

Pillar III Disclosure Report 2023

September 2024

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List of Acronyms

ALCO	Assets and Liabilities Committee
AMLC/HRC	Anti-Money Laundering Committee/Higher Risks Committee
AOC	Account-Opening Committee
BOD	Board of Directors
BRC	Board's Risk Committee (at UBP Group level)
CAC	Credit Administration and Control
CC	Credit Committee
CCyB	Countercyclical buffer
CET1	Common Equity Tier 1
CFP	Contingency Funding Plan
CRA	Change risk assessment
CRM	Credit Risk Mitigation
CRR	Capital Requirements Regulation
CSA	Credit Structuring and Analysis
CSSF	Commission de Surveillance du Secteur Financier
EBA	European Banking Authority
EC	Group Executive Committee
FINMA	Swiss Financial Market Supervisory Authority
Group	UBP Group
HQLA	High-Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
LCR	Liquidity Coverage Ratio
LIC	Local Investment Committee
LPC	Local Product Committee
MC	Management Committee
MiFID	Markets in Financial Instruments Directive
MRT	Material Risk Takers
NACE	Nomenclature des Activités Économiques dans la Communauté Européenne
NSFR	Net Stable Funding Rate
OTC	Over-the-counter
P1R	Pillar 1 Requirements
P2R	Pillar 2 Requirements
PB	Private banking
RC	Risk Committee
RRC	Restricted Risk Committee
RSF	Required stable funding
RWA	Risk Weighted Assets
SREP	Supervisory Review and Evaluation Process
T&T	Treasury and Trading
TSCR	Total SREP capital requirement

Key indicators as of 31 December 2023

Template EU KM1 - Key metrics template

(in CHF ,000)

		2023-12-31 (a)	2022-12-31 (e)
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	234,109	214,580
2	Tier 1 capital	234,109	214,580
3	Total capital	234,109	214,580
Risk-weighted exposure amounts			
4	Total risk exposure amount	593,120	812,652
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	39.5	26.4
6	Tier 1 ratio (%)	39.5	26.4
7	Total capital ratio (%)	39.5	26.4
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.5	0.0
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.3	0.0
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.6	0.0
EU 7d	Total SREP own funds requirements (%)	8.5	8.0
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5	2.5
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)		
9	Institution specific countercyclical capital buffer (%)	0.6	0.5
EU 9a	Systemic risk buffer (%)	0.0	0.0
10	Global Systemically Important Institution buffer (%)		
EU 10a	Other Systemically Important Institution buffer (%)		
11	Combined buffer requirement (%)	3.1	3.0
EU 11a	Overall capital requirements (%)	11.6	11.0
12	CET1 available after meeting the total SREP own funds requirements (%)	31.0	18.4

(in CHF ,000)

		2023-12-31 (a)	2022-12-31 (e)
Leverage ratio			
13	Total exposure measure	2,517,087	3,200,019
14	Leverage ratio (%)	9.3	6.7
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU 14b	of which: to be made up of CET1 capital (percentage points)		
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	0.0	0.0
EU 14e	Overall leverage ratio requirement (%)	3.0	3.0
Liquidity Coverage Ratio (3 months average)			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	770,651	811,647
EU 16a	Cash outflows - Total weighted value	1,329,927	1,473,282
EU 16b	Cash inflows - Total weighted value	972,200	1,353,163
16	Total net cash outflows (adjusted value)	357,727	368,321
17	Liquidity coverage ratio (%)	215.4	220.4
Net Stable Funding Ratio			
18	Total available stable funding	1,374,946	1,442,456
19	Total required stable funding	534,538	653,288
20	NSFR ratio (%)	257.2	220.8

1. Introduction

1.1. Regulatory framework

This report presents the Pillar III disclosures of Union Bancaire Privée (Europe) S.A. (herein referred to as 'UBP Europe' or 'the Bank') for the financial year ending 31 December 2023.

The Pillar III Report has been drafted in accordance with the Part Eight of the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (also referred to as the 'Capital Requirements Regulation' or the 'CRR'). The following documents have also been used for this publication:

- the Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (also referred to as the 'Capital Requirements Directive IV' or the 'CRD IV');
- the European Banking Authority in its 'Final Report on the Guidelines on Disclosure Requirements under Part Eight of Regulation (EU) No 2019/876' (herein referred to as the 'EBA Guidelines 2016/11');
- the CSSF Circular 17/673 also defines the sections of the EBA Guidelines 2016/11 to which the Bank is subject.

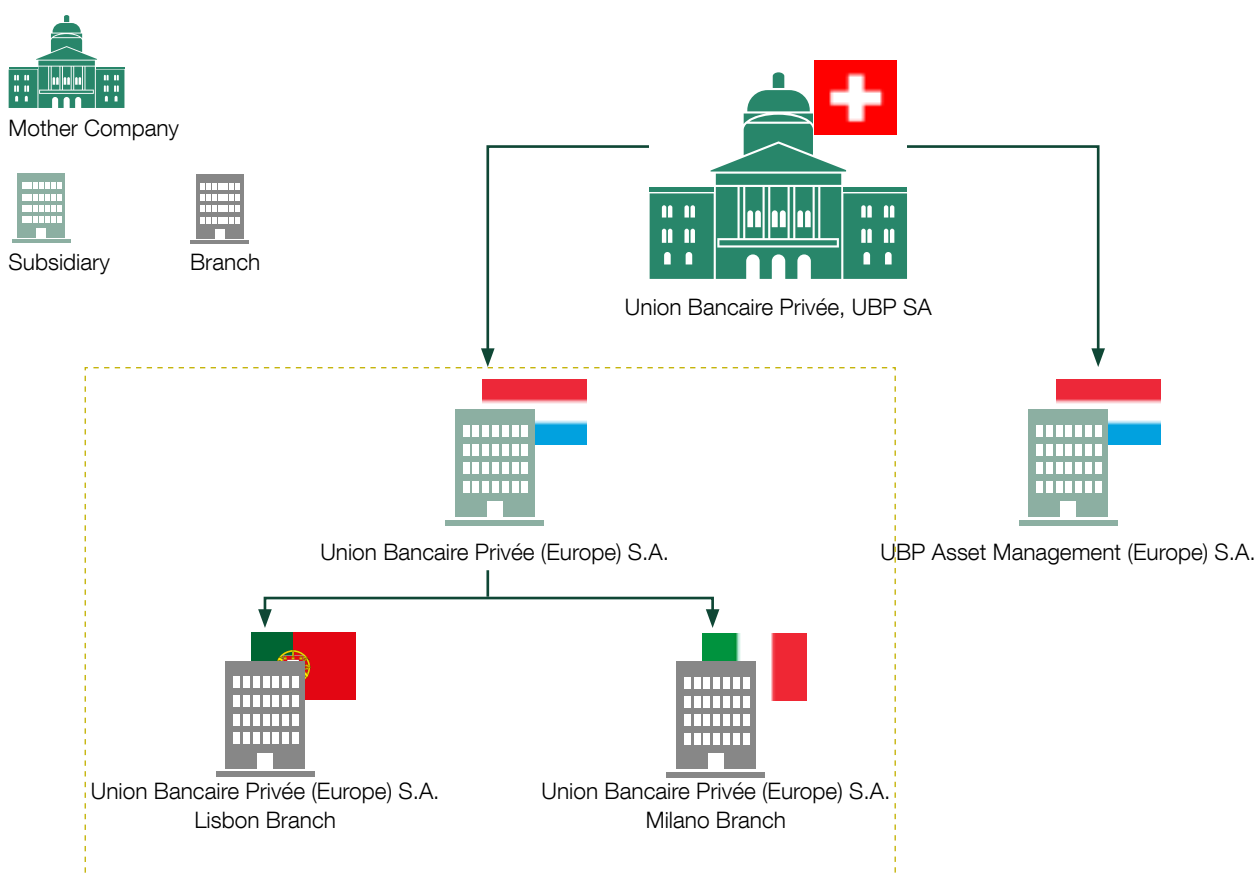
In accordance with the Art. 436 and 433 of the CRR, the Bank published its Pillar III Report on a solo basis, including its different branches, and on an annual basis relying on the financial statements as of 31 December 2022, reporting in CHF. As per article 434 of the same Regulation, this report is available on the Bank's website.

1.2. Union Bancaire Privée (Europe) S.A

UBP Europe was incorporated in the Grand-Duchy of Luxembourg on 2 March 1971 as a Société Anonyme governed by Luxembourg Law.

Union Bancaire Privée (Europe) S.A. is a subsidiary of Union Bancaire Privée, UBP S.A. (hereafter referred to as the Group or the UBP Group) and is active on the Italian market through its Milano branch, as illustrated by the figure here below. The Bank's principal activity consists of the custody and management of the clients' assets. Furthermore, under specific circumstances, the Bank also grants loans as well as credit lines to its clients.

Chart 1.2.1: Organisational structure



1.3. Structure and Organisation

Board of Directors

The Board of Directors (hereafter the Board or the BoD) of the Bank is composed of at least three persons, appointed by the General Assembly of shareholders and at all times dismissible by it. As of 31 December 2023, the Board was composed of 4 members as follows:

- Ian Cramb
- Philippe Hoss
- Pierfranco de Vita
- Jean-Michel Pacaud

The Board ensures that it has at all times, as a whole, competence appropriate to the nature, scale and complexity of the Bank's activities and organisation and that it collectively possesses a perfect understanding of all activities and the risks inherent in them, as well as of the Banks' economic and regulatory environment.

Board members are appointed in accordance with the regulatory requirements for the appointment of key function holders as well as in accordance with the Bank's and the Group's recruitment policies and guidelines.

The Board of Directors defines the general policy of the Bank. It ensures that the Bank has a strong internal governance, including a clear organisational structure with a clear, transparent and consistent division of responsibilities, effective detection, management, control and reporting processes. Disclosure of risks to which it is or may be exposed, adequate internal control mechanisms, including sound administrative and accounting procedures as well as control and security mechanisms for its IT systems.

It determines the risk and compliance principles to which the Bank must adhere in the exercise of its activities. The Board promotes a positive attitude towards Risk and Compliance, promotes the development of structures to achieve this objective and ensures, at regular intervals, that the Bank has an adequate Risk and Compliance function.

It ensures that the Bank meets the organisational requirements set out in the amended Financial Sector Law of 5 April 1993 in the context of the provision of investment services and / or the exercise of investment activities.

The Board meets at least four times per year and as many times as circumstances require. The agenda, the discussions and measures taken are documented in minutes.

Without prejudice to these powers granted by law, the Board of Directors has powers assigned to it in accordance with the Bank's Internal Regulations and Group procedures applicable to the Bank or because of its role as supervision of the Bank's Authorised Management.

Through the application of diversity principles, the Board seeks to harness a wide range of qualities and skills, with the aim of bringing a variety of perspectives and experiences to the Board.

The Board assesses its composition in accordance with the fit and proper assessment process as recommended by the European Banking Authority (EBA) and, where appropriate, proposes to shareholders any changes identified as necessary.

Management Committee

The Bank's Management Committee is composed of the executive members approved by Commission de Surveillance du Secteur Financier (CSSF) (Authorised Management) and any other persons, all appointed by the Board of Directors.

The Management Committee meets at least twice a month and as many times as circumstances require. Each session is the subject of minutes signed by all the members present and the secretary of the meeting. The Management Committee is validly constituted if it meets at least half of its members. It rules by a majority of its members.

The Management Committee's role is to implement the strategy and objectives, as defined by the Board of Directors, and is in charge of running and managing day-to-day business operations. It also co-ordinates our administrative organisation, checks that statutory and regulatory rule and the risk management policy are properly applied, and seeks to ensure that secure, profitable business relationships are established and developed, with and for clients. It ensures the correct application of internal directives as well as procedures as provided by the law, the Grand-Ducal Regulation and the provisions of the CSSF.

It communicates, at least once a year, to the Board of Directors, reports on the issues covered by the Internal Audit, Compliance and Risk Management functions.

Roles and responsibilities of the management committees

Different committees are set up for the management of various risks, to which the Bank is exposed. In 2023, the Bank had the following committees:

- Account-Opening committee (AOC)
- Anti-Money Laundering Committee/Higher Risks Committee (AMLC/HRC)
- Risk Management Committee (MRC)
- Credit Committee (CC)
- Local Investment Committee (LIC)
- Assets and Liabilities Committee (ALCO)
- Local Product Committee (LPC)

2. Bank Risk Management approach

The Group Risk Management unit is composed of teams based mainly in Switzerland and some relocated to the different subsidiaries including the Bank and has a direct reporting line with Group Risk Management, covering all the inherent risks to activities of the UBP Group (Private Banking, Custodian Bank, Asset Management, Treasury & Trading).

The responsibilities, the frequency of controls, the type of reporting, the systems used by the Risk Management Group, are described in detail in the document entitled UBP Group Risk Management Tasks & Objectives.

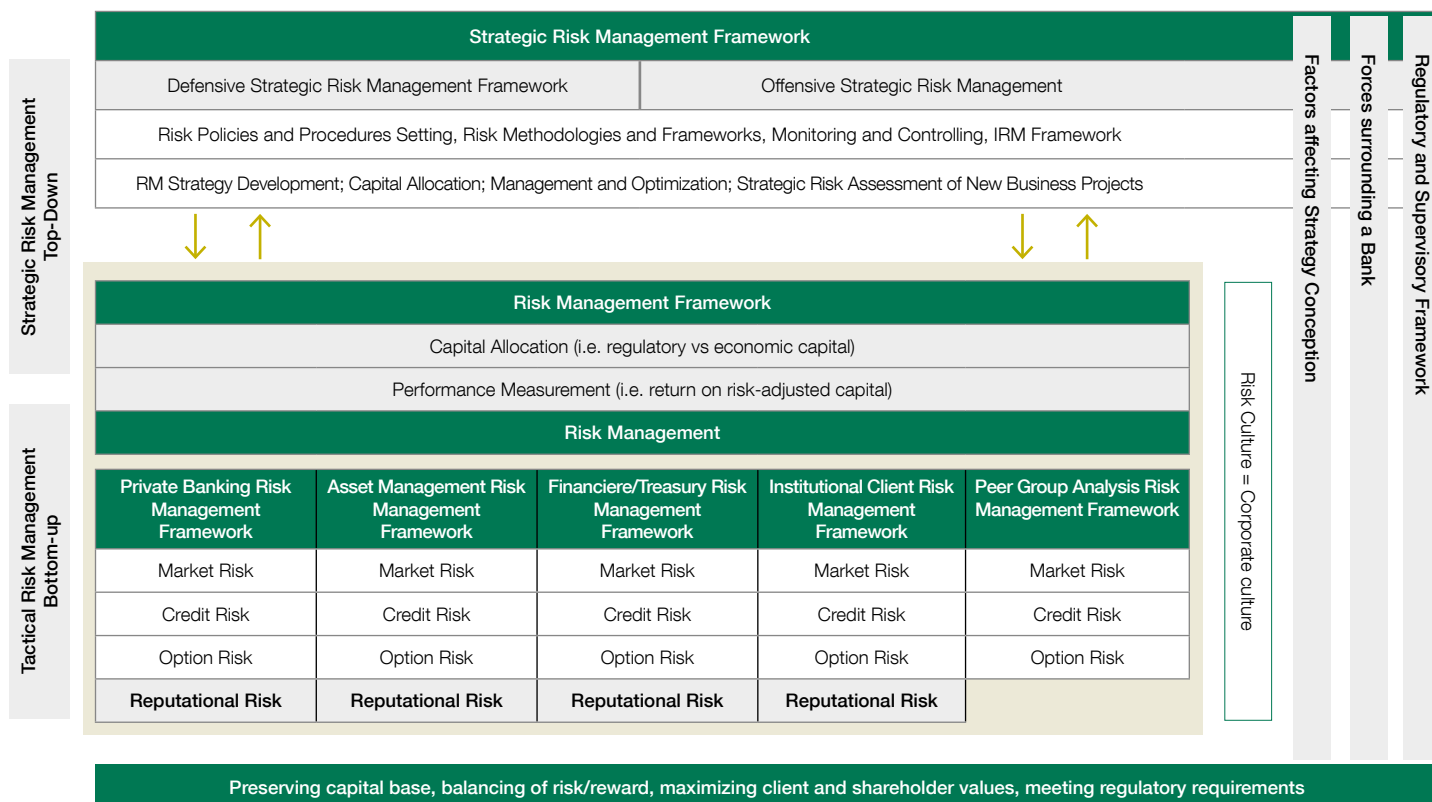
As part of its risk management mandate, Group Risk Management has developed a number of risk manuals, updated regularly and systematically validated by the Group Risk Committee, the Group Executive Committee and the UBP Group Board Committee:

- Market Risk Manual;
- Stress Scenario Risk Manual;
- Asset & Liability (ALM) Risk Manual;
- Counterparty & Settlement Risk Manual;
- Operational Risk Manual;
- Country Risk Manual;
- New Business / Product Risk Assessment Policy;
- Liquidity Risk Policy.

2.1. Risk management framework

The risk management mandate defined by the Board of Directors via the Board's Risk Committee (at UBP Group level), and the Management Committee is set out in internal directives and procedures described above. 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.

Chart 2.1: Integrated Risk Management Framework



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 the commercial strategy, UBP applies 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 risk management guidance and supervision** is performed by the Board's Risk Committee (at Group level) who is responsible for determining general risk policy and risk management strategy;
- **Management and operational supervision** by the Group Executive Committee (EC) and the Risk Committee through formulation and implementation of risk management strategies; and
- **Risk Control** is performed primarily by UBP Group and the Bank's Risk Management Unit, as well as by the Compliance Department, the Credit Administration and Control team, with Internal Audit reviewing and evaluating the effectiveness and efficiency of the risk policies and risk management frameworks, the robustness of the check and balances of related internal control system and the independence of the risk controls functions.

Risk monitoring is carried out in the Group's various business divisions – Treasury & Trading, Wealth Management, Asset Management, and COO – in order to achieve governance objectives, institutions establish internal arrangements which are consistent with the three-lines-of-defence model:

First line of defence

The Bank's first line of defence consists of the front office and operational units, which are directly involved in the daily operational work. The operating staff should carry out day-to-day work on a four-eye's principle to prevent the possible errors and omissions that occurred during the processing of the transactions.

The Finance Department maintains adequate controls over its accounting and record-keeping processes for all business activities on a daily basis. It is also responsible for effective financial and regulatory reporting to the UBP Group and regulators. Finance Department bears the responsibility to formulate and monitor processes of the liquidity risk management, and to allocate and manage the regulatory capital of the Bank.

The Group IT Department and Security is responsible for the reliability and security of processed data. The Bank has in place, physical access controls, environmental controls, logical security controls, and controls over access to information systems. The Bank has a well-documented and regularly tested Disaster Recovery Plan and a documented Business Continuity Plan covering all its critical business processes and activities.

Second line of defence

Risk Management has the responsibility of the day-to-day management pertaining to the different risks of the Bank. It is responsible for performing risk assessment, informing and reporting on any major changes to relevant departments, to monitor all categories of risks and reviewing the efficiency of the Bank's risk management framework. It is also responsible for drafting risk management policies and procedures, developing risk management techniques, and coordinating the anticipation, identification, measurement, monitoring, control and reporting of various risks which the Bank is exposed to.

Compliance is an independent function with the objective to anticipate, identify and evaluate the compliance risks within the Bank. It organizes, coordinates and structures compliance-related centralised controls, as well as controls and monitors all measures taken to manage the compliance risks, reporting accordingly to Management Committee and the BoD, as appropriate, and acts as an adviser in compliance matters within the Bank.

Third line of defence

Internal Audit is an independent, objective supervision and evaluation activity which helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate the adequacy and effectiveness of risk management and internal control.

The Internal audit function reviews and assesses whether central administration and internal governance arrangements are adequate and operate effectively, as set out in the Internal Audit Charter approved by the BoD, including internal controls' efficiency and effectiveness, safeguarding of the securities and assets, adequacy of the segregation of duties and the execution of the transactions, adequacy of the risk and capital management.

The Internal Auditor reports functionally to the UBP Group and the Bank's BoD.

2.2. Risk Management process and policies

The purpose of the Bank's Risk Management Policy is to ensure the implementation of an effective risk management framework and internal control environments which is in line with the Bank's risk strategy and risk appetite. In doing so, it follows the Luxembourg regulator's laws and regulations, UBP Group procedures and guidelines.

The Risk Management mission and objective is to evaluate the Bank's risk profile, to put in place appropriate internal controls and to monitor the effectiveness of these controls. The aim is to ensure that the risk management is embedded in the Bank's processes and culture, thus contributing to the achievement of its core objectives. This process is supplemented with a review of BoD, Management Committee and Risk Committee.

2.3. Risk reporting

The risk situation of the Bank is communicated via monthly or quarterly reporting to the Management Committee, Board of Directors and other relevant persons.

2.4. Risk appetite

In establishing its risk appetite, the Bank follows the following principles:

- The Board of Directors decides on the nature of the risks and maximum levels that the Bank can take to meet its objectives.
- The Board of Directors sets overall and individual limits for its material risks and defines the general policy of the Bank. The Bank has established a Bank Risk Policy & Risk Governance Framework approved by the Board of Directors of the Bank.
- The Board of Directors delegates to the Management Committee the implementation of complementary indicators and operational limits compatible with the risk appetite it has defined. The Management Committee considers these indicators in the day-to-day management of the Bank. The risk management function assists the Management Committee in the implementation and regular monitoring of these indicators.
- In establishing these limits, the Bank takes into account risk appetite (the maximum risk that the Bank is willing to take to achieve its objectives) recommended by the Board of Directors. The Bank must also measure and take into account its risk capacity (the maximum amount of risk that the Bank is able to bear according to prudential standards and its own assessments).
- For each of its risks, the Bank sets limits or tolerances that are consistent with each other.
- The risk manager provides regular risk monitoring. The Management Committee is informed of the Bank's risk situation at least monthly. The risk management officer shall immediately alert the Authorised Management of any material risks of which it has not yet been informed through regularly scheduled meetings and reports.
- The Bank's ability to bear risk is assessed through ICAAP, which establishes internal capital requirements on a prospective basis and takes reverse stress testing.
- It is the role of risk management and the Management Committee to propose relevant and objective measures.
- Regulatory capital ('Pillar 1') is not necessarily sufficient to cover all material risks of the Bank. In this analysis, it will be appropriate to take into account the anticipated growth of the establishment according to the business plan for the next three years, with, if necessary, a cushion to reflect the uncertainties.
- The Board of Directors has a low appetite for credit and counterparty risk. The Bank measures its risk using the Group approach.
- The Bank's strategy does not plan to speculate on the financial markets. The Board of Directors does not want the result to be influenced by market risk. The Bank's activities should not expose it to significant market risk.

The Bank's main risk appetite indicators are included in an internal red flag report, which includes limits on regulator ratios such as total capital ratio, leverage ratio, credit losses, as well as indicators within credit, operational, market and business risk.

3. Own Funds

In order to assess its ability to support all of its risks, the Bank has adopted a Pillar 1 plus methodology as described in CSSF Circular 07/301, as amended.

In this approach, internal capital requirements (as opposed to regulatory requirements) for Pillar 1 risks are considered to be equal to the prudential capital requirements. The risks which are not covered or not fully captured by the minimum prudential own funds requirements are subject to a separate assessment.

When resulting exposure is considered material and capital is seen as an adequate risk mitigant, capital needs are added to the risks through Pillar 2 in order to define the overall internal capital requirement.

Through its ICAAP process, the Bank's Management Committee, with the support of relevant functions, has conducted a risk identification phase. With regard to their function, its members provided the appropriate level of oversight to the project given their day-to-day responsibilities and remit for the ICAAP project. They ensured that the Bank was preparing a document of suitable scale, nature and complexity for its business.

Thus, the ICAAP approach follows the following stages:

- Risk identification;
- Quantification of risks;
- Stress testing (and scenario analysis);
- Adequacy of own funds;
- Adequacy of liquidity;
- Conclusion.

The full ICAAP report is presented at least once a year by the Management Committee to the Board of Directors. Any updates during the year are presented as soon as possible to the Management Committee and the Board of Directors.

The stress tests defined in the ICAAP are used as indicators which allow Management Committee to be informed at all times on the Bank's internal own funds adequacy.

The Bank has adopted a methodology adapted to its size and its limited degree of complexity (mono business line). In this sense, the assessment of the total internal capital requirement is simply obtained by adding the internal capital requirements arising from the evaluation of any single risk run by the activity. UBP defines, for each of the risks to which the Bank is exposed, a capital requirement that must enable it to be covered against the materialisation of the latter. The overall internal capital needs of the Bank are calculated by taking the sum of the individual internal capital needs determined for each type of risk.

By implicitly assuming full positive dependence between risks, the Bank has opted for a conservative approach that does not take into account diversification effects across risk types.

Template EU CC1 - Composition of regulatory own funds

(in CHF ,000)

		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
		(a)	(b)
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	166,020	(CRR art. 26.1 (a,b))
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	115,468	Article 26(1) CRR point (c)
3	Accumulated other comprehensive income (and other reserves)	34,805	(CRR art. 26.1 (d,e))
EU-3a	Funds for general banking risk		Article 26(1) CRR point (f)
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		Article 484 (3) CRR; Article 486(2) CRR
5	Minority interests (amount allowed in consolidated CET1)		Article 84 CRR
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		Article 26(2) CRR
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	316,293	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	0	Article 34 and 105 CRR
8	Intangible assets (net of related tax liability) (negative amount)	(82,184)	Article 36(1) point (b) and Article 37 CRR
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		Article 38(3) CRR; Article 36(1) point (c) CRR; Article 38 CRR
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		Article 33(1) point (a) CRR
12	Negative amounts resulting from the calculation of expected loss amounts		Article 36(1) point (d) and Article 40 CRR
13	Any increase in equity that results from securitised assets (negative amount)		Article 32(1) CRR
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		Article 33(1) point (b) CRR
15	Defined-benefit pension fund assets (negative amount)		Article 36(1) point (e) and Article 41 CRR
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		Article 36 (1) point (f) and Article 42 CRR
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		Article 36(1) point (g) and in Article 44 CRR

(in CHF ,000)

		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
		(a)	(b)
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		Article 36(1) point (h) and Articles 43, 45, 46, 49(2) and (3) and 79 CRR
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		Article 36(1) point (i), Articles 43, 45, 47, Article 48(1) point (b), Article 49(1) to (3) CRR
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		Article 36 (1) point (k) CRR
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		Article 36(1) point (k)(i), Articles 89 to 91 CRR
EU-20c	of which: securitisation positions (negative amount)		Article 36(1) point (k)(ii), Article 243(1) point (b), Article 244(1) point (b), Article 258 CRR
EU-20d	of which: free deliveries (negative amount)		Article 36(1) point (k)(iii) and Article 379(3) CRR
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		Article 38(3), Article 36(1) point (c), Article 38, Article 48(1) point (a) CRR
22	Amount exceeding the 17,65% threshold (negative amount)		Article 48(1) CRR
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		Article 36(1) point (i) and Article 48(1) point (b) CRR
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		Article 36(1) point (c); Article 38; Article 48(1) point (a) CRR
EU-25a	Losses for the current financial year (negative amount)		Article 36(1) point (a) CRR
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		Article 36(1) point (l) CRR
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		Article 36(1) point (j) CRR
27a	Other regulatory adjustments		IFRS 9
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(82,184)	
29	Common Equity Tier 1 (CET1) capital	234,109	

(in CHF ,000)

		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
		(a)	(b)
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		Articles 51 and 52 CRR
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		Article 486(3) and Article 484(4) CRR
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		Article 494a(1) CRR
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		Article 494b(1) CRR
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		Articles 85 and 86 CRR
35	of which: instruments issued by subsidiaries subject to phase out		Article 486(3) CRR
36	Additional Tier 1 (AT1) capital before regulatory adjustments		Article 52(1) point (b), Article 56 in point (a) and Article 57 CRR
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		point (b) of Article 52(1), in point (a) of Article 56 and in Article 57 CRR
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		point (b) of Article 56 and in Article 58 CRR
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		point (c) of Article 56 and in Articles 59, 60 and 79 CRR
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		point (d) of Articles 56 and in Articles 59 and 79 CRR
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		point (e) of Article 56 CRR
42a	Other regulatory adjustments to AT1 capital		
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital		
44	Additional Tier 1 (AT1) capital		
45	Tier 1 capital (T1 = CET1 + AT1)	234,109	

(in CHF ,000)

		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
		(a)	(b)
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts		Articles 62 and 63 CRR
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		Article 486(4) CRR
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		Article 494a(2) CRR
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		Article 494b(2) CRR
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		Articles 87 and 88 CRR
49	of which: instruments issued by subsidiaries subject to phase out		Article 486(4) CRR
50	Credit risk adjustments		points (c) and (d) of Article 62 CRR
51	Tier 2 (T2) capital before regulatory adjustments		
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		point (b) of Article 63 in point (a) of Article 66 and in Article 67 CRR
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		point (b) of Article 66 and in Article 68 CRR
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		point (c) of Articles 66 and in Articles 69, 70 and 79 CRR
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		point (d) of Article 66 and Articles 69 and 79 CRR
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		point (e) of Article 66 CRR
EU-56b	Other regulatory adjustments to T2 capital		
57	Total regulatory adjustments to Tier 2 (T2) capital		
58	Tier 2 (T2) capital		
59	Total capital (TC = T1 + T2)	234,109	
60	Total Risk exposure amount	593,120	

(in CHF ,000)

		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
		(a)	(b)
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	39.5	point (a) of Article 92(2) CRR
62	Tier 1 capital	39.5	(b) of Article 92(2) CRR
63	Total capital	39.5	point (c) of Article 92(2) CRR
64	Institution CET1 overall capital requirements	7.9	(a) of Article 104(1) CRD; Articles 128, 129, 130, 131 and 133 CRD
65	of which: capital conservation buffer requirement	2.5	Article 129 CRD
66	of which: countercyclical capital buffer requirement	0.6	Article 130 CRD
67	of which: systemic risk buffer requirement	0.0	Article 133 CRD
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00	Article 131 CRD
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.3	point (a) of Article 104(1) CRD
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	31.0	
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		point (h) of Article 36(1) and with Articles, 45, 46, point (c) of Article 56, 59, 60, point (c) of Article 66, 69, 70 and 72i CRR
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		point (i) of Article 36(1), with Articles 43, 45, 47, with point (b) of Article 48(1) and with Article 49(1) to (3) CRR
74	Not applicable		

(in CHF ,000)

		Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
		(a)	(b)
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		point (b) of Article 48(2) CRR, net of related tax liability where the conditions in Article 38(3) CRR are met) in accordance with point (c) of Article 36(1), and with Articles 38 and 48 CRR
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0.00	point (c) of Article 62 CRR
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	5852	point (c) of Article 62 CRR
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0.00	point (d) of Article 62 CRR
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		point (d) of Article 62 CRR
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		Article 484(3) and with Article 486(2) and (5) CRR
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		Article 484(3) and Article 486(2) and (5) CRR
82	Current cap on AT1 instruments subject to phase out arrangements		Articles 484(4), 486(3) and (5) CRR
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		Articles 484(4), 486(3) and (5) CRR
84	Current cap on T2 instruments subject to phase out arrangements		Articles 484(5), 486(4) and (5) CRR
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		Articles 484(5), 486(4) and (5) CRR

The calculation of the regulatory capital is based on the Regulation (EU) No 575/2013 (CRR) and the Directive 2013/36/EU. The information in this section is based on the regulatory principles of consolidation.

Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

(in CHF ,000)	LUX-GAAP Balance sheet as in published financial statements As at period end (a)	FINREP Under regulatory scope of consolidation As at period end (b)	Reference (c)
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
Cash and balances at central banks	211,579	211,620	
Financial assets designated at fair value	657,426	661,602	
Loans and advances to banks	750,932	751,773	
Loans and advances to customers	747,396	888,683	
Current and deferred tax assets			
Prepayments, accrued income and other assets	155,904	166,485	
Goodwill and intangible assets	70,929	82,184	
Of which: goodwill	70,929	22,692	a
Of which intangible assets		59,492	b
Property, plant and equipment	1,116	3,223	
Total assets	2,595,282	2,765,570	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
Deposits from banks	706,026	709,974	
Customer accounts	1,532,009	1,542,850	
Accruals, deferred income and other liabilities	19,708	172,248	
Provisions	15,300	9,415	
Total liabilities	2,273,043	2,434,487	

(in CHF ,000)

	LUX-GAAP Balance sheet as in published financial statements As at period end (a)	FINREP Under regulatory scope of consolidation As at period end (b)	Reference (c)
Shareholders' Equity			
Paid-in share capital	166,020	166,020	
Of which: amount eligible for CET1 capital	166,020	166,020	h
Accumulated other comprehensive income	34,933	34,805	
Retained earnings	106,577	115,468	
Profit/loss for the financial year	14,709	14,790	
Total shareholders' equity	322,239	331,083	

Differences between LUX-GAAP and FINREP are explained by the impairment of the goodwill and the rent accounting.

3.1. Regulatory Own fund

The Bank's share capital, fully paid-up stands at CHF 125 million as of 31 December 2023, comprised of 146.000 shares. A share premium of CHF 41.02 million was paid on top, totalising a capital of CHF 166.02 million.

The capital management approach of the Bank is driven by its strategic and organisational requirements, taking into account the regulatory, economic and commercial environments in which it operates. It is our objective to maintain a strong capital base to support the business development and to meet regulatory capital requirements at all times.

As of 31 December 2023, UBP reports regulatory own funds amounting to CHF 234.1 million.

Template EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

		Qualitative or quantitative information - Free format (a)
1	Issuer	Union Bancaire Privée (Europe) S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	5493003RJ3TPV33W0108
3	Governing law(s) of the instrument	Luxembourg Law
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1 (CET1)
5	Post-transitional CRR rules	Common Equity Tier 1 (CET1)
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Individual and group
7	Instrument type (types to be specified by each jurisdiction)	Participation
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	CHF 166.02 million
9	Nominal amount of instrument	CHF 125 million
10	Accounting classification	Subscribed capital
11	Original date of issuance	02.03.1971
12	Perpetual or dated	Perpetual
13	Original maturity date	n/a
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	n/a
16	Subsequent call dates, if applicable	n/a
17	Fixed or floating dividend/coupon	n/a
18	Coupon rate and any related index	n/a
19	Existence of a dividend stopper	n/a
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non cumulative
23	Convertible or non-convertible	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Unsecured creditors
36	Non-compliant transitioned features	No

3.2. Overview of RWAs

Template EU OV1 – Overview of total risk exposure amounts

(in CHF ,000)

		Total risk exposure amounts (TREA)		Total own funds requirements
		2023-12-31	2023-09-30	2023-12-31
		0010	0020	0030
1	Credit risk (excluding CCR)	400,080	460,966	32,006
2	Of which the standardised approach	400,080	460,966	32,006
7	Counterparty credit risk - CCR	76,390	87,083	6,111
8	Of which the standardised approach	68,045	109,629	5,444
11	Of which credit valuation adjustment - CVA	8,345	8,951	668
12	Of which other CCR	0	(31,497)	0
20	Position, foreign exchange and commodities risks (Market risk)	435	873	35
21	Of which the standardised approach	435	873	35
24	Operational risk	116,216	105,616	9,297
26	Of which standardised approach	116,216	105,616	9,297
29	Total	593,120	654,537	47,450

3.3. Capital Buffer

The Pillar 1 CET 1 minimum capital requirement applicable to the Bank is 4.5% of the risk-weighted assets, the Pillar 1 total capital requirement is 8% and the Bank is not subject to an additional Pillar 2 requirement (SREP add-on). In addition to this minimum capital requirement, the following combined capital buffers were fully effective in 2021. The capital conservation buffer requirement in accordance with the Art 129 of the CRD IV is 2.5% CET 1 capital of RWA. The institution-specific countercyclical buffer that applies to the Bank is the weighted average of the countercyclical capital buffers that apply in the jurisdictions where the relevant credit exposures are located. As of 31 December 2022, the countercyclical capital buffer rate was at 0.38% and the overall capital requirement was at 10.88%.

Capital conservation buffer

As per the requirement in Art 129 of CRD IV, the Bank maintained a capital conservation buffer of 2.5% of its total exposures, under the form of Common Equity Tier 1.

Countercyclical Buffer

In accordance with Article 440 (a) and (b) of the CRR, the following table discloses the Bank's specific countercyclical buffer as well as the geographical distribution of credit exposures relevant for the calculation as set out in Commission Delegated Regulation (EU) 2015/1555.

Countercyclical capital buffer rates are determined by Basel Committee member jurisdictions. The final bank-specific buffer add-on rate applies the weighted average of countercyclical capital buffer rates in jurisdictions to which the bank has credit exposures.

The institution specific countercyclical buffer (CCyB) of 0.38% (buffers equivalent to CHF 3.0 million capital requirement).

Supervisory Review and Evaluation Process buffer requirement

As per CSSF regulation 17-04, the Bank is not considered a systemically important credit institution in Luxembourg. As a consequence, the systemically important buffer for the Bank is 0%.

Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

(in CHF ,000)

		General credit exposures	Total exposure value	Own fund requirements		Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter-cyclical buffer rate (%)
		Exposure value under the standardised approach		Relevant credit risk exposures - Credit risk	Total			
		(a)	(f)	(g)	(j)	(k)	(l)	(m)
010	Breakdown by country:							
1	AD	1	1	0	0	1	0.0	0.0
2	AE	3,690	3,690	139	139	1,732	0.7	0.0
4	BE	25,678	25,678	1,926	1,926	24,075	9.5	0.0
5	BH	1	1	0	0	0	0.0	0.0
11	CA	40,151	40,151	321	321	4,015	1.6	0.0
12	CH	26,945	26,945	1,659	1,659	20,732	8.1	0.0
14	CY	105	105	8	8	105	0.0	0.5
15	DE	758	758	21	21	267	0.1	0.8
16	DK	38,204	38,204	1,319	1,319	16,486	6.5	2.5
18	EE	67	67	5	5	67	0.0	1.5
19	ES	6,553	6,553	184	184	2,303	0.9	0.0
20	FI	8,371	8,371	305	305	3,807	1.5	0.0
21	FR	87,417	87,417	2,055	2,055	25,685	10.1	0.5
22	GB	4,289	4,289	290	290	3,630	1.4	2.0
23	GG	28	28	2	2	28	0.0	0.0
24	GI	1,410	1,410	40	40	494	0.2	0.0
29	IE	17,674	17,674	284	284	3,550	1.4	1.0
31	IM	540	540	43	43	540	0.2	0.0
33	IT	869	869	66	66	831	0.3	0.0
34	JE	358	358	29	29	358	0.1	0.0
35	KE	1	1	0	0	0	0.0	0.0
36	KW	4	4	0	0	3	0.0	0.0
37	LB	1	1	0	0	1	0.0	0.0
38	LI	579	579	46	46	579	0.2	0.0
40	LU	118,083	118,083	7,939	7,939	99,234	39.0	0.5
42	MC	6,212	6,212	189	189	2,364	0.9	0.0
45	MT	1,291	1,291	47	47	587	0.2	0.0
46	MY	17	17	1	1	13	0.0	0.0
47	NL	25,895	25,895	1,036	1,036	12,947	5.1	1.0
48	NO	13,130	13,130	375	375	4,684	1.8	2.5
50	PT	10,063	10,063	731	731	9,136	3.6	0.0
54	SE	22,376	22,376	658	658	8,227	3.2	2.0
55	SG	1,058	1,058	40	40	502	0.2	0.0
56	TH	1	1	0	0	0	0.0	0.0
58	US	13	13	1	1	13	0.0	0.0
60	VG	7,506	7,506	601	601	7,506	2.9	0.0
020	Total	469,338	469,338	20,360	20,360	254,504	99.7	

3.4. Leverage Ratio

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

(in CHF ,000)

		Applicable amount (a)
1	Total assets as per published financial statements	
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	2,765,570
8	Adjustment for derivative financial instruments	(154,832)
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	127,646
12	Other adjustments	(221,297)
13	Total exposure measure	2,517,087

Template EU LR2 - LRCom: Leverage ratio common disclosure

(in CHF ,000)

		CRR leverage ratio exposures	
		2023-12-31 (a)	2023-09-30 (b)
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	2,471,624	2,495,724
6	(Asset amounts deducted in determining Tier 1 capital)	(82,184)	(84,024)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	2,389,440	2,411,700
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)		200,200
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions		190,644
13	Total derivatives exposures		390,844
Securities financing transaction (SFT) exposures			
18	Total securities financing transaction exposures		
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	128,640	59,407
20	(Adjustments for conversion to credit equivalent amounts)	(994)	(294)
22	Off-balance sheet exposures	127,646	59,113

(in CHF ,000)

		CRR leverage ratio exposures	
		2023-12-31	2023-09-30
		(a)	(b)
Excluded exposures			
EU-22k	(Total exempted exposures)		
Capital and total exposure measure			
23	Tier 1 capital	234,109	232,269
24	Total exposure measure	2,517,087	2,861,656
Leverage ratio			
25	Leverage ratio (%)	9.3	8.1
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.3	8.2
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.3	8.1
26	Regulatory minimum leverage ratio requirement (%)	3.0	3.0
27	Leverage ratio buffer requirement (%)	0.0	0.0
EU-27a	Overall leverage ratio requirement (%)	3.0	3.0
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
Disclosure of mean values			
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	2,517,087	2,861,656
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	2,517,087	2,861,656
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	0.09	0.08
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	0.09	0.08

Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

(in CHF ,000)

CRR leverage
ratio exposures
(a)

EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	2,471,624
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	2,471,624
EU-4	Covered bonds	73,122
EU-5	Exposures treated as sovereigns	423,773
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	267,987
EU-7	Institutions	817,278
EU-8	Secured by mortgages of immovable properties	211,528
EU-9	Retail exposures	57,078
EU-10	Corporates	525,320
EU-11	Exposures in default	288
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	95,251

4. Credit Risk

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

The Group and the Bank have a clearly defined system for managing client credit, counterparty, settlement and country risk, based on various risk manuals, directives and procedures.

The Group Credit Policy is intended to define the rules governing the credit offering, approval powers, controls and pricing for credit facilities granted to UBP clients including the Bank's clients. It applies to the Head office, subsidiaries (including the Bank) and branches, whilst taking into consideration any local laws which may apply.

For the Bank, the local Credit Administration and Control (hereafter 'CAC') and Credit Structuring and Analysis (hereafter 'CSA') teams are responsible to set up local directives to comply with regulatory requirements. The local directives will be considered as addendums to the Group Credit Policy and must be approved by the local Credit Committee and Executive Committee (if any), the Group Credit Committee, and Board of Directors, as may be applicable. A clear segregation between the CSA and CAC is ensuring no conflict of interest.

The CSA specialists represent the business activity and are in charge of submitting credit proposals through credit applications in accordance with approved rules detailed in the Group Credit Policy.

The CAC specialists are mainly in charge of risk control of client positions across and make sure that local and group credit policies and regulations are strictly respected.

In principle, loans granted to private banking clients are systematically secured by pledged collateral (Lombard loans) or properties (mortgage 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 lending 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 lending rates are based on predefined safety thresholds (additional margin calls and realisation of pledged assets).

Mortgaged properties are subject to a pre-determined periodic valuation, whose frequency depends on the loan-to-value level and the usage of the property (residential or commercial). In addition, the Group Credit Policy states a comprehensive set of requirements to meet in order to grant mortgage loans, including conservative maximum loan-to-value thresholds.

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.

Template EU CR1: Performing and non-performing exposures and related provisions.

(in CHF ,000)

		Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 3		
		(a)	(b)	(c)	(d)	(f)	(g)	(h)	(i)	(j)	(l)	(n)	(o)
005	Cash balances at central banks and other demand deposits	836,289	836,289		47	47						0	
010	Loans and advances	1,015,711	1,015,296	415	443	443	(380)	(351)	(29)	(155)	(155)	667,627	288
020	Central banks												
030	General governments												
040	Credit institutions	126,944	126,944				(7)	(7)					
050	Other financial corporations	384,996	384,996				(39)	(39)				264,863	
060	Non-financial corporations	108,885	108,471	415	443	443	(88)	(59)	(29)	(155)	(155)	95,226	288
070	Of which SMEs												
080	Households	394,886	394,886				(245)	(245)				307,537	
090	Debt securities	661,763	661,763				(161)	(161)					
100	Central banks	183,552	183,552				(15)	(15)					
110	General governments	112,302	112,302				(32)	(32)					
120	Credit institutions	322,346	322,346				(100)	(100)					

(in CHF ,000)

		Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 3		
		(a)	(b)	(c)	(d)	(f)	(g)	(h)	(i)	(j)	(l)	(n)	(o)
130	Other financial corporations	43,563	43,563				-13	-13					
140	Non-financial corporations												
150	Off-balance-sheet exposures	128,640	128,640									13,340	
160	Central banks												
170	General governments												
180	Credit institutions												
190	Other financial corporations	26,406	26,406									3,871	
200	Non-financial corporations	12,317	12,317									327	
210	Households	89,917	89,917									9,143	
220	Total	2,642,403	2,641,988	415	491	491	(540)	(511)	(29)	(155)	(155)	680,967	288

Template EU CR1-A: Maturity of exposures

(in CHF ,000)

		Net exposure value					Total (f)
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
		(a)	(b)	(c)	(d)	(e)	
1	Loans and advances	412,579	380,341	84,380	132,360	5,960	1,015,620
2	Debt securities	15,748	223,572	321,309	116,721		677,350
3	Total	428,327	603,914	405,689	249,080	5,960	1,692,970

Template EU CR4 – standardised approach – Credit risk exposure and CRM effects

(in CHF ,000)

		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance- sheet exposures (a)	Off-balance- sheet exposures (b)	On-balance- sheet exposures c	Off-balance- sheet exposures (d)	RWAs (e)	RWAs density (%) (f)
Exposure classes							
1	Central governments or central banks	423,773		423,773		0	0.0
2	Regional government or local authorities	9,422		9,422		0	0.0
3	Public sector entities	74,200		74,200		14,840	20.0
4	Multilateral development banks	184,364		184,364		11,887	6.4
6	Institutions	817,278	2	839,461	2	17,0431	20.3
7	Corporates	525,320	42,123	109,097	20,637	102,662	79.1
8	Retail	57,078	86,515	6,896	16,226	17,341	75.0
9	Secured by mortgages on immovable property	211,528		178,346		62,421	35.0
10	Exposures in default	288		288		288	100.0
12	Covered bonds	73,122		73,122		7312	10.0
16	Other items	13,067		13,067		12,897	98.7
17	Total	2,389,440	128,640	1,912,036	36864	400,080	20.5

The Bank uses the standardised approach for credit risk to determine its minimum capital requirement in accordance with the CRR.

Template EU CR5 – standardised approach

(in CHF ,000)

		Risk weight						Total	Of which unrated
		0%	10%	20%	35%	50%	75%	100%	
		(a)	(d)	(e)	(f)	(g)	(i)	(j)	(p)
Exposure classes									
1	Central governments or central banks	423,773							423,773
2	Regional government or local authorities	9,422							9,422
3	Public sector entities			74,200					74,200
4	Multilateral development banks	124,929		59,435					184,364
5	International organisations								
6	Institutions			831,003		8,460		0	839,463
7	Corporates			17,655		25,895		86,183	129,733
8	Retail exposures						23,122		23,122
9	Exposures secured by mortgages on immovable property				178,346				178,346
10	Exposures in default							288	288
11	Exposures associated with particularly high risk								
12	Covered bonds		73,122						73,122
13	Exposures to institutions and corporates with a short-term credit assessment								
14	Units or shares in collective investment undertakings								
15	Equity exposures							0	0
16	Other items	169						12,897	13,067
17	Total	558,294	73,122	982,294	178,346	34,355	23,122	99,369	1,948,900

When granting credit facilities to a customer the Bank's approach is based on the capacity to repay by the borrower rather than placing primary reliance on credit risk mitigates. Depending on a customer's risk portfolio and type of product, unsecured facilities may be provided. Mitigation of credit risk is a key aspect of effective risk management and takes many forms.

Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

(in CHF ,000)

Exposure classes		(e) 20%	(h) 75%	(i) 100%	(l) Total exposure value
1	Central governments or central banks				
2	Regional government or local authorities				
3	Public sector entities				
4	Multilateral development banks				
5	International organisations				
6	Institutions	82,315			82,315
7	Corporates			51,346	51,346
8	Retail		314		314
9	Institutions and corporates with a short-term credit assessment				
10	Other items				
11	Total exposure value	82,315	314	51,346	133,975

5. Counterparty Credit Risk

Counterparty credit risk is the risk that the counterparty to a transaction default before the final settlement of the transaction's cash flows.

The counterparty credit risk related to derivatives arises from all OTC transactions such as interest rate swaps, foreign exchange swaps, inflation or commodity swaps and credit default swaps. Risks are managed and monitored by applying the market-value method, using regulatory add-on factors, based on the Standardised Approach for Counterparty Credit Risk (SA-CCR). For such transaction, corresponding bilateral agreements (CSAs with daily warning) 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.

Template EU CCR1 – Analysis of CCR exposure by approach

(in CHF ,000)

	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post- CRM	Exposure value	RWEA
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
EU-1 EU - Original Exposure Method (for derivatives)				1.4				
EU-2 EU - Simplified SA-CCR (for derivatives)				1.4				
1 SA-CCR (for derivatives)	974	94,722		1.4	133,975	133,975	133,975	68,045
6 Total					133,975	133,975	133,975	68,045

Template EU CCR2 – Transactions subject to own funds requirements for CVA risk

(in CHF ,000)

	Exposure value (a)	RWEA (b)
1 Total transactions subject to the Advanced method		
2 (i) VaR component (including the 3× multiplier)		
3 (ii) stressed VaR component (including the 3× multiplier)		
4 Transactions subject to the Standardised method	46,816	8,345
EU-4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5 Total transactions subject to own funds requirements for CVA risk	46,816	8,345

Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

(in CHF ,000)

		20%	75%	100%	Total exposure value
		(e)	(h)	(i)	(l)
	Exposure classes	82,315			
6	Institutions				82,315
7	Corporates			51,346	51,346
8	Retail		314		314
11	Total exposure value	82,315	314	51,346	133,975

6. Market Risk

General market risk can be defined as the part of an asset's risk or variance that can be explained by the general market movements. Market risk includes price variations arising from the changes of basic interest rate reference curves, FX rates and commodity prices.

Template EU MR1 - Market risk under the standardised approach

(in CHF ,000)

		a
		RWEAs
Outright products		
3	Foreign exchange risk	435
9	Total	435

Currency risk

Even if in general terms, the Bank does not want to pursue active foreign exchange (FX) risk taking activities, the Bank has FX risk limits in place to facilitate and optimise the client business execution. The Bank therefore tolerates small limited open foreign exchange positions (in amount and intime) which are subject to daily controls.

Given the regularly small amounts of open FX positions, the Bank falls most of the times below the minimum threshold stipulated in Article 351 of the CRR.

As of 31.12.2022, the Bank's Pillar 1 capital requirements for foreign exchange risk amounted to CHF 927,567. This amount, estimated using the standardised approach, considers the net open position of the Bank for all foreign currencies.

Interest Rate Risk

Interest rate risk is defined as the current or prospective risk to both the earnings and the economic value of an institution arising from adverse movements in interest rates that affect interest rate sensitive instruments, including gap risk, basis risk and option risk.

Regarding measurement, interest rate risk is usually measured based on maturity gaps between assets and liabilities that are considered at their book value. In this context, fixed rate instruments, derivatives included, are broken down according to their residual maturity, while floating rate instruments are broken down according to the next reset date of the interest rate.

The Group's ALM department is responsible for monitoring the interest rate risk, for which a specific reporting is communicated to UBP Risk Management function ALCO UBP committee on a monthly basis.

Both Economic Value of Equity (EVE) and Net Interest Income (NII) are subject to measurement based on regulatory and institution specific scenarios. These scenarios are designed to ensure the respect of regulatory and internal IRRBB limits while taking account of the specific IRRBB exposure profile of the Bank.

Interest Rate Risk in the Banking Book (IRRBB)

Interest Rate Risk in the Banking Book is the risk to the Bank's capital and to its earnings arising from changes in interest rates.

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

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

Scenarios

EVE scenarios apply an instantaneous shock on the level of interest rates curves used to discount the Bank's balance sheet cash flows. The application of the shock results in a positive or negative change in the value of assets and liabilities of the Bank.

The scenarios can be divided into three categories. Institutions first have to perform the standard shock of +/- 200 bps on a quarterly basis. Institutions also have to run the six outlier tests to capture parallel and non-parallel gap risk for EVE.

The change of NII is an earnings-based metric and measures the change of the NII over a 1-year horizon resulting from a sudden interest rate movement.

- Base Case: the projection of the NII over the forthcoming year based on the current level of interest rates;
- +200 bps shock: the projection of the NII over the forthcoming year based on the level of interest rates increased by 200 bps;
- -200 bps shock: the projection of the NII over the forthcoming year based on the level of interest rates decreased by 200 bps.

Template EU IRRBB1 - Interest rate risks of non-trading book activities

(in CHF ,000)

		Changes of the economic value of equity As at 31.12.2023	Changes of the net interest income As at 31.12.2023
Supervisory shock scenarios			
1	Parallel up	1,230	4,189
2	Parallel down	(7,122)	(5,463)
3	Steeper	336	
4	Flatter	(1,248)	
5	Shock rates up	(559)	
6	Shock rates down	(2,361)	

Equity risk

The Bank does not have any trading portfolio as of 31 December 2023.

7. Operational Risk

At UBP Group and the Bank, operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events; this definition comprises legal risk and compliance risk to the extent it incurs a direct financial loss (in other words regulatory fines and settlements) but excludes strategic and reputation risk.

In a broader sense, operational risk is the risk of loss or potential for incurring direct (negative financial impact to the P&L account caused by a realised operational risk event), indirect (operational risk incident and loss which are secondary to direct losses) or opportunity losses as the result of all risks that are not credit, market and reputational risks. It does not include reputational risk which is defined as the risk of a negative deviation in the expected future economic outcome (missed opportunity, foregone future revenues) as a result of deterioration in the Bank's image (a secondary risk caused by other primary risk). It includes legal risk defined as the risk of loss caused by non-compliance with applicable laws, rules and prescribed practices, and changes in laws.

Policy

The Operational Management Policy established for the purpose to improve the Bank's operational risk management framework, enhancing the operational risk management capacity, effectively managing the operational risk, reducing impact of incidents and the losses from operational risk.

Operational Risk Framework

To facilitate the management and mitigation of operational risk, the Group has in place an all-embracing, single operational risk management framework for the entire Group that is embedded in the business and fully integrated into the Bank's overall risk management process, and comprising four key elements as follows:

- risk responsibilities
- risk identification and risk assessment
- risk monitoring, controlling and reporting (internal and external)
- risk transfer / insurance program

Classification of Operational Risk

In order to ensure consistency regarding identification, risk assessment, controlling and reporting, operational UBP has defined and implemented a standardised classification of operational risks applied across the Group, in terms of causes (risk class), events (event types) and effects as summarised below:

- Cause Classification – Risk
 - Process related strategic risk
 - Process risk
 - Technology risk
 - People risk
 - External risk
 - Physical asset risk
- Class Event Type Classification
 - Internal fraud
 - External fraud
 - Employee practices and workplace safety
 - Clients, products and business practices
 - Damage to Physical Assets
 - Business Disruption and System Failures
 - Execution, delivery and process management

- Effect Type Classification
- Loss or damage to assets
- Legal liability
- Regulatory compliance and taxation penalties
- Restitution
- Loss of recourse
- Write-down
- Claims
- Gains

UBP's standardised classification of operational risk includes both, the Bank's inherent risks and the residual risks, with risk assessments incorporating the dimensions of probability of occurrences and loss severity while taking into consideration both internal and external factors.

Capital requirement for operational risk

The Bank uses the Standard Approach for operational risk to determine its minimum capital requirements, in accordance with the CRR.

Template EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

(in CHF ,000)

		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3 (a)	Year-2 (b)	Last year (c)		
Banking activities						
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	71,410	72,136	81,670	9,297	116,216
3	Subject to TSA	71,410	72,136	81,670		

8. Liquidity Risk

Liquidity risk refers to the Bank's ability to meet obligations as they come due, e.g. to accommodate decreases in liabilities and to fund increases in assets. In principle, this implies either the need for access to quick short-term and low-cost funding or to have assets with sufficiently short-term cash flows.

Liquidity Risk Management Framework

The Group's and the Bank's liquidity risk management framework and strategy is defined in the Liquidity Risk Manual, which has been validated by the Group's Risk Committee, the Group Executive Committee (EC) and the Board's Risk Committee (at Group level) (BRC).

UBP Europe liquidity risk management framework relies upon the definition and establishment of:

- Clear line of liquidity risk management responsibilities and segregation of roles and duties;
- Clearly identified sources and factors of liquidity risk;
- Adequate underlying liquidity risk information system and independent pricing feeds;
- Sound liquidity risk limit structure and contingency plan;
- Robust liquidity risk monitoring, controlling and reporting;
- Efficient and timely liquidity risk alert / early warning indicators and communication.

The Group's and the Bank's liquidity risk management is performed at 3 levels:

- Liquidity risk policy guidance and risk tolerance setting, which is performed by the Group Board of Directors and supervised by the Group Executive Committee;
- Liquidity risk management, which refers to the active daily management and continuous control of liquidity risk exposure by Treasury Desk and ALCO Committee;
- Independent daily and intra-day liquidity risk control performed by Group Risk Management.

Liquidity Contingency Funding Plan

Considering the nature of its activities, the Bank's liabilities mainly consist of very short-term funding resources provided by the Group as well as by its clients. Such funding strategy is fully in line with the Bank's assets in which most of the funding sources are reinvested into short-term items.

The table here below illustrates these facts and highlights the balanced structure between the Bank's assets and liabilities.

Counterparty Type	Intragroup		Clients		Total	
Item	Sight	Term	Sight	Term	Sight	Term
Loans and advances	43%	1%	42%	14%	85%	15%
Deposits	23%	9%	67%	2%	89%	11%

The Bank's balance sheet structure allows UBP to reduce the liquidity risk arising from maturity gaps between its funding sources and funding needs as well as to ensure a sufficient level of liquidity in order to face potential liquidity outflows under stressed conditions. This is further highlighted by the analyses performed in the following sections.

The Group's Contingency Funding Plan (CFP) lays down UBP Europe liquidity contingency funding plan framework by providing guidance for managing and monitoring the liquidity profile of the Bank for times of stress, with the aim of ensuring timely decisions and pro-active internal and external communication. The Group's CFP is applicable to UBP Europe, is fully integrated in the Bank's governance, and is validated by the Group's Board of Directors.

The Contingency Funding Plan pursues 4 main objectives:

- To manage the liquidity resources so as to withstand a variety of severe firm specific and market wide liquidity stress for every currency UBP has exposure in, and for all its banking entities, without endangering its business franchise.
- To stipulate the actions to be taken in order to minimise the liquidity repercussion of a UBP specific crisis and manage the perception of the market by showing that sufficient liquidity is available.

- To ensure that all appropriate measures are taken to safeguard UBP for damage due to limited liquidity availability, if liquidity indicators are beyond the liquidity risk tolerance set.
- To ensure appropriate monitoring, reporting and escalation of all unusual and/or expected weakening of the liquidity profile of the Bank or of one of its legal entities.

Liquidity Coverage Ratio

Apart from the monthly calculation and monitoring of the LCR, the Bank also monitors its LCR performance on a daily basis.

Template EU LIQ1 - Quantitative information of LCR

(in CHF ,000)

		Total unweighted value (average) (a)	Total weighted value (average) (e)
EU 1a	Quarter ending on (31 December 2022)	31-12-2023	31-12-2023
EU 1b	Number of data points used in the calculation of averages	12.00	12.00
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		889,496
Cash - outflows			
2	Retail deposits and deposits from small business customers, of which:	700,255	120,341
3	Stable deposits	0	0
4	Less stable deposits	605,077	120,341
5	Unsecured wholesale funding	1,238,657	1,103,459
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0
7	Non-operational deposits (all counterparties)	1,238,657	1,103,459
8	Unsecured debt	0	0
9	Secured wholesale funding		0
10	Additional requirements	198,142	197,735
11	Outflows related to derivative exposures and other collateral requirements	197,735	197,735
12	Outflows related to loss of funding on debt products	0	0
13	Credit and liquidity facilities	406	20
14	Other contractual funding obligations	30,015	60
15	Other contingent funding obligations	601	601
16	Total cash outflows		1,422,217

(in CHF ,000)

		Total unweighted value (average) (a)	Total weighted value (average) (e)
EU 1a	Quarter ending on (31 December 2022)	31-12-2023	31-12-2023
Cash - inflows			
17	Secured lending (e.g. reverse repos)	0	0
18	Inflows from fully performing exposures	995,446	903,918
19	Other cash inflows	144,491	60,257
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)		0
EU-19b	(Excess inflows from a related specialised credit institution)		0
20	Total cash inflows	1,139,937	964,175
EU-20a	Fully exempt inflows	0	0
EU-20b	Inflows subject to 90% cap	0	0
EU-20c	Inflows subject to 75% cap	1,139,937	964,175
Total adjusted value			
EU-21	Liquidity buffer		889,495
22	Total net cash outflows		465,905
23	Liquidity coverage ratio		198.0

Net Stable Funding Ratio

The NSFR is applicable since June 2021 with a regulatory minimum of 100%, requires institutions to hold a minimum amount of stable funding with respect to the liquidity characteristics of their assets and activities over a one-year horizon.

Template EU LIQ2: Net Stable Funding Ratio

In accordance with Article 451a(3) CRR

(in CHF ,000) (in currency amount)

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	>= 1yr	
		(a)	(b)	(c)	(d)	(e)
Available stable funding (ASF) Items						
1	Capital items and instruments	316,293				316,293
2	Own funds	316,293				316,293
3	Other capital instruments					
4	Retail deposits		696,698	20,847		645,790
5	Stable deposits					
6	Less stable deposits		696,698	20,847		645,790
7	Wholesale funding:		1,334,160	3,298	192,783	412,863
8	Operational deposits					

(in CHF ,000) (in currency amount)

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	>= 1yr	
		(a)	(b)	(c)	(d)	(e)
9	Other wholesale funding		1,334,160	3,298	192,783	412,863
10	Interdependent liabilities					
11	Other liabilities:	35,63	29,763			
12	NSFR derivative liabilities	35,63				
13	All other liabilities and capital instruments not included in the above categories		29,763			
14	Total available stable funding (ASF)					1,374,946

Required stable funding (RSF) Items

15	Total high-quality liquid assets (HQLA)					10 968
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		1,391,052	58,271	258,730	467,941
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut					
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,099,188	27,707	9,835	133,607
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		291,864	4,669	205,897	284,838
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		8,769	559	192,205	129,597
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		0	25,895	42,999	49,496

(in CHF ,000) (in currency amount)

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	>= 1yr	
		(a)	(b)	(c)	(d)	(e)
26	Other assets:		232,328			55,567
27	Physical traded commodities					
30	NSFR derivative liabilities before deduction of variation margin posted		134,980			6,749
31	All other assets not included in the above categories		97,348			48,818
32	Off-balance sheet items		1,149	79	14	62
33	Total RSF					534,538
34	Net Stable Funding Ratio (%)					257.2

Encumbered assets

An asset is considered encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn and used for funding purposes.

Template EU AE1 - Encumbered and unencumbered assets

(in CHF ,000)

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	Assets of the reporting institution	159,949				2,606,271	782,652		
030	Equity instruments								
040	Debt securities					661,602	592,709	660,170	591,403
050	of which: covered bonds					73,122	73,122	73,260	73,260
060	of which: securitisations								
070	of which: issued by general governments					112,270	112,270	112,497	112,497
080	of which: issued by financial corporations					365,796	296,902	365,183	296,416
090	of which: issued by non-financial corporations								
120	Other assets	159,949				1,944,669	189,944		

Template EU AE2 - Collateral received and own debt securities issued

(in CHF ,000)

	Fair value of encumbered collateral received or own debt securities issued	Unencumbered	
		Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA and HQLA
	010	040	060
130 Collateral received by the disclosing institution	138,566		
140 Loans on demand	138,566		
150 Equity instruments			
160 Debt securities			
170 of which: covered bonds			
180 of which: securitisations			
190 of which: issued by general governments			
200 of which: issued by financial corporations			
210 of which: issued by non-financial corporations			
220 Loans and advances other than loans on demand			
230 Other collateral received			
240 Own debt securities issued other than own covered bonds or securitisations			
241 Own covered bonds and securitisations issued and not yet pledged			
250 Total collateral received and own debt securities issued	159,949		

Template EU AE3 - Sources of encumbrance

(in CHF ,000)

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
	010	030
010 Carrying amount of selected financial liabilities	154 959	138,566

9. Other Risks

9.1. Concentration Risk

The Credit Concentration risk is the risk arising from concentrated credit exposure to a limited number of counterparties, including clients.

The Bank is required to comply at all times with the limit to large exposures as defined by the CRR in Articles 399 to 403.

In order to assess the internal capital needs resulting from concentration not captured through Pillar 1, the Bank assesses this risk through a simplified version of the so-called granular adjustment method. Based on a survey conducted by the EBA in 2014, many regulators (e.g. Bank of Italy, De Nederlandsche Bank and the British Prudential Regulation Authority) use the Herfindahl-Hirschman index to assess concentration risk and determine the required capital adjustment using a simplified version of the granularity adjustment methodology.

9.2. Outsourcing Risk

Outsourced activities, most of which are outsourced to the Group, represent a key risk for UBP Europe. The activities outsourced to the Group mostly concern pure IT or IT related activities. These activities are outsourced as part of a Global Service Agreement dated November 2004 which provides a clear description of:

- The activities and services outsourced;
- The responsibilities of the Bank and the external service provider;
- The obligation for the external service provider to report any significant problem having an impact on the outsourced activities as well as any emergency situation;
- The continuity aspects and the revocable nature of the outsourcing.

In case the Group would not be able to continue to provide the Bank with the IT services that are part of the agreement, the Bank would experience a materialisation of outsourcing risk and would have to find an alternative IT solution in order to be able to continue to exercise its activities.

9.3. Compliance Risk

Compliance risk consists of the risk of violating legal, regulatory and internal regulations, as well as common standards and rules of professional conduct, relevant to the Bank.

The Bank is taking a zero-tolerance approach to this risk. It has put in place controls - depending on the amounts and activities - and the decision-making processes – Account-Opening Committee, Anti-Money Laundering Committee/Higher Risks Committee - in order to identify and process immediately any anomaly. The Chief Compliance Officer reports directly to the Management Committee and functionally to the Head of the Compliance Department of the parent company. It has direct access to the Board of Directors if necessary.

The tasks of the Bank's Compliance Department are regularly reported to the Management Committee and the Compliance Department of the parent company on a monthly basis. This is reviewed by Internal Audit as for all functions / activities of the Bank. The Chief Compliance Officer also contributes to the Red Flag report presented to the Bank's Risk Committee.

9.4. Country Risk

This risk refers to the general level of political and economic instability in a country. This is the risk of lending to the most solvent borrower of this country, namely to invest in securities issued by the national government. In general, banks must assess the economic and financial conditions of the country of residence of the potential borrower. Foreign exchange market shortages are a typical element of country risk that can prevent loan repayments.

Country risk management (risk of transfer) is ensured by the Group in Geneva and monitored by the Bank's Risk Management that will ensure that the Bank's activity remains within the framework of established policy.

9.5. Reputational Risk

Reputational risk and the risk of deterioration of the Bank's reputation resulting from negative publicity, whether founded or not, breaches of personal obligations or non-compliance with laws or circulars. Reputational risk is also related to the legal and contractual aspects of the client of an institution and most of the time with money laundering and insider trading related to the use of services of the Bank. Similarly, reputational risk is associated with the current and potential impact on capital and the profits and losses that result from unfavourable public opinion. This risk therefore affects the ability of the Bank to establish new relationships or services or even to continue the management of existing relationships. Risk exposes the institution to litigation, financial loss, or collapse of the customer database.

Reputational risk is recognised as a material risk. In order to fully neutralise this risk, the Bank has adopted a zero-tolerance approach and has implemented an effective and comprehensive system of internal procedures and controls.

9.6. Sustainability

The UBP Group has built the sustainability approach with the understanding that it must reflect UBP's dual role as both a financial intermediary and a corporate actor. The strategy therefore rests on two pillars: first, responsible investment, which allows the Group to channel capital towards profitable solutions that support the shift towards a sustainable economy; second, corporate social responsibility, which shows the Group determination to manage own environmental and social impact in a responsible manner. On the basis of these two pillars, the Group has identified five strategic action areas that directly respond to the needs and concerns of the Group's key stakeholders for the period 2021-2025.

- We conduct our business in line with sustainability principles and practices
- We continuously enhance our responsible investment approach to exceed our clients expectations
- We strive to improve environmental impact of our operations and our investments
- We foster a fair and empowering working environment that promotes sustainability awareness
- We leverage our resources and knowledge to support our communities

The UBP group discloses a sustainability report on its webpage on yearly basis and the report highlights the Groups' efforts to embed sustainability in UBP. It highlights the vision and strategy as well as the progress towards strengthening the Group's responsible investment activities and improving our direct impact on the environment, our employees and our communities.

10. Remuneration Policy and Practices

10.1. Internal Governance

The Board of Directors, the executive members, and the control functions are involved in the governance of the present Remuneration Policy.

Board of Directors

The Bank is headed by an effective Board of Directors which meets regularly, directs and controls the Bank. It is the Bank's senior governing body. Non-executive Directors who are not compensated through a variable remuneration for their role as Directors at the Bank and are therefore not subject to the specific requirements for variable remuneration applicable to staff whose professional activities have a material impact on the institution's risk profile (Material Risk Takers). The Remuneration Policy is adopted by the BoD. It is reviewed on an annual basis by the Human Resources Department with the support of the control functions. Any update related to the strategy made to the Policy is subject to the authorisation of the BoD.

- The Bank's BoD handles the following responsibilities:
 - Approving the Policy, including if and where relevant, any subsequent material exemptions as well as significant changes to the Policy (and monitoring their effects);
 - Ensuring the supervision of/oversee the implementation of this Policy;
 - Reviewing this Policy as well as any update as suggested by the Authorised Management in accordance with applicable guidelines and generally ensure that the Policy is up to date;
 - Ensuring, on a regular basis, that the Bank has the appropriate Remuneration procedures in place
 - Determining and overseeing that the policy practices are aligned with the Bank's overall corporate governance framework, corporate culture, risk appetite and the related governance processes;
 - Assessing the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels (promotion of sound and effective risk management, alignment with business strategy, objectives, culture, values and long-term interests of the Bank);
 - Approving and periodically review the identification process policy, being involved in the design of the self-assessment of material risk takers and ensure that such assessment is properly carried out/oversee the identification process and approve material exemptions and exclusions of staff in accordance with Commission Delegated Regulation (EU) No 2021/923;
 - Ensuring the adequacy of the information provided to shareholders on remuneration policies and practices,
 - Assessing the achievement of performance targets of the Bank and the need for ex-post risk adjustment, including the application of malus and clawback arrangements;
 - Ensuring that the Policy and practices of the Bank are subject to a central and independent internal review on an annual basis.

Authorised Management

- The Authorised Management of the Bank is responsible for the implementation of the remuneration policy by:
 - Taking all necessary measures for implementing the present Remuneration Policy and keep the present policy and the remuneration falling within its scope under review in the light of legislative, regulatory and market developments;
 - Reporting as often as it deems necessary, but at least once a year, to the Board of Directors about the implementation of the present Remuneration Policy;
 - Proposing for approval to the Board of Directors the global amount to be allocated to the increase of the fixed remuneration and to the variable remuneration (budgeting phase);
 - Defining the people and the amounts of the discretionary salary increases once the amounts are approved;
 - Defining the people and the amounts for the discretionary bonuses once the amounts are approved;
 - Defining the people and the target amounts of the standard bonus in line with the approved budget.

Control Functions

In accordance with the provisions set out in the Circulars and EBA guidelines, all competent control functions are involved in the design, ongoing oversight of the Bank's remuneration policy, as well as conducting a yearly internal review of the Policy. The Policy is reviewed on an annual basis.

- The Chief Risk Officer is responsible for:
 - Assessing whether the Variable Remuneration structure affects the risk profile of the Bank. The Chief Risk Officer also determines the capital allocation associated with the Remuneration Policy, the annual ICAAP report, assists on the definition of appropriate ex-post risk adjustments mechanisms and validates and assesses risk adjustment data.
- The Chief Compliance Officer is responsible for:
 - Assessing if the Remuneration structure is compliant with legislation, regulations and internal policies and reporting all identified compliance risks and issues of non-compliance to the Authorised Management and the Board of Directors.
- The Chief Internal Auditor function is responsible for:
 - Assessing the Remuneration Policy according to article 38-5 d) of the law of 23 July 2015.

Human Resources Function

The Policy is updated by Human Resources Department under the review of the Authorised Management to include any changes which would be introduced by the Board of Directors and by updating the appendices to the Remuneration Policy, if necessary, the updated Policies then reported to and adopted by the Board of Directors. A copy of the Policy must be transmitted to the Chief Internal Auditor and can be consulted by the CSSF upon request.

10.2. Policy

- This Policy serves several purposes:
 - It defines the rules for fixed and variable remuneration by applying the principles contained in the Luxembourg Law of July 23rd, 2015, and its amendments dated on May 20th, 2021 and the EBA Guidelines on sound remuneration policies (EBA/GL/2021/04)
 - It requires that, when setting variable remuneration, the combination of individual performance evaluation, the results of the business unit concerned, and the Bank's and the Group's results will be considered. The evaluation of individual performance is more particularly based on quantitative (financial) and qualitative (non-financial) criteria.
 - It provides for a structured remuneration system.
 - It is oriented towards a long-term vision.

The Remuneration Policy incorporates not only the European and Luxembourg applicable regulations to remuneration but also the general principles of the Remuneration Policies of the Group applicable to all Group banking entities subject to CRD V.

The Remuneration Policy promotes sound and effective risk management and does not encourage excessive risk-taking that would be in contradiction with the level of risk tolerated by Union Bancaire Privée (Europe) S.A.

The policy is entirely gender neutral. The Bank applies the principle of equal opportunities in terms of career development and salary progression. Periodic salary reviews will be carried out (at least every 3 years) to ensure gender pay equity.

Scope

The Policy outlines the philosophy and governing principles for remuneration at UBP Europe (Luxembourg) S.A., and the existing branches.

The Policy applies to all Staff Members of the Bank.

Designated Identified Staff (Material Risk Takers)

Staff Members who can have a material impact on the risk profile of the Group/the Bank are considered as Material Risk Takers and therefore subject, in addition to the rules applicable to all Staff Members, to those rules specifically applicable to Material Risk Takers.

Material Risk Takers are identified by the Bank based on the qualitative and/or quantitative criteria laid down in Commission Delegated Regulation (EU) No 2021/923.

The following Executive Members, Control Functions and Heads of Department shall be considered as Material Risk Takers.

- Board of Directors
 - Four directors
- General Management
 - CEO
 - COO
 - Head of Legal
 - Head of WM Luxembourg
 - Head of Milan site
 - Heads of Lisbon site
- Other Material Risk Takers
 - Head of Treasury Luxembourg
 - Head of WM Sweden
 - Head of Investment Management
 - Head of Finance and Credit Administration
 - Head of Human Resources
 - Head of Information Systems
- Control Functions
 - CRO
 - CCO
 - Internal Auditor
 - Head of Compliance Lisbon

Board of Directors

The Board of Directors of UBP Europe is currently composed of four members. Even though these four Directors are not compensated through a Variable Remuneration for their role, they have been identified as Material Risk Takers in compliance with Commission Delegated Regulation (EU) No 2021/923.

Risk Assessment Process

Material Risk Takers are determined based on the qualitative criteria (i.e. job function, level of responsibilities) and/or quantitative criteria (i.e. based on the level of Remuneration), as defined in the aforementioned Commission Delegated Regulation.

Staff Members qualifying as Material Risk Takers are assessed on a regular basis (e.g. at the time of recruitment, in case of change of functions, etc.) and in any case at least once a year. Irrespective of the potential application of the proportionality principle (see section 1.1), the Board of Directors has the responsibility to identify Material Risk Takers while the staff identification exercise is carried out through the involvement of the Human Resources function and the control functions (risk and compliance).

10.3. Remuneration Structure

The remuneration structure is designed in accordance with the objectives set out in the strategy of the Bank. This includes, in particular:

- a proper balance of Variable to Fixed Remuneration;
- the measurement of performance which impacts the Variable Remuneration.
- a structure of the Variable Remuneration for material risk takers who enter into the scope to ensure the Bank takes the appropriate action to align the Policy with its long-term interests

Fixed Remuneration components

The Fixed Remuneration is composed of the benefits listed below.

- the annual remuneration;
- the value of benefits in kind (leasing, parking...);
- meal vouchers according to the applicable laws;
- the elements provided for by the various applicable Collective Agreements (Luxembourg / Italy).

Other fixed emoluments ancillary to salary (linked to the employee's function and not to his or her performance):

- Non-discretionary pension plan¹, according to the correspondent pension plan guidelines that are provided to each employee that profits of this benefit.
- Supplementary health insurance.

All employees benefit of seniority, wedding and childbirth corresponding premiums.

Variable Remuneration components

The variable part of the remuneration consists of a non-contractual and discretionary bonus that reflects sustainable and risk-adjusted performance.

The Bank will ensure that variable remuneration will not be paid through instruments or methods that allow the legal obligations to be circumvented.

The variable part of the remuneration of the employees concerned depends on the evaluation of the individual's performance evaluation, the department to which he or she is attached and the Bank's and the Group's results, while taking into account the future potential of the individual and his or her department.

Performance is assessed annually, however, assessments of previous years' performance may be taken into account in the event of negative performance. In this way, the Bank ensures that the assessment focuses on long-term, risk-adjusted performance.

In general, the individual's particular commitment may be taken into account, as well as performance beyond that required to meet the job description as set out in the conditions of employment.

The allocation of the variable components of remuneration within the Bank takes into account current and future risks.

Pay out process of Variable Remuneration for Material Risk Takers where the proportionality principle does not apply at Bank's level and individual level.

The variable part is payable in March of the year following the reference year. It is not an acquired right for subsequent years and does not give rise to any rights or expectation of any similar payment in future years. The calculation of the components takes into account the Bank's current and future risks and liquidity requirements.

The Remuneration Policy of the UBP Group provides for the deferred payment over a period of 3 years of at least 60% of the variable remuneration exceeding a threshold of the equivalent in EUR of CHF 300,000. This principle applies de facto to any variable remuneration of a material risk taker subject to the Bank's Remuneration Policy whose amount exceeds the equivalent in EUR of CHF 300,000, despite of the application of the derogation of Luxembourg Law of 20th of May 2021 (Art.17, point 3, paragraph 2) at the level of the Bank in Luxembourg.

Performance evaluation

Each employee has an annual individual appraisal interview, which will serve as the basis for determining the variable portion of remuneration.

In determining individual performance, the Bank takes into account both quantitative and qualitative criteria:

- Qualitative criteria:

As examples: controlling risks and respecting the rules and the legal and judicial framework, working effectively, proactively and dynamically, being enthusiastic, open and constructive, proposing ideas, approaching work in a positive and creative way, fostering team spirit and work ethics, improving what already exists, learning and developing.

These qualitative criteria always account for at least 25% of the performance evaluation of employees identified as material risk takers.

For employees in charge of the control, legal and human resources functions, they account for the majority of their assessment.

¹ Provided by LaLux or Le Foyer

- Quantitative criteria specific to the employee's position:

For sales staff, the achievement of performance, in particular quantitative objectives, which notably determines the degree of evaluation of the variable package according to the objectives assigned individually at the beginning of each year in accordance with the Group's MBO (Management by Objective) policy applied to each of the employees concerned, must be taken into account.

For administrative staff, the individual evaluation should be taken into account, which is decisive in assessing the degree of performance within the operational departments.

For the members of the Management Committee, their individual objectives in relation to the Bank's results / performance should be taken into account.

For personnel identified as material risk takers, the amount of variable remuneration is established taking into account the evaluation of their individual performance evaluation (qualitative and quantitative criteria above), the performance of their business unit, the Bank's performance and the Group's global results. Individual performance must be sustainable, and risk adjusted.

Employees in independent control functions are evaluated in relation to the achievement of the objectives associated with their functions, independently of the performance of the operational areas controlled.

Members in this category have their objectives set by the heads of the corresponding Group functions in collaboration with their line manager. Their remuneration is directly supervised by the Bank's Board of Directors, based on the recommendations issued by the Group's Human Resources Committee.

10.4. Disclosure

The Human Resource Department is in charge of disclosure of remuneration policy internally through the release of policy ensuring that the members of staff concerned know the principles related to their remuneration

Disclosure of a summary of the remuneration policy is included on the Bank's website.

10.5. Diversity and inclusion

The Bank is committed to ensuring fairness, equal opportunities and equal rights for all our people, and condemn every form of discrimination. The Bank treats all employees alike, regardless of their ethnicity, nationality, gender, gender identity, sexual orientation, religion, age, marital or family status, or any other status protected by applicable local laws, including pregnancy and disability. UBP Group has implemented the latest Swiss gender equality norms in terms of remuneration practices, as well as diversity and anti-discrimination policies.

The Bank promotes diversity and inclusion in all HR processes, from the early recruitment stages to promotions and pay reviews. Efforts to build a diverse workforce are well reflected in the over 60 nationalities it comprises. UBP also emphasises inclusion with each business acquisition, illustrating our integration capabilities.

The Group's staff handbooks include clauses regarding our diversity and anti-discrimination policies. These changes came into effect in 2021. The Group's Corporate Social Responsibility Committee (CSRCO) addresses the topic of diversity and inclusion.

Regarding the recruitment policy for the selection and appointment of the Management Body member to fill vacancies, the assessment will consider the candidate good reputation, the balance of knowledge, skills, diversity, time and availability to perform his/her duties, gender, experience and the number of executive and non-executive directorships of the candidate.

The members of the Management Committee and Key function holders have sufficient knowledge, skills and experience to fulfil their individual position in the Bank, and the management body collectively possesses adequate knowledge, skills and experience to understand the Bank's activities including the main risks. The suitability of the Management Committee member is assessed according to the EBA guidelines.

10.6. Quantitative information

Aggregate quantitative information on remuneration, broken down into four categories of people has a material impact on the risk profile of the Bank. The amounts of remuneration further split into fixed and variable remuneration and the number of beneficiaries. Detailed information as showed in the following table:

Table 10.6.1 EU REM1 - Remuneration awarded for the 2022 financial year

(in CHF ,000)

		MB Supervisory function	MB Management function and other senior management	
1	Fixed remuneration	Number of identified staff	4	13
2		Total fixed remuneration	242	2,754
3		Of which: cash-based	0	2,754
4		(Not applicable in the EU)		
EU-4a		Of which: shares or equivalent ownership interests		
5		Of which: share-linked instruments or equivalent non-cash instruments		
EU-5x		Of which: other instruments		
6		(Not applicable in the EU)		
7		Of which: other forms		
8		(Not applicable in the EU)		
9	Variable remuneration	Number of identified staff	4	13
10		Total variable remuneration	0	1,526
11		Of which: cash-based	0	1,481
12		Of which: deferred	0	45
EU-13a		Of which: shares or equivalent ownership interests		
EU-14a		Of which: deferred		
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments		
EU-14b		Of which: deferred		
EU-14x		Of which: other instruments		
EU-14y		Of which: deferred		
15		Of which: other forms		
16		Of which: deferred		
17	Total remuneration (2 + 10)		242	4,280

Union Bancaire Privée (Europe) S.A. | Head Office

8 Rue Henri M. Schnadt | L-2530 Luxembourg
Limited company – R.C.S. Luxembourg B9471
Subsidiary of Union Bancaire Privée, UBP SA, Geneva
Member of the Fonds de garantie des dépôts Luxembourg (FGDL)
Member of the Système d'indemnisation des investisseurs Luxembourg (SIIL)

Union Bancaire Privée (Europe) S.A. | Milan Branch

Via Brera, n. 5 I 20121 Milan, Italy
T +39 02 87 33 85 00 | F +39 02 87 33 85 99
Certified e-mail address: unionbancaire@legalmail.it
Milan trade register entry, TIN, and VAT no.: 07626500966
Bank register no. as per Art. 13 of the Testo Unico Bancario: 5741 | Automated code: 3427.2
Member of the Arbitro Bancario Finanziario as per Art. 128b of the Testo Unico Bancario

Union Bancaire Privée (Europe) S.A. | Lisbon Branch

Avenida da Liberdade, 225 3. esq | 1250-142 Lisbon, Portugal
T +351 211 25 5530
NIPC: 980792266

Union Bancaire Privée, UBP SA | Parent Company

Rue du Rhône 96-98 | P.O. Box 1320 | 1211 Geneva 1 | Switzerland
Limited company incorporated in Geneva, Switzerland, and regulated by
the Swiss Financial Market Supervisory Authority (FINMA).

ubp@ubp.ch | www.ubp.com