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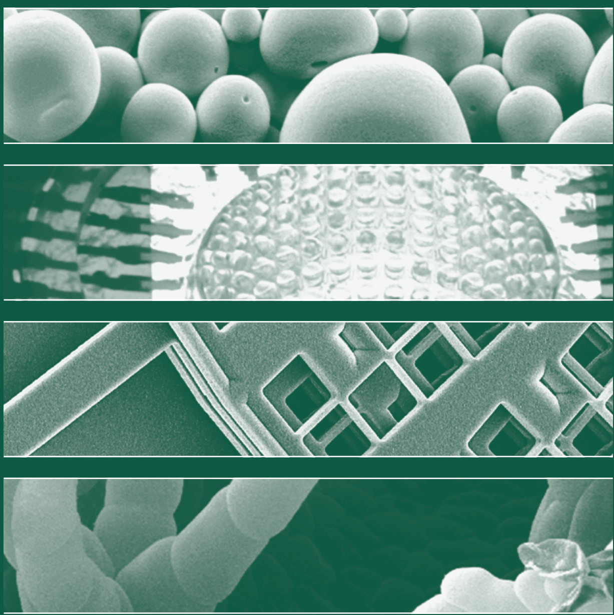
UNION BANCAIRE PRIVÉE



FINANCIAL REPORT 2014

58th ANNUAL REPORT

FINANCIAL REPORT
2014

FINANCIAL HIGHLIGHTS OF THE GROUP

(in CHF millions)	Financial year 2014	Financial year 2013	Variation in CHF millions	Variation in %
Net profit	165	152	13	8.6
Gross profit	255	218	37	17.0
Client assets (in CHF billions)	98.7	87.7	11.0	12.5
Total operating income	**774**	**694**	**80**	**11.5**
Net interest income	155	139	16	11.5
Net fees and commissions income	518	461	57	12.4
Net trading income	87	84	3	3.6
Total operating expenses	**520**	**475**	**45**	**9.5**
Personnel costs	388	352	36	10.2
Other operating expenses	132	123	9	7.3
Depreciation, value adjustments, provisions and losses	98	219	-121	-55.3
Total assets	**20 203**	**18 387**	**1 816**	**9.9**
Shareholders’ equity	1 755	1 668	87	5.2
Share capital	300	300	–	–
Capital reserves	307	307	–	–
Reserves and retained earnings	983	896	87	9.7
Reserves for general banking risks	165	165	–	–
Staff members (as at 31 December)	1 308	1 341	-33	-2.5
Net profit per staff member (in CHF thousands)	126	113	13	11.5
Operating cost/income ratio	67.1%	68.5%	–	–
Cost/income ratio after depreciation	76.5%	81.4%	–	–
Return on equity (ROE)	9.2%	8.5%	–	–
Shareholders’ equity/total assets	8.7%	9.1%	–	–
BIS ratio (Basel III)	29.0%	29.0%	–	–

CONSOLIDATED BALANCE SHEET 2014

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

	2014	2013
Assets		
Cash and cash equivalents	4 999 138 841	4 997 622 200
Money-market paper	107 859 310	292 450 553
Due from banks	2 228 397 281	1 772 839 831
Due from clients	4 007 107 944	3 208 101 405
Mortgages	650 813 846	378 968 824
Trading balances in securities and precious metals	729 269 160	789 871 734
Financial investments	6 433 270 099	6 023 982 569
Non-consolidated participations	2 374 660	2 374 774
Tangible fixed assets	274 858 586	279 805 271
Intangible assets	239 004 218	246 556 121
Prepayments and accrued income	142 544 449	145 007 586
Other assets	388 033 741	249 784 590
Total assets	**20 202 672 135**	**18 387 365 458**
Total claims against unconsolidated holdings and qualifying holdings	**13 912 535**	**27 925 322**

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

	2014	2013
Liabilities		
Due on money-market paper	22 696 296	20 954 054
Due to banks	339 866 092	208 536 464
Due to clients on savings and deposit accounts	1 132 048	1 308 671
Other amounts due to clients	17 211 233 420	15 591 079 549
Accruals and deferred income	247 454 494	206 272 187
Other liabilities	299 938 509	386 344 388
Value adjustments and provisions	160 113 502	152 584 419
Reserves for general banking risks	165 374 839	165 374 839
Share capital	300 000 000	300 000 000
Capital reserves	307 335 872	307 335 872
Reserves and retained earnings	982 221 592	895 787 845
Group profit	165 305 471	151 787 170
Total liabilities	**20 202 672 135**	**18 387 365 458**
Total liabilities to unconsolidated participations and significant shareholders	**102 757 532**	**584 665 896**

OFF-BALANCE-SHEET TRANSACTIONS

	2014	2013
Contingent liabilities	359 833 445	389 914 456
Irrevocable commitments	228 685 416	225 196 986
Liabilities to pay in full and to make additional payments	59 080 718	40 211 403
Liabilities under deferred payment	1 760 679	1 862 638
Derivative instruments		
– Underlying amounts	31 402 567 886	24 323 976 076
– Positive replacement values	315 335 861	182 052 258
– Negative replacement values	137 801 254	241 024 600
Fiduciary transactions	2 485 059 523	2 853 164 601

Consolidated statement of ordinary income and expenses on banking operations	2014	2013
Interest income		
Interest and discount income	93 206 656	87 946 140
Interest and dividends from financial investments	74 469 787	63 061 467
Interest expenses	(12 989 082)	(12 443 908)
Net interest income	**154 687 361**	**138 563 699**
Fees and commissions		
Credit-related fees and commissions	2 669 817	2 444 016
Fees and commissions from securities and investment business	527 152 470	470 039 830
Other fees and commissions income	6 419 652	5 761 051
Commission expenses	(18 225 577)	(17 640 114)
Fees and commissions	**518 016 362**	**460 604 783**
Trading income	**87 349 782**	**83 589 092**
Other ordinary net income		
Gains on disposal of financial assets	8 557 130	5 697 094
Income from non-consolidated participations	1 948 880	4 391 850
Income from real estate	1 664 011	1 362 347
Other ordinary income	2 165 210	1 556 743
Other ordinary expenses	–	(2 101 279)
Other ordinary results	**14 335 231**	**10 906 755**
Total income	**774 388 736**	**693 664 329**
Operating expenses		
Personnel costs	(387 848 426)	(351 786 597)
General administrative expenses	(131 821 171)	(123 618 921)
Operating expenses	**(519 669 597)**	**(475 405 518)**
Operating profit	**254 719 139**	**218 258 811**

CONSOLIDATED STATEMENT OF INCOME

	2014	2013
Operating profit	254 719 139	218 258 811
Depreciation of fixed assets	(72 811 659)	(89 249 296)
Value adjustments, provisions and losses	(25 025 686)	(129 867 617)
Profit before extraordinary items and taxes	**156 881 794**	**(858 102)**
Extraordinary income	44 058 052	173 077 211
Taxes	(35 634 375)	(20 431 939)
Group profit	**165 305 471**	**151 787 170**

(in CHF thousands)	Financial year 2014 Source of funds	Use of funds	Financial year 2013 Source of funds	Use of funds
Cash flow from operations (internal financing)				
Group profit	165 305		151 787	
Depreciation of fixed assets	72 812		89 249	
Value adjustments and provisions	25 026		129 868	
Prepayments and accrued income	2 463			8 665
Accruals and deferred income	41 182			4 084
Other items		17 850		40 711
Dividend		65 000		210 000
General banking risks				20 750
Balance	**223 938**		**86 694**	
Cash flow from transactions in fixed assets				
Participations			22	
Real estate		658	134	
Other tangible fixed assets		31 666		64 745
Intangible assets		27 989		45 010
Balance		**60 613**		**109 599**

(in CHF thousands)	Financial year 2014 Source of funds	Use of funds	Financial year 2013 Source of funds	Use of funds
Cash flow from banking activities				
Medium- and long-term transactions (>1 year)				
Due to banks		1 016	1 016	
Commitments to clients	4 495			15 360
Other liabilities		86 406		76 188
Due from clients	9 264			17 525
Mortgages		92 491	2 028	
Financial investments		446 841		1 060 971
Other assets		138 249	71 301	
Short-term transactions				
Due on money-market paper	1 742		20 954	
Due to banks	132 346		27 865	
Commitments to clients	1 615 483			436 981
Due on money-market paper	184 591			144 321
Due from banks		455 557	129 338	
Due from clients		808 271		688 843
Mortgages		179 354		90 731
Trading balances in securities and precious metals	60 603		13 616	
Financial investments	37 553		285 766	
Cash and cash equivalents				
Cash and cash equivalents		1 517	2 001 941	
Balance		**163 625**	**22 905**	

APPENDIX TO THE CONSOLIDATED ACCOUNTS

VALUATION AND ACCOUNTING PRINCIPLES

Activities

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

Acquisition

On 31 March 2014 the Bank took over a client portfolio from the Monaco branch of Lloyds Bank Switzerland.

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:

	31.12.14	31.12.13
USD	0.99365	0.88935
GBP	1.54935	1.47299
EUR	1.202365	1.22548

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 capitalised in the balance sheet and amortised 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 2014, the ALM market risk exposure based on an +/-100bp shift in the interest rates on the Bank's assets and income amounted to CHF -2.1 million and CHF 26.1 million respectively.

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

	Type of collateral			Total
(in CHF thousands)	Mortgage guarantees	Other guarantees	Uncollat-eralised	
Loans				
Due from clients		3 978 364	28 744	4 007 108
Mortgages	650 814			650 814
Residential buildings	634 594			634 594
Other	16 220			16 220
Total loans				
Financial year 2014	**650 814**	**3 978 364**	**28 744**	**4 657 922**
Financial year 2013	**378 969**	**3 180 914**	**27 187**	**3 587 070**
Off-balance-sheet				
Contingent liabilities		359 833		359 833
Irrevocable commitments		228 685		228 685
Liabilities to pay in full and to make additional payments		59 081		59 081
Liabilities under deferred payments		1 761		1 761
Off-balance-sheet total				
Financial year 2014		**649 360**		**649 360**
Financial year 2013	**1 969**	**655 216**		**657 185**

Non-performing loans	Gross amount	Estimated realisable value of collateral	Net amount	Individual value adjustments
Financial year 2014	**2 179**		**2 179**	**2 179**
Financial year 2013	**1 672**	**360**	**1 312**	**1 312**

TRADING BALANCES IN SECURITIES AND PRECIOUS METALS

(in CHF thousands)	2014	2013
Trading balances in securities and precious metals		
Listed debt securities		9 690
Shares and similar securities and rights	728 798	780 148
Precious metals	471	34
Total trading balances in securities and precious metals	**729 269**	**789 872**
Including securities on deposit according to the liquidity rules	–	–

FINANCIAL INVESTMENTS

		Book value		Fair value*
(in CHF thousands)	2014	2013	2014	2013
Total debt securities	**5 520 810**	**5 154 531**	**5 566 922**	**5 175 637**
of which valued according to the accrual method	5 520 810	5 154 531	5 566 922	5 175 637
including floating-rate bonds	382 910	354 555	384 063	356 575
Equity shares	**125 199**	**136 142**	**131 440**	**141 615**
Precious metals	**787 261**	**733 310**	**787 261**	**733 310**
Total	**6 433 270**	**6 023 983**	**6 485 623**	**6 050 562**
of which securities rediscounted or accepted as collateral by central banks	1 341 190	1 417 618	–	–

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

PARTICIPATIONS

(in CHF thousands)	2014	2013
Participations		
Without market value	2 375	2 375
Total participations	**2 375**	**2 375**

SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

Name, registered office	Activities	Capital (in thousands)		Ownership/ votes %
UBPI Holdings Inc., New York	Holding company	USD	43 443	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	50 000	100%
Union Bancaire Privée (Europe) S.A., Luxembourg	Asset management bank	CHF	21 000	100%
UBP Investments Co., Ltd, Japon	Portfolio management	JPY	350 000	100%
UBP Asset Management (Europe) S.A., Luxembourg	Portfolio management	CHF	2 500	100%
Nexam SA, Paris	Portfolio management	EUR	2 307	100%
Union Bancaire Privée Gestion Institutionnelle (France) SAS, Paris	Portfolio management	EUR	3 153	100%
Union Bancaire Privée (Middle East) Ltd. Dubaï	Portfolio management	USD	6 000	100%

The ownership rates were identical to those recorded as at 31 December 2013.

FIXED ASSETS

(in CHF thousands)	**Acquisition value**	**Cumulative depreciation**	**Book value as at 31 December 2013**	Additions	Disposals and currency translation differences	Depreciation	**Book value as at 31 December 2014**
Participations							
Other participations	2 592	(217)	2 375				2 375
Total participations	**2 592**	**(217)**	**2 375**				**2 375**
Real estate							
Real estate used by the Bank	326 311	(119 091)	207 220		658	(4 917)	202 961
Other real estate	11 493	(1 542)	9 951			(193)	9 758
Other tangible fixed assets	76 288	(54 708)	21 580	7 473	(13)	(7 386)	21 654
Other	93 535	(52 481)	41 054	24 309	(103)	(24 775)	40 485
Total tangible fixed assets	**507 627**	**(227 822)**	**279 805**	**31 782**	**542**	**(37 271)**	**274 858**
Goodwill	292 459	(45 903)	246 556	28 932	(943)	(35 541)	239 004
Total intangible assets	**292 459**	**(45 903)**	**246 556**	**28 932**	**(943)**	**(35 541)**	**239 004**
Fire insurance value of real estate			111 980				111 980
Fire insurance value of other tangible fixed assets			257 891				257 891

OTHER ASSETS AND OTHER LIABILITIES

(in CHF thousands)	Other assets 2014	Other assets 2013	Other liabilities 2014	Other liabilities 2013
Replacement values of derivative instruments	315 336	182 052	137 801	241 025
Netting account		12 362	640	
Other assets and liabilities	72 698	55 371	161 498	145 319
Total other assets and other liabilities	**388 034**	**249 785**	**299 939**	**386 344**

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

(in CHF thousands)	2014	2013
Book value of assets pledged or assigned as guarantee	265 130	388 619
Firm commitments	–	–

SECURITIES LENDING AND REPO TRANSACTIONS

(in CHF thousands)	2014	2013
Claims resulting from cash pledges during securities borrowing or the execution of a reverse repo transaction	623 923	–
Commitments resulting from cash received during securities lending or repo transactions	–	–
Securities held for the Bank's own account, lent or transferred as surety in connection with securities borrowing or repo transactions	–	–
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	–	–

EMPLOYEE PENSION PLAN

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

In 2007 the pension fund for Union Bancaire Privée's Switzerland-based offices ("Fondation de Prévoyance en faveur du personnel de Union Bancaire Privée, UBP SA et des sociétés affiliées ou apparentées ayant leur siège en Suisse") adopted the principle of defined contributions. Over 80% of the Group's employees are affiliated to this pension fund.

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)	2014	2013
Contributions to defined-contribution pension funds	25 952	24 462
Total pension expenses	**25 952**	**24 462**
Commitments to the pension funds' capital base:		
– in relation to pension contributions	**–**	**–**
– as custodian bank	**73 736**	**105 919**

Pension commitments are as follows:

(in CHF millions)	2014	2013
Net assets of the pension fund at market value	964	933
Present value of benefits due	(890)	(858)
Surplus (deficit)	74	75

VALUE ADJUSTMENTS AND PROVISIONS – RESERVES FOR GENERAL BANKING RISKS

(in CHF thousands)	**Position as at 31 December 2013**	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 as at 31 December 2014**
Provisions for deferred taxes	4 484					4 484
Value adjustments and provisions for default risk (counterparty and country risk)	5 312		254	133	480	6 179
Value adjustments and provisions for other operating risks	15 903	(3 068)		209	4 000	17 044
Provision for restructuring	11 894	(10 270)			6 300	7 924
Other provisions	116 303	(17 862)		10 430	17 791	126 662
Sub-total	**149 412**	**(31 200)**	**254**	**10 772**	**28 571**	**157 809**
Total value adjustments and provisions	**153 896**	**(31 200)**	**254**	**10 772**	**28 571**	**162 293**
after deduction of: value adjustments directly offset against assets	(1 312)					(2 179)
Total value adjustments and provisions as per the balance sheet	**152 584**					**160 114**
Reserves for general banking risks	**165 375**					**165 375**

STATEMENT OF SHAREHOLDERS' EQUITY

(in CHF thousands)

Shareholders' equity as at 1 January 2014	
Share capital	300 000
Capital reserves	307 336
Reserves and retained earnings	895 788
Reserves for general banking risks	165 375
Group profit for the financial year 2013	151 787
Total shareholders' equity as at 1 January 2014	**1 820 286**
Ordinary dividend	(65 000)
Difference on currency conversion	(353)
Group profit for the financial year 2014	165 305
Total shareholders' equity as at 31 December 2014	**1 920 238**
Comprising: Share capital	300 000
Capital reserves	307 336
Reserves and retained earnings	982 222
Reserves for general banking risks	165 375
Group profit	165 305

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	4 999						4 999
Due on money-market paper	6		30	72			108
Due from banks	771		1 047	410			2 228
Due from clients		821	2 261	856	55	14	4 007
Mortgages			324	182	122	23	651
Trading balances in securities and precious metals	729						729
Financial investments	913		620	647	4 236	18	6 434
Total current assets Financial year 2014	**7 418**	**821**	**4 282**	**2 167**	**4 413**	**55**	**19 156**
Financial year 2013	**7 491**	**721**	**3 209**	**2 105**	**3 832**	**106**	**17 464**
Liabilities							
Due on money-market paper	23						23
Due to banks	266		73	1			340
Due to clients on savings and deposit accounts	1						1
Other amounts due to clients	14 941		1 874	380	16		17 211
Total liabilities Financial year 2014	**15 231**		**1 947**	**381**	**16**		**17 575**
Financial year 2013	**13 401**		**2 215**	**194**	**12**		**15 822**

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)	**2014**	**2013**
Qualified participants		
Due from clients	13 913	27 925
Due to clients	102 758	584 666
Interest received	116	46
Interest paid	24	54
Commissions received	110	438
Related companies		
Due to clients	19	17
Directors and Senior Executives		
Due from clients	9 994	10 112
Interest received	149	103

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 2014 Domestic	Foreign	Financial year 2013 Domestic	Foreign
Assets				
Cash and cash equivalents	4 980	19	4 997	1
Due on money-market paper		108		292
Due from banks	128	2 100	177	1 596
Due from clients	351	3 656	204	3 004
Mortgages	65	586	60	319
Trading balances in securities and precious metals	88	641	56	734
Financial investments	1 406	5 028	1 403	4 621
Participations	2		2	
Tangible fixed assets	272	3	260	20
Intangible assets	220	19	246	1
Prepayments and accrued income	42	101	35	110
Other assets	59	329	35	214
Total assets	**7 613**	**12 590**	**7 475**	**10 912**
Liabilities				
Due on money-market paper	4	19	21	
Due to banks	17	323	22	187
Due to clients on savings and deposit accounts		1		1
Other amounts due to clients	2 195	15 016	2 037	13 554
Accruals and deferred income	136	112	131	75
Other liabilities	71	229	159	227
Value adjustments and provisions	160		152	1
Reserves for general banking risks	160	5	160	5
Share capital	300		300	
Capital reserves	307		307	
Reserves and retained earnings	983		896	
Group profit	165		152	
Total liabilities	**4 498**	**15 705**	**4 337**	**14 050**

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	4 972	25	1	1	4 999
Due on money-market paper		19	75	14	108
Due from banks	103	582	1 152	391	2 228
Due from clients	528	837	2 161	481	4 007
Mortgages	114	275	41	221	651
Trading balances in securities and precious metals	90	163	388	88	729
Financial investments	872	1 505	2 976	1 081	6 434
Participations	2				2
Tangible fixed assets	255	2	4	14	275
Intangible assets	237	1		1	239
Prepayments and accrued income	18	55	48	22	143
Other assets	267	36	68	17	388
Total positions carried as assets	**7 458**	**3 500**	**6 914**	**2 331**	**20 203**
Delivery claims resulting from spot, forward and option transactions	**1 455**	**4 224**	**14 002**	**7 571**	**27 252**
Total assets	**8 913**	**7 724**	**20 916**	**9 902**	**47 455**
Liabilities					
Due on money-market paper	4	2	15	2	23
Due to banks	67	54	183	36	340
Due to clients on savings and deposit accounts	1				1
Other amounts due to clients	1 395	3 487	9 833	2 496	17 211
Accruals and deferred income	138	55	26	29	248
Other liabilities	135	42	90	33	300
Value adjustments and provisions	56		104		160
Reserves for general banking risks	165				165
Share capital	300				300
Capital reserves	307				307
Reserves and retained earnings	983				983
Group profit	165				165
Total positions carried as liabilities	**3 716**	**3 640**	**10 251**	**2 596**	**20 203**
Delivery commitments resulting from spot, forward and option transactions	**5 234**	**4 067**	**10 632**	**7 319**	**27 252**
Total liabilities	**8 950**	**7 707**	**20 883**	**9 915**	**47 455**
Net position by currency	**(37)**	**17**	**33**	**(13)**	**–**

NOTES ON OFF-BALANCE-SHEET TRANSACTIONS

CONTINGENT LIABILITIES

(in CHF thousands)	2014	2013
Irrevocable guarantees[1]	328 893	351 920
Irrevocable commitments[2]	30 940	37 994
Total	**359 833**	**389 914**

[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)	2014	2013
Loan commitments and pledges	228 685	225 197
Total	**228 685**	**225 197**

LIABILITIES UNDER DEFERRED PAYMENT

(in CHF thousands)	2014	2013
Deferred payments	1 761	1 863
Total	**1 761**	**1 863**

LIABILITIES TO PAY IN FULL AND TO MAKE ADDITIONAL PAYMENTS

(in CHF thousands)	2014	2013
Liabilities to pay in full and to make additional payments	59 081	40 211
Total	**59 081**	**40 211**

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				41 823	14 329	1 244 726
Futures			124 249			
Currency/Precious metals						
Forwards	147 948	171 316	23 668 520	201	201	9 552
Swaps				176 544	37 494	3 540 497
Futures			24 465			
Options (OTC)	20 246	11 845	2 382 198			
Equity securities/Stock-index derivatives						
Futures	696	379	393 547			
Options (traded)			37			
Other						
Futures			14 777			
Total before impact of netting agreements Financial year 2014	**168 890**	**183 540**	**26 607 793**	**218 568**	**52 024**	**4 794 775**
Financial year 2013	**171 126**	**152 332**	**20 169 152**	**19 231**	**116 857**	**4 154 824**

	Positive replacement values (accrued)	Negative replacement values (accrued)
Total after impact of netting agreements Financial year 2014	**315 336**	**137 801**
Financial year 2013	**182 052**	**241 025**

FIDUCIARY TRANSACTIONS

(in CHF thousands)	2014	2013
Fiduciary placements with third-party banks	2 485 060	2 666 690
Fiduciary loans and other financial fiduciary transactions		186 475
Total	**2 485 060**	**2 853 165**

ASSETS UNDER MANAGEMENT

(in CHF millions)	2014	2013
Assets held by funds managed by the Bank	18 672	15 591
Assets under discretionary management mandates	21 838	19 560
Other assets under management	58 144	52 556
Total administered assets	**98 654**	**87 707**
including those counted twice	7 817	6 836
Net inflows (outflows) of money	4 455	7 460

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

	2014	2013
Interest income		
Interest income from banks and clients	92 322 708	85 615 308
Interest on negotiable instruments and money-market paper	613 670	2 189 314
Net interest on capital employed in trading portfolios	270 278	141 518
Interest and dividend income from financial investments	74 469 787	63 061 467
Total	**167 676 443**	**151 007 607**

	2014	2013
Profit on trading operations		
Income from currency trading and metals	78 602 723	75 129 236
Trading in securities (less funding costs)	8 747 059	8 459 856
Total	**87 349 782**	**83 589 092**

	2014	2013
Personnel costs		
Salaries and related costs	323 444 380	290 496 630
Social charges	21 013 084	20 124 058
Contributions to pension funds	26 956 577	25 283 032
Other personnel expenses	16 434 385	15 882 877
Total	**387 848 426**	**351 786 597**

	2014	2013
General administrative expenses		
Cost of office space	23 437 509	20 515 556
Cost of computer equipment, machines, furnishings, etc.	24 058 460	23 326 648
Other operating expenses	84 325 202	79 776 717
Total	**131 821 171**	**123 618 921**

Extraordinary products

Extraordinary income resulting from the dissolution of provisions which became available, totalling CHF 6 million, and from various recoveries, totalling CHF 38 million.

OPERATING PROFIT BY LOCATION

(in CHF thousands)	Financial year 2014 Domestic	Foreign	Financial year 2013 Domestic	Foreign
Net interest income	92 177	62 510	89 771	48 793
Net fees and commissions income	342 614	175 402	315 577	145 028
Net trading income	77 542	9 808	79 261	4 328
Gains (losses) on disposals of financial assets	3 767	4 790	5 109	588
Other ordinary net income	8 543	(2 765)	(6 840)	12 050
Total operating income	**524 643**	**249 745**	**482 878**	**210 787**
Personnel costs	294 972	92 876	273 897	77 890
Other operating expenses	92 560	39 261	90 879	32 740
Total operating expenses	**387 532**	**132 137**	**364 776**	**110 630**
Operating profit	**137 111**	**117 608**	**118 102**	**100 157**

COMPOSITION OF CAPITAL REQUIREMENT – PRELIMINARY RECONCILIATIONS

Pursuant to the capital adequacy ordinance of 18 September 2013, calculation of the regulatory capital (Basel III) 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".

(in CHF thousands)	Based on close of accounts and relating to the consolidated Group
Balance sheet	
Assets	
Cash & cash equivalents	4 999 139
Due on money-market paper	107 859
Due from banks	2 228 397
Due from clients	4 007 108
Mortgages	650 814
Trading balances in securities and precious metals	729 269
Financial investments	6 433 270
Participations	2 375
Tangible fixed assets	274 859
Intangible assets*	239 004
Included Goodwill	239 004
Prepayments and accrued income	142 545
Other assets	388 033
Total assets	**20 202 672**
Liabilities	
Due on money-market paper	22 696
Due to banks	339 866
Due to clients on savings and deposit accounts	1 132
Other amounts due to clients	17 211 233
Accruals and deferred income	247 454
Other liabilities	376 939
Value adjustments and provisions	160 114
Total liabilities	**18 359 434**
Capital	
Reserves for general banking risks*	165 375
Share capital*	300 000
Legal reserves/open reserves/profits (losses) carried forward and from the period concerned*	1 377 863
Total capital	**1 843 238**

*Share capital; reserves derived from profits, including reserves for banking risks; goodwill (see page 39).

CAPITAL REQUIREMENT

(in CHF thousands)	Net figures (after transitional arrangements)	Impact of transitional arrangements (phase in/phase out) on minority shareholders
Common equity tier 1 (CET1)		
Fully eligible issued and paid-up share capital*	300 000	–
Reserves coming from profits, including reserves for general banking risks/profits (losses) carried forward and from the period concerned*	1 543 238	–
= Common equity tier 1, before adjustments	**1 843 238**	**–**
Goodwill (net of recognised deferred taxes)*	(239 004)	–
Qualifying cross-shareholdings (CET1 assets)	(1 626)	–
= Net common equity tier 1 (net CET1)	**1 602 608**	**–**
Supplementary (T2) capital		
= Net supplementary capital (net T2)	**4 000**	**–**
= Total required capital (net T1 and T2)	**1 606 608**	**–**
Total risk-weighted investments	**5 543 741**	**–**

CAPITAL REQUIRED AS AT 31 DECEMBER

(in CHF thousands)	Approach used	Capital requirement
Credit risks	SA-BRI	299 058
of which price risk related to shares and similar securities and rights in the banking book		
Non-counterparty-related risk	SA-BRI	22 069
Market risk related to	Standard	20 627
– interest-rate instruments		5 247
– shares and similar securities and rights		8 986
– currency and precious metals		5 070
– commodities		262
Operational risks	Standard	101 745
Total		**443 499**

Capital ratio	
CET1 capital ratio (BIS minimum requirement under Basel III: 4%)	29%
Tier 1 capital ratio (BIS minimum requirement under Basel III: 5.5%)	29%
Total capital ratio (BIS minimum requirement under Basel III: 8%)	29%

FINMA-defined minimum CET1	7.8%
FINMA-defined minimum Tier 1	9.6%
FINMA-defined minimum total capital ratio	12.0%

RISK-WEIGHTED POSITIONS DUE TO EXTERNAL RATINGS

(in CHF thousands)		Risk-weighted positions				
Counterparty	**Rating agency**	**0%**	**20%**	**50%**	**100%**	**150%**
Central governments and central banks	Rated	1 122	44	96		
	Non-rated					
Public-sector entities	Rated		49		16	
	Non-rated			14		
BIS, IMF and multilateral development banks	Rated	219				
	Non-rated					
Banks and securities dealers	Rated		1 641	531	2	
	Non-rated		1 514	645	16	10
Joint institutions of banks	Rated					
	Non-rated					
Corporates	Rated		782	702	597	8
	Non-rated				2 333	

The Bank uses external ratings to calculate the risk weightings for almost all of the counterparties which are determined using the international standard approach and which have an external rating from Standard & Poor's. Essentially, this applies to large companies and bonds in the financial investments portfolio. For companies without an external rating ("non-rated"), a 100% weighting is applied.

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		2 228					2 228
Due from clients	93	936	21	1 380	1 577		4 007
Mortgages	4	6		242	399		651
Financial investments/ debt securities	1 245	2 023	296	2 161	3	29	5 757
Other assets/VRP	18	141	2	151	128		440
Balance-sheet total as at 31.12.2014	**1 360**	**5 334**	**319**	**3 934**	**2 107**	**29**	**13 083**
Balance-sheet total as at 31.12.2013	**1 565**	**4 289**	**284**	**3 528**	**1 610**	**34**	**11 310**
Off-balance-sheet transactions							
Contingent liabilities Liabilities under deferred payments	2	29	1	73	68		173
Irrevocable commitments	1	1		33	17		52
Liabilities to pay in full and to make additional payments				49	10		59
Additional charges	2	143		119	51		315
Value adjustments and provisions					(4)		(4)
Off-balance-sheet total as at 31.12.2014	**5**	**173**	**1**	**274**	**142**		**595**
Off balance-sheet total as at 31.12.2013	**12**	**131**	**2**	**345**	**130**		**620**

CREDIT RISK/CREDIT RISK MITIGATION

(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	624		1 604	2 228
Due from clients	3 289	689	29	4 007
Mortgages	58	593		651
Financial investments/debt securities			5 757	5 757
Other assets/VRP	99	6	335	440
Balance-sheet total as at 31.12.2014	**4 070**	**1 288**	**7 725**	**13 083**
Balance-sheet total as at 31.12.2013	**3 343**	**992**	**6 975**	**11 310**
Off-balance-sheet transactions				
Contingent liabilities and liabilities under deferred payments	173			173
Irrevocable commitments	52			52
Liabilities to pay in full and to make additional payments	59			59
Add-ons (derivatives)	139		176	315
Value adjustments and provisions			(4)	(4)
Off-balance-sheet total as at 31.12.2014	**423**		**172**	**595**
Off-balance-sheet total as at 31.12.2013	**428**		**192**	**620**

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

CREDIT RISK SEGMENTATION

	Regulatory risk weightings							
(in CHF millions)	0%	20–25%	35%	50%	75%	100%	150%	**Total**
Loan commitments								
Balance sheet/loans								
Due from banks	321	1 424		453		20	10	2 228
Due from clients	3 415		54	10	27	501		4 007
Mortgages	61		566		8	16		651
Financial investments/ debt securities	1 324	2 456		1 220		720	37	5 757
Other assets/VRP	125	54	1	50	12	198		440
Balance-sheet total as at 31.12.2014	**5 246**	**3 934**	**621**	**1 733**	**47**	**1 455**	**47**	**13 083**
Balance-sheet total as at 31.12.2013	**4 622**	**3 345**	**366**	**1 547**	**48**	**1 345**	**37**	**11 310**
Off-balance-sheet transactions								
Contingent liabilities and liabilities under deferred payments	153				1	19		173
Irrevocable commitments	6					46		52
Liabilities to pay in full and to make add. payments						59		59
Add-ons (derivatives)	145	67		62		41		315
Value adjustments and provisions	(4)							(4)
Off-balance-sheet total as at 31.12.2014	**300**	**67**		**62**	**1**	**165**		**595**
Off-balance-sheet total as at 31.12.2013	**342**	**90**	**1**	**29**	**3**	**148**	**7**	**620**

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	129	1	127	1	1 887		69	14	2 228
Due from clients	317	41	254	237	1 609	887	622	40	4 007
Mortgages	64		1		383	168	35		651
Financial investments/debt securities	620	390	1 234	104	2 857	311	212	29	5 757
Other assets/VRP	131	3	28	3	182	65	27	1	440
Balance-sheet total as at 31.12.2014	**1 261**	**435**	**1 644**	**345**	**6 918**	**1 431**	**965**	**84**	**13 083**
Balance-sheet total as at 31.12.2013	**1 256**	**345**	**939**	**274**	**6 247**	**1 220**	**919**	**110**	**11 310**
Off-balance-sheet transactions									
Contingent liabilities and liabilities under deferred payments	21	2	10	8	41	73	11	7	173
Irrevocable commitments	12		10		19	11			52
Liabilities to pay in full and to make add. payments	3			1	15	32	5	3	59
Add-ons	74	4	28	4	150	45	9	1	315
Value adjustments and provisions	(4)								(4)
Off-balance-sheet total as at 31.12.2014	**106**	**6**	**48**	**13**	**225**	**161**	**25**	**11**	**595**
Off-balance-sheet total as at 31.12.2013	**150**	**4**	**49**	**14**	**157**	**200**	**33**	**13**	**620**

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 2014**	**Total 2013**
Loans to clients	1					1			**2**	**2**
Individual value adjustments	1					1			**2**	**1**

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 45) for the year ended 31st December 2014.

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 2014 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, 25 March 2015

Ernst & Young Ltd

Didier Müller
Licensed audit expert
Auditor in charge

Prof. Dr.
Andreas Blumer
Licensed audit expert

2014 ANNUAL FINANCIAL STATEMENT

BALANCE SHEET AS AT 31 DECEMBER

	2014	2013
Assets		
Cash and cash equivalents	4 988 470 924	4 996 868 484
Money-market paper	97 926 079	292 450 553
Due from banks	2 093 057 572	1 784 104 620
Due from clients	3 945 738 701	3 186 511 036
Mortgages	637 317 458	374 073 077
Trading balances in securities and precious metals	728 113 433	788 368 951
Financial investments	5 642 890 121	5 237 510 263
Participations	169 832 867	175 295 169
Tangible fixed assets	190 554 499	193 864 234
Intangible assets	238 074 254	245 133 898
Prepayments and accrued income	101 427 548	103 612 671
Other assets	398 400 160	232 057 660
Total assets	**19 231 803 616**	**17 609 850 616**
Total receivables from Group companies and qualified participants	**255 984 221**	**302 942 678**

BALANCE SHEET AS AT 31 DECEMBER

	2014	2013
Liabilities		
Due on money-market paper	22 696 295	20 954 054
Due to banks	1 253 621 985	1 204 346 439
Due to clients on savings and deposit accounts	1 132 048	1 308 669
Other amounts due to clients	16 015 613 561	14 427 261 442
Accruals and deferred income	171 756 926	144 579 758
Other liabilities	327 537 478	395 058 976
Value adjustments and provisions	233 068 808	225 159 966
Share capital	300 000 000	300 000 000
Legal reserves	264 185 872	403 185 872
Reserves from capital contribution	560 000 000	415 000 000
Other reserves	1 500 000	1 500 000
Profit brought forward	495 440	1 886 723
Annual profit	80 195 203	69 608 717
Total liabilities	**19 231 803 616**	**17 609 850 616**
Total subordinated receivables	**188 524 768**	**188 524 768**
Total liabilities to Group companies and qualified participants	**1 359 854 884**	**1 876 070 466**

OFF-BALANCE-SHEET TRANSACTIONS AS AT 31 DECEMBER

	2014	2013
Contingent liabilities	353 610 791	375 697 032
Irrevocable commitments	226 324 344	225 194 474
Liabilities to pay in full and to make additional payments	48 212 411	34 693 194
Liabilities under deferred payments	1 760 679	1 862 638
Derivative instruments		
– Underlying amount	31 355 618 757	24 435 468 858
– Positive replacement value	351 120 365	186 918 265
– Negative replacement value	173 429 146	245 486 415
Fiduciary transactions	2 483 549 526	2 671 929 411

STATEMENT OF INCOME

	2014	2013
Income and expenditure from ordinary banking operations		
Net interest income		
Interest and discount income	91 834 290	87 097 274
Interest and dividends from financial investments	69 203 382	58 721 225
Interest expenses	(12 933 403)	(12 504 228)
Net interest income	**148 104 269**	**133 314 271**
Fees and commissions		
Credit-related fees and commissions	2 636 287	2 397 123
Commission income on securities trading and investments	364 988 377	336 600 344
Commission income on other services	6 256 347	5 440 221
Commission expenses	(16 330 631)	(14 406 849)
Fees and commissions	**357 550 380**	**330 030 839**
Trading income	**82 551 738**	**82 142 944**
Other ordinary net income		
Gains (losses) on disposals of financial assets	4 253 664	5 683 267
Income from permanent investments	4 918 156	4 346 609
Income from real estate	1 664 011	1 362 347
Other ordinary income	15 468 432	11 453 325
Other ordinary expenses	(24 754 121)	(35 667 995)
Other ordinary net income	**1 550 142**	**(12 822 447)**
Total income	**589 756 529**	**532 665 607**
General administrative expenses		
Personnel costs	(329 760 985)	(288 836 371)
Other operating expenses	(107 133 964)	(102 278 693)
Operating expenses	**(436 894 949)**	**(391 115 064)**
Operating profit	**152 861 580**	**141 550 543**

STATEMENT OF INCOME

	2014	2013
Operating profit	152 861 580	141 550 543
Depreciation of fixed assets	(69 520 493)	(79 967 495)
Value adjustments, provisions and losses	(24 844 209)	(129 535 435)
Profit before extraordinary items and taxes	**58 496 878**	**(67 952 387)**
Extraordinary income	40 320 527	150 001 226
Taxes	(18 622 202)	(12 440 122)
Annual profit	**80 195 203**	**69 608 717**

Proposal of the Board

Net profit available for distribution amounts to CHF 80 690 643

Distribution of profit

	2014	2013
Annual profit	80 195 203	69 608 717
Profit brought forward from prior years	495 440	1 886 723
Total	**80 690 643**	**71 495 440**
The following distribution is proposed to the General Meeting of Shareholders:		
– Allocated to capital inflow reserve (shareholder contribution)		145 000 000
– Contribution to legal reserves		
– Distributions to shareholders	77 000 000	65 000 000
– Of which covered by drawing on legal reserves		(139 000 000)
Profit carried forward	**3 690 643**	**495 440**

APPENDIX TO THE 2014 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENT

OTHER ASSETS AND OTHER LIABILITIES

	Other assets		Other liabilities	
(in CHF thousands)	2014	2013	2014	2013
Replacement values of derivative instruments	351 120	186 918	173 429	245 486
Netting account		12 356	666	
Other assets and liabilities	47 280	32 784	153 442	149 573
Total other assets and other liabilities	**398 400**	**232 058**	**327 537**	**395 059**

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

(in CHF thousands)	2014	2013
Book value of assets pledged or assigned as guarantee	265 130	388 619
Firm commitments	–	–

SECURITIES LENDING AND REPO TRANSACTIONS

(in CHF thousands)	2014	2013
Claims resulting from cash pledges during securities borrowing or the execution of a reverse repo transaction	623 923	
Commitments resulting from cash received during securities lending or repo transactions	–	–
Securities held for the Bank's own account, lent or transferred as surety in connection with securities borrowing or repo transactions	–	–
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	–	–

EMPLOYEE PENSION PLAN

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

In 2007 the pension fund for Union Bancaire Privée's Switzerland-based offices ("Fondation de Prévoyance en faveur du personnel de Union Bancaire Privée, UBP SA et des sociétés affiliées ou apparentées ayant leur siège en Suisse") adopted the principle of defined contributions. Over 80% of the Group's employees are affiliated to this pension fund.

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)	2014	2013
Contributions to defined-contribution pension funds	23 420	22 086
Total pension expenses	**23 420**	**22 086**
Commitments to the pension funds' capital base:		
– in relation to pension contributions	**–**	**–**
– as custodian bank	**73 736**	**105 919**

Pension commitments are as follows:

(in CHF millions)	2014	2013
Net assets of the pension fund at market value	964	933
Present value of benefits due	(890)	(858)
Surplus (deficit)	74	75

VALUE ADJUSTMENTS AND PROVISIONS

(in CHF thousands)	**Position as at 31 December 2013**	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 2014**
Value adjustments and provisions for default risk (counterparty and country risk)	5 312		254	133	480		6 179
Value adjustments and provisions for other operating risks	15 403	(2 688)		209	4 000		16 924
Provision for restructuring	11 894	(10 270)			6 300		7 924
Other provisions	193 863	(17 863)		10 430	17 791		204 221
Total value adjustments and provisions	**226 472**	**(30 821)**	**254**	**10 772**	**28 571**		**235 248**
after deduction of: value adjustments directly offset against assets	(1 312)						(2 179)
Total value adjustments and provisions as per the balance sheet	**225 160**						**233 069**

SHARE CAPITAL

(in CHF thousands)

	Financial year 2014 Total nominal value	Number of shares	Dividend-bearing capital	**Financial year 2013** 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

		2014		**2013**
	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 96.53% of CBI Holding SA voting rights and 86.73% of its share capital.

STATEMENT OF SHAREHOLDERS' EQUITY

(in CHF thousands)

Shareholders' equity as at 1 January 2014	
Share capital	300 000
Legal reserve	403 185
Reserves from capital contribution	415 000
Other reserves	1 500
Group profit for the financial year 2013	71 496
Total shareholders' equity as at 1 January 2014	**1 191 181**
Ordinary dividend	(65 000)
Annual profit 2014	80 195
Total shareholders' equity as at 31 December 2014	**1 206 376**
Comprising: Share capital	300 000
Legal reserve	264 186
Reserves from capital contribution	560 000
Other reserves	1 500
Retained earnings carried forward	495
Profit for the financial year 2013	80 195

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)	**2014**	**2013**
Qualified participants		
Due from clients	13 913	27 925
Due to clients	102 571	584 479
Interest received	116	46
Interest paid	24	54
Commission received	110	438

(in CHF thousands)	2014	2013
Group companies		
Due from clients	242 071	275 018
Due to clients	1 257 284	1 291 591
Interest received	1 011	1 194
Interest paid	937	766
Commission received	3 741	206
Commission paid	357	204
Related companies		
Due to clients	19	17
Directors and Senior Executives		
Due from clients	9 994	10 112
Interest received	149	103

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)	2014	2013
Fiduciary placements with other banks	2 483 550	2 666 689
Fiduciary loans and other financial fiduciary transactions		5 240
Total	**2 483 550**	**2 671 929**

TRADING INCOME

	2014	2013
Income from currency trading and metals	73 828 974	73 905 124
Trading in securities (less funding costs)	8 722 764	8 237 820
Total	**82 551 738**	**82 142 944**

Extraordinary income

Extraordinary income resulting from the dissolution of provisions which became available, totalling CHF 6 million, and from various recoveries, totalling CHF 34 million.

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 47 to 59) for the year ended 31st December 2014.

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 2014 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, 25 March 2015

Ernst & Young Ltd

Didier Müller	**Prof. Dr. Andreas Blumer**
Licensed audit expert	Licensed audit exper
Auditor in charge	

UBP

Union Bancaire Privée