guaranteeing transparency and cost optimisation for the investment solutions offered to our clients.

Digital transformation central to our strategy

In response to people's new digital habits, in 2016 we launched an ambitious Digital Programme in a bid to improve the client experience. We are convinced that our profession which is based, above all, on trust and has a strong emotional component, can never be taken over by robots; but we also believe that technology provides a valuable opportunity to target our advice and offer more customised services. This is the rationale that has led us to start developing a mobile interactive interface, which will enable our clients to access our services and advice faster and more easily, and give them more options for contacting their relationship managers.

Prudent balance sheet management

Our Group's strong income in 2016 enabled us to increase our shareholders' equity following the acquisition of Coutts in Asia. Our consistent and prudent balance sheet management is also reflected in our short-term liquidity ratio, which was 262.1% at the end of 2016, 2.6 times the legal minimum. This has kept our tier 1 ratio stable, at 24.3%, well above Basel III and FINMA requirements. In short, UBP remains one of the world's best-capitalised banks, with the means to further develop its asset management business for both private and institutional clients.

Guy de Picciotto
Chief Executive Officer

TREASURY & TRADING

CHF **30.8**
billion on the balance sheet

5
trading rooms worldwide

65
staff

Risk Management

At UBP, we regard risk management as a vital part of our strategy, because of regulatory requirements, but also as a distinctive part of our value proposition. Risk management is a skill, and so allows us to add real value for our clients.

Risk management at UBP goes beyond the requirements that arise from being a bank – it is part of our corporate culture and has been since UBP was founded. At all levels of the Bank, we regard anticipating, managing and monitoring risk as fundamental activities, and our governing bodies have always paid the closest attention to them. The aim is to look out for our clients, ensure the long-term future of our business and maintain our reputation. UBP's approach to risk management is that it should be independent, rigorous and an integral part of all our processes. Accordingly, we achieve effective risk management by examining and assessing risks and by providing appropriate supervision and control resources. Other key aspects are communication and training for employees and management, which actively help to ensure that risk management is consistent across the Group. This rigorous approach has been adopted by all our staff, and it is a key factor underpinning our success.

Overall risk management

At UBP, we regard risk management as a vital part of our strategy, because of regulatory requirements, but also as a distinctive part of our value proposition. Risk management is a skill, and so allows us to add real value for our clients.

The risk management mandate determined by the Board of Directors and the Executive Committee aims to ensure that all risks associated with the Group's activities are identified, assessed and controlled. It is embodied by directives and procedures designed to ensure maximum safety for both clients and shareholders. Our approach is very demanding in terms of employee skills, procedures and IT infrastructure, and we actively promote an internal risk management culture.

At UBP, therefore, the Risk Management department relies on a set of detailed rules and information systems dealing specifically with risk management activities. Its role is to detect, check and report on all risks that are material or require attention from the Bank's business operations.

In terms of organisational structure, we have four levels of governance and main responsibilities in terms of managing and controlling risk:

- The Committee of the Board of Directors determines the general risk policy and risk management strategy (risk identification, risk appetite, definition of control standards) and oversees them at global level.

- The Executive Committee and Risk Committee ensure that the risk policy is implemented operationally and makes recommendations in that area.

- Risk Management independently carries out second-level risk checks, working closely with the Compliance and Credit departments.

- Our divisions' business segments carry out first-level checks: Treasury & Trading, Private Banking and Asset Management.

As a whole, our system aims to manage the various risk categories described below. It covers market, credit, sustainability, operating, reputational, as well as regulatory risk.

Market risk management

Management of the market risks inherent in treasury and trading activities involves setting limits – in terms of positions, sensitivity, value at risk (VaR), maximum losses, primary market exposure, issuers and countries – and carrying out simulations (stress scenarios) and risk-adjusted performance measurements (RAPM), including retrospective VaR tests. Specific and daily reports are produced to allow detailed management of these risks.

Credit risk management

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.

To deal with those possibilities, the Group has a clearly defined system for managing counterparty, regulatory, and country risk.

Credit risks concerning individual Private Banking clients

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. In general, loans granted to private banking clients are secured by pledged collateral (Lombard loans). This type of loan comprises over 90% of the client loan book.

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

Credit risks concerning professional counterparties and country risk

Exposure to professional counterparty risk is assumed only with counterparties who have very high credit ratings. 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. Limits are granted on the basis of the the creditworthiness of the specific counterparty and using a

dynamic model based on CDS spreads and ratings. Generally the Group grants credit facilities only to those counterparties whose Fitch long-term credit rating is A (or equivalent) or higher and whose registered office is in an OECD country.

We monitor and manage counterparty and country risk for market and Treasury activities on an ongoing basis and centrally, using a real-time system.

Operating risk management

Operating risk is an inherent part of our business and may result from errors, failures to comply with internal procedures, external events and human actions.

To manage and monitor operating risk, we have set up a comprehensive system based on methods to identify, assess, monitor, control and mitigate that risk, with a particular focus on the introduction and operation of new products, activities, processes and systems.

Operating risk is monitored regularly, using risk maps and indicators, and is covered by specific procedures such as emergency and business continuity plans, to ensure that our activities may proceed uninterrupted.

We use continuing professional development as a way of instilling a deep-seated awareness of operating risk within the Group, including specific training for new staff joining as a result of business combinations.

Reputational risk management

Our reputation is one of our most precious assets. 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.

As a result, we do our utmost to maintain our reputation through the overall risk management approach described above, which enables us to ensure an impeccable standard of activity. We also have clear conduct rules and ethical codes, which are supplemented by training sessions to strengthen the business culture and ensure that the Bank's fundamental values are respected and preserved.

Regulatory risk management

Banks around the world are subject to a large number of new rules, including rules governing cross-border and advisory activities and relating to capital market activities (proper execution and market abuse). In response to those rules, and to regulations relating to third parties and situations where third parties are involved in doing business, we have strengthened our general control and compliance framework to ensure that our activities meet all new requirements. In addition to strengthening controls and ensuring compliance by adopting new directives, we have introduced training programmes to give our staff a better understanding of new regulations and to define control steps, rules and responsibilities.

2016 Consolidated Accounts

Financial Highlights for the Group

	2016 in CHF millions	2015 in CHF millions	Variation in CHF millions	Variation in %
Net profit	176	25	151	604.0 %
Operating result before provisions	192	152	40	26.3 %
Client assets (in CHF billions)	118.3	109.9	8.4	7.6 %
Total operating income	**935**	**750**	**185**	**24.7 %**
Net result from interest operations	256	156	100	64.1 %
Net fees and commissions income	576	503	73	14.5 %
Profit on trading operations and on fair value options	96	77	19	24.7 %
Total operating expenses	**635**	**520**	**115**	**22.1 %**
Personnel expenses	468	385	83	21.6 %
General and administrative expenses	167	134	33	24.6 %
Depreciation, value adjustments, provisions and losses	108	78	30	38.5 %
Total assets	**30,823**	**25,215**	**5,608**	**22.2 %**
Shareholders' equity	2,095	1,868	227	12.2 %
Share capital	300	300	–	0.0 %
Capital reserves	867	867	–	0.0 %
Reserves and retained earnings	536	510	26	5.1 %
Reserves for general banking risks	215	165	50	30.3 %
Staff members (as at 31 December)	1,665	1,450	215	14.8 %
Net profit per staff member (in CHF thousands)	106	17	89	523.5 %
Operating cost/income ratio	67.9 %	69.3 %	–	–
Cost/income ratio after depreciation	78.4 %	79.1 %	–	–
Return on equity (ROE)	9.3 %	1.3 %	–	–
Shareholders' equity/total assets	6.8 %	7.4 %	–	–
BIS ratio (Basel III)	24.3 %	24.4 %	–	–

Consolidated Balance Sheet as at 31 December

(in CHF thousands)

	2016	2015
Assets		
Cash and cash equivalents	7,995,562	6,792,440
Due from banks	1,589,027	1,077,401
Due from securities financing transactions	589,600	1,067,773
Due from clients	7,097,435	5,514,292
Mortgages	1,356,208	928,018
Trading portfolio assets	21,071	36,361
Positive replacement values of derivative financial instruments	472,798	284,103
Other financial instruments at fair value	593,449	588,194
Financial investments	10,200,808	8,113,692
Accrued income and prepaid expenses	138,023	138,297
Non-consolidated participations	10,494	11,132
Tangible fixed assets	241,887	259,005
Intangible assets	413,823	374,365
Other assets	102,767	30,355
Total assets	**30,822,952**	**25,215,428**
Total subordinated claims	**–**	**–**

(in CHF thousands)	2016	2015
Liabilities		
Due to banks	617,702	312,128
Liabilities from securities financing transactions	2,827,106	285,918
Due in respect of client deposits	23,746,512	21,351,728
Liabilities from trading portfolios	280	506
Negative replacement values of derivative financial instruments	246,171	139,613
Liabilities from other financial instruments at fair value	750,868	617,841
Accrued expenses and deferred income	322,265	253,807
Other liabilities	158,375	126,582
Provisions	58,787	258,898
Total liabilities	**28,728,066**	**23,347,021**
Reserves for general banking risks	215,375	165,375
Share capital	300,000	300,000
Capital reserves	867,336	867,336
Reserves and retained earnings	535,744	510,480
Group profit	176,431	25,216
Total equity	**2,094,886**	**1,868,407**
Total liabilities and equity	**30,822,952**	**25,215,428**
Total subordinated liabilities	**–**	**–**

Off-balance-sheet transactions as at 31 December

(in CHF thousands)	2016	2015
Contingent liabilities	447,636	443,225
Irrevocable commitments	124,651	137,260
Liabilities to pay up shares and to make additional payments	142,008	71,424
Credit commitments (deferred payments)	–	1,006

Consolidated Statement of Income

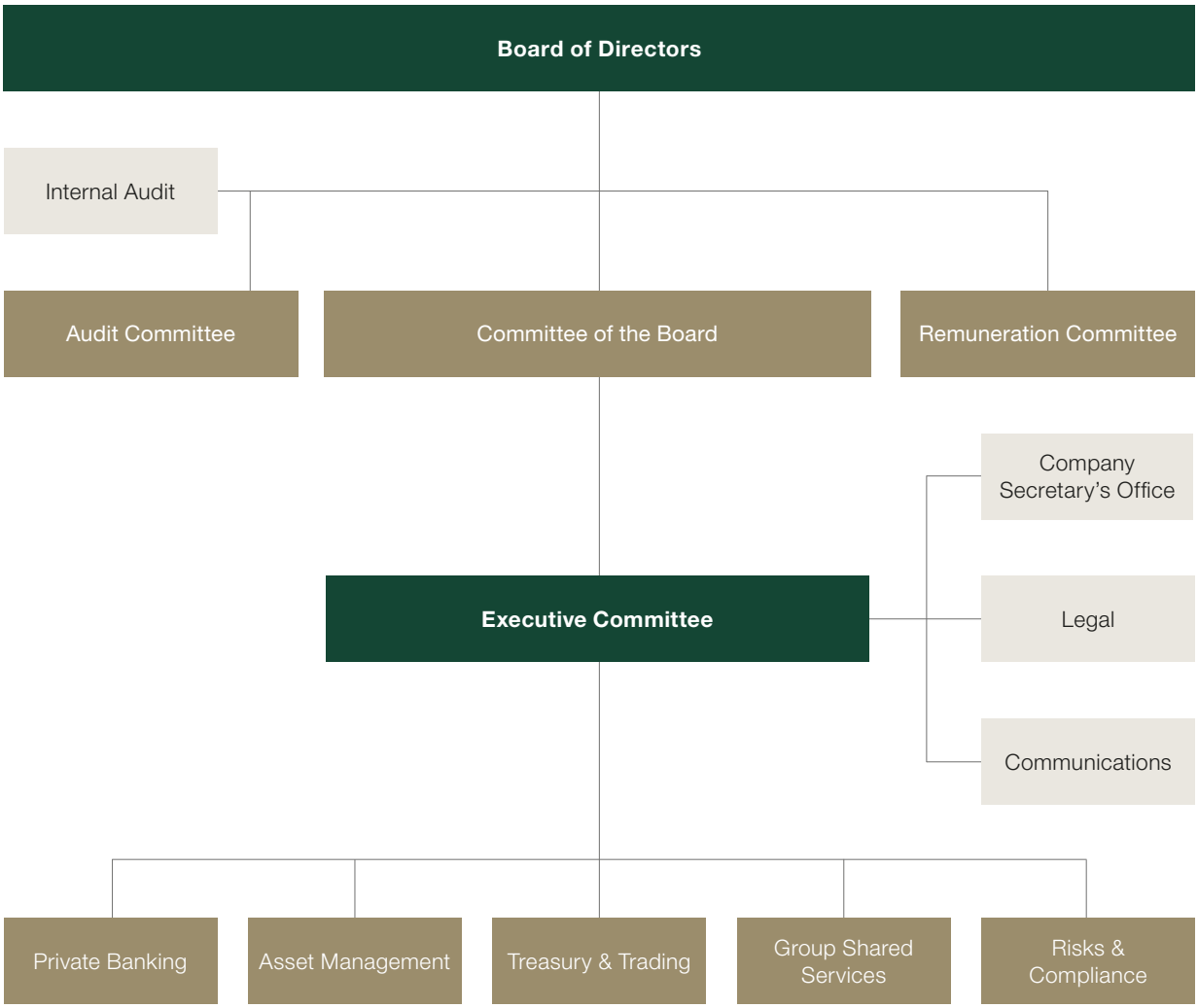
(in CHF thousands)	2016	2015
Consolidated statement of ordinary income and expenses on banking operations		
Result from interest operations		
Interest and discount income	212,805	101,497
Interest and dividends from financial investments	104,047	75,207
Interest expense	(60,358)	(20,310)
Gross result from interest operations	**256,494**	**156,394**
Changes in value adjustments and provisions for default risks and losses from interest operations	(858)	–
Net result from interest operations	**255,636**	**156,394**
Fees and commissions		
Commission income on securities trading and investment transactions	590,443	515,773
Credit-related fees and commissions	2,933	2,619
Other fees and commissions income	2,838	1,157
Commission expense	(20,029)	(16,346)
Fees and commissions	**576,185**	**503,203**
Result from trading activities and the fair value option	**95,776**	**77,000**
Other result from ordinary activities		
Result from the disposal of financial investments	5,342	4,703
Income from participations	2,126	7,682
of which, from participations reported using the equity method	(666)	130
of which, from other non-consolidated participations	2,792	7,552
Result from real estate	984	1,512
Other ordinary income	633	2,640
Other ordinary expenses	(2,123)	(3,428)
Other result from ordinary activities	**6,962**	**13,109**
Total income	**934,559**	**749,706**

(in CHF thousands)	2016	2015
Operating expenses		
Personnel expenses	(467,926)	(385,133)
General and administrative expenses	(166,809)	(134,436)
Operating expenses	**(634,735)**	**(519,569)**
Value adjustments on participations and depreciation of tangible and intangible fixed assets	(97,865)	(73,088)
Changes to provisions and other value adjustments and losses	(10,103)	(5,097)
Operating result before provisions	**191,856**	**151,952**
Restructuring provision	(9,633)	(13,947)
Provision for US program		(97,635)
Operating result	**182,223**	**40,370**
Extraordinary income	114,316	9,020
Extraordinary expenses	(22,243)	–
Changes in reserves for general banking risks	(50,000)	–
Taxes	(47,865)	(24,174)
Group profit	**176,431**	**25,216**

Governance

UBP's organisational structure is based on recognised corporate governance standards. The Board of Directors and committees consist mostly of independent members, and they perform a self-assessment exercise every year. The duties and powers of the Board of Directors, its committees and the Executive Committee are defined by our internal regulations, which are approved by FINMA.

Organisational Structure



UBP's organisation reflects our drive to offer the best combination of skills for institutional and private clients alike. We have an integrated model that brings together all of our investment expertise within our Asset Management division, while all capital market activities are run by the Treasury & Trading division. These two divisions complement each other, with no silo mentality, which makes our model unique in the market. We are constantly seeking to develop custom solutions for our private clients, and this structure allows us to give them access to know-how that is traditionally available only to institutional investors. Our model also makes us more efficient in dealing with a more complex regulatory environment.

Roles and Responsibilities

Board of Directors

The Board of Directors defines our long-term vision, strategy and general policy. In particular, it determines our structure and governance rules. It has top-level oversight over the management of Group business operations and takes all strategically important decisions regarding the management of business operations and appointments in key positions.

The Board of Directors meets at least four times per year.

Chairman

Daniel de Picciotto

Vice-Chairman

Marcel Rohner*

General Counsel

Olivier Vodoz*

Directors

Pierre-Alain Blum*

Nicolas Brunschwig*

Anne Rotman de Picciotto

Eftychia (La) Fischer

Richard Katz*

John Manser*

Company Secretary

Claudio Rollini

Committee of the Board

The Committee of the Board acts as an interface between the Board of Directors and the Executive Committee. It determines the framework for delivering our strategy, approves our communications strategy, directly oversees the management of day-to-day operations, checks that decisions by the Board of Directors are properly implemented and monitors the Executive Committee's activities.

The Committee of the Board meets every month.

Chairman

Marcel Rohner*

Members

Anne Rotman de Picciotto

Daniel de Picciotto

Eftychia (La) Fischer

John Manser*

Olivier Vodoz*

*Independent members

The Committee of the Board
From left to right

John Manser

Eftychia (La) Fischer

Olivier Vodoz

Anne Rotman de Picciotto

Marcel Rohner

Daniel de Picciotto

Transparency is an intrinsic value in running a family business. Above all, it guarantees our clients a long-term vision and uncompromising management.

Audit Committee

The Audit Committee supervises work done by Internal Audit, ensures that Internal Audit has the resources and skills it needs to fulfil its duties and acts as an interface between the Board of Directors and the Auditing Body.

The Audit Committee meets at least five times per year.

Chairman

Olivier Vodoz*

Members

Anne Rotman de Picciotto

Marcel Rohner*

Remuneration Committee

The Remuneration Committee determines and assesses annually our remuneration policy, as approved by the Board of Directors, and considers the recruitment and appointment of Executive Committee members and senior managerial staff. It also oversees the implementation of our agreed policy regarding the promotion, development, retention and succession of senior managerial staff, whose performance it reviews regularly.

The Remuneration Committee meets at least twice per year.

Chairman

John Manser*

Members

Anne Rotman de Picciotto

Nicolas Brunschwig*

*Independent members

Executive Committee

The Executive Committee's role is to implement our strategy and objectives, as defined by the Board of Directors, and is in charge of running and managing day-to-day business operations. It also co-ordinates our administrative organisation, checks that statutory and regulatory rules and the risk management policy are properly applied, and seeks to ensure that secure, profitable business relationships are established and developed, with and for clients.

The Executive Committee meets every week.

Chairman

Guy de Picciotto
CEO

Members

Ian Cramb
COO

Michel Longhini
Private Banking

Nicolas Faller
Co-CEO Asset Management

Michaël Lok
Co-CEO Asset Management

Philip Adler
Treasury & Trading

Raoul Jacot-Descombes
Risks & Compliance

Company Secretary

Claudio Rollini

Executive Committee
From left to right

Philip Adler

Nicolas Faller

Raoul Jacot-Descombes

Michaël Lok

Guy de Picciotto

Michel Longhini

Ian Cramb

Claudio Rollini (Company Secretary)

Portrait

2016

Transfer of Coutts' Hong Kong and Singapore activities

2015

Acquisition of the international wealth management business of Royal Bank of Scotland (RBS), Coutts

Transfer of Coutts' EMEA activities

2013

Acquisition of Lloyds Banking Group's international private banking business

2011

Acquisition of ABN AMRO's Swiss Subsidiary

2002

Acquisition of Discount Bank and Trust Company

1997

Start of Asset Management activities

1990

Acquisition of American Express Bank

CBI changes its name to Union Bancaire Privée (UBP)

1989

First office in Asia (Tokyo)

1974

CBI launches its first fund and pioneers alternative investments

1969

Edgar de Picciotto founds Compagnie de Banque et d'Investissements (CBI)

History

Union Bancaire Privée is one of the biggest family-owned private banks in the world. But what makes UBP really unique is its corporate culture, which combines modernity and tradition. All the Bank's staff draw their inspiration and drive from the founding family's blend of strong moral values and pragmatism, which has always been and will remain the key to UBP's success.

A family affair

Having originated in Portugal in the Age of Discovery, the de Picciotto family has been honing its skills over ten generations in both diplomacy and trade. This long line of successful merchants and high-profile consuls continues to this day with the family bank, UBP, which represents both an extension and culmination of this history.

The birth of a bank

Edgar de Picciotto arrived in Switzerland in 1954 after having finished his studies, and founded his own bank in 1969: Compagnie de Banque et d'Investissements (CBI), which would go on to become Union Bancaire Privée (UBP) in 1990. With just CHF 8 million in start-up capital, the Bank grew considerably in just five decades and today it manages around CHF 118 billion in assets for private and institutional clients, and employs some 1,665 people in twenty countries.

A lasting company

Today, just as it always has, UBP belongs to the de Picciotto family, which controls the Bank through CBI Holding SA. Edgar de Picciotto, who founded the Bank, was the Chairman of the Board until he passed away in March 2016, after which his eldest son, Daniel de Picciotto, who had been on the Board since 2010, took over the position. Edgar's daughter, Anne Rotman de Picciotto, has held a seat on the Board since 2002. Continuity is also embodied by another one of Edgar's sons, Guy de Picciotto, who has served as Chief Executive Officer since 1998, overseeing the Bank's operational management. With the second generation of the family having managed the business for several years, UBP can lay claim to a successful legacy and has ensured its continuity.

Growth through acquisitions

From the outset, UBP has striven to consolidate its position on its preferred markets while strengthening its financial expertise through targeted acquisitions and partnerships. While the Bank has been able to grow organically since its creation, especially thanks to its reputation and its ability to manage performance for its clients, it also owes its growth to the acquisitions of several major players in wealth management, both in Switzerland and abroad. One example of this was the purchase of the American Express Bank in 1990 – at that point the biggest banking takeover ever seen in Switzerland –, which would quadruple its size. Over the last twenty-five years, UBP has carried out sixteen acquisitions, including some major ones, such as that of the Discount Bank and Trust Company in 2002, the Swiss subsidiary of ABN AMRO in 2011, the international private banking business of Lloyds Banking Group in 2013 and most recently the international wealth management business of Royal Bank of Scotland (RBS), which operated under the name of Coutts, in 2015.

Corporate Culture

The dedication of UBP's staff is testament to a unique corporate culture inspired by its founder, who was able to imbue the Bank with the family values. In just half a century, UBP has become a highly successful bank, marrying these ethics with a culture of results. This subtle blend has afforded the Bank its position among the world's leading wealth managers.

UBP's slogan, "The Drive You Demand" pervades every aspect of the firm's values. It sums up our corporate culture, which is one based on dynamism, energy, instinct, dedication and teamwork. The term "drive" expresses the willingness of the Bank and its people to boldly look towards the future with strength, leadership and audacity.

THE DRIVE YOU DEMAND

As one of the major players in asset management and finance, UBP is recognised today as a solid partner, known both for its expertise and for what it offers. It owes this privileged position, in part, to its talent for anticipation. This advantage, which is based on our ability to think outside the box, forms an integral part of the way we at UBP work: it means understanding movements and trends; forming our own opinion; building convictions without blindly following consensus thinking, and then acting appropriately.

We are bold, but have never abandoned a cautious approach to business management, ensuring the Bank's health and solidity – an attitude that has enabled us to develop a long-term strategy while fostering continual growth. UBP's dynamism and strength are what make the difference today.

Values

Dedication, conviction, agility, responsibility. UBP's four key values express our determination to achieve our aims and to live up to our clients' expectations and safeguard their interests. Every day, all of our people embody these values, and they inspire and guide every single thing we do, regardless of which field they work in.

Dedication

Finding the best solution to every situation demands constant dedication and an exclusively client-oriented approach. With this in mind, our staff work tirelessly, conscientiously, open-mindedly and willingly to satisfy every last detail of our clients' needs. The level of service and performance we demand of our staff is the same as that which clients demand of their bank.

Conviction

Our long-term vision enables us to make choices based on strong convictions – an advantage that serves to grow both our own and our clients' business. One only has to look at the Bank's rapid growth, which today has earned it the respect and recognition of its peers, and its ability to offer its clients investment solutions that are always innovative and performance-oriented.

Agility

Thanks to its size and structure, UBP is very flexible and ensures fast decision-making, enabling it to carry out large-scale operations and seize investment opportunities when they appear on the markets. This unique skill from which our clients benefit as much as the Bank, is one of the key factors in our success.

Responsibility

At every level and in everything we do, we ensure that integrity, ethics and fairness take precedence. At UBP, responsibility is an integral value, both for the individual and for the company; it is a prerequisite for ensuring irreproachable business conduct.

Corporate Social Responsibility

Discreet and effective community support has always been a moral obligation for UBP.

Socially responsible investing (SRI)

Since 2012, UBP has been a signatory of the United Nations Principles for Responsible Investment (UN PRI). In the same way that we help clients to incorporate social issues into their objectives, we also work to promote environmental, social and corporate governance issues and integrate them into our investment decisions.

Code of conduct

In 2013, we adopted an ethical code of conduct. This sets out the principles and practices that define the way in which UBP and its governing bodies, its staff and its representatives carry out their work. This code comprises three aspects – corporate responsibility, professional excellence, and environmental and social responsibility –, and sets out the guiding ethical principles, which themselves are based on the Bank's key values. These principles relate to protecting the assets entrusted to us, preventing illicit activities, respecting confidentiality and compliance, being transparent, preventing conflicts of interest, and promoting responsible investment. In-house, this entails paying close attention to equality of treatment, protection of the environment, health and safety standards at work, as well as further training and education. UBP also invests in the next generation, offering young students the opportunity to have their first professional experience. We also encourage staff to take training courses to boost their skills, and back professional and personal development.

Since it was founded, UBP has been involved in sponsorship in the various countries where it has a presence.

Culture

UBP's cultural patronage takes the form of support for artistic creation. We sponsor the theatre, classical music and film creation. In these last two fields, we focus on up-and-coming young talent.

Education and research

Supporting training for young people, innovation, entrepreneurialism and cutting-edge solutions in new financial technologies (Fintech) is essential for us at UBP. It is with this in mind that we signed a partnership with INSEAD in Paris and Singapore, and endowed the de Picciotto Chair in alternative investments in 2003.

Community and sustainable development

For several years, we have carried out a number of corporate sponsorship initiatives for the local community. The Group also maintains a policy of sustainable development, encouraging recycling, reduced consumption, re-using and donating objects to charities.

International Presence

Addresses

Headquarters

Union Bancaire Privée, UBP SA
Rue du Rhône 96-98
P.O. Box 1320
1211 Geneva 1
T +41 58 819 21 11
F +41 58 819 22 00

www.ubp.com
e-mail: ubp@ubp.com

Branches

Zurich

Bahnhofstrasse 1
8027 Zurich
T +41 58 819 62 00
F +41 58 819 62 53

Lugano

Viale S. Franscini 5
6900 Lugano
T +41 58 819 60 00
F +41 58 819 61 90

Basel

Aeschengraben 9
P.O. Box 4452
4002 Basel
T +41 58 819 57 00
F +41 58 819 57 01

Bahamas

Lyford Cay House, 5th Floor
Western Road
P.O. Box N-7529
Lyford Cay, N.P.
T +1 242 362 43 33
F +1 242 362 43 39

Hong Kong

Level 26
AIA Central
1 Connaught Road Central
Hong Kong
T +852 3701 96 88
F +852 3701 96 68

Jersey

40 The Esplanade
P.O. Box 526
St. Helier
Jersey JE4 5UH
T +44 1534 514 670
F +44 1534 514 671

Monaco

11, boulevard des Moulins
P.O. Box 106
98002 Monaco Cedex
T +377 92 16 58 58
F +377 92 16 58 69

Singapore

Level 38, One Raffles Quay
North Tower
Singapore 048583
T +65 6730 8088
F +65 6730 8068

United Kingdom

26 St James's Square
London SW1Y 4JH
T +44 20 7369 1350
F +44 20 7369 0460

Subsidiaries

Switzerland

UBP Gestion Institutionnelle SA
Rue Robert-Estienne 8
P.O. Box 1320
1211 Geneva 1
T +41 22 310 56 50
F +41 58 819 26 30

Fiduciaire Fidulex SA
Rue Robert-Estienne 8
P.O. Box 1320
1211 Geneva 1
T +41 58 819 21 11
F +41 58 819 22 49

Coteges Conseils & Techniques de Gestion SA
Rue Robert-Estienne 8
P.O. Box 171
1211 Geneva 3
T +41 58 819 21 11
F +41 58 819 22 00

UBP Investment Advisors SA
Place Camoletti 6, 2nd Floor
1207 Geneva
T +41 22 317 49 60
F +41 22 317 49 69

Belgium

UBP Asset Management Benelux
Branch of UBP Asset Management (Europe) SA
Avenue de Tervueren 273
1150 Brussels
T +32 2 761 92 40
F +32 2 761 92 49

France

Union Bancaire Gestion Institutionnelle (France) SAS
Subsidiary of UBP Holdings (France) SAS
116, avenue des Champs-Elysées
75008 Paris
T +33 1 75 77 80 80
F +33 1 44 50 16 19
www.ubgi.fr

UBP Holdings (France) SAS
Subsidiary of UBP Asset Management (Europe) SA
116, avenue des Champs-Elysées
75008 Paris
T +33 1 75 77 80 80
F +33 1 44 50 16 19

Italy

Union Bancaire Privée (Europe) SA
Branch of Union Bancaire Privée (Europe) SA
Via Monte di Pietà 21
20121 Milan
T +39 02 86 33 73 21
F +39 02 86 33 74 00

Jersey

Union Bancaire Asset Management (Jersey) Ltd.
40 Esplanade
P.O. Box 526
St. Helier
Jersey JE4 5UH
T +44 1534 514 672
F +44 1534 514 674

Luxembourg

Union Bancaire Privée (Europe) SA
287-289, route d'Arlon
P.O. Box 79
1150 Luxembourg
T +352 228 007-1
F +352 228 007 220

UBP Asset Management (Europe) SA
287-289, route d'Arlon
P.O. Box 79
1150 Luxembourg
T +352 228 007-1
F +352 228 007 221

Spain

UBP Gestión Institucional SA
(Sociedad Unipersonal)
Subsidiary of UBP Gestion Institutionnelle SA
Av. Diagonal 520, 2° 2a-B
08006 Barcelona
T +34 93 414 04 09
F +34 93 414 03 91

United Kingdom

UBP Securities (UK) Ltd.
26 St James's Square
London SW1Y 4JH
T +44 20 7369 1350
F +44 20 7369 0460

Lebanon

Union Bancaire Privée Finance SAL
Charles Malek Avenue
Borj Al Ghazal Building
Tabaris
Beirut
T +961 1 213 344
F +961 1 213 366

United Arab Emirates

Union Bancaire Privée (Middle East) Ltd.
Dubai International Financial Center
Gate Precinct Building 5
Office 507, Level 5
P.O. Box 33778
Dubai
T +9714 818 48 00
F +9714 362 94 90

China

UBP Investment Management (Shanghai) Ltd.
Room 1205, 12/F
Bank of East Asia Finance Tower
66 Hua Yuan Shi Qiao Road
Pudong
Shanghai
T +86 21 2062 9980
F +86 21 2062 9803

Hong Kong

UBP Asset Management Asia Ltd.
Suites 2602-04
Two Exchange Square
8 Connaught Place Central
Hong Kong
T +852 3713 1111
F +852 3713 1100

Japan

UBP Investments Co., Ltd.
Hibiya Sankei Building, 11th Floor
1-9-1 Yurakucho
Chiyoda-ku
Tokyo 100-0006
T +81 3 5220 2111
F +81 3 5220 2574

Singapore

Union Bancaire Privée (Singapore) Ltd.
Level 38, One Raffles Quay
North Tower
Singapore 048583
T +65 6730 8088
F +65 6730 8068

Taiwan

UBP TransGlobe Securities Investment Consulting Co., Ltd.
9 / F-1, No.288, Section 6, Civic Blvd
Xinyi District
Taipei City 110
T +886 227 48 17 66
F +886 227 48 17 55

Bahamas

Union Bancaire Privée (Bahamas) Ltd.
Lyford Cay House, 5th Floor
Western Road
P.O. Box N-7529
Lyford Cay, N.P.
T +1 242 362 42 07
F +1 242 362 43 38

Bermuda

Union Bancaire Privée Asset Management (Bermuda) Ltd.
Cumberland House, 4th Floor
1 Victoria Street
P.O. Box HM 2572
Hamilton HM 11
T +1 441 295 8339
F +1 441 295 8682

United States

Union Bancaire Privée Asset Management LLC
767 Fifth Avenue, 19th Floor
New York, NY 10153
T +1 212 317 67 00
F +1 212 317 11 21

Representative Offices

Israel

8 Shaul Hamelech Blvd
Tel Aviv 6473307
T +972 3 691 5626
F +972 3 691 4652

Lebanon

Charles Malek Avenue
Borj Al Ghazal Building
Tabaris
Beirut
T +961 1 213 344
F +961 1 213 366

Turkey

Akmerkez Residence Apart Otel
Ahmet Adnan Saygun cad.
Ulus yolu No:3 Da:1A2
Etiler/Beşiktaş
Istanbul 34340
T +90 212 296 20 40
F +90 212 296 35 70

United Arab Emirates

Rolex Tower
Office No. 5A, 5th Floor
Sheikh Zayed Road

Printed in Switzerland – April 2017

www.ubp.com

UBP

Union Bancaire Privée