FINANCIAL REPORT 2009

53rd ANNUAL REPORT

Union Bancaire Privée

FINANCIAL REPORT 2009

FINANCIAL HIGHLIGHTS OF THE GROUP

(in CHF millions)	Financial year 2009	Financial year 2008	Variation in CHF millions	Variation in %
Net profit	216	431	-215	-49.88
Gross profit	307	591	-284	-48.05
Client assets (in CHF billions)	75.0	100.7	-25.7	-25.52
Total operating income	**806**	**1 152**	**-346**	**-30.03**
Net interest income	167	205	-38	-18.54
Net fees and commissions income	494	820	-326	-39.76
Net trading income	138	114	24	21.05
Total operating expenses	**499**	**561**	**-62**	**-11.05**
Personnel costs	379	442	-63	-14.25
Other operating expenses	120	119	1	0.84
Depreciation, value adjustments, provisions and losses	355	76	279	367.11
Total assets	20 072	19 836	236	1.19
Shareholders' equity	1 789	2 044	-255	-12.48
Share capital	300	300		
Capital reserves	452	452		
Reserves and retained earnings	763	693	70	10.10
Reserves for general banking risks	58	168	-110	-65.48
Staff members (at 31 December)	1 203	1 372	-169	-12.32
Net profit per staff member (in CHF thousands)	180	314	-134	-42.68
Cost/income ratio after depreciation	66.9%	52.2%		
Return on equity (ROE)	11.3%	21.5%		
Shareholders' equity/total assets	8.9%	10.3%		
BIS ratio (Basle II)	25.6%	18.5%		

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

	2009	2008
Assets		
Cash and cash equivalents	6 836 891 884	1 655 737 982
Money-market paper	3 156 038 031	3 664 783 469
Due from banks	2 609 257 648	5 973 304 902
Due from clients	2 031 026 805	3 658 444 585
Trading balances in securities and precious metals	735 431 378	85 095 050
Financial investments	3 800 287 360	3 511 404 788
Non-consolidated participations	2 378 555	2 379 337
Tangible fixed assets	271 036 987	280 736 335
Intangible assets	56 036 821	69 480 079
Prepayments and accrued income	126 560 054	206 783 748
Other assets	447 202 923	727 701 476
Total assets	**20 072 148 446**	**19 835 851 751**
Total subordinated receivables	**–**	**–**
Total claims against unconsolidated holdings and qualifying holdings	**85 398 839**	**16 700 488**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

	2009	2008
Liabilities		
Due to banks	1 111 389 315	415 410 727
Due to clients on savings and deposit accounts	2 386 221	2 357 474
Other amounts due to clients	16 301 564 120	16 371 546 719
Accruals and deferred income	221 649 969	295 153 189
Other liabilities	618 512 639	654 937 506
Value adjustments and provisions	27 893 590	52 593 884
Reserves for general banking risks	57 624 839	167 910 456
Share capital	300 000 000	300 000 000
Capital reserves	452 335 872	452 335 872
Reserves and retained earnings	761 644 161	692 590 687
Minority interests in shareholders' equity	1 182 217	25 074
Group profit	215 965 503	430 990 163
including minority shareholders' interests	58 237	1 604 167
Total liabilities	**20 072 148 446**	**19 835 851 751**
Total liabilities to unconsolidated participations and significant shareholders	**500 315 471**	**257 989 716**
Off-balance-sheet transactions		
Contingent liabilities	343 672 525	427 059 349
Irrevocable commitments	561 545 000	1 013 852 000
Liabilities for calls on shares and other equities	–	1 923 125
Liabilities under deferred payment	9 751 664	5 519 141
Derivative instruments		
– Underlying amounts	42 811 849 260	49 727 880 031
– Positive replacement values	412 108 555	688 127 624
– Negative replacement values	243 142 231	488 726 467
Fiduciary transactions	1 753 887 976	3 953 022 049

CONSOLIDATED STATEMENT OF INCOME

Consolidated statement of ordinary income and expenses on banking operations	2009	2008
Interest income		
Interest and discount income	190 596 499	563 040 870
Interest and dividends from financial investments	62 888 342	176 586 683
Interest expenses	(86 834 733)	(534 172 787)
Net interest income	**166 650 108**	**205 454 766**
Fees and commissions		
Credit-related fees and commissions	8 408 048	4 746 700
Fees and commissions from securities and investment business	489 288 431	845 016 095
Other fees and commissions income	5 384 719	6 018 945
Commission expenses	(9 500 722)	(35 769 480)
Fees and commissions	**493 580 476**	**820 012 260**
Trading income	**138 350 882**	**114 328 444**
Other ordinary net income		
Gains (losses) on disposals of financial assets	1 942 255	16 830 265
Income from non-consolidated participations	2 073 199	2 976 086
Income from real estate	1 465 425	2 017 216
Other ordinary income	1 561 873	1 013 588
Other expenses net income		(10 264 619)
Other ordinary results	7 042 752	**12 572 536**
Total income	**805 624 218**	**1 152 368 006**
Operating expenses		
Personnel costs	(378 725 500)	(441 922 859)
General administrative expenses	(120 001 723)	(119 103 243)
Operating expenses	**(498 727 223)**	**(561 026 102)**
Operating profit	**306 896 995**	**591 341 904**

CONSOLIDATED STATEMENT OF INCOME

	2009	2008
Operating profit	306 896 995	591 341 904
Depreciation of fixed assets	(40 369 066)	(40 651 563)
Value adjustments, provisions and losses	(315 006 929)	(35 575 475)
Profit before extraordinary items and taxes	**(48 479 000)**	**515 114 866**
Extraordinary income	268 457 000	272 191
Taxes	(4 012 497)	(84 396 894)
Group profit	**215 965 503**	**430 990 163**
including minority shareholders' interests	58 237	1 604 167

(in CHF thousands)	Financial year 2009 Source of funds	Use of funds	Financial year 2008 Source of funds	Use of funds
Cash flow from operations (internal financing)				
Group profit	215 966		430 990	
Depreciation of fixed assets	40 369		40 652	
Value adjustments and provisions	315 007		35 575	
Prepayments and accrued income	80 224		51 384	
Accruals and deferred income		73 503		91 972
Other items		340 056		10 679
Dividend for the preceding financial year		360 000		360 000
Balance		**121 993**	**95 950**	
Cash flow from equity transactions				
General banking risks		110 285		201
Minority shareholders' interests		433		2 230
Balance		**110 718**		**2 431**
Cash flow from transactions in fixed assets				
Participations	1			71
Real estate		873	6 575	
Other tangible fixed assets		4 652		14 968
Intangible assets		11 702		51 854
Balance		**17 226**		**60 318**

(in CHF thousands)	Financial year 2009 Source of funds	Use of funds	Financial year 2008 Source of funds	Use of funds
Cash flow from banking activities				
Medium- and long-term transactions (>1 year)				
Commitments to clients	16 910			7 011
Other commitments		36 425	135 615	
Due from clients		2 123	7 039	
Financial investments	128 532		847 112	
Other receivables	280 499			258 321
Short-term transactions				
Due to banks	695 979			255 768
Commitments to clients		86 864	142 653	
Due on money-market paper	508 746		647 393	
Due from banks	3 364 047			1 875 485
Due from clients	1 629 541		2 081 022	
Trading balances in securities and precious metals		650 336	181 941	
Financial investments		417 415		46 388
Cash and cash equivalents				
Cash and cash equivalents		5 181 154		1 633 003
Balance	**249 937**			**33 201**

VALUATION AND ACCOUNTING PRINCIPLES

Activities

For a report on the Group's activities, see the activity report by the Executive Committee and the report of the Board of Directors.

Outsourcing

The Bank subcontracts the operational, technical maintenance and backup aspects of its main application to the company Thales Informations Systems. The Bank retains its equipment and software assets and control of the technological evolution of its IT systems. In compliance with the requirements of the "Swiss Financial Market Supervisory Authority (FINMA)", the outsourcing is subject to a detailed service agreement. In order to guarantee the confidentiality of operations, employees of the external service provider are bound by banking secrecy.

Valuation and accounting principles

The principles governing the valuation and presentation of the Group and individual company accounts conform with the provisions governing the preparation of financial accounts contained in the Ordinance on Banks and Savings Banks ("Ordonnance sur les banques et les caisses d'épargne") and the directives of the FINMA.

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

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

Consolidated holdings

Holdings of more than 50% are wholly consolidated if the Bank has the 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 costs and revenues, are stated in full (100%). Minority shareholders' interests in the net assets and net profit are stated separately in the balance sheet and the consolidated statement of income.

Holdings of 20% to 50% are consolidated according to the equity method. The net profit and assets corresponding to such holdings are reflected in the consolidated accounts according to the percentage owned by the Group.

Minor holdings and those of less than 20% are stated as unconsolidated holdings at their purchase price, after deduction of provisions for any permanent diminution in value.

Elimination of intra-group receivables and payables

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 from the consolidated accounts.

Transaction accounting

All transactions made up to the date of the balance sheet are accounted for and valued according to recognised principles. The result of these operations is included in the statement of income. Completed transactions are stated off-balance-sheet and reflected in the balance sheet at the value date or the settlement date. Money transfers and spot securities transactions are an exception to this rule, as they are entered in the balance sheet on the date they are made.

Matching principle

Income and expenses are included in the profit and loss account in the period to which they relate. Accruals and prepayments are made to ensure income, and expenses are matched to the proper accounting period.

Conversion of foreign currency

The balance sheets of Group companies, drawn up in foreign currencies, have been converted into Swiss francs at the exchange rate effective on the balance sheet date, with the exception of shareholders' equity, which was converted at the historical hedge rate. For the statement of income, average annual exchange rates are used. Differences on consolidation resulting from these divergent rates appear under shareholders' equity as part of the consolidated reserves.

In the individual accounts of Group companies, assets and liabilities denominated in foreign currencies are converted to 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 entry in the accounts or at the exchange rate valid at the end of the month in question, or at a hedge rate if the currency risk was hedged.

Exchange rates of major foreign currencies vs CHF:

	31.12.09	31.12.08
USD	1.0350	1.0625
GBP	1.6480	1.5385
EUR	1.4880	1.4980

Own-account repo and reverse repo and securities lending and borrowing transactions

Repos and reverse repos and securities lending and borrowing are shown in the balance sheet as an advance against securities or cash deposits with a pledge of the Bank's securities. Securities balances are not altered in consequence.

Liquid assets, money-market paper, receivables from banks and clients

These items are stated at their nominal value, with the exception of discount income on bills and money-market paper, which is accrued over the term of the instrument. Known and foreseeable risks are reflected in individual value adjustments, which are stated either directly under the corresponding headings of the balance sheet, or under "Value adjustments and provisions".

Trading balances in securities and precious metals

Trading balances are valued at market price on the balance sheet date. Realised and unrealised profits and losses are included in trading income. Securities that are not traded regularly are stated at their acquisition cost, after deduction of the necessary depreciation.

Interest and dividend income from trading balances are credited to trading income. Funding costs are charged to trading income and credited to interest and discount income.

Financial investments

Financial investments include long-term holdings of securities. In principle, fixed-income or floating-rate instruments are held until maturity. Equity securities are valued at the lower of market and acquisition cost. For fixed-income securities, the difference between the nominal value and the purchase cost is allocated over the residual life of the security and included under interest and dividend from financial investments.

Non-consolidated participations

Minor holdings and those where our holding is less than 20% are stated under participations at their purchase price, after deduction of appropriate provisions for any permanent diminution in value.

Buildings and other tangible fixed assets

Buildings, equipment, fixtures and fittings are stated in the balance sheet at their cost price and depreciated over a period corresponding to their useful economic life. They are reviewed periodically for any impairment in value.

Buildings and other tangible fixed assets are depreciated on a straight-line basis over their estimated useful life as follows:

- buildings 67 years
- fixtures and fittings 8 years
- IT and telecommunications equipment 3 to 5 years

Intangible assets

If, when a company is acquired, the cost of acquisition is higher than that company's net asset value, the difference represents the acquired goodwill.

The latter is capitalised in the balance sheet and amortised using the straight-line method over the estimated useful life. As a general rule, the useful life does not exceed five years.

Other intangible fixed assets include purchased software, software in development by third parties, and acquisition of clients. They are recognised as assets and amortised over its useful life three to ten years using the straight-line method.

Value adjustments and provisions

For all potential and identifiable risks existing at the balance sheet date, value adjustments and provisions are established on a prudent basis. With the exception of the provision for country risk, the Bank does not set up general provisions.

Income tax

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

The tax effects arising from temporary differences between the carrying value and tax value of assets and liabilities are recorded as deferred taxes under “Value adjustments and provisions” in the liabilities section of the balance sheet. The temporary differences recognised correspond mainly to the reserve for general banking risks. Deferred taxes are calculated using the 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 legal, 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 up 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 “Value adjustments, provisions and losses”.

Reserves for general banking risks

The provisions concerning the preparation of annual accounts contained in the Ordinance on Banks expressly authorise the creation of a reserve for general banking risks, which may be treated as equity capital.

Derivative instruments

Derivative instruments include options, futures and swaps on equities, stock indices, foreign exchange, commodities and interest rates, forward rate agreements, and forward contracts on currencies, securities and commodities. Derivative instruments are marked-to-market. For trading balances, realised and unrealised profits and losses are stated under "Trading income". Hedging transactions are valued according to the rules applicable to the underlying position. 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 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 duration 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 under "Other assets" or "Other liabilities", as are those entered into for clients' account on OTC contracts.

Overall risk management

The risk management mandate from the Board of Directors and the Executive Committee is clearly defined and codified in various policies and procedures. The aim is to ensure that all significant risks associated with the Group's activities are identified, assessed and controlled, properly and on time, for the benefit of both clients and shareholders. The Bank therefore places great importance on the strength of its human resources, IT systems, infrastructure and internal risk culture, to ensure a sound and efficient risk management process.

The latter is based on comprehensive and detailed guidelines and a strong management information system for the monitoring, controlling and reporting of all significant risks.

In terms of organisational structure, the Group has three levels of risk management/risk controlling responsibilities:
– Overall guidance and supervision, performed by the Committee of the Board of Directors, 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 Financial and Operational Risk Committee (formulation and implementation of risk management strategies)
– Risk control, primarily by the independent Risk Management unit, as well as the Compliance Desk, and the Credit Control Department.

Risk Monitoring is performed throughout the various business lines encompassing the Financial/Treasury, Private Banking, Asset Management and Institutional Clients & Sales Sectors in terms of:

a) firmwide independent risk oversight, risk alert systems and crisis scenarios;
b) risk governance and risk vision;

c) market risk, credit risk and operational risk measurement review, assessment and reporting;
d) Private Banking & Asset Management investment process control, performance measurement/portfolio analytics assessment, operational risk assessment;
e) risk management system selection/design and maintenance;
f) derivatives/structured products valuation and new product development.

Market risk management

The fundamental control of market risks inherent in the Group's trading and strategic position-taking activities is done through defined policies and procedures (described in the internal market-risk manual) and a sound system of integrated limit structure, established at various levels and consisting of:

- Position limits (market value/intra-day)
- Sensitivity limits (duration, delta, gamma, vega)
- "Value at risk" limits
- Maximum allowable losses (stop loss)
- Underwriting/issuer/country position trading limits

and complemented by:

- Stress scenario analysis
- RAPM (risk-adjusted performance measurement)

and validated by backtesting.

Daily consolidated market risk, "value at risk" and RAPM reporting is produced by Risk Management and distributed to the Group's top management for review, analysis and possible corrective action. In addition, a consolidated stress-scenario analysis is carried out, based on full revaluation (for linear and non-linear positions) and covering the worst historical event and lack of liquidity (e.g. 1987 equity crash, 1992 ERM crisis, 1994 global tightening of interest rates), as defined in the stress-scenario manual for market risk. This analysis is distributed to the Committee of the Board, the Executive Committee, the Financial and Operational Risk Committee and the departments concerned.

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

It centralises asset-liability management (ALM) based on a structure comprising three levels:

- The Committee of the Board of Directors and the Executive Committee
- ALCO/the Treasury Committee
- The Treasury Desk.

The Treasury Committee is in charge of ALM final decision-making within the policy and framework established by the Committee of the Board of Directors and the Executive Committee, and meets once a week or ad interim if necessary. The role of the Treasury Committee is mainly strategic, taking a medium to longer view of the overall risk position of the Bank, whilst the Treasury Desk focuses on day-to-day ALM management.

ALM is conducted in compliance with the framework, directives and procedures set down in the internal "Asset and Liability Management" manual and the following limits:

- Liquidity risk limits
- Sensitivity risk limits to interest-rate shifts (+/-100bp) with respect to value-and-income effects
- Value at Risk limits
- Maximum allowable losses (stop loss)
- Issuer and counterparty risk limits

complemented by:

- ALM stress scenarios analysis and simulated stress scenario on net interest income (e.g. through shifts in the interest rate of +/-100bp, +/-200bp, or the global tightening of 1994).

Risk Management generates specific daily and consolidated monthly ALM risk reports, distributed to the Group's top management for analysis and appropriate decision making. A monthly comprehensive consolidated ALM risk report is submitted to the Committee of the Board of Directors, the Executive Committee, the Financial and Operational Risk Committee and respective departments.

On 31 December 2009, the ALM market risk exposure based on an +/-100bp shift in the interest rates on the Bank's assets and income amounted to CHF -3.3 million and CHF -10.1 million respectively.

The policy adopted in order to cover interest-rate risk is to hedge the replacement of core capital and non-interest-bearing sight account receivables by the use of derivatives. The hedge extends to three years on a sliding scale.

Credit risk management

Credit risk concerns the risk of loss should a counterparty fail to honour its contractual obligations.

The Group benefits from a clearly defined system for managing counterparty, settlement and country risk, based on various directives and procedures.

Credit risks concerning individual clients

In principle, credits granted to private banking clients are secured by pledged collateral (lombard loans). This type of loan comprises over 90% of the client credit portfolio. Credit risks include current account loans and advances and risks arising from guarantees and derivatives transactions on forex, securities and 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 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 and the fixing of an adequate loan rate.

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

In the light of the margins applied to lombard credits and the safety thresholds in place, there is little risk of default in this credit category. In respect of open credits 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 his commitments, the loan becomes a doubtful loan. In such an event, a special provision shall be set up on a case-by-case basis, as determined by Executive Management and/or the Credit Committee and taking into account a detailed appraisal of any pledged assets. The interest shall be considered at risk when the credit limit granted is exceeded for longer than 90 days. As of that time, the interest is no longer credited to the statement of income.

Credit risks concerning professional counterparties and country risk

Exposure to professional counterparty risk is assumed only with counterparties who have very high credit ratings. 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. Limits are granted based on the creditworthiness of the specific counterparty. Generally the Group grants credit lines only to those counterparties whose registered office is in an OECD country and whose Fitch long-term credit rating is A or higher.

For all our products, the Group's exposure to country risk is calculated based on the equivalent of the credit rating. Levels of provisioning for specific country risk exposure reflect the ratings by Moody's, S&P and Fitch.

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

Operational risk management

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:

- Clear formulation of the policy, strategies and active supervision required to manage operational risk, as developed by the Committee of the Board of Directors and implemented by the Executive Committee
- A common definition of operational risk, applied throughout the Bank and encompassing all types of operational risk or incident liable to have a significant impact on the Bank's activities
- Clear lines of operational risk responsibilities are defined from the Committee of the Board 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
- 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, Committee of the Board and Control 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
- 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:

- Control Committee of the Board of Directors
- Financial & Operational Risk Committee
- Independent Control Units (Risk Management, Compliance, Legal departments)
- Internal Auditing
- Business Unit Management/Individual.

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

REGULATORY CAPITAL

Pursuant to the capital adequacy ordinance of 29 September 2006 calculation of the regulatory capital (Basle II) is based on the following principles:

INVESTMENTS AND SCOPE OF CONSOLIDATION

The consolidation criteria used in calculating the capital requirements are the same as those used in drawing up the consolidated accounts for the Group (see on page 12 under “Consolidated holdings”). The main investments included in calculating the regulatory capital are recorded in this report on page 36 under “Significant investments in subsidiaries”.

ELIGIBLE CAPITAL

(in CHF thousands)

	31 December 2009	31 December 2008
Gross Tier 1 capital (after deduction of shares and similar securities and rights)	1 527 647	1 670 837
./. items for deduction from Tier 1 capital	(17 030)	(26 038)
= eligible capital	**1 510 617**	**1 644 799**

CAPITAL REQUIRED AS AT 31 DECEMBER 2009

(in CHF thousands)

	Approach used	Capital requirement
Credit risks	SA-CH	211 687
of which price risk related to shares and similar securities and rights in the banking book		23 247
Non-counterparty-related risk	SA-CH	84 559
Market risk related to	Standard	42 909
– interest-rate instruments		6 065
– shares and similar securities and rights		8 881
– currency and precious metals		27 693
– commodities		55
Operational risks	Standard	133 899
Total		**473 054**
Ratio of eligible capital to capital required according to Swiss law		3.2

BIS ratios	
Eligible capital	25.6%

CREDIT RISKS

The Bank uses the Swiss standardised approach to calculate the capital required in relation to the credit risks.

The risk weightings assigned to claims against central governments; central banks; public bodies; multilateral development banks; banks and securities firms; institutions created jointly by banks, stock exchanges and clearing houses; and corporates are based on the external credit ratings issued by Standard & Poor's and Moody's.

Collateralised loans are accounted for according to the comprehensive approach, whereby the risk exposure is offset to the extent of the estimated value of the collateral.

CREDIT RISK BY TYPE OF COUNTERPARTY

(in CHF millions)	Central governments and central banks	Banks and securities firms	Public bodies	Corporates	Retail	Shares and similar securities and rights	Other exposures	**Total**
Loan commitments (as at closure)								
Due from banks	22	2 587						2 609
Due from clients	77	379	13	802	760			2 031
Financial investments/ debt securities/stocks	4 798	1 418	465	220		122		7 023
Other assets/VRP	41	90	6	113	324			574
Balance-sheet total as at 31.12.2009	**4 938**	**4 474**	**484**	**1 135**	**1 084**	**122**		**12 237**
Balance-sheet total as at 31.12.2008	**1 483**	**12 055**	**28**	**2 922**	**1 157**	**78**	**22**	**17 745**
Off-balance-sheet transactions								
Contingent liabilities Liabilities under deferred payments	16	61	6	99	141			323
Irrevocable commitments				216	16			232
Additional charges	23	36	3	44	20			126
Value adjustments and provisions					(9)			(9)
Off-balance-sheet total as at 31.12.2009	**39**	**97**	**9**	**359**	**168**			**672**
Off balance-sheet total as at 31.12.2008	**28**	**247**		**407**	**128**		**5**	**815**

CREDIT RISK/CREDIT RISK MITIGATION

(in CHF millions)	Secured by approved financial collateral (within the meaning of the rules applying to equity capital)	Secured by guarantees and credit derivatives	Other loan commitments	Unsecured	**Total**
Loan commitments (as at closure)					
Due from banks				2 609	2 609
Due from clients	1 792		75	164	2 031
Financial investments/debt securities/stocks				7 023	7 023
Other assets/VRP	140		1	433	574
Balance-sheet total as at 31.12.2009	**1 932**		**76**	**10 229**	**12 237**
Balance-sheet total as at 31.12.2008	**2 020**		**37**	**15 688**	**17 745**
Off-balance-sheet transactions					
Contingent liabilities and liabilities under deferred payments	323				323
Irrevocable commitments	232				232
Add-ons (derivatives)	58			68	126
Value adjustments and provisions				(9)	(9)
Off-balance-sheet total as at 31.12.2008	**613**			**59**	**672**
Off-balance-sheet total as at 31.12.2007	**380**		**2**		**382**

Loan commitments are shown after netting as recognised by the rules applying to equity capital.

CREDIT RISK SEGMENTATION

(in CHF millions)	Regulatory risk weightings 0%	20–25%	35%	50%	75%	100%	125%	150%	250%	**Total**
Loan commitments										
Balance sheet/loans										
Due from banks	22	2 587								2 609
Due from clients	1 378		60		40	553				2 031
Financial investments/ debt securities/stocks	4 802	2 075		24			11		111	7 023
Other assets/ VRP	150	180	1	34	7	202				574
Balance-sheet total as at 31.12.2009	**6 352**	**4 842**	**61**	**58**	**47**	**755**	**11**		**111**	**12 237**
Balance-sheet total as at 31.12.2008	**4 024**	**11 314**	**20**	**178**	**85**	**2 043**	**10**	**2**	**69**	**17 745**
Off-balance-sheet transactions										
Contingent liabilities and liabilities under deferred payments	292				3	28				323
Irrevocable commitments						232				232
Add-ons (derivatives)	58	39		6		23				126
Value adjustments and provisions					(9)					(9)
Off-balance-sheet total as at 31.12.2009	**350**	**39**		**6**	**(6)**	**283**				**672**
Off-balance-sheet total as at 31.12.2008	**380**	**82**		**2**	**1**	**350**				**815**

CREDIT RISK BY GEOGRAPHIC REGION

(in CHF millions)	Switzerland	Australasia	North America	South America	Europe	Caribbean offshore centres	Asia	Africa	**Total**
Loan commitments (as at closure)									
Balance sheet/loans									
Due from banks	421	2	124	2	2 012	3	45		2 609
Due from clients	163	32	224	49	628	536	356	43	2 031
Financial investments/ debt securities/ stocks	1 865	3	306		4 647	73	129		7 023
Other assets/VRP	182	6	47	3	260	68	6	2	574
Balance-sheet total as at 31.12.2009	**2 631**	**43**	**701**	**54**	**7 547**	**680**	**536**	**45**	**12 237**
Balance-sheet total as at 31.12.2008	**1 838**	**203**	**1 217**	**78**	**11 943**	**1 842**	**553**	**71**	**17 745**
Off-balance-sheet transactions									
Contingent liabilities and liabilities under deferred payments	43	3	10	11	112	118	14	12	323
Irrevocable commitments	16		1		41	174			232
Add-ons	49	1	4	1	54	14	2	1	126
Value adjustments and provisions	(9)								(9)
Off-balance-sheet total as at 31.12.2009	**99**	**4**	**15**	**12**	**207**	**306**	**16**	**13**	**672**
Off-balance-sheet total as at 31.12.2008	**90**	**3**	**20**	**18**	**417**	**231**	**20**	**16**	**815**

The breakdown of geographic risk is based on the domicile as recorded in the SNB statistics.

NON-PERFORMING CLIENT LOANS BY GEOGRAPHIC REGION

(in CHF millions)	Switzerland	Oceania	North America	South America	Europe	Caribbean offshore centres	Asia	Africa	**Total 2009**	**Total 2008**
Loans to clients	1	1			40	3			**45**	**71**
Individual value adjustments	1				40	1			**42**	**70**

COLLATERAL

(in CHF thousands)	Type of collateral			Total
	Mortgage guarantees	Other guarantees	Uncollat-eralised	
Loans				
Due from clients	74 780	1 791 821	164 426	2 031 027
Total loans **Financial year 2009**	**74 780**	**1 791 821**	**164 426**	**2 031 027**
Financial year 2008	**49 001**	**3 400 864**	**208 580**	**3 658 445**
Off-balance-sheet				
Contingent liabilities		343 673		343 673
Irrevocable commitments		561 545		561 545
Liabilities under deferred payments		9 752		9 752
Off-balance-sheet total **Financial year 2009**		**914 970**		**914 970**
Financial year 2008		**1 446 430**	**1 923**	**1 448 353**

Non-performing loans	Gross amount	Estimated realisable value of collateral	Net amount	Individual value adjustments
Financial year 2009	**45 357**	**3 297**	**42 060**	**42 060**
Financial year 2008	**70 583**	**401**	**70 182**	**70 182**

TRADING BALANCES IN SECURITIES AND PRECIOUS METALS AND PARTICIPATIONS

(in CHF thousands)	2009	2008
Trading balances in securities and precious metals		
Listed debt securities	66 440	
Shares and similar securities and rights	604 792	85 095
Precious metals	64 199	
Total trading balances in securities and precious metals	**735 431**	**85 095**
Including securities on deposit according to the liquidity rules	–	–
Participations		
Without market value	2 379	2 379
Total participations	**2 379**	**2 379**

ASSETS PLEDGED OR ASSIGNED + ASSETS SUBJECT TO RESERVATION OF TITLE, EXCLUDING SECURITIES BORROWING/LENDING TRANSACTIONS AND REPO AGREEMENTS

(in CHF thousands)	2009	2008
Book value of assets pledged or assigned as guarantee	209 827	244 654
Firm commitments	–	–

FINANCIAL INVESTMENTS

(in CHF thousands)	Book value		Fair value*	
	2009	2008	2009	2008
Total debt securities	**3 744 932**	**3 435 416**	**3 759 342**	**3 377 742**
of which valued according to the accrual method	3 744 932	3 435 416	3 759 342	3 377 742
including floating-rate bonds	1 798 550	3 139 065	1 804 413	3 080 700
Equity shares	**55 355**	**75 989**	**62 193**	**77 442**
Total	**3 800 287**	**3 511 405**	**3 821 535**	**3 455 184**
of which securities rediscounted or accepted as collateral by central banks	2 479 163	1 640 048		

* Where the fair value was not available, the book value was used.

SECURITIES LENDING AND REPO TRANSACTIONS

(in CHF thousands)	2009	2008
Claims resulting from pledged cash related to securities borrowing or the conclusion of repo transactions	–	303 182
Commitments resulting from cash received during securities lending or repo transactions	800 000	–
Securities held for the Bank’s own account, lent or transferred as surety in connection with securities borrowing or repo transactions	799 481	–
including those regarding which the right to assign them or to pledge them subsequently has been granted without reserve	–	–
Securities received as guarantee in connection with securities lending or borrowing and through repo agreements, and regarding which the right to assign them or to pledge them subsequently has been granted without reserve	–	–
including the above assigned or pledged securities	–	–

FIXED ASSETS

(in CHF thousands)	Acquisition value	Cumulative depreciation	Book value at 31 December 2008	Transfers	Additions	Disposals and currency translation differences	Depreciation	Book value at 31 December 2009
Participations								
Other participations	2 656	(277)	2 379					2 379
Total participations	**2 656**	**(277)**	**2 379**					**2 379**
Real estate								
Real estate used by the Bank	328 303	(95 471)	232 832			873	(4 966)	228 739
Other real estate	11 493	(579)	10 914				(193)	10 721
Other tangible fixed assets	111 397	(74 407)	36 990		3 879	773	(10 065)	31 577
Total tangible fixed assets	**451 193**	**(170 457)**	**280 736**		**3 879**	**1 646**	**(15 224)**	**271 037**
Goodwill	35 898	(9 860)	26 038			(674)	(8 334)	17 030
Other intangible assets	83 106	(39 664)	43 442		15 272	(101)	(19 606)	39 007
Total intangible assets	**119 004**	**(49 524)**	**69 480**		**15 272**	**(775)**	**(27 940)**	**56 037**
Fire insurance value of real estate			103 982					114 847
Fire insurance value of other tangible fixed assets			197 558					228 492

OTHER ASSETS AND OTHER LIABILITIES

(in CHF thousands)	Other assets		Other liabilities	
	2009	**2008**	**2009**	**2008**
Replacement values of derivative instruments	412 109	688 128	243 142	488 726
Netting account			167 916	109 075
Other assets and liabilities	35 094	39 573	207 455	57 137
Total other assets and other liabilities	**447 203**	**727 701**	**618 513**	**654 938**

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, non-consolidated 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 and the volumes and results registered during the period under review are as follows:

(in CHF thousands)	2009	2008
Qualified participants		
Due from clients	85 399	16 700
Due to clients	500 315	257 990
Interest received	129	1 694
Interest paid	857	2 909
Commissions received	8	9

BUSINESS RELATIONS WITH RELATED PARTIES

(in CHF thousands)	2009	2008
Related companies		
Due to clients	20	21
Directors and Senior Executives		
Due from clients	14 545	22 720
Interest received	412	1 515

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.

EMPLOYEE PENSION PLAN

The UBP Group operates pension plans for the majority of its employees. They are mostly defined-contribution plans.

As of 2007 the pension fund foundation “La Fondation de Prévoyance en faveur du personnel de Union Bancaire Privée, UBP et des sociétés affiliées ou apparentées ayant leur siège en Suisse” is based on the principle of defined contributions. Over 80% of the Group’s employees are affiliated to this Foundation.

Other employee pension schemes are applied in Luxembourg, the Cayman Islands, France, Great Britain, the United States, Jersey, the Bahamas and Spain. Most are based on the principle of defined contributions. According to the statement of income, expenses related to the employee pension plans were as follows:

PENSION COSTS FOR THE PERIOD UNDER REVIEW

(in CHF thousands)	2009	2008
Contributions to defined-contribution pension funds	31 696	24 933
Total pension expenses	**31 696**	**24 933**
Commitments to the pension funds’ capital base	**71 780**	**116 301**

Pension commitments are as follows:

PENSION FUND AS AT 31 DECEMBER

(in CHF millions)	2009	2008
Net assets of the pension fund at market value	534	500
Present value of benefits due	(563)	(556)
Surplus (deficit)	(29)	(56)

SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

Name, registered office	Activities		Capital (in thousands)	Ownership %
UBPI Holdings Inc., New York	Holding company	USD	41 743	100%
UBP Securities (UK) Limited, London	Capital markets	GBP	3 000	100%
UBP Asset Management, Geneva	Institutional asset management	CHF	5 000	100%
UBAM International Services SA, Luxembourg	Asset management	CHF	150	100%
UBP Asset Management (Bermuda) Ltd., Bermuda	Asset management	USD	12	100%
UBP Advisory Services, Luxembourg	Asset management	CHF	121	100%
Union Bancaire Privée (Bahamas) Ltd., Nassau	Asset management bank	CHF	15 000	100%
Union Bancaire Privée (Luxembourg) SA, Luxembourg	Asset management bank	CHF	20 020	100%

The ownership rates were identical to those recorded at 31 December 2008.

CONTINGENT LIABILITIES

(in CHF thousands)	2009	2008
Irrevocable guarantees[1]	303 000	369 259
Indemnities[2]	134	73
Irrevocable commitments[3]	40 539	57 727
Total	**343 673**	**427 059**

1 This type of contingent liability is characterised by the fact that the existing debt of a principal debtor is guaranteed in favour of a third party.

2 This type of contingent liability is characterised by the fact that when the transaction is entered into and referred to as a contingent liability there is no debt owed by the principal debtor to a third party but one may arise at a future date, for example in a case of civil liability.

3 Irrevocable commitments resulting from documentary credits.

FIDUCIARY TRANSACTIONS

(in CHF thousands)	2009	2008
Fiduciary placements with third-party banks	1 722 841	3 873 864
Fiduciary loans and other financial fiduciary transactions	31 047	79 158
Total	**1 753 888**	**3 953 022**

ASSETS UNDER MANAGEMENT

(in CHF millions)	2009	2008
Assets held by funds managed by the Bank	15 436	26 378
Assets under discretionary management mandates	12 453	17 537
Other assets under management	47 140	56 795
Total administered assets	**75 029**	**100 710**
including those counted twice	6 725	9 063
Net (outflow) inflow new money	(21 312)	668

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 Private Banking, Institutional Asset 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 negotiable securities). The item excludes movements due to markets or quotation changes and the related income (interest/dividends), together with commissions and interest on loans.

VALUE ADJUSTMENTS AND PROVISIONS – RESERVES FOR GENERAL BANKING RISKS

(in CHF thousands)	Position at 31 December 2008	Use and dissolution of reserve in accordance with its purpose	Recoveries, doubtful interest, currency differences	New reserves charged to the statement of income	Dissolution credited to the statement of income	Position at 31 December 2009
Provisions for deferred taxes	6 456	(6 456)				–
Value adjustments and provisions for default risk (counterparty and country risk)	79 181	(31 869)	3 746			51 058
Value adjustments and provisions for other operating risks	7 139	(1 526)	494	12 839	(50)	18 896
Sub-total	**86 320**	**(33 395)**	**4 240**	**12 839**	**(50)**	**69 954**
Total value adjustments and provisions	**92 776**	**(39 851)**	**4 240**	**12 839**	**(50)**	**69 954**
after deduction of: value adjustments directly offset against assets	(40 182)					(42 060)
Total value adjustments and provisions as per the balance sheet	**52 594**					**27 894**
Reserves for general banking risks	**167 910**	**(285)**			**(110 000)**	**57 625**

STATEMENT OF SHAREHOLDERS' EQUITY

(in CHF thousands)

Shareholders' equity at 1 January 2009	
Share capital	300 000
Capital reserves	452 336
Reserves and retained earnings	692 591
Reserves for general banking risks	167 910
Minority interests in shareholders' equity	25
Group profit for the financial year 2008	430 990
Total shareholders' equity at 1 January 2009	**2 043 852**
Dividend	(360 000)
Variation in reserves for general banking risks	(110 285)
Difference on currency conversion	(17)
Variation in reserves and retained earnings'	(316)
Variation in minority interests in shareholders' equity	(447)
Group profit for the financial year 2009	215 966
Total shareholders' equity at 31 December 2009	**1 788 753**
Comprising: Share capital	300 000
Capital reserves	452 336
Reserves and retained earnings	761 644
Reserves for general banking risks	57 625
Minority interests in shareholders' equity	1 182
Group profit	215 966

MATURITY OF CURRENT ASSETS, FINANCIAL INVESTMENTS AND LIABILITIES

(in CHF millions)	At sight	At call	Outstanding maturity Up to 3 months	3 to 12 months	12 months to 5 years	More than 5 years	Total
Current assets and financial investments							
Cash and cash equivalents	6 837						6 837
Due on money-market paper	5		907	2 244			3 156
Due from banks	2 260		349				2 609
Due from clients		388	1 320	290	33		2 031
Trading balances in securities and precious metals	668		11	56			735
Financial investments	55		347	1 615	1 783		3 800
Total current assets							
Financial year 2009	**9 825**	**388**	**2 934**	**4 205**	**1 816**		**19 168**
Financial year 2008	**3 012**	**751**	**10 766**	**2 077**	**1 942**		**18 548**
Foreign funds							
Due to banks	287		824				1 111
Due to clients on savings and deposit accounts	2						2
Other amounts due to clients	13 250		2 731	293	28		16 302
Total liabilities							
Financial year 2009	**13 539**		**3 555**	**293**	**28**		**17 415**
Financial year 2008	**6 561**	**2**	**9 645**	**569**	**11**		**16 788**

BREAKDOWN OF DOMESTIC AND FOREIGN ASSETS AND LIABILITIES

(in CHF millions)	Financial year 2009 Domestic	Foreign	Financial year 2008 Domestic	Foreign
Assets				
Cash and cash equivalents	6 835	2	1 655	1
Due on money-market paper	1 861	1 295	405	3 260
Due from banks	421	2 188	744	5 229
Due from clients	103	1 928	133	3 525
Trading balances in securities and precious metals	96	639	21	64
Financial investments	2	3 798	297	3 214
Participations	2		2	
Tangible fixed assets	246	25	256	25
Intangible assets	39	17	43	26
Prepayments and accrued income	19	108	31	176
Other assets	88	360	420	309
Total assets	**9 712**	**10 360**	**4 007**	**15 829**
Liabilities				
Due to banks	853	258	65	350
Due to clients on savings and deposit accounts	1	1	1	1
Other amounts due to clients	1 241	15 061	1 124	15 248
Accruals and deferred income	120	102	183	112
Other liabilities	376	242	326	329
Value adjustments and provisions	26	2	51	2
Reserves for general banking risks	53	5	163	5
Share capital	300		300	
Capital reserves	452		452	
Reserves and retained earnings	762		693	
Minority interests	1			
Group profit	216		431	
Total liabilities	**4 401**	**15 671**	**3 789**	**16 047**

GEOGRAPHICAL BREAKDOWN OF ASSETS

(in CHF thousands)	Financial year 2009		Financial year 2008	
	Total	%	Total	%
Assets				
Europe	17 621 108	87.8	15 604 045	78.6
North America	772 270	3.8	1 168 350	5.9
Caribbean offshore centres	979 215	4.9	2 155 730	10.9
South America	62 200	0.3	76 849	0.4
Africa	58 907	0.3	68 007	0.3
Asia	542 533	2.7	551 944	2.8
Australasia	35 915	0.2	210 927	1.1
Total assets	20 072 148	100	19 835 852	100

This geographical breakdown of assets has been established according to the **client's domicile,** rather than the **risk domicile.** The assets included in these statistics and stated under non-OECD countries are, in general, covered by assets deposited with Union Bancaire Privée.

BREAKDOWN OF ASSETS AND LIABILITIES BY CURRENCY

(in CHF millions)	CHF	EUR	USD	Other	Total
Assets					
Cash and cash equivalents	6 832	3	1	1	6 837
Due on money-market paper		1 007	1 984	165	3 156
Due from banks	9	154	256	2 190	2 609
Due from clients	273	311	1 066	381	2 031
Trading balances in securities and precious metals	50	238	314	133	735
Financial investments	191	1 893	1 306	410	3 800
Participations	2				2
Tangible fixed assets	246		7	18	271
Intangible assets	39		17		56
Prepayments and accrued income	9	28	82	8	127
Other assets	258	50	110	30	448
Total positions carried as assets	**7 909**	**3 684**	**5 143**	**3 336**	**20 072**
Delivery claims resulting from spot, forward and option transactions	**2 646**	**4 651**	**12 008**	**3 381**	**22 686**
Total assets	**10 555**	**8 335**	**17 151**	**6 717**	**42 758**
Liabilities					
Due to banks	831	64	198	18	1 111
Due to clients on savings and deposit accounts	2				2
Other amounts due to clients	1 494	3 707	8 413	2 688	16 302
Accruals and deferred income	37	27	143	15	222
Other liabilities	501	28	56	33	618
Value adjustments and provisions	26		2		28
Reserves for general banking risks	58				58
Share capital	300				300
Capital reserves	452				452
Reserves and retained earnings	762				762
Minority interests	1				1
Group profit	216				216
Total positions carried as liabilities	**4 680**	**3 826**	**8 812**	**2 754**	**20 072**
Delivery commitments resulting from spot, forward and option transactions	**5 871**	**4 506**	**8 606**	**3 703**	**22 686**
Total liabilities	**10 551**	**8 332**	**17 418**	**6 457**	**42 758**
Net position by currency	**4**	**3**	**(267)**	**260**	**0**

OPEN POSITIONS IN DERIVATIVE INSTRUMENTS

(in CHF thousands)	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Underlying amount	Positive replacement value	Negative replacement value	Underlying amount
Interest-rate instruments						
Swaps				139 389	35 280	4 291 695
Futures	1 408	1 379	8 589 322			
Currency/Precious metals						
Forwards	215 993	199 852	22 191 786	6 830		309 200
Combined interest-rate and currency swaps				5 111		1 030 064
Futures	299	299	24 379			
Options (OTC)	60 757	61 511	5 516 159			
Equity securities/stock-index derivatives						
Futures	5 154	4 559	772 404			
Options (traded)	585		25 688			
Credit derivatives						
CDS	1		5 000			
Other						
Futures	880	880	56 152			
Total before impact of netting agreements						
Financial year 2009	**285 077**	**268 480**	**37 180 890**	**151 330**	**35 280**	**5 630 959**
Financial year 2008	**842 418**	**698 716**	**39 461 512**	**198 387**	**142 688**	**10 266 369**

	Positive replacement values (accrued)	Negative replacement values (accrued)
Total after impact of netting agreements		
Financial year 2009	**412 109**	**243 142**
Financial year 2008	**688 128**	**488 726**

	2009	2008
Interest income		
Interest income from banks and clients	149 145 501	387 485 564
Interest on negotiable instruments and money-market paper	39 939 474	176 964 891
Net interest on capital employed in trading portfolios	1 511 524	(1 409 585)
Interest and dividend income from financial investments	62 888 342	176 586 683
Total	**253 484 841**	**739 627 553**

Profit on trading operations		
Income from currency trading	105 326 478	103 038 852
Trading in precious metals	25 752 932	4 926 727
Trading in securities (less funding costs)	7 271 472	6 362 865
Total	**138 350 882**	**114 328 444**

Personnel costs		
Salaries and related costs	311 261 532	377 152 031
Social charges	18 464 894	21 096 594
Contributions to pension funds	31 331 083	25 445 216
Other personnel expenses	17 667 991	18 229 018
Total	**378 725 500**	**441 922 859**

General administrative expenses		
Cost of office space	21 233 634	19 561 026
Cost of computer equipment, machines, furnishings, etc.	21 101 496	25 164 394
Other operating expenses	77 666 593	74 377 823
Total	**120 001 723**	**119 103 243**

Comments on extraordinary income

Extraordinary income is made up of winding-up reserves for general banking risks of CHF 110 million, winding-up provisions that have been freed up of CHF 43.5 million and of shareholder inflows of CHF 115 million.

OPERATING PROFIT BY LOCATION

(in CHF thousands)	Financial year 2009 Domestic	Foreign	Financial year 2008 Domestic	Foreign
Net interest income	72 169	94 481	101 424	104 03
Net fees and commissions income	333 827	159 753	457 423	362 590
Net trading income	78 984	59 367	92 868	21 460
Gains (losses) on disposals of financial assets	149	1 793	(24)	16 854
Other ordinary net income	6 260	(1 159)	3 731	(7 989)
Total operating income	**491 389**	**314 235**	**655 422**	**496 946**
Personnel costs	273 204	105 522	314 919	127 004
Other operating expenses	77 810	42 192	85 119	33 984
Total operating expenses	**351 014**	**147 714**	**400 038**	**160 988**
Operating profit	**140 375**	**166 521**	**255 384**	**335 958**

REPORT OF THE GROUP AUDITORS

to the General Meeting
of Union Bancaire Privée, Geneva

As statutory auditor, we have audited the consolidated financial statements of Union Bancaire Privée, which comprise the balance sheet, income statement, cash flow statement and notes (pages 5 to 46) for the year ended 31st December 2009.

Board of Directors' responsibility

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

Auditors' responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31st December 2009 give a true and fair view of the financial position, the results of operations and the cash flow in accordance with the provisions governing the preparation of financial statements for banks, and comply with Swiss law.

Report on other legal requirements

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

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

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

Geneva, 5 March 2010

Ernst & Young Ltd

Hans Isler	**Jérôme Desponds**
Licensed audit expert	Licensed audit expert
	Auditor in charge

BALANCE SHEET AT 31 DECEMBER

	2009	2008
Assets		
Cash and cash equivalents	6 836 018 717	1 655 306 613
Money-market paper	3 104 290 963	3 664 783 469
Due from banks	2 474 765 140	5 759 301 313
Due from clients	2 147 954 733	3 694 313 692
Trading balances in securities and precious metals	726 381 714	76 072 122
Financial investments	3 799 910 543	3 510 874 754
Participations	104 205 348	73 158 385
Tangible fixed assets	174 253 685	181 233 623
Intangible assets	38 995 393	43 381 090
Prepayments and accrued income	65 094 464	152 978 634
Other assets	420 069 446	709 263 588
Total assets	**19 891 940 046**	**19 520 667 283**

Total subordinated receivables	**24 339 618**	**24 384 099**
Total receivables from Group companies and qualified participants	**270 308 829**	**234 014 991**

BALANCE SHEET AT 31 DECEMBER

	2009	2008
Liabilities		
Due to banks	2 108 515 726	1 704 309 865
Due to clients on savings and deposit accounts	2 386 221	2 357 474
Other amounts due to clients	15 339 515 617	14 939 155 408
Accruals and deferred income	128 715 069	214 022 384
Other liabilities	614 060 736	636 573 752
Value adjustments and provisions	88 717 862	217 154 985
Share capital	300 000 000	300 000 000
Legal reserves	978 135 872	943 635 872
Other reserves	1 500 000	1 500 000
Profit brought forward	167 457 543	116 059 132
Annual profit	162 935 400	445 898 411
Total liabilities	**19 891 940 046**	**19 520 667 283**
Total liabilities to Group companies and qualified participants	**1 644 975 296**	**1 686 043 955**
Off-balance-sheet transactions		
Contingent liabilities	339 003 446	420 220 894
Irrevocable commitments	561 545 000	1 008 540 000
Commitments to make supplementary payments in full		1 923 125
Liabilities under deferred payments	9 751 664	3 814 533
Derivative instruments		
– Underlying amount	42 194 871 391	49 579 415 157
– Positive replacement value	412 920 789	687 956 932
– Negative replacement value	243 675 323	488 546 531
Fiduciary transactions	1 749 747 976	3 946 647 049

STATEMENT OF INCOME

	2009	2008
Income and expenditure from ordinary banking operations		
Net interest income		
Interest and discount income	190 844 935	557 576 091
Interest and dividends from financial investments	62 888 342	176 586 683
Interest expenses	(87 468 616)	(538 294 138)
Net interest income	**166 264 661**	**195 868 636**
Fees and commissions		
Credit-related fees and commissions	8 382 188	4 702 668
Commission income on securities trading and investments	348 874 499	494 892 954
Commission income on other services	4 674 235	5 160 977
Commission expenses	(12 682 449)	(14 241 200)
Fees and commissions	**349 248 473**	**490 515 399**
Trading income	**134 576 359**	**112 441 793**
Other ordinary net income		
Gains (losses) on disposals of financial assets	1 876 231	(15 391 627)
Income from permanent investments	3 302 799	255 005 333
Income from real estate	1 465 425	1 593 000
Other ordinary income	8 601 989	15 488 614
Other ordinary expenses		(10 264 619)
Other ordinary net income	**15 246 444**	**246 430 701**
Total income	**665 335 937**	**1 045 256 529**
General administrative expenses		
Personnel costs	(316 373 976)	(370 011 793)
Other operating expenses	(97 963 376)	(107 437 075)
Operating expenses	**(414 337 352)**	**(477 448 868)**
Operating profit	**250 998 585**	**567 807 661**

STATEMENT OF INCOME

	2009	2008
Operating profit	250 998 585	567 807 661
Depreciation of fixed assets	(31 235 589)	(31 278 255)
Value adjustments, provisions and losses	(302 782 761)	(35 421 279)
Profit before extraordinary items and taxes	**(83 019 765)**	**501 108 127**
Extraordinary income	268 457 000	582 739
Taxes	(22 501 835)	(55 792 455)
Annual profit	**162 935 400**	**445 898 411**

Proposal of the Board

Net profit available for distribution amounts to CHF 330 392 943:

Distribution of profit

	2009	2008
Annual profit	162 935 400	445 898 411
Profit brought forward from prior years	167 457 543	116 059 132
Total	**330 392 943**	**561 957 543**
The following distribution is proposed to the General Meeting of Shareholders:		
– Contribution to legal reserves	24 000 000	34 500 000
– Distributions to shareholders	255 000 000	360 000 000
Profit carried forward	**51 392 943**	**167 457 543**

VALUATION AND ACCOUNTING PRINCIPLES

Valuation and accounting principles

Union Bancaire Privée's valuation and accounting principles for the parent company correspond to those adopted by the Group. However, unlike the Group financial statement, which is drawn up on the "true and fair view principle", the parent company's financial statement may be influenced by undisclosed reserves.

In the Bank's annual accounts, the reserves for general banking risks are shown under "Value adjustments and provisions" and are taxed at a rate of 100%.

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.

ASSETS PLEDGED OR ASSIGNED + ASSETS SUBJECT TO RESERVATION OF TITLE, EXCLUDING SECURITIES BORROWING/LENDING TRANSACTIONS AND REPO AGREEMENTS

(in CHF thousands)	2009	2008
Book value of assets pledged or assigned as guarantee	209 827	244 654
Firm commitments	–	–

SECURITIES LENDING AND REPO TRANSACTIONS

(in CHF thousands)	2009	2008
Claims resulting from pledged cash related to securities borrowing or the conclusion of repo transactions	–	303 182
Commitments resulting from cash received during securities lending or repo transactions	800 000	–
Securities held for the Bank's own account, lent or transferred as surety in connection with securities borrowing or repo transactions	799 481	–
including those regarding which the right to assign them or to pledge them subsequently has been granted without reserve	–	–
Securities received as guarantee in connection with securities lending or borrowing and through repo agreements, and regarding which the right to assign them or to pledge them subsequently has been granted without reserve	–	–
including the above assigned or pledged securities	–	–

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 and the volumes and results registered during the period under review are as follows:

(in CHF thousands)	2009	2008
Qualified participants		
Due from clients	85 399	16 700
Due to clients	500 315	257 990
Interest received	129	1 694
Interest paid	857	2 909
Commission received	8	9

BUSINESS RELATIONS WITH RELATED PARTIES

(in CHF thousands)	2009	2008
Group companies		
Due from clients	184 910	217 315
Due to clients	1 144 660	1 428 054
Interest received	2 850	5 607
Interest paid	5 001	45 781
Commission received	56 902	68 752
Commission paid	30 588	35 935
Related companies		
Due to clients	20	21
Directors and Senior Executives		
Due from clients	14 493	22 664
Interest received	411	1 512

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.

EMPLOYEE PENSION PLAN

The UBP Group operates pension plans for the majority of its employees. They are mostly defined-contribution plans.

As of 2007 the pension fund foundation "La Fondation de Prévoyance en faveur du personnel de Union Bancaire Privée, UBP et des sociétés affiliées ou apparentées ayant leur siège en Suisse" is based on the principle of defined contributions. Over 80% of the Group's employees are affiliated to this Foundation.

Other employee pension schemes are applied in Luxembourg, the Cayman Islands, the United Kingdom, Jersey and the Bahamas. Most are based on the principle of defined contributions.

PENSION COSTS FOR THE PERIOD UNDER REVIEW

(in CHF thousands)	2009	2008
Contributions to defined-contribution pension funds	29 595	23 812
Total pension expenses	**29 595**	**23 812**
Commitments to the pension funds' capital base	**71 780**	**116 301**

Pension commitments are as follows:

PENSION FUND AS AT 31 DECEMBER

(in CHF millions)	2009	2008
Net assets of the pension fund at market value	534	500
Present value of benefits due	(563)	(556)
Surplus (deficit)	(29)	(56)

VALUE ADJUSTMENTS AND PROVISIONS

(in CHF thousands)	Position at 31 December 2008	Used according to purpose	Change in the specified purpose of provisions	Recoveries, doubtful interest, currency differences	New reserves charged to the statement of income	Dissolution of reserves credited to the statement of income	Position at 31 December 2009
Value adjustments and provisions for default risk (counterparty and country risk)	81 499	(1 868)		3 345	54 163		137 139
Value adjustments and provisions for other operating risks	7 107	(629)		493	11 918	(50)	18 839
Other provisions	171 048	(169)				(110 000)	60 879
Total value adjustments and provisions	**259 654**	**(2 666)**		**3 838**	**66 081**	**(110 050)**	**216 857**
after deduction of: value adjustments directly offset against assets	(42 499)						(128 139)
Total value adjustments and provisions as per the balance sheet	**217 155**						**88 718**

FIDUCIARY TRANSACTIONS

(in CHF thousands)	2009	2008
Fiduciary placements with other banks	1 722 841	3 873 864
Fiduciary loans and other financial fiduciary transactions	26 907	72 783
Total	**1 749 748**	**3 946 647**

SHARE CAPITAL

(in CHF thousands)	**Financial year 2009** Total nominal value	Number of shares	Dividend-bearing capital	**Financial year 2008** Total nominal value	Number of shares	Dividend-bearing capital
Share capital	**300 000**	**30 000**	**300 000**	**300 000**	**30 000**	**300 000**

MAJOR SHAREHOLDERS AND GROUPS OF SHAREHOLDERS BOUND BY VOTING AGREEMENTS

		2009		**2008**
	Nominal	Participation rate	Nominal	Participation rate
With voting rights:				
CBI Holding SA*, Geneva	300 000 000	100%	300 000 000	100%

* The de Picciotto family holds directly and indirectly 96.02% of CBI Holding SA voting rights and 84.73% of its share capital.

TRADING INCOME

	2009	**2008**
Income from currency trading	102 164 599	98 922 679
Trading in precious metals	25 673 396	4 915 515
Trading in securities (less funding costs)	6 738 364	8 603 599
Total	**134 576 359**	**112 441 793**

Comments on extraordinary income

Extraordinary income is made up of winding-up reserves for general banking risks of CHF 110 million, winding-up provisions that have been freed up of CHF 43.5 million and of shareholder inflows of CHF 115 million.

STATEMENT OF SHAREHOLDERS' EQUITY

(in CHF thousands)

Shareholders' equity at 1 January 2009		
Share capital		300 000
Legal reserve		943 636
Other reserves		1 500
Retained earnings		561 957
Total shareholders' equity at 1 January 2009		**1 807 093**
Dividend		(360 000)
Annual profit		162 935
Total shareholders' equity at 31 December 2009		**1 610 028**
Comprising:	Share capital	300 000
	Legal reserve	978 136
	Other reserves	1 500
	Retained earnings carried forward	167 457
	Balance sheet profit	162 935

REPORT OF THE STATUTORY AUDITORS

to the General Meeting of
Union Bancaire Privée, Geneva

As statutory auditor, we have audited the financial statements of Union Bancaire Privée, which comprise the balance sheet, income statement and notes (pages 48 to 60) for the year ended 31st December 2009.

Board of Directors' responsibility

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 31st December 2009 comply with Swiss law and the Company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight Act (AOA) and independence (Art. 728 Code of Obligations [CO] and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation.

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

Geneva, 5 March 2010

Ernst & Young Ltd

Hans Isler
Licensed audit expert

Jérôme Desponds
Licensed audit expert
Auditor in charge

UBP

Union Bancaire Privée