



UNION BANCAIRE PRIVÉE

Press release

Annual results 2019

Union Bancaire Privée's assets under management rise more than 10% to CHF 140.3 billion

Geneva, 22 January 2020

- *Assets under management* were CHF 140.3 billion at the end of 2019, up 10.6% (CHF 13.5 billion) for the year.
- Net inflows were positive, showing an increase of CHF 4.5 billion for the year.
- *Net earnings* came to CHF 187.8 million, compared with CHF 202.4 million the previous year.

Strengthened operations and offering

Assets under management reached CHF 140.3 billion, a rise of 10.6% from 2018. This increase is attributable to favourable markets and the strong performances of our managed mandates, as well as substantial net capital inflows (CHF 4.5 billion), mainly from private but also from institutional clients. Our Asian entities contributed strongly to UBP's organic growth in 2019, as did the Near and Middle East as well as Eastern Europe. Substantial investments were also made in the London, Luxembourg, Monaco and Zurich entities, for both the institutional and the private client segments.

Revenues showed a slight increase (+0.6%) to CHF 1.07 billion. The *net interest margin* remained stable (-0.7%) despite the impact of negative interest rates. Brokerage grew by 8%, while lack of volatility in the currency markets resulted in a 12% drop in FX transactions.

Operating expenses grew 3.9% to CHF 725.2 million as resources were allocated to our London and Luxembourg entities (in relation to ACPI and Carnegie), but also due to significant investments in the digital arena.

Net earnings were CHF 187.8 million, compared with CHF 202.4 million the previous year (-7.2%). The 2019 result includes the sale of real estate property in London as well as the payment of USD 14 million to the US Department of Justice as part of the Swiss Bank Program. The *cost/income ratio* was 67.9%, compared with 65.8% in 2018.

"Our industry is facing major challenges such as negative interest rates, margin pressure, new competitors, and digital development. It is, therefore, vital that we continuously anticipate, innovate and adapt our offering to the fast-changing requirements of both private and institutional clients, as demonstrated by our successful private market product offering," says UBP's CEO Guy de Picciotto.

Strong fundamentals

The balance sheet total has remained stable, at CHF 32.8 billion as at 31 December 2019 (CHF 32.6 billion a year before), and the *Tier 1 ratio*, at 25.6%, is substantially in excess of both Basel III and FINMA minimum requirements. Our short-term *liquidity coverage ratio* stands at 316.4%.

UBP is an extremely well-capitalised bank, and one with the means to further continue developing in Switzerland and abroad.



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About Union Bancaire Privée (UBP)

UBP is one of Switzerland's leading private banks, and is among the best-capitalised, with a Tier 1 ratio of 25.6%. The Bank is specialised in the field of wealth management for both private and institutional clients. It is based in Geneva, employs 1,743 people in over twenty locations worldwide, and holds some CHF 140.3 billion in assets under management (numbers as at 31 December 2019).

www.ubp.com

FINANCIAL RESULTS AS AT 31 DECEMBER 2019

(UNAUDITED ACCOUNTS)

Financial highlights for the Group

In CHF millions, unless otherwise stated

	As at 31.12.2019	As at 31.12.2018	Variation	Variation in %
Net profit	187.8	202.4	(14.6)	(7.2%)
Operating result before provisions	215.9	257.5	(41.6)	(16.2%)
Client assets (in CHF billions)	140.3	126.8	13.5	10.6%
Total operating income	1,067.4	1,061.0	6.4	0.6%
Net result from interest operations	298.2	304.4	(6.2)	(2.1%)
Net fees and commissions income	677.9	651.3	26.6	4.1%
Profit on trading operations and on fair value options	83.8	94.0	(10.2)	(10.8%)
Total operating expenses	725.2	698.0	27.2	3.9%
Personnel expenses	524.2	515.2	9.0	1.7%
General and administrative expenses	201.1	182.8	18.3	10.0%
Depreciation, value adjustments, provisions and losses	126.2	105.4	20.8	19.7%
Total assets	32,755.6	32,570.8	184.8	0.6%
Shareholders' equity	2,355.2	2,302.7	52.5	2.3%
Share capital	300.0	300.0	-	-
Capital reserves	867.3	867.3	-	-
Reserves and retained earnings	785.1	717.6	67.5	9.4%
Reserves for general banking risks	215.4	215.4	-	-
Staff members (as at 31 December, FTE)	1,743	1,781	(38)	(2.1%)
Net profit per staff member (in CHF thousands)	107.7	113.6	(5.9)	(5.2%)
Operating cost/income ratio	67.9%	65.8%	-	-
Cost/income ratio after depreciation	79.5%	75.3%	-	-
Return on equity (ROE)	8.2%	9.1%	-	-
Shareholders' equity/total assets	7.2%	7.1%	-	-
Tier 1 capital ratio	25.6%	26.6%	-	-
Liquidity coverage ratio (LCR)	316.4%	301.4%	-	-
Leverage ratio	5.8%	5.6%	-	-

Consolidated statement of income (unaudited accounts)

In CHF thousands

	As at 31.12.2019	As at 31.12.2018	Variation	Variation in %
Consolidated statement of ordinary income and expenses on banking operations				
Result from interest operations				
Interest and discount income	592,215	489,759	102,456	20.9%
Interest and dividends from financial investments	93,602	106,144	(12,542)	(11.8%)
Interest expense	(383,390)	(291,481)	(91,909)	31.5%
Gross result from interest operations	302,427	304,422	(1,995)	(0.7%)
Changes in value adjustments and provisions for default risks and losses from interest operations	(4,270)	-	(4,270)	-
Net result from interest operations	298,157	304,422	(6,265)	(2.1%)
Fees and commissions				
Commission income on securities trading and investment transactions	689,466	661,735	27,731	4.2%
Credit-related fees and commissions	2,833	2,661	172	6.5%
Other fees and commissions income	4,182	3,116	1,066	34.2%
Commission expense	(18,591)	(16,165)	(2,426)	15.0%
Fees and commissions	677,890	651,347	26,543	4.1%
Result from trading activities and the fair value option	83,806	94,000	(10,194)	(10.8%)
Other result from ordinary activities				
Result from the disposal of financial investments	(524)	6,952	(7,476)	(107.5%)
Income from participations	5,726	1,655	4,071	246.0%
of which, from participations reported using the equity method	(322)	(1,018)	696	(68.4%)
of which, from other non-consolidated participations	6,048	2,673	3,375	126.3%
Result from real estate	663	1,028	(365)	(35.5%)
Other ordinary income	1,643	1,615	28	1.7%
Other result from ordinary activities	7,508	11,250	(3,742)	(33.3%)
Total income	1,067,361	1,061,019	6,342	0.6%

In CHF thousands

	As at 31.12.2019	As at 31.12.2018	Variation	Variation in %
Operating expenses				
Personnel expenses	(524,175)	(515,199)	8,976	1.7%
General and administrative expenses	(201,069)	(182,828)	18,241	10.0%
Operating expenses	(725,244)	(698,027)	27,217	3.9%
Value adjustments on participations and depreciation of tangible and intangible fixed assets				
	(123,742)	(101,288)	22,454	22.2%
Changes to provisions and other value adjustments and losses				
	(2,436)	(4,166)	(1,730)	(41.5%)
Operating result before provisions	215,939	257,538	(41,599)	(16.2%)
Provision for the US Swiss Bank Program				
	(13,574)	-	13,574	-
Operating result	202,365	257,538	(55,173)	(21.4%)
Extraordinary income				
	34,361	4,750	29,611	623.4%
Taxes				
	(48,957)	(59,883)	10,926	(18.2%)
Group profit	187,769	202,405	(14,636)	(7.2%)
including minority shareholders' interests	82	-	82	-

Consolidated balance sheet

In CHF thousands

	As at 31.12.2019	As at 31.12.2018
Assets		
Cash and cash equivalents	7,099,857	8,435,045
Due from banks	2,057,494	1,083,437
Due from securities financing transactions	454,151	814,300
Due from clients	9,418,196	8,909,196
Mortgages	1,686,248	1,620,091
Trading portfolio assets	688,044	394,723
Positive replacement values of derivative financial instruments	382,284	501,912
Other financial instruments at fair value	957,917	793,102
Financial investments	9,091,438	9,205,249
Accrued income and prepaid expenses	147,737	143,085
Non-consolidated participations	3,173	2,615
Tangible fixed assets	306,437	295,718
Intangible assets	286,361	324,698
Other assets	176,263	47,603
Total assets	32,755,600	32,570,774
Total subordinated claims	-	-

In CHF thousands

	As at 31.12.2019	As at 31.12.2018
Liabilities		
Due to banks	722,431	617,320
Liabilities from securities financing transactions	2,963,872	4,593,034
Due in respect of client deposits	24,326,892	23,137,793
Liabilities from trading portfolios	521	-
Negative replacement values of derivative financial instruments	571,338	389,183
Liabilities from other financial instruments at fair value	1,378,138	989,734
Accrued expenses and deferred income	333,619	379,462
Other liabilities	60,652	127,867
Provisions	42,913	33,672
Total liabilities	30,400,376	30,268,065
Reserves for general banking risks	215,375	215,375
Share capital	300,000	300,000
Capital reserves	867,336	867,336
Reserves and retained earnings	785,067	717,593
Minority shareholders' interests	(323)	-
Group profit	187,769	202,405
including minority shareholders' interests	82	-
Total equity	2,355,224	2,302,709
Total liabilities and equity	32,755,600	32,570,774
Total subordinated liabilities	-	-

Off-balance-sheet transactions

In CHF thousands

	As at 31.12.2019	As at 31.12.2018
Contingent liabilities	422,196	405,587
Irrevocable commitments	146,925	71,554
Liabilities to pay up shares and to make additional payments	322,929	210,860
Credit commitments (deferred payments)	872	599