



# Second Quarter 2009 Results

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*Aug 4, 2009*

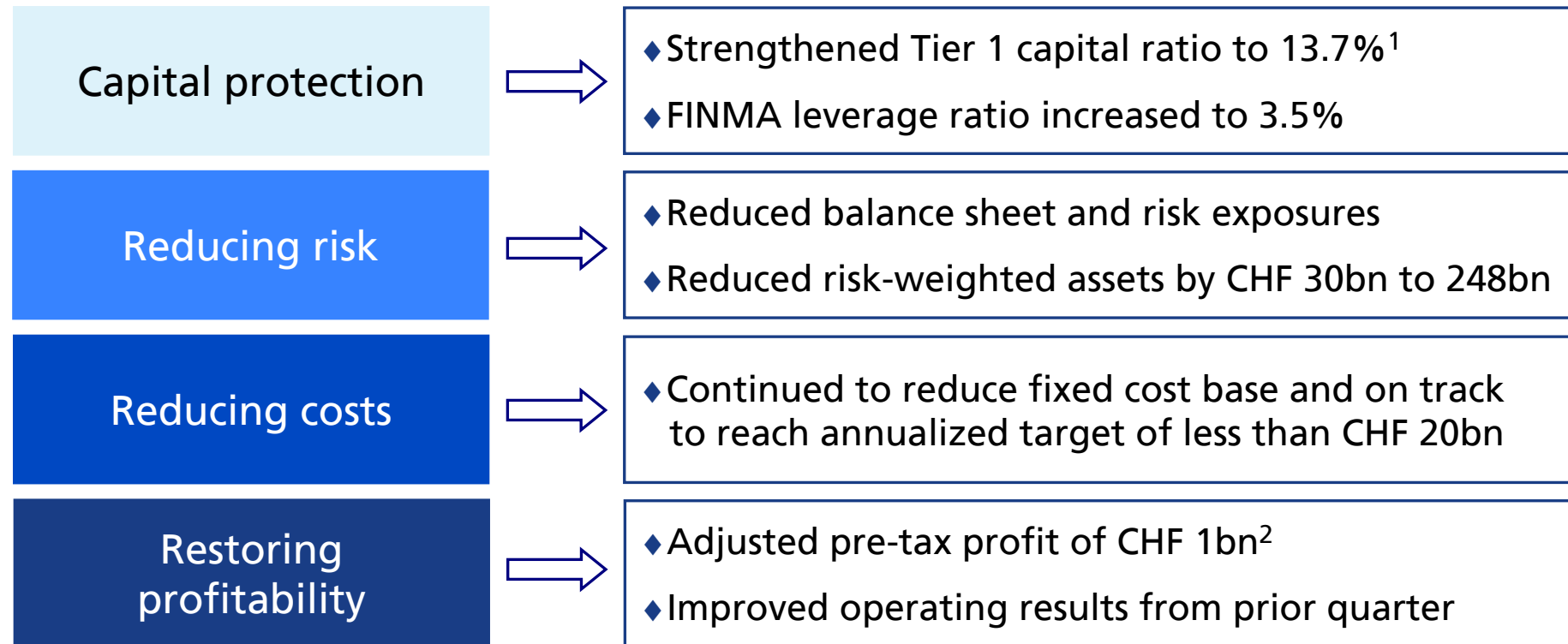
# Cautionary statement regarding forward-looking statements

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This presentation contains statements that constitute “forward-looking statements”, including but not limited to management’s outlook for UBS’s financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development. While these forward-looking statements represent UBS’s judgments and expectations concerning the matters described, 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) future developments in the markets in which UBS operates or to which it is exposed, including movements in securities markets, credit spreads, currency exchange rates and interest rates; (2) the effect of the current economic environment or other developments on the financial position or creditworthiness of UBS’s customers and counterparties; (3) changes in the availability of capital and funding, including any changes in UBS’s credit spreads and ratings; (4) the outcome and possible consequences of pending or future actions or inquiries concerning UBS’s cross-border banking business by tax or regulatory authorities in the United States and other jurisdictions; (5) the degree to which UBS is successful in effecting organizational changes and implementing strategic plans, including the recently announced cost reductions, and whether those changes and plans will have the effects intended; (6) UBS’s ability to retain and attract the employees that are necessary to generate revenues and to manage, support and control its businesses; (7) political, governmental and regulatory developments, including the effect of more stringent capital requirements and the possible imposition of additional legal or regulatory constraints on UBS’s activities; (8) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other matters; (9) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (10) changes in the size, capabilities and effectiveness of UBS’s competitors; (11) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures; and (12) technological developments. In addition, actual 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 restated Annual Report on Form 20-F/A 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.

# Stabilized financial position

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<sup>1</sup> Includes effects of the announced sale of UBS Pactual, which is expected to close in 3Q09. Tier 1 capital ratio as reported in 2Q09 was 13.2%.

<sup>2</sup> Reported pre-tax result, a loss of CHF 1.3bn was adjusted for own credit losses of CHF 1.2bn, restructuring charges of CHF 0.6bn and a goodwill impairment charge of CHF 0.5bn related to the announced sale of UBS Pactual.

# Group results

	<b>2Q08</b>	<b>1Q09</b>	<b>2Q09</b>
Profit before tax <sup>1</sup> (CHF m)	(4'067)	(1'547)	(1'316)
Net profit attributable to UBS shareholders (CHF m)	(395)	(1'975)	(1'402)
Diluted earnings per share (CHF)	(0.16)	(0.57)	(0.39)
Total assets (CHF bn)	2'080	1'861	1'600
Risk-weighted assets (CHF bn)	325	278	248
Tier 1 ratio (%)	12.2	10.5	13.2
Net new money - WM&SB (CHF bn)	(10.4)	(23.4)	(16.5)
Net new money - WM Americas (CHF bn)	(8.9)	16.2	(5.8)
Net new money - Global AM (CHF bn)	(24.5)	(7.7)	(17.1)
Invested assets (CHF bn)	2'763	2'182	2'250
Personnel (FTE)	81'452	76'206	71'806

<sup>1</sup> From continuing and discontinuing operations. Excluding own credit losses of CHF 1.2bn, restructuring charges of CHF 0.6bn and a goodwill impairment charge of CHF 0.5bn related to the announced sale of UBS Pactual, an operating profit before tax of CHF 971m would have been recorded

# Performance by division

<b>(CHF m)</b>	<b>WM&amp;SB</b>	<b>WMA</b>	<b>Global AM</b>	<b>IB</b>	<b>CC</b>	<b>UBS</b>
Income	2'934	1'367	530	2'114	425	7'371
Credit loss (expense) / recovery	(20)	1		(369)		(388)
Own credit <sup>1</sup>				(1'213)		(1'213)
<b>Total operating income</b>	<b>2'914</b>	<b>1'368</b>	<b>530</b>	<b>532</b>	<b>425</b>	<b>5'770</b>
Personnel expenses	1'358	1'154	309	1'474	284	4'578
Non-personnel expenses	625	435	139	904	411	2'515
<b>Total operating expenses</b>	<b>1'983</b>	<b>1'589</b>	<b>448</b>	<b>2'378</b>	<b>695</b>	<b>7'093</b>
<b>Pre-tax profit / (loss)<sup>2</sup></b>	<b>932</b>	<b>(221)</b>	<b>82</b>	<b>(1'846)</b>	<b>(263)<sup>2</sup></b>	<b>(1'316)</b>
Tax						(208)
Minorities						294
<b>Net profit attributable to UBS shareholders</b>						<b>(1'402)</b>

## Add back

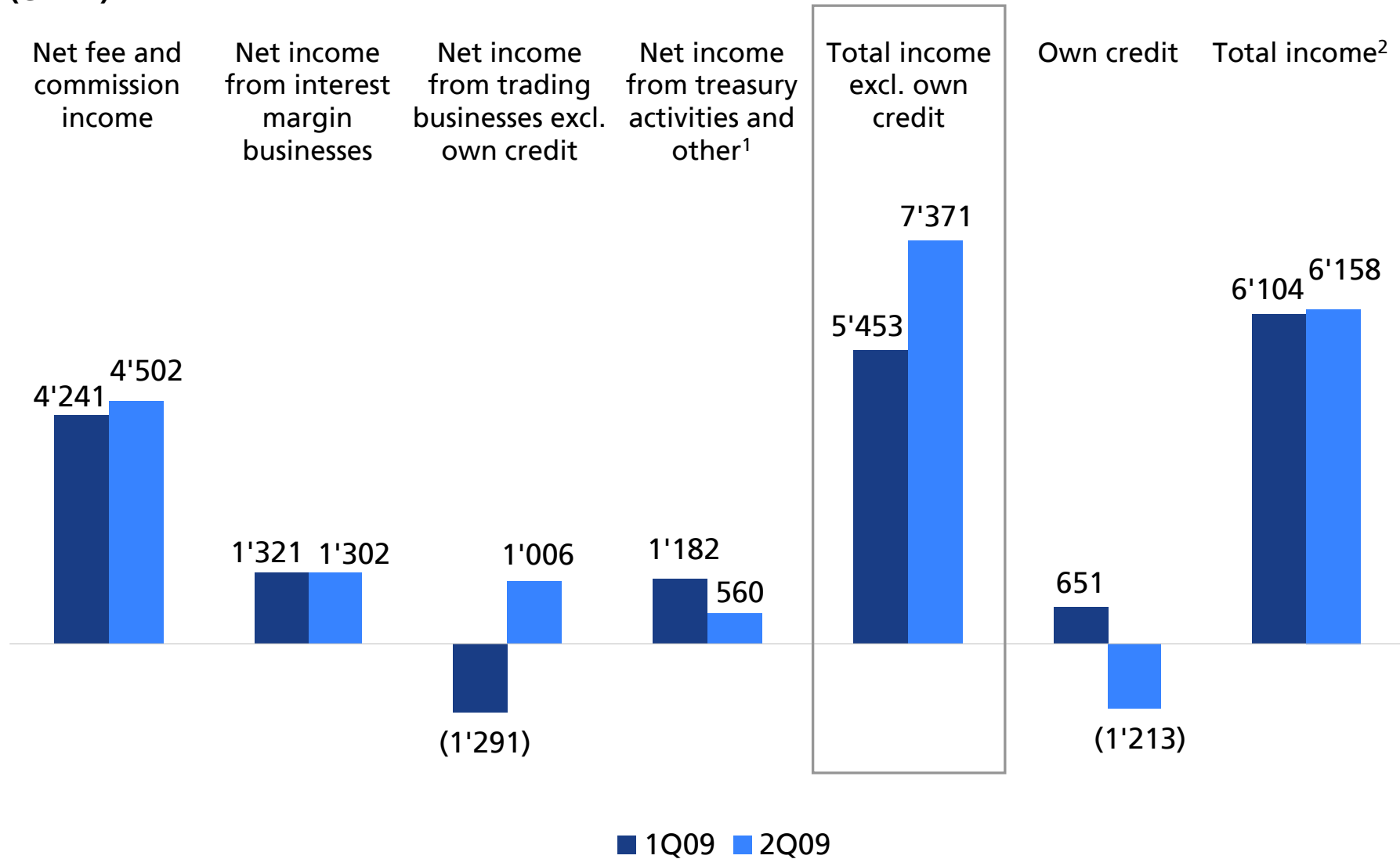
Losses on own credit				1'213		1'213
Restructuring charges	321	152	27	49	33	582
Goodwill impairment charge					492	492
<b>Adjusted pre-tax profit / (loss)</b>	<b>1'253</b>	<b>(69)</b>	<b>109</b>	<b>(584)</b>	<b>262</b>	<b>971</b>

1. The remaining cumulative life-to-date economic own credit balance at quarter end was approximately 2.4 billion francs. Given QTD movement in UBS's credit spreads, a charge of proportional magnitude may affect our third quarter results.

2 From continuing and discontinuing operations. Discontinued operations contributed CHF 7m of pre-tax profit in Corporate Center.

# Revenues

(CHF m)

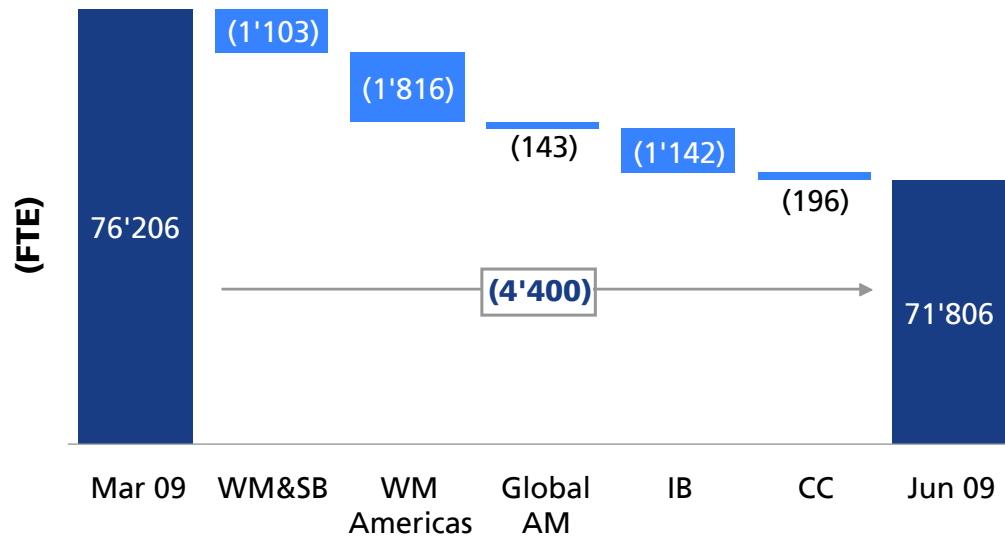


1 Includes other income

2 Excludes credit loss expense

# Headcount

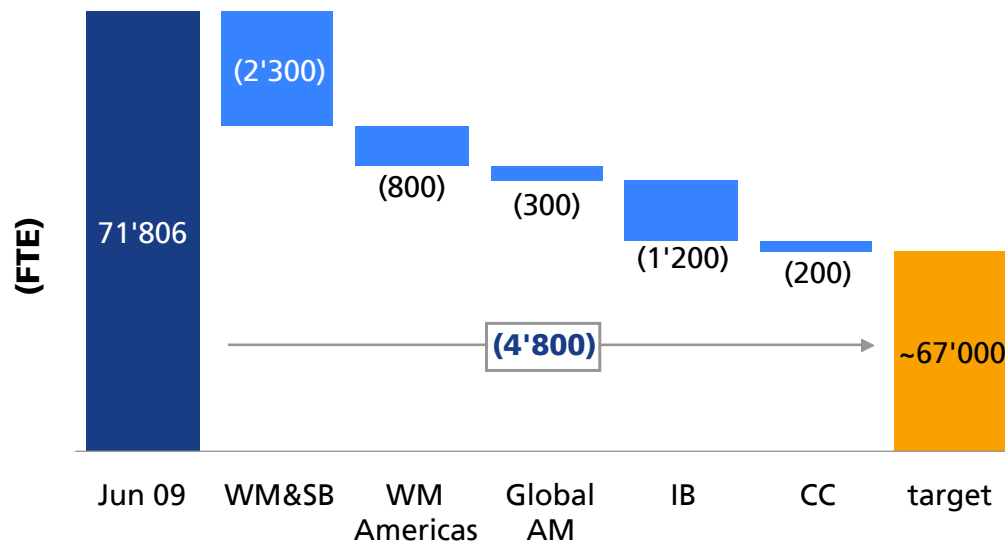
## 2Q09 as reported



- ◆ Communicated over 8'000 job cuts in 2Q09

- ◆ A significant proportion of these job losses will only be reflected in our disclosures in the coming quarters

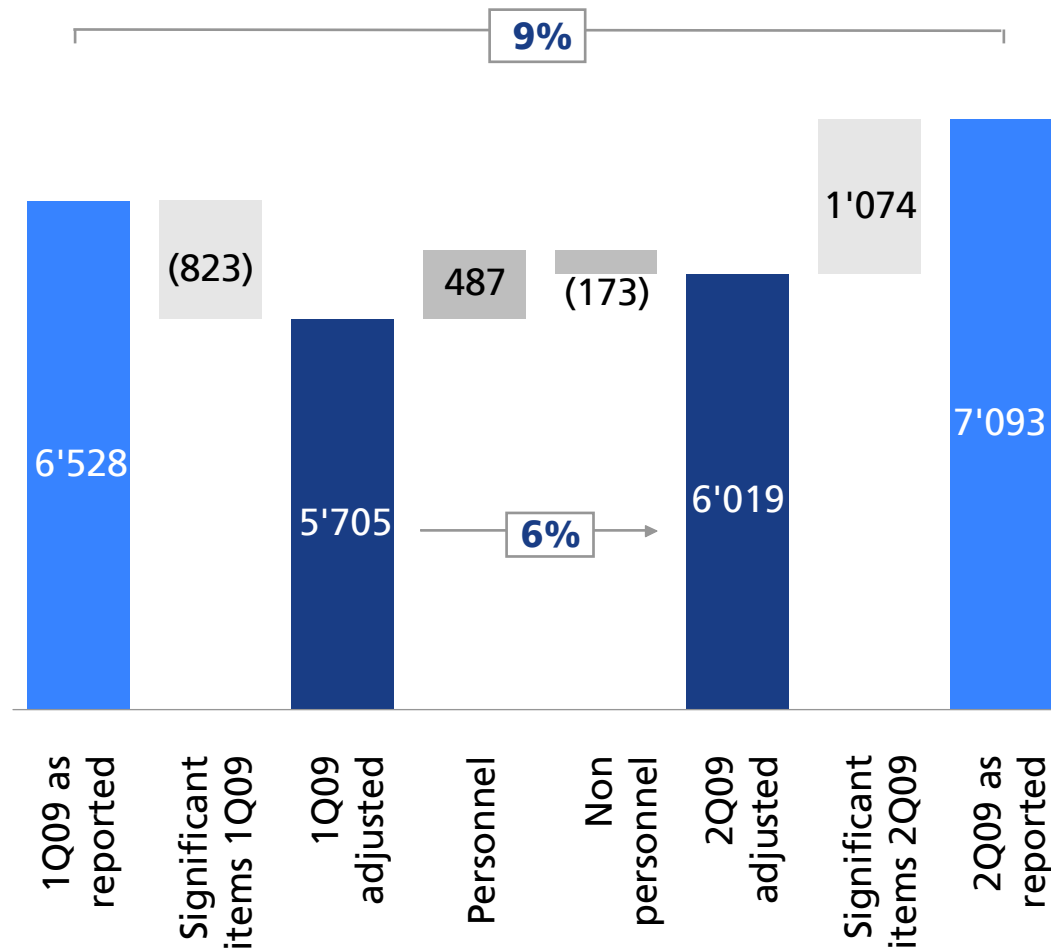
## Yet to come in 2H09



- ◆ Target of 67'000 expected to be reached in 2010, reflecting previously announced headcount reductions and the sale of UBS Pactual

# Expenses

(CHF m)

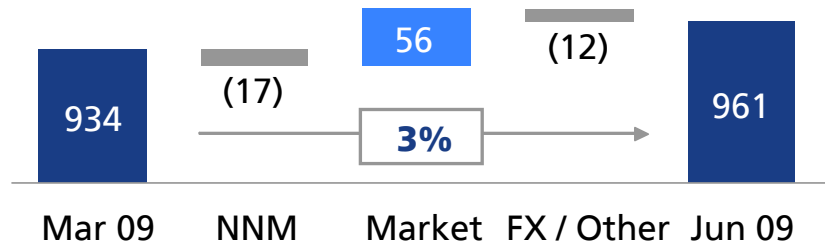


- ◆ Fixed costs run rate on track to reach our target, despite base salary increases
- ◆ Personnel expenses increased largely on higher performance related compensation
- ◆ Significant items in 2Q09
  - Goodwill impairment CHF 492m
  - Restructuring charges CHF 582m
- ◆ Significant items in 1Q09
  - Goodwill impairment CHF 631m
  - Restructuring charges CHF 192m



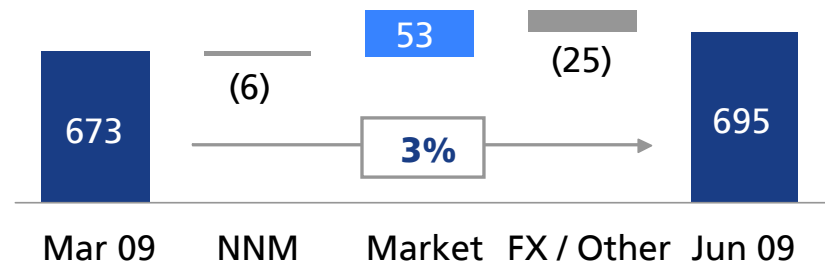
# Invested assets

## WM&SB (CHF bn)



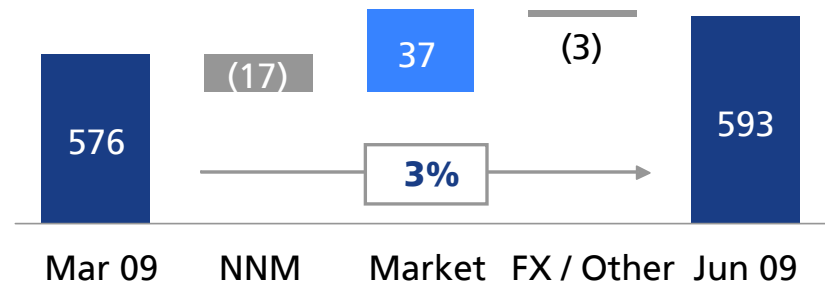
- ◆ Swiss clients outflows improved to CHF 0.2bn from CHF 10.2bn prior quarter
- ◆ International clients outflows increased to CHF 16.3bn from CHF 13.2bn prior quarter

## WM Americas (CHF bn)



- ◆ Outflows in WM Americas impacted by annual client income tax payments as well as financial advisor attrition

## Global AM (CHF bn)



- ◆ Excluding money market flows, outflows slowed to CHF 7.8bn from CHF 17.9bn prior quarter
- ◆ Outflows relating to wealth management channel were CHF 13bn

# Further reduction of risk exposure

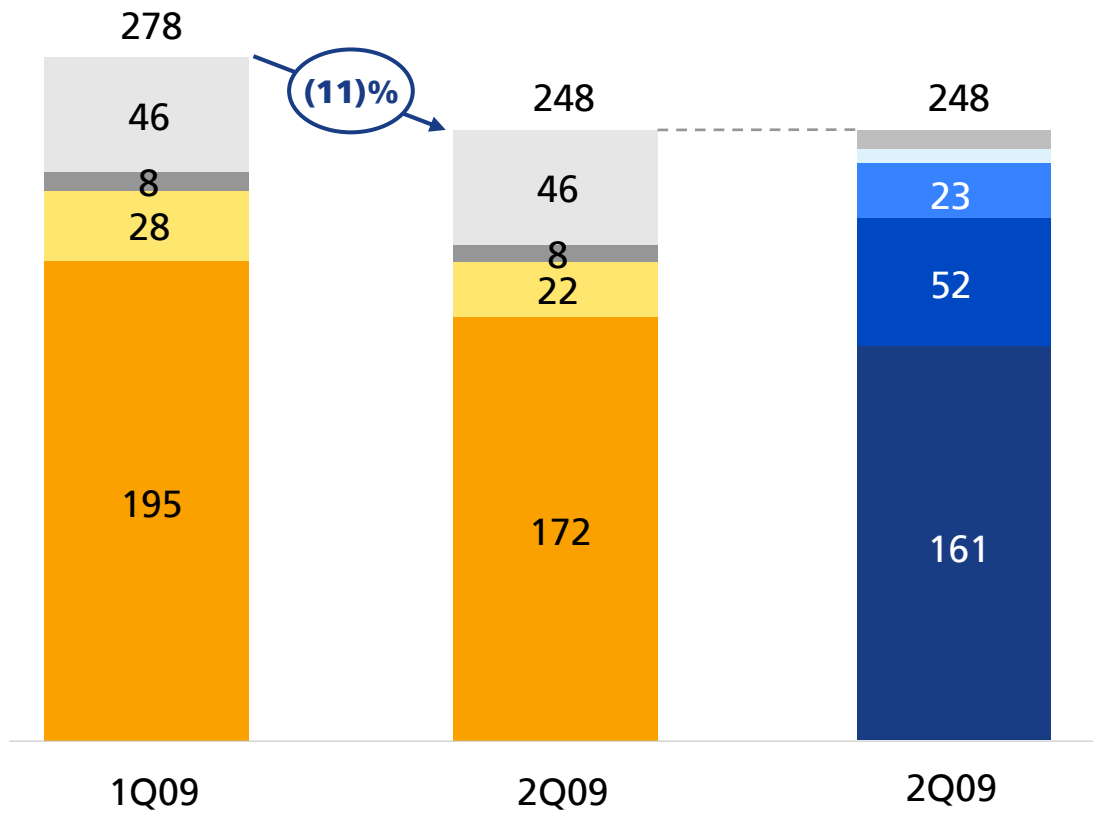
<b>Monoline insurers</b>	<ul style="list-style-type: none"> <li>◆ Commuted trades with a notional value of USD 5.7bn<sup>1</sup> with 3 monoline insurers</li> <li>◆ Remaining exposure to monoline insurers reduced to USD 3.2bn</li> </ul>
<b>Leveraged finance</b>	<ul style="list-style-type: none"> <li>◆ Net exposure reduced to USD 2.6bn</li> <li>◆ No longer identified as risk concentration</li> </ul>
<b>Auction rate securities</b>	<ul style="list-style-type: none"> <li>◆ No impairments in the quarter</li> <li>◆ ~80% of US student loans ARS inventory and repurchase commitments FFELP guaranteed</li> </ul>
<b>Reclassified assets<sup>2</sup></b>	<ul style="list-style-type: none"> <li>◆ The fair value of the portfolio of reclassified assets increased by CHF 1.3bn to CHF 20.3bn not recognized in P&amp;L (the carrying value on 30 June was CHF 23.1bn)</li> </ul>
<b>IB lending portfolio</b>	<ul style="list-style-type: none"> <li>◆ Credit loss expenses of CHF 369m, of which CHF 208m related to reclassified securities</li> <li>◆ Gross lending portfolio in Investment Bank reduced by CHF 31bn to CHF 144bn</li> <li>◆ Net banking products exposure down by CHF 12bn to CHF 47bn (2/3 are investment grade)</li> </ul>
<b>WM&amp;SB lending portfolio</b>	<ul style="list-style-type: none"> <li>◆ Credit loss expenses of CHF 20m in 2Q09, but including net recovery of ~ CHF 50m</li> <li>◆ Gross lending portfolio in WM&amp;SB stands at CHF 203bn, 90% is secured by collateral</li> <li>◆ Unsecured loans - over half are investment grade; 60% relate to cashflow-based lending to corporates and 20% relate to lending to central or local governments</li> </ul>

<sup>1</sup> Including the impact of commutations agreed with two monolines in July 2009.

<sup>2</sup> Includes reclassified assets from the abovementioned categories

# Risk-weighted assets

(CHF bn)



- Operational risk
- Non-counterparty related risk
- Market risk
- Credit risk

- Corporate Center
- Global AM
- WM Americas
- WM&SB
- Investment Bank

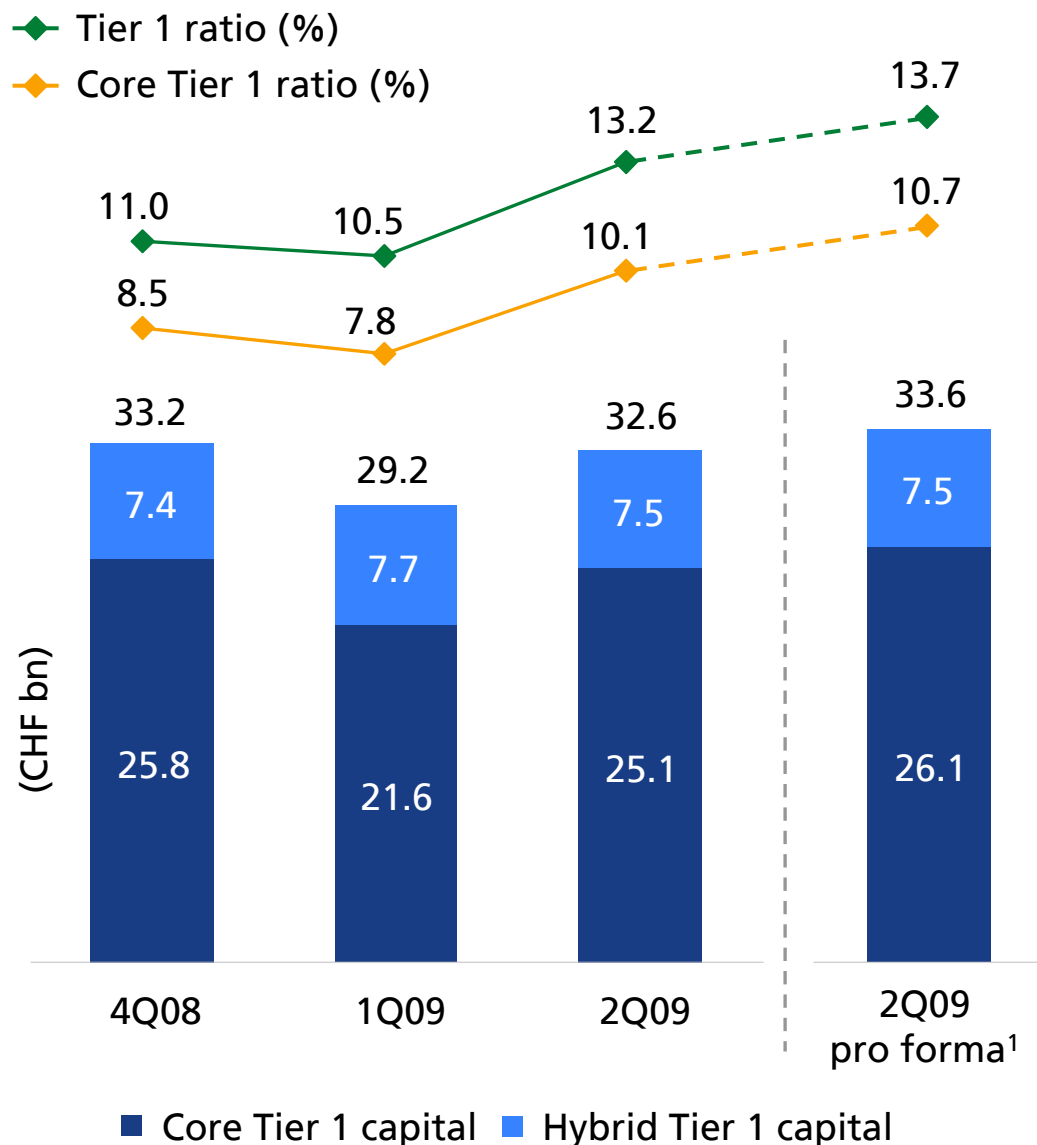
- ◆ Market risk expected to increase to ~60bn post implementation of proposed enhancements to the Basel II framework
- ◆ Overall, there is still further scope to reduce risk-weighted assets by at least 10% over time

# Regulatory capital

	Tier 1 capital	BIS RWA	Tier 1 ratio	Total capital	Total ratio
CHF billion					
31.03.09	29.2	278	10.5%	41.0	14.7%
Net P&L attr. to shareholders	(1.4)			(1.4)	
Net P&L not eligible for capital	1.2			1.2	
Share placement	3.8			3.8	
Other <sup>1</sup>	(0.2)			(0.2)	
Risk-weighted assets		(30)			
Impacts on Tier 2 capital				(0.5)	
30.06.09	32.6	248	13.2%	43.9	17.7%
Pro-forma for announced UBS Pactual sale	33.6	245	13.7%	44.9	18.3%

<sup>1</sup> Includes effects of goodwill CHF 0.7bn, accrual for MCN coupons (CHF 0.5bn), own shares (CHF 0.3bn) and other (CHF 0.1bn)

# Capital position

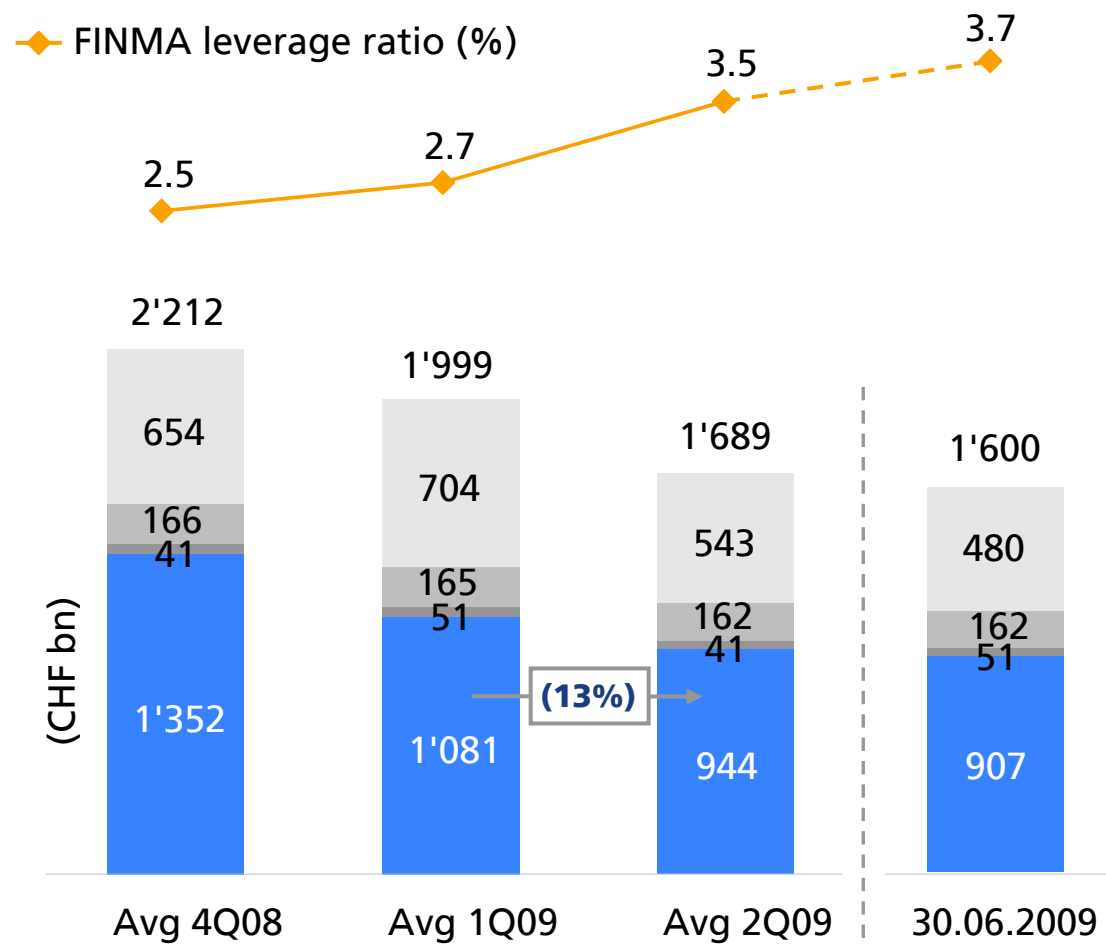


◆ Tier 1 capital ratio at the end of 2Q09 was 13.2%, while pro forma<sup>1</sup> was 13.7%

◆ Core tier 1 capital ratio at the end of 2Q09 was 10.1%, while pro forma<sup>1</sup> was 10.7%

<sup>1</sup> Including effects of the announced sale of UBS Pactual, which is expected to close in 3Q09.

# FINMA leverage ratio



◆ Average adjusted assets decreased by CHF 137bn or 13% during 2Q09

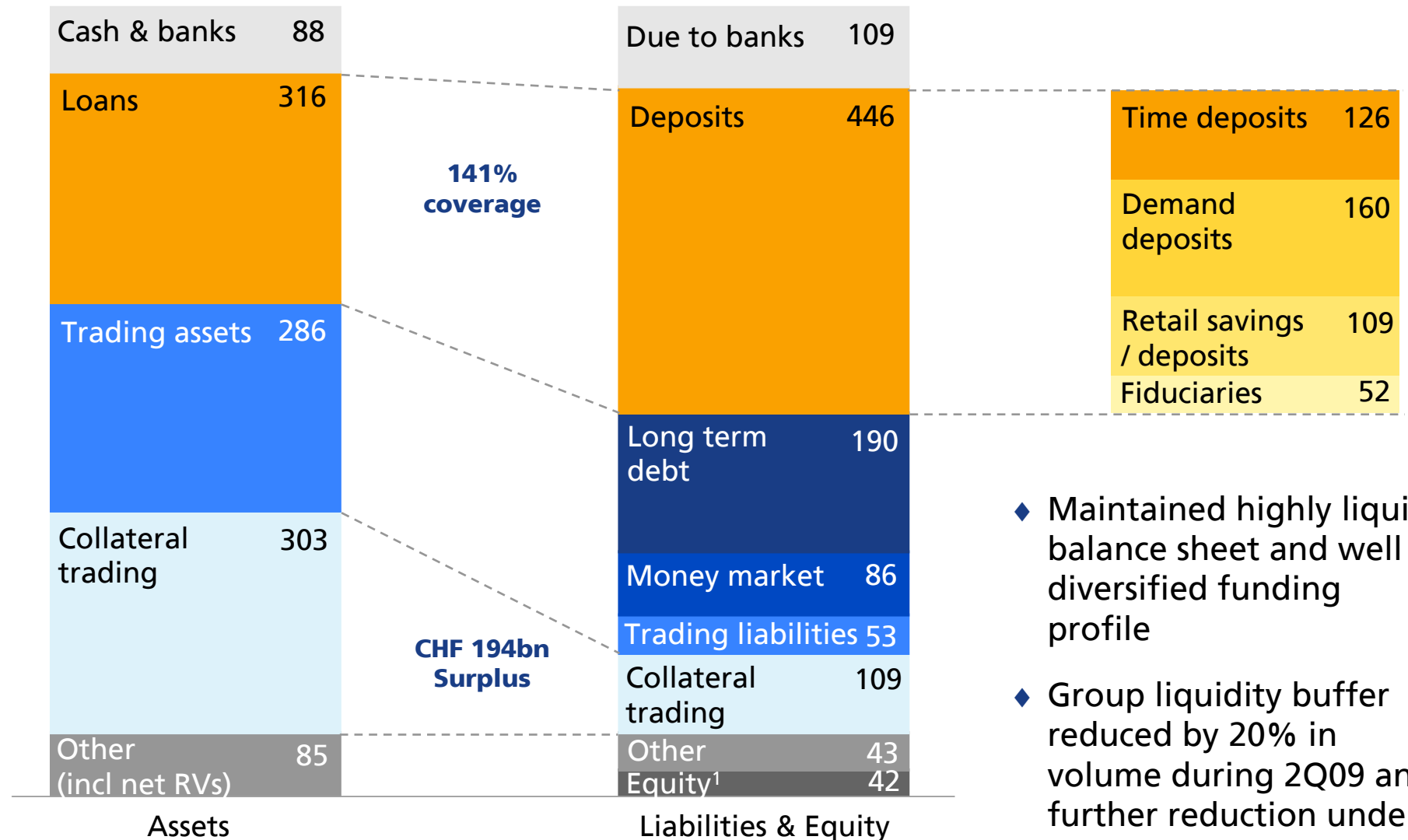
◆ Pro-forma leverage ratio of 3.7% using:

- 2Q09 ending adjusted assets of CHF 907bn
- CHF 33.6bn of Tier 1 capital taking into account effects of announced sale of UBS Pactual

- Netting of replacement value
  - Loans to Swiss clients
  - Other
  - Adjusted assets
- } FINMA deductions

# Highly liquid balance sheet and diversified funding profile

## Asset funding, 30 June, 2009 CHF bn

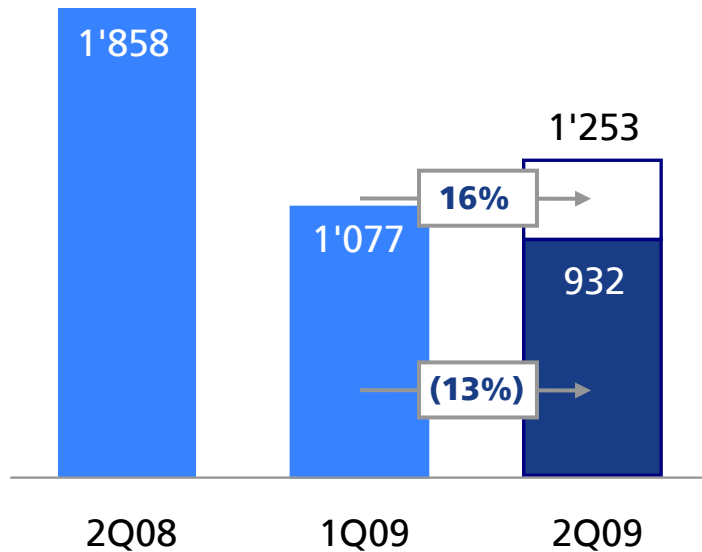


- ◆ Maintained highly liquid balance sheet and well diversified funding profile
- ◆ Group liquidity buffer reduced by 20% in volume during 2Q09 and further reduction under discussion

<sup>1</sup> Including equity attributable to minority interests

# Wealth Management & Swiss Bank

## Pre-tax profit (CHF m)



□ Excluding restructuring charges of CHF 321m

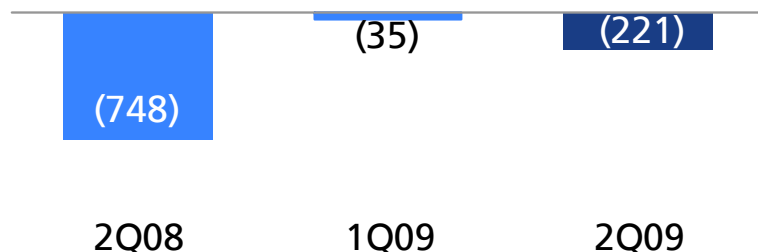
- ◆ Pre-tax profit excluding restructuring charges is up 16% from 1Q09
- ◆ Personnel expenses excluding restructuring charges are down 9%, mainly due to lower performance-related accruals and the reductions of personnel
- ◆ Non-personnel expenses excluding restructuring charges are down 7% on cost cutting measures
- ◆ Expecting seasonally lower transactions volume in the third quarter

	2Q08	1Q09	2Q09	vs. 1Q09
Revenues (CHF m)	3'975	2'892	2'914	1%
Expenses (CHF m)	2'117	1'815	1'983	9%
Invested assets (CHF bn)	1'236	934	961	3%
NNM (CHF bn)	(10.4)	(23.4)	(16.5)	
Personnel (FTE)	30'616	28'808	27'705	(4%)

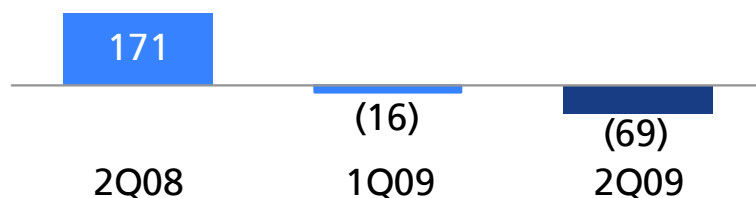


# Wealth Management Americas

## Pre-tax profit as reported (CHF m)



## Pre-tax profit - adjusted<sup>1</sup> (CHF m)



<sup>1</sup> Adjusted for CHF 152m of restructuring charges in 2Q09, CHF 19m of goodwill impairment in 1Q09 and CHF 919m of charges related to ARS settlement in 2Q08

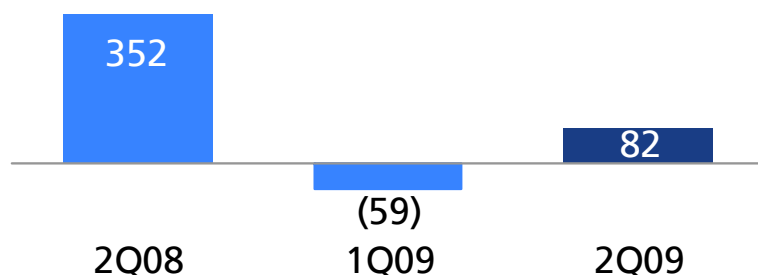
- ◆ Restructuring charges of CHF 152m in 2Q09
- ◆ Revenues down 3%, while underlying<sup>2</sup> expenses increased 1%
- ◆ Gross margins were stable in US dollar terms
- ◆ NNM impacted by annual client income tax payments as well as financial advisor attrition

	2Q08	1Q09	2Q09	vs. 1Q09
Revenues (CHF m)	1'590	1'409	1'368	(3%)
Expenses (CHF m)	2'337	1'444	1'589	10%
Invested assets (CHF bn)	771	673	695	3%
NNM (CHF bn)	(8.9)	16.2	(5.8)	
Personnel (FTE)	20'282	19'962	18'146	(9%)

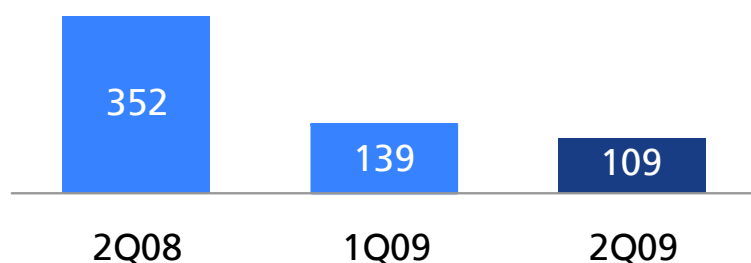
<sup>2</sup> Excluding restructuring charges of CHF 152m in 2Q09 and CHF 19m of goodwill impairment charge in 1Q09

# Global Asset Management

## Pre-tax profit as reported (CHF m)



## Pre-tax profit - adjusted<sup>1</sup> (CHF m)



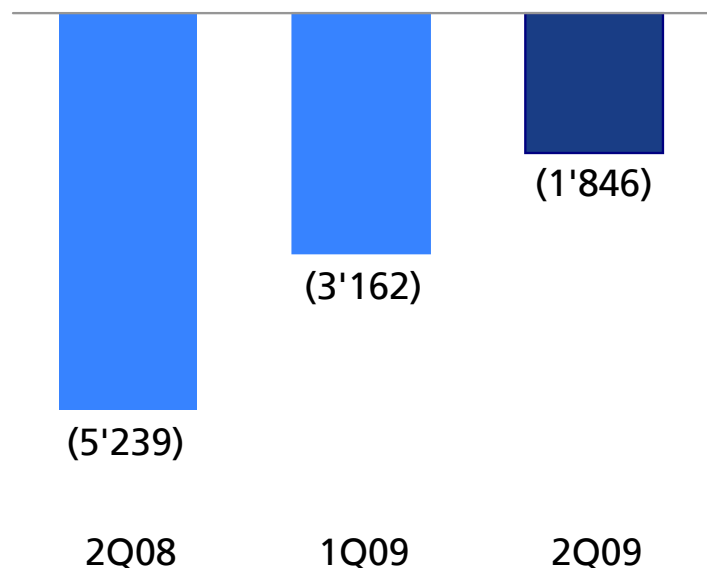
<sup>1</sup> Adjusted for CHF 27m of restructuring charges in 2Q09 and CHF 191m of goodwill impairment and CHF 7m of restructuring charges in 1Q09

- ◆ Underlying pre-tax profit decreased by CHF 30m
- ◆ Increased performance fees were more than offset by higher personnel expenses
- ◆ Cost / income ratio on adjusted basis is 79.4%
- ◆ CHF 13bn of NNM outflows related to clients of UBS's wealth management businesses

	2Q08	1Q09	2Q09	vs. 1Q09
Revenues (CHF m)	808	502	530	6%
Expenses (CHF m)	456	561	448	(20%)
Cost / income ratio (%)	56.4	111.8	84.5	(27.3 pts)
Invested assets (CHF bn)	757	576	593	3%
NNM (CHF bn)	(24.5)	(7.7)	(17.1)	
Personnel (FTE)	3'861	3'717	3'574	(4%)

# Investment Bank

## Pre-tax profit (CHF m)



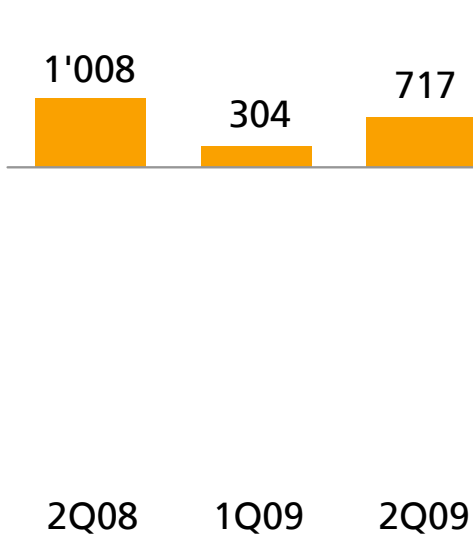
- ◆ Lower losses on risk positions from businesses being exited compared with 1Q09
- ◆ 2Q09 results include own credit losses of CHF 1'213m compared with gains of 651m in 1Q09
- ◆ Increased revenues in IBD and Equities, while FICC remained weak
- ◆ Underlying<sup>1</sup> expenses are significantly higher mainly due to higher accruals for performance-related compensation

	2Q08	1Q09	2Q09	vs. 1Q09
Revenues (CHF m)	(2'308)	(661)	532	
o/w own credit	(341)	651	(1'213)	
o/w credit loss (expense) / recovery	(10)	(1'017)	(369)	
Expenses (CHF m)	2'931	2'501	2'378	(5%)
Risk weighted assets (CHF bn)	214.2	184.5	160.6	(13%)
Personnel (FTE)	19'475	16'466	15'324	(7%)

<sup>1</sup> Excluding restructuring charges of CHF 49m in 2Q09 and CHF 174m in 1Q09 as well as a goodwill impairment charge of 421m in 1Q09

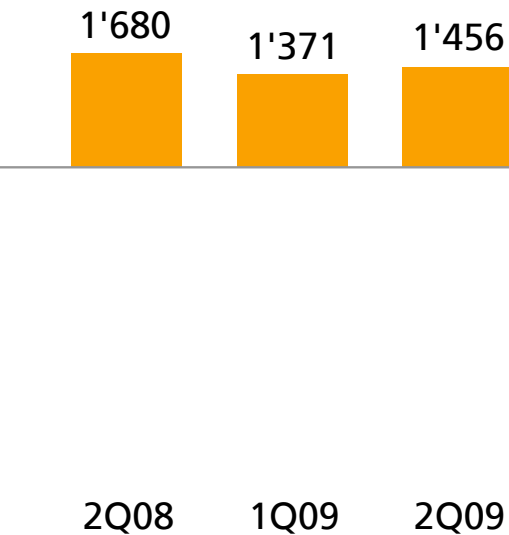
# Investment Bank revenues

## Investment banking (CHF m)



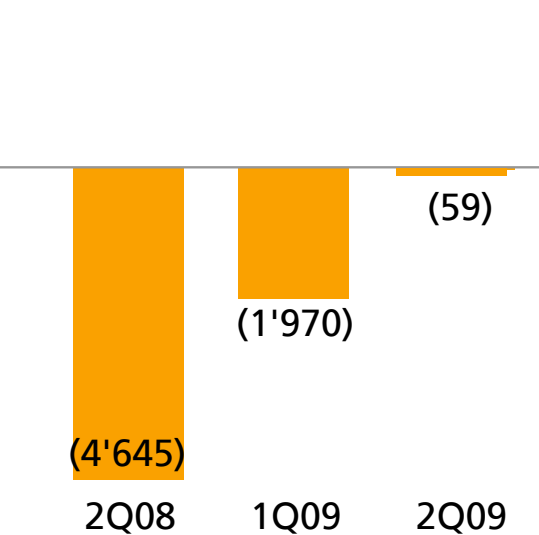
- ◆ Advisory revenues down 2% to CHF 211m
- ◆ Capital market revenues were up 60% to CHF 771m
- ◆ Other fee income and risk management revenues were negative CHF 265m

## Sales & Trading – Equities (CHF m)



- ◆ Higher cash revenues, prime brokerage, exchange traded derivatives and prop
- ◆ Lower derivatives and equity-linked revenues

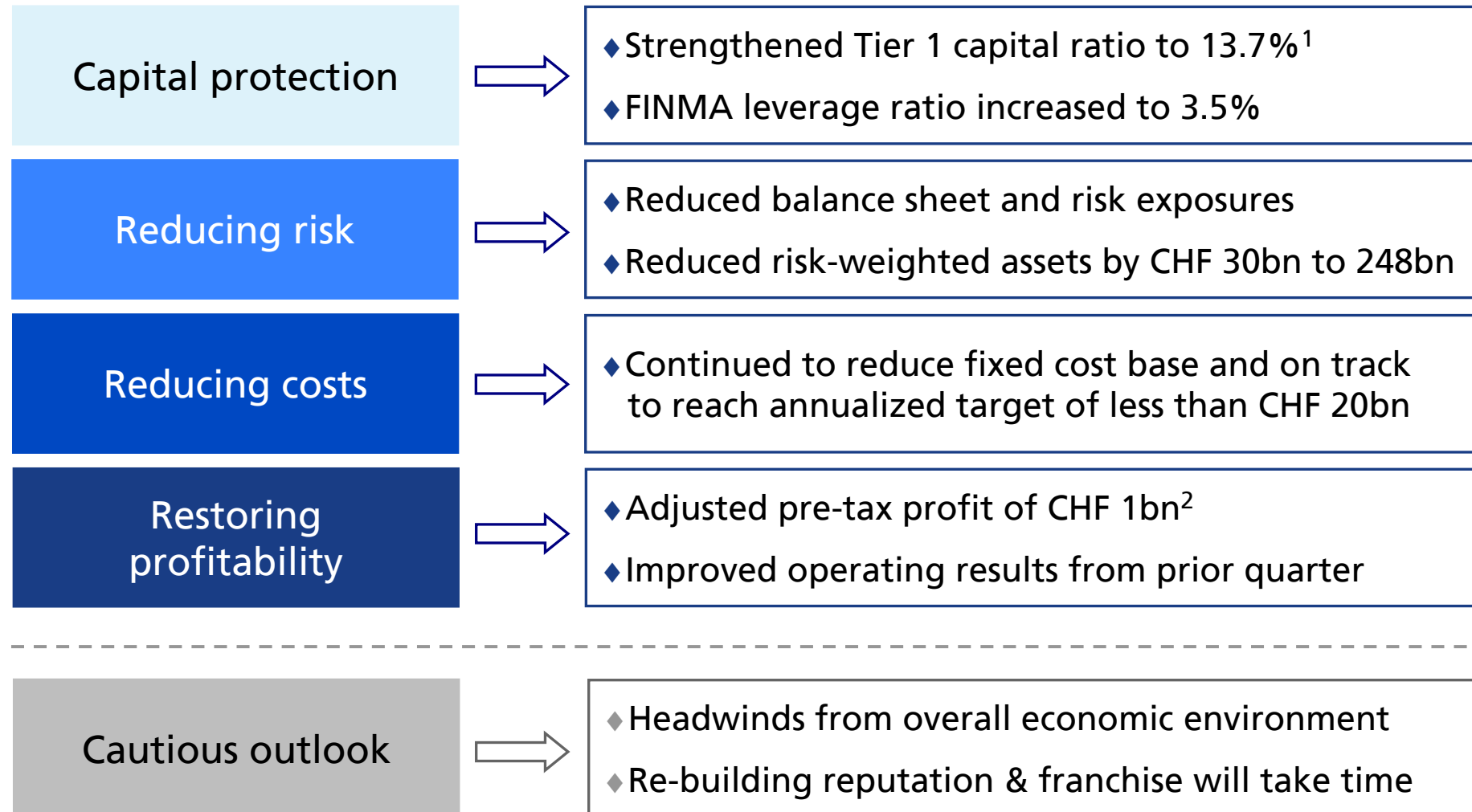
## Sales & Trading – FICC (CHF m)



- ◆ Reported revenues include:
  - Weak revenues from core businesses ~ CHF 1bn
  - Gains on CVAs ~ CHF 0.5bn
  - Losses on DVAs on NRVs of ~ CHF 0.8bn
  - Losses on FV hedges not offset by gains on accrual-based loans of ~ CHF 0.3bn
  - Losses on de-risking legacy risk positions of > CHF 0.4bn

# Stabilized financial position

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<sup>1</sup> Includes effects of the announced sale of UBS Pactual, which is expected to close in 3Q09. Tier 1 capital ratio as reported in 2Q09 was 13.2%.

<sup>2</sup> Reported pre-tax result, a loss of CHF 1.3bn was adjusted for own credit losses of CHF 1.2bn, restructuring charges of CHF 0.6bn and a goodwill impairment charge of CHF 0.5bn related to the announced sale of UBS Pactual.



UBS

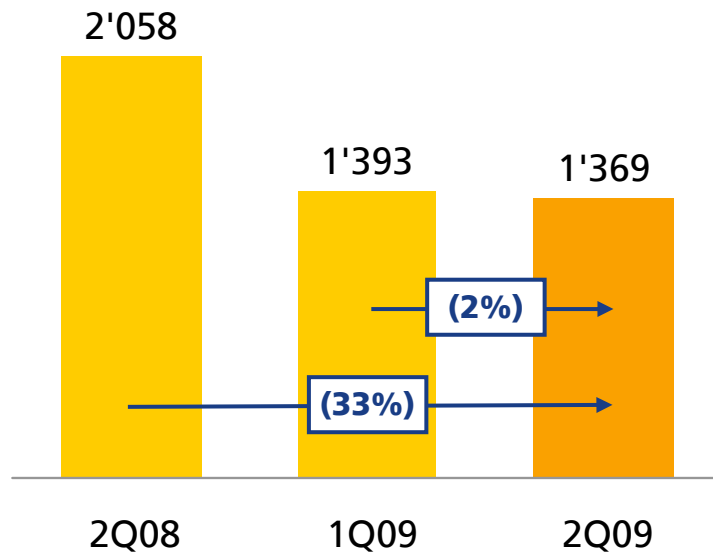


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# Appendix

# WM&SB - International clients

## Revenues (CHF m)



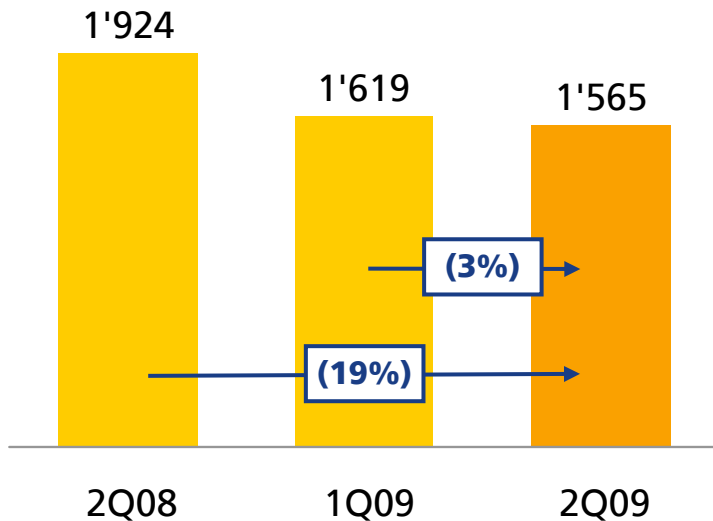
- ◆ Revenues declined 24m or 2%, mainly driven by lower asset based fees, partly offset by higher brokerage commissions, following increased client trading activities
- ◆ International clients outflows increased to CHF 16.3bn from CHF 13.2bn prior quarter
  - Inflows in Asia Pacific region, but higher outflows particularly in Europe

	2Q08	1Q09	2Q09	vs. 1Q09
Revenues (CHF m)	2'058	1'393	1'369	(2%)
Invested assets (CHF bn)	833	621	633	2%
Net new money (CHF bn)	(3.2)	(13.2)	(16.3)	
Gross margin on invested assets (bps)	100	89	87	(2 bps)
Client advisors (FTE)	4'423	3'892	3'593	(8%)



# WM&SB - Swiss clients

## Revenues (CHF m)

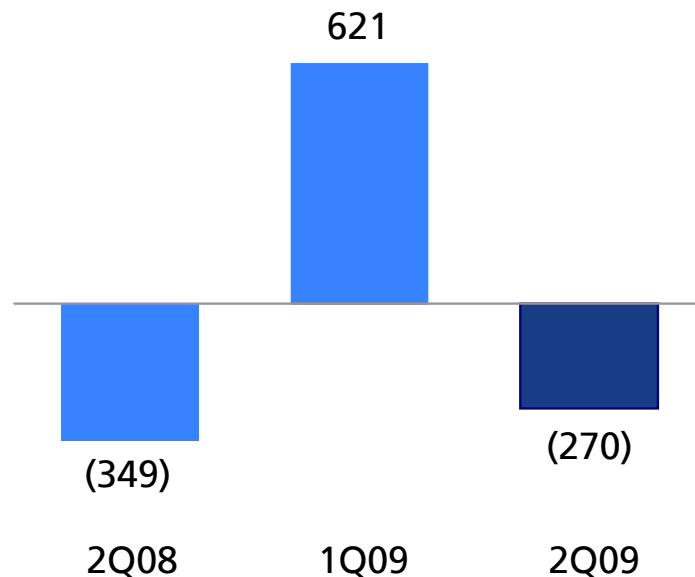


- ◆ Revenues declined CHF 54m or 3% on lower interest income and decreased fee income
- ◆ Net new money outflows improved to CHF 0.2bn from CHF 10.2bn prior quarter

	2Q08	1Q09	2Q09	vs. 1Q09
Revenues (CHF m)	1'924	1'619	1'565	(3%)
Invested assets (CHF bn)	403	313	328	5%
Net new money (CHF bn)	(7.2)	(10.2)	(0.2)	
Impaired lending % of total lending portfolio	0.9	1.0	0.9	(0.1 pts)

# Corporate Center

## Pre-tax profit from cont. operations (CHF m)

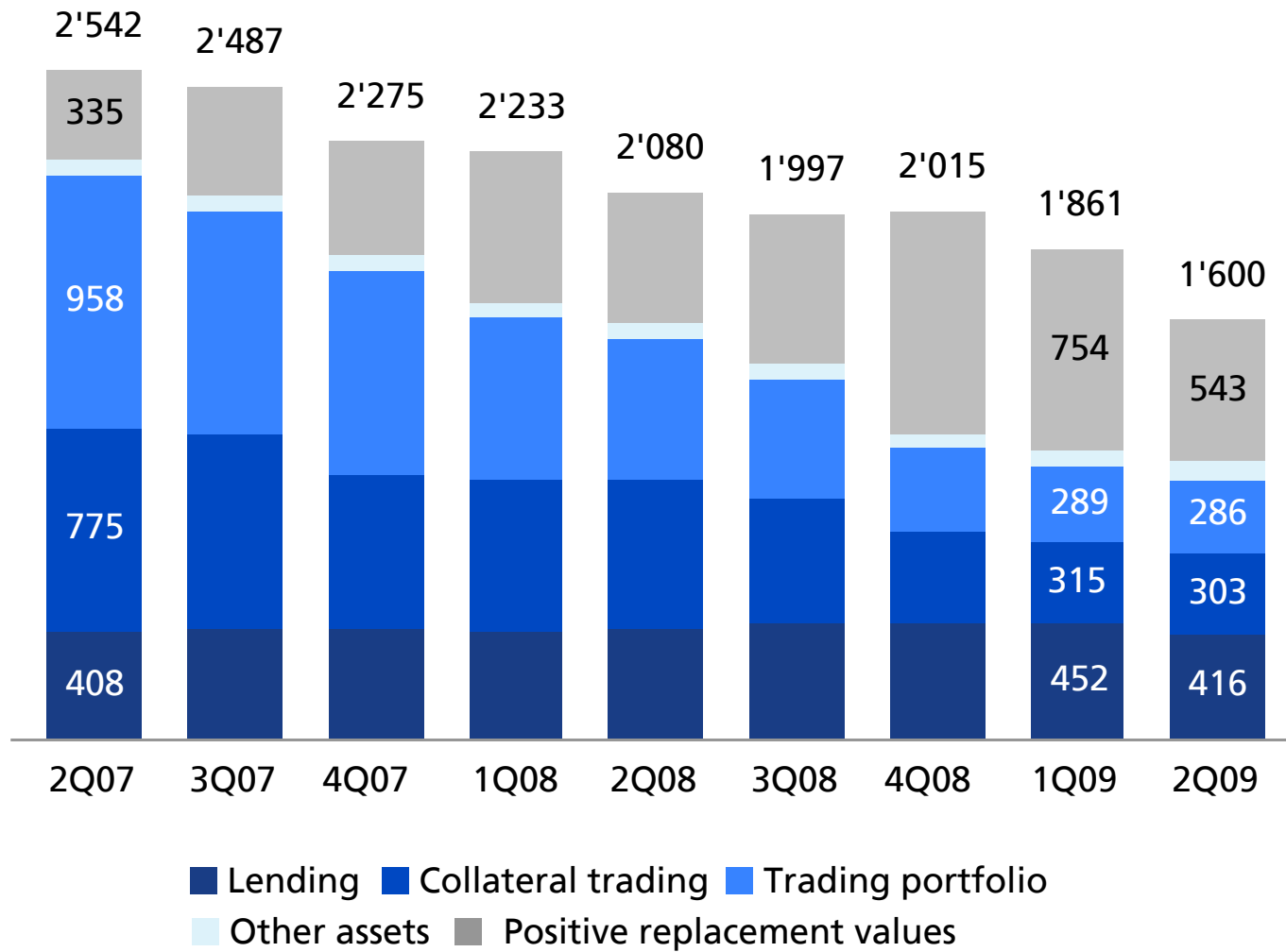


- ◆ 2Q09 includes
  - Goodwill impairment of CHF 492m related to Pactual
  - SNB fund call option gain of CHF 129m
  - MCN gain of CHF 78m
  - Restructuring charges of CHF 33m
- ◆ 1Q09 includes
  - MCN gain of CHF 524m
  - Gain on buy-back of subordinated bonds of CHF 304m
  - SNB fund call option loss of CHF 302m

	2Q08	1Q09	2Q09	vs. 1Q09
Revenues (CHF m)	(81)	827	425	(49%)
Expenses (CHF m)	268	206	695	237%
Personnel (FTE)	7'218	7'253	7'057	(3%)
o/w Operational CC (FTE)	1'587	1'477	1'416	(4%)
o/w ITI (FTE)	4'189	4'093	3'975	(3%)
o/w Group Offshoring (FTE)	1'442	1'682	1'665	(1%)

# Balance sheet trend

(CHF bn)



# Exposure<sup>1</sup> to monoline insurers<sup>2</sup>

USD billion	Notional amount <sup>3</sup>	Fair value of underlying CDOs <sup>4</sup>	Fair value of CDSs <sup>5</sup> prior to CVA	Credit valuation adjustment as of 30.6.09	Fair value of CDSs after CVA
<b>Credit protection on US RMBS CDOs</b>	<b>6.3</b>	<b>0.7</b>	<b>5.6</b>	<b>4.0</b>	<b>1.6</b>
<b>of which from monolines rated investment grade (BBB &amp; above)</b>	<b>4.0</b>	<b>0.5</b>	<b>3.5</b>	<b>2.3</b>	<b>1.2</b>
<i>on US sub-prime RMBS CDO high grade</i>	<i>4.0</i>	<i>0.5</i>	<i>3.5</i>	<i>2.3</i>	<i>1.2</i>
<i>on US sub-prime RMBS CDO mezzanine</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>on other US RMBS CDO</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>of which from monolines rated BB and below</b>	<b>2.4</b>	<b>0.3</b>	<b>2.1</b>	<b>1.8</b>	<b>0.4</b>
<i>on US sub-prime RMBS CDO high grade</i>	<i>1.6</i>	<i>0.2</i>	<i>1.5</i>	<i>1.4</i>	<i>0</i>
<i>on US sub-prime RMBS CDO mezzanine</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>on other US RMBS CDO</i>	<i>0.8</i>	<i>0.1</i>	<i>0.7</i>	<i>0.3</i>	<i>0.3</i>
<b>Credit protection on other assets</b>	<b>12.0</b>	<b>7.4</b>	<b>4.6</b>	<b>2.2</b>	<b>2.4</b>
<b>of which from monolines rated investment grade (BBB &amp; above)</b>	<b>4.1</b>	<b>2.9</b>	<b>1.2</b>	<b>0.4</b>	<b>0.7</b>
<b>of which from monolines rated BB and below</b>	<b>7.9</b>	<b>4.5</b>	<b>3.4</b>	<b>1.8</b>	<b>1.6</b>
<b>Total 30.6.09</b>	<b>18.4</b>	<b>8.2</b>	<b>10.2</b>	<b>6.2</b>	<b>3.9</b>
Adjustment to reflect impact of post quarter-end trade commutations	(4.0)	(0.4)	(3.6)	(2.8)	(0.7)
<b>Adjusted total 30.6.09 <sup>6</sup></b>	<b>14.3</b>	<b>7.8</b>	<b>6.6</b>	<b>3.4</b>	<b>3.2</b>
<b>Total 31.3.09</b>	<b>20.4</b>	<b>8.0</b>	<b>12.4</b>	<b>7.8</b>	<b>4.5</b>

1 Excludes the benefit of credit protection purchased from unrelated third parties.

2 Categorization based on the lowest insurance financial strength rating assigned by external rating agencies.

3 Represents gross notional amount of credit default swaps (CDSs) purchased as credit protection.

4 Collateralized debt obligations (CDOs).

5 Credit default swaps (CDSs).

6 Values as at 30.06.09 have been adjusted to reflect the impact of commutations agreed with two monolines in July 2009.