FINANCIAL REPORT 2011

55th
ANNUAL REPORT

Union Bancaire Privée

FINANCIAL REPORT 2011

FINANCIAL HIGHLIGHTS OF THE GROUP

(in CHF millions)	Financial year 2011	Financial year 2010	Variation in CHF millions	Variation in %
Net profit	176	216	-40	-18.52
Gross profit	255	273	-18	-6.59
Client assets (in CHF billions)	71.7	64.8	7	10.80
Total operating income	**763**	**766**	**-3**	**-0.39**
Net interest income	163	162	1	0.62
Net fees and commissions income	420	401	19	4.74
Net trading income	163	195	-32	-16.41
Total operating expenses	**508**	**494**	**14**	**2.83**
Personnel costs	387	377	10	2.65
Other operating expenses	121	116	5	4.31
Depreciation, value adjustments, provisions and losses	68	446	-378	-84.75
Total assets	**17 983**	**18 084**	**-101**	**-0.56**
Shareholders' equity	1 530	1 573	-43	-2.73
Share capital	300	300		
Capital reserves	452	452		
Reserves and retained earnings	680	722	-42	-5.82
Reserves for general banking risks	98	98		
Staff members (as at 31 December)	1 491	1 198	293	24.46
Net profit per staff member (in CHF thousands)	142	180	-38	-21.11
Operating cost/income ratio	66.6%	64.5%		
Cost/income ratio after depreciation	71.3%	70.5%		
Return on equity (ROE)	10.6%	12.8%		
Shareholders' equity/total assets	8.5%	8.7%		
BIS ratio (Basel II)	22.1%	24.1%		

CONSOLIDATED BALANCE SHEET 2011

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

	2011	2010
Assets		
Cash and cash equivalents	6 795 897 162	3 026 813 425
Money-market paper	371 710 518	3 218 742 268
Due from banks	2 082 990 606	4 486 592 477
Due from clients	2 304 742 928	1 488 676 917
Mortgages	237 206 112	76 272 426
Trading balances in securities and precious metals	664 791 097	1 042 499 765
Financial investments	4 262 686 683	3 642 943 060
Non-consolidated participations	2 349 696	2 350 830
Tangible fixed assets	293 128 631	290 415 597
Intangible assets	185 744 628	114 000
Prepayments and accrued income	110 102 079	126 656 401
Other assets	671 270 863	682 220 191
Total assets	**17 982 621 003**	**18 084 297 357**
Total claims against unconsolidated holdings and qualifying holdings	**56 971 544**	**16 861 498**

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

	2011	2010
Liabilities		
Due to banks	698 995 700	1 140 680 681
Due to clients on savings and deposit accounts	2 008 932	2 223 079
Other amounts due to clients	14 856 509 693	13 667 372 168
Accruals and deferred income	195 745 065	212 863 141
Other liabilities	443 371 964	1 206 222 000
Value adjustments and provisions	79 995 749	66 150 592
Reserves for general banking risks	97 624 839	97 624 839
Share capital	300 000 000	300 000 000
Capital reserves	452 335 872	452 335 872
Reserves and retained earnings	680 000 351	722 413 476
Minority interests in shareholders' equity	–	674 928
Group profit	176 032 838	215 736 581
including minority shareholders' interests	–	153 172
Total liabilities	**17 982 621 003**	**18 084 297 357**

Total liabilities to unconsolidated participations and significant shareholders	**569 643 372**	**885 686 194**

OFF-BALANCE-SHEET TRANSACTIONS

	2011	2010
Contingent liabilities	416 811 158	331 570 727
Irrevocable commitments	475 260 570	662 822 000
Liabilities to pay in full and to make additional payments	36 907 064	–
Liabilities under deferred payment	25 022 011	31 651 054
Derivative instruments		
– Underlying amounts	48 841 191 755	43 418 556 538
– Positive replacement values	493 051 400	497 909 908
– Negative replacement values	356 927 216	478 958 902
Fiduciary transactions	5 430 176 189	1 256 342 900

CONSOLIDATED STATEMENT OF INCOME

Consolidated statement of ordinary income and expenses on banking operations	2011	2010
Interest income		
Interest and discount income	152 378 012	143 674 533
Interest and dividends from financial investments	53 371 914	39 497 291
Interest expenses	(42 668 929)	(21 631 802)
Net interest income	**163 080 997**	**161 540 022**
Fees and commissions		
Credit-related fees and commissions	2 930 204	3 493 731
Fees and commissions from securities and investment business	423 480 747	404 912 921
Other fees and commissions income	4 662 063	4 631 594
Commission expenses	(11 415 012)	(11 583 234)
Fees and commissions	**419 658 002**	**401 455 012**
Trading income	**163 273 762**	**194 507 303**
Other ordinary net income		
Gains on disposal of financial assets	1 848 457	909 687
Income from non-consolidated participations	1 444 808	1 526 665
Income from real estate	1 245 937	1 254 371
Other ordinary income	12 920 260	4 833 854
Other ordinary results	**17 459 462**	**8 524 577**
Total income	**763 472 223**	**766 026 914**
Operating expenses		
Personnel costs	(387 249 281)	(377 176 400)
General administrative expenses	(120 991 147)	(116 345 074)
Operating expenses	**(508 240 428)**	**(493 521 474)**
Operating profit	**255 231 795**	**272 505 440**

CONSOLIDATED STATEMENT OF INCOME

	2011	2010
Operating profit	255 231 795	272 505 440
Depreciation of fixed assets	(35 811 968)	(46 828 228)
Value adjustments, provisions and losses	(31 919 100)	(398 742 341)
Recoveries	–	143 220 000
Profit before extraordinary items and taxes	**187 500 727**	**(29 845 129)**
Extraordinary income	7 660 894	300 531 609
Extraordinary expenses	–	(40 000 000)
Taxes	(19 128 783)	(14 949 899)
Group profit	**176 032 838**	**215 736 581**
including minority shareholders' interests	–	153 172

CONSOLIDATED CASH FLOW STATEMENT

(in CHF thousands)	Financial year 2011 Source of funds	Use of funds	Financial year 2010 Source of funds	Use of funds
Cash flow from operations (internal financing)				
Group profit	176 033		215 737	
Depreciation of fixed assets	35 812		46 828	
Value adjustments and provisions	31 919		398 742	
Prepayments and accrued income	16 554			96
Accruals and deferred income		17 118		8 787
Other items		18 088		360 826
Dividend for the preceding financial year		258 000		255 000
General banking risks			40 000	
Balance		**32 888**	**76 598**	
Cash flow from equity transactions				
Minority shareholders' interests		810		363
Balance		**810**		**363**
Cash flow from transactions in fixed assets				
Participations	1		28	
Real estate		30	2 041	
Other tangible fixed assets		35 229		18 675
Intangible assets		188 896	6 351	
Balance		**224 154**		**10 255**

(in CHF thousands)	Financial year 2011 Source of funds	Use of funds	Financial year 2010 Source of funds	Use of funds
Cash flow from banking activities				
Medium- and long-term transactions (>1 year)				
Commitments to clients	140 000			27 899
Other liabilities		762 850	587 709	
Due from clients		123 164		
Mortgages	6 640		7 537	
Financial investments		7 873	79 358	
Other assets	10 949			235 017
Short-term transactions				
Due to banks		441 685	29 291	
Commitments to clients	1 048 923			2 606 456
Due on money-market paper	2 847 032			62 704
Due from banks	2 403 602			1 877 335
Due from clients		697 738	458 540	
Mortgages		162 738		
Trading balances in securities and precious metals	377 709			307 068
Financial investments		611 871	77 986	
Cash and cash equivalents				
Cash and cash equivalents		3 769 084	3 810 078	
Balance	**257 852**			**65 980**

APPENDIX TO THE CONSOLIDATED ACCOUNTS

VALUATION AND ACCOUNTING PRINCIPLES

Activities

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

Acquisition and merger with ABN AMRO Bank (Switzerland) AG

On 31 October 2011 UBP acquired 100% of the share capital of ABN AMRO Bank (Switzerland) AG. This was merged into UBP on 12 December 2011 with retroactive effect from 31 October 2011. Based on ABN AMRO's audited interim accounts as at 31 October 2011, UBP acquired assets totalling CHF 1,730,529,203 and liabilities totalling CHF 1,426,179,497. Net assets acquired by UBP thus total CHF 304,349,706.

The integration of ABN AMRO into the Group's consolidated accounts as well as into individual UBP accounts has taken place in line with the acquisition method, i.e. the statement of income only includes ABN AMRO data from the date of its merger/acquisition, namely 31 October 2011.

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 executed 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 day they are executed.

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:

	31.12.11	31.12.10
USD	0.93510	0.9390
GBP	1.45328	1.4500
EUR	1.21389	1.2450

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

Repos and reverse repos and securities lending and borrowing are shown on 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 assets

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

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

– buildings	67 years
– fixtures and fittings	8 years
– computer programs, IT and telecoms facilities	3 to 10 years

Intangible assets

If, when acquiring a business, the costs of acquisition are higher than the net assets acquired, the difference represents the acquired goodwill. The goodwill is capitalized in the balance sheet and amortized linearly over the estimated useful life. As a general rule, the useful life does not exceed ten years.

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 Group 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 Risk Committee (formulation and implementation of risk management strategies)
- Risk control, primarily by the independent Group Risk Management unit, as well as the Compliance Desk, and the Credit Control Department.

Risk monitoring is carried out in the Group's various divisions, namely, Treasury & Trading, Private Banking and Asset Management, and includes:

a) firm-wide independent risk oversight, risk alert systems and crisis scenarios;
b) governance and risk vision;
c) market, credit 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
- Risk-adjusted performance measurement (RAPM)

and validated by backtesting.

Daily consolidated market risk, "value at risk" and RAPM reporting is produced by Group 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 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 Desk.

The ALCO is in charge of final ALM decision-making within the policy and framework established by the Committee of the Board of Directors and the Executive Committee, and meets once a month or ad interim if necessary. The role of the ALCO 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.

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:

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

Group Risk Management generates specific daily and consolidated monthly ALM risk reports for analysis and decision making by the Group's top management. A consolidated ALM market risk report is submitted to the Board of Directors, the Executive Committee, the Risk Committee and respective departments each month.

On 31 December 2011, the ALM market risk exposure based on an +/-100bp shift in the interest rates on the Bank's assets and income amounted to CHF 27 million and CHF 10.8 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.

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 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 and the fixing of an adequate loan rate.

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

In 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, Standard & Poor's 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 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 are defined from the Committee of the Board and the Executive Committee down to the Head of Operating Units and the Risk Control Units (Group 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
– Risk Committee
– Independent Control Units (Group 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.

NOTES TO THE CONSOLIDATED BALANCE SHEET

LOAN AND OFF-BALANCE-SHEET TRANSACTION COLLATERAL

(in CHF thousands)	Type of collateral: Mortgage guarantees	Other guarantees	Uncollat-eralised	Total
Loans				
Due from clients		2 288 031	16 712	2 304 743
Mortgages	237 206			237 206
Residential buildings	220 842			220 842
Other	16 364			16 364
Total loans				
Financial year 2011	**237 206**	**2 288 031**	**16 712**	**2 541 949**
Financial year 2010	**76 272**	**1 331 617**	**157 060**	**1 564 949**
Off-balance-sheet				
Contingent liabilities		416 811		416 811
Irrevocable commitments	1 733	465 861	7 667	475 261
Liabilities to pay in full and to make additional payments		36 907		36 907
Liabilities under deferred payments		25 022		25 022
Off-balance-sheet total				
Financial year 2011	**1 733**	**944 601**	**7 667**	**954 001**
Financial year 2010		**1 026 044**		**1 026 044**

Non-performing loans	Gross amount	Estimated realisable value of collateral	Net amount	Individual value adjustments
Financial year 2011	**33 603**	**969**	**32 634**	**32 634**
Financial year 2010	**37 226**	**1 588**	**35 638**	**35 638**

TRADING BALANCES IN SECURITIES AND PRECIOUS METALS

(in CHF thousands)	2011	2010
Trading balances in securities and precious metals		
Shares and similar securities and rights	370 868	900 819
Precious metals	293 923	141 681
Total trading balances in securities and precious metals	**664 791**	**1 042 500**
Including securities on deposit according to the liquidity rules	–	–

FINANCIAL INVESTMENTS

	Book value		Fair value*	
(in CHF thousands)	2011	2010	2011	2010
Total debt securities	**3 108 394**	**3 265 498**	**3 097 115**	**3 275 517**
of which valued according to the accrual method	3 108 394	3 265 498	3 097 115	3 275 517
including floating-rate bonds	560 023	766 188	551 303	771 783
Equity shares	**96 582**	**45 944**	**99 904**	**53 994**
Precious metals	**1 057 711**	**331 501**	**1 057 711**	**331 501**
Total	**4 262 687**	**3 642 943**	**4 254 730**	**3 661 012**
of which securities rediscounted or accepted as collateral by central banks	1 301 998	1 961 523		

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

PARTICIPATIONS

(in CHF thousands)	2011	2010
Participations		
Without market value	2 350	2 351
Total participations	**2 350**	**2 351**

SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

Name, registered office	Activities	Capital (in thousands)		Ownership/ votes %
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	400	100%
UBP Asset Management (Bermuda) Ltd., Bermuda	Asset management	USD	12	100%
Union Bancaire Privée (Bahamas) Ltd., Nassau	Asset management bank	CHF	15 000	100%
Union Bancaire Privée (Luxembourg) SA, Luxembourg	Asset management bank	CHF	21 000	100%

The ownership rates were identical to those recorded as at 31 December 2010.

FIXED ASSETS

(in CHF thousands)	**Acquisition value**	**Cumulative depreciation**	**Book value as at 31 December 2010**	Integration of ABN AMRO	Additions	Disposals and currency translation differences	Depreciation	**Book value as at 31 December 2011**
Participations								
Other participations	2 569	(218)	2 351			(1)		2 350
Total participations	**2 569**	**(218)**	**2 351**			**(1)**		**2 350**
Real estate								
Real estate used by the Bank	326 167	(104 393)	221 774			30	(4 911)	216 893
Other real estate	11 493	(965)	10 528				(192)	10 336
Other tangible fixed assets	78 701	(52 578)	26 123	9 152	6 391	(1 116)	(8 321)	32 229
Other	78 937	(46 946)	31 991		20 536	266	(19 122)	33 671
Total tangible fixed assets	**495 298**	**(204 882)**	**290 416**	**9 152**	**26 927**	**(820)**	**(32 546)**	**293 129**
Goodwill					189 010		(3 265)	185 745
Other intangible assets	120	(6)	114			(114)		–
Total intangible assets	**120**	**(6)**	**114**		**189 010**	**(114)**	**(3 265)**	**185 745**
Fire insurance value of real estate			111 690					111 980
Fire insurance value of other tangible fixed assets			224 479					276 543

OTHER ASSETS AND OTHER LIABILITIES

(in CHF thousands)	Other assets		Other liabilities	
	2011	2010	2011	2010
Replacement values of derivative instruments	493 051	497 910	356 927	478 959
Netting account			10 653	249 462
Other assets and liabilities	178 220	184 310	75 792	477 801
Total other assets and other liabilities	**671 271**	**682 220**	**443 372**	**1 206 222**

ASSETS PLEDGED OR ASSIGNED AS GUARANTEE OF THE BANK'S COMMITMENTS AND ASSETS SUBJECT TO RESERVATION OF TITLE

(in CHF thousands)	2011	2010
Book value of assets pledged or assigned as guarantee	338 447	311 706
Firm commitments	251 931	–

SECURITIES LENDING AND REPO TRANSACTIONS

(in CHF thousands)	2011	2010
Commitments resulting from cash received during securities lending or repo transactions	480 000	–
Securities held for the Bank's own account, lent or transferred as surety in connection with securities borrowing or repo transactions	480 473	–
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		2 034 714
including the above assigned or pledged securities	–	–

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, the United Kingdom, the USA, 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 plan were as follows:

Pension costs for the period under review

(in CHF thousands)	2011	2010
Contributions to defined-contribution pension funds	25 213	29 979
Total pension expenses	**25 213**	**29 979**
Commitments to the pension funds’ capital base:		
– in relation to pension contributions	**–**	**–**
– as custodian bank	**55 002**	**66 320**

Pension commitments are as follows:

(in CHF millions)	2011	2010
Net assets of the pension fund at market value	789	567
Present value of benefits due	(822)	(599)
Surplus (deficit)	(33)	(32)

VALUE ADJUSTMENTS AND PROVISIONS – RESERVES FOR GENERAL BANKING RISKS

(in CHF thousands)	Position as at 31 December 2010	Use and dissolution of reserve in accordance with its purpose	Change in scope*	Recoveries, doubtful interest, currency differences	New reserves charged to the statement of income	Dissolution credited to the statement of income	Position as at 31 December 2011
Value adjustments and provisions for default risk (counterparty and country risk)	44 637	(2 574)	342	(719)	15	(68)	41 633
Value adjustments and provisions for other operating risks	57 152	(13 477)	5 233	603			49 511
Provision for restructuring					21 486		21 486
Sub-total	**101 789**	**(16 051)**	**5 575**	**(116)**	**21 501**	**(68)**	**112 630**
Total value adjustments and provisions	**101 789**	**(16 051)**	**5 575**	**(116)**	**21 501**	**(68)**	**112 630**
after deduction of: value adjustments directly offset against assets	(35 638)						(32 634)
Total value adjustments and provisions as per the balance sheet	**66 151**						**79 996**
Reserves for general banking risks	**97 625**						**97 625**

* Purchase of ABN AMRO

STATEMENT OF SHAREHOLDERS' EQUITY

(in CHF thousands)

Shareholders' equity as at 1 January 2011	
Share capital	300 000
Capital reserves	452 336
Reserves and retained earnings	722 413
Reserves for general banking risks	97 625
Minority interests in shareholders' equity	675
Group profit for the financial year 2010	215 737
Total shareholders' equity as at 1 January 2011	**1 788 786**
Dividend	(258 000)
Difference on currency conversion	(17)
Variation in reserves for general banking risks	20
Variation in reserves and retained earnings	(828)
Group profit for the financial year 2011	176 033
Total shareholders' equity as at 31 December 2011	**1 705 994**
Comprising: Share capital	300 000
Capital reserves	452 336
Reserves and retained earnings	680 000
Reserves for general banking risks	97 625
Group profit	176 033

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	6 796						6 796
Due on money-market paper	19		94	259			372
Due from banks	1 054		1 029				2 083
Due from clients		590	1 299	292	124		2 305
Mortgages		34	150	17	10	26	237
Trading balances in securities and precious metals	665						665
Financial investments	1 118		350	1 084	1 582	129	4 263
Total current assets							
Financial year 2011	**9 652**	**624**	**2 922**	**1 652**	**1 715**	**155**	**16 721**
Financial year 2010	**5 224**	**401**	**7 549**	**2 063**	**1 746**		**16 983**
Liabilities							
Due to banks	190		509				699
Due to clients on savings and deposit accounts	2						2
Other amounts due to clients	12 261		2 119	311	166		14 857
Total liabilities							
Financial year 2011	**12 453**		**2 628**	**311**	**166**		**15 558**
Financial year 2010	**11 659**		**2 774**	**351**	**26**		**14 810**

RECEIVABLES FROM, AND PAYABLES TO, QUALIFIED PARTICIPANTS AND RELATED COMPANIES, AND CREDIT TO DIRECTORS AND SENIOR EXECUTIVES

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)	2011	2010
Qualified participants		
Due from clients	56 972	16 861
Due to clients	569 643	885 686
Interest received	35	64
Interest paid	1 557	769
Commissions received	321	185
Commissions paid	2 000	2 000
Related companies		
Due to clients	19	18
Directors and Senior Executives		
Due from clients	49 625	15 913
Interest received	152	146

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 ASSETS AND LIABILITIES IN SWITZERLAND AND ABROAD

(in CHF millions)	Financial year 2011 Domestic	Foreign	Financial year 2010 Domestic	Foreign
Assets				
Cash and cash equivalents	6 795	1	3 026	1
Due on money-market paper		372	2 660	559
Due from banks	164	1 919	2 404	2 083
Due from clients	152	2 153	99	1 390
Mortgages	119	118	11	65
Trading balances in securities and precious metals	305	360	182	860
Financial investments	1 545	2 718	332	3 311
Participations	2		2	
Tangible fixed assets	272	21	268	22
Intangible assets	183	3		
Prepayments and accrued income	33	77	12	115
Other assets	391	280	162	520
Total assets	**9 961**	**8 022**	**9 158**	**8 926**
Liabilities				
Due to banks	492	207	981	160
Due to clients on savings and deposit accounts	1	1	1	1
Other amounts due to clients	1 768	13 089	1 337	12 330
Accruals and deferred income	132	64	119	94
Other liabilities	326	117	801	405
Value adjustments and provisions	80		64	2
Reserves for general banking risks	93	5	93	5
Share capital	300		300	
Capital reserves	452		452	
Reserves and retained earnings	680		722	
Minority interests			1	
Group profit	176		216	
Total liabilities	**4 500**	**13 483**	**5 087**	**12 997**

TOTAL ASSETS AND LIABILITIES BY CURRENCY (IN THE MAIN CURRENCIES USED BY THE BANK)

(in CHF millions)	CHF	EUR	USD	Other	Total
Assets					
Cash and cash equivalents	6 788	6	1	1	6 796
Due on money-market paper		17	253	102	372
Due from banks	111	716	458	798	2 083
Due from clients	253	472	1 118	462	2 305
Mortgages	134	1	28	74	237
Trading balances in securities and precious metals	9	98	166	392	665
Financial investments	971	1 086	1 023	1 183	4 263
Participations	2				2
Tangible fixed assets	270	1	5	17	293
Intangible assets	184	1		1	186
Prepayments and accrued income	31	34	40	5	110
Other assets	435	36	176	24	671
Total positions carried as assets	**9 188**	**2 468**	**3 268**	**3 059**	**17 983**
Delivery claims resulting from spot, forward and option transactions	**2 247**	**9 981**	**18 326**	**3 515**	**34 069**
Total assets	**11 435**	**12 449**	**21 594**	**6 574**	**52 052**
Liabilities					
Due to banks	493	40	106	60	699
Due to clients on savings and deposit accounts	2				2
Other amounts due to clients	2 154	2 716	7 303	2 684	14 857
Accruals and deferred income	129	10	42	15	196
Other liabilities	327	31	84	1	443
Value adjustments and provisions	75			5	80
Reserves for general banking risks	98				98
Share capital	300				300
Capital reserves	452				452
Reserves and retained earnings	680				680
Group profit	176				176
Total positions carried as liabilities	**4 886**	**2 797**	**7 535**	**2 765**	**17 983**
Delivery commitments resulting from spot, forward and option transactions	**6 569**	**9 647**	**14 045**	**3 808**	**34 069**
Total liabilities	**11 455**	**12 444**	**21 580**	**6 573**	**52 052**
Net position by currency	**(20)**	**5**	**14**	**1**	**0**

NOTES ON OFF-BALANCE-SHEET TRANSACTIONS

CONTINGENT LIABILITIES

(in CHF thousands)	2011	2010
Irrevocable guarantees[1]	364 694	286 858
Irrevocable commitments[2]	52 117	44 713
Total	**416 811**	**331 571**

[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] Irrevocable commitments resulting from documentary credits.

IRREVOCABLE COMMITMENTS

(in CHF thousands)	2011	2010
Loan commitments and pledges	475 261	662 822
Total	**475 261**	**662 822**

LIABILITIES UNDER DEFERRED PAYMENT

(in CHF thousands)	2011	2010
Deferred payments	25 022	31 651
Total	**25 022**	**31 651**

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				64 660	8 013	2 895 634
Futures	29 757	26 334	3 867 775			
Currency/Precious metals						
Forwards	251 525	258 357	28 550 781			
Swaps				113 016	37 334	10 324 811
Futures	1 816	1 816	57 898			
Options (OTC)	37 971	31 776	2 507 763			
Equity securities/Stock-index derivatives						
Swaps	1 290	83	81 518			
Futures	1 870	1 795	540 111			
Other						
Futures	176	176	14 901			
Total before impact of netting agreements						
Financial year 2011	**324 132**	**320 337**	**35 620 747**	**177 676**	**45 347**	**13 220 445**
Financial year 2010	**439 576**	**608 460**	**38 548 081**	**112 114**	**52 492**	**4 870 476**

	Positive replacement values (accrued)	Negative replacement values (accrued)
Total after impact of netting agreements		
Financial year 2011	**493 051**	**356 927**
Financial year 2010	**497 910**	**478 959**

FIDUCIARY TRANSACTIONS

(in CHF thousands)	2011	2010
Fiduciary placements with third-party banks	4 155 595	1 242 431
Fiduciary loans and other financial fiduciary transactions	1 274 581	13 912
Total	**5 430 176**	**1 256 343**

ASSETS UNDER MANAGEMENT

(in CHF millions)	2011	2010
Assets held by funds managed by the Bank	10 206	13 115
Assets under discretionary management mandates	13 361	11 515
Other assets under management	48 085	40 201
Total administered assets	**71 652**	**64 831**
including those counted twice	4 636	5 894
Net inflows (outflows) of money	11 186	(5 614)

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 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.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

	2011	2010
Interest income		
Interest income from banks and clients	130 962 320	131 326 133
Interest on negotiable instruments and money-market paper	15 847 015	8 759 702
Net interest on capital employed in trading portfolios	5 568 677	3 588 698
Interest and dividend income from financial investments	53 371 914	39 497 291
Total	**205 749 926**	**183 171 824**

Profit on trading operations		
Income from currency trading and metals	166 953 406	186 685 045
Trading in securities (less funding costs)	(3 679 644)	7 822 258
Total	**163 273 762**	**194 507 303**

Personnel costs		
Salaries and related costs	320 722 000	307 396 343
Social charges	18 811 540	18 653 166
Contributions to pension funds	26 384 090	30 714 467
Other personnel expenses	21 331 651	20 412 424
Total	**387 249 281**	**377 176 400**

General administrative expenses		
Cost of office space	25 215 892	20 211 332
Cost of computer equipment, machines, furnishings, etc.	26 407 100	22 616 534
Other operating expenses	69 368 155	73 517 208
Total	**120 991 147**	**116 345 074**

Extraordinary income

Extraordinary income is generated by the sale of a business.

OPERATING PROFIT BY LOCATION

(in CHF thousands)	Financial year 2011 Domestic	Foreign	Financial year 2010 Domestic	Foreign
Net interest income	96 454	66 627	67 899	93 641
Net fees and commissions income	254 088	165 570	279 973	121 482
Net trading income	152 022	11 252	172 698	21 809
Gains (losses) on disposals of financial assets	662	1 186	117	793
Other ordinary net income	7 848	7 763	8 826	(1 211)
Total operating income	**511 074**	**252 398**	**529 513**	**236 514**
Personnel costs	308 403	78 846	292 819	84 358
Other operating expenses	94 875	26 116	80 761	35 584
Total operating expenses	**403 278**	**104 962**	**373 580**	**119 942**
Operating profit	**107 796**	**147 436**	**155 933**	**116 572**

CONSOLIDATED REGULATORY CAPITAL AS AT 31 DECEMBER 2011

Pursuant to the capital adequacy ordinance of 29 September 2006, calculation of the regulatory capital (Basel 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 13 under “Consolidated holdings”). The main investments included in calculating the regulatory capital are recorded in this report on page 24 under “Significant investments in subsidiaries”.

ELIGIBLE CAPITAL

(in CHF thousands)	**31 December 2011**	**31 December 2010**
Gross Tier 1 capital (after deduction of shares and similar securities and rights)	1 528 311	1 528 786
./. items for deduction from Tier 1 capital	(185 745)	(114)
= eligible capital	**1 342 566**	**1 528 672**

CAPITAL REQUIRED AS AT 31 DECEMBER

(in CHF thousands)	Approach used	Capital requirement
Credit risks	SA-CH	232 695
of which price risk related to shares and similar securities and rights in the banking book		10 410
Non-counterparty-related risk	SA-CH	79 732
Market risk related to	Standard	41 530
– interest-rate instruments		4 083
– shares and similar securities and rights		33 444
– currency and precious metals		2 564
– commodities		190
Operational risks	Standard	131 646
Total		**485 603**
Ratio of eligible capital to capital required according to Swiss law		2.8

BIS ratios	
Eligible capital	22.1%

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	**Total**
Loan commitments (as at closure)							
Due from banks	16	2 067					2 083
Due from clients	91	596	24	822	772		2 305
Mortgages		3		92	142		237
Financial investments/ debt securities	738	1 626	72	1 092		63	3 591
Other assets/VRP	10	271	2	174	324		781
Balance-sheet total as at 31.12.2011	**855**	**4 563**	**98**	**2 180**	**1 238**	**63**	**8 997**
Balance-sheet total as at 31.12.2010	**6 140**	**4 607**	**157**	**1 419**	**1 022**	**63**	**13 413**
Off-balance-sheet transactions							
Contingent liabilities Liabilities under deferred payments	4	115	7	132	113		371
Irrevocable commitments				113	22		135
Additional charges	4	119	1	44	7		175
Value adjustments and provisions					(9)		(9)
Off-balance-sheet total as at 31.12.2011	**8**	**234**	**8**	**289**	**133**		**672**
Off balance-sheet total as at 31.12.2010	**13**	**154**	**6**	**341**	**142**		**656**

(in CHF millions)	Secured by approved financial collateral (within the meaning of the rules applying to equity capital)	Other loan commitments	Unsecured	**Total**
Loan commitments (as at closure)				
Due from banks			2 083	2 083
Due from clients	2 288		17	2 305
Mortgages	16	221		237
Financial investments/debt securities			3 591	3 591
Other assets/VRP	229		552	781
Balance-sheet total as at 31.12.2011	**2 533**	**221**	**6 243**	**8 997**
Balance-sheet total as at 31.12.2010	**1 446**	**76**	**11 891**	**13 413**
Off-balance-sheet transactions				
Contingent liabilities and liabilities under deferred payments	371			371
Irrevocable commitments	127		8	135
Add-ons (derivatives)	52		123	175
Value adjustments and provisions			(9)	(9)
Off-balance-sheet total as at 31.12.2011	**550**		**122**	**672**
Off-balance-sheet total as at 31.12.2010	**565**		**91**	**656**

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

CREDIT RISK SEGMENTATION

(in CHF millions)	0%	20–25%	35%	50%	75%	100%	125%	150%	250%	**Total**
	Regulatory risk weightings									
Loan commitments										
Balance sheet/loans										
Due from banks	88	1 995								2 083
Due from clients	1 890		7	4	33	364		7		2 305
Mortgages	17		186		16	18				237
Financial investments/ debt securities	737	1 875		613	26	172	21	102	45	3 591
Other assets/ VRP	232	184	1	34	12	294		24		781
Balance-sheet total as at 31.12.2011	**2 964**	**4 054**	**194**	**651**	**87**	**848**	**21**	**133**	**45**	**8 997**
Balance-sheet total as at 31.12.2010	**7 556**	**4 496**	**55**	**496**	**29**	**713**	**14**		**54**	**13 413**
Off-balance-sheet transactions										
Contingent liabilities and liabilities under deferred payments	321	6		1	3	40				371
Irrevocable commitments						135				135
Add-ons (derivatives)	52	101		4	3	12		3		175
Value adjustments and provisions					(9)					
Off-balance-sheet total as at 31.12.2011	**373**	**107**		**5**	**(3)**	**187**		**3**		**672**
Off-balance-sheet total as at 31.12.2010	**341**	**85**		**1**	**(6)**	**235**				**656**

CREDIT RISK BY GEOGRAPHIC REGION

(in CHF millions)	Switzerland	Oceania	North America	South America	Europe	Caribbean offshore centres	Asia	Africa	**Total**
Loan commitments (as at closure)									
Balance sheet/loans									
Due from banks	164	14	149	7	1 647	2	99	1	2 083
Due from clients	297	42	261	156	904	470	131	44	2 305
Mortgages	119		3		30	85			237
Financial investments/ debt securities	489	116	672	10	2 187	42	54	21	3 591
Other assets/VRP	161	4	55	3	298	238	20	2	781
Balance-sheet total as at 31.12.2011	**1 230**	**176**	**1 140**	**176**	**5 066**	**837**	**304**	**68**	**8 997**
Balance-sheet total as at 31.12.2010	**5 375**	**141**	**929**	**76**	**5 963**	**598**	**294**	**37**	**13 413**
Off-balance-sheet transactions									
Contingent liabilities and liabilities under deferred payments	91	4	14	10	72	154	12	14	371
Irrevocable commitments	24		1		55	55			135
Add-ons	67	1	5	1	79	17	4	1	175
Value adjustments and provisions	(9)								(9)
Off-balance-sheet total as at 31.12.2011	**173**	**5**	**20**	**11**	**206**	**226**	**16**	**15**	**672**
Off-balance-sheet total as at 31.12.2010	**93**	**4**	**23**	**8**	**231**	**267**	**17**	**13**	**656**

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 2011**	**Total 2010**
Loans to clients	1				31	2			**34**	**37**
Individual value adjustments	1				31	1			**33**	**36**

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 6 to 44) for the year ended 31st December 2011.

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 2011 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, 2 March 2012

Ernst & Young Ltd
Jérôme Desponds
Licensed audit expert
Auditor in charge

Didier Müller
Licensed audit expert

2011 ANNUAL FINANCIAL STATEMENT

BALANCE SHEET AS AT 31 DECEMBER

	2011	2010
Assets		
Cash and cash equivalents	6 795 244 531	3 026 234 628
Money-market paper	371 710 518	3 125 761 756
Due from banks	2 148 452 594	4 456 259 584
Due from clients	2 364 455 149	1 650 715 018
Mortgages	236 641 238	76 033 386
Trading balances in securities and precious metals	656 493 012	1 033 939 575
Financial investments	4 088 919 240	3 642 571 676
Participations	115 834 534	98 737 781
Tangible fixed assets	201 944 483	198 220 969
Intangible assets	183 212 980	–
Prepayments and accrued income	81 243 269	63 576 135
Other assets	524 563 662	529 904 430
Total assets	**17 768 715 210**	**17 901 954 938**
Total subordinated receivables	**13 365 853**	**13 627 392**
Total receivables from Group companies and qualified participants	**375 891 221**	**276 257 781**

BALANCE SHEET AS AT 31 DECEMBER

	2011	2010
Liabilities		
Due to banks	1 739 661 621	2 031 695 733
Due to clients on savings and deposit accounts	2 008 932	2 223 079
Other amounts due to clients	13 909 827 066	12 834 058 563
Accruals and deferred income	142 325 455	117 106 700
Other liabilities	453 868 326	1 202 485 917
Value adjustments and provisions	139 023 692	126 997 365
Share capital	300 000 000	300 000 000
Legal reserves	611 435 872	587 135 872
Reserves from capital contribution	415 000 000	415 000 000
Other reserves	1 500 000	1 500 000
Profit brought forward	1 451 709	51 392 944
Annual profit	52 612 537	232 358 765
Total liabilities	**17 768 715 210**	**17 901 954 938**

Total liabilities to Group companies and qualified participants	**1 724 415 423**	**1 878 741 097**

OFF-BALANCE-SHEET TRANSACTIONS AS AT 31 DECEMBER

	2011	2010
Contingent liabilities	400 743 297	307 661 197
Irrevocable commitments	470 399 570	662 822 000
Liabilities to pay in full and to make additional payments	34 725 779	–
Liabilities under deferred payments	25 022 011	31 651 054
Derivative instruments		
– Underlying amount	48 857 228 812	42 698 239 302
– Positive replacement value	494 229 715	498 393 809
– Negative replacement value	358 122 685	479 864 783
Fiduciary transactions	4 163 243 633	1 256 342 900

STATEMENT OF INCOME

	2011	2010
Income and expenditure from ordinary banking operations		
Net interest income		
Interest and discount income	150 090 844	144 022 139
Interest and dividends from financial investments	52 737 364	39 497 291
Interest expenses	(44 099 219)	(21 774 192)
Net interest income	**158 728 989**	**161 745 238**
Fees and commissions		
Credit-related fees and commissions	2 900 072	3 461 995
Commission income on securities trading and investments	273 814 770	285 106 504
Commission income on other services	4 262 974	4 085 586
Commission expenses	(32 827 570)	(11 587 660)
Fees and commissions	**248 150 246**	**281 066 425**
Trading income	**161 707 747**	**194 145 495**
Other ordinary net income		
Gains (losses) on disposals of financial assets	1 828 117	909 687
Income from permanent investments	1 444 808	54 794 878
Income from real estate	1 245 937	1 254 371
Other ordinary income	15 790 030	12 201 781
Other ordinary expenses	(9 272 115)	(8 364 380)
Other ordinary net income	**11 036 777**	**60 796 337**
Total income	**579 623 759**	**697 753 495**
General administrative expenses		
Personnel costs	(328 569 136)	(329 333 563)
Other operating expenses	(106 882 686)	(101 365 469)
Operating expenses	**(435 451 822)**	**(430 699 032)**
Operating profit	**144 171 937**	**267 054 463**

STATEMENT OF INCOME

	2011	2010
Operating profit	144 171 937	267 054 463
Depreciation of fixed assets	(77 505 942)	(27 684 405)
Value adjustments, provisions and losses	(18 898 966)	(438 695 860)
Recoveries		142 784 363
Profit before extraordinary items and taxes	**47 767 029**	**(56 541 439)**
Extraordinary income	8 637 884	300 066 182
Taxes	(3 792 376)	(11 165 978)
Annual profit	**52 612 537**	**232 358 765**

Proposal of the Board

Net profit available for distribution amounts to CHF 54 064 246:

Distribution of profit

	2011	2010
Annual profit	52 612 537	232 358 765
Profit brought forward from prior years	1 451 709	51 392 944
Total	**54 064 246**	**283 751 709**
The following distribution is proposed to the General Meeting of Shareholders:		
– Contribution to legal reserves	3 500 000	24 300 000
– Distributions to shareholders	70 000 000	258 000 000
– Of which covered by drawing on legal reserves	(20 000 000)	–
Profit carried forward	**564 246**	**1 451 709**

APPENDIX TO THE 2011 ANNUAL FINANCIAL STATEMENT

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.

On 10 January 2011, effective retroactively from 1 January 2011, the assets and liabilities of Union Bancaire Privée, Luxembourg branch, were transferred to Union Bancaire Privée (Luxembourg) S.A., a wholly owned subsidiary. Following the inflows mentioned above, the capital of Union Bancaire Privée (Luxembourg) S.A. was increased from CHF 20 020 000 to CHF 21 000 000 with a share premium of CHF 41 020 000.

OTHER ASSETS AND OTHER LIABILITIES

	Other assets		Other liabilities	
(in CHF thousands)	**2011**	**2010**	**2011**	**2010**
Replacement values of derivative instruments	494 230	498 394	358 123	479 865
Netting account			10 653	249 074
Other assets and liabilities	30 334	31 510	85 092	473 547
Total other assets and other liabilities	**524 564**	**529 904**	**453 868**	**1 202 486**

ASSETS PLEDGED OR ASSIGNED AS GUARANTEE OF THE BANK'S COMMITMENTS AND ASSETS SUBJECT TO RESERVATION OF TITLE

(in CHF thousands)	**2011**	**2010**
Book value of assets pledged or assigned as guarantee	338 447	311 706
Firm commitments	251 931	–

SECURITIES LENDING AND REPO TRANSACTIONS

(in CHF thousands)	**2011**	**2010**
Commitments resulting from cash received during securities lending or repo transactions	480 000	
Securities held for the Bank's own account, lent or transferred as surety in connection with securities borrowing or repo transactions	480 473	–
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	–	2 034 714
including the above assigned or pledged securities	–	–

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)	2011	2010
Contributions to defined-contribution pension funds	22 502	28 115
Total pension expenses	**22 502**	**28 115**
Commitments to the pension funds' capital base:		
– in relation to pension contributions	**–**	**–**
– as custodian bank	**55 002**	**66 320**

Pension commitments are as follows:

(in CHF millions)	2011	2010
Net assets of the pension fund at market value	789	567
Present value of benefits due	(822)	(599)
Surplus (deficit)	(33)	(32)

VALUE ADJUSTMENTS AND PROVISIONS

(in CHF thousands)	**Position as at 31 December 2010**	Used according to purpose	Change in scope*	Recoveries, doubtful interest, currency differences	New reserves charged to the statement of income	Dissolution of reserves credited to the statement of income	**Position as at 31 December 2011**
Value adjustments and provisions for default risk (counterparty and country risk)	116 240	(69 568)	(1 748)	(723)		(68)	44 133
Value adjustments and provisions for other operating risks	57 118	(13 476)	5 233	603			49 478
Provision for restructuring					21 486		21 486
Other provisions	60 879		(1 819)				59 060
Total value adjustments and provisions	**234 237**	**(83 044)**	**1 666**	**(120)**	**21 486**	**(68)**	**174 157**
after deduction of: value adjustments directly offset against assets	(107 240)						(35 133)
Total value adjustments and provisions as per the balance sheet	**126 997**						**139 024**

* Transfer of Luxembourg branch and purchase of ABN AMRO.

SHARE CAPITAL

(in CHF thousands)

	Financial year 2011 Total nominal value	Number of shares	Dividend-bearing capital	**Financial year 2010** 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

		2011		**2010**
	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 96.39% of CBI Holding SA voting rights and 86.16% of its share capital.

STATEMENT OF SHAREHOLDERS' EQUITY

(in CHF thousands)

Shareholders' equity as at 1 January 2011	
Share capital	300 000
Legal reserve	1 002 136
Other reserves	1 500
Retained earnings	283 752
Total shareholders' equity as at 1 January 2011	**1 587 388**
Dividend	(258 000)
Annual profit	52 613
Total shareholders' equity as at 31 December 2011	**1 382 001**
Comprising: Share capital	300 000
Legal reserve	1 026 436
Other reserves	1 500
Retained earnings carried forward	1 452
Balance-sheet profit	52 613

RECEIVABLES FROM, AND PAYABLE TO, QUALIFIED PARTICIPANTS AND RELATED COMPANIES, AND CREDIT TO DIRECTORS AND SENIOR EXECUTIVES

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)	2011	2010
Qualified participants		
Due from clients	56 972	16 861
Due to clients	567 580	883 625
Interest received	35	64
Interest paid	1 557	769
Commission received	321	185

(in CHF thousands)	2011	2010
Group companies		
Due from clients	318 919	259 397
Due to clients	1 156 835	995 116
Interest received	1 288	2 038
Interest paid	3 784	843
Commission received	20 332	23 567
Recoveries	–	142 784
Related companies		
Due to clients	19	18
Directors and Senior Executives		
Due from clients	49 625	15 913
Interest received	152	146

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.

FIDUCIARY TRANSACTIONS

(in CHF thousands)	2011	2010
Fiduciary placements with other banks	4 155 595	1 242 431
Fiduciary loans and other financial fiduciary transactions	7 649	13 912
Total	**4 163 244**	**1 256 343**

TRADING INCOME

	2011	2010
Income from currency trading and metals	165 030 873	186 601 057
Trading in securities (less funding costs)	(3 323 126)	7 544 438
Total	**161 707 747**	**194 145 495**

Extraordinary income

Extraordinary income is generated by the sale of a business.

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 46 to 58) for the year ended 31st December 2011.

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 2011 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, 2 March 2012

Ernst & Young Ltd

Jérôme Desponds	**Didier Müller**
Licensed audit expert	Licensed audit expert
Auditor in charge	