

# Media release

## UBS reports second quarter 2005 result of CHF 2,147 million

<b>UBS (including industrial holdings)</b>					
<i>CHF million, except where indicated</i>	Quarter ended			% change from	
	<b>30.6.05</b>	31.3.05	30.6.04	1Q05	2Q04
Operating income	<b>12,011</b>	12,971	10,217	(7)	18
Operating expenses	<b>9,042</b>	9,389	7,537	(4)	20
Net profit	<b>2,293</b>	2,833	2,153	(19)	7
Net profit attributable to minority interests	<b>146</b>	208	110	(30)	33
<b>Net profit attributable to UBS shareholders</b>	<b>2,147</b>	2,625	2,043	(18)	5
<b>Financial businesses</b>					
Operating income	<b>9,381</b>	10,104	9,429	(7)	(1)
Operating expenses	<b>6,583</b>	6,877	6,827	(4)	(4)
<b>Net profit attributable to UBS shareholders</b>	<b>2,111</b>	2,427	1,940	(13)	9

- **Net profit attributable to UBS shareholders of CHF 2,147 million in second quarter**
- **Financial businesses contributed CHF 2,111 million in second quarter – up 9% from year earlier, virtually flat pre-goodwill**
- **In first half 2005, attributable profit from financial businesses was CHF 4,538 million, in line with first half 2004**
- **Annualized RoE in first half at 28.2%, again well above 15-20% target range, EPS in second quarter of CHF 2.10**
- **Results show continued strength across the firm, led by strong asset-based revenues in the wealth and asset management businesses**
- **Net new money, at CHF 30 billion in second quarter, was again extremely strong, with a near record CHF 19.2 billion contribution from wealth management clients worldwide.**

Zurich/Basel, 9 August 2005 – UBS reports net profit attributable to its shareholders ("attributable profit") of CHF 2,147 million in second quarter 2005. Financial businesses contributed CHF 2,111 million, up 9% from a year earlier, but virtually flat pre-goodwill (down CHF 12 million). In first half 2005, attributable profit from financial businesses was CHF 4,538 million, in line with the same period in 2004 pre-goodwill (down CHF 13 million).

UBS's industrial holdings, including its stake in Motor-Columbus and its private equity portfolio, contributed CHF 36 million, or 1.7%, to UBS's attributable profit.

"Our advisory capabilities and the strength of our wealth and asset management businesses helped us to offset the challenging markets facing our trading desks," said Peter Wuffli, Chief Executive Officer.

Income from financial businesses, excluding credit loss recoveries, was CHF 9,312 million in second quarter 2005, CHF 11 million higher than second quarter 2004. Practically all major asset-based fee categories were up, in particular investment fund fees and fees from portfolio management mandates, as markets rose and new client money flowed into UBS. Corporate finance fees were at the highest level ever seen in a second quarter, driven by the strong momentum of UBS's mergers and acquisitions franchise, which won several prestigious mandates, such as advising credit card issuer MBNA on its merger with Bank of America, and cable television company Adelphia Communications on its sale to Time Warner and Comcast. Bond underwriting fees were also at their highest level ever, as corporate clients continued to tap into debt markets. These effects drove net fee and commission income up to its highest level since 2001 – making up 57% of overall operating income. This helped to counterbalance a decrease in revenues from trading activities, mainly reflecting a difficult fixed income environment. Equities trading held up well, driven by growth in the prime brokerage business.

Positive business sentiment and sound credit fundamentals in both Swiss and international credit markets led to a low level of new defaults, again resulting in net recoveries of CHF 69 million in second quarter 2005 compared to CHF 128 million in the same quarter a year earlier.

Invested asset levels rose to CHF 2.55 trillion in second quarter 2005 because of increasing market valuations and strong net new money of CHF 30 billion, with inflows in the wealth management businesses at a near record of CHF 19.2 billion, including particularly strong contributions into the domestic European business and from Asian clients.

Operating expenses fell 4% to CHF 6,583 million from a year earlier, mainly reflecting the discontinuation of goodwill amortization from 1 January 2005 onwards. If goodwill amortization expenses for second quarter 2004 are excluded, operating expenses were down 1%, mostly because of a fall in operational risk costs. Personnel expenses rose 4% in second quarter from a year earlier, as salary expenses were pushed up by the continuous expansion of UBS's business and annual pay rises.

Headcount in the financial businesses was 69,200 on 30 June 2005, up 1,003 from 68,197 on 31 March 2005, with higher staffing levels across all businesses reflecting the growth of UBS's franchise worldwide. In Switzerland, headcount has risen by 398 since the end of last year, in Europe it is up 506, in the Americas 356 and in Asia Pacific 533.

### **Risk-weighted assets, BIS Tier 1 ratio**

Risk-weighted assets stood at CHF 300.6 billion on 30 June 2005, up from CHF 286.0 billion on 31 March 2005. The majority of the increase was driven by the strengthening of major currencies, such as the US dollar and UK sterling, against the Swiss franc. Capital requirements also increased because of higher lending in the wealth management businesses around the world. To a lesser extent, capital requirements also increased because of growth in lending in the Swiss mortgage business and to mortgage originators through the Investment Bank's mortgage-backed securities business. Much of the increased lending activity is collateralized.

BIS Tier 1 capital rose to CHF 36.7 billion on 30 June 2005 from CHF 32.8 billion on 31 March 2005. The BIS Tier 1 ratio increased to 12.2% at the end of June from 11.5% at the end of March.

**Global integration of wealth management units**

On 1 July 2005, the US, Swiss and international wealth management businesses, as well as the Swiss corporate and retail banking unit, were brought together in one Business Group titled Global Wealth Management & Business Banking.

The highly successful municipal finance unit, previously located within the Wealth Management USA business, has been transferred to the Investment Bank's fixed income area.

In its financial reporting, UBS will retain separate disclosure of the performance and profitability of the Wealth Management USA unit. Before releasing third quarter results, UBS will restate its results to reflect these shifts.

**Outlook**

UBS performed well through a mixed second quarter for global markets. The start of the quarter was challenging, but subsequently markets picked up. UBS believes this momentum should continue, at least in the short term.

"While the natural seasonality in our industry tends to boost earnings in the first part of the year, we have every reason to believe this will be another year of strong results for UBS and our shareholders," said Clive Standish.

## Performance against UBS financial targets

UBS's performance against financial targets shows\*:

- Annualized return on equity in first half 2005 was 28.2%, down from 29.5%\* in the same period a year ago, but still well above the target range of 15-20%. The drop was driven by an increase in average equity as strong retained earnings outpaced distributions via dividends or buybacks, partly offset by higher annualized net profit.
- Basic earnings per share stood at CHF 2.10, down marginally (2%) from CHF 2.14\* in the same quarter a year earlier, due to a decrease in attributable profit. This was partially offset by a 2% reduction in the average number of shares outstanding due to the continuing repurchase of shares.
- The cost/income ratio of the financial businesses stood at 70.7% in second quarter 2005, down from the 71.4% shown in the same quarter last year. The improvement reflected a small increase in income and lower general and administrative expenses compared to the second quarter a year earlier, which included a particularly high level of operational risk costs.

## Performance against targets

<i>Year to date</i>	<b>30.6.05</b>	31.3.05	30.6.04
<b>RoE (%) <sup>1</sup></b>			
as reported	<b>28.2</b>	32.4	27.2
before goodwill	<b>28.2</b>	32.4	29.5 <sup>2</sup>
<i>Quarter ended</i>	<b>30.6.05</b>	31.3.05	30.6.04
<b>Basic EPS (CHF)</b>			
as reported <sup>3</sup>	<b>2.10</b>	2.60	1.96
before goodwill	<b>2.10</b>	2.60	2.14 <sup>4</sup>
<b>Cost / income ratio of the financial businesses (%) <sup>5,6</sup></b>			
as reported	<b>70.7</b>	69.0	73.4
before goodwill	<b>70.7</b>	69.0	71.4 <sup>7</sup>
<b>Net new money, wealth management businesses (CHF billion) <sup>8</sup></b>			
Wealth Management	<b>18.4</b>	15.4	8.2
Wealth Management USA	<b>0.8</b>	5.8	2.2
<b>Total</b>	<b>19.2</b>	21.2	10.4

<sup>1</sup> Net profit attributable to UBS shareholders (annualized) / average equity attributable to UBS shareholders less dividends.

<sup>2</sup> Net profit attributable to UBS shareholders (annualized), less the amortization of goodwill / average equity attributable to UBS shareholders less dividends. <sup>3</sup> Details of the EPS calculation can be found in note 8 to the financial statements. <sup>4</sup> Net profit attributable to UBS shareholders less the amortization of goodwill / weighted average shares outstanding. <sup>5</sup> Excludes results from industrial holdings. <sup>6</sup> Operating expenses / operating income less credit loss expense or recovery. <sup>7</sup> Operating expenses less the amortization of goodwill / operating income less credit loss expense or recovery. <sup>8</sup> Excludes interest and dividend income.

### \* Before goodwill amortization:

Until the end of 2004, targets were evaluated on a pre-goodwill basis. With the introduction of new and revised International Financial Reporting Standards (IFRS), goodwill amortization stopped at the beginning of 2005.

## UBS Financial Highlights

### Highlights UBS

<i>CHF million, except where indicated</i>	Quarter ended			% change from		Year to date	
	30.6.05	31.3.05	30.6.04	1Q05	2Q04	30.6.05	30.6.04
Net profit attributable to UBS shareholders	<b>2,147</b>	2,625	2,043	(18)	5	4,772	4,320
Basic earnings per share (CHF) <sup>1</sup>	<b>2.10</b>	2.60	1.96	(19)	7	4.70	4.12
Diluted earnings per share (CHF) <sup>1</sup>	<b>2.01</b>	2.48	1.84	(19)	9	4.48	3.92
Return on equity attributable to UBS shareholders (%) <sup>2</sup>						28.2	27.2
<b>Performance indicators <sup>3</sup></b>							
Basic earnings per share (CHF) <sup>4</sup>	<b>2.10</b>	2.60	2.14	(19)	(2)	4.70	4.47
Return on equity attributable to UBS shareholders (%) <sup>2</sup>						28.2	29.5

### Highlights financial businesses<sup>5</sup>

<i>CHF million, except where indicated</i>	As at or for the quarter ended			% change from		Year to date	
	30.6.05	31.3.05	30.6.04	1Q05	2Q04	30.6.05	30.6.04
Operating income	<b>9,381</b>	10,104	9,429	(7)	(1)	19,485	19,564
Operating expenses	<b>6,583</b>	6,877	6,827	(4)	(4)	13,460	13,947
Net profit attributable to UBS shareholders	<b>2,111</b>	2,427	1,940	(13)	9	4,538	4,188
Cost / income ratio (%) <sup>6</sup>	<b>70.7</b>	69.0	73.4			69.8	71.8
Net new money, wealth management businesses (CHF billion) <sup>7</sup>	<b>19.2</b>	21.2	10.4			40.4	29.4
Headcount (full-time equivalents)	<b>69,200</b>	68,197	66,022	1	5		
<b>Pre-goodwill earnings <sup>3</sup></b>							
Operating income	<b>9,381</b>	10,104	9,429	(7)	(1)	19,485	19,564
Operating expenses	<b>6,583</b>	6,877	6,644	(4)	(1)	13,460	13,584
Net profit attributable to UBS shareholders	<b>2,111</b>	2,427	2,123	(13)	(1)	4,538	4,551
Cost / income ratio (%) <sup>6</sup>	<b>70.7</b>	69.0	71.4			69.8	69.9

### Highlights balance sheet & capital management

<i>CHF million, except where indicated</i>	As at			% change from	
	30.6.05	31.3.05	30.6.04	31.3.05	30.6.04
Equity attributable to UBS shareholders	<b>38,002</b>	38,130		0	
<b>Market capitalization</b>	<b>108,193</b>	109,838	98,001	(1)	10
<b>BIS capital ratios</b>					
Tier 1 (%) <sup>8</sup>	<b>12.2</b>	11.5	12.1		
Total BIS (%)	<b>13.9</b>	13.0	13.5		
Risk-weighted assets	<b>300,636</b>	286,014	267,521	5	12
<b>Invested assets (CHF billion)</b>	<b>2,550</b>	2,360	2,231	8	14
<b>Long-term ratings</b>					
Fitch, London	<b>AA+</b>	AA+	AA+		
Moody's, New York	<b>Aa2</b>	Aa2	Aa2		
Standard & Poor's, New York	<b>AA+</b>	AA+	AA+		

<sup>1</sup> For the EPS calculation, see note 8 to the financial statements. <sup>2</sup> Net profit attributable to UBS shareholders (annualized) / average equity attributable to UBS shareholders less dividends. <sup>3</sup> Excludes the amortization of goodwill in 2004. Due to changes in accounting standards, there is no amortization of goodwill from 2005 onwards. <sup>4</sup> Net profit attributable to UBS shareholders / weighted average shares outstanding. <sup>5</sup> Excludes results from industrial holdings. <sup>6</sup> Operating expenses / operating income less credit loss expense or recovery. <sup>7</sup> Includes Wealth Management and Wealth Management USA. Excludes interest and dividend income. <sup>8</sup> Includes hybrid Tier 1 capital, please refer to the BIS capital and ratios table in the capital management section of the Second Quarter 2005 Financial Report.

**USD-convenience translation (spot rate of CHF/USD as at 30.6.05): 1.28**
**Highlights UBS**

	Quarter ended
<i>USD million, except where indicated</i>	<b>30.6.05</b>
Net profit attributable to UBS shareholders	<b>1,677</b>
Basic earnings per share (USD) <sup>1</sup>	<b>1.64</b>
Diluted earnings per share (USD) <sup>1</sup>	<b>1.57</b>
Return on equity attributable to UBS shareholders (%) <sup>2</sup>	<b>28.2</b>

**Highlights financial businesses <sup>3</sup>**

	Quarter ended
<i>USD million, except where indicated</i>	<b>30.6.05</b>
Operating income	<b>7,329</b>
Operating expenses	<b>5,143</b>
Net profit attributable to UBS shareholders	<b>1,649</b>
Cost / income ratio (%) <sup>4</sup>	<b>70.7</b>
Net new money, wealth management businesses (USD billion) <sup>5</sup>	<b>15.0</b>

**Highlights balance sheet & capital management**

	As at
<i>USD million, except where indicated</i>	<b>30.6.05</b>
Equity attributable to UBS shareholders	<b>29,689</b>
<b>Market capitalization</b>	<b>84,526</b>
<b>BIS capital ratios</b>	
Tier 1 (%) <sup>6</sup>	<b>12.2</b>
Total BIS (%)	<b>13.9</b>
Risk-weighted assets	<b>234,872</b>
<b>Invested assets (USD billion)</b>	<b>1,992</b>

<sup>1</sup> For the EPS calculation, see note 8 to the financial statements.   
<sup>2</sup> Net profit attributable to UBS shareholders (annualized) / average equity attributable to UBS shareholders less dividends.   
<sup>3</sup> Excludes results from industrial holdings.   
<sup>4</sup> Operating expenses / operating income less credit loss expense or recovery.   
<sup>5</sup> Includes Wealth Management and Wealth Management USA. Excludes interest and dividend income.   
<sup>6</sup> Includes hybrid Tier 1 capital, please refer to the BIS capital and ratios table in the capital management section of the Second Quarter 2005 Financial Report.

## Results from the Financial Businesses

### Wealth Management & Business Banking

In second quarter 2005, the Wealth Management unit's pre-tax profit was CHF 963 million, a quarterly record and an improvement of 5% from first quarter 2005. The result reflected rising asset-based fees from the record asset base and higher interest income, due to the continued expansion of margin lending activities.

Net new money, at CHF 18.4 billion, was at its highest level ever. The international clients area recorded CHF 17.0 billion in net new money, driven by a record inflow into the domestic European business and further strong contributions from Asian clients. The Swiss clients area showed an inflow of CHF 1.4 billion, a clear improvement from CHF 0.9 billion in first quarter 2005.

In second quarter 2005, the gross margin on invested assets was 101 basis points, down 3 basis points from first quarter 2005. The drop mainly reflects a decrease in non-recurring margin. Although transactional revenues rose slightly, they did not keep pace with the increase in invested assets.

Invested assets on 30 June 2005 were CHF 890 billion, up by CHF 70 billion or 9% from 31 March 2005, reflecting positive market performance, the appreciation of the US dollar, and strong net new money. Levels also rose due to the integration of the acquired operations of Dresdner Bank in Latin America and Julius Baer in North America.

The Business Banking Switzerland unit reported a pre-tax profit of CHF 564 million in second quarter 2005 – CHF 33 million or 6% higher than in first quarter 2005. This is the second highest result ever reported, exceeded only in second quarter 2003, which benefited from disposal gains. The result shows the continued tight management of the cost base, with lower adjusted expected credit loss reflecting the structural improvement of the loan portfolio in recent years.

Total operating income in second quarter 2005 was up 2% from first quarter 2005 while operating expenses decreased marginally.

The loan portfolio, at CHF 140.5 billion on 30 June 2005, was CHF 1.1 billion above the level on 31 March 2005. An increase in private client mortgages was partly offset by the ongoing workout of the recovery portfolio.

### Global Asset Management

The Global Asset Management unit's pre-tax profit was CHF 220 million in second quarter 2005, only CHF 4 million or 2% off the record CHF 224 million in first quarter. The result reflected lower performance fees, mainly in alternative and quantitative investments, partly offset by increasing management fees from traditional investments, reflecting the higher asset base which rose as a result of positive currency fluctuations, continued strong net new money inflows and higher market levels.

Total operating expenses fell slightly in second quarter, largely a result of lower personnel expenses, with performance-based compensation falling in line with revenues.

Net new money in the Institutional business in second quarter 2005 was CHF 2.7 billion, compared with CHF 5.1 billion in first quarter 2005, with the decline reflecting money market outflows. Excluding movements related to money market funds, net new money was CHF 4.2

billion, unchanged compared to first quarter 2005. Major inflows were reported into fixed income mandates and alternative investments.

Net new money in the Wholesale Intermediary business was CHF 6.2 billion in second quarter 2005, up from CHF 4.7 billion in first quarter 2005. Excluding money market outflows, net new money was CHF 10.7 billion, compared to CHF 7.2 billion in first quarter. The main drivers were strong inflows into equity funds and asset allocation funds in Europe and the Americas.

Invested assets at the end of second quarter 2005 stood at CHF 686 billion, up from CHF 635 billion on 31 March 2005, reflecting strong net new money inflows, positive market performance and currency impacts.

## **Investment Bank**

The Investment Bank posted a pre-tax profit of CHF 1,077 million, up 12% from the same period last year. Pre-goodwill, pre-tax profit was up 5%.

Total operating income in second quarter 2005 was CHF 3,690 million, down 6% from the same quarter a year earlier. Lower revenues in fixed income, rates and currencies were partly offset by very strong results in investment banking and a robust equities performance.

Equities revenues were up 3% from the same period in 2004. Prime brokerage had a strong quarter and performance in the derivatives business was solid, especially in Europe, aided by improved options volume early in the quarter. Income from secondary cash trading saw a moderate decrease on uncertain market conditions. Equity capital markets revenues fell significantly despite market share increases in most regions due to a lower level of issuance in the market.

Fixed income, rates and currencies revenues were down 18% from the result achieved a year earlier. Difficult trading conditions resulted in lower revenues in the credit fixed income and rates business lines. Revenues in the cash and collateral trading business rose, offsetting declines in foreign exchange trading. Results in the principal finance and commercial real estate business were flat. Credit default swaps hedging loan exposures recorded zero in revenues against positive revenues of CHF 12 million a year ago.

Investment banking revenues in second quarter 2005 were up 17% from a year earlier, making it the best second quarter performance since 2001. The result reflected UBS's ability to take advantage of strong corporate activity levels, particularly in Europe, and participate in significant transactions in the Americas.

Total operating expenses in second quarter 2005 were down 11% from the same period last year, reflecting the decline in operational risk costs. Personnel expenses decreased by 2% as reduced accruals for cash bonuses, in line with lower revenues, were partially offset by a rise in headcount.

Market risk for the Investment Bank, as measured by the average 10-day 99% VaR, was CHF 362 million in second quarter 2005, slightly down from the CHF 371 million seen in the previous quarter. Interest rate VaR, which is the largest contributor, increased in the quarter.

**Wealth Management USA**

The Wealth Management USA unit's pre-tax profit was CHF 133 million, 8% lower than the CHF 144 million in first quarter 2005. Before acquisition costs, pre-tax profit was CHF 197 million in second quarter 2005, down 2% from CHF 201 million in first quarter 2005.

Because Wealth Management USA's business is almost entirely conducted in US dollars, comparisons of results to prior periods are affected by the movements of the US dollar against the Swiss franc. In second quarter 2005, the US dollar appreciated 6% against the Swiss franc.

In US dollar terms, performance was 7% lower than first quarter, reflecting the impact of an 11% decline in transactional revenues partly offset by higher recurring income and an improvement in municipal finance revenues, reflecting higher numbers of lead managed transactions and derivative deals.

The inflow of net new money in second quarter 2005 was CHF 0.8 billion compared to CHF 5.8 billion in first quarter 2005, with the decline partially related to outflows attributable to April tax payments.

Financial advisor headcount was 7,474 on 30 June 2005, up 71 from 7,403 on 31 March 2005. UBS continues to invest in recruiting and training, with our primary aim remaining the hiring of talented and highly productive financial advisors.

**Media release** available at [www.ubs.com/media](http://www.ubs.com/media)

**Further information** on UBS's quarterly results is available at [www.ubs.com/media](http://www.ubs.com/media)

- 2Q2005 Report (pdf and interactive version)
- 2Q2005 Results slide presentation
- Letter to shareholders (English, German, French and Italian)

**Webcast:** The results presentation by Peter Wuffli, Chief Executive Officer, and Clive Standish, Chief Financial Officer, will be webcast live via [www.ubs.com](http://www.ubs.com) at the following time on 9 August 2005:

- 0900 CET
- 0800 GMT
- 0300 US EST

Webcast playback will be available from 1400 CET on 9 August 2005.

#### **Cautionary statement regarding forward-looking statements**

This communication contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to the implementation of strategic initiatives, such as the European wealth management business, and other statements relating to our future business development and economic performance.

While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, (1) general market, macro-economic, governmental and regulatory trends, (2) movements in local and international securities markets, currency exchange rates and interest rates, (3) competitive pressures, (4) technological developments, (5) changes in the financial position or creditworthiness of our customers, obligors and counterparties and developments in the markets in which they operate, (6) legislative developments, (7) management changes and changes to our Business Group structure and (8) other key factors that we have indicated could adversely affect our business and financial performance which are contained in other parts of this document and in our past and future filings and reports, including those filed with the SEC.

More detailed information about those factors is set forth elsewhere in this document and in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2004. UBS is not under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

## **Financial Businesses**

### **Net new money <sup>1</sup>**

<i>CHF billion</i>	Quarter ended			Year to date	
	30.6.05	31.3.05	30.6.04	30.6.05	30.6.04
<b>UBS</b>	<b>30.0</b>	32.3	16.9	62.3	52.0
<b>Wealth Management &amp; Business Banking</b>					
Wealth Management	<b>18.4</b>	15.4	8.2	33.8	24.4
Business Banking Switzerland	<b>2.0</b>	1.0	1.0	3.0	2.0
<b>Global Asset Management</b>					
Institutional	<b>2.7</b>	5.1	7.6	7.8	17.7
Wholesale Intermediary	<b>6.2</b>	4.7	(4.6)	10.9	(6.0)
<b>Wealth Management USA</b>	<b>0.8</b>	5.8	2.2	6.6	5.0
<b>Corporate Center</b>					
Private Banks & GAM	<b>(0.1)</b>	0.3	2.5	0.2	8.9

<sup>1</sup> Excludes interest and dividend income.

### **Invested assets**

<i>CHF billion</i>	As at			% change from	
	30.6.05	31.3.05	30.6.04	31.3.05	30.6.04
<b>UBS</b>	<b>2,550</b>	2,360	2,231	8	14
<b>Wealth Management &amp; Business Banking</b>					
Wealth Management	<b>890</b>	820	750	9	19
Business Banking Switzerland	<b>148</b>	143	139	3	6
<b>Global Asset Management</b>					
Institutional	<b>396</b>	366	338	8	17
Wholesale Intermediary	<b>290</b>	269	257	8	13
<b>Investment Bank</b>	<b>0</b>	0	1		(100)
<b>Wealth Management USA</b>	<b>725</b>	667	652	9	11
<b>Corporate Center</b>					
Private Banks & GAM	<b>101</b>	95	94	6	7

## Financial Businesses

### Net interest and trading income

<i>CHF million</i>	Quarter ended			% change from		Year to date	
	<b>30.6.05</b>	31.3.05	30.6.04	1Q05	2Q04	30.6.05	30.6.04
Net interest income	<b>2,220</b>	2,690	2,864	(17)	(22)	4,910	5,889
Net trading income	<b>1,586</b>	1,936	1,363	(18)	16	3,522	3,337
<b>Total net interest and trading income</b>	<b>3,806</b>	4,626	4,227	(18)	(10)	8,432	9,226

### Breakdown by business activity

<i>CHF million</i>	Quarter ended			% change from		Year to date	
	<b>30.6.05</b>	31.3.05	30.6.04	1Q05	2Q04	30.6.05	30.6.04
Equities	<b>717</b>	936	696	(23)	3	1,653	1,642
Fixed income	<b>1,227</b>	1,748	1,619	(30)	(24)	2,975	3,770
Foreign exchange	<b>305</b>	372	422	(18)	(28)	677	836
Other	<b>95</b>	82	72	16	32	177	161
<b>Net income from trading activities</b>	<b>2,344</b>	3,138	2,809	(25)	(17)	5,482	6,409
<b>Net income from interest margin products</b>	<b>1,332</b>	1,313	1,290	1	3	2,645	2,555
<b>Net income from treasury and other activities</b>	<b>130</b>	175	128	(26)	2	305	262
<b>Total net interest and trading income</b>	<b>3,806</b>	4,626	4,227	(18)	(10)	8,432	9,226

### Reporting by Business Groups / Units

<i>CHF million</i>	Total operating income			Total operating expenses			Performance before tax		
	<b>30.6.05</b>	30.6.04	% change	<b>30.6.05</b>	30.6.04	% change	<b>30.6.05</b>	30.6.04	% change
<i>For the quarter ended</i>									
<b>Wealth Management &amp; Business Banking</b>									
Wealth Management	<b>2,164</b>	1,928	12	<b>1,201</b>	1,058	14	<b>963</b>	870	11
Business Banking Switzerland	<b>1,275</b>	1,272	0	<b>711</b>	773	(8)	<b>564</b>	499	13
<b>Global Asset Management</b>	<b>549</b>	498	10	<b>329</b>	361	(9)	<b>220</b>	137	61
<b>Investment Bank</b>	<b>3,690</b>	3,906	(6)	<b>2,613</b>	2,943	(11)	<b>1,077</b>	963	12
<b>Wealth Management USA</b>	<b>1,331</b>	1,274	4	<b>1,198</b>	1,274	(6)	<b>133</b>	0	
<b>Corporate Center</b>									
Private Banks & GAM	<b>287</b>	279	3	<b>164</b>	176	(7)	<b>123</b>	103	19
Corporate Functions	<b>85</b>	272	(69)	<b>367</b>	242	52	<b>(282)</b>	30	
<b>Financial Businesses</b>	<b>9,381</b>	9,429	(1)	<b>6,583</b>	6,827	(4)	<b>2,798</b>	2,602	8

**UBS (including Industrial Holdings)**
**Income Statement (unaudited)**

<i>CHF million, except per share data</i>	Quarter ended			% change from		Year to date	
	<b>30.6.05</b>	31.3.05	30.6.04	1Q05	2Q04	30.6.05	30.6.04
<b>Operating income</b>							
Interest income	<b>15,576</b>	12,574	9,767	24	59	28,150	19,318
Interest expense	<b>(13,356)</b>	(9,884)	(6,903)	35	93	(23,240)	(13,429)
Net interest income	<b>2,220</b>	2,690	2,864	(17)	(22)	4,910	5,889
Credit loss (expense) / recovery	<b>69</b>	137	128	(50)	(46)	206	130
Net interest income after credit loss expense	<b>2,289</b>	2,827	2,992	(19)	(23)	5,116	6,019
Net fee and commission income	<b>5,380</b>	5,155	4,856	4	11	10,535	9,883
Net trading income	<b>1,586</b>	1,936	1,363	(18)	16	3,522	3,337
Other income	<b>192</b>	435	297	(56)	(35)	627	539
Revenues from Industrial Holdings	<b>2,564</b>	2,618	709	(2)	262	5,182	1,665
Total operating income	<b>12,011</b>	12,971	10,217	(7)	18	24,982	21,443
<b>Operating expenses</b>							
Personnel expenses	<b>5,057</b>	5,440	4,746	(7)	7	10,497	10,120
General and administrative expenses	<b>1,683</b>	1,651	1,923	2	(12)	3,334	3,691
Depreciation of property and equipment	<b>389</b>	382	356	2	9	771	714
Amortization of goodwill	<b>0</b>	0	183		(100)	0	366
Amortization of other intangible assets	<b>80</b>	80	46	0	74	160	94
Goods and materials purchased	<b>1,833</b>	1,836	283	0	548	3,669	671
Total operating expenses	<b>9,042</b>	9,389	7,537	(4)	20	18,431	15,656
<b>Operating profit from continuing operations before tax</b>	<b>2,969</b>	3,582	2,680	(17)	11	6,551	5,787
Tax expense	<b>627</b>	742	560	(15)	12	1,369	1,283
<b>Net profit from continuing operations</b>	<b>2,342</b>	2,840	2,120	(18)	10	5,182	4,504
Net profit / loss from discontinued operations	<b>(49)</b>	(7)	33	(600)		(56)	18
Net profit	<b>2,293</b>	2,833	2,153	(19)	7	5,126	4,522
Net profit attributable to minority interests	<b>146</b>	208	110	(30)	33	354	202
<b>Net profit attributable to UBS shareholders</b>	<b>2,147</b>	2,625	2,043	(18)	5	4,772	4,320
Basic earnings per share (CHF)	<b>2.10</b>	2.60	1.96	(19)	7	4.70	4.12
Diluted earnings per share (CHF)	<b>2.01</b>	2.48	1.84	(19)	9	4.48	3.92

**Currency translation rates**

The following table shows the principal rates used to translate the financial statements of foreign entities into Swiss francs:

	<b>Spot rate</b>			<b>Average rate</b>			<b>Average rate</b>	
	As at			Quarter ended			Year to date	
	<b>30.6.05</b>	31.3.05	30.6.04	<b>30.6.05</b>	31.3.05	30.6.04	<b>30.6.05</b>	30.6.04
1 USD	<b>1.28</b>	1.20	1.25	<b>1.25</b>	1.18	1.27	<b>1.21</b>	1.26
1 EUR	<b>1.55</b>	1.55	1.52	<b>1.55</b>	1.55	1.53	<b>1.55</b>	1.55
1 GBP	<b>2.30</b>	2.26	2.27	<b>2.28</b>	2.24	2.29	<b>2.26</b>	2.31
100 JPY	<b>1.16</b>	1.12	1.15	<b>1.15</b>	1.13	1.15	<b>1.14</b>	1.17