UBS
Financial Services Group

First Quarter 2000 Report.

UBS Group Financial Highlights

	Quarter ended			% change from	
CHF million (except where indicated)	**31.3.00**	31.12.99[6]	31.3.99[6]	4Q99	1Q99
Income statement key figures					
Operating income	**9,357**	6,789	6,847	38	37
Operating expenses	**6,449**	5,540	4,823	16	34
Operating profit before tax	**2,908**	1,249	2,024	133	44
Net profit	**2,216**	1,069	1,568	107	41
Cost / income ratio (%)[1]	**68.0**	81.1	67.4		
Cost / income ratio before goodwill (%)[1,2]	**66.5**	79.8	66.3		
Per share data (CHF)					
Basic earnings per share[3]	**5.66**	2.69	3.78	110	50
Basic earnings per share before goodwill[2,3]	**6.04**	2.92	3.97	107	52
Diluted earnings per share[3]	**5.61**	2.66	3.75	111	50
Diluted earnings per share before goodwill[2,3]	**5.98**	2.88	3.93	108	52

For the period	**3M00**	12M99[6]	3M99[6]
Return on shareholders' equity (%)			
Return on shareholders' equity[4]	**31.1**	22.4	21.5
Return on shareholders' equity before goodwill[2,4]	**33.2**	23.6	22.6

As of	**31.3.00**	31.12.99[6]	Change in %
Balance sheet key figures			
Total assets	**980,916**	898,888	9
Shareholders' equity	**29,322**	30,608	(4)
Market capitalization	**92,316**	92,642	(0)
BIS capital ratios			
Tier 1 (%)	**11.0**	10.6	
Total BIS (%)	**14.4**	14.5	
Risk-weighted assets (CHF million)	**280,252**	278,478	1
Total assets under management (CHF billion)	**1,767**	1,744	1
Headcount (full time equivalents)[5]	**48,157**	49,058	(2)
Long-term ratings			
Moody's, New York	**Aa1**	Aa1	
Fitch/IBCA, London	**AAA**	AAA	
Standard & Poor's, New York	**AA+**	AA+	
BankWatch, New York	**AA**	AA	

Earnings adjusted for significant financial events

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99[6]	31.3.99[6]	4Q99	1Q99
Operating income	**9,357**	6,777	6,737	38	39
Operating expenses	**6,449**	5,542	4,823	16	34
Operating profit before tax	**2,908**	1,235	1,914	135	52
Net profit	**2,216**	1,059	1,478	109	50
Cost / income ratio before goodwill (%)[1,2]	**66.5**	79.9	67.4		
Basic earnings per share before goodwill (CHF)[2,3]	**6.04**	2.89	3.75	109	61
Diluted earnings per share before goodwill (CHF)[2,3]	**5.98**	2.86	3.71	109	61

For the period	**3M00**	12M99[6]	3M99[6]
Return on shareholders' equity before goodwill (%)[2,4]	**33.2**	18.2	22.2

[1] Operating expenses / operating income before credit loss expense of CHF 125 million, CHF 46 million and CHF 310 million for the quarter ended 31 March 2000, 31 December 1999 and 31 March 1999. [2] The amortization of goodwill and other purchased intangible assets are excluded from the calculation. [3] For EPS calculation, see Note 9 to the Financial Statements. [4] Annualized net profit / average shareholders' equity excluding dividends. [5] The Group headcount does not include the Klinik Hirslanden AG headcount of 1,853. [6] The 1999 figures have been restated (see Notes for further details).

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Shareholders' Letter

Dear Shareholders,

We are pleased to report that in the first quarter 2000, UBS achieved a record net profit after tax of CHF 2,216 million. This represents an increase of 50% over the first quarter of 1999 once the effect of divestments is stripped out, or a 41% increase on a reported basis.

Adjusted for divestments and pre-goodwill, the Group's annualized Return on Equity increased to 33.2%, from 22.2% in the first quarter of 1999. On the same basis, and adjusted for the recent share split, basic Earnings per Share increased 61% to CHF 6.04 from CHF 3.75 and the cost/income ratio fell sharply to 66.5% from 79.9% in the fourth quarter of 1999, to a level slightly below the 67.4% recorded in the first quarter of 1999. Assets under management increased by CHF 23 billion during the quarter, with gains in Private Banking offset by a decrease in institutional assets.

This is an outstanding result for the Group as a whole and reflects strong performance across our major business groups.

Business group highlights

UBS Warburg confirmed its place as one of the fastest growing investment services firms, achieving exceptional growth with record earnings, up 86% on the previous year and more than five times fourth quarter 1999 earnings.

The Private Banking business unit of UBS Switzerland also posted a record quarter, showing excellent earnings growth, up 63% on the fourth quarter of 1999, demonstrating the continued profitability and growth potential of this core business.

The 36% rise in earnings at Private and Corporate Clients since the fourth quarter of 1999 is backed by a continuing positive outlook for both operating income and costs.

Although UBS Asset Management is a smaller part of the Group, the decline in its assets under management is a concern. Following the combination of Brinson Partners and Phillips and Drew, the priority is to stabilize these two excellent franchises before beginning their return towards market growth rates.

Business regrouping

During the quarter, we introduced a new business structure, regrouping our wealth management businesses with the aim of unlocking their potential to generate superior growth, and giving us the agility to respond rapidly to changing client demands. In particular, we are opening our investment architecture to include third-party products and abandoning rigid approaches to client segmentation.

The regrouped UBS provides a first class platform for our e-commerce-driven attack on the future.

e-commerce

e-commerce and new technologies lie at the core of our vision of UBS's development, allowing us to deliver knowledge effortlessly from the whole of UBS to any client. e-commerce is not simply a chance to reduce costs, but an opportunity to build sustainable revenues: extending our reach to new clients, perfecting our customers' experience and hence increasing their take-up of our products and services.

Our e-commerce vision is rooted in the belief that this profound transformation is as much cultural as technological. We are convinced that the new tools enhance rather than replace the people side of our business, bringing within reach our vision of an interactive "community of success".

We have already built one of Europe's leading e-commerce platforms. Indeed, the pace of our e-commerce roll-outs has accelerated rapidly since the start of the year, with particularly successful launches of industry-leading business-to-business (B2B) connectivity through "Investment Banking On-Line" (IBOL) at UBS Warburg and market-leading WAP access services at UBS Switzerland. Our aim in developing e-commerce offerings is to be first mover when it makes sense, but always to be "best mover", delivering first-class products and services through new channels.

We are committed to remaining at the forefront of e-commerce, with plans to invest over CHF 2 billion between now and 2002. UBS Warburg will invest CHF 310 million this year in e-services, its new multi-channel initiative targeted at affluent individuals in Europe. UBS Switzerland will invest CHF 90–100 million per year for the next few years to extend its already impressive e-banking initiatives, while investment in B2B at UBS Warburg will reach around 4% of revenues.

NYSE listing

We listed our shares on the New York Stock Exchange on 16 May 2000. The listing took the form of Global Registered Shares, creating one global share, traded in Zurich, New York and Tokyo. As the first Swiss company to list a global share in New York, UBS has contributed to a significant enhancement in clearing and settlement infrastructure, notably the creation of a link between the US and Swiss securities depositories to facilitate cross-border settlement. This global share symbolizes our belief in UBS as a truly global firm.

Introduction of quarterly analysis to our reporting

We believe that openness and transparency are essential principles in financial reporting.

This quarter we have produced our Financial Report in a new format designed to give greater transparency and allow investors to gain a deeper understanding of our financial performance. We have provided an analysis of the change in key metrics from the previous quarter to this quarter, as well as comparing to the same quarter last year. Previously we reported figures cumulatively through the year.

Key performance indicators have been produced for the Group and for each business unit, based on the framework that we announced in March. In addition, the 1999 figures have been restated to reflect the regrouping and allow meaningful like-for-like comparisons.

Outlook

We have produced a very positive start to the year 2000 and are confident that a strong performance relative to 1999 can be maintained in the coming months, assuming consistent market conditions. In the recent past we have been frank about our disappointments. The broad success of UBS this quarter is very welcome, but we will never be complacent and will focus without compromise on delivering further growth for our shareholders.

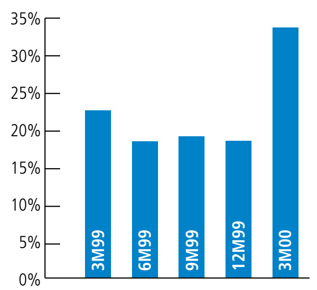
UBS AG

Alex Krauer
Chairman of the Board of Directors

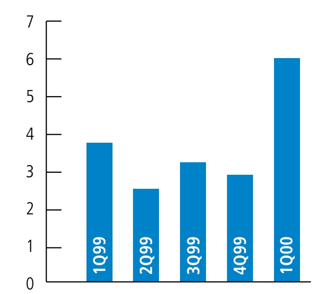
Marcel Ospel
Group Chief Executive Officer

Group Review

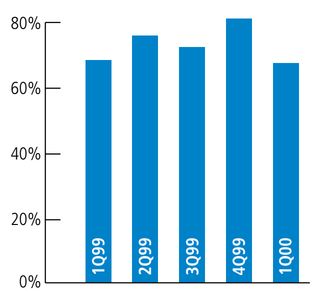
RoE[1] annualized



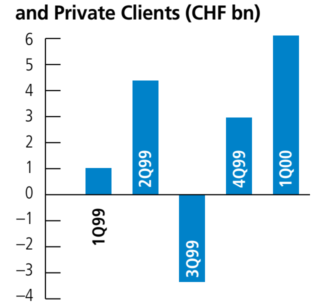
Basic EPS[2,3] (CHF)



Cost/income ratio[2]



Net new money, Private Banking and Private Clients (CHF bn)



[1] Annualized, before goodwill amortization and adjusted for significant financial events.

[2] Before goodwill amortization and adjusted for significant financial events.

[3] Adjusted to account for the recent stock split.

UBS Group Targets

For the period	**3M2000**	12M1999	3M1999
RoE (%, annualized)			
as reported	**31.1**	22.4	21.5
before goodwill amortization and adjusted for significant financial events[2,3]	**33.2**	18.2	22.2
For the quarter ended	**31.3.00**	31.12.99	31.3.99
Basic EPS (CHF)[1]			
as reported	**5.66**	2.69	3.78
before goodwill amortization and adjusted for significant financial events[2,3]	**6.04**	2.89	3.75
Cost / income ratio (%)			
as reported	**68.0**	81.1	67.4
before goodwill amortization and adjusted for significant financial events [2,3]	**66.5**	79.9	67.4

Assets under management

CHF billion	**31.3.00**	31.12.99	Change in %	**Net new money**[4]
UBS Group	**1,767**	1,744	1	
UBS Switzerland				
Private and Corporate Clients	**443**	439	1	0
Private Banking	**698**	671	4	2
UBS Asset Management				
Institutional Asset Management	**557**	574	(3)	(32)
Investment Funds/GAM	**232**	225	3	1
UBS Warburg				
Private Clients	**40**	36	11	4

[1] As throughout this report, EPS is reported based on the number of shares in issue following the recent share split. [2] The amortization of goodwill and other purchased intangible assets are excluded from the calculation. [3] Significant financial events are excluded from calculation. In first quarter 2000, there were no significant financial events. [4] Excludes interest and dividend income.

Group Targets

As we stated in December, we focus on four key performance targets, designed to ensure that we deliver continually improving returns to our shareholders. Progress against these targets has been very good this quarter. Our annualized Return on Equity before goodwill of 33.2% is well in excess of our target range of 15–20%. Over the last year, pre-goodwill Earnings per Share grew 61% adjusted for divestments (52% as reported), comfortably meeting our target of double-digit growth. The cost/income ratio is slightly below that of the first quarter 1999, but considerably reduced from fourth quarter 1999. Net new money in the private banking units (onshore and offshore) was up from CHF 3 billion in fourth quarter 1999 to CHF 6 billion, more than for the whole of 1999, but still with plenty of room for further improvement.

Results Summary

First quarter 2000 produced outstanding results, with net profit after taxes and minority interests of CHF 2,216 million. Except for the second quarter of 1999 (when our results included a one-off post-tax gain of CHF 1,365 million from the sales of our international Global Trade Finance business and our stake in Swiss Life/Rentenanstalt), this is by some distance the best ever quarterly result for UBS.

Compared to first quarter 1999, total operating income after credit loss expense increased 39% adjusted for divestments (37% as reported), to CHF 9,357 million. UBS Warburg generated record levels of equity commissions, and trading income was also particularly strong in the continuing positive market conditions. Asset management income increased including, for the first time, results from GAM and Allegis.

Total operating expenses increased 34% from the first quarter last year to CHF 6,449 million. This principally reflects increased performance-related compensation due to the exceptional revenues. There were no significant financial events during this quarter.

Credit Risk

The buoyant global macro-economic environment has led to a marked reduction in credit loss expense in first quarter 2000, especially in our core Swiss market, where credit loss expense is significantly below the statistically expected loss. Aggregate credit loss expense in the first quarter of this year amounted to CHF 125 million compared to CHF 310 million in the first three months of 1999. In the fourth quarter of 1999, credit losses were CHF 46 million, after CHF 130 million was charged against previously established provisions. Emerging markets have benefited from higher raw material prices and strong demand from developed economies. This positive outlook, coupled with a further reduction in our emerging markets exposures, allowed us to make a considerable write-back of country provisions.

The significant turnaround in the Swiss economy over the last 12 months has also had a favorable impact on the quality of our loan portfolio. Non-performing loans in relation to total loans declined to 4.5% from 4.7% as of 31 December 1999. The amount of non-performing loans in Private and Corporate Clients has reduced by 4.8% since the year-end, to CHF 10.8 billion. Approximately one third of the loans that were originally included in the UBS Switzerland recovery portfolio in 1997 have now been worked out and removed.

The strategic reduction in emerging markets exposure that started 18 months ago continued into the first quarter of this year with a further reduction of CHF 3.6 billion or 14.6% from year-end 1999. Allowances and provisions for credit loss amounting to CHF 13.2 billion represented 4.7% of total loans outstanding, down from 4.8% as of year-end 1999.

Market Risk

We incur market risk primarily through our trading activities, which are centered in UBS Warburg.

Allowances and provisions for credit risk

CHF million	UBS Switzerland		UBS Asset Management		UBS Warburg		Corporate Center		UBS Group	
As of	**31.3.00**	31.12.99[2]	**31.3.00**	31.12.99[2]	**31.3.00**	31.12.99[2]	31.3.00	31.12.99[2]	31.3.00	31.12.99[2]
Loans (gross)	**202,306**	199,960	**260**	213	**76,930**	77,151	**365**	690	**279,861**	278,014
Impaired loans[1]	**17,963**	19,166	**0**	0	**4,402**	3,226	**63**	64	**22,428**	22,456
Allowances for impaired loans	**10,043**	10,447	**0**	0	**2,338**	2,018	**5**	6	**12,386**	12,471
Non-performing loans	**10,860**	11,416	**0**	0	**1,756**	1,594	**63**	63	**12,679**	13,073
Allowances for non-performing loans	**7,033**	7,315	**0**	0	**1,438**	1,341	**5**	5	**8,476**	8,661
Total allowances for impaired and non-performing loans	**10,043**	10,447	**0**	0	**2,338**	2,018	**5**	6	**12,386**	12,471
Other allowances and provisions for credit and country risk	**12**		**0**	0	**823**	927	**–**	–	**835**	927
Total allowances and provisions	**10,055**	10,447	**0**	0	**3,161**	2,945	**5**	6	**13,221**	13,398
of which country allowances and provisions	**–**	–			**1,299**	1,376	**–**	–	**1,299**	1,376
Ratios										
Impaired loans in % of gross loans	**8.9**	9.6			**5.7**	4.2	**17.3**	9.3	**8.0**	8.1
Non-performing loans in % of gross loans	**5.4**	5.7			**2.3**	2.1	**17.3**	–	**4.5**	4.7
Allowances and provisions for credit loss in % of gross loans	**5.0**	5.2			**4.1**	3.8	**1.4**	0.9	**4.7**	4.8
Allocated allowances in % of impaired loans	**55.9**	54.5			**53.1**	62.6	**7.9**	na	**55.2**	55.5
Allocated allowances in % of non-performing loans	**64.8**	64.1			**81.9**	84.1	**7.9**	na	**66.9**	66.3

[1] Includes non-performing loans. [2] The 1999 year-end figures were restated to reflect the regrouping of UBS.

Summary of 10-day 99% confidence Value at Risk

UBS Warburg

CHF million	3 months ending 31.3.00 Min.	Max.	Average	31.3.00	3 months ending 31.12.99 Min.	Max.	Average	31.12.99
Risk type								
Equities	169.5	237.1	206.4	227.3	143.7	176.1	157.6	172.8
Interest rates	132.1	181.2	157.3	160.5	130.1	170.2	149.3	140.1
Foreign exchange	15.1	83.5	49.8	55.5	20.2	121.7	60.7	76.1
Precious metals	7.1	27.4	15.1	13.5	5.3	35.8	26.7	27.8
Diversification effect	–[1]	–[1]	(169.3)	(179.8)	–[1]	–[1]	(178.8)	(193.2)
Total UBS Warburg	**214.6**	**296.1**	**259.2**	**277.0**	**187.0**	**259.5**	**215.5**	**223.6**

[1] As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification effect.

Value at Risk limits and utilization

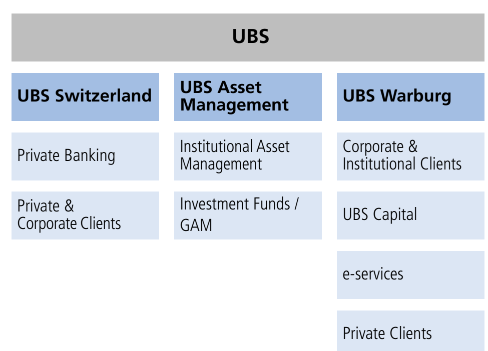
CHF million	Limit	Utilization 31.3.00	Utilization 31.12.99
UBS Warburg	450.0	**277.0**	223.6
UBS Switzerland[1]	50.0	**4.3**	4.3
Corporate Center[2]	350.0	**65.9**	59.8
Reserve	100.0		
Diversification effect	n/a	**(68.1)**	(55.5)
UBS Group	600.0	**279.1**	232.2

[1] This limit also includes interest rate exposures in the banking books of the Private Label Banks and UBS Capital. [2] This limit also covers modeled interest rate exposures in the banking book.

Market risk in this business group as measured by 10-day, 99% confidence level Value at Risk (VaR) increased by CHF 53 million to CHF 277 million at the end of the first quarter. The stress loss measure for UBS Warburg also rose, with exposure ending the quarter at CHF 642 million, up from CHF 521 million at year-end 1999, but well within the CHF 1.4 billion limit. The increased risk has been more than adequately compensated for by the increased rewards this quarter: our risk/reward appetite remains unchanged.

The increased VaR in UBS Warburg also lifted the total at Group level, where VaR increased to CHF 279 million, but remained well within overall limits.

Business reporting structure



Group Initiatives

Regrouping

Our regrouping was successfully completed during the first quarter, and true to our commitment to transparency, significant effort has been devoted to ensuring the availability of reporting for both this quarter and the four quarters of 1999 in the new structure.

Strengthening our brand architecture

We have completed the program to strengthen our brand architecture that we announced in December 1999. Every business now markets itself using the keys symbol and UBS brand, emphasizing the strength of our integrated business model. In today's fragmented financial services market, a recognized and trusted brand is a priceless asset. UBS, representing the Swiss banking values of trust, quality, security and discretion, and Warburg, with its enviable global reputation and heritage, are both powerful brands with significant potential to extend their reach.

Stock split

At the Annual General Meeting held on 18 April 2000, shareholders approved a proposal by the Board of Directors for a 2-for-1 stock split, reducing the par value of the share to the minimum of CHF 10 permissible under Swiss law. This change was implemented on 8 May 2000, doubling the number of shares outstanding to 430,893,162.

In absolute terms, the previous UBS share was of relatively high value per share compared to the stocks of other US and European financial services providers listed on the New York Stock Exchange.

Share buy-back

UBS is one of the best capitalized financial institutions in the world. In view of the continuous projected increase in capital from ongoing retained earnings and the selective reduction in risk profile, we have introduced a share buy-back program that will lead to the cancellation of shares. This will result in a reduction in the number of outstanding shares, and enhanced earnings per share. The shares are being bought back through a second trading line program aimed at institutional investors, the only tax-efficient means to achieve cancellation.

On 18 April 2000, shareholders approved the repurchase of shares under this program up to a maximum amount of CHF 4 billion (or 19,347,868 shares, taking into account the share split). As a result, the repurchased shares no longer fall under the statutory limit which prohibits Swiss companies from holding more than 10% of their own shares.

The program commenced in January this year, and as of 10 May 2000, a total of 15,762,212 shares had been repurchased, at an average purchase price of CHF 213.17. (Note that the number of shares purchased has been restated to take account of the stock split.)

Despite our continued commitment to the share buy-back program, our consistently strong cashflow generation means that our Tier 1 BIS capital ratio has increased slightly to 11.0% from 10.6% at the end of 1999.

Accounting changes and restatements

For comparative purposes, 1999 figures have been restated, primarily for:

- The removal from net trading income and credit to retained earnings of profit on UBS shares held by us for trading purposes.
- The treatment of these shares as treasury shares, reducing both the number of share and the shareholders' equity used in ratio calculations.
- The reclassification of trading-related interest revenues, from net trading income to net interest income.
- The removal of the credit to net interest income and matching debit to net trading income for the cost of funding trading positions.

Costs relating to the in-house development of software were capitalized for the first time in first quarter 2000, reducing operating expense this quarter by CHF 42 million.

UBS Switzerland

The business group UBS Switzerland was formed as part of the February 2000 regrouping and is made up of two business units:

- *Private and Corporate Clients* which corresponds to the previous division of the same name.
- *Private Banking* which covers all offshore and Swiss high net worth clients who bank in Switzerland or other offshore centers.

The onshore Private Clients business, formerly part of Private Banking, is now managed within the UBS Warburg business group.

The new UBS Switzerland emphasizes the strength and merit of Swiss banking, and offers a continuum of services to all Swiss-based clients. It benefits from an integrated infrastructure and the opportunity for shared distribution via its developing multi-channel architecture.

UBS Switzerland is the leading Swiss bank for individual and corporate clients, and the premier Swiss private bank.

e-Channels and Products

To drive forward its e-commerce vision and strategy, UBS Switzerland has created a single unit called "e-Channels and Products" to lead all its e-banking. The new unit will be responsible for all electronic channels and products as well as associated service and support centers and will combine all e-banking functions of the former divisions.

Business group reporting

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99	31.3.99	4Q99	1Q99
Income	**3,748**	3,179	3,151	18	19
Credit loss expense	**(232)**	(225)	(284)	(3)	18
Total operating income	**3,516**	2,954	2,867	19	23
Personnel expenses	**1,198**	1,152	1,200	4	0
General and administrative expenses	**572**	621	454	(8)	26
Depreciation	**125**	145	115	(14)	9
Goodwill amortization [1]	**34**	5	3	580	
Total operating expenses	**1,929**	1,923	1,772	0	9
Business group performance before tax	**1,587**	1,031	1,095	54	45

Additional information

	Quarter ended			% change from	
	31.3.00	31.12.99	31.3.99	31.12.99	31.3.99
Assets under management (CHF billion)	**1,141**	1,110	1,067	3	7
Cost / income ratio (%) [2]	**51**	60	56		
Cost / income ratio before goodwill amortization (%) [2]	**51**	60	56		

As of	**31.3.00**	31.12.99	Change in %
Regulatory equity used (avg)	**10,750**	10,059	7
Headcount (full time equivalents)	**30,099**	31,354	(4)

[1] Includes amortization of other purchased intangible assets. [2] Before credit loss expense.

Private and Corporate Clients

Business unit reporting

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99	31.3.99	4Q99	1Q99
Income	**1,915**	1,746	1,802	10	6
Credit loss expense	**(225)**	(214)	(277)	(5)	19
Total operating income	**1,690**	1,532	1,525	10	11
Personnel expenses	**804**	813	883	(1)	(9)
General and administrative expenses	**261**	241	211	8	24
Depreciation	**107**	117	105	(9)	2
Goodwill amortization [1]	**26**	0	1		
Total operating expenses	**1,198**	1,171	1,200	2	0
Business unit performance before tax	**492**	361	325	36	51
KPI's					
Assets under management (CHF billion) [2]	**443**	439	461	1	(4)
Cost / income ratio (%) [3]	**63**	67	67		
Cost / income ratio before goodwill amortization (%) [3]	**61**	67	67		
Non-performing loans / gross loans outstanding (%)	**6.3**	6.6	n/a		

Additional information

As of	**31.3.00**	31.12.99	Change in %
Regulatory equity used (avg)	**8,850**	8,550	4
Headcount (full time equivalents)	**22,668**	24,098	(6)

[1] Includes amortization of other purchased intangible assets. [2] Banks assets under management are included. [3] Before credit loss expense.

Key Performance Indicators

Compared to fourth quarter 1999, the pre-goodwill cost/income ratio for Private and Corporate Clients reduced from 67% to 61%, reflecting both the continuing realization of merger synergies and stringent cost control.

Assets under management increased CHF 4 billion from CHF 439 billion to CHF 443 billion in the first quarter 2000. Growth was mainly driven by market performance, with net new money flat.

The turnaround in the Swiss economy and successful recovery efforts have favorably impacted the quality of the loan portfolio, leading to further improvement in the non-performing loans/total loans ratio from 6.6% to 6.3%.

Initiatives and Achievements

e-commerce

Alternative distribution channel usage increased significantly during the quarter as a result of the aggressive roll-out and active promotion of products and services, as well as increasing internet and mobile phone penetration. Some highlights include:

– A total of 477,000 UBS e-banking contracts were in place by the end of March 2000, with an average of 10,000 new contracts signed each month.
– UBS e-banking accounts for 16% of all stock exchange transactions, up from 11% at the end of 1999, and 18% of all payment orders

up from 15%. Overall, 40% of payment orders are now handled through electronic banking channels.
- More than 21,000 copies of UBS Quicken, UBS's exclusive personal financial management software, have been sold since its launch in October 1999, exceeding expected annual sales within six months.
- By the end of the first quarter, 6,100 customers had signed-up with UBS Tradepac, a share trading discount package, targeted at active traders.
- UBS Quotes shows information and analytics for 240,000 different instruments traded on 23 stock exchanges and offers limit minding over e-mail and SMS. It was the third most popular website in Switzerland in March 2000, receiving more than 30 million page views.
- UBS Quotes on WAP, Switzerland's first WAP financial information service, introduced in February 2000, already receives up to 1,000 page impressions a day.

Despite its rapid growth, online banking is not cannibalizing the bank's traditional revenues: about 80% of e-banking transactions represent additional revenue.

Strategic Projects Portfolio

The implementation of the Strategic Projects Portfolio has continued on track.

Branch closures continued during the first quarter: 19 further branches were shut. By the end of March, 192 branches had been closed since the merger, representing 34% of the pre-merger branch network. At the same time, there has been a noticeable increase in the number of transactions executed via the bank's 130-strong network of BancomatPlus automated banking machines, with 30% of deposits recorded automatically.

An increasing shift to internet order capture has also improved the efficiency of operations processing, supplementing the effects of further re-engineering of logistics processes.

Loan portfolio

The overall volume of Private and Corporate Clients' loan portfolio decreased slightly from CHF 173 billion to CHF 171 billion. Overall asset quality further improved as a result of a continued focus of the bank's origination activities on asset classes with the most attractive risk/reward characteristics and the use of alternative forms of loan portfolio management, including sales in secondary loan markets. During the first quarter, the recovery portfolio continued to shrink from CHF 21 billion to CHF 19 billion as a result of ongoing workout initiatives.

Systor

UBS's innovative and open approach to managing technology led us to set up Systor in 1992 and outsource IT development in Switzerland to it. Systor has since been built into a valuable independent business which was merged in January 2000 with Schumann Group, a German IT services firm and is now held as a private equity investment through UBS Capital. From the beginning of 2000, Systor was transferred to UBS Capital; its performance and headcount are therefore no longer included within the results of Private and Corporate Clients.

Results

Private and Corporate Clients has had an excellent first quarter, achieving a net profit before tax of CHF 492 million, representing an increase of 36% compared to the fourth quarter of 1999.

Operating income

Private and Corporate Clients reports strong income growth of CHF 1,690 million in the first quarter 2000. This is an increase of 10% compared to the fourth quarter of 1999, stemming principally from excellent brokerage revenues in the prevailing positive market conditions.

Operating expenses

Total operating expenses increased only moderately by CHF 27 million to CHF 1,198 million. Personnel expenses decreased by 1% compared to the fourth quarter of 1999 with the decline due to headcount reduction partially offset by higher performance-related compensation payments. General and administrative expenses increased mainly as the result of lower intra-Group cost recoveries.

Headcount

Headcount reduction is proceeding rapidly. At the end of first quarter 2000, Private and Corporate Clients' headcount was 22,668. Adjusting for the transfer of Systor to UBS Capital, headcount was reduced by 486 or 2% compared to fourth quarter 1999, primarily as a result of continued merger related savings.

Outlook

The Strategic Projects Portfolio, including realization of the expected merger synergies, is well on track. Together with its strong market position and the improving credit outlook, Private and Corporate Clients is confident of continued good results for the year 2000.

Private Banking

Business unit reporting

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99	31.3.99	4Q99	1Q99
Income	**1,833**	1,433	1,349	28	36
Credit loss expense	**(7)**	(11)	(7)	36	0
Total operating income	**1,826**	1,422	1,342	28	36
Personnel expenses	**394**	339	317	16	24
General and administrative expenses	**311**	380	243	(18)	28
Depreciation	**18**	28	10	(36)	80
Goodwill amortization [1]	**8**	5	2	60	300
Total operating expenses	**731**	752	572	(3)	28
Business unit performance before tax	**1,095**	670	770	63	42
KPI's					
Assets under management (CHF billion)	**698**	671	606	4	15
Net new money (CHF billion) [3]	**2**	1	(1)	120	320
Gross AuM margin (bps)	**107**	89	91	20	18
Cost / income ratio (%) [2]	**40**	52	42		
Cost / income ratio before goodwill amortization (%) [2]	**39**	52	42		

Additional information

As of	**31.3.00**	31.12.99	Change in %
Regulatory equity used (avg)	**1,900**	1,509	26
Headcount (full time equivalents)	**7,431**	7,256	2

[1] Includes amortization of other purchased intangible assets. [2] Before credit loss expense. [3] Excludes interest and dividend income.

Key Performance Indicators

All four indicators show improved performance by the Private Banking business unit.

Assets under management increased by CHF 27 billion, or 4% from the end of the year, to CHF 698 billion. While the growth of client assets was mainly driven by market movements (up CHF 25 billion), net new money also grew from CHF 1 billion in fourth quarter 1999 to CHF 2 billion.

Driven by strong revenue growth – particularly brokerage fees – the return on AuM showed a substantial improvement from 89 bps in the fourth quarter 1999 to 107 bps.

The pre-goodwill cost/income ratio fell from 52% to 39% compared to the fourth quarter 1999 as a result of increased income and an 18% reduction in general and administrative expenses, reflecting one-off project expenditures recorded in fourth quarter 1999.

Initiatives and Achievements

UBS Private Banking's growth efforts focus on strategic initiatives that are linked directly to the unit's value drivers, translating industry opportunities into tangible results. These initiatives include:

New products to enhance customers' experience and increase product penetration

For example, UBS Private Banking has launched two new portfolio monitoring and advisory services:

– Active Portfolio Supervision (APS) through which a client receives investment recommendations whenever their portfolio breaches specified parameters.
– Active Portfolio Advisory (APA) which in addition provides direct access to a dedicated investment specialist and tailor-made strategies.

This is the first time that UBS has offered structured fee-based advisory services to its non-discretionary clients and the first time that clients have been able to request an all-inclusive advisory fee. The development of these types of products and pricing methods is designed to ensure the long-term maximization of revenues by moving away from brokerage-based income towards advisory-based fees.

Optimization of the asset management process

By implementing an open, but screened architecture for private clients, UBS Private Banking is enhancing its product range and its role as advisor. The architecture is based on the multi-manager and screening capabilities and technology of the Investment Funds/GAM business unit. This approach leverages UBS Private Banking's professional and independent advisory skills to ensure top-quality products, differentiating us from the so-called "supermarket approach" of simply offering a range of third-party funds without screening.

Customized and personalized e-offerings

UBS Private Banking's e-commerce offering is shifting from information and transaction handling to individualized, exclusive communication and advice. Easy-to-use, added value electronic services that enhance the client relationship will become key asset attractors of the future.

Improved efficiency levels through exploiting Group synergies

Examples include further optimization in technology and logistics, and a review of all service delivery processes, fostering a proactive cost control culture within the business unit.

Results

Private Banking produced record net profits before tax of CHF 1,095 million, an increase of 63% over fourth quarter 1999 and 42% over first quarter 1999. This represents a significant improvement in profitability, and a welcome return to growth.

Operating income

Asset growth in the fourth quarter 1999 and favorable market conditions were the main drivers for the increase in operating income of 28% compared to fourth quarter 1999 and 36% compared to first quarter 1999. Both transaction-based and asset-based fees increased.

Operating expenses

Total expenses declined 3% compared with fourth quarter 1999. Personnel expense grew by 16% over fourth quarter 1999 and 24% over first quarter 1999, reflecting increases in performance-related compensation as a result of the strong profitability. This was offset by the 18% fall in general and administrative expenses from the fourth quarter.

Headcount

Headcount grew 2% in the quarter to 7,431, resulting from the completion of 1999 initiatives to strengthen logistics functions.

The expansion in Private Banking headcount is predicted to slow as a result of the synergy potential opened up by the creation of UBS Switzerland.

Outlook

A clear focus on strengthening UBS's leading position in Private Banking and the exploitation of synergies in Switzerland provide a firm foundation for continued strong results in 2000.

UBS Asset Management

In first quarter 2000, two significant changes were made to strengthen the UBS Asset Management business group. The Global Asset Management (GAM) and UBS Investment Funds areas of UBS Private Banking were transferred into UBS Asset Management, bringing together all of UBS's asset management activities. UBS Asset Management also announced that Brinson Partners and Phillips & Drew were being integrated to form a single global investment management platform.

UBS Asset Management will report results for its Investment Funds and GAM business separately from the institutional business. Investment Funds is one of the leading funds providers in Europe and seventh largest in the world, while GAM is a diversified asset management group with assets composed primarily of private client accounts, institutional and mutual funds. While this framework will enable UBS Asset Management to benefit from an integrated business model and single management team, GAM will be distinctly positioned and will continue to maintain its brand identity and unique investment styles.

Business group reporting

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99	31.3.00	4Q99	1Q99
Income	**482**	356	305	35	58
Credit loss expense	**0**	0	0		
Total operating income	**482**	356	305	35	58
Personnel expenses	**202**	110	146	84	38
General and administrative expenses	**96**	73	46	32	109
Depreciation	**10**	10	5	0	100
Goodwill amortization [1]	**65**	30	28	117	132
Total operating expenses	**373**	223	225	67	66
Business group performance before tax	**109**	133	80	(18)	36

Additional information

	Quarter ended			% change from	
	31.3.00	31.12.99	31.3.99	31.12.99	31.3.99
Assets under management (CHF billion)	**586**	598	545	(2)	8
Cost / income ratio (%) [2]	**77**	63	74		
Cost / income ratio before goodwill amortization (%) [2]	**64**	54	65		

As of	**31.3.00**	31.12.99	Change in %
Regulatory equity used (avg)	**1,200**	162	641
Headcount (full time equivalents)	**2,620**	2,576	2

[1] Includes amortization of other purchased intangible assets. [2] Before credit loss expense.

Institutional Asset Management

Business unit reporting

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99	31.3.99	4Q99	1Q99
Income	**313**	285	263	10	19
Credit loss expense	**0**	0	0		
Total operating income	**313**	285	263	10	19
Personnel expenses	**137**	97	132	41	4
General and administrative expenses	**48**	57	33	(16)	45
Depreciation	**6**	7	4	(14)	50
Goodwill amortization [1]	**43**	30	28	43	54
Total operating expenses	**234**	191	197	23	19
Business unit performance before tax	**79**	94	66	(16)	20
KPI's					
Assets under management (CHF billion)	**557**	574	545	(3)	2
Net new money (CHF billion)[3]	**(32)**	(17)	(7)		
Cost / income ratio (%)[2]	**75**	67	75		
Cost / income ratio before goodwill amortization (%)[2]	**61**	56	64		

Additional information

As of	**31.3.00**	31.12.99	Change in %
Regulatory equity used (avg)	**450**	160	181
Headcount (full time equivalents)	**1,657**	1,653	0

[1] Includes amortization of other purchased intangible assets. [2] Before credit loss expense. [3] Excluding interest and dividend income.

Key Performance Indicators

During the first quarter, total assets under management decreased by 3% from CHF 574 billion to CHF 557 billion, with institutional assets declining 6% from CHF 376 billion to CHF 352 billion. The decline in total assets reflects net new money losses of CHF 32 billion, offset partially by positive market performance and currency movements. Non-institutional assets managed by Institutional Asset Management, chiefly investment funds, increased quarter on quarter from CHF 198 billion to CHF 205 billion, driven by both positive market performance and net new money.

Although negative, development of net new money was within our expectations. Institutional client losses were concentrated within equity-related mandates in the Americas and UK, reflecting investment performance related issues. The outlook for institutional net new money continues to be negative, although the decline is expected to moderate in coming quarters. Recent volatility in the equity markets has improved relative investment performance, and to the extent that markets become less momentum-driven, investment performance should continue to benefit.

The cost/income ratio before goodwill for first quarter 2000 increased slightly versus the preceding quarter, but is similar to previous quarters.

Initiatives and Achievements

Integration of Brinson Partners and Phillips & Drew

At the beginning of March 2000, UBS Asset Management announced that Brinson Partners and Phillips & Drew were being combined to establish a common global investment management platform. This decision reflects their shared investment philosophies, based on capturing price-value discrepancies identified through fundamental research, and their similar meritocratic cultures. New leadership for investment management and research has been drawn from within the business, maintaining the continuity of investment process and personnel. This pooling of investment talent and resources will enable Institutional Asset Management to better meet the increasingly specialized needs of its clients.

Real estate investment management

In April 2000, UBS signed a declaration of intent to assume responsibility for the Eurogate service center development at Zurich's main railway station. This development includes office, retail, multi-family residential and hotel components.

Assuming certain conditions are met, UBS will finance the estimated CHF 1.5 billion cost by offering attractive investment opportunities through UBS Asset Management, targeted especially at institutional investors. In addition to its size and significance for the city of Zurich, the Eurogate development demonstrates how UBS Asset Management intends to leverage its global real estate investment management capabilities. UBS Asset Management has a true center of expertise in this field with a portfolio of over CHF 22 billion in this asset class.

Investment capabilities and performance

In first quarter 2000, there were a number of sharp reversals in the performance of asset classes, markets and sectors. In this environment, Institutional Asset Management's investment performance was generally in line with relevant benchmarks, with the exception of certain equity-related mandates, most notably in the Americas. However, in the period following the end of the first quarter, the relative investment performance of most equity-related strategies has benefited from the market volatility.

Investment capabilities available to institutional clients were significantly enhanced by the regrouping. As an example, Investment Funds brings additional real estate management and investment capabilities, particularly within Switzerland. Institutional Asset Management also continues to build on the strengths of its other non-value based teams such as timber, oil and gas, and its growth-oriented equities team.

Results

Business unit performance declined 16% versus the prior quarter with a net profit before tax of CHF 79 million, but was up 20% compared to the same quarter in 1999. Before goodwill, earnings declined by CHF 2 million, or 2%, versus the prior quarter.

Operating income

Operating income versus the prior quarter increased by CHF 28 million, or 10%, from CHF 285 million to CHF 313 million, primarily due to the acquisition of Allegis. Excluding this acquisition, operating income increased slightly versus the previous quarter, with the change in operating income reflecting the roughly neutral development of average assets.

Institutional operating income increased from CHF 238 million in fourth quarter 1999 to CHF 261 million in first quarter 2000, reflecting the acquisition of Allegis. Over the same period, non-institutional operating income increased from CHF 47 million to CHF 52 million, driven by increases in non-institutional assets.

Operating expenses

Personnel expense increased from CHF 97 million to CHF 137 million quarter-on-quarter, mainly due to the real estate business acquisition. General and administrative expenses declined versus the prior quarter, reflecting the calendar of project expenditures. Depreciation expenses were roughly in line with prior quarters, while the increased goodwill amortization is again related to the acquisition of the real estate business.

Headcount

Headcount was stable at 1,657 at the end of the first quarter.

Outlook

Institutional Asset Management expects its business environment to continue to be challenging. Subject to market conditions, the short-term outlook for institutional client attrition remains negative, however client losses are expected to slow in coming quarters. With the establishment of an integrated global investment platform and additional synergies from the regrouping, Institutional Asset Management is creating a firm foundation from which to leverage and expand its capabilities.

Investment Funds / GAM

Business unit reporting

CHF million	Quarter ended 31.3.00	31.12.99	31.3.99	% change from 4Q99	1Q99
Income	**169**	71	42	138	302
Credit loss expense	**0**	0	0		
Total operating income	**169**	71	42	138	302
Personnel expenses	**65**	13	14	400	364
General and administrative expenses	**48**	16	13	200	269
Depreciation	**4**	3	1	33	300
Goodwill amortization [1]	**22**	0	0		
Total operating expenses	**139**	32	28	334	396
Business unit performance before tax	**30**	39	14	(23)	114
KPI's					
Assets under management (CHF billion)	**232**	225	184	3	26
Net new money (CHF billion) [2]	**1**	(1)	2	200	(50)
Cost / income ratio (%) [3]	**82**	45	67		
Cost / income ratio before goodwill amortization (%) [3]	**69**	45	67		

Additional information

As of	31.3.00	31.12.99	Change in %
Regulatory equity used (avg)	**750**	2	–
Headcount (full time equivalents)	**963**	923	4

[1] Includes amortization of other purchased intangible assets. [2] Excluding interest and dividend income. [3] Before credit loss expense.

Key Performance Indicators

Aided by positive investment performance, assets under management increased by 3%, or CHF 7 billion, from CHF 225 billion to CHF 232 billion. Although at an early stage, Investment Funds' push into third-party distribution yielded an increase in assets of 8% during the first quarter from CHF 8.8 billion to CHF 9.5 billion.

Net new money for the business unit increased by CHF 2 billion during first quarter 2000, aided by successful fund launches, including Investment Funds' most successful launch ever, the UBS New Markets Equity Fund, with nearly CHF 1 billion of assets at its launch.

The acquisition of Global Asset Management (GAM) at the end of 1999 resulted in a change to the business mix, leading to an increase in the pre-goodwill cost/income ratio to 69% from 45% in the previous quarter.

Initiatives and Achievements

UBS regrouping

Under the new organization, Investment Funds is evolving towards open, multi-channel distribution. Initiatives include establishing third-party distribution partnerships, developing electronic sales channels and combining distribution efforts with Institutional Asset Management in various markets to better capture defined contribution opportunities.

In response to client demand, UBS is also opening its product architecture to third-party funds on a screened basis. Private clients of UBS will be offered fund-based investment solutions that combine UBS, GAM and third-party funds using a disciplined and structured approach. These solutions will offer clients a choice of fund providers, while enhancing UBS's role as advisor.

Investment capabilities and performance

Investment performance for Investment Funds was generally in line with relevant benchmarks and peers for first quarter 2000. The overall investment performance of balanced funds improved noticeably during the first quarter.

During first quarter 2000, GAM continued its record of excellent investment performance with a broad array of its funds performing better than their respective benchmarks. GAM's long-term investment performance has been singled out for numerous industry accolades. Most notably, the GAM Japan Fund has been cited for several awards, including being ranked first in the Japanese Equity sector by Standard & Poor's for its 10-year investment record.

Results

The business unit's net profit before tax dropped 23% quarter on quarter, due primarily to the impact of the GAM goodwill amortization. Before goodwill, pre-tax earnings increased 33%, from CHF 39 million to CHF 52 million.

Operating income

Total operating income increased by 138%, from CHF 71 million to CHF 169 million, reflecting primarily the addition of GAM, acquired at the end of 1999.

Operating expenses

Increases in operating expenses for first quarter 2000 also relate almost entirely to the acquisition of GAM.

Headcount

Headcount grew by 40 to 963, a rise of 4% from the year-end total, principally because of growth initiatives in Investment Funds, including third-party distribution and the new screened open architecture.

Outlook

Investment Funds/GAM will continue to invest in initiatives to develop internet fund distribution platforms and supporting infrastructures, and build UBS Investment Funds brand recognition to support third-party distribution.

Investment Funds/GAM expects to continue to benefit from its excellent positioning within the rapidly growing investment funds market.

UBS Warburg

Following the regrouping, UBS Warburg is now composed of four business units:

– *Corporate and Institutional Clients*: securities and investment banking products and services for institutional and corporate clients.
– *UBS Capital*: investment of Group and third-party funds in a diverse range of private, and occasionally public, companies on a global basis.
– *Private Clients*: onshore private banking services for high net worth individuals worldwide.
– *e-services*: personalized investment and advisory services at competitive fees for affluent clients in Europe, delivered via a multi-channel structure which integrates internet, call centers and investment centers.

The regrouping allows for much closer co-operation and co-ordination between these four business units.

The new UBS Warburg business group provides us with a significant competitive advantage. Affluent and high net worth clients seek personal advisory services, a way to optimize the risk-return trade-off, and robust execution services. Extending its reach, UBS Warburg can now meet these needs by leveraging its unique knowledge and content, and its first-class products and services.

Business group reporting

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99	31.3.99	4Q99	1Q99
Income	**5,269**	2,883	3,443	83	53
Credit loss expense	**(75)**	(93)	(82)	19	9
Total operating income	**5,194**	2,790	3,361	86	55
Personnel expenses	**2,988**	1,492	1,932	100	55
General and administrative expenses	**710**	843	574	(16)	24
Depreciation	**140**	171	108	(18)	30
Goodwill amortization [1]	**37**	36	39	3	(5)
Total operating expenses	**3,875**	2,542	2,653	52	46
Business group performance before tax	**1,319**	248	708	432	86

Additional information

	Quarter ended			% change from	
	31.3.00	31.12.99	31.3.99	31.12.99	31.3.99
Assets under management (CHF billion)	**40**	36	27	11	48
Cost / income ratio (%) [2]	**74**	88	77		
Cost / income ratio before goodwill amortization (%) [2]	**73**	87	76		

As of	**31.3.00**	31.12.99	Change in %
Regulatory equity used (avg)	**10,500**	10,679	(2)
Headcount (full time equivalents)	**14,512**	14,266	2

[1] Includes amortization of other purchased intangible assets. [2] Before credit loss expense.

Corporate and Institutional Clients

Business unit reporting

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99	31.3.99	4Q99	1Q99
Income	**5,049**	2,764	3,322	83	52
Credit loss expense	**(74)**	(92)	(82)	20	10
Total operating income	**4,975**	2,672	3,240	86	54
Personnel expenses	**2,761**	1,367	1,849	102	49
General and administrative expenses	**608**	761	527	(20)	15
Depreciation	**127**	157	105	(19)	21
Goodwill amortization [1]	**34**	32	35	6	(3)
Total operating expenses	**3,530**	2,317	2,516	52	40
Business unit performance before tax	**1,445**	355	724	307	100
KPI's					
Compensation / income (%) [2]	**55**	49	56		
Cost / income ratio (%) [2]	**70**	84	76		
Cost / income ratio before goodwill amortization (%) [2]	**69**	83	75		
Non-performing loans /gross loans outstanding (%)	**2.4**	2.2	n/a		
VaR (10-day 99%)	**277**	224	222		

Additional information

As of	**31.3.00**	31.12.99	Change in %
Regulatory equity used (avg)	**9,650**	10,050	(4)
Headcount (full time equivalents)	**12,847**	12,694	1

[1] Includes amortization of other purchased intangible assets. [2] Before credit loss expense.

Key Performance Indicators

The Corporate and Institutional Clients business unit measures its expense base primarily in terms of percentage of revenues, looking at both personnel costs and non-personnel costs on this basis. With strong revenue performance and increased focus on cost management, the first quarter pre-goodwill cost/income ratio stood at 69%, showing significant improvement over the previous year (75%) and previous quarter (83%).

Personnel costs are driven by market forces and performance-related compensation, directly tied to business unit results. UBS Warburg is committed to investment in top quality talent and therefore will aim to compensate its employees at similar levels to its global competitors. Its ratio of personnel cost to income stands at 54.7% and is currently at the higher end of the peer group, and at a broadly similar level to first quarter 1999.
This cost control philosophy emphasizes improving overall efficiency so that revenue growth exceeds any growth of non-personnel costs. Recognizing that its current levels are above those of its major global competitors, UBS Warburg will continue to focus on managing non-personnel costs downwards as a percentage of net revenues, although it will continue to invest extensively in technology and e-commerce to maintain its leading position in this critical area. Non-personnel costs as a percentage of income were 15% this quarter, below the first quarter 1999 level of 20%, and significantly below the fourth quarter 1999 level of 34%.

Market risk utilization, as measured by Value-at-Risk, has increased from CHF 224 million at the end of 1999 to CHF 277 million at end of the first quarter, primarily as a result of increased activities in the Equities business area. This utilization is well within the limit of CHF 450 million. UBS Warburg remains committed as an active player in the global financial markets and will continue to take appropriate risk positions where it is required to facilitate its clients' needs.

Non-performing loans as a percentage of total loans grew slightly from 2.2% at the end of December 1999 to 2.4% at the end of the first quarter, due to the reduced total loan volume and adverse currency movements in non-performing loans.

First quarter league table rankings

In Completed Global M&A UBS Warburg ranked 9th, with a market share of 8.3%. This compares to a ranking of 10th for 1999, and a market share of 6.6%. UBS Warburg continues to expand its global M&A capabilities and coverage, and is increasing its market share of corporate advisory work on a global basis, with a strong pipeline of mandates.

In Announced Global M&A, UBS Warburg ranked 8th, with a market share of 9.0%. This compares to a ranking of 6th for 1999, and market share of 14.4%. UBS Warburg regards league tables based on completed transactions as the most relevant measure, given the close linkage between completed transactions and revenue streams.

In International Equities Underwriting, UBS Warburg's ranking for the first quarter is weak at 13th with a market share of 1.9%, but the pipeline remains strong with major transactions scheduled for later in 2000. UBS Warburg is confident that it has the necessary resources and client relationships in place to achieve and maintain a position in the top five in this area on an ongoing basis.

In International Fixed Income Underwriting, UBS Warburg is ranked number one in "All Eurobonds", with a market share of 9.1% and number three in "All International Bonds" with a market share of 8.1%, in line with its strong performance in 1999. UBS Warburg was ranked in first place with a 9.3% market share in its "Franchise Markets", which exclude specific segments in which it has chosen not to compete actively.

(Sources: M&A – Thomson Financial Securities Data; Underwriting – Capital Data Bondware.)

Initiatives and Achievements

Investment Banking

During the first quarter, UBS Warburg has been involved in a broad range of transactions across geographic and industry sectors, including:

- Acting as joint advisor to Pacific Century CyberWorks (PCCW) in its acquisition of Hong Kong Telecom, the largest ever M&A transaction in Asia, worth USD 38 billion, announced in March.
- Launching, in January, the first-ever international bond to be marketed and subscribed via the internet, on behalf of Freddie Mac (The Federal Home Loan Mortgage Corporation).

In the Institutional Investor All-Europe Research Team Survey 2000, UBS Warburg won 10 "First Team" positions, ranked No. 1 in Country Research, No. 2 in UK Sector Research and No. 3 in the Overall Leaders table.

In February, UBS Warburg established a dedicated corporate finance and equities team for the internet sector, which is focusing on developing its approach to internet companies, both as a specialist group and by ensuring deeper internet coverage within "traditional" sectors.

e-commerce

The core of UBS Warburg's e-commerce strategy is to intensify relationships with its core clients and use technology to leverage its capabilities to an ever larger client base. To do this, UBS Warburg has created a service called "IBOL" or Investment Banking On-Line. This harnesses all institutional e-offerings under a consistent look, feel and single password. IBOL contains a wide array of products from up-to-the-minute research to market analysis and online trading facilities. It can be easily customized for specific client requirements.

UBS Warburg has made significant progress in enhancing online capabilities during the first quarter, including:

- 25% of all new bond issue volume delivered online using DebtWeb™.
- Marketing materials, including video road shows, for all equity and equity-linked new issues involving UBS Warburg available online using DealKey™.
- Online project sites accessible by all parties involved in an M&A transaction.
- Increased access to the comprehensive range of UBS Warburg research offerings, including most recently credit research.
- Introduction of a new Government Bond marketplace for the Euro, UK and Scandinavian sectors.

Results

The Corporate and Institutional Clients business unit delivered soaring quarterly net profits before tax of CHF 1.4 billion, up 100% from first quarter 2000, and more than four times higher than fourth quarter 1999.

Operating income

Revenues of CHF 5,049 million in the first quarter compared to CHF 3,322 million in the same period last year, an increase of 52%.

Equities revenues more than doubled over first quarter 1999, driven by strong performances in European, UK, US and Japanese Equities with record levels of client commissions. Fixed Income revenues increased over first quarter 1999, resulting from strong performance in Derivatives, Governments, Credit and Principal Finance. Treasury Products revenues fell noticeably from their level in first quarter 1999, as a result of difficult trading conditions in foreign exchange. Corporate Finance revenues were well ahead of first quarter 1999.

Operating expenses

Personnel costs amounted to CHF 2,761 million, an increase of 49% over first quarter 1999 due to higher performance-related compensation.

Non-personnel costs, including amortization of goodwill, amounted to CHF 769 million, an increase of 15% compared to the same period in 1999 due to increased investment in e-commerce and adverse movements in foreign exchange translation rates.

Headcount

Total headcount at the end of the quarter was 12,847, compared to 12,694 at the end of 1999, a rise of 1%.

Outlook

Despite recent volatility in Equity markets, the trading environment remains strong. The outlook for primary markets is also good, and UBS Warburg has a number of large privatization mandates and several technology new issues scheduled.

The first quarter is generally the strongest for the Corporate and Institutional Clients business unit, and the success of this quarter should not be directly extrapolated to the full-year. That said, UBS Warburg remains confident that, markets permitting, this business unit will continue to deliver strong results for the remainder of the year.

UBS Capital

Business unit reporting

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99	31.3.99	4Q99	1Q99
Income	**147**	61	75	141	96
Credit loss expense	**0**	0	0		
Total operating income	**147**	61	75	141	96
Personnel expenses	**20**	27	19	(26)	5
General and administrative expenses	**11**	13	8	(15)	38
Depreciation	**1**	2	0	(50)	
Goodwill amortization [1]	**1**	1	0	0	
Total operating expenses	**33**	43	27	(23)	22
Business unit performance before tax	**114**	18	48	533	138
KPI's					
Book value (CHF billion)	**3.4**	3.0	1.9	13	79

Additional information

As of	**31.3.00**	31.12.99	Change in %
Regulatory equity used (avg)	**500**	340	47
Headcount (full time equivalents)	**107**	116	(8)

[1] Includes amortization of other purchased intangible assets. [2] Excluding interest and dividend income.

Key Performance Indicators

The book value of UBS Capital's portfolio was CHF 3.4 billion at the end of the first quarter, compared with CHF 3.0 billion at year-end 1999. This impressive growth represents a successful expansion and diversification of the portfolio.

UBS Capital accounts for its private equity investments at the lower of cost or market value, showing only realized gains. As a full valuation of the portfolio is produced only every six months, value creation will next be reported with UBS's second quarter results.

Initiatives and Achievements

UBS Capital is continuing with its strategy to diversify by sector and region. During first quarter 2000, CHF 0.4 billion of new investments and add-ons were made, including the largest restructuring ever undertaken in Thailand by a private equity investor and UBS Capital's first investments in India, through the acquisition of stakes in Trisoft and Mphasis. UBS Capital continues to invest in the new economy and is further building its European technology team.

Two third-party funds covering North and South American investments are now well established and the level of investment in these funds is growing well. UBS Capital plans to launch further third-party funds covering Europe and Asia later this year.

Results

UBS Capital generated a net profit before tax of CHF 114 million, compared to CHF 18 million in fourth quarter 1999.

Revenues of CHF 147 million rose from CHF 61 million in the fourth quarter, reflecting successful divestments in continental Europe, in the e-commerce sector in the US, and in Asia. Fee income from management of third-party funds made a small but growing contribution.

Costs fell 23% from the previous quarter to CHF 33 million, mainly through lower personnel costs. Total headcount fell 8% in the quarter to 107 as a result of staff transfers.

Outlook

UBS Capital has a target spend rate of CHF 1.9 billion for 2000. The first quarter spend was in line with this target and the European, Asian and US teams currently forecast a year rich in investment opportunities.

Private Clients

Business unit reporting

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99	31.3.99	4Q99	1Q99
Income	**73**	58	46	26	59
Credit loss expense	**(1)**	(1)	0	0	
Total operating income	**72**	57	46	26	57
Personnel expenses	**170**	84	64	102	166
General and administrative expenses	**70**	52	39	35	79
Depreciation	**7**	9	3	(22)	133
Goodwill amortization [1]	**2**	3	4	(33)	(50)
Total operating expenses	**249**	148	110	68	126
Business unit performance before tax	**(177)**	(91)	(64)	95	177

KPI's					
Assets under management (CHF billion)	**40**	36	27	11	48
Net new money (CHF billion) [2]	**4**	2	1	122	233
Gross AuM margin (bps)	**77**	74	68	4	13

Additional information

As of	**31.3.00**	31.12.99	Change in %
Regulatory equity used (avg)	**350**	289	21
Headcount (full time equivalents)	**1,427**	1,386	3

[1] Includes amortization of other purchased intangible assets. [2] Excluding interest and dividend income.

Key Performance Indicators

Assets under management in the Private Clients unit grew 11% in the quarter to CHF 40 billion. This growth was primarily due to Net new money of CHF 4.0 billion, representing the best ever quarter for client and asset acquisition.

The gross margin on assets under management of 77 bps is also the highest yet achieved by this unit, up from 74 bps in the fourth quarter, as the revenue productivity of assets acquired in 1999 continues to build.

Initiatives and Achievements

Following its integration with UBS Warburg, Private Clients will focus on onshore private banking opportunities in the European markets, and selectively develop its position in Australia, Japan and North America. This focus has resulted in a reassessment of Private Clients' commitment in certain markets which do not offer a satisfactory prospect of return in the medium term. The cost of this restructuring has been included in this quarter.

With the exception of the business activities in Germany and Australia, UBS Warburg's Private Clients business is in the relatively early stages of development and its client relationships have not yet delivered their full revenue potential.

Following the regrouping, UBS Warburg will focus on delivering a sophisticated product offering to its high net worth client base, including the specifically targeted executive and entrepreneur segments. Traditional private banking services will be combined with investment banking innovation. For example, Private Clients will further develop its innovative products allowing clients to release value from own-company shareholdings or options.

The decision to bring Private Clients and the e-services business closer together offers many potential synergies including the ability to enrich the private banking offering with a full complement of online investment information and execution capabilities. Significant savings are possible in the medium term from a shared IT platform as well as shared operations and infrastructure and a coordinated sales and distribution process. Private Clients will also benefit from its position in UBS Warburg, allowing it to offer clients more sophisticated investment banking style products.

Results

The Private Clients business unit generated operating income of CHF 72 million in the first quarter, up 26% from the fourth quarter of 1999. This resulted in a net loss before tax of CHF 177 million, which included a provision of CHF 93 million relating to rationalization in the US, Japan and Australia. As the business is further developed and synergy benefits show through, this unit is expected to deliver continued revenue growth.

Total headcount at the end of first quarter 2000 was 1,427, up 3% from the year-end total of 1,386, but is expected to decline over the remainder of the year as the integration into UBS Warburg proceeds.

Outlook

During 2000, Private Clients will focus on those markets where the near to medium-term opportunities are strongest, adjusting investment levels where necessary. This adjustment may have some short-term impact on the growth of net new money. The process of integration into UBS Warburg will continue, streamlining business processes and leveraging the products and services of the Corporate and Institutional Clients business unit.

e-services

Business unit reporting

CHF million	Quarter ended 31.3.00	31.12.99	31.3.99	% change from 4Q99	1Q99
Income	**0**	0	0		
Credit loss expense	**0**	0	0		
Total operating income	**0**	0	0		
Personnel expenses	**37**	14	0	164	
General and administrative expenses	**21**	17	0	24	
Depreciation	**5**	3	0	67	
Goodwill amortization [1]	**0**	0	0		
Total operating expenses	**63**	34	0	85	
Business unit performance before tax	**(63)**	(34)	0	85	

Additional information

As of	31.3.00	31.12.99	Change in %
Regulatory equity used (avg)	**0**	0	
Headcount (full time equivalents)	**131**	70	87

[1] Includes amortization of other purchased intangible assets.

Key Performance Indicators

Key Performance Indicators will be published for this business unit after it has become operational in the fourth quarter of this year.

Initiatives and Achievements

As part of the regrouping, the e-services business unit was moved from Corporate Center to become part of UBS Warburg.

e-services is targeted at affluent European individuals, and will be launched progressively in Germany, the United Kingdom, France and Italy. It will implement an integrated multi-channel distribution "clicks and mortar" concept, including online channels, call centers and investment centers. e-services will deliver a distinctive set of services, including advanced financial planning and asset allocation, and investment products such as UBS and third-party funds, securities and pension products.

During the first quarter, e-services continued to build its organizational structure and establish critical elements of its infrastructure, marketing approach and product offering. The infrastructure component has long lead times and e-services has made significant progress. e-services has formed major alliances with best-in-class vendors, including Siebel, Broadvision and Artificial Life, which have accelerated time-to-market considerably.

e-services has completed the full deployment of its technical platform and software infrastructure and has established customer call centers in Edinburgh and Maastricht, which will form a critical element of the multi-channel distribution approach.

UBS is fully committed to financing the expansion of this business, with total expenditure expected to reach CHF 310 million this year, and comparable amounts over the next few years, although future costs will depend on the exact rollout schedule, and the possibility of partnering to share cost. e-services will examine all options available to accelerate e-services' client acquisition plans.

On a stand alone basis, plans show e-services becoming profitable in 2003.

Results

The business is not yet operational and therefore did not generate revenues. Total personnel expenses amounted to CHF 37 million compared to CHF 14 million in fourth quarter 1999. Non-personnel expenses were CHF 26 million, primarily due to substantial investments in infrastructure and product offering.

Total headcount at the end of the quarter was 131, as compared with 70 at the end of 1999. e-services expects this to rise above 500 at the end of 2000 as the business becomes operational.

Outlook

Plans are on target for the phased roll-out in Germany with the first phase in October/November this year, and the second phase in January/February 2001.

Corporate Center

The regrouping has not impacted the role of the Corporate Center, which continues to focus on the long-term maximization of shareholder value.

Results

Adjusted for significant financial events, Corporate Center posted a pre-tax loss of CHF 107 million for first quarter 2000, versus a pre-tax profit of CHF 31 million in first quarter 1999 and a pre-tax loss of CHF 177 million in fourth quarter 1999.

The credit loss expense booked in Corporate Center represents the difference between the adjusted expected losses charged to the business units and the actual credit loss expense recognized in the Group financial accounts. Because of better than expected credit loss performance in first quarter 2000, this is reflected as a credit of CHF 182 million.

Since the fourth quarter of 1999, the results of UBS's 91.2% holding in Klinik Hirslanden AG have been fully consolidated. This lead to an increase in operating income and expenses compared to first quarter 1999, when there was no equivalent contribution.

Development of the e-services business is proceeding swiftly, and as a result, this unit has now been transferred to UBS Warburg. 1999 results have been restated accordingly.

The underlying headcount shown in Corporate Center has increased by 64 people compared to the fourth quarter of 1999 mainly due to the business growth of Corporate Language Services, UBS's subsidiary which provides translation services to UBS and other clients.

Business group reporting

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99[1]	31.3.99[2]	4Q99	1Q99
Income	**(17)**	405	148	(104)	(111)
Credit loss expense	**182**	272	56	(33)	225
Total operating income	**165**	677	204	(76)	(19)
Personnel expenses	**134**	356	19	(62)	605
General and administrative expenses	**53**	328	70	(84)	(24)
Depreciation	**73**	153	79	(52)	(8)
Goodwill amortization[3]	**12**	17	5	(29)	140
Total operating expenses	**272**	854	173	(68)	57
Business group performance before tax	**(107)**	(177)	31	40	(445)

Additional information

As of	**31.3.00**	31.12.99	Change in %
Regulatory equity used (avg)	**10,800**	7,850	38
Headcount (full time equivalents)	**926**	862	7

Note that the 1999 figures are adjusted for significant financial events. [1] Income adjusted for LTCM gain of CHF 12 million; Personnel expenses adjusted for pension fund credit of CHF 456 million; General and administrative expenses adjusted for US Global Settlement addition of CHF 154 million and additional Restructuring Provision of CHF 300 million. [2] Income adjusted for the gain on disposal of J. Baer registered shares of CHF 110 million. [3] Includes amortization of other purchased intangible assets.

Group Financial Review

Overview

- Net profit increased by 41% from CHF 1,568 million in first quarter 1999 to CHF 2,216 million in first quarter 2000.
- The annualized Return on Equity increased to 33.2% before goodwill amortization and 31.1% after goodwill amortization, compared to 22.6% and 21.5% respectively, for first quarter 1999.
- The cost/income ratio before goodwill amortization was 66.5% (68.0% after goodwill amortization) for first quarter 2000, versus 66.3% and 67.4% for first quarter 1999, respectively.
- Basic earnings per share reached CHF 6.04 before and CHF 5.66 after goodwill amortization for the first quarter 2000 against CHF 3.97 and CHF 3.78 for the first quarter 1999, respectively.
- Group assets under management grew CHF 23 billion to CHF 1,767 billion during the quarter.
- Costs relating to the in-house development of software were capitalized for the first time in first quarter 2000, reducing operating expense this quarter by CHF 42 million.

For comparative purposes, 1999 figures have been restated, primarily for:
- The removal from net trading and credit to retained earnings of profit on UBS shares held for trading purposes.
- The treatment of these shares as treasury shares, reducing both the number of shares and the shareholders' equity used in ratio calculations.
- The reclassification of trading-related interest and dividend revenues, from net trading income to net interest income.
- The removal of the debit to net trading income of the funding cost of trading positions, with the full cost now included in interest expense.

Significant Financial Events

There were no significant financial events during the first quarter of 2000.

First quarter 1999 total operating income includes a CHF 110 million pre-tax gain from the disposal of Julius Baer registered shares.

Fourth quarter 1999 total operating expenses include:
- The booking of pre-paid employer pension contributions of CHF 456 million (credited against personnel expense). This represents the recognition, in accordance with International Accounting Standards, of the difference between previously recorded and actuarially determined pension expenses.
- An additional pre-tax restructuring charge of CHF 300 million in respect of the merger between Union Bank of Switzerland and Swiss Bank Corporation. The majority of this provision is due to revised estimates of the cost of lease breaks and property disposals.
- Additional pre-tax provisions of CHF 154 million relating to the settlement reached regarding dormant accounts and World War II related claims. When we created the corresponding provisions in 1998, we expected a certain level of contributions from Swiss industry. In the fourth quarter 1999, it became clear that this level of contributions was not forthcoming as expected.

Income Statement

Total operating income increased 37% to CHF 9,357 million in first quarter 2000 compared to first quarter 1999, while total operating expenses increased 34% to CHF 6,449 million.

Net interest income

Net interest income before credit loss expenses increased 52% over first quarter 1999 to CHF 2,089 million. As a result of higher trading volumes, interest and dividend income increased by 75% and net income from the repo business and securities lending more than doubled.

Credit loss expense

As explained in more detail in the Group Review section, credit loss expense has reduced to CHF 125 million from CHF 310 million in the first three months of 1999, thanks to improving economic and credit conditions.

Net fee and commission income

At CHF 4,079 million in first quarter 2000, net fee and commission income increased by CHF 1,121 million or 38% compared to first quarter 1999.

Net brokerage fees are CHF 629 million higher than the equivalent period last year, mainly due to strong volumes in Switzerland, UK, US and Asia.

The increase in investment fund fees of CHF 256 million, or 57%, compared to first quarter 1999, is attributable to higher volumes and the inclusion of GAM, acquired in fourth quarter 1999. Portfolio and other management and advisory fees increased CHF 214 million compared to first quarter 1999.

Merger and acquisition fees and equity underwriting are in line with first quarter 1999 but below the exceptionally strong fourth quarter 1999. Fixed income underwriting had a very strong first quarter, particularly in the US.

Net trading income

Net trading income was CHF 2,978 million in first quarter 2000, up 28% from CHF 2,333 million in first quarter 1999, with particularly strong growth in equity trading income, driven by strong client activity.

Income from disposal of associates and subsidiaries

There was no notable income from disposal of associates and subsidiaries in this quarter.

Other income

Other income, at CHF 334 million in first quarter 2000, increased by CHF 113 million or 51% over first quarter 1999. This was due to stronger income from disposal of private equity investments and the impact of the consolidation of Klinik Hirslanden, partially offset by a reduction in income from investments in associates.

Personnel expenses

Personnel expenses stood at CHF 4,522 million for the first quarter 2000 compared to CHF 3,297 million for the first quarter 1999. The increase of 37% is mainly due to performance-related compensation, in line with the good results.

General and administrative expenses

General and administrative expenses increased 25%, or CHF 287 million, compared to first quarter 1999, to CHF 1,431 million. This was due in part to adverse foreign exchange effects and increases in IT and other outsourcing expenses. Excluding the impact of significant financial events and the one time impact of the full-year consolidation of Klinik Hirslanden, general and administrative expenses fell 19% versus fourth quarter 1999.

Depreciation and amortization

Depreciation and amortization increased 30% to CHF 496 million compared to first quarter 1999, principally due to the amortization of goodwill resulting from the purchases during 1999 of GAM and Allegis.

Tax expense

UBS Group incurred a tax expense for the first quarter of CHF 666 million, an effective tax rate of 22.9%.

Balance Sheet

Total balance sheet

Total assets increased 9% to CHF 981 billion from year-end 1999. The main changes relate to cash collateral on securities borrowed, up CHF 32 billion or 28%, reverse repurchase agreements up CHF 48 billion or 36% and an increase in trading portfolio assets of CHF 22 billion or 10%. Currency-related effects account for a portion of the increase in total assets; stripping these out, total assets would have increased by 6%.

Total assets at 31 December 1999 have been restated from CHF 982 billion to CHF 899 billion, due to the additional netting of replacement values of about CHF 66 billion, additional netting of about CHF 12 billion relating to repurchase and reverse repurchase business, and a decrease of CHF 4.2 billion through reclassification of our own shares (held for trading purposes) from trading portfolio assets to treasury shares.

Loan book

Total outstanding gross loans during the first quarter 2000 increased slightly by CHF 1.8 billion. This increase was caused by higher collateralized lending to private clients.

The significant turnaround in the world economy and in Switzerland over the last year has had a favorable impact on the quality of our loan portfolio. Non-performing loans in relation to total loans declined to 4.5% from 4.7% as of 31 December 1999.

Treasury shares

The Group Review outlines the development this quarter of the share buy-back and cancellation program, using a second trading line, which we announced in December 1999.

International accounting standards require a company which holds its own shares for trading or non-trading purposes to present those shares as treasury shares and deduct them from shareholders' equity. The year-end 1999 balance sheet has been restated to reflect this requirement. At 31 March 2000, UBS held 41,036,752 shares or 9.5% of the outstanding capital in treasury shares, of which 21,309,232 were held for trading purposes and 8,596,242 were held as part of the second trading line, pending cancellation. In comparison, at 31 December 1999, UBS held 36,873,714 shares or 8.6% of the outstanding capital in treasury shares, of which 21,213,494 were held for trading purposes, the remainder representing shares purchased under our previous buy-back program.

Restructuring provision

Of the CHF 7,300 million merger-related restructuring provision, CHF 118 million was used in the first quarter 2000, leaving CHF 1,311 million still outstanding. The main use of the provision this quarter related to premises costs in Corporate Center, including moving, outfitting and vacancy costs.

Restructuring provision used

					Quarter ended		
CHF million	Personnel	IT	Premises	Other	**31.3.00**	31.12.99	31.3.99
UBS Switzerland	28	11	0	0	**39**	178	155
Private and Corporate Clients	28	8	0	0	**36**	144	144
Private Banking	0	3	0	0	**3**	34	11
UBS Asset Management	0	0	0	0	**0**	4	4
UBS Warburg	0	0	0	0	**0**	26	229
Corporate Center	0	0	78	1	**79**	233	129
Group total	**28**	**11**	**78**	**1**	**118**	441	517

	31.3.00
Restructuring provision as of 31.12.97	**7,000**
Additional provision in 1999	**300**
Used in 1998	**4,027**
Used in 1999	**1,844**
Used in 2000	**118**
Total used through 31.3.00	**5,989**
Restructuring provision remaining	**1,311**

Financial Statements

UBS Group Income Statement

CHF million, except per share data	Note	Quarter ended 31.3.00	Quarter ended 31.12.99[1]	Quarter ended 31.3.99[1]	% change from 31.12.99	% change from 31.3.99
Operating income						
Interest income	3	**12,080**	9,407	7,538	28	60
Interest expense	3	**(9,991)**	(7,664)	(6,164)	(30)	(62)
Net interest income		**2,089**	1,743	1,374	20	52
Credit loss expense		**(125)**	(46)	(310)	(172)	60
Net interest income after credit loss expense		**1,964**	1,697	1,064	16	85
Net fee and commission income	4	**4,079**	3,357	2,958	22	38
Net trading income	5	**2,978**	1,162	2,333	156	28
Net gains from disposal of associates and subsidiaries	6	**2**	49	271	(96)	(99)
Other income	7	**334**	524	221	(36)	51
Total operating income		**9,357**	6,789	6,847	38	37
Operating expenses						
Personnel	8	**4,522**	2,654	3,297	70	37
General and administrative	8	**1,431**	2,319[3]	1,144[3]	(38)	25
Depreciation and amortization	8	**496**	567	382	(13)	30
Total operating expenses		**6,449**	5,540	4,823	16	34
Operating profit before tax and minority interests		**2,908**	1,249	2,024	133	44
Tax expense		**666**	161[2,3]	449[2,3]	314	48
Net profit before minority interests		**2,242**	1,088	1,575	106	42
Minority interests		**(26)**	(19)	(7)	(37)	(271)
Net profit		**2,216**	1,069[1]	1,568[1]	107	41
Basic earnings per share (CHF)	9	**5.66**	2.69	3.78	110	50
Basic earnings per share (CHF) before goodwill[4]	9	**6.04**	2.92	3.97	107	52
Diluted earnings per share (CHF)	9	**5.61**	2.66	3.75	111	50
Diluted earnings per share (CHF) before goodwill[4]	9	**5.98**	2.88	3.93	108	52

[1] The 1999 figures have been restated related to own shares trading held for market making purposes. This resulted in a net profit reduction of CHF 52 million and CHF 53 million for the quarter ended 31 December 1999 and 31 March 1999 (see Note 1 and Notes to the Group Income Statement for further details). [2] The related tax adjustments were CHF (17) million and CHF (18) million for the quarter ended 31 December 1999 and 31 March 1999. [3] Capital tax is now part of General and administrative expenses (see Note 8 for details). [4] The amortization of goodwill and other purchased intangible assets are excluded from this calculation.

UBS Group Balance Sheet

CHF million	31.3.00	31.12.99	Change in %
Assets			
Cash and balances with central banks	3,569	5,073	(30)
Money market paper	54,602	69,717	(22)
Due from banks	32,374	29,907	8
Cash collateral on securities borrowed	144,863	113,162	28
Reverse repurchase agreements	180,161	132,474[1]	36
Trading portfolio assets	234,385	212,440[1]	10
Positive replacement values	58,169	64,698[1]	(10)
Loans, net of allowance for credit losses	234,422	234,858	0
Financial investments	9,123	7,039	30
Accrued income and prepaid expenses	6,697	5,167	30
Investments in associates	1,099	1,102	0
Property and equipment	8,604	8,701	(1)
Intangible assets and goodwill	3,746	3,543	6
Other assets	9,102	11,007	(17)
Total assets	**980,916**	898,888[1]	9
Total subordinated assets	*279*	*600*	*(54)*
Liabilities			
Money market paper issued	88,698	64,655	37
Due to banks	90,459	76,365	18
Cash collateral on securities lent	16,718	12,832	30
Repurchase agreements	231,063	196,914[1]	17
Trading portfolio liabilities	65,393	54,586	20
Negative replacement values	87,023	95,786[1]	(9)
Due to customers	282,715	279,960	1
Accrued expenses and deferred income	12,177	12,040	1
Long-term debt	52,350	56,332	(7)
Other liabilities	24,597	18,376	34
Total liabilities	**951,193**	867,846[1]	10
Minority interests	**401**	434	(8)
Shareholders' equity			
Share capital	4,311	4,309	0
Share premium account	14,060	14,368	(2)
Foreign currency translation	(620)	(442)	40
Retained earnings	20,247	20,396	(1)
Treasury shares	(8,676)	(8,023)[1]	8
Total shareholders' equity	**29,322**	30,608[1]	(4)
Total liabilities, minority interests and shareholders' equity	**980,916**	898,888[1]	9
Total subordinated liabilities	*13,682*	*14,801*	*(8)*

[1] Total assets as of 31 December 1999 have been restated from CHF 982 billion to CHF 899 billion. This is due to the additional netting of replacement values of CHF 66.1 billion, the additional netting of the repo and reverse repo business CHF 12.3 billion and the removal of own shares (held for market making purposes) from trading portfolio assets of CHF 4.2 billion (see Note 1).

UBS Group Statement of Changes in Equity

CHF million *For the 3-month period ended*	31.3.00	31.3.99
Issued and paid up share capital		
Balance at the beginning of the year	4,309	4,300
Issue of share capital	2	4
Balance at the end of the period [1]	4,311	4,304
Share premium		
Balance at the beginning of the year as previously reported	14,368	13,740
Change in accounting policy	0	(192) [3]
New balance at the beginning of the year	14,368	13,548
Premium on shares issued, warrants exercised	19	93
Premium on disposal of treasury shares	(327)	124
Balance at the end of the period	14,060	13,765
Foreign currency translation		
Balance at the beginning of the year	(442)	(456)
Movements during the period	(178)	(73)
Balance at the end of the period	(620)	(529)
Retained earnings		
Balance at the beginning of the year	20,396	16,293
Net profit for the period	2,216	1,568
Dividends paid	(2,365)	(2,149)
Balance at the end of the period	20,247	15,712
Treasury shares, at cost		
Balance at the beginning of the year as previously reported	(8,023)	(1,482)
Change in accounting policy	0	(3,409) [3]
New balance at the beginning of the year	(8,023)	(4,891)
Acquisitions	(2,162)	(1,186)
Disposals	1,509	2,502
Balance at the end of the period [2]	(8,676)	(3,575)
Total shareholders' equity	29,322	29,677 [3]

[1] Comprising 431,093,218 ordinary shares as of 31 March 2000 and 430,356,636 ordinary shares as of 31 March 1999, at CHF 10 each, fully paid. [2] Comprising 41,036,752 ordinary shares as of 31 March 2000 and 16,811,250 shares as of 31 March 1999. [3] The restatement is due to own shares held for market making purposes.

In addition to treasury shares, a maximum of 857,852 unissued shares (conditional capital) (1,594,434 as of 31 March 1999) can be issued without the approval of the shareholders. This amount consists of unissued and reserved shares for the former Swiss Bank Corporation employee share ownership plan and optional dividend warrants. The optional dividend warrants were granted in lieu of a cash dividend by the former Swiss Bank Corporation in February 1996 (at the option of the shareholder).

UBS Group Statement of Cash Flows

CHF million *For the 3-month period ended*	31.3.00	31.3.99[1]
Cash flow from / (used in) operating activities		
Net profit	2,216	1,568
Adjustments to reconcile to cash flow from / (used in) operating activities		
Non-cash items included in net profit / (loss) and other adjustments:		
Depreciation and amortization	496	382
Provision for credit losses	125	310
Income from associates	(11)	(62)
Deferred tax expense / (benefit)	160	153
Net gain from investing activities	(210)	(397)
Net increase / (decrease) in operating assets:		
Net due from / to banks	9,124	(2,136)
Reverse repurchase agreements, cash collateral on securities borrowed	(79,388)	6,315
Trading portfolio including net replacement values	(13,372)	(11,600)
Loans due to / from customers	3,066	6,704
Accrued income, prepaid expenses and other assets	375	1,864
Net increase / (decrease) in operating liabilities:		
Repurchase agreements, cash collateral on securities lent	38,035	(18,167)
Accrued expenses and other liabilities	6,443	1,826
Income taxes paid	(242)	(175)
Net cash flow from / (used in) operating activities	(33,183)	(13,415)
Cash flow from / (used in) investing activities		
Investments in subsidiaries and associates	(356)	(246)
Disposal of subsidiaries and associates	21	364
Purchase of property and equipment	(272)	(474)
Disposal of property and equipment	25	134
Net (investment) / divestment in financial investments	(1,883)	75
Net cash flow from / (used in) investing activities	(2,465)	(147)
Cash flow from / (used in) financing activities		
Money market paper issued	24,043	(1,726)
Net movements in treasury shares	(980)	1,440
Capital issuance	21	97
Dividends paid	(2,365)	(2,149)
Issuance of long-term debt	3,978	2,271
Repayment of long-term debt	(7,960)	(580)
Repayment of minority interests	(20)	(689)
Net cash flow from / (used in) financing activities	16,717	(1,336)
Effects of exchange rate differences	(192)	(67)
Net increase / (decrease) in cash equivalents	(19,123)	(14,965)
Cash and cash equivalents, beginning of year	102,277	83,678
Cash and cash equivalents, end of period	83,154	68,713
Cash and cash equivalents comprise:		
Cash and balances with central banks	3,569	2,954
Money market paper	54,602	26,168
Bank deposits maturing in less than 3 months	24,983	39,591
Total	83,154	68,713

[1] Restated, related to own share trading (see Note 1).

Notes to the Financial Statements

Note 1 Basis of Accounting

The consolidated interim financial statements have been prepared in accordance with and comply with International Accounting Standard 34 "Interim Financial Reporting".

In the first quarter of 2000, the Group rearranged its business divisions. The segment reporting for the first quarter 2000 as well as the comparative segment reporting for the first quarter 1999 have been rearranged to reflect the new Group structure.

At the Annual General Meeting of shareholders held on 18 April 2000, a two-for-one stock split was approved to be effective 8 May 2000. Accordingly, share and per share information have been adjusted to retroactively reflect the stock split.

In preparing the consolidated interim financial statements, the same accounting policies and methods of computation are followed as in the consolidated financial statements at 31 December 1999 and for the year then ended, with the exception of the following changes in accounting policies:

IAS 37 Provisions, Contingent Liabilities and Contingent Assets
In July 1998, the International Accounting Standard Committee (IASC) issued IAS 37, Provisions, Contingent Liabilities and Contingent Assets, which has been adopted for the Group's financial statements as of 1 January 2000. The Standard provides recognition and measurement requirements for provisions. IAS 37 also provides accounting and disclosure requirements for contingent liabilities and contingent assets.

IAS 38 Intangible Assets
In July 1998, the IASC issued IAS 38 Intangible Assets, which the Group adopted as of 1 January 2000. The standard requires the capitalization and amortization of certain intangible assets, if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost can be measured reliably.

IAS 10 (revised), Events after the Balance Sheet Date
In May 1999, the IASC issued IAS 10 (revised), Events after the Balance Sheet Date, which has been adopted for the Group's financial statements as of 1 January 2000. IAS 10 (revised) establishes requirements for the recognition and disclosure of events after the balance sheet date. The adoption of IAS 10 (revised) had no impact on the comparative financial information 1999.

Interpretation SIC 16, Share Capital – Reacquired Own Equity Instruments (Treasury Shares)
In May 1999, the IASC issued Interpretation SIC 16, Share Capital – Reacquired Own Equity Instruments (Treasury Shares), which the Group adopted as of 1 January 2000. The interpretation provides guidance for the recognition, presentation and disclosure of treasury shares. SIC 16 applies to own shares and derivatives on own shares held for trading and non-trading purposes. SIC 16 requires own shares and derivatives on own shares to be presented as treasury shares and deducted from shareholders' equity. Gains and losses relating to the sale of own shares are recognized as a change in shareholders' equity. The comparative financial information for 1999 has been restated and the opening balance of the retained earnings at 31 December 1999 has been adjusted to comply with Interpretation SIC 16.

Offsetting of Amounts Related to Certain Contracts
In order to improve comparability with its main competitors, the Group has offset positive and negative replacement values with the same counterparty for transactions covered by legally inforceable netting agreements. This change took place as of 1 January 2000. The comparative financial information 1999 has been restated to comply with the change in this accounting policy.

Interest and Dividend Income on Trading Assets
In prior periods, interest and dividend income on trading assets and the funding costs for holding these assets were included in net trading income. In order to improve comparability with its main competitors, the Group has included interest income on trading assets in interest income, dividend income on trading assets in dividend income and discontinues the allocation of funding costs to trading income. This change took place as of 1 January 2000. The comparative financial information for 1999 has been restated to comply with this change.

Note 2 Reporting by Business Group

To enable a more meaningful analysis of UBS's results, these business group results have been presented on a management reporting basis. Consequently, internal charges and transfer pricing adjustments have been reflected in the performance of each business. The basis of the reporting reflects the management of the business within UBS Group. Total revenue includes income, which is directly attributable to a business group whether from sales to external customers or from transactions with other segments. Revenue sharing agreements are used to allocate external customer revenues to a business group on a reasonable basis. Transactions between business groups are conducted at arms length.

For the 3-month period ended 31 March 2000

CHF million	UBS Switzerland	UBS Asset Management	UBS Warburg	Corporate Center	UBS Group
Revenues	3,748	482	5,269	(17)	9,482
Credit loss expense [1]	(232)	0	(75)	182	(125)
Total operating income	3,516	482	5,194	165	9,357
Personnel expenses	1,198	202	2,988	134	4,522
General and administrative expenses	572	96	710	53	1,431
Depreciation	125	10	140	73	348
Goodwill amortization [2]	34	65	37	12	148
Total operating expenses	1,929	373	3,875	272	6,449
Business group performance before tax	**1,587**	**109**	**1,319**	**(107)**	**2,908**
Tax expense					666
Net profit before minority interests					**2,242**
Minority interests					26
Net profit					**2,216**

[1] In order to show the relevant business group performance over time, adjusted expected loss figures rather than the net credit loss expense are reported for all business groups. The statistically derived adjusted expected losses reflect the inherent counterparty and country risks in the respective portfolios. The difference between the statistically derived adjusted expected loss figures to the net credit loss expenses for financial reporting purposes is reported in the Corporate Center. The divisional breakdown of the net credit loss expense for financial reporting purposes of CHF 125 million for the 3-month period ended 31 March 2000 is as follows: UBS Switzerland CHF 16 million, UBS Warburg CHF 109 million.
[2] The amortization of goodwill includes other purchased intangible assets.

For the 3-month period ended 31 March 1999

CHF million	UBS Switzerland	UBS Asset Management	UBS Warburg	Corporate Center	UBS Group
Revenues	3,151	305	3,443	258	7,157
Credit loss expense [1]	(284)	0	(82)	56	(310)
Total operating income	2,867	305	3,361	314	6,847
Personnel expenses	1,200	146	1,932	19	3,297
General and administrative expenses	454	46	574	70	1,144
Depreciation	115	5	108	79	307
Goodwill amortization [2]	3	28	39	5	75
Total operating expenses	1,772	225	2,653	173	4,823
Business group performance before tax	**1,095**	**80**	**708**	**141**	**2,024**
Tax expense					449
Net profit before minority interests					**1,575**
Minority interests					7
Net profit					**1,568**

[1] In order to show the relevant business group performance over time, adjusted expected loss figures rather than the net credit loss expense are reported for all business groups. The statistically derived adjusted expected losses reflect the inherent counterparty and country risks in the respective portfolios. The difference between the statistically derived adjusted expected loss figures to the net credit loss expenses for financial reporting purposes is reported in the Corporate Center. The divisional breakdown of the net credit loss expense for financial reporting purposes of CHF 310 million for the 3-month period ended 31 March 1999 is as follows: UBS Switzerland CHF 349 million, UBS Warburg CHF (39) million.
[2] The amortization of goodwill includes other purchased intangible assets.

Income Statement

Note 3 Net Interest Income

CHF million	Quarter ended 31.3.00	Quarter ended 31.12.99	Quarter ended 31.3.99	% change from 31.12.99	% change from 31.3.99
Interest income					
Interest earned on loans and advances to banks	**3,668**	2,429	832	51	341
Interest earned on loans and advances to customers	**2,759**	2,763	2,918	0	(5)
Interest from finance leasing	**11**	13	12	(15)	(8)
Interest earned on securities borrowed and reverse repurchase agreements [1]	**4,090**	3,046	2,862	34	43
Interest and dividend income from financial investments	**40**	54	28	(26)	43
Interest and dividend income from trading portfolio [1]	**1,474**	977	842	51	75
Other	**38**	125	44	(70)	(14)
Total	**12,080**	9,407	7,538	28	60
Interest expense [2]					
Interest on amounts due to banks	**3,362**	2,256	507	49	563
Interest on amounts due to customers	**1,990**	1,772	2,078	12	(4)
Interest on securities lent and repurchase agreements [1]	**3,069**	2,070	2,402	48	28
Interest on medium and long-term debt	**1,570**	1,566	1,177	0	33
Total	**9,991**	7,664	6,164	30	62
Net interest income	**2,089**	1,743	1,374	20	52

[1] Trading related interest income is now reported on separate lines as part of net interest income. It was previously reported as part of net trading income (see also Note 1 and 5). [2] Funding costs related to the refinancing of the trading portfolio are no longer credited to interest expense and debited to trading income (see also Note 1 and 5). The previously credited funding costs amounted to CHF 1,729 million and CHF 1,602 million for the quarter ended 31 December 1999 and 31 March 1999.

Note 4 Net Fee and Commission Income

CHF million	Quarter ended 31.3.00	Quarter ended 31.12.99	Quarter ended 31.3.99	% change from 31.12.99	% change from 31.3.99
Credit-related fees and commissions	**80**	72	100	11	(20)
Security trading and investment activity fees					
Underwriting and corporate finance fees	**400**	580	336	(31)	19
Brokerage fees	**1,722**	1,124	939	53	83
Fiduciary fees	**89**	74	77	20	16
Custodian fees	**353**	305	336	16	5
Portfolio and other management and advisory fees	**958**	883	744	8	29
Investment fund fees	**702**	510	446	38	57
Other	**25**	(18)	28	239	(11)
Total	**4,249**	3,458	2,906	23	46
Commission income from other services	**203**	190	183	7	11
Total fee and commission income	**4,532**	3,720	3,189	22	42
Fee and commission expense					
Brokerage fees paid	**316**	228	162	39	95
Other	**137**	135	69	1	99
Total	**453**	363	231	25	96
Net fee and commission income	**4,079**	3,357	2,958	22	38

Note 5 Net Trading Income

CHF million	Quarter ended 31.3.00	Quarter ended 31.12.99[2]	Quarter ended 31.3.99[2]	% change from 31.12.99	% change from 31.3.99
Foreign exchange[1]	**283**	216	253	31	12
Fixed income	**203**	575[3]	882[3]	(65)	(77)
Equities	**2,492**	371[4]	1,198[4]	572	108
Net trading income	**2,978**	1,162	2,333	156	28

[1] Includes other trading income such as bank notes, precious metals and commodities. [2] Funding costs are no longer debited to trading income and credited to interest expense (see also Note 1 and Note 3). This results in adjustments to: Foreign exchange of CHF 110 million for the quarter ended 31 December 1999 and CHF 38 million for the quarter ended 31 March 1999; Fixed income of CHF 1,047 million and CHF 1,001 million for the quarter ended 31 December 1999 and 31 March 1999; Equities of CHF 572 million and CHF 563 million for the quarter ended 31 December 1999 and 31 March 1999, respectively. [3] Trading related interest income such as net coupon income and repo and reverse repo interest is now part of net interest income. Net coupon income was CHF 892 million for the quarter ended 31 December 1999 and CHF 702 million for the quarter ended 31 March 1999. Net interest on repos / reverse repos was CHF 380 million and CHF 202 million for the quarter ended 31 December 1999 and 31 March 1999, respectively. [4] Trading related interest such as dividend income and interest on securities lending and borrowing is now part of net interest income. Net dividends were CHF 85 million and CHF 140 million for the quarter ended 31 December 1999 and 31 March 1999, respectively. Net interest on securities lending / borrowing was CHF 596 million and CHF 258 million for the quarter ended 31 December 1999 and 31 March 1999, respectively. Net trading income in 1999 has been adjusted for the income on own shares held for market making purposes resulting in a decrease of CHF 69 million for the quarter ended 31 December 1999 and CHF 71 million for the quarter ended 31 March 1999.

Note 6 Gains / (Losses) from Disposal of Associates and Subsidiaries

CHF million	Quarter ended 31.3.00	Quarter ended 31.12.99	Quarter ended 31.3.99	% change from 31.12.99	% change from 31.3.99
Net income from disposal of consolidated subsidiaries	**0**	5	0	(100)	
Net gains from the disposal of investments in associates	**2**	44	271	(95)	(99)
Net gains from disposal of associates and subsidiaries	**2**	49	271	(96)	(99)

Note 7 Other Income

CHF million	Quarter ended 31.3.00	Quarter ended 31.12.99	Quarter ended 31.3.99	% change from 31.12.99	% change from 31.3.99
Investments in financial assets (debt and equity)					
Net income from disposal of private equity investments	**197**	81	83	143	137
Net income from disposal of other financial assets	**7**	90	3	(92)	133
Net gains / (losses) from revaluation of financial assets	**(20)**	(55)	10	64	(300)
Total	**184**	116	96	59	92
Investments in property					
Net income from disposal of properties held for resale	**23**	22	19	5	21
Net gains / (losses) from revaluation of properties held for resale	**(6)**	(30)	(2)	80	(200)
Net income from other properties	**7**	(71)	12	110	(42)
Total	**24**	(79)	29	130	(17)
Equity income from investments in associates	**11**	86	63	(87)	(83)
Other	**115**	401	33	(71)	248
Total other income	**334**	524	221	(36)	51

Note 8 Operating Expenses

	Quarter ended			% change from	
CHF million	**31.3.00**	31.12.99	31.3.99	31.12.99	31.3.99
Personnel expenses					
Salaries and bonuses	**3,717**	2,200	2,593[1]	69	43
Contractors	**169**	277	152	(39)	11
Insurance and social contributions	**265**	155	193[1]	71	37
Contributions to retirement benefit plans	**120**	(329)	111	136	8
Employee share plans	**20**	20	55	0	(64)
Other personnel expenses	**231**	331	193	(30)	20
Total	**4,522**	2,654	3,297	70	37
General and administrative expenses					
Occupancy	**231**	248	197	(7)	17
Rent and maintenance of machines and equipment	**120**	194	56	(38)	114
Telecommunications and postage	**194**	208	175	(7)	11
Administration	**183**	308	175	(41)	5
Marketing and public relations	**71**	143	40	(50)	78
Travel and entertainment	**137**	173	107	(21)	28
Professional fees	**123**	195	183	(37)	(33)
IT and other outsourcing	**306**	384	122	(20)	151
Other[2]	**66**	466	89	(86)	(26)
Total	**1,431**	2,319	1,144	(38)	25
Depreciation and amortization					
Property and equipment	**348**	479	307	(27)	13
Goodwill and other intangible assets	**148**	88	75	68	97
Total	**496**	567	382	(13)	30
Total operating expenses	**6,449**	5,540	4,823	16	34

[1] CHF 65 million of bonus-related social contribution costs have been reclassed from Salaries and bonuses to Insurance and social contributions.
[2] Other includes capital tax of CHF 25 million and CHF 19 million for the quarter ended 31 December 1999 and 31 March 1999, respectively, reported as tax expense in 1999.

Note 9 Earnings per Share

	Quarter ended			% change from	
	31.3.00	31.12.99	31.3.99	31.12.99	31.3.99
Basic earnings per share calculation					
Net profit for the period (CHF million)	**2,216**	1,069 [1]	1,568 [1]	107	41
Net profit for the period (CHF million) before goodwill amortization [2]	**2,364**	1,157	1,643	104	44
Weighted average shares outstanding:					
Registered ordinary shares	**430,966,190**	430,683,246	430,232,988	0	0
Treasury shares	**(39,266,168)**	(33,786,574) [3]	(15,869,222) [3]	(16)	(147)
Weighted average shares for basic earnings per share	**391,700,022**	396,896,672	414,363,766	(1)	(5)
Basic earnings per share (CHF)	**5.66**	2.69	3.78	110	50
Basic earnings per share (CHF) before goodwill amortization [2]	**6.04**	2.92	3.97	107	52
Diluted earnings per share calculation					
Net profit for the period (CHF million)	**2,216**	1,069	1,568	107	41
Net profit for the period (CHF million) before goodwill amortization [2]	**2,364**	1,157	1,643	104	44
Weighted average shares for basic earnings per share	**391,700,022**	396,896,672	414,363,766	(1)	(5)
Potential dilutive ordinary shares resulting from outstanding options, warrants and convertible debt securities	**3,598,418**	4,837,702 [4]	4,106,360 [4]	(26)	(12)
Weighted average shares for diluted earnings per share	**395,298,440**	401,734,374	418,470,126	(2)	(6)
Diluted earnings per share (CHF)	**5.61**	2.66	3.75	111	50
Diluted earnings per share (CHF) before goodwill amortization [2]	**5.98**	2.88	3.93	108	52

[1] The 1999 net profit (see Group Income Statement for details) and the treasury shares have been adjusted for own shares held for market making purposes. [2] See Note 8 for the reconciliation of goodwill included in other expenses. The amortization of goodwill includes other purchased intangible assets. [3] Treasury shares have been adjusted by 17,615,522 for the quarter ended 31 December 1999 and by 5,792,062 for the quarter ended 31 March 1999. [4] Treasury shares have been adjusted by 2,934,380 for the quarter ended 31 December 1999 and by 1,487,516 for the quarter ended 31 March 1999.

All share figures are restated for the two-for-one stock split, approved at the shareholder meeting of 18 April 2000.

Information for Shareholders

UBS Registered Shares (Par Value CHF 10), ISIN Number CH0010740741, CUSIP Number H8920G155

Ticker symbols

Stock exchange listings	Bloomberg	Reuters	Telekurs
SWX (Swiss exchange)	UBSN SW	UBSZn.S	UBSN, 004
NYSE New York Stock Exchange	UBS UN	UBS.N	UBS, 65
Tokyo	8657 JP	UBS.T	N16631, 106

Financial calendar

Publication second-quarter results	Tuesday, 22 August 2000
Publication third-quarter results	Tuesday, 28 November 2000
Annual General Meeting	Thursday, 26 April 2001

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Cautionary statement regarding forward-looking statements

This Financial Report contains statements that constitute "forward-looking statements". In addition, other written or oral statements which constitute forward-looking statements have been made and may in the future be made on our behalf. In this Financial Report, such forward-looking statements include, without limitation, statements relating to:
– the implementation of strategic initiatives
– the development of revenues overall and within specific business areas
– the development of operating expenses
– the anticipated level of capital expenditures and associated depreciation expense
– the expected impact of the risks that affect our business, including the risk of loss resulting from the default of an obligor or counterparty
– expected credit losses based upon our credit review
– other statements relating to our future business development and economic performance.

The words "anticipate", "believe", "expect", "estimate", "intend", "plan" and other similar expressions identify some of these forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements because actual events may differ materially from those described by these forward-looking statements and as a result, financial results could differ from those set forth and those differences may be material to our financial statements.

Many factors may influence our actual results and cause them to differ materially from expected results as described in the forward-looking statements. These factors include:
– general market trends affecting demand for our products and services
– developments in the competitive environment in Switzerland and around the world
– developments in technology
– changes in our expenses associated with acquisitions and dispositions
– our ability to attract and retain skilled personnel
– credit ratings and the financial position of obligors and counterparties
– our ability to control risk in our businesses, including our ability to improve our overall risk profile
– macroeconomic trends and government and regulatory policies affecting business in Switzerland and around the world, including changes in the level of interest or tax rates and movements in foreign currency exchange rates.

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