



# Fourth Quarter 2009 Results

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February 9, 2010

# Cautionary statement regarding forward-looking statements

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. Additional information about those factors is set forth in documents furnished and filings made by UBS with the US Securities and Exchange Commission, including UBS’s financial report for fourth quarter 2009 and 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.

# FY 2009: a transformative year for UBS

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## We laid the foundations to build sustainable profits

### Profitable

- ◆ Net profit of CHF 1.2 billion in 4Q09
- ◆ Adjusted<sup>1</sup> operating profit of CHF 1.4 billion in 2009
- ◆ Cost and headcount reduction targets for 2010 largely achieved

### Well capitalized

- ◆ Tier 1 capital ratio increased to 15.4% from 11.0% a year ago
- ◆ FINMA leverage ratio improved to 3.9% from 2.5% a year ago
- ◆ Total assets reduced by 33% and risk-weighted assets by 32% in 2009

### Clear strategic direction

- ◆ Strengthen our position as a leading global WM business
- ◆ Leading client-focused investment bank
- ◆ Economically profitable in every segment, market and business
- ◆ Clear medium term targets

**...and established a solid basis to regain clients' confidence**

<sup>1</sup> Excluding the impact of own credit, the effects of MCNs accounting treatment, Pactual disposal and restructuring charges

# 4Q09 overview

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Net profit of CHF 1.2 billion and diluted EPS of CHF 0.31  
Positive operating performance across all business divisions

Costs down significantly  
Achieved headcount target of approximately 65,000

Tier 1 capital ratio of 15.4%  
Balance sheet down 9%

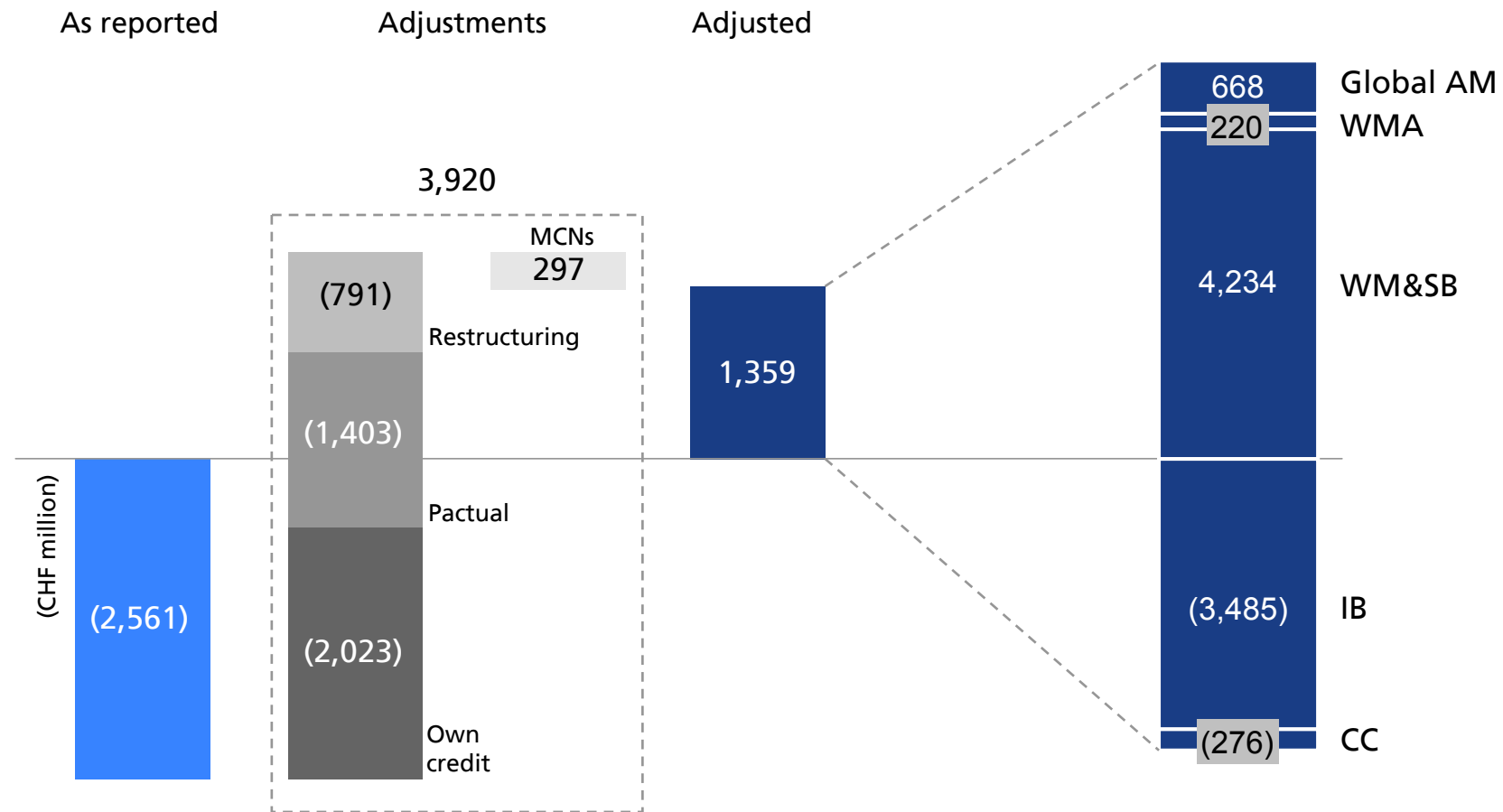
Disappointing net new money outflows  
Invested assets broadly stable at CHF 2.2 trillion

## 4Q09 – performance by division

(CHF million)	<b>WM&amp;SB</b>	<b>WMA</b>	<b>Global AM</b>	<b>IB</b>	<b>CC</b>	<b>UBS</b>
Income	2,778	1,394	537	2,191	(698)	6,202
Credit loss (expense) / recovery	(9)	1		(70)	(5)	(83)
Own credit				(24)		(24)
<b>Total operating income</b>	<b>2,769</b>	<b>1,395</b>	<b>537</b>	<b>2,097</b>	<b>(703)</b>	<b>6,095</b>
Personnel expenses	1,059	946	139	1,020	160	3,323
Non-personnel expenses	601	271	113	780	93	1,859
<b>Total operating expenses</b>	<b>1,660</b>	<b>1,217</b>	<b>253</b>	<b>1,800</b>	<b>253</b>	<b>5,183</b>
<b>Pre-tax profit / (loss)</b>	<b>1,109</b>	<b>178</b>	<b>284</b>	<b>297</b>	<b>(956)</b>	<b>912</b>
Tax						(480)
Minorities						163
Discontinued operations						(25)
<b>Net profit attributable to UBS shareholders</b>						<b>1,205</b>
Diluted EPS (CHF)						0.31

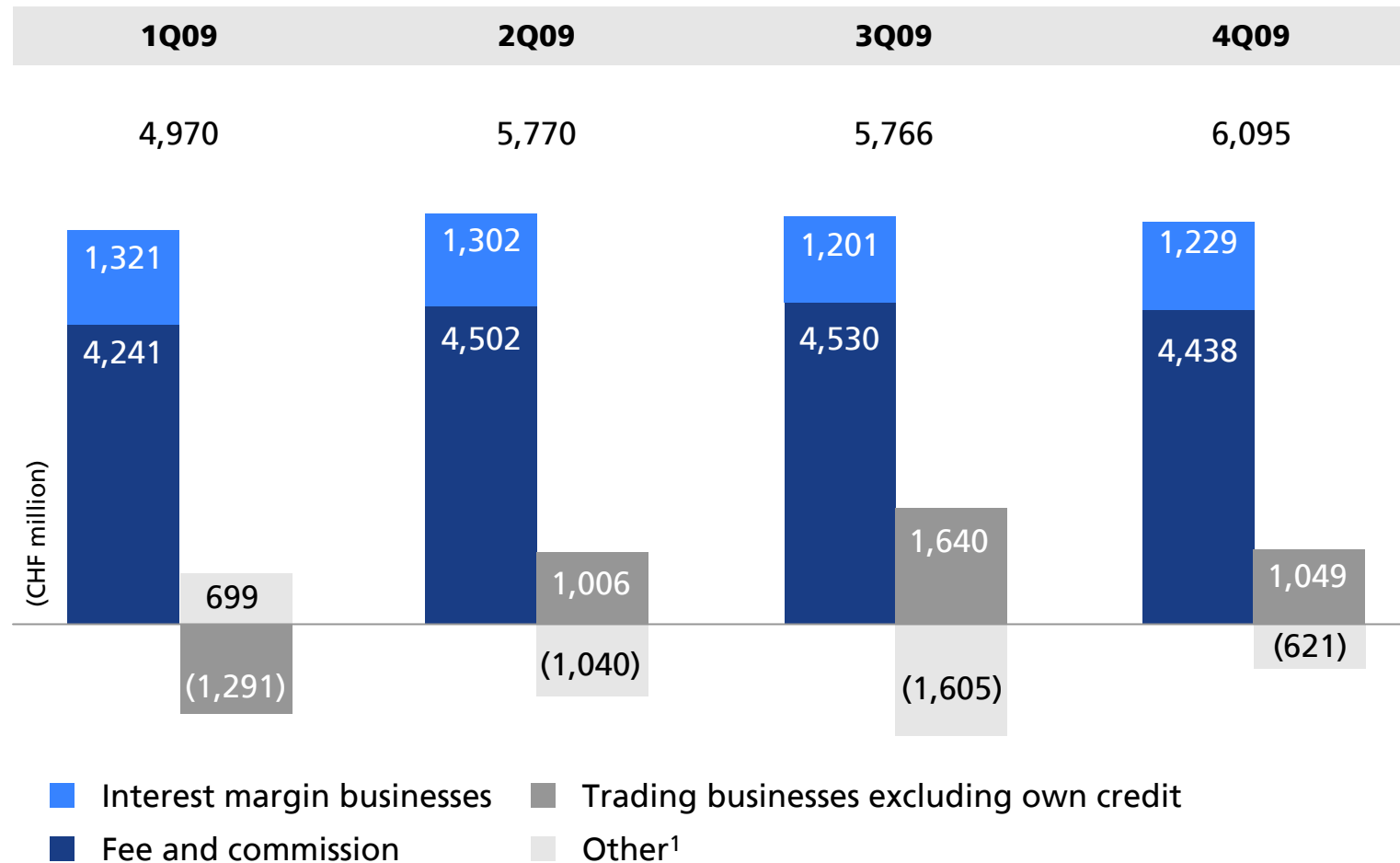
# 2009 pre-tax results – reported versus adjusted

## 2009 Group pre-tax profit from continuing operations



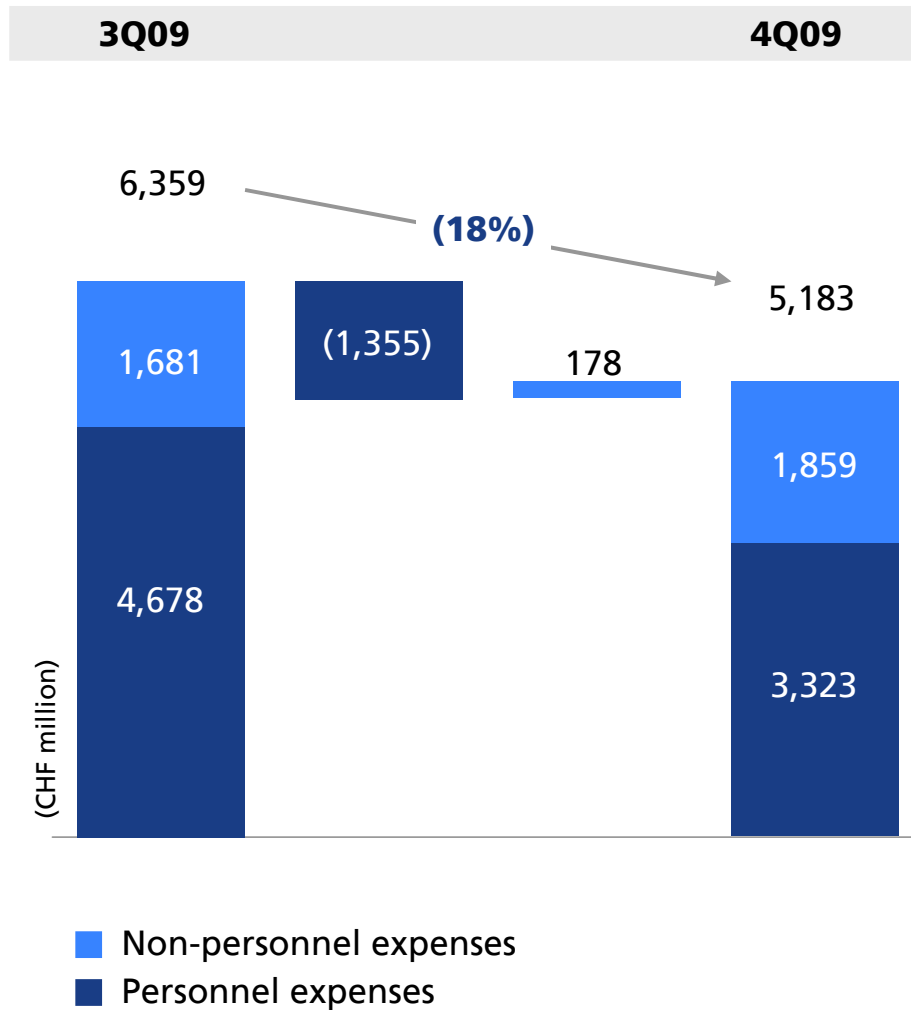
# Revenues

- ◆ CHF 5.7 billion quarterly run-rate from stable sources of revenues – net fee and commission income and income from interest margin businesses



<sup>1</sup> Other includes own credit, credit loss expense, net income from treasury activities and other and other income

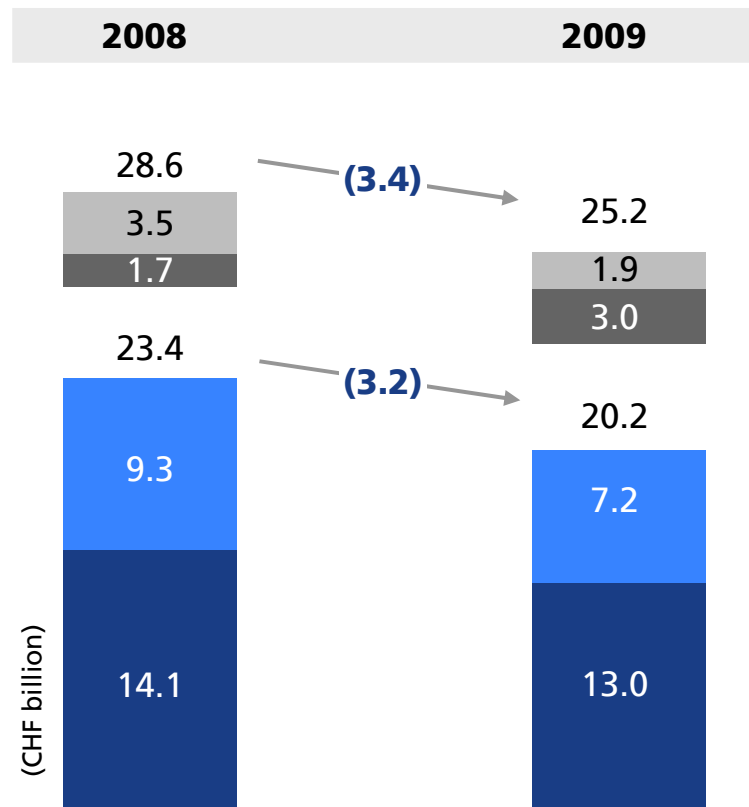
# Operating expenses – 4Q09 versus 3Q09



- ◆ Personnel expenses fell on increased proportion of deferred variable compensation for 2009
- ◆ Non-personnel expenses increased from prior quarter on higher provisions, professional fees and other G&A expenses



# Operating expenses – 2009 versus 2008



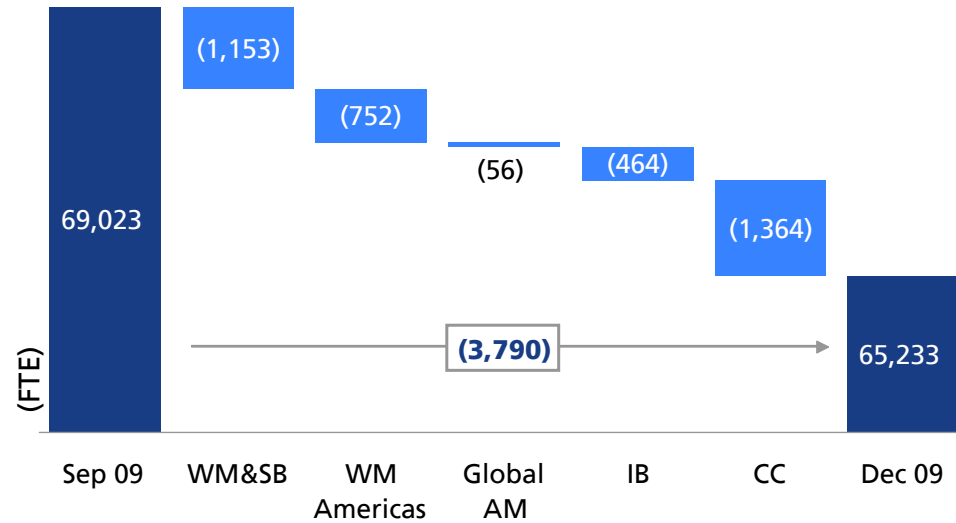
- Significant items<sup>1</sup>
- Personnel expenses - variable
- Non-personnel expenses
- Personnel expenses excl. variable

- ◆ At CHF 20.2 billion, underlying fixed cost base is close to 2010 target of below CHF 20 billion
- ◆ Non-personnel expenses fell CHF 2.1 billion across all categories

<sup>1</sup> Significant items include restructuring charges (2008/2009), Pactual divestment related impairment charges (2009), muni goodwill impairment charges (2008), ARS settlement (2008) and US cross-border settlement (2008).

# Headcount

## 4Q09 development

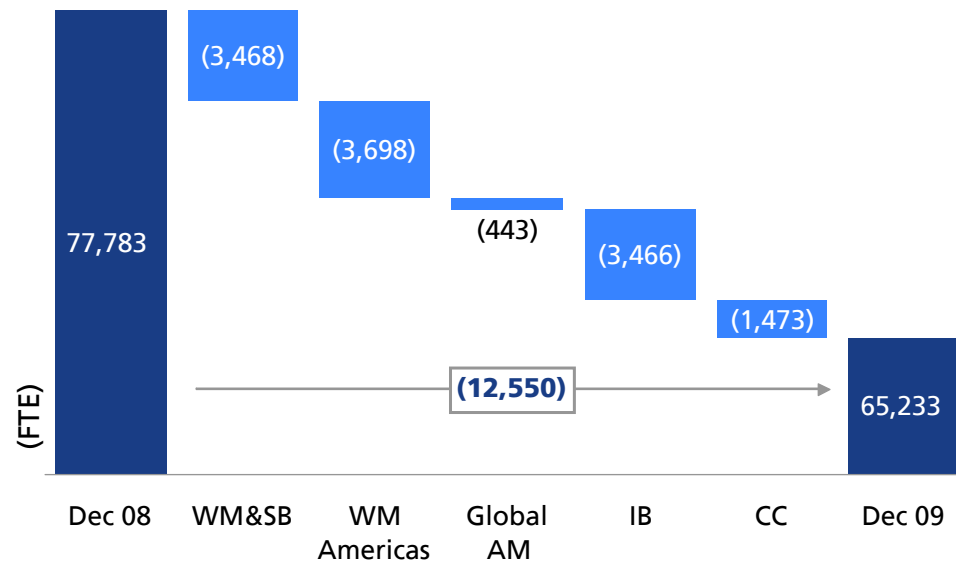


◆ Headcount reduced by 3,790 during 4Q09

◆ Full year headcount reduction of 12,550:

- ~9,900: re-sizing
- ~600: sale of UBS Pactual
- ~500: sale of branches to Stifel
- ~1,600: sale of India Service Centre

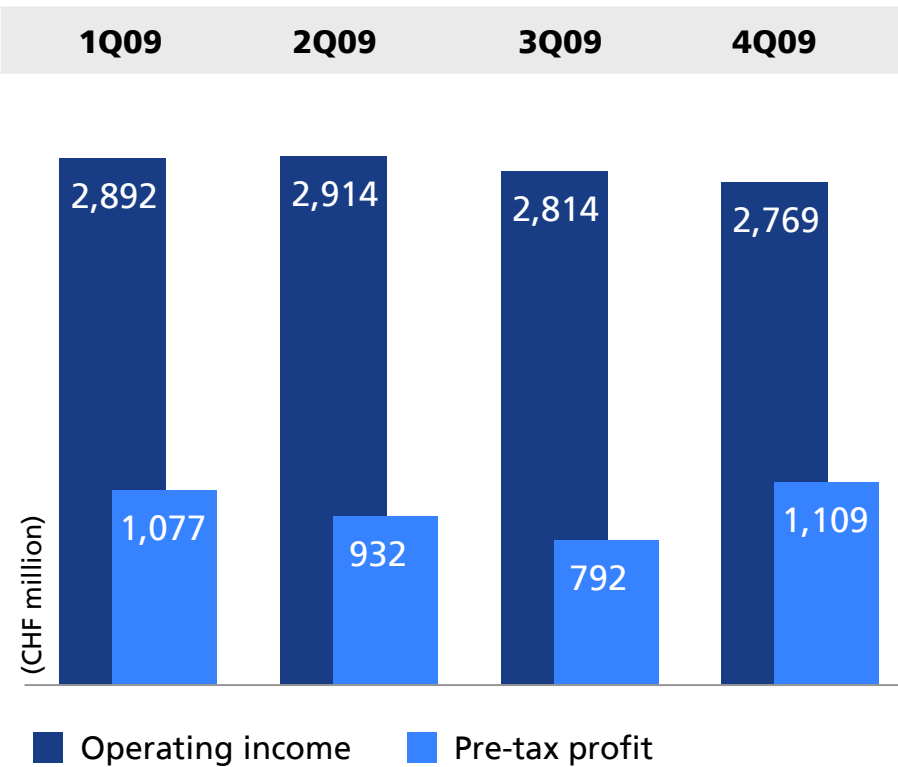
## 2009 development



◆ Achieved 2010 target of ~65,000

# Wealth Management & Swiss Bank

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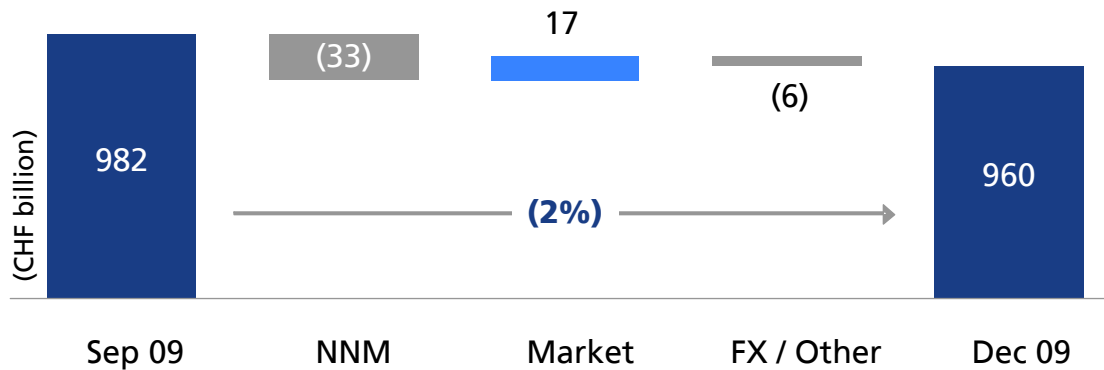
## ◆ Performance in 4Q09

- continued cost reductions more than offset decline in revenues
- revenues slightly declined from prior quarter driven by property fund valuation impact of CHF 88 million in 4Q, partly offset by lower internal interest charges
- Continuing interest margin pressure

## ◆ Strategic headcount reduction completed – 2010 will reflect full year of savings

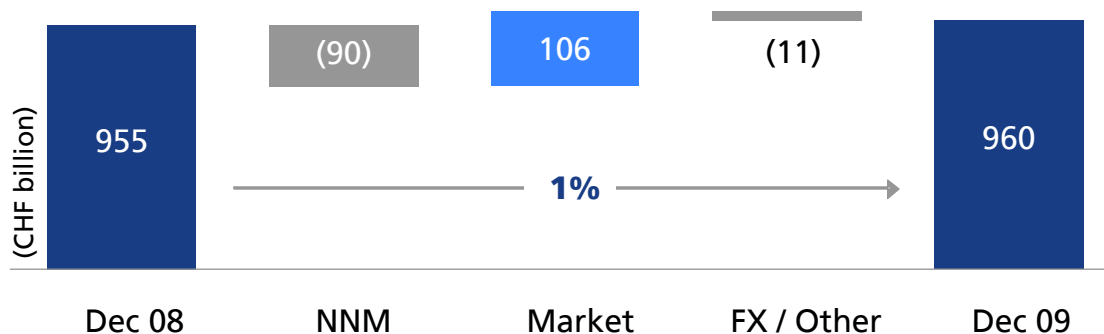
# WM&SB - Invested assets

## 4Q09



- ◆ 4Q09 NNM outflows affected by
  - Italian tax amnesty, CHF 8.5 billion
  - Pactual divestment-related withdrawals, CHF 3.2 billion
- ◆ NNM outflows also reflect
  - Client advisor attrition
  - Concerns about Swiss banking secrecy
  - Seasonal effects
- ◆ Positive net new money in Asia Pacific region and in Corporate and Institutional business in Switzerland in 4Q09

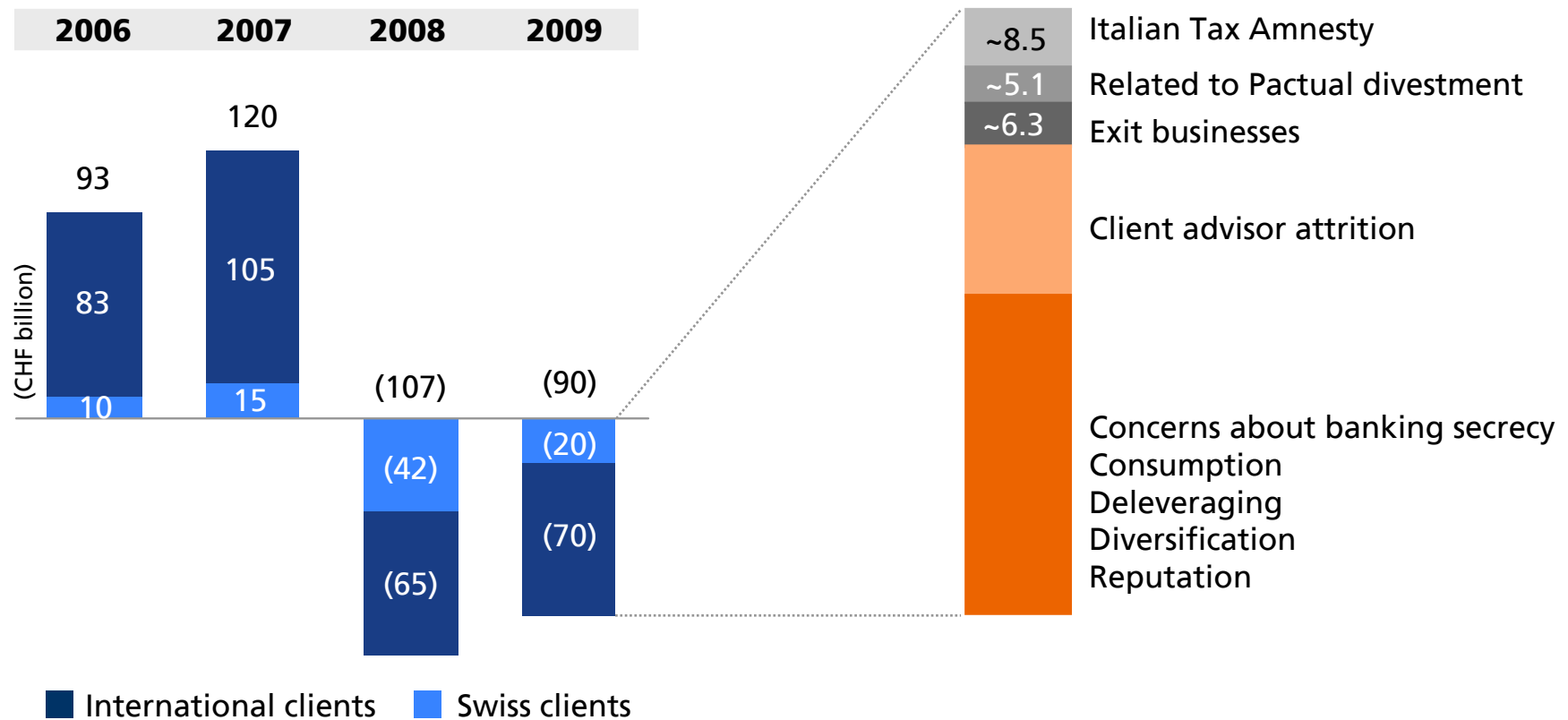
## 2009



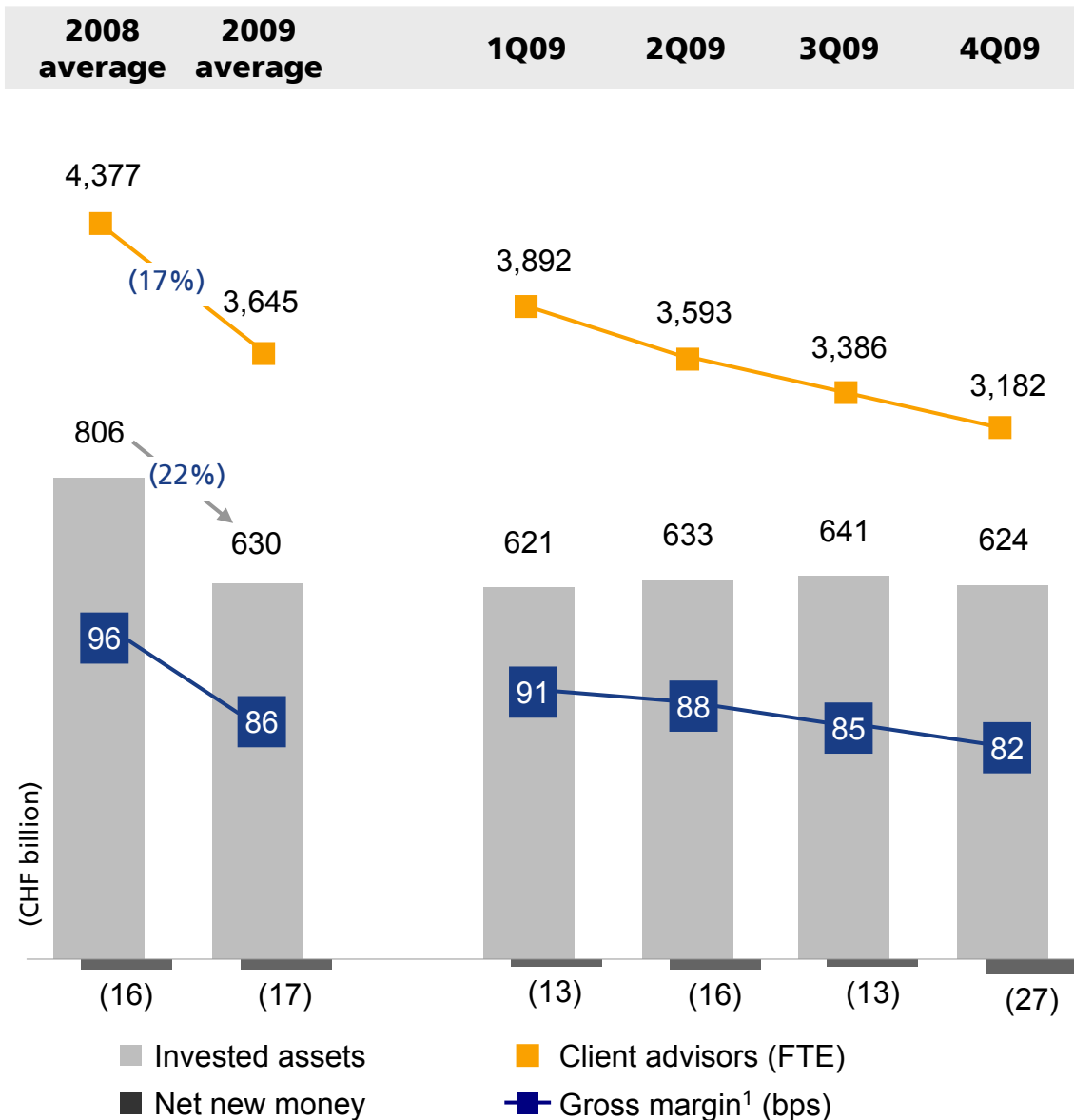
**Market performance more than offset NNM outflows during 2009**

# WM&SB – Net new money

- ◆ Outflows related to client advisor attrition slowing, but will continue to be a drag in the immediate future
- ◆ Italian tax amnesty affected CHF 22.8 billion of invested assets – 63% retained; amnesty extended until end of April 2010



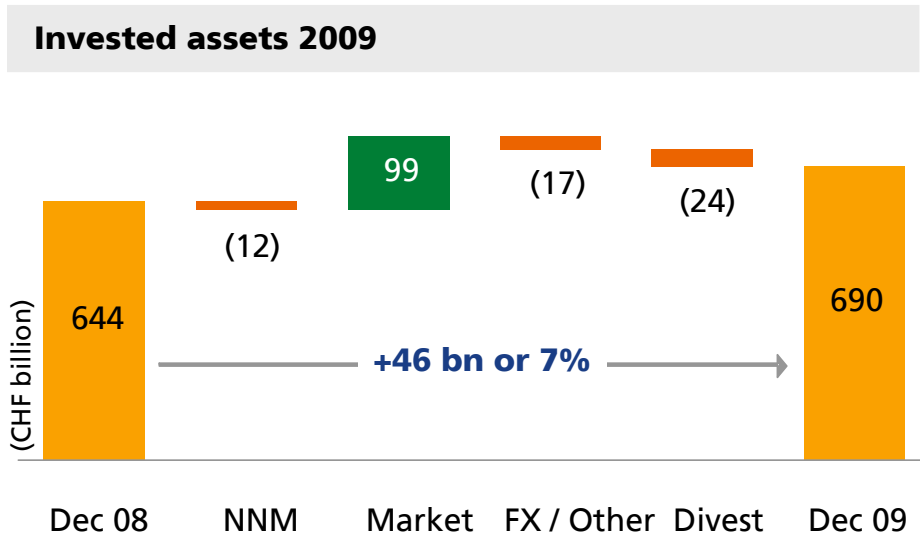
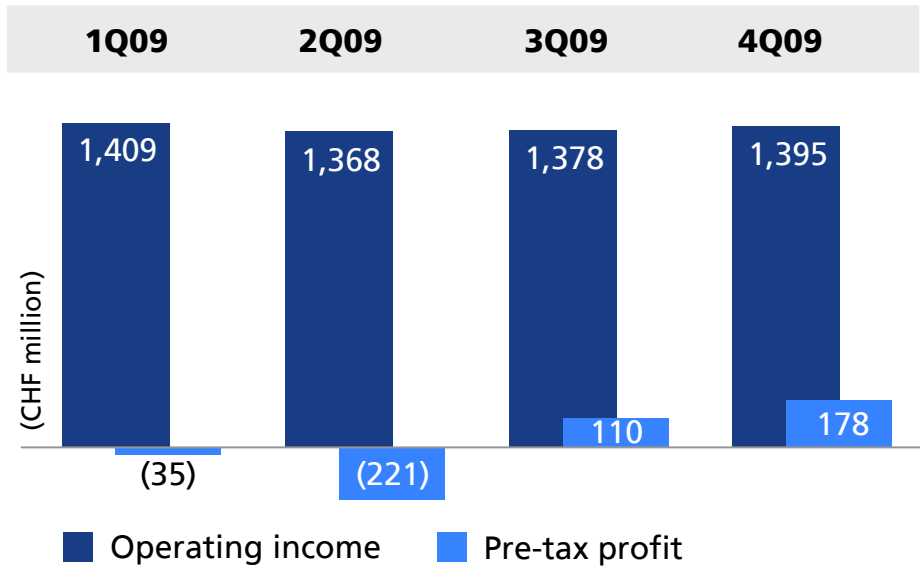
# WM&SB – International clients



- ◆ Hiring initiatives under way, but 1Q10 still expected to show slight net reduction in number of client advisors
- ◆ Client advisors at 3,182 down 25% from 2008
- ◆ Invested assets per CA has gradually increased as the number of advisors has fallen
  - 2009 year-end: 196m
  - 2008 average: 184m

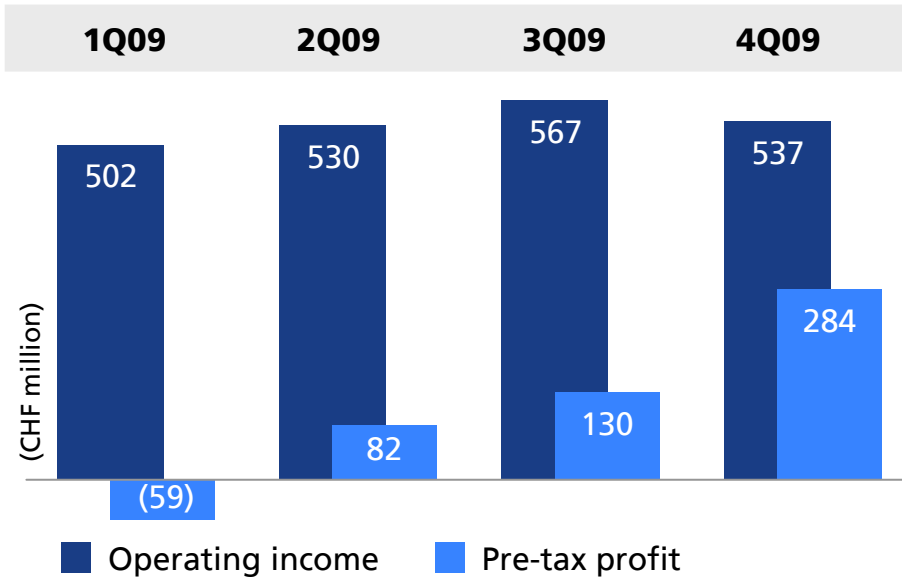
<sup>1</sup> Gross margin excludes valuation adjustments on a property fund of CHF 88 million in 4Q09, CHF 31 million in 3Q09, CHF 13 million in 2Q09, CHF 23 million in 1Q09 and 9 million in 2008

# Wealth Management Americas

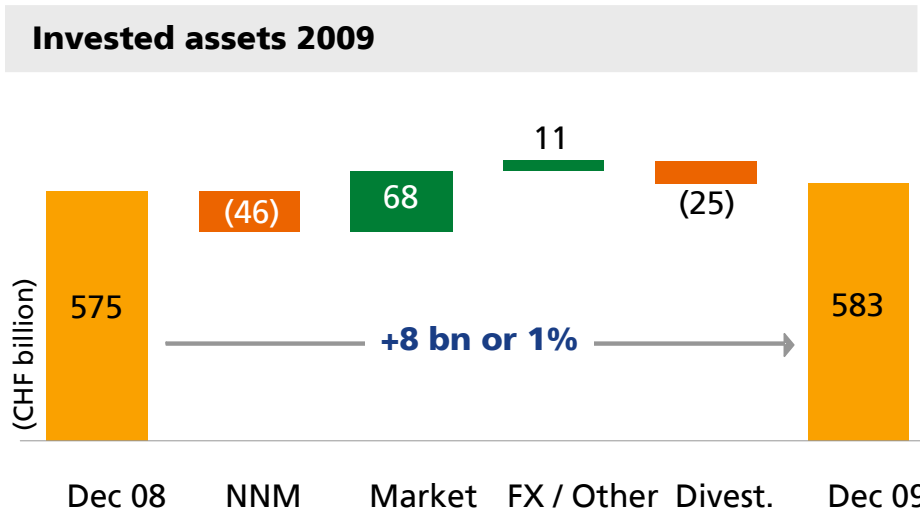


- ◆ New leadership in place with some additional key positions filled in January
- ◆ Improved profitability in 4Q09, but contribution from some one-off items and lower performance-related personnel expenses
- ◆ Financial advisors at 7,084 down 3% from 3Q and 18% from 2008 including divestments
- ◆ Invested assets per FA of CHF 97m and revenues per FA of CHF 197k remain strong
- ◆ NNM continues to be impacted by FA attrition; CHF 12 billion of net outflows in 4Q09

# Global Asset Management



- ◆ Improved profitability in 4Q09 reflecting lower personnel expenses; revenues fell slightly
- ◆ Cost / income ratio of 79.5% in 2009; Adjusted<sup>1</sup> 68.3%
- ◆ Improved investment performance sustained



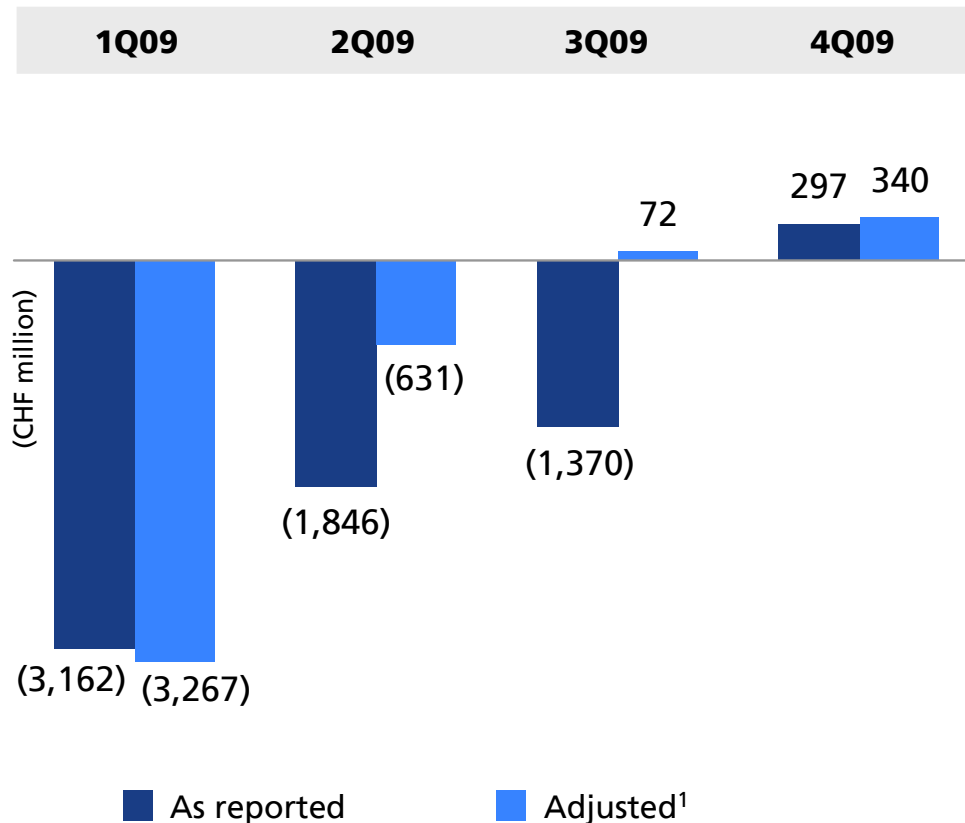
- ◆ Stable invested assets in 2009 as market performance more than offset NNM outflows
- ◆ 4Q09 NNM outflows CHF 11 billion
  - CHF 7.2 billion from WM channels
  - Net inflows from non-WM wholesale channels for the first time since 3Q07
  - Encouraging gross inflows across a range of asset classes

<sup>1</sup> Excluding restructuring charges of CHF 48 million and Pactual divestment related impairment of CHF 191 million in 1Q09



# Investment Bank

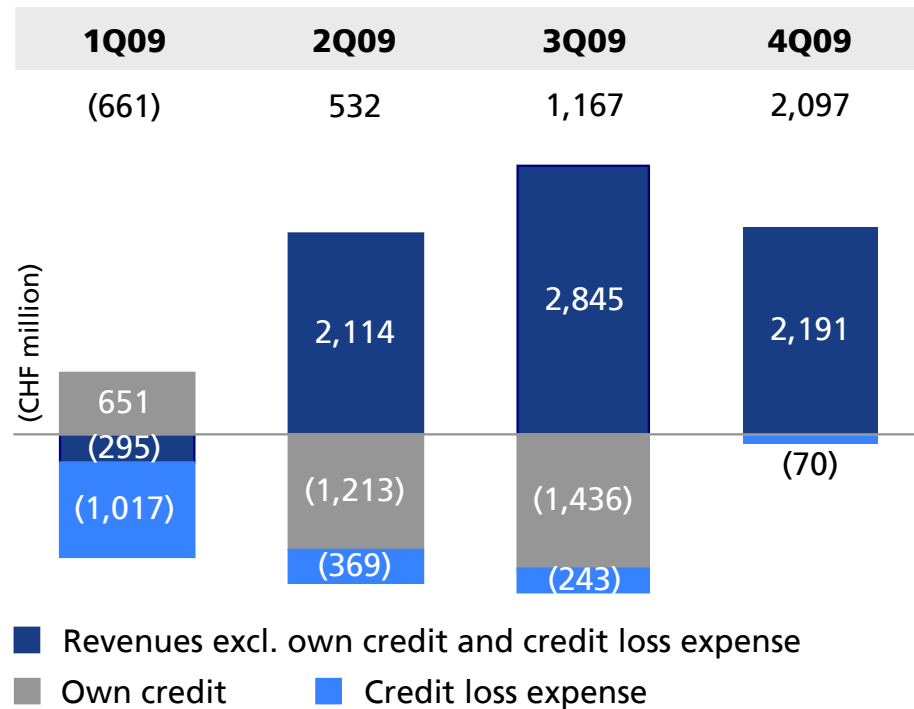
## Pre-tax profit



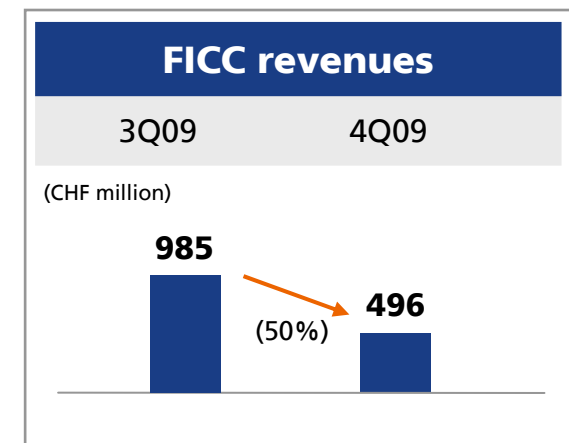
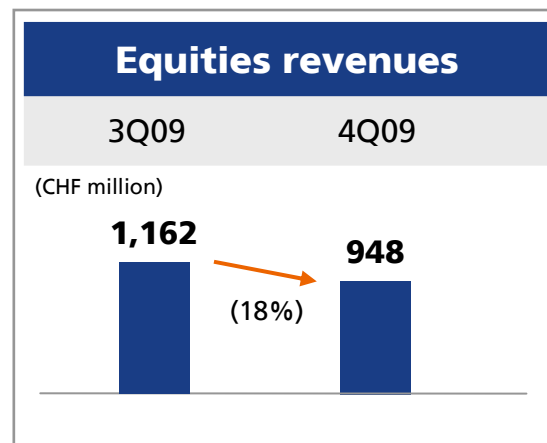
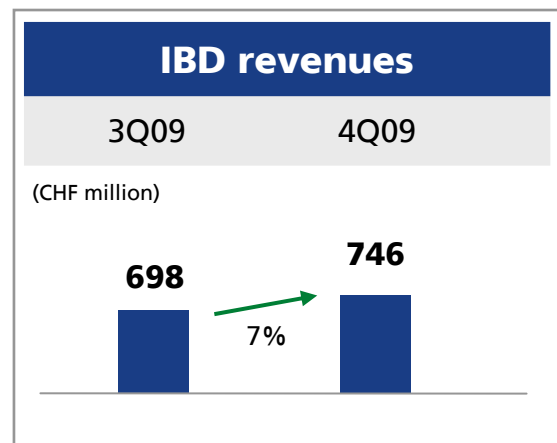
- ◆ Pre-tax profit of CHF 0.3 billion
- ◆ Operating expenses at CHF 1.8 billion are CHF 0.7 billion lower than previous quarter
- ◆ Decrease in personnel expenses reflects increased proportion of deferred performance awards
- ◆ Balance sheet reduced by further 11% to CHF 992 billion (41% y-o-y)
- ◆ Risk-weighted assets reduced by 3% to CHF 122 billion (37% y-o-y)

<sup>1</sup> Excluding own credit charges, restructuring charges and Pactual divestment related negative net P&L impact

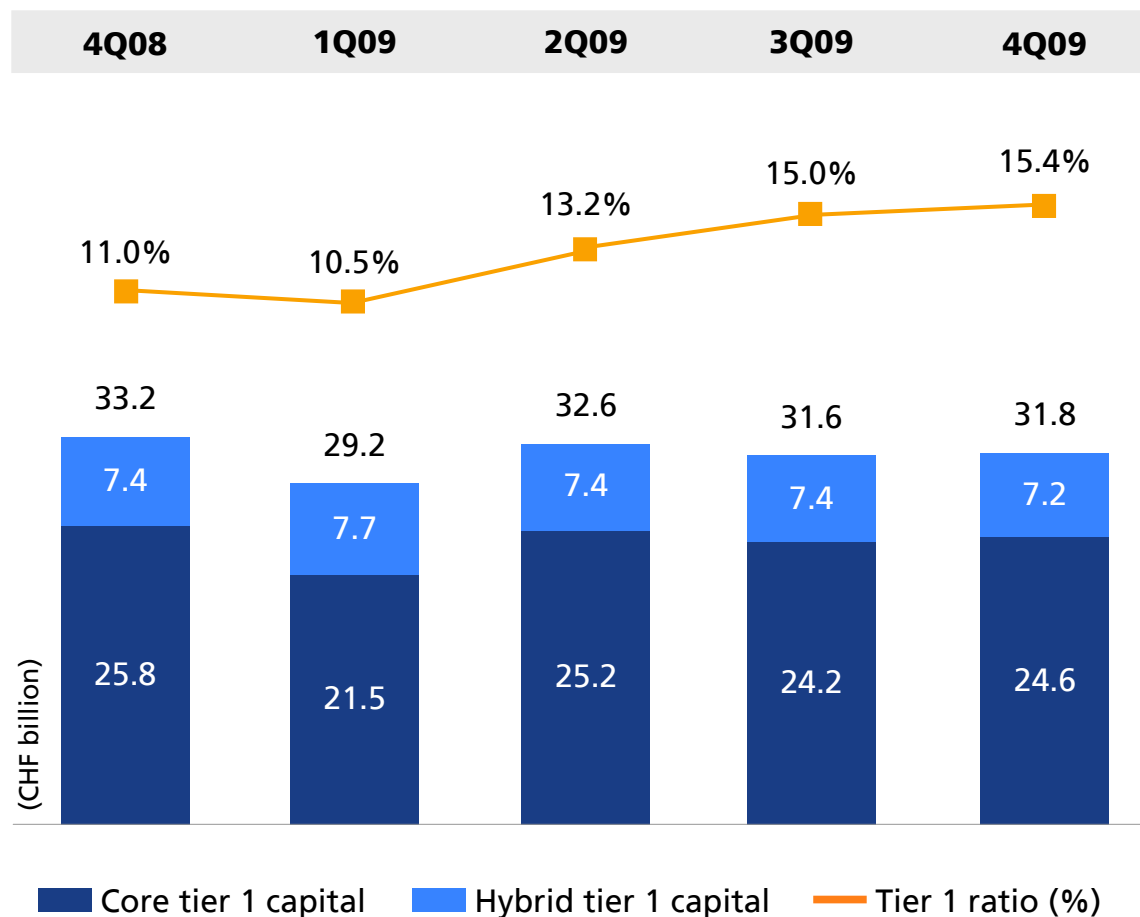
# Investment Bank revenues



- ◆ Own credit losses of CHF 24 million include the effect of reallocation to Corporate Center
- ◆ Further decrease in credit loss expense
- ◆ Equities revenues affected by subdued volumes and a general slowdown in client flows
- ◆ FICC revenues, in particular rates, affected by lower client volumes, trading opportunities and tightening of bid/offer spreads

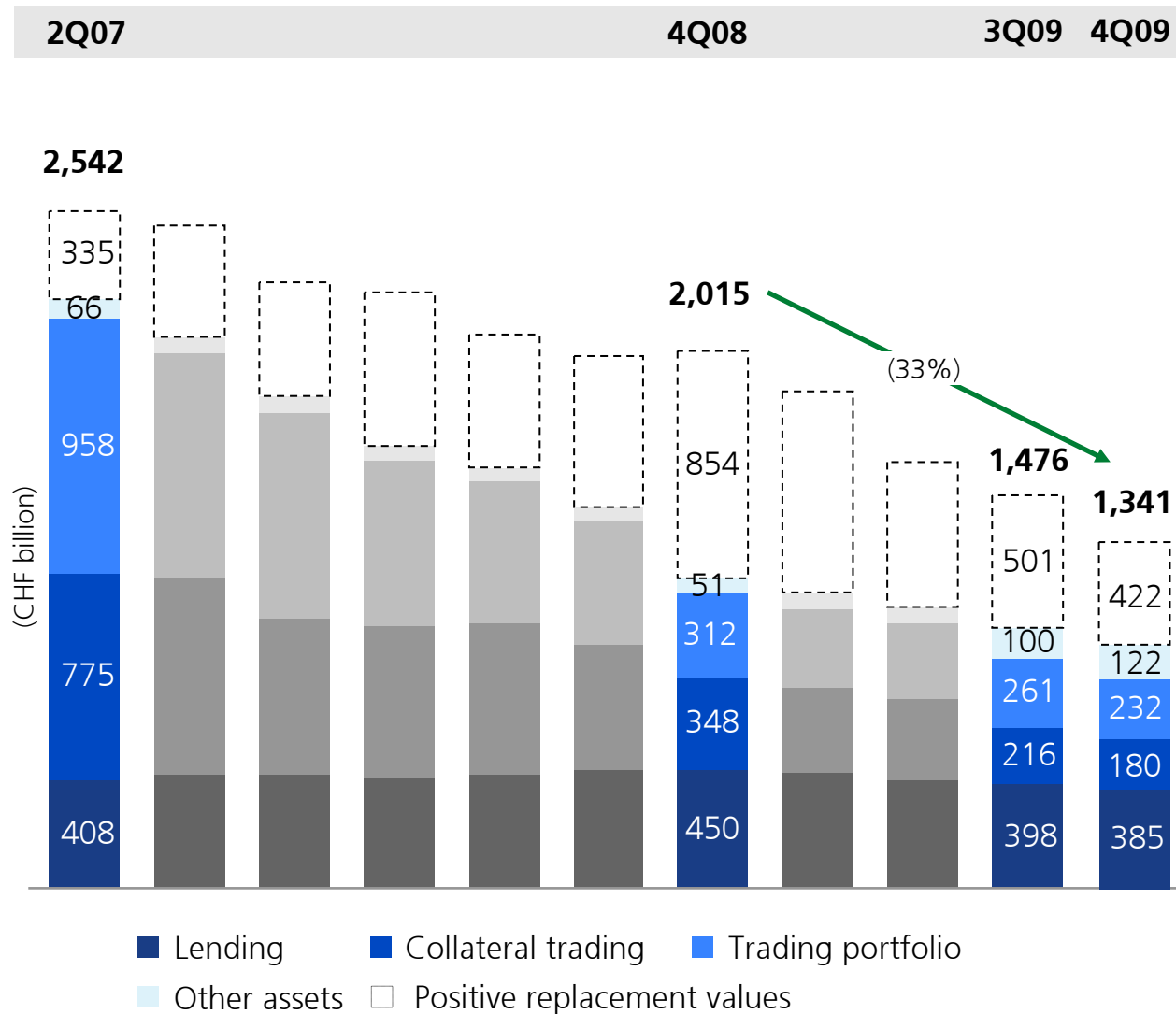


# Capital position



- ◆ Tier 1 capital ratio 15.4%
- ◆ Core Tier 1 capital ratio 11.9%
- ◆ 32% reduction in risk-weighted assets during 2009 to CHF 207 billion
- ◆ FINMA leverage ratio improved to 3.9% from 3.5% prior quarter and 2.5% a year ago

# Total assets development



◆ Total assets reduced by further 9% in 4Q09

- ◆ During full year 2009:
- Total assets reduced by 33%
  - Total assets excluding positive replacement values reduced by 21%



UBS



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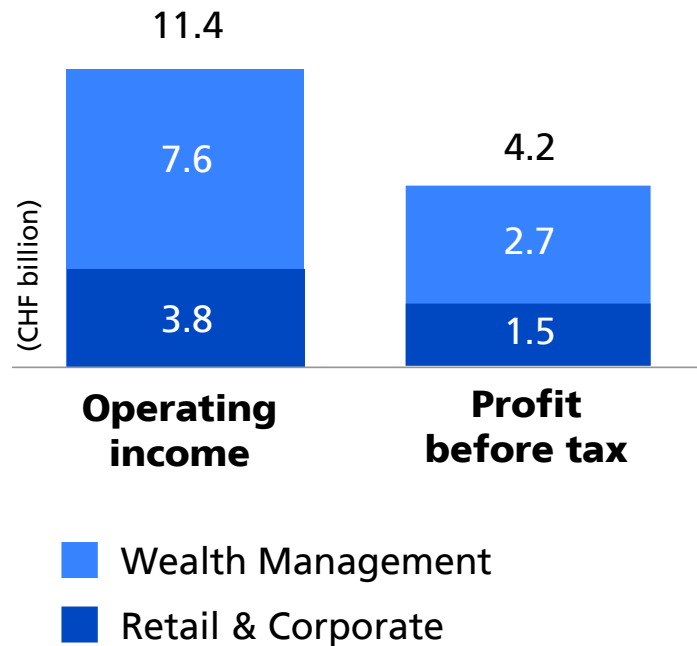
# Appendix

# Performance by division – Full Year

(CHF million)	<b>WM&amp;SB</b>	<b>WMA</b>	<b>AM</b>	<b>IB</b>	<b>CC</b>	<b>UBS</b>
Income	11,523	5,546	2,137	6,856	394	26,456
Credit loss (expense) / recovery	(133)	3		(1,698)	(5)	(1,832)
Own credit				(2,023)		(2,023)
<b>Operating income</b>	<b>11,390</b>	<b>5,550</b>	<b>2,137</b>	<b>3,135</b>	<b>389</b>	<b>22,601</b>
Personnel expenses	5,197	4,231	996	5,568	551	16,543
Non-personnel expenses	2,283	1,287	702	3,648	699	8,619
<b>Operating expenses</b>	<b>7,480</b>	<b>5,518</b>	<b>1,698</b>	<b>9,216</b>	<b>1,250</b>	<b>25,162</b>
<b>Pre-tax profit / (loss)</b>	<b>3,910</b>	<b>32</b>	<b>438</b>	<b>(6,081)</b>	<b>(860)</b>	<b>(2,561)</b>
Tax						(443)
Minorities						610
Discontinued operations						(7)
<b>Net profit attributable to UBS shareholders</b>						<b>(2,736)</b>
Diluted EPS (CHF)						(0.75)
<b>Adjustment items</b>						
Own credit				2,023		2,023
Restructuring charges	322	152	48	226	45	791
Pactual net P&L impact	2	36	182	347	836	1,403
Gains on MCNs prior to conversion					(297)	(297)
<b>Adjusted pre-tax profit / (loss)</b>	<b>4,234</b>	<b>220</b>	<b>668</b>	<b>(3,485)</b>	<b>(276)</b>	<b>1,359</b>

# WM&SB – Pro-forma<sup>1</sup> results under new structure

## 2009 Pro-forma<sup>1</sup> results



### ◆ Wealth Management

- Gross margin<sup>1,2</sup> of 93 bps in 2009
- Invested assets of CHF 823 billion at year-end

### ◆ Key reporting dates:

- Apr 2010, Time-series updated for the new structure
- 4 May 2010, Publication of 1Q10 results – Reporting under new structure

1 Pro forma / preliminary estimates, based on new reporting structure effective 1.1.2010. Profit before tax excludes restructuring costs of CHF 322 million.

2 Gross margin was adjusted to exclude NPV adjustments of a property fund of 155m in 2009

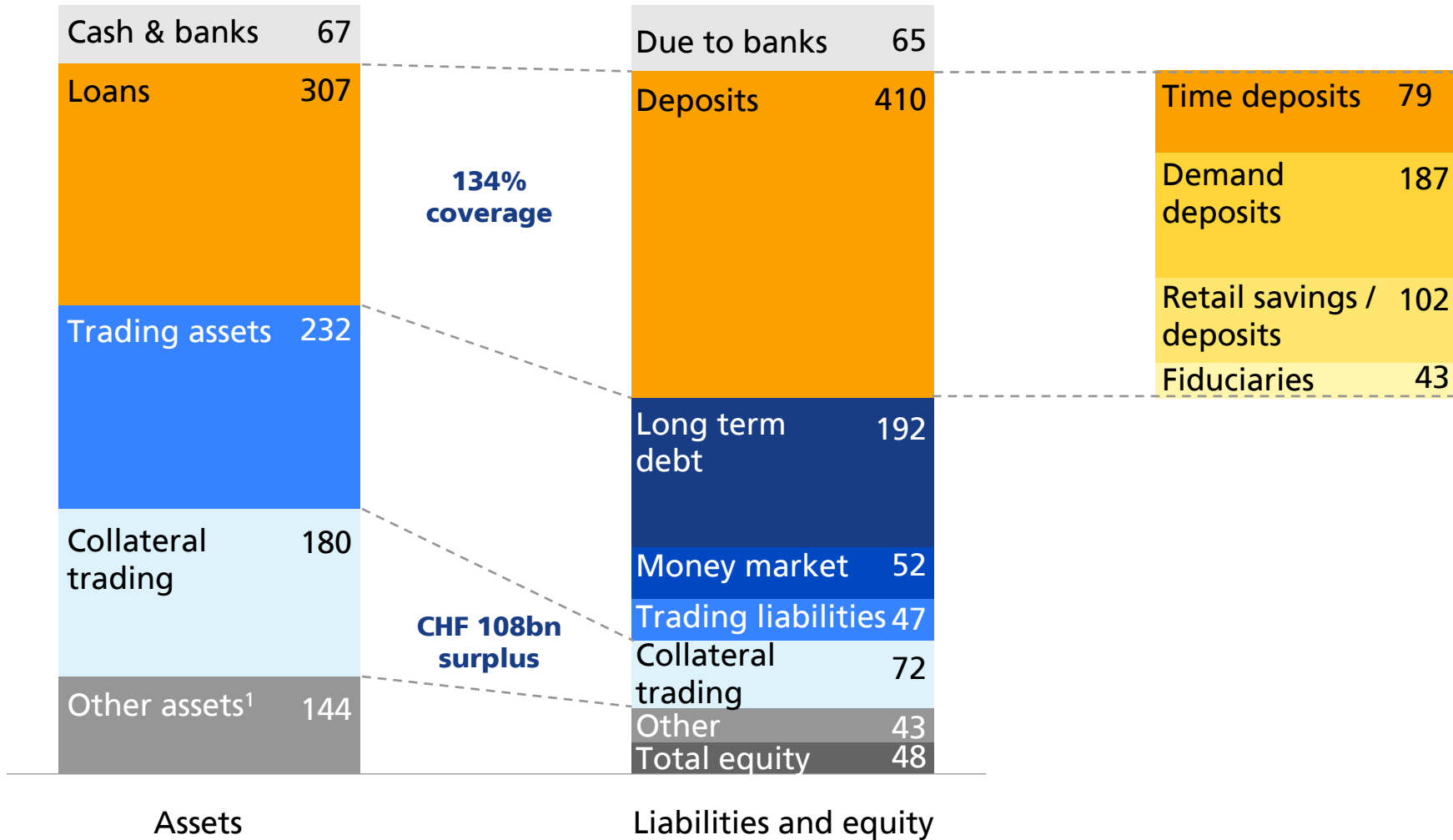


# Regulatory capital

	Tier 1 capital	BIS RWA	Tier 1 ratio	Total capital	Total ratio
CHF billion					
30.9.09	31.6	211	15.0%	40.9	19.4%
Net P&L attributable to shareholders	1.2		↓	1.2	↓
MCN coupon accrual	(0.3)			(0.3)	
Own shares	(0.5)			(0.5)	
Other	(0.2)			(0.2)	
Risk reduction		(4)			
Impacts on Tier 2 capital			↓	(0.2)	↓
31.12.09	31.8	207	15.4%	40.9	19.8%

# Balance sheet and funding

## Asset funding, 31 Dec 2009 (CHF billion)



<sup>1</sup> Including financial investments available-for-sale and net replacement values

# Exposure<sup>1</sup> to monoline insurers, by rating

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 31.12.09	Fair value of CDSs after CVA
<b>Credit protection on US sub-prime RMBS CDOs<sup>2</sup></b>	<b>2.4</b>	<b>0.5</b>	<b>1.9</b>	<b>1.5</b>	<b>0.4</b>
of which: from monolines rated investment grade (BBB and above)	0.0	0.0	0.0	0.0	0.0
of which: from monolines rated sub-investment grade (BB and below)	2.4	0.5	1.9	1.5	0.4
<b>Credit protection on other assets<sup>2</sup></b>	<b>11.8</b>	<b>8.6<sup>6</sup></b>	<b>3.2</b>	<b>1.3</b>	<b>1.9</b>
of which: from monolines rated investment grade (BBB and above)	2.3	1.9	0.4	0.1	0.4
of which: from monolines rated sub-investment grade (BB and below)	9.5	6.7	2.8	1.3	1.5
<b>Total 31.12.09</b>	<b>14.2</b>	<b>9.1</b>	<b>5.1</b>	<b>2.8</b>	<b>2.3</b>
<b>Total 30.9.09</b>	<b>14.4</b>	<b>8.8</b>	<b>5.6</b>	<b>3.0</b>	<b>2.6</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 Includes USD 5.6 billion (CHF 5.8 billion) at fair value / USD 6.0 billion (CHF 6.2 billion) at carrying value of assets that were reclassified to "Loans and receivables" from "Held for trading" in fourth quarter 2008.

# Student loan auction rate securities

<b>Inventory</b>	Carrying value as of 31.12.09	Carrying value as of 30.9.09
	USD million	
<b>US student loan auction rate securities</b>	<b>10,347 <sup>1</sup></b>	<b>10,553</b>

<sup>1</sup> Includes USD 7.5 billion (CHF 7.7 billion) at carrying value of student loan ARS that were reclassified to "Loans and receivables" from "Held for trading" in fourth quarter 2008 and first quarter 2009. Refer to "Note 12 Reclassification of financial assets" in the financial statements of the fourth quarter 2009 report for more information."

## Client holdings

	Par value of maximum required purchase as of 31.12.09	Buyback period		Par value of maximum required purchase as of 30.9.09
		Remaining un-purchased holdings of private clients	Holdings of institutional clients	
USD million		Period ends 4.1.11	30.6.10 to 2.7.12	
<b>US student loan auction rate securities</b>	<b>7,817</b>	<b>93</b>	<b>7,724</b>	<b>8,133</b>

# Reclassified assets

31.12.09, CHF billion	Notional value	Fair value	Carrying value	Ratio of carrying to notional value
US student loan and municipal auction rate securities	9.3	8.0	8.2	88%
Monoline protected assets <sup>1</sup>	7.5	6.1	6.5	86%
Leveraged Finance	2.6	0.9	0.8	30%
CMBS/CRE (excl. interest-only strips)	2.0	1.5	1.6	82%
US reference linked notes	1.1	0.9	1.0	86%
Other assets	1.1	0.9	1.0	90%
Total (excl. CMBS interest-only strips)	23.6	18.2	19.0	80%
CMBS interest-only strips		0.8	0.9	
Total reclassified assets	23.6	19.0	19.9	

<sup>1</sup> Includes CDOs (notional value of approximately CHF 0.45 billion; carrying value and fair value of approximately CHF 0.3 billion) which are no longer hedged by CDS with monoline insurers following the commutation of these CDS trades in prior periods