

The cover features a dark blue background on the left side, transitioning into a white background on the right. A teal-colored rectangular block is positioned in the upper right quadrant, overlapping the white background. The text 'Activity report' is centered within this teal block. 'Activity' is written in a white serif font, while 'report' is written in a teal serif font below it.

# Activity report

# Key figures

in CHF millions, unless otherwise stated

	As at 31.12.2022	As at 31.12.2021	Variation in %
Assets under management (in CHF billions)	140.4	160.4	(12.5%)
Total operating income	1,213	1,134	7.0%
Total operating expenses	827	754	9.6%
Operating result	241	244	(1.3%)
Net profit	210	201	4.6%
Total assets	38,761	38,785	(0.1%)
Shareholders' equity	2,572	2,478	3.8%
Staff headcount (FTE)	1,960	1,904	2.9%
Operating cost/income ratio	68.1%	66.5%	-
Return on equity (ROE)	8.5%	8.4%	-
Shareholders' equity / total assets ratio	6.6%	6.4%	-
Tier 1 equity ratio	26.7%	25.2%	-
Liquidity coverage ratio (LCR)	304.6%	274.5%	-
Leverage ratio	5.6%	5.4%	-
Net stable funding ratio (NSFR)	194.2%	162.6%	-
Moody's long-term deposit rating	Aa2	Aa2	-

# Adapting to a changing world

## Paradigm shifts

2022 will be remembered as a year of unprecedented geopolitical and economic turbulence. The shock of the invasion of Ukraine, followed by a spike in global inflation to its highest levels in 40 years, generated significant volatility in the equity and fixed-income markets.

Continued disruptions in supply chains as well as the consequences of China's "Zero-Covid" policy, with the periodic closure of entire cities, added to the pressure. Concerns were exacerbated by the energy crisis and the record rise in commodity prices. To keep prices from spiralling out of control, central banks embarked on the fastest rate-hiking cycle in decades. This monetary policy reversal ended a long period of low or even negative interest rates and brought an end to the historic highs in equity markets. It also fuelled growing fears of recession.

While the prospect of a slowdown in interest rate hikes by the US Federal Reserve finally brought some relief in the fourth quarter, the year as a whole was brutal for investors. Growth and technology stocks paid a heavy price and fixed income markets were battered too, which forced investors to adjust their strategies. Another notable phenomenon was the strength of the dollar. The US dollar index rose 15%, making 2022 the best year for the greenback in nearly 40 years.

These upheavals and their violent impact on the financial markets once again underscored UBP's ability to adapt to radical changes and to hold course in an environment with little or no visibility.

The Bank's top priority during this tumultuous year was to remain as close as possible to our clients, both private and institutional, in order to provide them with continuous advice and relevant solutions in the face of challenging market conditions. Fortunately, the lifting of the Covid-related travel restrictions allowed us to visit our clients again and share our investment convictions and perspectives on the financial markets in many face-to-face discussions.

We also had to tackle the significant challenge of assisting our Eastern Europe clients in understanding the restrictions linked to various sanction regimes enacted after the Russian attack on Ukraine, and of ensuring that the Bank fully complies with them. Our Swiss, Monegasque and other European entities were particularly involved in this issue, which required informing and guiding clients, as well as adapting our offering and investment universe to the restrictions.

Looking ahead, the agility that was required to navigate the markets in 2022, will remain an asset in 2023 as the global economy treads a fine line between developed economies entering recession and emerging economies seeking to consolidate their recoveries.

## A complete portfolio allocation reset

Most investors were in risk-off mode throughout 2022, with a greater willingness to increase cash allocations in their portfolios. Our agility in responding appropriately to financial markets' dislocations resulted in significant changes to our investment strategy, with an increased focus on interest-generating solutions. Demand for fixed income products has increased, as it has for interest-bearing deposits, with our deposit rate particularly well positioned. Asymmetric solutions, such as structured products and private market investments, which are a strong area of expertise for our Bank, have also proved to be relevant alternatives for capital preservation and diversification among clients open to more sophisticated approaches. We have been able to respond to the demand for absolute return with hedge funds, both via bespoke mandates and via subscriptions to our mutual fund range.

Due to the volatility in most asset classes throughout the year, our trading department's Direct Access Client (DAC) service continued to see firm growth fuelled by strong demand. As a result, we have started working on a plan to expand this service in 2023.

The Treasury & Trading Department was also able to take advantage of the trading and alpha-generating opportunities that emerged from a favourable currency environment, even though client participation in foreign exchange markets was subdued due to the major trend changes in all asset classes.

## Reinforcing our investment expertise

We continued to calibrate our investment solutions to the new market regime and changing client expectations.

In fulfilment of our sustainability undertakings, UBP appointed a Group Head of Sustainability to oversee both our sustainable investment roadmap and our CSR approach. Meanwhile, we further expanded our range of responsible investment and impact strategies. As at the end of the year, over CHF 20 billion worth of assets under management (excluding those held by our execution-only clients) were in investments classified either as "promoting environmental or social characteristics" or as "having sustainable investments as an objective" under the EU's Sustainable Finance Disclosure Regulation (SFDR), or in investments classified as equivalent by UBP.

We also launched several initiatives in the private assets field. Our Private Markets Group (PMG) team, based in Europe and Asia, offers solutions in four areas: real estate, private equity, private debt and infrastructure. PMG now manages a total of more than CHF 4 billion either internally or through exclusive partnerships. A particularly noteworthy development was an innovative private debt social housing fund, which illustrates our commitment not only to private assets but also to embedding ESG and sustainability across asset classes.

## Overcoming market headwinds

Asset Management teams had a challenging year due to the adverse conditions, and set about protecting the client asset base proactively, stepping up innovations in many areas and fine-tuning our business proposition. Although able to sign close to 50 new institutional clients, we nevertheless experienced a decline in our asset base due to the combined

effects of client outflows and the market downturn. At the end of December 2022, assets under management for the division stood at CHF 32 billion. Fixed income credit strategies suffered the most from interest rate hikes. Developed market equity strategies were also affected, partly hindered by the quality growth bias that is a key feature of UBP's approach.

However, our range being large and diversified, some solutions emerged as particularly well suited to the uncertainties of 2022. Our new fund combining the expertise of all our fixed income teams – developed markets, emerging markets and convertibles – to offer UBP clients an option to actively navigate bonds with a flexible and liquid income strategy generated a lot of interest. We also have traditional absolute return fixed income solutions that were in demand, via our open-fund range or through a more bespoke approach.

As regards Asset Management's organisational resources, we continued to invest to sharpen UBP's overall skillset, notably in flagship franchises such as the convertible bond and the emerging market debt teams. The commercial side was also adapted with new joiners in Spain, Asia and the French-speaking part of Switzerland.

## Growing in key markets

Throughout 2022, we continued to increase our presence in priority markets by selectively recruiting experienced relationship managers, in particular in Dubai, Zurich, London, Luxembourg, Monaco and Asia, adding close to 50 new relationship managers in 2022.

The successful completion of the acquisition of Danske Bank International (DBI) in Luxembourg resulted in the integration of some 60 new colleagues, significantly strengthening the position of our Luxembourg office as UBP's European hub. We are now a prominent player in the Nordic markets, offering wealth management expertise to many clients in Denmark, Sweden and Finland.

Meanwhile the integration of Millennium Banque Privée was wrapped up in Geneva, which will enable us to increase our presence in Portugal and some African countries.

In Asia, which is a key pillar of the Group's long-term growth strategy, we remained on a positive trajectory in 2022. We dedicated ourselves to helping clients navigate the sustained volatility, and providing investment solutions suited to Asian investors' expectations.

We made senior appointments to our Hong Kong and Singapore branches, and, in line with our plans to expand our business in China, we opened an office in Hainan Province. This new entity secured a qualified domestic limited partnership (QDLP) licence which allows it to offer global investment strategies to qualified domestic investors. Along with Shanghai, this is our second office with a QDLP licence in China. The soundness of our approach in Asia was again borne out by net new money from our core growth markets of Greater China and ASEAN.

The year also saw UBP reinforcing its footprint in key strategic markets: we remain ever committed to Eastern Europe despite the current challenges, and we have strengthened our Middle East presence with the aim of enriching an already strong service level and investment offering for both institutional and private clients, as well as opening a new facility in Dubai.

In Europe, Monaco continued its fast-paced growth in assets under management, particularly among UHNW clients. This segment is attracted by the breadth of our services and solutions, which include investments in real estate and infrastructure through UBP's unique private markets offering, as well as our capabilities in financing and wealth planning. While for London, 2022 was a year of consolidation, we focused on broadening the global service offering and strengthening existing processes.

In recognition of our dedication to serving our clients and of the consistency and innovativeness of our offering, we had the honour of receiving various awards in 2022 – for our wealth management activities in Asia, Monaco, the Middle East and Switzerland, and for a selection of our funds. We

were also very proud to be accredited by the Best Places to Work programme in Singapore and Hong Kong in 2022.

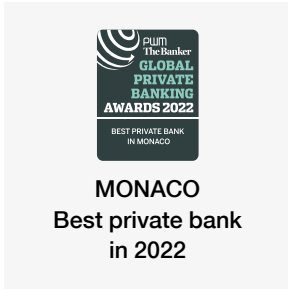
**Improving efficiency**

With the aim of constantly improving our operating model, we continued to adapt our Discretionary Portfolio Management (DPM) organisation. Over the past two years, we have been investing significantly in our DPM capabilities to make the offering a Group flagship. Our efforts to tailor and streamline it while giving our local/regional teams more autonomy are paying off, as evidenced by the growth of our Discretionary book. Building on these positive results, we are further decentralising our DPM services with the objective of developing local offerings and on-the-ground support for the front teams. Having proven effective in Monaco and Asia, this model has now been implemented in Zurich and Luxembourg, and all our other sites will gradually follow.

Meanwhile we continue to strengthen our “first line of defence” in risk management, safeguarding transparency in our business and helping our front office stay aligned with the growing regulatory standards in terms of client identification.

In the digital space, cyber defence remains a top priority, and our IT security teams work tirelessly to protect the Bank from cyberattacks. The financial sector is one of the most targeted industries, running a high risk of financial loss, reputation damage and regulatory repercussions. To this end, we undertook a three-week “Always On” campaign to raise awareness among our employees.

Finally, as part of our ongoing efforts to optimise the Group's structure and focus on our core markets and activities, UBP took the decision to close its Nassau branch. We also sold and transferred our US client business (UBP Investment Advisors, known as UBP IAS) to Ameliora Wealth Management, a Swiss-based investment adviser, with a cooperation agreement for future US client referrals.



## Solid results

At the end of the year, our Group's assets under management amounted to CHF 140.4 billion, down 12.5% relative to the end-2021 figure of CHF 160.4 billion.

Net new money was positive, at CHF 0.9 billion, driven in particular by the integration of Danske Bank International and inflows from private clients, which offset the outflows mainly from institutional investors.

Revenues totalled CHF 1.213 billion in 2022, up 7.0% on 2021, boosted primarily by an increase in the net interest margin following the shift in monetary policy from the main central banks. Profits on forex trading were also strong, rising by CHF 16.0 million. This helped compensate for the 6.2% decline in fees and commissions due to slower brokerage activities for private clients.

Operating expenses totalled CHF 826.6 million at the end of the year, compared with CHF 754.5 million in 2021 (+9.6%). This increase is the result of the exceptional costs related to the acquisitions of Millennium Banque Privée in November 2021 and Danske Bank International in January 2022, along with substantial investments made in recruiting new teams in UBP's priority markets.

In this context, the Bank's net profit for 2022 came in at CHF 210.4 million, up 4.5% from CHF 201.2 million a year earlier. Its cost/income ratio stood at 68.1% (compared with 66.5% for 2021), attesting to the Bank's operational efficiency and strict cost control.

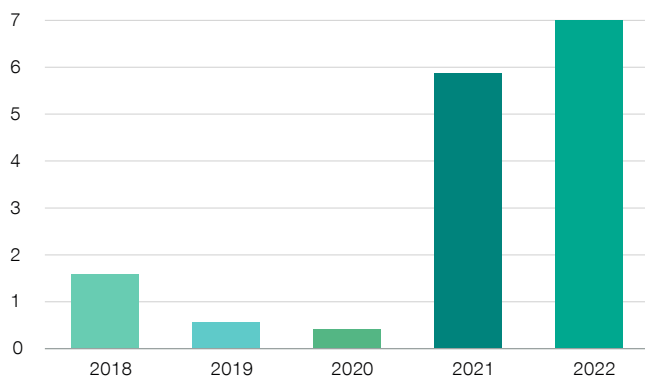
In addition, UBP recorded an extraordinary income of CHF 29.3 million from the sale of a minority participation. This one-off gain was fully offset by a strengthening of the general banking reserves, value adjustment & depreciations, and additional provisions.

## Prudent management of the balance sheet

Our policy of cautious balance sheet management helped us navigate through the turbulence in the 2022 fixed income market. That conservative oversight of the balance sheet by our Treasury team is a key characteristic of UBP and is reflected in our strong short-term liquidity coverage ratio (LCR), which stood at 304.6% at the end of 2022. At 26.7%, our Tier 1 ratio also remains well above both Basel III and FINMA requirements. UBP continues to stand out as one of the best-capitalised and strongest banks among its peers, as shown by Moody's decision in the fourth quarter to maintain its Aa2 long-term deposit rating (with stable outlook).

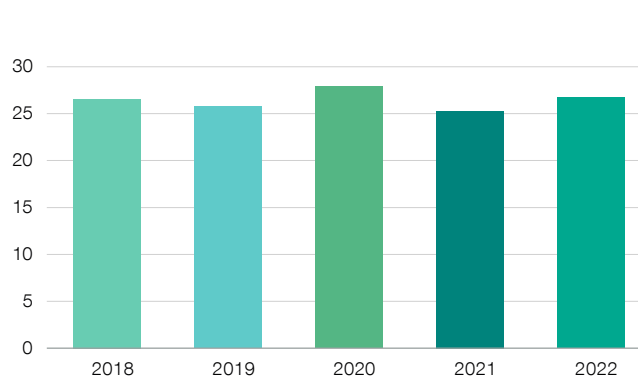
### Total income

Variation in %



### Tier 1 capital ratio

in %





Although 2022 was a challenging year, our results demonstrate that UBP's foundations are strong and the diversification of our revenue streams underlies the resilience of our business model. Our core focus has always been our clients' satisfaction, and our success has been derived from our nimbleness to adapt and offer innovation, no matter what the environment.

This approach that has served us so well will guide us on the path ahead. Our ambition in 2023 is to deepen our regional focus, make our offering more distinctive and continue to provide our clients with the best possible service. To do this requires a skilled and dedicated workforce, and so we are committed to channelling resources into our human capital, making UBP an employer of choice.

That is why today, as we enter another year of uncertainty, the constant motivation and dedication of our teams give us confidence in our future.



**Daniel de Picciotto**  
Chairman of the Board  
of Directors

**Guy de Picciotto**  
Chief Executive Officer



UNION BANCAIRE PRIVÉE