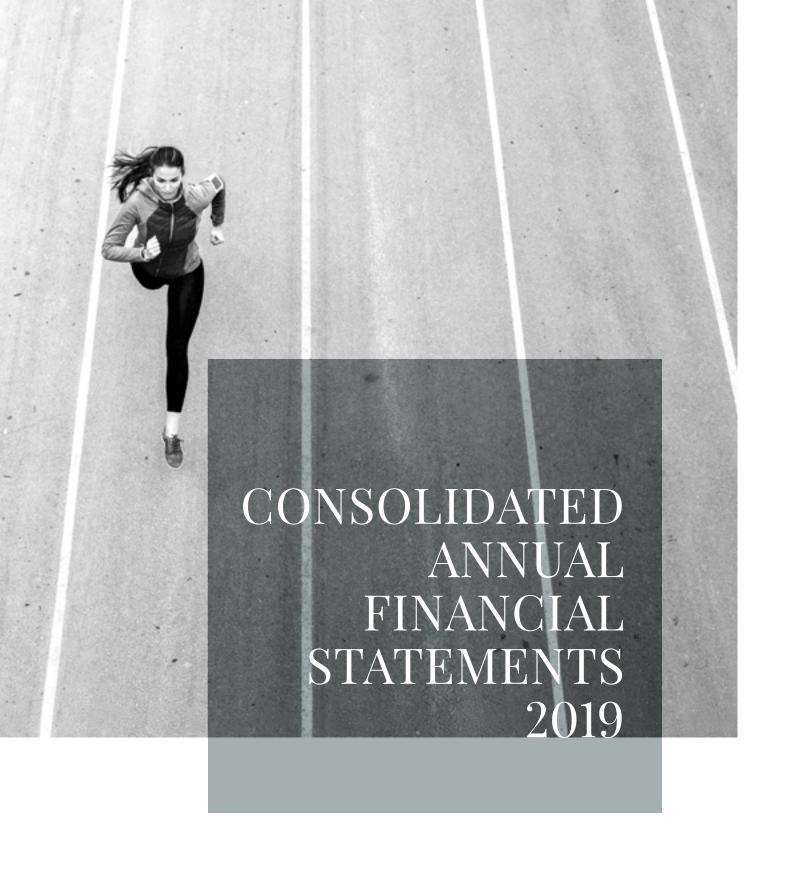


FINANCIAL REPORT 2019





FINANCIAL HIGHLIGHTS FOR THE GROUP

	2019 in CHF millions	2018 in CHF millions	Variation in CHF millions	Variation in %
Net profit	187.8	202.4	(14.6)	(7.2%)
Operating result before provisions	215.9	257.5	(41.6)	(16.2%)
Client assets (in CHF billions)	140.3	126.8	13.5	10.6%
Total operating income	1,067.4	1,061.0	6.4	0.6%
Net result from interest operations	298.2	304.4	(6.2)	(2.1%)
Net fees and commissions income	677.9	651.3	26.6	4.1%
Profit on trading operations and on fair value options	83.8	94.0	(10.2)	(10.8%)
Tatal analysis a suppose	725.2	698.0	07.0	3.9%
Total operating expenses	524.2	515.2	9.0	1.7%
Personnel expenses	201.1	182.8	18.3	10.0%
General and administrative expenses	126.2	102.0	20.8	19.7%
Depreciation, value adjustments, provisions and losses				0.6%
Total assets Charabaldaral aquity	32,755.6	32,570.8	184.8 52.5	2.3%
Shareholders' equity	2,355.2	2,302.7	52.5	2.3%
Share capital	300.0	300.0		
Capital reserves	867.3	867.3		- 0.40/
Reserves and retained earnings	785.1	717.6	67.5	9.4%
Reserves for general banking risks	215.4	215.4	- (2.0)	- (0.10/)
Staff members (as at 31 December)	1,743	1,781	(38)	(2.1%)
Net profit per staff member (in CHF thousands)	107.7	113.6	(5.9)	(5.2%)
Operating cost/income ratio	67.9%	65.8%	-	
Cost/income ratio after depreciation	79.5%	75.3%	-	
Return on equity (ROE)	8.2%	9.1%	-	
Shareholders' equity/total assets ratio	7.2%	7.1%	-	
Tier 1 capital ratio	25.6%	26.6%	-	
Liquidity coverage ratio (LCR)	316.4%	301.4%	-	
Leverage ratio	5.8%	5.6%	-	-

Consolidated balance sheet as at 31 December

(in CHF thousands)		
	2019	2018
Assets		
Cash and cash equivalents	7,099,857	8,435,045
Due from banks	2,057,494	1,083,437
Due from securities financing transactions	454,151	814,300
Due from clients	9,418,196	8,909,196
Mortgages	1,686,248	1,620,091
Trading portfolio assets	688,044	394,723
Positive replacement values of derivative financial instruments	382,284	501,912
Other financial instruments at fair value	957,917	793,102
Financial investments	9,091,438	9,205,249
Accrued income and prepaid expenses	147,737	143,085
Non-consolidated participations	3,173	2,615
Tangible fixed assets	306,436	295,718
Intangible assets	286,361	324,698
Other assets	176,264	47,603
Total assets	32,755,600	32,570,774
Total subordinated claims		-

(in CHF thousands)		
	2019	2018
Liabilities		
Due to banks	722,431	617,320
Liabilities from securities financing transactions	2,963,872	4,593,034
Due in respect of client deposits	24,326,892	23,137,793
Liabilities from trading portfolios	521	
Negative replacement values of derivative financial instruments	571,338	389,183
Liabilities from other financial instruments at fair value	1,378,138	989,734
Accrued expenses and deferred income	333,619	379,462
Other liabilities	60,652	127,867
Provisions	42,913	33,672
Total liabilities	30,400,376	30,268,065
Reserves for general banking risks	215,375	215,375
Share capital	300,000	300,000
Capital reserves	867,336	867,336
Reserves and retained earnings	785,067	717,593
Minority interests in equity	(323)	
Group profit	187,769	202,405
of which minority interests in Group profit	82	
Total equity	2,355,224	2,302,709
Total liabilities and equity	32,755,600	32,570,774
Total subordinated liabilities		

Off-balance sheet transactions as at 31 December

(in CHF thousands)		
	2019	2018
Contingent liabilities	422,196	405,587
Irrevocable commitments	146,925	71,554
Liabilities to pay up shares and to make additional payments	322,929	210,860
Credit commitments (deferred payments)	872	599

Consolidated statement of income

Consolidated statement of ordinary income and expenses on banking operations	2019	
Consolidated statement of ordinary income and expenses on banking operations		2018
,		
Result from interest operations		
Interest and discount income	592,215	489,759
Interest and dividends from financial investments	93,602	106,144
Interest expense	(383,390)	(291,481)
Gross result from interest operations	302,427	304,422
Changes in value adjustments and provisions for default risks and losses		
from interest operations	(4'270)	
Net result from interest operations	298'157	304'422
Fees and commissions		
Commission income on securites trading and investment transactions	689,466	661,735
Credit-related fees and commissions	2,833	2,661
Other fees and commissions income	4,182	3,116
Commission expense	(18,591)	(16,165)
Fees and commissions	677,890	651,347
Result from trading activities and the fair value option	83,806	94,000
Other result from ordinary activities		
Result from the disposal of financial investments	(524)	6,952
Income from participations	5,726	1,655
of which, from participations reported using the equity method	(322)	(1,018)
of which, from other non-consolidated participations	6,048	2,673
Result from real estate	663	1,028
Other ordinary income	1,643	1,615
Other result from ordinary activities	7,508	11,250
Total income	1,067,361	1,061,019

(in CHF thousands)		
	2019	2018
Operating expenses		
Personnel expenses	(524,175)	(515,199)
General and administrative expenses	(201,069)	(182,828)
Total operating expenses	(725,244)	(698,027)
Value adjustments on participations and depreciation of tangible		
and intangible fixed assets	(123,742)	(101,288)
Changes to provisions and other value adjustments and losses	(2,436)	(4,166)
Operating result before provisions	215,939	257,538
Provisions for US Program	(13,574)	
Operating result	202,365	257,538
Extraordinary income	34,361	4,750
Taxes	(48,957)	(59,883)
Group profit	187,769	202,405
of which minority interests in Group profit	82	

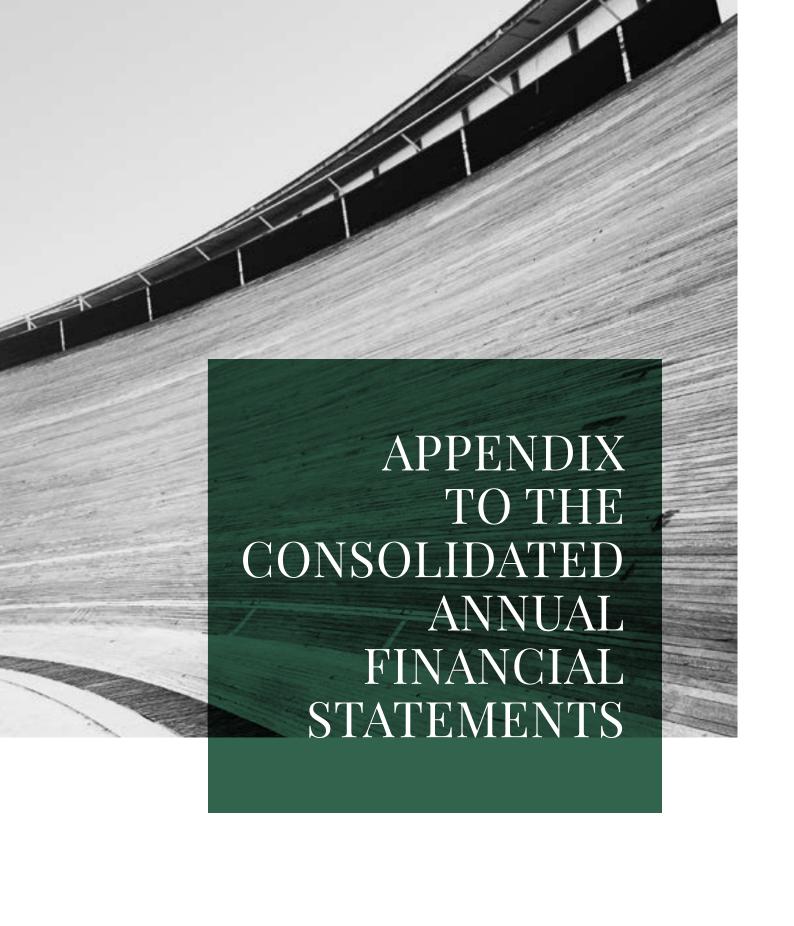
Consolidated cash flow statement

(in CHF thousands)		2019		2018
	Source of funds	Use of funds	Source of funds	Use of funds
Cash flow from operating income (internal sources)				
Group profit	187,769		202,405	
Changes in reserves for general banking risks				
Value adjustments on participations, depreciation on tangible fixed assets and intangible assets	123,742		101,288	
Provisions and other value adjustments	16,010		4,166	
Changes in value adjustments for default risks and losses				
Accrued income and prepaid expenses		4,653		6,121
Accrued expenses and deferred income		45,843	4,323	
Other items		6,700	723	
Dividend from the previous financial year		135,000		135,000
Subtotal	135,325		171,784	
Cash flow from equity capital transactions				
Share capital				
Reserves		323		
Change in own equity securities				
Subtotal		323	-	
Cash flow from transactions in participations, tangible fixed assets and intangible assets				
Non-consolidated participations		558	6,454	
Real estate	9,250		473	
Other tangible fixed assets		81,699		80,503
Intangible assets		23,674		33,247
Subtotal		96,681		106,823

(in CHF thousands)		2019		2018
	Source of funds	Use of funds	Source of funds	Use of funds
Cash flow from banking activities	1	1	ı	1
Medium- and long-term transactions (>1 year)				
Due to banks				
Due in respect of client deposits				
Other liabilities		67,215	53,259	
Due from clients	54,624		9,970	
Mortgages	36,684			59,543
Financial investments		652,083	1,240,419	
Other assets		128,661		16,297
Short-term transactions				
Due to banks	105,112		75,360	
Liabilities from securities financing transactions		1,629,163		1,345,707
Due in respect of client deposits	1,189,099		1,302,367	
Liabilities from trading portfolios	521			3
Negative replacement values of derivative financial instruments	182,155		104,997	
Liabilities from other financial instruments at fair value	388,404		267,518	
Due from banks	000,404	974,056	794,757	
Due from securities financing transactions	360,149	974,000	194,101	521,755
Due from clients	300,149	563,624		1,182,984
Mortgages		102,841		85,123
Trading portfolios assets		293,321		371,637
Positive replacement values of derivative financial instruments	119,628	200,021		186,139
Other instruments at fair value	110,020	164,815		124,041
Financial investments	765,894	101,010		467,317
Cash and cash equivalents				
Cash and cash equivalents	1,335,188		446,938	
Subtotal		38,321		64,961
Total	4,672,783	4,672,783	4,467,369	4,467,369

Statement of shareholders' equity

(in CHF thousands)	Share capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Foreign exchanges reserves	Own shares (negative item)	Minority interests in equity	Result of the period	Total
Total shareholders' equity as at 31/12/2018	300,000	867,336	717,593	215,375				202,405	2,302,709
Attribution of previous year's result			67,405					(67,405)	_
Foreign exchange differences			69						69
Acquisition of equity							(323)		(323)
Dividends and other distributions								(135,000)	(135,000)
Group profit for the financial year 2019								187,769	187,769
Total shareholders' equity as at 31/12/2019	300,000	867,336	785,067	215,375			(323)	187,769	2,355,224



Company name, legal form and registered head office

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

Activities

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

Acquisitions

On 25 January 2019, Union Bancaire Privée (Europe) S.A. Luxembourg (a wholly-owned subsidiary of Union Bancaire Privée, UBP SA) acquired and simultaneously absorbed Banque Carnegie Luxembourg S.A. As at the day of the integration, the balance sheet of Banque Carnegie Luxembourg S.A. totalled some EUR 175 million and assets under management EUR 1.9 billion.

Valuation and accounting principles

Basic principles

The accounting, measurement and presentation principles applied to the Group and individual company financial statements comply with the Swiss federal act on banks and savings banks, its implementing ordinance, and FINMA's "Accounting rules for banks, securities dealers, financial groups and conglomerates" (ARB) as set out in its Circular 2015/1.

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

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

Consolidated holdings

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

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

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

Elimination of intra-group items

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

Transaction accounting

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

Matching principle

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

Foreign currency translation

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

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

Exchange rates of major foreign currencies vs. CHF:

			Ave	rage rates
	31/12/19	31/12/18	2019	2018
USD	0.96835	0.9858	0.9929	0.9766
GBP	1.28282	1.25552	1.2719	1.2992
EUR	1.08697	1.12692	1.1111	1.1504

Liquid assets, receivables from banks and clients

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

Securities financing transactions

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

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

Trading portfolio assets and liabilities from trading portfolios

Positions held in a trading portfolio are valued at market prices on the balance-sheet date. They include positions that are not acquired for long-term investment purposes or to hedge client subscriptions to securities-based certificates issued by the Bank. Realised and unrealised profits and losses are included in the income statement under the line "Result from trading activities and the fair value option". Securities that are not traded regularly are stated at their acquisition cost after deduction of any depreciation necessary (i.e. at the lower of market and acquisition cost).

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

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

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

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

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

Financial investments

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

Non-consolidated participations

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

Tangible fixed assets

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

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

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

Intangible assets

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

Provisions

Provisions are made for all potential and identifiable risks existing at the balance-sheet date. With the exception of the provision for country risk, the Bank does not set aside general provisions.

Income tax

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

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

Employee pension plans

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

A surplus is recorded in the Bank's financial statements only if the Bank is legally permitted to use this surplus either to reduce or reimburse the employer contributions, or for purposes outside the framework of the regulatory benefits. In the event of a deficit, a provision is set aside only if the Bank has decided to or is required to participate in its financing. When the surplus and/or deficit is recorded in the statement of income, it is recognised under "Personnel costs". In the balance sheet, the surplus is recognised under "Other assets", whereas a deficit is recognised under "Provisions".

Reserves for general banking risks

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

Derivative instruments and their replacement value

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

Subcontracted services

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

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

Auditor

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

Global risk management

General principles

The risk management mandate defined by the Board of Directors via the Board's Risk Committee, and the Executive Committee is set out in the "Bank Risk Policy & Risk Governance Framework" and the "Bank's Liquidity Risk Tolerance & Risk Appetite Framework", as well as in internal directives and procedures. The aim is to ensure that risks associated with the Group's activities are identified, assessed and managed, for the benefit of both clients and shareholders. The Group therefore places great importance on having high-quality human resources and IT systems and infrastructure, and promotes an internal risk management culture. This integrated, rigorous approach to risk management ensures a reliable risk management process and is crucial to our success.

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

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

Risk monitoring is carried out in the Group's various business divisions - Treasury & Trading, Wealth Management, Asset Management, and Group Shared Services - as follows:

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

Market risk

Market risks arising through the Group's treasury and trading activities are managed within the framework defined in the internal "Market Risk Manual", and its appendices "Stress Scenario Analysis" and "Market Risk Limits", and according to a system of integrated limits, established at various levels and consisting of the following:

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

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

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

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

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

Interest rate risk in the Bank's portfolio

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

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

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

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

- "High-crisis stress scenario" liquidity;
- Value and income effects arising from sensitivity to interest-rate shifts (+/-100bp);
- Value at risk (VaR);
- Maximum loss (stop loss); 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) and by interest rate risk in the banking book (IRRBB) stress scenario analyses in accordance with the relevant FINMA circular and at the frequency required.

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

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

On 31 December 2019, interest rate risk (ALM risk) exposure based on a 100bp increase in interest rates was CHF +64.5 million in terms of the balance sheet and CHF -8.5 million in terms of its income.

Credit risk

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

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

Credit risks concerning individual clients

Credit risk incurred by clients is managed according to the principles stipulated in the manual "Regulations for the Application of Credit Approval Powers" and related directives and procedures.

In principle, loans granted to private banking clients are secured by pledged collateral (Lombard loans). Credit risks include current

account loans and advances, and risks arising from guarantees and transactions on derivatives, on forex, on securities, and on any other financial instruments.

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

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

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

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

Credit risks concerning professional counterparties and country risk

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

Exposure to professional counterparty risk is assumed only with counterparties that have very high credit ratings. For OTC derivatives transactions, credit and counterparty risks are managed and related risk limits monitored by applying the market-value method, using regulatory multiplication factors based on the Standardised Approach for Counterparty Credit Risk (SA-CCR). For such transactions, corresponding bilateral agreements (ISDA, CSAs with daily margining) are in place with the counterparties. Risk is limited by the use of an adequate, flexible system of limits adapted to each category of product and counterparty and to the settlement period. Operational limits on counterparty credit risk exposure is based on a dynamic model using CDS spreads and ratings – a matrix approach combining the least favourable 5-year

CDS spreads and the counterparty's LT rating and comparing them to the counterparty's capital.

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

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

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

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

Operating risk

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

- Clear formulation of the policy, strategies and active supervision required to manage operational risk, as developed by the Board of Directors via the Board's Risk Committee and implemented by the Executive Committee;
- A common definition of operational risk, applied throughout the Group and encompassing all types of operational risk or incident liable to have a significant impact on the Group's activities;
- Clear lines of operational risk responsibilities from the Board's Risk Committee and the Executive Committee down to the Head of Operating Units and the Risk Control Units (Risk Management, Compliance);
- Detailed definition of the methodology used to identify, assess, monitor and control or reduce operational risk (risk event management, risk self-assessment, scenario analysis, change risk assessment, issue management and tracking, key risk indicators, comparative analysis, external event collection and analysis);

- Definition of the procedures for regular, efficient monitoring and reporting of operational risk profiles (use of risk mapping and risk indicators) by the Bank's entities and activities, for communication to the Group's top management, Executive Committee Board's Risk Committee and Audit Committee;
- Definition of emergency and business-continuity plans, to ensure that the Bank's activities may proceed uninterrupted;
- A clear procedure for assessing the operational risk inherent in the launch or use of new products, business activities, processes or systems; and
- Promotion of a sound internal operational-risk culture.

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

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

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

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

Reputation risk

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

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

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

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

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

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

Regulatory risk

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

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

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

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

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

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

Significant events occurring after the balance sheet closing date

The outbreak of the COVID-19 coronavirus in China, its spread in Europe and other regions, and the quarantine and other measures implemented in an effort to contain the epidemic seem to be having a negative effect on the economy. Future developments in relation to the disease are uncertain and unquantifiable at the time of writing. A sharp increase in the number of infections or a further spread of the epidemic could damage economic growth, affect specific sectors or countries, including Switzerland, and undermine operational resilience. Any of those events could impact our activities or our financial results.

Breakdown of securities financing transactions (assets and liabilities)

(in CHF thousands)		
	2019	2018
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	454,151	814,300
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	2,963,872	4,593,034
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	3,265,684	4,638,853
of which, those with unrestricted right to resell or pledge	3,265,684	4,638,853
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or pledge	454,151	814,300
of which, repledged securities		
of which, resold securities		

^{*}before taking into account any netting contracts

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

(in CHF thousands)			Type of collateral	Total
_	Mortgage collateral	Other guarantees	Uncollateralised*	
Loans				
(before netting with value adjustments)				
Due from clients		8,745,119	682,049	9,427,168
Mortgages	1,686,248			1,686,248
Residential property	1,226,160			1,226,160
Office and business premises	460,088			460,088
Commercial and industrial premises				_
Other				-
Total loans (before netting with value adjustments) Financial year 2019	1,686,248	8,745,119	682,049	11,113,416
Financial year 2018	1,620,091	8,354,285	559,396	10,533,772
Total loans (after netting with value adjustments) Financial year 2019 Financial year 2018	1,686,248 1,620,091	8,736,147 8,349,800	682,049 559,396	11,104,444 10,529,287
Off-balance sheet				
Contingent liabilities		422,196		422,196
Irrevocable commitments		146,925		146,925
Liabilities to pay up shares and to make additional payments		322,929		322,929
Credit commitments		872		872
Off-balance sheet total Financial year 2019		892,922		892,922
Financial year 2018		688,600		688,600
Impaired loans/receivables	Gross amount	Estimated realisable value of collateral	Net amount	Individual value adjustments
Financial year 2019	11,261	2,289	8,972	8,972
Financial year 2018	18,210	13,725	4,485	4,485

^{*}Unhedged client loans include CHF 647 mn (CHF 510 mn in 2018) in loans to Swiss public entities (cities, cantons).

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

(in CHF thousands)		
	2019	2018
Assets		
Trading portfolio assets		
Equity interests	688,044	394,723
Other financial instruments at fair value		
Equity interests	472,355	461,059
Debt securities	485,562	332,043
Structured products		
Total assets	1,645,961	1,187,825
of which, determined using a valuation model		
of which, securities eligible for repo transactions in accordance with liquidity requirements		
Liabilities		
Liabilities Trading portfolios		
	521	
Trading portfolios	521	
Trading portfolios Equity interests*	521 1,378,138	989,734

^{*} for short positions (booked on settlement date)

Presentation of derivative financial instruments (assets and liabilities)

(in CHF thousands)		Trading	instruments		Hedging	instruments
	Positive	Negative		Positive	Negative	
	replacement	replacement	Contract	replacement	replacement	Contract
	value	value	volumes	value	value	volumes
Interest-rate instruments						
Swaps				27,896	182,012	16,239,851
Futures			65,949			
Options (exchange-traded)		40	1,076,091			
Currency/Precious metals						
Forward contracts	201,768	164,617	34,662,073	123	123	14,746
Combined interest rate/currency						
swaps				99,939	140,364	12,043,178
Futures			97,732			
Options (OTC)	34,412	32,074	3,041,415			
Equity securities/Stock-index de	erivatives					
Swaps						
Futures	17,079	16,882	1,278,331			
Options (OTC)		84	1,470			
Options (exchange traded)	1,067	3,112	325,282			
Other						
Futures		32,030	100,757			
Total before impact of netting						
agreements	054.000	040,000	40 040 400	407.050	000 400	00 007 775
Financial year 2019	254,326		40,649,100	127,958	322,499	28,297,775
Financial year 2018	261,018	288,676	45,512,928	240,894	100,506	9,067,134
			replacement s (cumulative)		_	replacement (cumulative)
Total after impact of netting						
agreements			211 220			502 552
Financial year 2019 Financial year 2018			311,229 421,421			503,553 297,075
						,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Breakdown of counterparties						
	Central cl	earing houses	Banks a	and securities dealers		Other clients
Positive replacement values (after impact of netting						
agreements)						96.404
Financial year 2019 Financial year 2018		5,083		219,955 308,350		86,191
Filialicial year 2018		11,746		308,350		101,325

Breakdown of financial investments

(in CHF thousands)	Book value				
	2019	2018	2019	2018	
Total debt securities	7,561,438	8,606,960	7,780,858	8,561,222	
of which, intended to be held until maturity	7,561,438	8,606,960	7,780,858	8,561,222	
of which, not intended to be held until maturity (available for sale)					
Equity interests	29,251	34,164	34,273	38,865	
of which, qualified participations*					
Precious metals	1,482,211	555,794	1,482,211	555,794	
Real estate	18,538	8,331	18,538	8,331	
Total	9,091,438	9,205,249	9,315,880	9,164,212	
of which, securities eligible for repo transactions in accordance	3,001,400	3,200,240	3,510,000	3,104,212	
with liquidity regulations	1,621,168	1,946,686			

^{*}Where at least 10% of capital or votes is held.

Breakdown of counterparties by rating*

Total debt securities

(in CHF thousands)

AAA to AA-	6,504,806
A+ to A-	787,979
BBB+ to BBB-	90,724
BB+ to B-	
Below B-	
Unrated	177,929
Total	7,561,438

 $^{^{\}star}\mbox{The Bank}$ uses the credit ratings issued by S&P, Moody's and Fitch.

Presentation of non-consolidated participations

(in CHF thousands)	Acquisition cost	Cumulative depreciation and value adjustments (equity method)	Book value as at 31 December 2018	Reclassifications	Additions	Disposals and currency translation differences	Depreciation	Value adjustments equity method/write-back of depreciation	Book value as at 31 December 2019	Market value
Participations reported using the equity method										
with market value										
without market value										
Other participations with market value										
without market value	2,810	(195)	2,615		569	(11)			3,173	
Total participations	2,810	(195)	2,615		569	(11)			3,173	_

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

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

Presentation of tangible fixed assets

(in CHF thousands)			_				Cu	rrent year
	Acquisition cost	Cumulative	Book value as at 31 December 2018	Additions	Disposals	Currency translation differences	Depreciation	Book value as at 31 December 2019
Bank buildings	322,764	(141,370)	181,394		(9,279)	29	(4,572)	167,572
Proprietary or separately acquired software	159,859	(71,195)	88,664	74,140		36	(46,438)	116,402
Other tangible fixed assets	69,726	(44,066)	25,660	9,945	(2,402)	(20)	(10,721)	22,462
Other								-
Total tangible fixed assets	552,349	(256,631)	295,718	84,085	(11,681)	45	(61,731)	306,436

Presentation of intangible assets

(in CHF thousands)			_				Сι	urrent year
	Acquisition cost	Cumulative depreciation	Book value as at 31 December 2018	Additions	Disposals	Currency translation differences	Depreciation	Book value as at 31 December 2019
Goodwill	603,386	(278,688)	324,698	23,653		21	(62,011)	286,361
Total intangible assets	603,386	(278,688)	324,698	23,653	-	21	(62,011)	286,361

Breakdown of other assets and other liabilities

(in CHF thousands)		Other liabilities		
	2019	2018	2019	2018
Compensation account	119,520			68,293
Taxes and indirect taxes	31,502	27,426	10,459	9,675
Internal banking transactions	11,939	4,849	20,229	18,714
Other assets and liabilities	13,303	15,328	29,964	31,185
Total other assets and other liabilities	176,264	47,603	60,652	127,867

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

(in CHF thousands)		
	2019	2018
Book value of assets pledged or assigned as collateral	3,487,473	5,056,466
Firm commitments	3,558,146	5,101,951

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

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

In Switzerland, the Fondation de Prévoyance de l'Union Bancaire Privée, UBP SA (pension fund) and the Fondation Complémentaire de l'Union Bancaire Privée, UBP SA (supplementary pension fund) are defined-contribution funds. Over 62.3% of the Group's employees are affiliated to those funds.

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

Due on client deposits 55,38	0 72,402
Pension funds' commitments	
31/12/2019	31/12/2018
(in CHF thousands)	

Disclosure of the economic situation of own pension funds

Employer's contribution reserves (ECR)

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

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

(in CHF thousands)				Change in			
				economic			
				interests			
	Surplus/			compared to			
	(deficit)	Econo	mic Interest	the previous	Contributions	Pension bene	fit expenses
	31/12/2019	(of the Group	year	paid for 2019	within personn	el expenses
		2019	2018			2019	2018
		2019	2010			2019	2010
Pension schemes							
with surplus	73,800				34,438	35,139	33,105

The Bank's governing bodies consider that any excess coverage within the meaning of Swiss GAAP recommendations (GAAP RPC 16) should be used to the benefit of the fund members and therefore no economic gain should ensue for the Group. As at 31 December 2019, there was neither gain nor loss to book on the Group's balance sheet or profit and loss account.

Presentation of structured products issued

Underlying risk of incorporated derivative	Book value						
(in CHF thousands)	Valued a	as a whole	Valued se	parately	Total		
	Booked under trading operations	Booked under other financial instruments valued at fair value	Value of underlying instrument	Value of derivative			
Interest rate instruments							
With own debenture component (oDC)		468,857			468,857		
Without oDC					-		
Equity interests							
With oDC		897,689			897,689		
Without oDC					-		
Currencies							
With oDC					-		
Without oDC					-		
Commodities/precious metals							
With oDC		11,592			11,592		
Without oDC					-		
Total	-	1,378,138	-	-	1,378,138		

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

(in CHF thousands)	Position as at 31 December 2018	Used according to purpose	Reclassification	Currency differences	Past due interest/recoveries	New reserves charged to income	Dissolution of reserves credited to income	Position as at 31 December 2019
Provisions for deferred taxes								-
Provisions for pension benefit obligations	12,802	(3,002)				3,000		12,800
Provisions for default risks	4,000							4,000
Provisions for other business risks	12,991	(1,061)		1				11,931
Provision for restructuring	3,602	(3,234)		(20)				348
Other provisions	277					13,557		13,834
Total provisions	33,672	(7,297)	-	(19)	-	16,557	-	42,913
Reserves for general banking risks	215,375							215,375
Value adjustments for default and country risks	8,485	(175)	-	(7)	691	3,978	-	12,972
of which, value adjustments for default risks in respect of impaired loans/receivables	4,485	(175)		(7)	691	3,978		8,972
of which, value adjustments for latent risks	4,000							4,000

Presentation of the Bank's share capital

(in CHF thousands)	2019					2018
	Total nominal value	Number of shares	Dividend- bearing capital	Total nominal value	Number of shares	Dividend- bearing capital
Share capital	300,000	30,000	300,000	300,000	30,000	300,000
of which, paid-up capital Total share capital	300,000	30,000	300,000	300,000	30,000	300,000

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

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

Disclosure of holders of significant participations

(in CHF thousands)			2019		2018
Major participants and groups of participants bound by voting agreements		Nominal	Participation rate	Nominal	Participation rate
With voting rights	CBI Holding SA Genève	300,000	100%	300,000	100%

The de Picciotto family holds directly and indirectly 96.67% of CBI Holding SA voting rights and 87.24% of its share capital.

Disclosure of amounts due from/to related parties

Business relations with related parties

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

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

(in CHF thousands)		Due from clients			
	2019	2018	2019	2018	
Qualified participants			456'413	420'157	
Directors and Senior Executives	33'242	40'116	185'558	167'207	

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

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

Presentation of the maturity stucture of financial instruments

(in CHF millions)		_			Due			
	At sight	Cancellable	Up to 3 months	3 to 12 months	12 months to 5 years	More than 5 years	No maturity	Total
Assets/Financial investments								
Cash and cash equivalents	7,100							7,100
Due from banks	558		802	697				2,057
Due from securities financing transactions			415	39				454
Due from clients		714	7,318	1,135	226	26		9,419
Mortgages			687	249	553	197		1,686
Trading portfolio assets	688							688
Positive replacement values of derivative financial instruments	382							382
Other financial instruments at fair value	958							958
Financial investments	34	1,723	580	872	3,361	2,502	19	9,091
Total								
Financial year 2019	9,720	2,437	9,802	2,992	4,140	2,725	19	31,835
Financial year 2018	10,991	712	11,075	2,666	4,110	2,194	8	31,756
Liabilities/Financial investments								
Due to banks	289		419	14				722
Liabilites from securities financing transactions			2,964					2,964
Due in respect of client deposits	15,047		8,856	424				24,327
Liabilities from trading portfolios	1							1
Negative replacement values of derivative financial instruments	571							571
Liabilities from other financial instruments at fair value	1,378							1,378
Total Financial year 2019	17,286	-	12,239	438			_	29,963
Financial year 2018	16,972		11,862	893				29,727

Presentation of assets and liabilities in Switzerland and abroad by location

(in CHF millions)	2019			2018
	Swiss	Foreign	Swiss	Foreign
Assets				
Cash and cash equivalents	6,850	250	8,285	150
Due from banks	1,393	664	359	724
Due from securities financing transactions	39	415		814
Due from clients	970	8,449	886	8,023
Mortgages	194	1,492	222	1,398
Trading portfolio assets	684	4	384	11
Positive replacement values of derivative financial instruments	80	302	60	442
Other financial instruments at fair value	34	924	34	759
Financial investments	2,318	6,773	1,669	7,536
Accrued income and prepaid expenses	24	125	25	118
Non-consolidated participations	2	1	1	2
Tangible fixed assets	299	8	276	20
Intangible assets	188	98	234	91
Other assets	47	129	46	2
Total assets	13,122	19,634	12,481	20,090

(in CHF millions)		2019		2018
	Swiss	Foreign	Swiss	Foreign
Liabilities				
Due to banks	356	366	68	549
Liabilities from securities financing transactions	86	2,878		4,593
Due in respect of client deposits	2,561	21,766	2,253	20,885
Liabilities from trading portfolios		1		
Negative replacement values of derivative financial instruments	78	493	48	341
Liabilities from other financial instruments at fair value	525	853	498	492
Accrued expenses and deferred income	206	128	215	165
Other liabilities	60	1	125	3
Provisions	43		29	5
Reserves for general banking risks	215		213	2
Share capital	300		300	
Capital reserves	867		867	
Reserves and retained earnings	785		718	
Minority interests in equity				
Group profit	188		202	
Total liabilities	6,270	26,486	5,536	27,035

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

(in CHF millions)		2019		2018
	Absolute value	Part as a %	Absolute value	Part as a %
Assets				
Europe	20,665	63.1	19,941	61.2
North America	4,381	13.4	4,567	14.0
Caribbean offshore centres	3,664	11.2	4,035	12.4
South America	264	0.8	248	0.8
Africa	146	0.4	143	0.4
Asia	3,443	10.5	3,361	10.3
Australia/Oceania	193	0.6	276	0.9
Total assets	32,756	100.0	32,571	100.0

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

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

(in CHF millions)	Net fore	Net foreign exposure 2019 Net foreig		eign exposure 2018
Ratings as per FINMA correspondence tables	In CHF	Part as a %	In CHF	Part as a %
AAA to AA-	11,447	68.2	12,471	70.4
A+ to A-	860	5.1	858	4.8
BBB+ to BBB-	2,752	16.4	2,689	15.2
BB+ to BB-	69	0.4	38	0.2
B+ to B-	109	0.6	89	0.5
Below B-	38	0.2	37	0.2
Unrated	1,525	9.1	1,546	8.7
Total	16,800	100.0	17,728	100.0

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

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

(in CHF millions)	CHF	EUR	USD	Other	Total
Balance sheet by currency					
Assets					
Cash and cash equivalents	6,845	252	1	2	7,100
Due from banks	1,122	202	558	175	2,057
Due from securities financing transactions		217	237		454
Due from clients	1,391	2,412	3,529	2,087	9,419
Mortgages	200	504	15	967	1,686
Trading portfolio assets	684	2	1	1	688
Positive replacement values of derivative financial instruments	60	119	88	115	382
Other financial instruments at fair value	32	163	711	52	958
Financial investments	850	937	5,247	2,057	9,091
Accrued income and prepaid expenses	4	32	81	32	149
Non-consolidated participations	2			1	3
Tangible fixed assets	301	1	1	4	307
Intangible assets	261	21		4	286
Other assets	145	9	6	16	176
Total balance sheet assets	11,897	4,871	10,475	5,513	32,756
Delivery claims resulting from spot, forward and option transactions	4,076	10,680	23,659	8,933	47,348
Total assets	15,973	15,551	34,134	14,446	80,104

(in CHF millions)	CHF	EUR	USD	Other	Total
Balance sheet by currency					
Liabilities					
Due to banks	43	169	455	55	722
Liabilities from securities financing transactions			2,964		2,964
Due in respect of client deposits	1,760	4,711	13,937	3,919	24,327
Liabilities from trading portfolios			1		1
Negative replacement values of derivative financial instruments	25	51	449	46	571
Liabilities from other financial instruments at					
fair value	16	328	1,032	2	1,378
Accrued expenses and deferred income	204	37	39	54	334
Other liabilities	11	14	16	20	61
Provisions	29		14		43
Reserves for general banking risks	215				215
Share capital	300				300
Capital reserves	867				867
Reserves and retained earnings	785				785
Minority interests in equity					
Group profit	188				188
Total balance sheet liabilities	4,443	5,310	18,907	4,096	32,756
Delivery commitments resulting from spot,					
forward and option transactions	11,542	10,242	15,224	10,340	47,348
Total liabilities	15,985	15,552	34,131	14,436	80,104
Net position by currency	-12	-1	3	10	-

Breakdown and explanation of contingent assets and liabilities

(in CHF thousands)		
	2019	2018
Contingent liabilities		
Guarantees to secure credits and similar	334,611	327,525
Irrevocable commitments arising from documentary letters of credit	87,585	78,062
Total contingent liabilities	422,196	405,587

Contingent assets arising from tax losses carried forward

Total contingent assets

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

The High Court of Justice in London gave notice of civil action against the Bank and 36 other parties in September 2019. The main defendant is a former body of Kuwait's social security institution. The charges brought against it are of having levied undue commissions as part of its functions within the institution. Other defendants include other banks and natural persons charged with being involved in the payment or transfer of such commissions. The Bank contests the charges and deems the risk related to these proceedings very low and not warranting provisions.

Breakdown of credit commitments

(in CHF thousands)		
	2019	2018
Commitments arising from deferred payments	872	599
Total	872	599

Breakdown of fiduciary transactions

(in CHF thousands)		
	2019	2018
Fiduciary investments with third-party banks	1,159,052	1,178,839
Total	1,159,052	1,178,839

Breakdown of assets under management and presentation of their development

(in CHF millions)		
	2019	2018
Breakdown of assets under management		
Assets in collective investment schemes managed by the Group	24,033	22,621
Assets in discretionary asset management mandates	31,576	29,249
Other assets under management	84,662	74,980
Total assets under management (including those counted twice)	140,271	126,850
of wich those counted twice	9,892	8,338
Development of assets under management		
Total assets under management (including those counted twice) at beginning	126,850	125,298

Total assets under management (including those counted twice) at beg	inning 126,850	125,298
+/- Net new money inflow or net new money outflow	2,414	4,668
+/- Price gains/losses, interest, dividends and currency gains/losses	8,880	(5,763)
+/- Other effects*	2,127	2,647
Total assets under management (including those counted twice) at end	l 140,271	126,850

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

^{*}For 2018, those effects relate to the acquisition of the client portfolios of ACPI Investments Limited, London, and ACPI IM Limited, Jersey.

^{*}For 2019 they relate to the acquisition of Banque Carnegie Luxembourg S.A.

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

(in CHF thousands)		
	2019	2018
Breakdown by business area		
Trading result for own account	29,751	34,442
Trading for the account of clients	54,055	59,558
Total result from trading activities	83,806	94,000
Breakdown by type of activity and result from the use of the fair value option Result from trading activities on: Interest-rate instruments	6.684	12.948
Interest-rate instruments	6,684	12,948
Equity interests (including funds)	11,174	10,329
Foreign currencies, commodities, precious metals	65,948	70,723
Total result from trading activities	83,806	94,000
of which, from fair value option	6,391	6,609
of which, from fair value option on assets	172,055	(46,865)
of which, from fair value option on liabilities	(165,664)	53,474

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

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

(in CHF thousands)		
	2019	2018
Refinancing		
Refinancing costs for trading portfolios and fair value option	(16,329)	(3,520)
Negative interest		
Negative interest on investments	(60,670)	(56,832)
Negative interest on liabilities	6,921	4,350

Breakdown of personnel expenses

(in CHF thousands)		
	2019	2018
Salaries	440,649	435,414
of which, costs relating to alternative forms of variable compensation	123,442	126,692
Social charges	60,940	57,629
Changes in book value for economic benefits and obligations arising from pension schemes		
Other personnel expenses	22,586	22,156
Total personnel expenses	524,175	515,199

Breakdown of general and administrative expenses

(in CHF thousands)		
	2019	2018
Cost of office space	31,863	26,615
Cost of computer equipment, machines, furnishings, etc.	52,233	39,108
Fees of audit firms	3,419	3,552
of which, for financial and regulatory audits	2,992	2,809
of which, for other services	427	743
Other operating expenses	113,554	113,553
Total general and administrative expenses	201,069	182,828

Comment on extraordinary income

Extraordinary income totalling CHF 34.4 million was generated by the sale of real estate in London.

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

(in CHF thousands)		2019		2018
	Swiss	Foreign	Swiss	Foreign
Net result from interest operations	216,308	81,849	178,874	125,548
Net fees and commissions income	426,272	251,618	372,727	278,620
Result from trading activities and the fair value option	56,685	27,121	67,899	26,101
Result from the disposal of financial investments	(373)	(151)	5,705	1,247
Other ordinary net income	8,082	(50)	3,772	526
Total operating income	706,974	360,387	628,977	432,042
Personnel expenses	(339,322)	(184,853)	(351,812)	(163,387)
General and administrative expenses	(131,089)	(69,980)	(123,023)	(59,805)
Total operating expenses	(470,411)	(254,833)	(474,835)	(223,192)
Value adjustments on participations and depreciation of tangible and intangible fixed assets	(99,684)	(24,058)	(85,862)	(15,426)
Changes to provisions and other value adjustments and losses	(15,372)	(638)	(2,796)	(1,370)
Operating result	121,507	80,858	65,484	192,054

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

(in CHF thousands)		
	2019	2018
Provision for deferred taxes	-	-
Dissolution of the provision for deferred taxes	-	-
Charges for current taxes	48,957	59,883
Total taxes	48,957	59,883
Weighted average tax rate based on pre-tax result	20.68%	22.83%

The impact of the utilisation of previously unused losses carried over, out of the total amount of taxes for the fiscal year concerned, is CHF 0 (2018: CHF 0).

AUDITORS' REPORT ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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

As statutory auditor, we have audited the consolidated financial statements of Union Bancaire Privée, UBP SA, which comprise the balance sheet, statement of income, cash flow statement, statement of shareholders' equity, and appendix for the year ended 31 December 2019.

Board of Directors' responsibility

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

Auditors' responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2019 comply with Swiss law and the consolidation and valuation principles as set out in the appendix.

Report on other statutory requirements

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

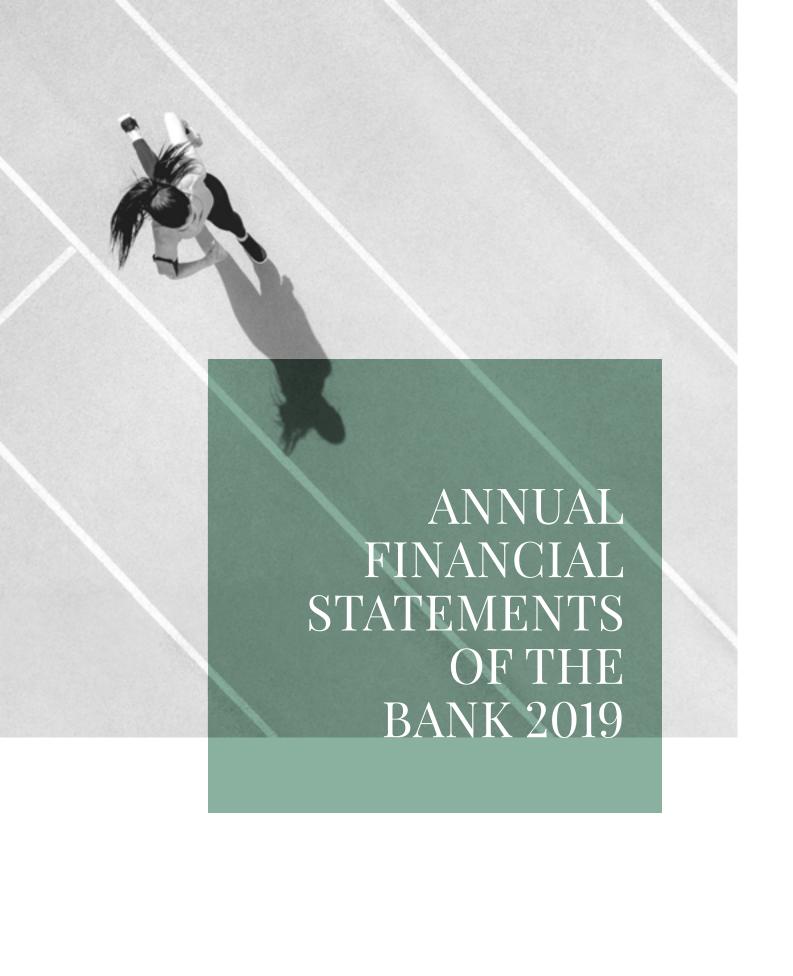
In accordance with article 728a, paragraph 1, item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Geneva, 19 March 2020

Ernst & Young SA

Raphaël Thürler Licensed audit expert Head auditor **Prof. Dr. Andreas Blumer** Licensed audit expert



Balance sheet as at 31 December

(in CHF thousands)		
	2019	2018
Assets		
Cash and cash equivalents	6,938,655	8,300,774
Due from banks	2,438,734	1,379,780
Due from securities financing transactions	454,151	814,300
Due from clients	9,096,241	8,778,227
Mortgages	1,617,397	1,549,842
Trading portfolio assets	687,444	394,657
Positive replacement values of derivative financial instruments	382,111	501,972
Other financial instruments at fair value	957,917	793,102
Financial investments	8,963,074	9,089,817
Accrued income and prepaid expenses	131,980	127,700
Participations	140,394	147,722
Tangible fixed assets	302,801	222,055
Intangible assets	233,415	290,292
Other assets	166,758	36,999
Total assets	32,511,072	32,427,239
Total subordinated claims	5,782	2,623

(in CHF thousands)		
	2019	2018
	1	1
Liabilities		
Due to banks	1,658,636	1,286,644
Liabilities from securities financing transactions	2,963,872	4,593,034
Due in respect of client deposits	23,930,666	23,166,259
Liabilities from trading portfolios	521	
Negative replacement values of derivative financial instruments	570,929	389,170
Liabilities from other financial instruments at fair value	1,378,138	989,734
Liabilities from trading portfolios	295,554	321,982
Other liabilities	65,501	137,732
Provisions	43,612	32,762
Total liabilities	30,907,429	30,917,317
Reserves for general banking risks	102,560	102,560
Share capital	300,000	300,000
Reserves from capital contribution	728,336	728,336
of which, reserve from tax-exempt capital injection	560,000	560,000
Retained legal earnings	65,850	65,850
Optional reserves on profit	1,500	1,500
Profit (loss) brought forward	176,676	8,205
Annual profit	228,721	303,471
Total equity	1,603,643	1,509,922
Total liabilities and equity	32,511,072	32,427,239
Total subordinated liabilities*	275,373	275,373

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

Off-balance sheet transactions as at 31 December

(in CHF thousands)		
	2019	2018
Contingent liabilities	421,774	399,042
Irrevocable commitments	137,242	67,607
Liabilities to pay up shares and to make additional payments	296,102	189,941
Credit commitments (deferred payments)	872	599

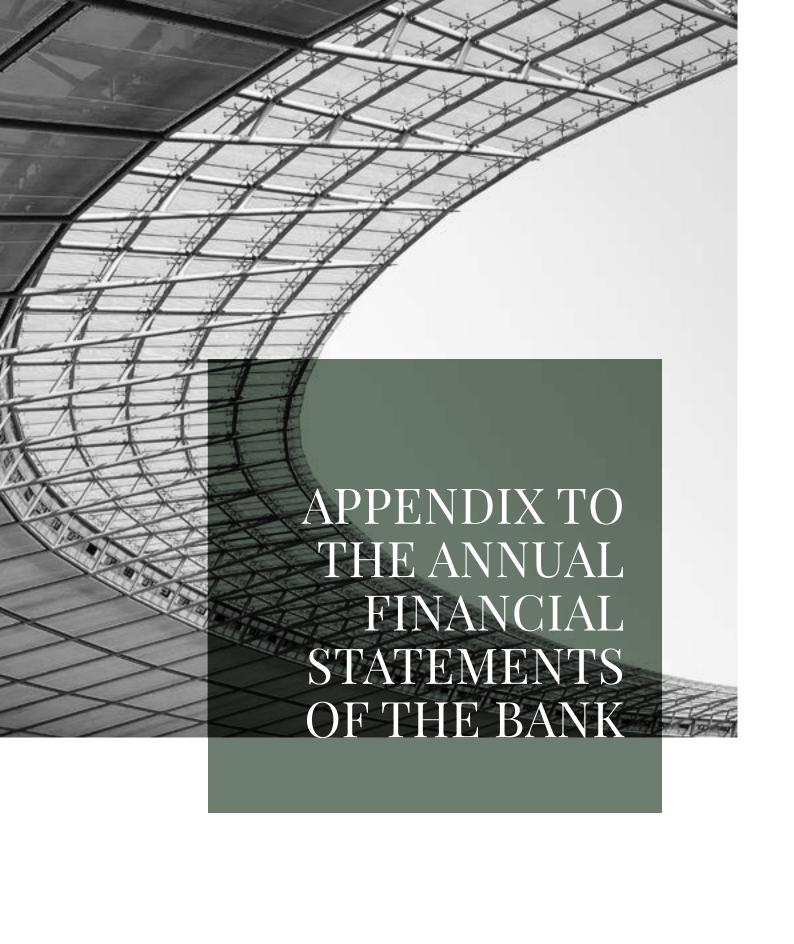
Statement of income

(in CHF thousands)		
	2019	2018
	2010	2010
Result from interest operations		
Interest and discount income	588,893	488,327
Interest and dividends from financial investments	91,598	104,627
Interest expense	(396,730)	(302,277)
Gross result from interest operations	283,761	290,677
Changes in value adjustments for default risks and losses from interest operations	(6,270)	(2,000)
Net result from interest operations	277,491	288,677
Fees and commissions		
Commission income on securites trading and investment transactions	568.180	536,849
Credit-related fees and commissions	2.703	2,566
Commission income on other services	4,180	3,115
Commission expense	(30,299)	(28,095)
Fees and commissions	544,764	514,435
	0.1,10.	311,103
Result from trading activities and the fair value option	71,815	79,528
Other result from ordinary activities		
Result from the disposal of financial investments	(524)	5,996
Income from participations	128,445	163,920
Result from real estate	752	730
Other ordinary income	25,327	27,163
Other ordinary expenses	(9,720)	(10,485)
Other result from ordinary activities	144,280	187,324
Total income	1,038,350	1,069,964

(in CHF thousands)		
	2019	2018
General administrative expenses		
Personnel expenses	(466,104)	(458,428)
General and administrative expenses	(170,158)	(160,483)
Total operating expenses	(636,262)	(618,911)
Value adjustments on participations and depreciation of tangible and intangible	(4.40.00=)	(00 100)
fixed assets	(118,605)	(99,102)
Changes to provisions and other value adjustments and losses	(2,231)	(4,066)
Operating result before provisions	281,252	347,885
Provisions for US Swiss Banks Program	(13,574)	
Operating result	267,678	347,885
Extraordinary income		2,368
Taxes	(38,957)	(46,782)
Net profit/(Loss)	228,721	303,471
Proposal of the Board		
Distribution of profit		
Annual profit	228,721	303,471
Profit (Loss) brought forward from prior years	176,676	8,205
Total	405,397	311,676
The following distribution is proposed to the General Meeting of Shareholders:		
Profit distribution:		
- Distributions using retained earnings	130,000	135,000
Profit carried forward	275,397	176,676

Statement of shareholders' equity

(in CHF thousands)	Share capital	Reserves from capital contribution	Retained earnings reserve	Reserves for general banking risks	Other reserves from results and retained earnings	Own shares (negative item) Result of the period	Total
Total shareholders' equity as at 31/12/2018	300,000	728,336	65,850	102,560	9,705	- 303,471	1,509,922
Attribution of previous year's result					168,471	(168,471)	_
Other allocations/withdrawals affecting the reserve for general banking risks							_
Dividends and other payments						(135,000)	(135,000)
Group profit for the financial year 2019						228,721	228,721
Total shareholders' equity as at 31/12/2019	300,000	728,336	65,850	102,560	178,176	- 228,721	1,603,643



Valuation and accounting principles

Auditor

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

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

Participations

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

Breakdown of securities financing transactions (assets and liabilities)

(in CHF thousands)		
	2019	2018
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	454,151	814,300
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	2,963,872	4,593,034
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	3,265,684	4,638,853
of which, those with unrestricted right to resell or pledge	3,265,684	4,638,853
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or pledge	454,151	814,300
of which, repledged securities		
of which, resold securities		

^{*}before impact of possible netting agreements

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

(in CHF thousands)			Type of collateral	Total
	Mortgage collateral	Other guarantees	Uncollateralised*	
Loans (before netting with value adjustments	s)			
Due from clients		8,418,759	690,454	9,109,213
Mortgages	1,617,397			1,617,397
Residential property	1,176,930			1,176,930
Office and business premises	440,467			440,467
Commercial and industrial premises				-
Other				
Total loans (before netting with value adjustments)				
Financial year 2019	1,617,397	8,418,759	690,454	10,726,610
Financial year 2018	1,549,842	8,225,322	559,390	10,334,554
Total loans (after netting with value adjustments) Financial year 2019 Financial year 2018	1,617,397 1,549,842	8,405,787 8,218,837	690,454 559,390	10,713,638 10,328,069
Off-balance sheet Contingent liabilities		421,774		421,774
Irrevocable commitments		137,242		137,242
Liabilities to pay up shares and to make additional payments		296,102		296,102
Credit commitments		872		872
Off-balance sheet total Financial year 2019	-	855,990		855,990
Financial year 2018		657,189		657,189
Impaired loans/receivables	Gross amount	Estimated realisable value of collateral	Net amount	Individual value adjustments
Financial year 2019	16,995	4,023	12,972	12,972
Financial year 2018	20,833	14,348	6,485	6,485

^{*}Unhedged client loans include CHF 647 mn (CHF 510 mn in 2018) in loans to Swiss public entities (cities, cantons).

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

(in CHF thousands)		
	2019	2018
Assets		
Trading portfolios		
Equity interests	687,444	394,657
Other financial instruments at fair value		
Equity interests	485,562	461,059
Debt securities	472,355	332,043
Structured products		
·		
Total assets	1,645,361	1,187,759
	1,645,361	1,187,759
Total assets	1,645,361	1,187,759
Total assets of which, determined using a valuation model of which, securities eligible for repo transactions in accordance with liquidity	1,645,361	1,187,759
Total assets of which, determined using a valuation model of which, securities eligible for repo transactions in accordance with liquidity requirements	1,645,361	1,187,759
Total assets of which, determined using a valuation model of which, securities eligible for repo transactions in accordance with liquidity requirements Liabilities	1,645,361 521	1,187,759
Total assets of which, determined using a valuation model of which, securities eligible for repo transactions in accordance with liquidity requirements Liabilities Trading portfolios		1,187,759
Total assets of which, determined using a valuation model of which, securities eligible for repo transactions in accordance with liquidity requirements Liabilities Trading portfolios Equity interests*		1,187,759 989,734

^{*}for short positions (booked on settlement date)

Presentation of derivative financial instruments (assets and liabilities)

(in CHF thousands)		Trading instruments			Hedging instruments			
	Positive replacement value	Negative replacement value	Contract volumes	Positive replacement value	Negative replacement value	Contract volumes		
Interest-rate instruments								
Swaps				27,896	182,012	16,239,851		
Futures			65,949					
Options (exchange traded)		40	1,076,091					
Currency/Precious metals								
Forwards	201,595	164,209	34,652,591	123	123	14,746		
Combined interest rate/currency swaps				99,938	140,363	12,043,178		
Futures			96,915					
Options (OTC)	34,412	32,074	3,041,415					
Equity securities/Stock-index der	ivativos							
Swaps	ivalives							
Futures	17,079	16,882	1,267,174					
Options (OTC)	17,070	84	1,470					
Options (exchange traded)	1,067	3,112	325,282					
- price to (error tailing a manage of	.,	-,	,					
Other								
Futures		32,030	100,647					
Total before impact of netting								
agreements Financial year 2019	254,153	248,431	40,627,534	127,957	322,498	28,297,775		
Financial year 2018	261,079	288,663	45,510,065	240,894	100,506	9,067,134		
				· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·			
			replacement (cumulative)		•	replacement s (cumulative)		
		values	(curridiative)		values	(Cultiviative)		
Total after impact of netting								
agreements Financial year 2019			312,891			509,867		
Financial year 2018			429,169			338,860		
						· ·		
Breakdown of counterparties								
	Central cle	earing houses	Banks a	nd securities dealers		Other clients		
Positive replacement values (after impact of netting								
agreements) Financial year 2019		5,083		234,027		73,781		
Financial year 2018		11,746		347,118		70,305		
1 mandal year 2010		11,740		347,110		70,505		

Breakdown of financial investments

(in CHF thousands)	Book value					
	2019	2018	2019	2018		
	2010	2010	2010	2010		
Total debt securities	7,433,321	8,491,528	7,652,629	8,445,746		
of which, intended to be held until maturity	7,433,321	8,491,528	7,652,629	8,445,746		
of which, not intended to be held until maturity (available for sale)						
Equity interests	29,004	34,164	34,024	38,865		
of which, qualified participations*						
Precious metals	1,482,211	555,794	1,482,211	555,794		
Real estate	18,538	8,331	18,538	8,331		
Total	8,963,074	9,089,817	9,187,402	9,048,736		
of which, securities eligible for repo transactions in accordance with liquidity regulations	1,621,168	1,946,686				

^{*}where at least 10% of capital or votes is held

Breakdown of counterparties by rating*

Total debt securities

(in CHF thousands)	Book value			
AAA to AA-	6,432,195			
A+ to A-	743,963			
BBB+ to BBB-	79,296			
BB+ to B-				
Below B-				
Unrated	177,867			
Total	7,433,321			

 $^{^{\}star}\mbox{The Bank}$ uses the credit ratings issued by S&P, Moody's and Fitch.

Breakdown of other assets and other liabilities

(in CHF thousands)			Other liabilities		
	2019	2018	2019	2018	
Compensation account	119,506			68,304	
Taxes and indirect taxes	29,912	25,325	9,717	7,344	
Internal banking transactions	11,595	4,661	20,219	18,701	
Other assets and liabilities	5,745	7,013	35,565	43,383	
Total other assets and other liabilities	166,758	36,999	65,501	137,732	

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

(in CHF thousands)		
	2019	2018
Book value of assets pledged or assigned as guarantee	3,537,943	5,061,396
Firm commitments	3,608,616	5,106,881

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

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

In Switzerland, the Fondation de Prévoyance de l'Union Bancaire Privée, UBP SA (pension fund) and the Fondation Complémentaire de l'Union Bancaire Privée, UBP SA (supplementary pension fund) are defined-contribution funds. Over 70% of the Group's employees are affiliated to those funds.

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

(in CHF thousands)		
	31/12/2019	31/12/2018
Pension funds' commitments	,	
Due on client deposits	55,380	72,402

Disclosure of the economic situation of own pension funds

Employer's contribution reserves (ECR)

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

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

(in CHF thousands)				Change in			
				economic			
				interests			
	Surplus/			compared to			
	(deficit)	Econor	mic Interest	the previous	Contributions	Pension bene	fit expenses
	31/12/2019		of the Bank	year	paid for 2019	within personn	el expenses
		2019	2018			2019	2018
Pension schemes							
with surplus	73,800				31,655	32,356	30,944

The Bank's governing bodies consider that any excess coverage within the meaning of Swiss GAAP 16 recommendations (GAAP RPC 16) should be used to the benefit of the fund members and therefore no economic gain should ensue for the Group. As at 31 December 2019, there was neither gain nor loss to book on the Group's balance sheet or profit and loss account.

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

(in CHF thousands)	Position as at 31 December 2018	Used according to purpose	Reclassification	Currency differences	Past due interest/recoveries	New reserves charged to income	Dissolution of reserves credited to income	Position as at 31 December 2019
Provisions for deferred taxes	-							-
Provisions for pension benefit obligations	12,802	(3,002)				3,000		12,800
Provisions for default risks	4,000							4,000
Provisions for other business risks	13,800	(1,023)		8				12,785
Provision for restructuring	1,883	(1,732)		42				193
Other provisions	277					13,557		13,834
Total provisions	32,762	(5,757)	-	50	-	16,557	-	43,612
Reserves for general banking risks	102,560							102,560
Value adjustments for default and country risks	10,485	(175)	-	(7)	691	5,978	-	16,972
of which, value adjustments for default risks in respect of impaired loans/receivables	6,485	(175)		(7)	691	5,978		12,972
of which, value adjustments for latent risks	4,000							4,000

Presentation of the Bank's share capital

(in CHF thousands)			2019			2018
	Total nominal value	Number of shares	Dividend- bearing capital	Total nominal value	Number of shares	Dividend- bearing capital
Share capital						
Non-share capital/Share capital	300,000	30,000	300,000	300,000	30,000	300,000
of which, paid-up capital			300,000			300,000
Total share capital	300,000	30,000	300,000	300,000	30,000	300,000

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

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

Disclosure of holders of significant participations

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

The de Picciotto family holds directly and indirectly 96.67% of CBI Holding SA voting rights and 87.24% of its share capital.

Disclosure of amounts due from/to related parties

Business relations with related parties

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

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

(in CHF thousands)		Due from clients				
	2019	2018	2019	2018		
Qualified participants			456,413	420,157		
Group companies	438,351	421,945	1,481,367	1,215,567		
Directors and Senior Executives	33,242	40,003	185,333	167,204		

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

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

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

(in CHF thousands)	Net fore	eign exposure 2019	Net foreign exposure 201		
Ratings as per FINMA correspondence tables	In CHF	Part as a %	In CHF	Part as a %	
AAA to AA-	10,497	66.5	12,032	69.9	
A+ to A-	864	5.5	816	4.7	
BBB+ to BBB-	2,734	17.3	2,678	15.6	
BB+ to BB-	68	0.4	38	0.2	
B+ to B-	108	0.7	89	0.5	
Below B-	38	0.2	42	0.2	
Unrated	1,489	9.4	1,528	8.9	
Total	15,798	100.0	17,223	100.0	

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

Breakdown and explanation of contingent assets and liabilities

(in CHF thousands)		
	2019	2018
Contingent liabilities		
Guarantees to secure credits and similar	334,188	320,980
Irrevocable commitments arising from documentary letters of credit	87,586	78,062
Total contingent liabilities	421,774	399,042
Contingent assets arising from tax losses carried forward	_	_
Total contingent assets		_

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

The High Court of Justice in London gave notice of civil action against the Bank and 36 other parties in September 2019. The main defendant is a former body of Kuwait's social security institution. The charges brought against it are of having levied undue commissions as part of its functions within the institution. Other defendants include other banks and natural persons charged with being involved in the payment or transfer of such commissions. The Bank contests the charges and deems the risk related to these proceedings very low and not warranting provisions.

Breakdown of credit commitments

(in CHF thousands)		
	2019	2018
Commitments arising from deferred payments	872	599
Total	872	599

Breakdown of fiduciary transactions

Total	1,159,052	1,178,839
conducts in its own name on behalf of clients		
Fiduciary transactions arising from securities lending and borrowing, which the Group		
Fiduciary investments with third-party banks	1,159,052	1,178,839
	2019	2018
(in CHF thousands)		

Breakdown of assets under management and presentation of their development

(in CHF thousands)		
	2019	2018
Breakdown of assets under management		
Assets in collective investment schemes managed by the Group	15,379	13,857
Assets in discretionary asset management mandates	14,914	14,652
Other assets under management	79,420	72,032
Total assets under management (including those counted twice)	109,713	100,541
of which those counted twice	9,797	8,278
Development of assets under management		
Total assets under management (including those counted twice) at beginning	100,541	103,953
+/- Net new money inflow or net new money outflow	1,269	1,794
+/- Price gains/losses, interest, dividends and currency gains/losses	7,903	(5,206)
+/- Other effects		
Total assets under management (including those counted twice) at end	109,713	100,541

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

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

(in CHF thousands)		
	2019	2018
Breakdown by business area		
Trading result for own account	29,737	34,400
Trading for the account of clients	42,078	45,128
Total result from trading activities	71,815	79,528
Breakdown by type of activity and result from the use of the fair value option Result from trading activities on:		
Interest-rate instruments	6,683	12,948
Equity securities (including funds)	11,160	10,286
Foreign currencies, commodities, precious metals	53,972	56,294
Total result from trading activities	71,815	79,528
of which, from fair value option	6,391	6,609
of which, from fair value option on assets	172,055	(46,865)
of which, from fair value option on liabilities	(165,664)	53,474

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

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

(in CHF thousands)		
	2019	2018
Refinancing		
Refinancing costs for trading portfolios and fair value option	(16,329)	(3,520)
Negative interest		
Negative interest on investments	(61,121)	(54,167)
Negative interest on liabilities	5,491	4,102

Breakdown of personnel expenses

(in CHF thousands)		
	2019	2018
Salaries	392,807	387,657
of which, costs relating to alternative forms of variable compensation	111,314	112,626
Social charges	53,867	51,381
Changes in book value for economic benefits and obligations arising from pension schemes		
Other personnel expenses	19,430	19,390
Total personnel expenses	466,104	458,428

Breakdown of general and administrative expenses

(in CHF thousands)		
	2019	2018
Cost of office space	27,466	27,352
Cost of computer equipment, machines, furnishings, etc.	49,570	37,427
Fees of audit firms	2,507	2,389
of which, for financial and regulatory audits	2,201	2,044
of which, for other services	306	345
Other operating expenses	90,615	93,315
Total general and administrative expenses	170,158	160,483

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

(in CHF thousands)		
	2019	2018
Provision for deferred tax		
Dissolution of the provision for deferred taxes		
Charges for current taxes	38,957	46,782
Total taxes	38,957	46,782
Weighted average tax rate based on pre-tax result	14.55%	13.36%

The impact of the utilisation of previously unused losses carried over, out of the total amount of taxes for the fiscal year concerned, is CHF 0 (2018: CHF 0).

AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF THE BANK

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

As statutory auditor, we have audited the individual financial statements of Union Bancaire Privée, UBP SA, which comprise the balance sheet, statement of income, cash flow statement, statement of shareholders' equity, and appendix for the year ended 31 December 2019.

Board of Directors' responsibility

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

Auditors' responsibility

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

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

Opinion

In our opinion, the individual financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Report on other statutory requirements

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

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

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

Geneva, 19 March 2020

Ernst & Young SA

Raphaël Thürler Licensed audit expert

Head auditor

Prof. Dr. Andreas Blumer Licensed audit expert

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Union Bancaire Privée