



CONSOLIDATED  
ANNUAL  
FINANCIAL  
STATEMENTS  
2021



# FINANCIAL HIGHLIGHTS FOR THE GROUP

	2021 in CHF millions	2020 in CHF millions	Variation in CHF millions	Variation in %
Net profit	201.2	181.4	19.8	10.9%
Operating result	244.5	220.0	24.5	11.1%
Client assets (in CHF billions)	160.4	147.4	13.0	8.8%
<b>Total operating income</b>	<b>1,133.9</b>	<b>1,071.2</b>	<b>62.7</b>	<b>5.9%</b>
Net result from interest operations	206.9	223.6	(16.7)	(7.5%)
Net fees and commissions income	815.0	736.7	78.3	10.6%
Profit on trading operations and on fair value options	105.1	106.7	(1.6)	(1.5%)
<b>Total operating expenses</b>	<b>754.5</b>	<b>718.4</b>	<b>36.1</b>	<b>5.0%</b>
Personnel expenses	554.7	529.8	24.9	4.7%
General and administrative expenses	199.8	188.6	11.2	5.9%
Depreciation, value adjustments, provisions and losses	135.0	132.7	2.3	1.7%
<b>Total assets</b>	<b>38,784.7</b>	<b>37,808.7</b>	<b>976.0</b>	<b>2.6%</b>
Shareholders, equity	2,478.2	2,406.9	71.3	3.0%
Share capital	300.0	300.0	-	-
Capital reserves	867.3	867.3	-	-
Reserves and retained earnings	894.0	842.8	51.2	6.1%
Reserves for general banking risks	215.4	215.4	-	-
Staff members (as at 31 December)	1,904	1,812	92.0	5.1%
Net profit per staff member (in CHF thousands)	105.7	100.1	5.6	5.6%
Operating cost/income ratio	66.5%	67.1%	-	-
Cost/income ratio after depreciation	78.1%	79.2%	-	-
Return on equity (ROE)	8.4%	7.7%	-	-
Shareholders, equity/total assets ratio	6.4%	6.4%	-	-
Tier 1 capital ratio	25.2%	27.7%	-	-
Liquidity coverage ratio (LCR)	274.5%	307.5%	-	-
Leverage ratio (LERA)	5.4%	6.6%	-	-
Net stable funding ratio (NSFR)	162.6%	-	-	-

## Consolidated balance sheet as at 31 December

(in CHF thousands)

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	5,574,847	7,043,041
Due from banks	3,196,097	2,538,863
Due from securities financing transactions	364,460	95,587
Due from clients	10,491,593	9,587,854
Mortgages	2,171,942	1,957,788
Trading portfolio assets	1,660,339	1,590,107
Positive replacement values of derivative financial instruments	530,245	625,442
Other financial instruments at fair value	2,103,184	1,454,014
Financial investments	11,494,630	11,795,932
Accrued income and prepaid expenses	174,392	157,875
Non-consolidated participations	3,550	2,755
Tangible fixed assets	305,769	317,643
Intangible assets	218,650	223,433
Other assets	495,014	418,395
<b>Total assets</b>	<b>38,784,712</b>	<b>37,808,729</b>
<b>Total subordinated claims</b>	<b>-</b>	<b>-</b>

(in CHF thousands)

	2021	2020
<b>Liabilities</b>		
Due to banks	609,258	592,670
Liabilities from securities financing transactions	5,127,130	6,403,239
Due in respect of client deposits	26,487,668	24,894,302
Liabilities from trading portfolios		241
Negative replacement values of derivative financial instruments	1,050,003	1,317,827
Liabilities from other financial instruments at fair value	2,294,641	1,792,661
Bond issues and central mortgage institution loans	335,000	
Accrued expenses and deferred income	313,395	295,309
Other liabilities	56,965	78,251
Provisions	32,484	27,306
<b>Total liabilities</b>	<b>36,306,544</b>	<b>35,401,806</b>
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	894,047	842,847
Minority interests in equity	180	(77)
Group profit	201,230	181,442
of which minority interests in Group profit	106	248
<b>Total equity</b>	<b>2,478,168</b>	<b>2,406,923</b>
<b>Total liabilities and equity</b>	<b>38,784,712</b>	<b>37,808,729</b>
<b>Total subordinated liabilities</b>	<b>-</b>	<b>-</b>

## Off-balance sheet transactions as at 31 December

(in CHF thousands)

	2021	2020
Contingent liabilities	627,659	403,902
Irrevocable commitments	63,857	72,126
Liabilities to pay up shares and to make additional payments	1,008,314	833,278
Credit commitments (deferred payments)	4,090	1,903

## Consolidated statement of income

(in CHF thousands)

	2021	2020
<b>Consolidated statement of ordinary income and expenses on banking operations</b>		
<b>Result from interest operations</b>		
Interest and discount income	177,050	318,805
Interest and dividends from financial investments	83,206	66,118
Interest expense	(53,402)	(161,307)
<b>Gross result from interest operations</b>	<b>206,854</b>	<b>223,616</b>
Changes in value adjustments and provisions for default risks and losses from interest operations		13
<b>Net result from interest operations</b>	<b>206,854</b>	<b>223,629</b>
<b>Fees and commissions</b>		
Commission income on securities trading and investment transactions	830,682	746,875
Credit-related fees and commissions	3,491	2,748
Other fees and commissions income	3,964	3,479
Commission expense	(23,123)	(16,381)
<b>Fees and commissions</b>	<b>815,014</b>	<b>736,721</b>
<b>Result from trading activities and the fair value option</b>	<b>105,070</b>	<b>106,660</b>
<b>Other result from ordinary activities</b>		
Result from the disposal of financial investments	1,840	1,867
Income from participations	3,762	706
of which, from participations reported using the equity method	426	(415)
of which, from other non-consolidated participations	3,336	1,121
Result from real estate	279	576
Other ordinary income	1,171	1,030
Other ordinary expenses	(49)	
<b>Other result from ordinary activities</b>	<b>7,003</b>	<b>4,179</b>
<b>Total income</b>	<b>1,133,941</b>	<b>1,071,189</b>

(in CHF thousands)

	2021	2020
<b>Operating expenses</b>		
Personnel expenses	(554,675)	(529,811)
General and administrative expenses	(199,785)	(188,618)
<b>Total operating expenses</b>	<b>(754,460)</b>	<b>(718,429)</b>
Value adjustments on participations and depreciation of tangible and intangible fixed assets	(131,603)	(129,601)
Changes to provisions and other value adjustments and losses	(3,403)	(3,148)
<b>Operating result</b>	<b>244,475</b>	<b>220,011</b>
Extraordinary income	111	1
Taxes	(43,356)	(38,570)
<b>Group profit</b>	<b>201,230</b>	<b>181,442</b>
of which minority interests in Group profit	106	248

## Consolidated cash flow statement

(in CHF thousands)

	2021		2020	
	Source of funds	Use of funds	Source of funds	Use of funds
<b>Cash flow from operating income (internal sources)</b>				
Group profit	201,230		181,442	
Changes in reserves for general banking risks				
Value adjustments on participations, depreciation on tangible fixed assets and intangible assets	131,603		129,601	
Provisions and other value adjustments	3,000		3,148	
Changes in value adjustments for default risks and losses				
Accrued income and prepaid expenses		16,517		10,140
Accrued expenses and deferred income	18,086			38,309
Other items	2,193			18,659
Dividend from the previous financial year		130,000		130,000
<b>Subtotal</b>	<b>209,595</b>		<b>117,083</b>	
<b>Cash flow from equity capital transactions</b>				
Share capital, bearer participation capital, endowment capital, etc.				
Reserves			161	
<b>Subtotal</b>	<b>-</b>		<b>161</b>	
<b>Cash flow from transactions in participations, tangible fixed assets and intangible assets</b>				
Non-consolidated participations		795	418	
Real estate				
Other tangible fixed assets		59,544		78,629
Intangible assets		55,402	749	
<b>Subtotal</b>		<b>115,741</b>		<b>77,462</b>

(in CHF thousands)

	2021		2020	
	Source of funds	Use of funds	Source of funds	Use of funds
<b>Cash flow from banking activities</b>				
<b>Medium- and long-term transactions (&gt;1 year)</b>				
Due to banks				
Due in respect of client deposits				
Other liabilities		21,286	17,599	
Due from clients		236,737	46,465	
Mortgages		155,113		115,369
Financial investments		1,744,120	2,806,530	
Bond issues and central mortgage institution loans	335,000			
Other assets		76,619		242,132
<b>Short-term transactions</b>				
Due to banks	16,588			129,761
Liabilities from securities financing transactions		1,276,109	3,439,368	
Due in respect of client deposits	1,593,366		567,410	
Liabilities from trading portfolios		241		280
Negative replacement values of derivative financial instruments		267,824	746,489	
Liabilities from other financial instruments at fair value	501,980		414,523	
Due from banks		657,234		481,370
Due from securities financing transactions		268,873	358,565	
Due from clients		667,002		216,123
Mortgages		59,041		156,171
Trading portfolios assets		70,232		902,063
Positive replacement values of derivative financial instruments	95,197			243,158
Other instruments at fair value		649,170		496,097
Financial investments	2,045,422			5,511,023
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	1,468,194		56,816	
<b>Subtotal</b>		<b>93,854</b>		<b>39,782</b>
<b>Total</b>	<b>6,265,342</b>	<b>6,265,342</b>	<b>8,571,009</b>	<b>8,571,009</b>

## Statement of shareholders' equity

(in CHF thousands)

	Share capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Foreign exchanges reserves	Own shares (negative item)	Minority interests in equity	Result of the period	Total
<b>Total shareholders' equity as at 31/12/2020</b>	<b>300,000</b>	<b>867,336</b>	<b>842,847</b>	<b>215,375</b>	<b>-</b>	<b>-</b>	<b>(77)</b>	<b>181,442</b>	<b>2,406,923</b>
Attribution of previous year's result			51,194				248	(51,442)	-
Foreign exchange differences			6				9		15
Acquisition of equity									-
Dividends and other distributions								(130,000)	(130,000)
Group profit for the financial year 2021								201,230	201,230
<b>Total shareholders' equity as at 31/12/2021</b>	<b>300,000</b>	<b>867,336</b>	<b>894,047</b>	<b>215,375</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>201,230</b>	<b>2,478,168</b>

A photograph of a modern, multi-story building with a facade of large windows and dark frames. A semi-transparent teal rectangular overlay is centered on the image, containing white text. The building's architecture features clean lines and a mix of materials, including what appears to be brick or stone on the lower levels and lighter panels on the upper levels. The sky is a pale, overcast blue.

APPENDIX  
TO THE  
CONSOLIDATED  
ANNUAL  
FINANCIAL  
STATEMENTS

## Company name, legal form and registered head office

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

## Activities

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

## Acquisitions

On 31 October 2021 UBP became a shareholder of the entirety of Millennium Banque Privée BCP (Suisse) with which it merged with retroactive effect on 3 December 2021. Furthermore, on 30 June 2021 the Bank signed an agreement to take over a portfolio of clients from Danske Bank International S.A. in Luxembourg. The transaction was finalised on 28 January 2022.

## Valuation and accounting principles

### Basic principles

The accounting, measurement and presentation principles applied to the Group and individual company financial statements comply with the Swiss federal act on banks and savings banks, its implementing ordinance, FINMA's "Accounting rules for banks, securities dealers, financial groups and conglomerates" (ARB), and FINMA Circular 2020/1.

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

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

### Consolidated holdings

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

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

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

### Elimination of intra-group items

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

### Transaction accounting

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

### Matching principle

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

### Foreign currency translation

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

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

Exchange rates of major foreign currencies vs. CHF:

	Average rates			
	31/12/21	31/12/20	2021	2020
USD	0.91115	0.88395	0.91478	0.9340
GBP	1.23411	1.20832	1.25779	1.2061
EUR	1.03616	1.08156	1.07932	1.0705

### Liquid assets, receivables from banks and clients

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

### Securities financing transactions

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

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

### **Trading portfolio assets and liabilities from trading portfolios**

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

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

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

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

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

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

### **Financial investments**

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

### **Non-consolidated participations**

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

### **Tangible fixed assets**

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

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

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

### **Intangible assets**

If, when acquiring a business or a client portfolio, the costs of acquisition are higher than the net assets acquired, the difference represents acquired goodwill. Goodwill is capitalised in the balance sheet and amortised on a straight-line basis over the estimated useful life. An impairment test is conducted every balance sheet date to determine the recoverable amount. If it is lower than the book value, a value adjustment is made. Given the Group's ability to maintain the value of acquired assets as shown in various acquisitions in the past, the estimated useful life is 10 years.

### **Provisions**

Provisions are made for all potential and identifiable risks existing at the balance-sheet date.

### **Income tax**

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

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

### **Employee pension plans**

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

established in Switzerland in accordance with the Swiss GAAP RPC 26, and other calculations showing the financial position and surplus or deficit of each pension plan according to actual conditions.

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

#### **Reserves for general banking risks**

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

#### **Derivative instruments and their replacement value**

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

#### **Subcontracted services**

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

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

#### **Auditor**

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

#### **Global risk management**

##### **General principles**

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

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

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

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

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

- e) Risk management system selection/design and maintenance; and
- f) Risk measurement relating to derivatives/structured products and new products and activities being developed.

### Market risk

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

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

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

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

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

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

### Interest rate risk in the Bank's portfolio

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

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

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

ALM is conducted in compliance with the framework set down in the internal "ALM Risk Policy & Procedures Manual", and its

various appendices including "Liquidity Risk Manual", "Liquidity Contingency Funding Plan", "Funds Transfer Pricing", "ALM and Capital Management Policy for Local Entities" and "ALCO Risk Limits", and according to a system of integrated limits, established at various levels and consisting of the following:

- "High-crisis stress scenario" liquidity;
- Value and income effects arising from sensitivity to interest-rate shifts (+/-100bp);
- Value at risk (VaR); and
- Issuer and counterparty risk exposure.

These limits are supplemented by monthly ALM stress scenario analyses and impact simulations on net interest income (e.g. through shifts in the interest rate of +/-100bp, +/-200bp, or modelled on the global tightening of 1994).

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

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

On 31 December 2021, interest rate risk (ALM risk) exposure based on a 100bp increase in interest rates was CHF -15.3 million in terms of economic value and CHF -54.8 million in terms of return value.

### Credit risk

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

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

### Credit risks concerning individual clients

Credit risk incurred by clients is managed according to the principles stipulated in the manual "Group Credit Policy" and related directives and procedures.

In principle, loans granted to private banking clients are secured by pledged collateral (Lombard loans). Credit risks include current account loans and advances, and risks arising from guarantees and transactions on derivatives, on forex, on securities, and on any other financial instruments.

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

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

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

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

As interest does not represent more than a third of the Bank's or the Group's income within the meaning of Art. 25, Para. 1, Sections b and c of FINMA's Accounting Ordinance, no adjustment has been made for default risks.

#### **Credit risks concerning professional counterparties and country risk**

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

Exposure to professional counterparty risk is assumed only with counterparties that have very high credit ratings. For OTC derivatives transactions, credit and counterparty risks

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

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

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

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

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

#### **Operating risk**

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

- Clear formulation of the policy, strategies and active supervision required to manage operational risk, as developed by the Board of Directors via the Board's Risk Committee and implemented by the Executive Committee;
- A common definition of operational risk, applied throughout the Group and encompassing all types of operational risk or incident liable to have a significant impact on the Group's activities;

- Clear lines of operational risk responsibilities from the Board's Risk Committee and the Executive Committee down to the Head of Operating Units and the Risk Control Units (Risk Management, Compliance);
- Detailed definition of the methodology used to identify, assess, monitor and control or reduce operational risk (risk event management, risk self-assessment, scenario analysis, change risk assessment, issue management and tracking, key risk indicators, comparative analysis, external event collection and analysis);
- Definition of the procedures for regular, efficient monitoring and reporting of operational risk profiles (use of risk mapping and risk indicators) by the Bank's entities and activities, for communication to the Group's top management, Executive Committee Board's Risk Committee and Audit Committee;
- Definition of emergency and business-continuity plans, to ensure that the Bank's activities may proceed uninterrupted;
- A clear procedure for assessing the operational risk inherent in the launch or use of new products, business activities, processes or systems; and
- Promotion of a sound internal operational-risk culture.

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

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

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

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

#### Reputation risk

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

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

If the Bank's reputation were to be damaged, that could adversely affect our business development and our position in the financial markets. The potential effects could include loss of revenue,

litigation, sanctions or increased supervision by the regulatory authorities, and a loss of client trust and loyalty.

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

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

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

#### Regulatory risk

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

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

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

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

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

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

#### Significant events occurring after the balance sheet closing date

The acquisition of Danske Bank International S. A. in Luxembourg was finalised on 28 January 2022 with the transfer of CHF 5.6 billion worth of assets and 48 staff on a FTE basis.

No other significant events have taken place since 1 January 2022 that could have an impact on the financial statement as at 31 December 2021.

## Breakdown of securities financing transactions (assets and liabilities)

(in CHF thousands)

	2021	2020
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	364,460	95,587
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	5,127,130	6,403,239
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	4,861,813	6,594,907
of which, those with unrestricted right to resell or pledge	4,861,813	6,594,907
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or pledge	382,191	101,183
of which, repledged securities		
of which, resold securities		

\*before taking into account any netting contracts

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

(in CHF thousands)

	Type of collateral			Total
	Mortgage collateral	Other guarantees	Uncollateralised*	
<b>Loans</b>				
<b>(before netting with value adjustments)</b>				
Due from clients		9,633,313	862,866	10,496,179
Mortgages	2,171,942			2,171,942
Residential property	1,700,374			1,700,374
Office and business premises	471,568			471,568
Commercial and industrial premises				-
Other				-
<b>Total loans (before netting with value adjustments)</b>				
<b>Financial year 2021</b>	<b>2,171,942</b>	<b>9,633,313</b>	<b>862,866</b>	<b>12,668,121</b>
<b>Financial year 2020</b>	<b>1,957,788</b>	<b>8,649,285</b>	<b>942,734</b>	<b>11,549,807</b>
<b>Total loans (after netting with value adjustments)</b>				
<b>Financial year 2021</b>	<b>2,171,942</b>	<b>9,628,727</b>	<b>862,866</b>	<b>12,663,535</b>
<b>Financial year 2020</b>	<b>1,957,788</b>	<b>8,645,120</b>	<b>942,734</b>	<b>11,545,642</b>
<b>Off-balance sheet</b>				
Contingent liabilities		627,659		627,659
Irrevocable commitments		63,857		63,857
Liabilities to pay up shares and to make additional payments		1,008,314		1,008,314
Credit commitments (deferred payments)		4,090		4,090
<b>Off-balance sheet total</b>				
<b>Financial year 2021</b>	<b>-</b>	<b>1,703,920</b>	<b>-</b>	<b>1,703,920</b>
<b>Financial year 2020</b>	<b>-</b>	<b>1,311,209</b>	<b>-</b>	<b>1,311,209</b>
<b>Impaired loans/receivables</b>				
	Gross amount	Estimated realisable value of collateral	Net amount	Individual value adjustments
<b>Financial year 2021</b>	<b>4,586</b>		<b>4,586</b>	<b>4,586</b>
<b>Financial year 2020</b>	<b>4,173</b>	<b>8</b>	<b>4,165</b>	<b>4,165</b>

\* Unhedged client loans include CHF 835 mn (CHF 915 mn in 2020) in loans to Swiss public entities (cities, cantons).

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

(in CHF thousands)	2021	2020
<b>Assets</b>		
<b>Trading portfolio assets</b>	<b>1,660,339</b>	<b>1,590,107</b>
Debt securities, money market securities/transactions	54,677	
of which, listed	54,677	
Equity interests	1,605,662	1,081,582
Precious metals and commodities		508,525
<b>Other financial instruments at fair value</b>	<b>2,103,184</b>	<b>1,454,014</b>
Equity interests	1,643,038	984,639
Debt securities	459,770	468,989
Structured products	376	386
<b>Total assets</b>	<b>3,763,523</b>	<b>3,044,121</b>
of which, determined using a valuation model		
of which, securities eligible for repo transactions in accordance with liquidity requirements		
<b>Liabilities</b>		
<b>Trading portfolios</b>		
Equity interests*		241
<b>Other financial instruments at fair value</b>		
Structured products (certificates)	2,294,641	1,792,661
<b>Total liabilities</b>	<b>2,294,641</b>	<b>1,792,902</b>

\* for short positions (booked on settlement date)

## Presentation of derivative financial instruments (assets and liabilities)

(in CHF thousands)

	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Contract volumes	Positive replacement value	Negative replacement value	Contract volumes
<b>Interest-rate instruments</b>						
Swaps	12,517	11,399	585,636	123,532	517,000	12,800,938
Futures			159,676			
Options (exchange-traded)			303,616			
<b>Currency/Precious metals</b>						
Forward contracts	204,819	172,606	31,125,626	262	262	10,370
Combined interest rate/currency swaps				59,840	136,754	14,815,205
Futures			47,288			
Options (OTC)	26,033	24,186	7,989,416			
<b>Equity securities/Stock-index derivatives</b>						
Swaps	1,513	5,305	248,092			
Futures	43,253	51,647	887,781			
Options (exchange traded)	58,475	57,922	2,386,252			
<b>Other</b>						
Futures		72,922	19,541			

<b>Total before impact of netting agreements</b>						
<b>Financial year 2021</b>	<b>346,610</b>	<b>395,987</b>	<b>43,752,924</b>	<b>183,634</b>	<b>654,016</b>	<b>27,626,513</b>
<b>Financial year 2020</b>	<b>466,604</b>	<b>428,228</b>	<b>39,173,962</b>	<b>158,838</b>	<b>889,599</b>	<b>25,953,261</b>

Positive replacement values (cumulative)

Negative replacement values (cumulative)

<b>Total after impact of netting agreements</b>						
<b>Financial year 2021</b>			<b>465,494</b>			<b>978,342</b>
<b>Financial year 2020</b>			<b>534,999</b>			<b>1,092,052</b>

### Breakdown of counterparties

Central clearing houses

Banks and securities dealers

Other clients

<b>Positive replacement values (after impact of netting agreements)</b>						
<b>Financial year 2021</b>		<b>43,608</b>		<b>225,175</b>		<b>196,711</b>
<b>Financial year 2020</b>		<b>4,034</b>		<b>377,089</b>		<b>153,876</b>

## Breakdown of financial investments

(in CHF thousands)	Book value		Fair value	
	2021	2020	2021	2020
<b>Total debt securities</b>	<b>10,488,014</b>	<b>10,681,417</b>	<b>10,930,719</b>	<b>11,153,716</b>
of which, intended to be held until maturity	10,488,014	10,681,417	10,930,719	11,153,716
of which, not intended to be held until maturity (available for sale)				
<b>Equity interests</b>	<b>84,884</b>	<b>56,688</b>	<b>88,716</b>	<b>61,681</b>
of which, qualified participations*				
<b>Precious metals</b>	<b>918,211</b>	<b>1,048,781</b>	<b>918,211</b>	<b>1,048,781</b>
<b>Real estate</b>	<b>3,521</b>	<b>9,046</b>	<b>3,521</b>	<b>9,046</b>
<b>Total</b>	<b>11,494,630</b>	<b>11,795,932</b>	<b>11,941,167</b>	<b>12,273,224</b>
of which, securities eligible for repo transactions in accordance with liquidity regulations	1,897,689	3,819,356		

\*Where at least 10% of capital or votes is held.

### Breakdown of counterparties by rating\*

#### Total debt securities

(in CHF thousands)	Book value
AAA to AA-	8,769,695
A+ to A-	641,028
BBB+ to BBB-	488,806
BB+ to B-	13,357
Below B-	18,250
Unrated	556,878
<b>Total</b>	<b>10,488,014</b>

\*The Bank uses the credit ratings issued by S&P, Moody's and Fitch.

## Presentation of non-consolidated participations

(in CHF thousands)

	Acquisition cost	Cumulative depreciation and value adjustments (equity method)	Book value as at 31 December 2020	Reclassifications	Additions	Disposals and currency translation differences	Depreciation	Value adjustments equity method / write-back of depreciation	Book value as at 31 December 2021	Market value
<b>Participations reported using the equity method</b>										
with market value										
without market value	556	(461)	95			2		426	523	
<b>Other participations</b>										
with market value										
without market value	2,660		2,660		508	(82)	(59)		3,027	
<b>Total participations</b>	<b>3,216</b>	<b>(461)</b>	<b>2,755</b>	<b>-</b>	<b>508</b>	<b>(80)</b>	<b>(59)</b>	<b>426</b>	<b>3,550</b>	<b>-</b>

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

Name, registered office	Activities	Currency	Capital (in thousands)	Capital share (in %)	Votes share (in %)	Direct holding (in %)	Indirect holding (in %)
<b>Consolidated subsidiaries</b>							
UBPI Holdings Inc., New York	Holding company	USD	43,443	100%	100%	100%	
UBP Gestion Institutionelle SA, Geneva	Institutional asset management	CHF	5,000	100%	100%	100%	
UBP Asset Management (Bermuda) Ltd., Bermuda	Asset management	USD	12	100%	100%	60%	40%
Union Bancaire Privée (Europe) S.A., Luxembourg	Asset management bank	CHF	21,000	100%	100%	100%	
UBP Investments Co., Ltd., Japan	Asset management	JPY	350,000	100%	100%	100%	
UBP Asset Management (Europe) S.A., Luxembourg	Asset management	CHF	2,900	100%	100%	100%	
Nexam SA, Paris	Asset management	EUR	2,307	100%	100%		100%
Union Bancaire Gestion Institutionnelle (France) SAS, Paris	Asset management	EUR	3,152	100%	100%		100%
Union Bancaire Privée (Middle East) Ltd., Dubai	Asset management	USD	6,000	100%	100%	100%	
UBP Asset Management Asia Ltd., Hong Kong	Asset management	HKD	71,680	100%	100%	100%	
UBP Finance (Bahamas) Ltd., Nassau	Financial company	CHF	50	100%	100%	100%	
UBP Asset Management Taiwan Ltd., Taipei	Asset management	TWD	85,000	100%	100%	100%	
ACPI Investments Limited, London	Asset management	GBP	-	100%	100%	100%	
ACPI IM Limited, Jersey	Asset management	GBP	25	100%	100%	100%	
UBP Investment Advisors SA, Geneva	Asset management	CHF	1,000	100%	100%	100%	
UBP Investment Management (Shanghai) Ltd., China	Asset management	CNY	30,000	75%	75%	75%	

## Presentation of tangible fixed assets

(in CHF thousands)

	Acquisition cost		Book value as at 31 December 2020	Current year					Book value as at 31 December 2021
		Cumulative depreciation		Additions	Disposals	Currency translation differences	Depreciation		
Bank buildings	310,555	(147,526)	163,029				(4,543)	158,486	
Proprietary or separately acquired software	270,479	(140,462)	130,017	53,417		(4)	(59,881)	123,549	
Other tangible fixed assets	58,628	(34,031)	24,597	6,144		(13)	(6,994)	23,734	
<b>Total tangible fixed assets</b>	<b>639,662</b>	<b>(322,019)</b>	<b>317,643</b>	<b>59,561</b>	<b>-</b>	<b>(17)</b>	<b>(71,418)</b>	<b>305,769</b>	

## Presentation of intangible assets

(in CHF thousands)

	Acquisition cost		Book value as at 31 December 2020	Current year					Book value as at 31 December 2021
		Cumulative depreciation		Additions	Disposals	Currency translation differences	Depreciation		
Goodwill	626,192	(402,759)	223,433	55,331		71	(60,185)	218,650	
<b>Total intangible assets</b>	<b>626,192</b>	<b>(402,759)</b>	<b>223,433</b>	<b>55,331</b>	<b>-</b>	<b>71</b>	<b>(60,185)</b>	<b>218,650</b>	

## Breakdown of other assets and other liabilities

(in CHF thousands)

	Other assets		Other liabilities	
	2021	2020	2021	2020
Compensation account	451,928	372,903		
Taxes and indirect taxes	28,868	27,617	17,157	15,314
Internal banking transactions	2,670	9,133	9,989	41,448
Other assets and liabilities	11,548	8,742	29,819	21,489
<b>Total other assets and other liabilities</b>	<b>495,014</b>	<b>418,395</b>	<b>56,965</b>	<b>78,251</b>

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

(in CHF thousands)

	2021	2020
Book value of assets pledged or assigned as collateral	1,431,543	1,259,088
Firm commitments	1,431,192	1,261,221

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

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

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

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

(in CHF thousands)

	31/12/2021	31/12/2020
<b>Pension funds' commitments</b>		
Due on client deposits	165,323	73,862

## Disclosure of the economic situation of own pension funds

### Employer's contribution reserves (ECR)

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

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

(in CHF thousands)

	Surplus/ (deficit) 31/12/2021	Economic Interest of the Group		Change in economic interests compared to the previous year	Contributions paid for 2021	Pension benefit expenses within personnel expenses	
		2021	2020			2021	2020
Pension schemes with surplus	187,092				35,560	36,386	35,521

The Bank's governing bodies consider that any excess coverage within the meaning of Swiss GAAP recommendations (GAAP RPC 16) should be used to the benefit of the fund members and therefore no economic gain should ensue for the Group. As at 31 December 2021, there was neither gain nor loss to book on the Group's balance sheet or profit and loss account.

## Presentation of structured products issued

Underlying risk of incorporated derivative (in CHF thousands)	Book value				Total
	Valued as a whole		Valued separately		
	Booked under trading operations	Booked under other financial instruments valued at fair value	Value of underlying instrument	Value of derivative	
<b>Interest rate instruments</b>					
With own debenture component (oDC)		414,941			414,941
Without oDC					-
<b>Equity interests</b>					
With oDC		1,879,700			1,879,700
Without oDC					-
<b>Currencies</b>					
With oDC					-
Without oDC					-
<b>Commodities/precious metals</b>					
With oDC					-
Without oDC					-
<b>Total</b>	-	<b>2,294,641</b>	-	-	<b>2,294,641</b>

## Presentation of bonds outstanding and mandatory convertible bonds

(in CHF thousands)				
	Rate	Issued in	Nominal value	Maturity
Bonds issued by UBP*	0.20%	2021	335,000	15/12/2026

\* No bond can be called before maturity.

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

(in CHF thousands)

	Position as at 31 December 2020	Used according to purpose	Reclassification	Currency differences	Past due interest/recoveries	New reserves charged to income	Dissolution of reserves credited to income	Position as at 31 December 2021
Provisions for deferred taxes								-
Provisions for pension benefit obligations	11,073	(696)				3,000		13,377
Provisions for default risks	4,000							4,000
Provisions for other business risks	11,639	(615)	4,023	60				15,107
Provision for restructuring	594	(607)		13				-
Other provisions								-
<b>Total provisions</b>	<b>27,306</b>	<b>(1,918)</b>	<b>4,023</b>	<b>73</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>32,484</b>
<b>Reserves for general banking risks</b>	<b>215,375</b>							<b>215,375</b>
<b>Value adjustments for default and country risks</b>	<b>8,165</b>	<b>-</b>	<b>384</b>	<b>102</b>	<b>(65)</b>	<b>-</b>	<b>-</b>	<b>8,586</b>
of which, value adjustments for default risks in respect of impaired loans/receivables	4,165		384	102	(65)			4,586
of which, value adjustments for latent risks	4,000							4,000

## Presentation of the Bank's share capital

(in CHF thousands)

	2021			2020		
	Total nominal value	Number of shares	Dividend-bearing capital	Total nominal value	Number of shares	Dividend-bearing capital
Share capital	300,000	30,000	300,000	300,000	30,000	300,000
of which, paid-up capital			300,000			300,000
<b>Total share capital</b>	<b>300,000</b>	<b>30,000</b>	<b>300,000</b>	<b>300,000</b>	<b>30,000</b>	<b>300,000</b>

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

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

## Disclosure of holders of significant participations

(in CHF thousands)

	2021		2020		
	Nominal	Participation rate	Nominal	Participation rate	
Major participants and groups of participants bound by voting agreements					
With voting rights	CBI Holding SA Genève	300,000	100%	300,000	100%

The de Picciotto family holds directly and indirectly 98.55% of CBI Holding SA voting rights and 94.43% of its share capital.

## Disclosure of amounts due from/to related parties

### Business relations with related parties

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

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

(in CHF thousands)	Due from clients		Due to clients	
	2021	2020	2021	2020
Qualified participants			352,900	268,466
Directors and Senior Executives	36,771	14,005	176,928	189,368

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

"Directors and Senior Executives" refers to the members of the Group's Board of Directors and Executive Committee.

These loans are secured by pledged assets, valued according to the criteria laid down by the Bank in its credit policy.

## Presentation of the maturity structure of financial instruments

(in CHF millions)

	At sight	Due						Total
		Cancellable	Up to 3 months	3 to 12 months	12 months to 5 years	More than 5 years	No maturity	
<b>Assets/Financial investments</b>								
Cash and cash equivalents	5,575							5,575
Due from banks	614		2,582					3,196
Due from securities financing transactions			91	273				364
Due from clients		1,368	7,287	1,395	392	50		10,492
Mortgages			728	423	736	285		2,172
Trading portfolio assets	1,660							1,660
Positive replacement values of derivative financial instruments	530							530
Other financial instruments at fair value	2,103							2,103
Financial investments	176	1,217	3,721	579	3,824	1,974	4	11,495
<b>Total</b>								
<b>Financial year 2021</b>	<b>10,658</b>	<b>2,585</b>	<b>14,409</b>	<b>2,670</b>	<b>4,952</b>	<b>2,309</b>	<b>4</b>	<b>37,587</b>
<b>Financial year 2020</b>	<b>11,347</b>	<b>2,621</b>	<b>16,238</b>	<b>2,360</b>	<b>3,352</b>	<b>762</b>	<b>9</b>	<b>36,689</b>
<b>Liabilities/Financial investments</b>								
Due to banks	287		322					609
Liabilities from securities financing transactions			5,127					5,127
Due in respect of client deposits	23,490		2,834	164				26,488
Negative replacement values of derivative financial instruments	1,050							1,050
Liabilities from other financial instruments at fair value	2,295							2,295
Bond issues and central mortgage institution loans					335			335
<b>Total</b>								
<b>Financial year 2021</b>	<b>27,122</b>	<b>-</b>	<b>8,283</b>	<b>164</b>	<b>335</b>	<b>-</b>	<b>-</b>	<b>35,904</b>
<b>Financial year 2020</b>	<b>24,885</b>	<b>-</b>	<b>9,744</b>	<b>372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,001</b>

## Presentation of assets and liabilities in Switzerland and abroad by location

(in CHF millions)

	2021		2020	
	Swiss	Foreign	Swiss	Foreign
<b>Assets</b>				
Cash and cash equivalents	5,346	229	6,785	258
Due from banks	2,095	1,101	1,574	965
Due from securities financing transactions		364		96
Due from clients	1,383	9,109	1,330	8,258
Mortgages	262	1,910	210	1,748
Trading portfolio assets	1,506	154	1,353	237
Positive replacement values of derivative financial instruments	72	458	129	496
Other financial instruments at fair value	52	2,051	31	1,423
Financial investments	1,888	9,607	4,089	7,707
Accrued income and prepaid expenses	27	147	32	126
Non-consolidated participations	3	1	3	
Tangible fixed assets	296	10	307	11
Intangible assets	152	67	140	83
Other assets	63	432	156	262
<b>Total assets</b>	<b>13,145</b>	<b>25,640</b>	<b>16,139</b>	<b>21,670</b>

(in CHF millions)

	2021		2020	
	Swiss	Foreign	Swiss	Foreign
<b>Liabilities</b>				
Due to banks	250	359	248	345
Liabilities from securities financing transactions		5,127	1,944	4,459
Due in respect of client deposits	2,495	23,993	2,197	22,697
Liabilities from trading portfolios				
Negative replacement values of derivative financial instruments	73	977	127	1,191
Liabilities from other financial instruments at fair value	1,665	630	1,027	766
Bond issues and central mortgage institution loans	335			
Accrued expenses and deferred income	173	141	168	127
Other liabilities	53	5	75	4
Provisions	32		27	1
Reserves for general banking risks	215		215	
Share capital	300		300	
Capital reserves	867		867	
Reserves and retained earnings	894		843	
Minority interests in equity				
Group profit	201		181	
<b>Total liabilities</b>	<b>7,553</b>	<b>31,232</b>	<b>8,219</b>	<b>29,590</b>

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

(in CHF millions)

	2021		2020	
	Absolute value	Part as a %	Absolute value	Part as a %
<b>Assets</b>				
Europe	23,280	59.9	25,077	66.2
North America	5,849	15.1	5,274	14.0
Caribbean offshore centres	3,666	9.5	3,320	8.8
South America	385	1.0	270	0.7
Africa	297	0.8	146	0.4
Asia	5,107	13.2	3,539	9.4
Australia/Oceania	201	0.5	183	0.5
<b>Total assets</b>	<b>38,785</b>	<b>100.0</b>	<b>37,809</b>	<b>100.0</b>

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

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

(in CHF millions)

Ratings as per FINMA correspondence tables	Net foreign exposure 2021		Net foreign exposure 2020	
	In CHF	Part as a %	In CHF	Part as a %
AAA to AA-	16,544	80.4	14,233	81.9
A+ to A-	801	3.9	644	3.7
BBB+ to BBB-	207	1.0	869	5.0
BB+ to BB-	1,542	7.5	52	0.3
B+ to B-	97	0.5	62	0.4
Below B-	17	0.1	16	0.1
Unrated	1,356	6.6	1,492	8.6
<b>Total</b>	<b>20,564</b>	<b>100.0</b>	<b>17,368</b>	<b>100.0</b>

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

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

(in CHF millions)

	CHF	EUR	USD	Other	Total
<b>Balance sheet by currency</b>					
<b>Assets</b>					
Cash and cash equivalents	5,342	230	1	2	5,575
Due from banks	1,963	270	710	253	3,196
Due from securities financing transactions			364		364
Due from clients	1,531	2,585	4,325	2,051	10,492
Mortgages	271	733	133	1,035	2,172
Trading portfolio assets	1,532	125	2	1	1,660
Positive replacement values of derivative financial instruments	107	34	217	172	530
Other financial instruments at fair value	43	345	1,584	131	2,103
Financial investments	1,000	1,236	6,448	2,811	11,495
Accrued income and prepaid expenses	10	47	90	27	174
Non-consolidated participations	3			1	4
Tangible fixed assets	297	2		7	306
Intangible assets	217			2	219
Other assets	34	12	437	12	495
<b>Total balance sheet assets</b>	<b>12,350</b>	<b>5,619</b>	<b>14,311</b>	<b>6,505</b>	<b>38,785</b>
Delivery claims resulting from spot, forward and option transactions	5,131	6,185	23,644	13,658	48,618
<b>Total assets</b>	<b>17,481</b>	<b>11,804</b>	<b>37,955</b>	<b>20,163</b>	<b>87,403</b>

(in CHF millions)

	CHF	EUR	USD	Other	Total
<b>Balance sheet by currency</b>					
<b>Liabilities</b>					
Due to banks	75	194	285	55	609
Liabilities from securities financing transactions			4,898	229	5,127
Due in respect of client deposits	1,693	4,906	14,900	4,989	26,488
Liabilities from trading portfolios					-
Negative replacement values of derivative financial instruments	111	110	726	103	1,050
Liabilities from other financial instruments at fair value	12	402	1,879	2	2,295
Bond issues and central mortgage institution loans	335				335
Accrued expenses and deferred income	167	48	30	69	314
Other liabilities	43	6	9		58
Provisions	30		2		32
Reserves for general banking risks	215				215
Share capital	300				300
Capital reserves	867				867
Reserves and retained earnings	894				894
Minority interests in equity					-
Group profit	201				201
<b>Total balance sheet liabilities</b>	<b>4,943</b>	<b>5,666</b>	<b>22,729</b>	<b>5,447</b>	<b>38,785</b>
Delivery commitments resulting from spot, forward and option transactions	12,553	6,141	15,212	14,712	48,618
<b>Total liabilities</b>	<b>17,496</b>	<b>11,807</b>	<b>37,941</b>	<b>20,159</b>	<b>87,403</b>
Net position by currency	(15)	(3)	14	4	-

## Breakdown and explanation of contingent assets and liabilities

(in CHF thousands)

	2021	2020
<b>Contingent liabilities</b>		
Guarantees to secure credits and similar	612,366	387,037
Irrevocable commitments arising from documentary letters of credit	15,293	16,865
<b>Total contingent liabilities</b>	<b>627,659</b>	<b>403,902</b>

Contingent assets arising from tax losses carried forward

<b>Total contingent assets</b>	-	-
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The heading "contingent liabilities" covers guarantees issued on behalf of clients. Like Lombard loans, such commitments are covered with pledged client assets.

The Commercial Court of Justice in London gave notice of civil action against the Bank and 36 other parties in September 2019. The main defendant is a former body of Kuwait's social security institution. The charges brought against it are of having levied undue commissions as part of its functions within the institution. Other defendants include other banks and natural persons charged with being involved in the payment or transfer of such commissions. Some of them have contested the competency of the UK court in the case, which is therefore still pending resolution of that preliminary motion. The Bank contests the charges and deems the risk related to these proceedings very low and not warranting provisions.

## Breakdown of credit commitments

(in CHF thousands)

	2021	2020
Commitments arising from deferred payments	4,090	1,903
<b>Total</b>	<b>4,090</b>	<b>1,903</b>

## Breakdown of fiduciary transactions

(in CHF thousands)

	2021	2020
Fiduciary investments with third-party banks	605,093	770,375
<b>Total</b>	<b>605,093</b>	<b>770,375</b>

## Breakdown of assets under management and presentation of their development

(in CHF millions)

	2021	2020
<b>Breakdown of assets under management</b>		
Assets in collective investment schemes managed by the Group	24,499	21,389
Assets in discretionary asset management mandates	32,954	32,509
Other assets under management	102,961	93,515
<b>Total assets under management (including those counted twice)</b>	<b>160,414</b>	<b>147,413</b>
of which those counted twice	12,611	10,169
<b>Development of assets under management</b>		
<b>Total assets under management (including those counted twice) at beginning</b>	<b>147,413</b>	<b>140,271</b>
+/- Net new money inflow or net new money outflow	1,881	8,975
+/- Price gains/losses, interest, dividends and currency gains/losses	7,294	(1,833)
+/- Other effects*	3,826	
<b>Total assets under management (including those counted twice) at end</b>	<b>160,414</b>	<b>147,413</b>

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

\*For 2021, this represents the acquisition of Millennium Banque Privée BCP (Suisse).

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

(in CHF thousands)

	2021	2020
<b>Breakdown by business area</b>		
Trading result for own account	40,319	46,859
Trading for the account of clients	64,751	59,801
<b>Total result from trading activities</b>	<b>105,070</b>	<b>106,660</b>
<b>Breakdown by type of activity and result from the use of the fair value option</b>		
Result from trading activities on:		
Interest-rate instruments	12,466	9,910
Equity interests (including funds)	17,759	15,360
Foreign currencies, commodities, precious metals	74,845	81,390
<b>Total result from trading activities</b>	<b>105,070</b>	<b>106,660</b>
of which, from fair value option	14,120	9,054
of which, from fair value option on assets	128,432	349,589
of which, from fair value option on liabilities	(114,312)	(340,535)

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

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

(in CHF thousands)

	2021	2020
<b>Refinancing</b>		
Refinancing costs for trading portfolios and fair value option	(8,874)	(11,387)
<b>Negative interest</b>		
Negative interest on investments	(32,436)	(35,088)
Negative interest on liabilities	10,644	8,230

## Breakdown of personnel expenses

(in CHF thousands)

	2021	2020
Salaries	469,632	445,627
of which, costs relating to alternative forms of variable compensation	141,119	124,461
Social charges	64,182	62,552
Changes in book value for economic benefits and obligations arising from pension schemes		
Other personnel expenses	20,861	21,632
<b>Total personnel expenses</b>	<b>554,675</b>	<b>529,811</b>

## Breakdown of general and administrative expenses

(in CHF thousands)

	2021	2020
Cost of office space	30,808	31,041
Cost of computer equipment, machines, furnishings, etc.	59,068	52,193
Fees of audit firms	3,383	3,456
of which, for financial and regulatory audits	2,858	2,971
of which, for other services	525	485
Other operating expenses	106,526	101,928
<b>Total general and administrative expenses</b>	<b>199,785</b>	<b>188,618</b>

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

(in CHF thousands)

	2021		2020	
	Swiss	Foreign	Swiss	Foreign
Net result from interest operations	95,291	111,563	131,295	92,334
Net fees and commissions income	514,128	300,886	465,649	271,072
Result from trading activities and the fair value option	67,633	37,437	75,018	31,642
Result from the disposal of financial investments	2,106	(266)	418	1,449
Other ordinary net income	4,487	676	2,441	(129)
<b>Total operating income</b>	<b>683,645</b>	<b>450,296</b>	<b>674,821</b>	<b>396,368</b>
Personnel expenses	(350,606)	(204,069)	(343,329)	(186,482)
General and administrative expenses	(131,155)	(68,630)	(125,404)	(63,214)
<b>Total operating expenses</b>	<b>(481,761)</b>	<b>(272,699)</b>	<b>(468,733)</b>	<b>(249,696)</b>
Value adjustments on participations and depreciation of tangible and intangible fixed assets	(118,844)	(12,759)	(106,436)	(23,165)
Changes to provisions and other value adjustments and losses	(2,480)	(923)	(2,285)	(863)
<b>Operating result</b>	<b>80,560</b>	<b>163,915</b>	<b>97,367</b>	<b>122,644</b>

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

(in CHF thousands)

	2021	2020
Provision for deferred taxes		
Dissolution of the provision for deferred taxes		
Charges for current taxes	43,356	38,570
<b>Total taxes</b>	<b>43,356</b>	<b>38,570</b>
Weighted average tax rate based on pre-tax result	17.73%	17.53%

The impact of the utilisation of previously unused losses carried over, out of the total amount of taxes for the fiscal year concerned, is CHF 0 (2020: CHF 0).

# AUDITORS' REPORT ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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

As statutory auditor, we have audited the consolidated financial statements of Union Bancaire Privée, UBP SA, which comprise the consolidated balance sheet, statement of income, statement of cash flows, and statement of changes in equity, and the notes to the consolidated financial statements (pages 6 to 45), including a summary of significant accounting policies, for the year ended 31 December 2021.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the applicable financial reporting framework for banks and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements, which provide a true and fair view of the financial position, the results of operations and the cash flows, are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and

the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the applicable financial reporting framework for banks and comply with Swiss law.

### Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

### Fair value measurement of financial instruments

#### Risk

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values can be based on quoted prices in active markets, on a valuation model where significant input parameters can be observed directly or indirectly in the market, or on a valuation model where significant input parameters cannot be observed in the market.

Valuations based on models are influenced to a significant extent by the assumptions applied, including interest rates, forward rates, spread curves, volatility and estimates of future cash flows. The determination of these assumptions involves the exercise of significant judgment.

In its consolidated balance sheet as of 31 December 2021, Union Bancaire Privée, UBP SA reports total financial assets at fair value of CHF 4.3 billion, including CHF 0.5 billion in derivative financial instruments, and financial liabilities at fair value of CHF 3.3 billion, including CHF 1.1 billion in derivative financial instruments. In view of the inherent exercise of judgment involved in the determination of these assumptions and the significance of these balance sheet items in the consolidated financial statements of Union Bancaire Privée, UBP SA, their valuation is an area of particular importance from an audit perspective. Accordingly, we have identified this as a key audit matter.

The corresponding accounting principles applied by Union Bancaire Privée, UBP SA are explained on pages 15 and 16 and additional information regarding financial instruments is presented on pages 22 and 23 of the notes to the consolidated financial statements.

#### **Our audit response**

Our audit procedures included an evaluation of the design and the operational effectiveness of relevant key controls over the calculation of fair values. These included controls over the underlying data, the fair value calculation and automatic update in the system, and the analysis of values outside tolerance limits.

Using comparisons with third-party sources, we tested the fair values that were directly available in an active market. Furthermore, based on a sample, we independently tested the fair value of financial instruments not directly available in an active market. Finally, we assessed the appropriateness of accounting policies used and adequacy of the disclosures in the consolidated financial statements.

Our audit procedures did not lead to any reservations concerning the fair value measurement of financial instruments

#### **Recognition and measurement of goodwill**

##### **Risk**

Union Bancaire Privée, UBP SA accounts for business combinations using the acquisition method, whereby the net assets of the acquired business are measured at the fair value of the consideration at the acquisition date. If the fair value of the consideration exceeds the fair value of the net assets acquired, goodwill is recognized.

Goodwill is amortised on a straight-line basis over the estimated useful life and is tested for impairment on an annual basis. The recoverable value that is determined as part of the impairment test is influenced to a significant extent by the assumptions that

are used, the determination of which involves the exercise of significant judgment.

In its consolidated balance sheet as of 31 December 2021, Union Bancaire Privée, UBP SA, reports goodwill totaling CHF 218.7 million. Due to the judgment that goes into the valuation of goodwill, this is an area of particular importance from an audit perspective. Accordingly, we have identified this as a key audit matter.

The corresponding accounting principles applied by Union Bancaire Privée, UBP SA are explained on page 15 and additional information regarding goodwill is presented on page 27 of the notes to the consolidated financial statements.

#### **Our audit response**

During the course of our audit, we examined the valuation model used for the goodwill impairment test as well as significant assumptions, in particular, the estimated future cash flows generated by the business acquired. We assessed these assumptions on the basis of historical performance and current market conditions. Finally, we assessed the appropriateness of accounting policies used and adequacy of the disclosures in the consolidated financial statements.

Our audit procedures did not lead to any reservations concerning the recognition and measurement of goodwill.

#### **Report on other legal requirements**

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

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

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

Geneva, 17 March 2022

#### **Ernst & Young SA**



**Raphaël Thürler**  
Licensed audit expert  
Head auditor



**Patrick Mettraux**  
Licensed audit expert



The image is a cover for the 'Annual Financial Statements of the Bank 2021'. It features a low-angle shot of a modern glass skyscraper against a clear blue sky. In the top-left corner, there are green tree branches with a bright sunburst effect. A teal-colored rectangular box is overlaid on the right side of the image, containing the title text in white, serif, all-caps font. The text is arranged in five lines: 'ANNUAL', 'FINANCIAL', 'STATEMENTS', 'OF THE', and 'BANK 2021'.

ANNUAL  
FINANCIAL  
STATEMENTS  
OF THE  
BANK 2021

## Balance sheet as at 31 December

(in CHF thousands)

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	5,450,412	6,881,225
Due from banks	3,557,783	3,075,231
Due from securities financing transactions	364,460	95,587
Due from clients	10,153,191	9,167,482
Mortgages	2,097,535	1,883,409
Trading portfolio assets	1,659,539	1,589,369
Positive replacement values of derivative financial instruments	529,961	625,107
Other financial instruments at fair value	2,103,184	1,454,014
Financial investments	11,187,272	11,476,708
Accrued income and prepaid expenses	130,285	125,404
Participations	157,759	132,311
Tangible fixed assets	302,974	314,537
Intangible assets	177,578	177,296
Other assets	488,775	410,225
<b>Total assets</b>	<b>38,360,708</b>	<b>37,407,905</b>
<b>Total subordinated claims</b>	<b>5,678</b>	<b>6,576</b>

(in CHF thousands)

	2021	2020
<b>Liabilities</b>		
Due to banks	1,651,557	1,579,489
Liabilities from securities financing transactions	5,127,130	6,403,239
Due in respect of client deposits	25,796,112	24,257,163
Liabilities from trading portfolios		241
Negative replacement values of derivative financial instruments	1,050,125	1,317,396
Liabilities from other financial instruments at fair value	2,294,641	1,792,661
Bond issues and central mortgage institution loans	335,000	
Accrued expenses and deferred income	271,249	258,792
Other liabilities	68,174	95,084
Provisions	33,484	28,199
<b>Total liabilities</b>	<b>36,627,472</b>	<b>35,732,264</b>
Reserves for general banking risks	102,560	102,560
Share capital	300,000	300,000
Reserves from capital contribution	728,336	728,336
of which, reserve from tax-exempt capital injection	560,000	560,000
Retained legal earnings	65,850	65,850
Optional reserves on profit	1,500	1,500
Profit (loss) brought forward	347,395	275,397
Annual profit	187,595	201,998
<b>Total equity</b>	<b>1,733,236</b>	<b>1,675,641</b>
<b>Total liabilities and equity</b>	<b>38,360,708</b>	<b>37,407,905</b>
<b>Total subordinated liabilities*</b>	<b>275,373</b>	<b>275,373</b>

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

## Off-balance sheet transactions as at 31 December

(in CHF thousands)

	2021	2020
Contingent liabilities	603,294	377,525
Irrevocable commitments	57,682	64,192
Liabilities to pay up shares and to make additional payments	967,413	790,953
Credit commitments (deferred payments)	4,090	1,903

## Statement of income

(in CHF thousands)

	2021	2020
<b>Result from interest operations</b>		
Interest and discount income	172,394	316,228
Interest and dividends from financial investments	82,384	64,839
Interest expense	(58,892)	(170,288)
<b>Gross result from interest operations</b>	<b>195,886</b>	<b>210,779</b>
Changes in value adjustments for default risks and losses from interest operations		(988)
<b>Net result from interest operations</b>	<b>195,886</b>	<b>209,791</b>
<b>Fees and commissions</b>		
Commission income on securities trading and investment transactions	695,385	628,852
Credit-related fees and commissions	3,339	2,527
Commission income on other services	3,953	3,477
Commission expense	(38,309)	(28,084)
<b>Fees and commissions</b>	<b>664,368</b>	<b>606,772</b>
<b>Result from trading activities and the fair value option</b>	<b>91,769</b>	<b>96,089</b>
<b>Other result from ordinary activities</b>		
Result from the disposal of financial investments	1,840	1,866
Income from participations	43,924	57,395
Result from real estate	374	712
Other ordinary income	28,660	26,168
Other ordinary expenses	(3,926)	(4,646)
<b>Other result from ordinary activities</b>	<b>70,872</b>	<b>81,495</b>
<b>Total income</b>	<b>1,022,895</b>	<b>994,147</b>

(in CHF thousands)

	2021	2020
<b>General administrative expenses</b>		
Personnel expenses	(493,866)	(473,426)
General and administrative expenses	(172,328)	(163,016)
<b>Total operating expenses</b>	<b>(666,194)</b>	<b>(636,442)</b>
Value adjustments on participations and depreciation of tangible and intangible fixed assets	(135,034)	(122,497)
Changes to provisions and other value adjustments and losses*	(3,072)	(3,055)
<b>Operating result</b>	<b>218,595</b>	<b>232,153</b>
Extraordinary income	111	1
Taxes	(31,111)	(30,156)
<b>Net profit/(Loss)</b>	<b>187,595</b>	<b>201,998</b>
<b>Proposal of the Board</b>		
<b>Distribution of profit</b>		
Annual profit	187,595	201,998
Profit (loss) brought forward from prior years	347,395	275,397
<b>Total</b>	<b>534,990</b>	<b>477,395</b>
The following distribution is proposed to the General Meeting of Shareholders:		
Profit distribution:		
- Distributions using retained earnings	132,000	130,000
<b>Profit carried forward</b>	<b>402,990</b>	<b>347,395</b>

## Statement of shareholders' equity

(in CHF thousands)

	Share capital	Reserves from capital contribution	Retained earnings reserve	Reserves for general banking risks	Other reserves from results and retained earnings	Own shares (negative item)	Result of the period	Total
<b>Total shareholders' equity as at 31/12/2020</b>	<b>300,000</b>	<b>728,336</b>	<b>65,850</b>	<b>102,560</b>	<b>276,897</b>	<b>-</b>	<b>201,998</b>	<b>1,675,641</b>
Attribution of previous year's result					71,998		(71,998)	-
Other allocations / withdrawals affecting the reserve for general banking risks								-
Dividends and other payments							(130,000)	(130,000)
Group profit for the financial year 2021							187,595	187,595
<b>Total shareholders' equity as at 31/12/2021</b>	<b>300,000</b>	<b>728,336</b>	<b>65,850</b>	<b>102,560</b>	<b>348,895</b>	<b>-</b>	<b>187,595</b>	<b>1,733,236</b>

A photograph of a modern building's interior, featuring a teal overlay with white text. The background shows a concrete ceiling with a recessed light fixture, a wall with a geometric pattern, and a floor with a light-colored wood or stone finish.

APPENDIX TO  
THE ANNUAL  
FINANCIAL  
STATEMENTS  
OF THE BANK

## Valuation and accounting principles

The statutory annual single-entity financial statements present the Bank's economic position in such a way that a third party can make a reliable assessment ("reliable assessment of statutory single-entity financial statements"). Union Bancaire Privée's, UBP SA's valuation and accounting principles for the parent company correspond to those adopted by the Group, which are detailed in the Appendix to the Consolidated Annual Financial Statements of the Bank, except for the following valuation and accounting principle:

### Participations

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

## Auditor

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

## Breakdown of securities financing transactions (assets and liabilities)

(in CHF thousands)

	2021	2020
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	364,460	95,587
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	5,127,130	6,403,239
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	4,861,813	6,594,907
of which, those with unrestricted right to resell or pledge	4,861,813	6,594,907
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or pledge	382,191	101,183
of which, repledged securities		
of which, resold securities		

\* before impact of possible netting agreements

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

(in CHF thousands)

	Type of collateral			Total
	Mortgage collateral	Other guarantees	Uncollateralised*	
<b>Loans (before netting with value adjustments)</b>				
Due from clients		9,289,949	872,828	10,162,777
Mortgages	2,097,535			2,097,535
Residential property	1,643,738			1,643,738
Office and business premises	453,797			453,797
Commercial and industrial premises				-
Other				-
<b>Total loans (before netting with value adjustments)</b>				
<b>Financial year 2021</b>	<b>2,097,535</b>	<b>9,289,949</b>	<b>872,828</b>	<b>12,260,312</b>
<b>Financial year 2020</b>	<b>1,883,409</b>	<b>8,224,784</b>	<b>951,863</b>	<b>11,060,056</b>
<b>Total loans (after netting with value adjustments)</b>				
<b>Financial year 2021</b>	<b>2,097,535</b>	<b>9,280,363</b>	<b>872,828</b>	<b>12,250,726</b>
<b>Financial year 2020</b>	<b>1,883,409</b>	<b>8,215,619</b>	<b>951,863</b>	<b>11,050,891</b>
<b>Off-balance sheet</b>				
Contingent liabilities		603,294		603,294
Irrevocable commitments		57,682		57,682
Liabilities to pay up shares and to make additional payments		967,413		967,413
Credit commitments (deferred payments)		4,090		4,090
<b>Off-balance sheet total</b>				
<b>Financial year 2021</b>	<b>-</b>	<b>1,632,479</b>	<b>-</b>	<b>1,632,479</b>
<b>Financial year 2020</b>	<b>-</b>	<b>1,234,573</b>	<b>-</b>	<b>1,234,573</b>
<b>Impaired loans/receivables</b>				
	Gross amount	Estimated realisable value of collateral	Net amount	Individual value adjustments
<b>Financial year 2021</b>	<b>9,586</b>		<b>9,586</b>	<b>9,586</b>
<b>Financial year 2020</b>	<b>9,173</b>	<b>8</b>	<b>9,165</b>	<b>9,165</b>

\* Unhedged client loans include CHF 835 mn (CHF 915 mn in 2020) in loans to Swiss public entities (cities, cantons).

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

(in CHF thousands)

	2021	2020
<b>Assets</b>		
<b>Trading portfolios</b>	<b>1,659,539</b>	<b>1,589,369</b>
Debt securities, money market securities/transactions	54,677	
of which, listed	54,677	
Equity interests	1,604,862	1,080,844
Precious metals and commodities		508,525
<b>Other financial instruments at fair value</b>	<b>2,103,184</b>	<b>1,454,014</b>
Equity interests	1,643,038	984,639
Debt securities	459,770	468,989
Structured products	376	386
<b>Total assets</b>	<b>3,762,723</b>	<b>3,043,383</b>
of which, determined using a valuation model		
of which, securities eligible for repo transactions in accordance with liquidity requirements		
<b>Liabilities</b>		
<b>Trading portfolios</b>		
Equity interests*		241
<b>Other financial instruments at fair value</b>		
Structured products (certificates)	2,294,641	1,792,661
<b>Total liabilities</b>	<b>2,294,641</b>	<b>1,792,902</b>

\* for short positions (booked on settlement date)

## Presentation of derivative financial instruments (assets and liabilities)

(in CHF thousands)

	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Contract volumes	Positive replacement value	Negative replacement value	Contract volumes
<b>Interest-rate instruments</b>						
Swaps	12,517	11,399	585,636	123,532	517,000	12,800,938
Futures			159,676			
Options (exchange traded)			303,616			
<b>Currency/Precious metals</b>						
Forwards	204,536	172,728	31,146,057	262	262	10,370
Combined interest rate/currency swaps				59,840	136,754	14,785,984
Futures			40,663			
Options (OTC)	26,033	24,186	7,989,416			
<b>Equity securities/Stock-index derivatives</b>						
Swaps	1,513	5,305	248,092			
Futures	43,253	51,647	863,505			
Options (exchange traded)	58,475	57,922	2,386,252			
<b>Other</b>						
Futures		72,922	19,239			

<b>Total before impact of netting agreements</b>						
<b>Financial year 2021</b>	<b>346,327</b>	<b>396,109</b>	<b>43,742,152</b>	<b>183,634</b>	<b>654,016</b>	<b>27,597,292</b>
<b>Financial year 2020</b>	<b>466,269</b>	<b>427,797</b>	<b>39,147,684</b>	<b>158,838</b>	<b>889,599</b>	<b>25,928,398</b>

Positive replacement values (cumulative)	Negative replacement values (cumulative)
--	--

<b>Total after impact of netting agreements</b>			
<b>Financial year 2021</b>		<b>477,934</b>	<b>981,299</b>
<b>Financial year 2020</b>		<b>538,283</b>	<b>1,098,586</b>

### Breakdown of counterparties

	Central clearing houses	Banks and securities dealers	Other clients
<b>Positive replacement values (after impact of netting agreements)</b>			
<b>Financial year 2021</b>		<b>43,608</b>	<b>259,749</b>
<b>Financial year 2020</b>		<b>4,034</b>	<b>392,174</b>

## Breakdown of financial investments

(in CHF thousands)	Book value		Fair value	
	2021	2020	2021	2020
<b>Total debt securities</b>	<b>10,181,733</b>	<b>10,362,437</b>	<b>10,621,909</b>	<b>10,832,230</b>
of which, intended to be held until maturity	10,181,733	10,362,437	10,621,909	10,832,230
of which, not intended to be held until maturity (available for sale)				
<b>Equity interests</b>	<b>83,807</b>	<b>56,444</b>	<b>88,486</b>	<b>61,437</b>
of which, qualified participations*				
<b>Precious metals</b>	<b>918,211</b>	<b>1,048,781</b>	<b>918,211</b>	<b>1,048,781</b>
<b>Real estate</b>	<b>3,521</b>	<b>9,046</b>	<b>3,521</b>	<b>9,046</b>
<b>Total</b>	<b>11,187,272</b>	<b>11,476,708</b>	<b>11,632,127</b>	<b>11,951,494</b>
of which, securities eligible for repo transactions in accordance with liquidity regulations	1,897,689	3,819,356		

\* where at least 10% of capital or votes is held

### Breakdown of counterparties by rating\*

Total debt securities (in CHF thousands)	Book value
AAA to AA-	8,647,423
A+ to A-	626,672
BBB+ to BBB-	319,418
BB+ to B-	13,357
Below B-	18,250
Unrated	556,613
<b>Total</b>	<b>10,181,733</b>

\*The Bank uses the credit ratings issued by S&P, Moody's and Fitch.

## Presentation of intangible assets

(in CHF thousands)

	Acquisition cost	Cumulative depreciation	Book value as at 31 December 2020	Current year				Book value as at 31 December 2021
				Additions	Disposals	Currency translation differences	Depreciation	
Goodwill	568,260	(390,964)	177,296	53,377			(53,095)	177,578
<b>Total intangible assets</b>	<b>568,260</b>	<b>(390,964)</b>	<b>177,296</b>	<b>53,377</b>	<b>-</b>	<b>-</b>	<b>(53,095)</b>	<b>177,578</b>

## Breakdown of other assets and other liabilities

(in CHF thousands)

	Other assets		Other liabilities	
	2021	2020	2021	2020
Compensation account	451,927	372,909		
Taxes and indirect taxes	24,868	23,070	12,885	11,603
Internal banking transactions	2,669	9,016	25,445	41,433
Other assets and liabilities	9,311	5,230	29,844	42,048
<b>Total other assets and other liabilities</b>	<b>488,775</b>	<b>410,225</b>	<b>68,174</b>	<b>95,084</b>

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

(in CHF thousands)

	2021	2020
Book value of assets pledged or assigned as guarantee	1,418,179	1,409,638
Firm commitments	1,417,828	1,411,771

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

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

In Switzerland, the Fondation de Prévoyance de l'Union Bancaire Privée, UBP SA (pension fund) and the Fondation Complémentaire de l'Union Bancaire Privée, UBP SA (supplementary pension fund) are defined-contribution funds. Over 69.7% of the Group's employees are affiliated to those funds.

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

(in CHF thousands)

	31/12/2021	31/12/2020
<b>Pension funds' commitments</b>		
Due on client deposits	165,323	73,862

## Disclosure of the economic situation of own pension funds

### Employer's contribution reserves (ECR)

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

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

(in CHF thousands)

	Surplus/ (deficit) 31/12/2021	Economic Interest of the Bank		Change in economic interests compared to the previous year	Contributions paid for 2021	Pension benefit expenses within personnel expenses	
		2021	2020			2021	2020
Pension schemes with surplus	187,092				31,937	32,763	32,311

The Bank's governing bodies consider that any excess coverage within the meaning of Swiss GAAP 16 recommendations (GAAP RPC 16) should be used to the benefit of the fund members and therefore no economic gain should ensue for the Group. As at 31 December 2021, there was neither gain nor loss to book on the Group's balance sheet or profit and loss account.

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

(in CHF thousands)

	Position as at 31 December 2020	Used according to purpose	Reclassification	Currency differences	Past due interest/recoveries	New reserves charged to income	Dissolution of reserves credited to income	Position as at 31 December 2021
Provisions for deferred taxes								-
Provisions for pension benefit obligations	11,073	(696)				3,000		13,377
Provisions for default risks	4,000							4,000
Provisions for other business risks	12,532	(512)	4,023	64				16,107
Provision for restructuring	594	(607)		13				-
Other provisions								-
<b>Total provisions</b>	<b>28,199</b>	<b>(1,815)</b>	<b>4,023</b>	<b>77</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>33,484</b>
<b>Reserves for general banking risks</b>	<b>102,560</b>							<b>102,560</b>
<b>Value adjustments for default and country risks</b>	<b>13,165</b>	<b>-</b>	<b>384</b>	<b>102</b>	<b>(65)</b>	<b>-</b>	<b>-</b>	<b>13,586</b>
of which, value adjustments for default risks in respect of impaired loans/receivables	9,165		384	102	(65)			9,586
of which, value adjustments for latent risks	4,000							4,000

## Presentation of the Bank's share capital

(in CHF thousands)

	2021			2020		
	Total nominal value	Number of shares	Dividend-bearing capital	Total nominal value	Number of shares	Dividend-bearing capital
<b>Share capital</b>						
Non-share capital/Share capital	300,000	30,000	300,000	300,000	30,000	300,000
of which, paid-up capital			300,000			300,000
<b>Total share capital</b>	<b>300,000</b>	<b>30,000</b>	<b>300,000</b>	<b>300,000</b>	<b>30,000</b>	<b>300,000</b>

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

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

## Disclosure of holders of significant participations

(in CHF thousands)

	2021		2020		
	Nominal	Participation rate	Nominal	Participation rate	
Major participants and groups of participants bound by voting agreements					
With voting rights	CBI Holding SA Genève	300,000	100%	300,000	100%

The de Picciotto family holds directly and indirectly 98.55% of CBI Holding SA voting rights and 94.43% of its share capital.

## Disclosure of amounts due from/to related parties

### Business relations with related parties

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

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

(in CHF thousands)	Due from clients		Due to clients	
	2021	2020	2021	2020
Qualified participants			352,900	268,466
Group companies	400,116	574,992	1,586,752	1,516,118
Directors and Senior Executives	36,771	13,897	176,928	189,134

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

"Directors and Senior Executives" comprises the members of the Bank's Board of Directors and Executive Committee.

These loans are secured by pledged assets, valued according to the criteria laid down by the Bank in its credit policy.

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

(in CHF thousands)

Ratings as per FINMA correspondence tables	Net foreign exposure 2021		Net foreign exposure 2020	
	In CHF	Part as a %	In CHF	Part as a %
AAA to AA-	15,652	79.8	13,449	81.7
A+ to A-	752	3.8	640	3.9
BBB+ to BBB-	209	1.1	763	4.6
BB+ to BB-	1,519	7.8	50	0.3
B+ to B-	96	0.5	62	0.4
Below B-	17	0.1	16	0.1
Unrated	1,349	6.9	1,487	9.0
<b>Total</b>	<b>19,594</b>	<b>100.0</b>	<b>16,467</b>	<b>100.0</b>

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

## Breakdown and explanation of contingent assets and liabilities

(in CHF thousands)

	2021	2020
<b>Contingent liabilities</b>		
Guarantees to secure credits and similar	588,001	360,660
Irrevocable commitments arising from documentary letters of credit	15,293	16,865
<b>Total contingent liabilities</b>	<b>603,294</b>	<b>377,525</b>

Contingent assets arising from tax losses carried forward

<b>Total contingent assets</b>	<b>–</b>	<b>–</b>
--------------------------------	----------	----------

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

The Commercial Court of Justice in London gave notice of civil action against the Bank and 36 other parties in September 2019. The main defendant is a former body of Kuwait's social security institution. The charges brought against it are of having levied undue commissions as part of its functions within the institution. Other defendants include other banks and natural persons charged with being involved in the payment or transfer of such commissions. Some of them have contested the competency of the UK court in the case, which is therefore still pending resolution of that preliminary motion. The Bank contests the charges and deems the risk related to these proceedings very low and not warranting provisions.

## Breakdown of credit commitments

(in CHF thousands)

	2021	2020
Commitments arising from deferred payments	4,090	1,903
<b>Total</b>	<b>4,090</b>	<b>1,903</b>

## Breakdown of fiduciary transactions

(in CHF thousands)

	2021	2020
Fiduciary investments with third-party banks	605,093	770,375
<b>Total</b>	<b>605,093</b>	<b>770,375</b>

## Breakdown of assets under management and presentation of their development

(in CHF millions)

	2021	2020
<b>Breakdown of assets under management</b>		
Assets in collective investment schemes managed by the Group	16,598	13,901
Assets in discretionary asset management mandates	18,810	16,210
Other assets under management	94,961	86,173
<b>Total assets under management (including those counted twice)</b>	<b>130,369</b>	<b>116,284</b>
of which those counted twice	12,389	10,035
<b>Development of assets under management</b>		
<b>Total assets under management (including those counted twice) at beginning</b>	<b>116,284</b>	<b>109,713</b>
+/- Net new money inflow or net new money outflow	2,457	8,721
+/- Price gains/losses, interest, dividends and currency gains/losses	7,802	(2,150)
+/- Other effects*	3,826	
<b>Total assets under management (including those counted twice) at end</b>	<b>130,369</b>	<b>116,284</b>

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

\* For 2021, this represents the acquisition of Millennium Banque Privée BCP (Suisse).

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

(in CHF thousands)

	2021	2020
<b>Breakdown by business area</b>		
Trading result for own account	40,256	46,703
Trading for the account of clients	51,513	49,386
<b>Total result from trading activities</b>	<b>91,769</b>	<b>96,089</b>
<b>Breakdown by type of activity and result from the use of the fair value option</b>		
Result from trading activities on:		
Interest-rate instruments	12,465	9,909
Equity securities (including funds)	17,699	15,204
Foreign currencies, commodities, precious metals	61,605	70,976
<b>Total result from trading activities</b>	<b>91,769</b>	<b>96,089</b>
of which, from fair value option	14,120	9,054
of which, from fair value option on assets	128,432	349,589
of which, from fair value option on liabilities	(114,312)	(340,535)

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

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

(in CHF thousands)

	2021	2020
<b>Refinancing</b>		
Refinancing costs for trading portfolios and fair value option	(8,874)	(11,387)
<b>Negative interest</b>		
Negative interest on investments	(32,949)	(35,069)
Negative interest on liabilities	8,457	6,288

## Breakdown of personnel expenses

(in CHF thousands)

	2021	2020
Salaries	419,777	399,418
of which, costs relating to alternative forms of variable compensation	127,495	112,529
Social charges	56,020	54,999
Changes in book value for economic benefits and obligations arising from pension schemes		
Other personnel expenses	18,069	19,009
<b>Total personnel expenses</b>	<b>493,866</b>	<b>473,426</b>

## Breakdown of general and administrative expenses

(in CHF thousands)

	2021	2020
Cost of office space	26,524	26,839
Cost of computer equipment, machines, furnishings, etc.	57,615	50,403
Fees of audit firms	2,489	2,480
of which, for financial and regulatory audits	2,096	2,235
of which, for other services	393	245
Other operating expenses	85,700	83,294
<b>Total general and administrative expenses</b>	<b>172,328</b>	<b>163,016</b>

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

(in CHF thousands)

	2021	2020
Provision for deferred tax		
Dissolution of the provision for deferred taxes		
Charges for current taxes	31,111	30,156
<b>Total taxes</b>	<b>31,111</b>	<b>30,156</b>
Weighted average tax rate based on pre-tax result	14.23%	12.99%

The impact of the utilisation of previously unused losses carried over, out of the total amount of taxes for the fiscal year concerned, is CHF 0 (2020: CHF 0).

# AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF THE BANK

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

As statutory auditor, we have audited the accompanying financial statements of Union Bancaire Privée, UBP SA, which comprise the balance sheet, income statement, statement of changes in equity, and notes (pages 14 to 19 and 56 to 71), for the year ended 31 December 2021.

### Board of Directors' responsibility

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

### Auditor's responsibility

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

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

### Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

### Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

### Fair value measurement of financial instruments

#### Risk

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values can be based on quoted prices in active markets, on a valuation model where significant input parameters can be observed directly or indirectly in the market, or on a valuation model where significant input parameters cannot be observed in the market.

Valuations based on models are influenced to a significant extent by the assumptions applied, including interest rates, forward rates, spread curves, volatility and estimates of future cash flows. The determination of these assumptions involves the exercise of significant judgment.

In its statutory balance sheet as of 31 December 2021, Union Bancaire Privée, UBP SA reports total financial assets at fair value of CHF 4.3 billion, including CHF 0.5 billion in derivative financial instruments, and financial liabilities at fair value of CHF 3.3 billion, including CHF 1.1 billion in derivative financial instruments.

In view of the inherent exercise of judgment involved in the determination of these assumptions and the significance of these balance sheet items in the statutory financial statements of Union Bancaire Privée, UBP SA, their valuation is an area of particular importance from an audit perspective. Accordingly, we have identified this as a key audit matter.

The corresponding accounting principles applied by Union Bancaire Privée, UBP SA are explained on pages 15 and 16 and additional information regarding financial instruments is presented on pages 58 and 59 of the notes to the statutory financial statements.

#### **Our audit response**

Our audit procedures included an evaluation of the design and the operational effectiveness of relevant key controls over the calculation of fair values. These included controls over the underlying data, the fair value calculation and automatic update in the system, and the analysis of values outside tolerance limits.

Using comparisons with third-party sources, we tested the fair values that were directly available in an active market. Furthermore, based on a sample, we independently tested the fair value of financial instruments not directly available in an active market. Finally, we assessed the appropriateness of accounting policies used and adequacy of the disclosures in the statutory financial statements.

Our audit procedures did not lead to any reservations concerning the fair value measurement of financial instruments

#### **Recognition and measurement of goodwill**

##### **Risk**

Union Bancaire Privée, UBP SA accounts for business combinations using the acquisition method, whereby the net assets of the acquired business are measured at the fair value of the consideration at the acquisition date. If the fair value of the consideration exceeds the fair value of the net assets acquired, goodwill is recognized.

Goodwill is amortised on a straight-line basis over the estimated useful life and is tested for impairment on an annual basis. The recoverable value that is determined as part of the impairment test is influenced to a significant extent by the assumptions that are used, the determination of which involves the exercise of significant judgment.

In its statutory balance sheet as of 31 December 2021, Union Bancaire Privée, UBP SA, reports goodwill totaling CHF 177.6 million. Due to the judgment that goes into the valuation of goodwill, this is an area of particular importance from an audit perspective. Accordingly, we have identified this as a key audit matter.

The corresponding accounting principles applied by Union Bancaire Privée, UBP SA are explained on page 15 and additional information regarding goodwill is presented on page 61 of the notes to the statutory financial statements.

#### **Our audit response**

During the course of our audit, we examined the valuation model used for the goodwill impairment test as well as significant assumptions, in particular, the estimated future cash flows generated by the business acquired. We assessed these assumptions on the basis of historical performance and current market conditions. Finally, we assessed the appropriateness of accounting policies used and adequacy of the disclosures in the statutory financial statements.

Our audit procedures did not lead to any reservations concerning the recognition and measurement of goodwill.

#### **Report on other legal requirements**

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

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

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

Geneva, 17 March 2022

#### **Ernst & Young SA**



**Raphaël Thürler**  
Licensed audit expert  
Head auditor



**Patrick Mettraux**  
Licensed audit expert

