

Media release

UBS reports a first quarter loss of CHF 2.0 billion; quarter-end BIS tier 1 ratio of 10.5%

First quarter 2009 results

- First quarter net loss attributable to UBS shareholders of CHF 1,975 million
- Losses driven primarily by risk positions in businesses now exited or in the process of being exited by the Investment Bank
- Results include a CHF 0.6 billion goodwill impairment charge related to the announced sale of UBS Pactual
- Net new money outflows totaled CHF 23.4 billion for Wealth Management & Swiss Bank; Wealth Management Americas reported net new money inflows of CHF 16.2 billion; net new money outflows slowed to CHF 7.7 billion in Global Asset Management

Capital and balance sheet

- BIS tier 1 ratio of 10.5% and BIS total ratio of 14.7% at quarter-end; pro-forma BIS tier 1 ratio of 11.0% including the effect of the announced sale of UBS Pactual
- Risks and balance sheet further reduced; total risk-weighted assets under Basel II declined 8.1% during the first quarter to CHF 277.7 billion

Cost reduction

- Cost reduction measures under way; as announced on 15 April 2009, operating expenses expected to decrease by CHF 3.5 to 4 billion by the end of 2010

Outlook

- There has been an improvement in market sentiment during the first quarter, with a strong rebound in global stock market indices since early March, but the credit markets improved only partly and trading in complex financial products remains illiquid. The markets continue to be unsettled, and we remain cautious on the immediate outlook for UBS. The strong influence that government policy has on the market environment was clearly demonstrated in the first quarter as investors became less risk averse. However, the real economy has continued to deteriorate, and this is expected to have negative implications for credit-related provisioning in coming quarters.

Zurich/Basel, 5 May 2009 - UBS reports a first quarter loss of CHF 1,975 million.

First quarter 2009 results

Net loss attributable to UBS shareholders was CHF 1,975 million, compared with a net loss of CHF 9,563 million in fourth quarter 2008. This change was mainly due to lower losses on risk positions from businesses now exited or in the process of being exited by the Investment Bank. Net loss from continuing operations was CHF 1,852 million compared with a net loss of CHF 9,460 million.

Total *operating income* increased to CHF 4,970 million from negative CHF 4,696 million. This was driven by lower trading losses with a trading income of negative CHF 630 million compared with negative CHF 9,132 million. Net interest income increased to CHF 1,899 million from CHF 1,655 million. UBS recorded a credit loss expense of CHF 1,135 million in first quarter 2009, compared with 2,310 million in fourth quarter 2008. Net fee and commission income was CHF 4,241 million, down 11% from CHF 4,784 million. First quarter 2009 saw a decrease in all major fee categories with the exception of underwriting fees. Other income increased to CHF 595 million from CHF 306 million.

Total *operating expenses* decreased 1% to CHF 6,528 million from CHF 6,562 million. Higher personnel expenses and a goodwill impairment charge of CHF 631 million related to the announced sale of UBS Pactual were offset by a decrease in general and administrative expenses, as fourth quarter 2008 included provisions related to the US cross-border case and auction rate securities-related charges. The change in personnel expenses is mainly due to the fact that accruals for performance-based compensation made in the first nine months of 2008 were partially reversed in the fourth quarter, resulting in unusually low personnel expenses in fourth quarter 2008.

Business division performance: 1Q09 vs 4Q08

Wealth Management & Swiss Bank recorded an increase in pre-tax profit to CHF 1,077 million from CHF 535 million. This increase was largely due to the impact of provisions made in connection with the US cross-border case in fourth quarter 2008. Without the effect of these provisions, pre-tax profit would have fallen 26% as less income was earned on a reduced asset base and operating expenses were higher.

Wealth Management Americas recorded a pre-tax loss of CHF 35 million compared with a pre-tax loss of CHF 444 million. Excluding the auction rate securities (ARS) related charges recorded in fourth quarter 2008, first quarter 2009 results decreased from an adjusted pre-tax profit of CHF 273 million in fourth quarter 2008, due to both lower revenues and higher operating expenses.

Global Asset Management pre-tax profit decreased to negative CHF 59 million from positive CHF 236 million, mainly due to a goodwill impairment charge of CHF 191 million related to the announced sale of UBS Pactual. Revenues were higher, mainly due to higher performance fees and lower operational losses.

The *Investment Bank* recorded a pre-tax loss of CHF 3,162 million compared with a pre-tax loss of CHF 8,096 million. First quarter 2009 saw an increase in revenues in most client-facing activities, notably in equities and the rates and emerging markets businesses within the fixed income, currencies and commodities (FICC) business area. Losses on risk positions from businesses the Investment Bank has now exited or is in the process of exiting were lower than in the prior quarter. Credit valuation adjustments against credit default protection from monolines totaled CHF 1.9 billion in first quarter 2009. The Investment Bank continued to reduce risk in businesses it is exiting and, as a result, experienced losses on disposals. Lower marks and credit valuation adjustments also contributed to losses in the quarter. Trading losses were also incurred in the management of counterparty risk in over-the-counter (OTC) derivatives portfolios. First quarter 2009 included losses related to ARS purchase commitments (CHF 0.3 billion) and price adjustments on positions transferred to the SNB StabFund (CHF 0.2 billion). Credit loss expenses were CHF 1,017 million in the first quarter. Own credit gains of CHF 651 million were recorded in the quarter. Operating expenses were up from the

prior quarter due to higher personnel expenses and a goodwill impairment charge of CHF 421 million related to the announced sale of UBS Pactual.

The *Corporate Center* recorded a pre-tax profit from continuing operations of CHF 621 million in first quarter 2009, due mainly to the net impact of the transaction with the Swiss National Bank (SNB) and the valuation of the mandatory convertible notes (MCNs) issued on 9 December 2008. First quarter results also include a gain of CHF 304 million on the buyback of subordinated debt. In comparison, a pre-tax loss from continuing operations of CHF 3,489 million was recorded in the fourth quarter, with the impact of the SNB transaction only partly offset by the fair valuation of the abovementioned MCNs.

Reporting by business division

CHF million	Total operating income			Total operating expenses			Performance before tax from continuing operations		
	For the quarter ended	31.12.08	% change	31.12.08	31.12.08	% change	31.12.08	31.12.08	% change
Wealth Management & Swiss Bank	2,892	3,153	(8)	1,815	2,617	(31)	1,077	535	101
Wealth Management Americas	1,409	1,439	(2)	1,444	1,883	(23)	(35)	(444)	92
Global Asset Management	502	478	5	561	242	132	(59)	236	
Investment Bank	(661)	(6,516)	90	2,501	1,580	58	(3,162)	(8,096)	61
Corporate Center	827	(3,250)		206	239	(14)	621	(3,489)	
UBS	4,970	(4,696)		6,528	6,562	(1)	(1,558)	(11,258)	86

Net new money

Wealth Management & Swiss Bank - Outflows of net new money slowed in first quarter 2009 to CHF 23.4 billion from CHF 60.4 billion in fourth quarter 2008, including the effect of deleveraging by clients. The majority of first quarter outflows were recorded following the announcements related to the US cross-border case. Total net new money outflows comprised CHF 10.2 billion from Swiss clients and CHF 13.2 billion from international clients, compared with outflows of CHF 17.4 billion and CHF 43.0 billion respectively for fourth quarter 2008.

Wealth Management Americas - First quarter net new money inflows were CHF 16.2 billion, compared with CHF 2.2 billion in fourth quarter 2008.

Global Asset Management - In first quarter 2009, net new money outflows slowed to CHF 7.7 billion from CHF 27.6 billion. Institutional net new money outflows slowed to CHF 1.1 billion from CHF 16.7 billion. Excluding money market flows, outflows were CHF 9.2 billion compared with CHF 22.7 billion. Outflows of wholesale intermediary net new money were CHF 6.6 billion compared with CHF 10.9 billion. Excluding money market flows, wholesale intermediary outflows were CHF 8.7 billion compared with CHF 16.6 billion.

Capital base and balance sheet

On 31 March 2009, UBS's BIS tier 1 ratio stood at 10.5% and its BIS capital ratio was 14.7%, down from 11.0% and 15.0% respectively on 31 December 2008. During the first quarter, risk-weighted assets (RWA) decreased 8.1%, to CHF 277.7 billion, the BIS tier 1 capital declined CHF 3.9 billion to CHF 29.2 billion, and the BIS total capital decreased CHF 4.4 billion to CHF 41.0 billion.

Taking into account the effects from the announced sale of UBS Pactual, which is expected to close in mid-2009, BIS tier 1 capital would increase approximately CHF 1 billion and risk-weighted assets would be CHF 3 billion lower, resulting in a pro forma BIS tier 1 ratio of 11.0% at 31 March 2009.

UBS continued to reduce its balance sheet during the first quarter. Total assets were CHF 1,861 billion on 31 March 2009 – a decrease of CHF 153 billion since the prior quarter end. Collateral trading assets and the trading portfolio were reduced CHF 55 billion in the quarter, with these reductions concentrated in the Investment Bank. Replacement values decreased to a similar extent on both sides of the balance sheet, as market movements drove down positive replacement values 12%, or CHF 100 billion, to CHF 754 billion.

Restatements made to the financial statements 2008

UBS has restated its 2008 financial statements to correct identified accounting errors related to the 2008 financial statements. These errors are not material to the annual or quarterly 2008 financial statements, but related corrections would have been material to first quarter 2009's financial statements. The total net impact of all restated items on the 2008 results was a reduction of net profit and net profit attributable to UBS shareholders of CHF 405 million, and a reduction of equity and equity attributable to UBS shareholders of CHF 269 million. The BIS total ratio decreased by 0.1% and the BIS tier 1 ratio was not affected by the restatement.

UBS's restated results also reflect the reorganization of UBS's wealth management businesses announced on 10 February 2009.

UBS key figures

<i>CHF million, except where indicated</i>	As of or for the quarter ended			% change from	
	31.3.09	31.12.08	31.3.08	4Q08	1Q08
Group results					
Operating income	4,970	(4,696)	(4,034)		
Operating expenses	6,528	6,562	7,847	(1)	(17)
Operating profit before tax (from continuing and discontinued operations)	(1,547)	(11,239)	(11,761)	86	87
Net profit attributable to UBS shareholders	(1,975)	(9,563)	(11,617)	79	83
Diluted earnings per share (CHF) ¹	(0.57)	(3.02)	(5.27)	81	89
Balance sheet and capital management					
Total assets	1,861,326	2,014,815		(8)	
Equity attributable to UBS shareholders	31,283	32,531		(4)	
BIS total ratio (%) ²	14.7	15.0			
Risk-weighted assets ²	277,665	302,273		(8)	
Key performance indicators ³					
Performance					
Return on equity (RoE) (%)	(24.8)	(58.7)	(169.2)		
Return on risk-weighted assets, gross (%)	8.4	1.2	(4.4)		
Return on assets, gross (%)	1.3	0.2	(0.7)		
Growth					
Net profit growth (%) ⁴	N/A	N/A	N/A		
Net new money (CHF billion) ⁵	(14.9)	(85.8)	(12.8)		
Efficiency					
Cost / income ratio (%) ⁶	106.9	N/A	N/A		
Capital strength					
BIS tier 1 ratio (%) ²	10.5	11.0			
FINMA leverage ratio (%) ²	2.56	2.46			
Additional information					
Invested assets (CHF billion)	2,182	2,174	2,759	0	(21)
Personnel (full-time equivalents)	76,206	77,783	83,839	(2)	(9)
Market capitalization ⁷	31,379	43,519	59,843	(28)	(48)
Long-term ratings					
Fitch, London	A+	A+	AA		
Moody's, New York	Aa2	Aa2	Aaa		
Standard & Poor's, New York	A+	A+	AA		

¹ Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the financial statements of the first quarter 2009 report. ² Refer to the "Capital management" section of the first quarter 2009 report. ³ Refer to the "Key performance indicators" section of the first quarter 2009 report. ⁴ Not meaningful if either the current period or the comparison period is a loss period. ⁵ Excludes interest and dividend income. ⁶ Not meaningful if operating income is negative. ⁷ Refer to the "UBS registered shares" section of the first quarter 2009 report.

UBS key figures (USD)

 USD-convenience translation (spot rate of CHF/USD as of 31.3.09): **1.14**

As of or for the quarter ended

USD million, except where indicated **31.3.09**
Group results

Operating income	4,360
Operating expenses	5,726
Operating profit before tax (from continuing and discontinued operations)	(1,357)
Net profit attributable to UBS shareholders	(1,732)
Diluted earnings per share (USD) ¹	(0.50)

Balance sheet and capital management

Total assets	1,632,742
Equity attributable to UBS shareholders	27,441
Total BIS ratio (%) ²	14.7
Risk-weighted assets ²	243,566

Key performance indicators ³
Performance

Return on equity (RoE) (%)	(24.8)
Return on risk-weighted assets (%)	8.4
Return on assets (%)	1.3

Growth

Net profit growth (%) ⁴	N/A
Net new money (USD billion) ⁵	(13.1)

Efficiency

Cost / income ratio (%) ⁶	106.9
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Capital strength

Tier 1 ratio (%) ²	10.5
FINMA leverage ratio (%) ²	2.56

Additional information

Invested assets (USD billion)	1,914
Personnel (full-time equivalents)	76,206
Market capitalization ⁷	27,525

¹ Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the financial statements of the first quarter 2009 report. ² Refer to the "Capital management" section of the first quarter 2009 report. ³ Refer to the "Key performance indicators" section of the first quarter 2009 report. ⁴ Not meaningful if either the current period or the comparison period is a loss period. ⁵ Excludes interest and dividend income. ⁶ Not meaningful if income is negative. ⁷ Refer to the "UBS registered shares" section of the first quarter 2009 report.

Income statement (unaudited)

	For the quarter ended			% change from	
<i>CHF million, except per share data</i>	31.3.09	31.12.08	31.3.08	4Q08	1Q08
Continuing operations					
Interest income	7,645	11,534	20,222	(34)	(62)
Interest expense	(5,746)	(9,879)	(18,543)	(42)	(69)
Net interest income	1,899	1,655	1,679	15	13
Credit loss (expense)/recovery	(1,135)	(2,310)	(311)	(51)	265
Net interest income after credit loss expense	764	(655)	1,368		(44)
Net fee and commission income	4,241	4,784	6,215	(11)	(32)
Net trading income	(630)	(9,132)	(11,626)	93	95
Other income	595	306	9	94	
Total operating income	4,970	(4,696)	(4,034)		
Personnel expenses	3,963	2,378	5,274	67	(25)
General and administrative expenses	1,635	3,723	2,243	(56)	(27)
Depreciation of property and equipment	253	395	281	(36)	(10)
Impairment of goodwill	631	0	0		
Amortization of intangible assets	45	66	49	(32)	(8)
Total operating expenses	6,528	6,562	7,847	(1)	(17)
Operating profit from continuing operations before tax	(1,558)	(11,258)	(11,881)	86	87
Tax expense	294	(1,798)	(297)		
Net profit from continuing operations	(1,852)	(9,460)	(11,584)	80	84
Discontinued operations					
Profit from discontinued operations before tax	11	19	120	(42)	(91)
Tax expense	0	0	0		
Net profit from discontinued operations	11	19	120	(42)	(91)
Net profit	(1,842)	(9,441)	(11,464)	80	84
Net profit attributable to minority interests	133	123	153	8	(13)
from continuing operations	128	123	107	4	20
from discontinued operations	5	0	46		(89)
Net profit attributable to UBS shareholders	(1,975)	(9,563)	(11,617)	79	83
from continuing operations	(1,980)	(9,582)	(11,691)	79	83
from discontinued operations	5	19	74	(74)	(93)
Earnings per share					
Basic earnings per share (CHF)	(0.57)	(3.02)	(5.26)	81	89
from continuing operations	(0.57)	(3.02)	(5.29)	81	89
from discontinued operations	0.00	0.01	0.03	(100)	(100)
Diluted earnings per share (CHF)	(0.57)	(3.02)	(5.27)	81	89
from continuing operations	(0.57)	(3.02)	(5.30)	81	89
from discontinued operations	0.00	0.01	0.03	(100)	(100)

Media release available at www.ubs.com/media

Further information on UBS's quarterly results is available at www.ubs.com/investors

- First quarter 2009 financial report (PDF and interactive version)
- First quarter 2009 results slide presentation
- Letter to shareholders (English, German, French and Italian)

Webcast: The results presentation, with John Cryan, Group Chief Financial Officer and Philip Higson, Head of Investor Relations will be webcast live on www.ubs.com at the following time on 5 May 2009:

- 0900 CET
- 0800 BST
- 0300 US EST

Webcast playback will be available from 1400 CET on 5 May 2009.

Cautionary Statement Regarding Forward-Looking Statements

Cautionary Statement Regarding Forward-Looking Statements | This release contains statements that constitute "forward-looking statements", including but not limited to statements relating to the anticipated effect of transactions described herein, risks arising from the current market crisis and other risks specific to UBS's business, strategic initiatives, future business development and economic performance. While these forward-looking statements represent UBS's judgments and expectations concerning the development of its business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (1) the extent and nature of future developments in the market segments that have been or may be affected by the current market crisis and their effect on UBS's assets and exposures, including UBS's remaining net and gross exposures related to the United States mortgage market; (2) developments affecting the availability of capital and funding to UBS and other financial institutions, including any changes in UBS's credit spreads and ratings; (3) other market and macroeconomic developments, including movements in local and international securities markets, credit spreads, currency exchange rates and interest rates; (4) changes in internal risk control and limitations in the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (5) the possible consequences of efforts to enforce the US Internal Revenue Service's "John Doe" summons and of pending or future inquiries concerning UBS's cross-border banking businesses by tax or regulatory authorities in other jurisdictions; (6) the degree to which UBS is successful in implementing its remediation plans and strategic and organizational changes, including the recently announced cost and headcount reductions, and whether those plans and changes will have the effects anticipated; (7) changes in the financial position or creditworthiness of UBS's customers, obligors and counterparties, and developments in the markets in which they operate, including possible failures resulting from the current market crisis and adverse economic environment; (8) management changes and changes to the internal or overall structure of UBS's business divisions; (9) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures; (10) legislative, governmental and regulatory developments, including the effect of more stringent capital requirements and of regulatory constraints on UBS's activities; (11) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other assets or other matters; (12) changes in and the effect of competitive pressures, including the possible loss of key employees as a result of compensation issues or for other reasons; (13) technological developments; and (14) the impact of all such future developments on positions held by UBS, on its short-term and longer-term earnings, on the cost and availability of funding and on UBS's capital ratios. In addition, these results could depend on other factors that we have previously indicated could adversely affect our business and financial performance which are contained in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth 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 2008. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.