30 April 2013

News Release

UBS first-quarter adjusted[1] profit before tax CHF 1.9 billion; Basel III fully applied CET1[2] capital ratio 10.1%

Zurich/Basel, 30 April 2013 – UBS delivered a first-quarter adjusted[1] profit before tax of CHF 1.9 billion, with strong results across all its businesses, demonstrating its success in focusing on client needs. On a reported basis, profit before tax was CHF 1.4 billion. Wealth Management delivered the highest levels of quarterly net new money since 2007, and the highest quarterly profit since 2009. Wealth Management Americas achieved another record profit and strong net new money inflows. Combined inflows into UBS's wealth management businesses increased to almost CHF 24 billion. The Investment Bank reported very strong results, demonstrating its focused business model works in improved but still challenging conditions. Retail & Corporate recorded a resilient performance with strong business growth in deposits and loans. Global Asset Management continued to deliver for its clients, with a solid investment performance and strong non-money market-related inflows.

UBS's BIS Basel III fully applied common equity tier 1 ratio[2] rose 30 basis points to 10.1%, consolidating UBS's position as the best-capitalized bank in its peer group. UBS has surpassed the minimum Swiss SRB Basel III common equity tier 1 ratio (CET1) for systemically relevant Swiss banks six years early[3]. The bank continued to make progress in its Non-core and Legacy Portfolio by reducing BIS Basel III risk-weighted assets and balance sheet.

Increased profitability; higher revenues and lower costs

- Adjusted[1] Group profit before tax CHF 1.9 billion; net profit attributable to UBS shareholders CHF 988 million, diluted earnings per share CHF 0.26
- Adjusted[1] Group revenues up CHF 1.4 billion to CHF 8.0 billion, driven by higher client activity
- Adjusted[1] Group costs down CHF 1.7 billion to CHF 6.1 billion on lower litigation/regulatory charges
- Adjusted[1] Group cost/income ratio improved to 76.0%

Successful strategic execution; capital, liquidity and funding positions remain strong

- Fully applied BIS Basel III common equity tier 1 ratio[2] up to 10.1% from 9.8%; phase-in BIS Basel III common equity tier 1 ratio stable at 15.3%
- Group Basel III fully applied RWA stable at CHF 259 billion[4]
- Successful deleveraging of Group balance sheet continued; down by CHF 46 billion to CHF 1,214 billion, mainly in Non-core
- Basel III liquidity coverage ratio and net stable funding ratio above regulatory requirements
- Invested assets up CHF 143 billion to CHF 2,373 billion

Commenting on UBS's first-quarter results, Group CEO Sergio P. Ermotti said, "While it is too early to declare victory, we have shown our business model works in practice. Although markets improved, we still saw challenges, so I am very pleased with our performance. Our clients continued to benefit from the safety, service and sound advice that we provide, and our Basel III CET1 capital ratio rose to 10.1%. We have surpassed the capital ratio threshold for systemically relevant Swiss banks six years early, and our leading capital position continues to be a competitive advantage for the bank."

First-quarter 2013 net profit attributable to UBS shareholders was CHF 988 million
First-quarter 2013 net profit attributable to UBS shareholders was CHF 988 million compared with a loss of CHF 1,904 million in fourth quarter 2012. On an adjusted basis, the first quarter profit before tax was CHF 1,901 million compared with a loss before tax of CHF 1,165 million in the prior quarter. On a reported basis, profit before tax was CHF 1,447 million compared with a loss before tax of CHF 1,837 million in the prior quarter. Operating income increased by CHF 1,567 million, primarily due to higher net interest and trading income. Operating expenses declined by CHF 1,717 million, predominantly as a result of reduced net charges for provisions for litigation, regulatory and similar matters. In the first quarter, we recorded a tax expense of CHF 458 million compared with CHF 66 million in the prior quarter.

Wealth Management's profit before tax in the first quarter was CHF 664 million compared with CHF 398 million. Adjusted profit before tax was CHF 690 million compared with CHF 415 million in the prior quarter. The gross margin on invested assets increased 6 basis points to 91 basis points, mainly reflecting an upturn in transaction-based income. Operating expenses decreased to CHF 1,250 million from CHF 1,350 million, mainly due to seasonally lower general and administrative expenses. Net new money inflows of CHF 15.0 billion represented the highest quarterly net inflows since 2007. The cost/income ratio decreased to 64.9% from 77.3%. On an adjusted basis excluding restructuring charges of CHF 26 million compared with CHF 17 million in the previous quarter, the cost/income ratio improved 12.7 percentage points to 63.6% from 76.3%, and was within our target range of 60% to 70%.

Wealth Management Americas profit before tax was USD 251 million compared with a profit before tax of USD 216 million in the prior quarter. It reported a record adjusted quarterly profit before tax of USD 262 million in the first quarter of 2013 compared with an adjusted profit before tax of USD 219 million in the prior quarter. The improvement reflected a 3% decrease in operating expenses, mainly due to lower charges for provisions for litigation, regulatory and similar matters. Net new money continued to be strong and improved to USD 9.2 billion. In US dollar terms, the gross margin on invested assets decreased 4 basis points to 80 basis points and remained within the target range of 75 to 85 basis points. The gross margin from recurring income decreased 4 basis points due to lower mutual fund and annuity fee income, while the gross margin from non-recurring income remained unchanged from the prior quarter. The cost/income ratio decreased to 85.5% from 86.8% in the prior quarter. On an adjusted basis excluding restructuring charges, the cost/income ratio decreased to 84.9% from 86.6% and remained within the target range of 80% to 90%.

The **Investment Bank** recorded a profit before tax of CHF 977 million in the first quarter of 2013 compared with a loss before tax of CHF 243 million in the fourth quarter of 2012. Adjusted profit before tax was CHF 928 million compared with a loss before tax of CHF 70 million. Return on attributed equity was 49.5%. Both Corporate Client Solutions and Investor Client Services reported higher revenues. Total operating expenses decreased 2% to CHF 1,806 million from CHF 1,847 million. On an adjusted basis, operating expenses increased 8% to CHF 1,800 million from CHF 1,674 million, mainly due to higher variable compensation accruals. Fully applied BIS Basel III risk-weighted assets increased by CHF 5 billion to CHF 69 billion as of 31 March 2013, compared with pro-forma CHF 64 billion as of 31 December 2012, and were compliant with our target of CHF 70 billion or less. Funded assets were CHF 193 billion as of 31 March 2013, unchanged from 31 December 2012 and within our target range of less than CHF 200 billion. The cost/income ratio improved to 64.8% from 114.7%. On an adjusted basis, the cost/income ratio improved to 65.9% from 104.0%, within the target range of 65% to 85%.

Global Asset Management's profit before tax in the first quarter of 2013 was CHF 190 million compared with CHF 148 million in the fourth quarter of 2012. Adjusted profit before tax was CHF 160 million compared with CHF 163 million. First quarter operating income included a gain of CHF 34 million from the disposal of our Canadian domestic business. Total operating expenses were CHF 327 million compared with CHF 343 million in the fourth quarter. Excluding money market flows, net new money inflows were CHF 5.1 billion compared with net outflows of CHF 3.8 billion in the prior quarter. The total gross margin was 35 basis points compared with 34 basis points in the fourth quarter of 2012. Excluding the abovementioned gain on disposal, the gross margin was 33 basis points and remained within our target range of 32 to 38 basis points. The cost/income ratio was 63.2% compared with 69.9% in the fourth quarter. Adjusted for restructuring charges and the abovementioned gain on disposal, the cost/income ratio was 66.9%, compared with 66.8%, and remained within our target range of 60% to 70%.

Retail & Corporate's profit before tax was CHF 347 million in the first quarter of 2013 compared with CHF 361 million in the prior quarter. Adjusted for restructuring charges, profit before tax was unchanged at CHF 362 million as lower income was offset by lower operating expenses and credit loss expenses. Net new business volume growth was 4.7%, compared with 4.4%, and remained above our target range. Net new business volume growth was positive for both retail and corporate businesses as well as for net new client assets and to a lesser extent for loans. The net interest margin decreased 8 basis points to 154 basis points, reflecting lower net interest income and a slightly higher average loan volume. The net interest margin was within the target range of 140 to 180 basis points. The cost/income ratio increased 2.2 percentage points to 62.2%, reflecting lower income. On an adjusted basis, excluding restructuring charges, the cost/income ratio increased to 60.6% from 59.9% and was slightly above the target range of 50% to 60%.

Corporate Center – Core Functions recorded a loss before tax of CHF 719 million compared with a loss before tax of CHF 1,886 million in the previous quarter. On an adjusted basis, the loss before tax was CHF 398 million compared with a loss before tax of CHF 1,472 million. The first quarter included lower charges for provisions for litigation, regulatory and similar matters and an own credit loss of CHF 181 million compared with a loss of CHF 414 million in the fourth quarter of 2012. Treasury income remaining in Corporate Center – Core Functions after allocations to the business divisions was negative CHF 255 million compared with positive CHF 94 million in the prior quarter.

Corporate Center – Non-core and Legacy Portfolio recorded a loss before tax of CHF 245 million in the first quarter of 2013 compared with a loss before tax of CHF 816 million in the previous quarter. On an adjusted basis, the loss before tax was CHF 84 million compared with an adjusted loss before tax of CHF 765 million. This was mainly due to a positive debit valuation adjustment on our derivatives portfolio, lower charges for provisions for litigation, regulatory and similar matters, as well as a higher gain from the revaluation of our option to acquire the SNB StabFund's equity.

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Results by business division and Corporate Center

CHF million	Total operating income			Total operating expenses			Operating profit / (loss) before tax		
For the quarter ended	**31.3.13**	31.12.12	% change	**31.3.13**	31.12.12	% change	**31.3.13**	31.12.12	% change
Wealth Management	**1,913**	1,748	9	**1,250**	1,350	(7)	**664**	398	67
Wealth Management Americas	**1,618**	1,614	0	**1,384**	1,414	(2)	**234**	200	17
Investment Bank	**2,783**	1,604	74	**1,806**	1,847	(2)	**977**	(243)	
Global Asset Management	**517**	491	5	**327**	343	(5)	**190**	148	28
Retail & Corporate	**919**	933	(2)	**572**	572	0	**347**	361	(4)
Corporate Center	**24**	(183)		**989**	2,519	(61)	**(964)**	(2,702)	(64)
of which: Core Functions	***(479)***	*(240)*	*100*	***239***	*1,646*	*(85)*	***(719)***	*(1,886)*	*(62)*
of which: Non-core and Legacy Portfolio	***504***	*57*	*784*	***749***	*873*	*(14)*	***(245)***	*(816)*	*(70)*
UBS	**7,775**	6,208	25	**6,327**	8,044	(21)	**1,447**	(1,837)	

Balance sheet: As of 31 March 2013, our balance sheet stood at CHF 1,214 billion, a decrease of CHF 46 billion from 31 December 2012. Funded assets, which represent total assets excluding positive replacement values, were reduced by CHF 9 billion to CHF 832 billion, primarily due to a reduction in trading portfolio assets, and to a lesser extent reduced financial investments available-for-sale and collateral trading activities, partially offset by an increase in lending assets. Excluding currency effects, funded assets were reduced by CHF 21 billion, mainly in Corporate Center – Non-core and Legacy Portfolio.

Capital management: The BIS Basel III framework came into effect in Switzerland on 1 January 2013. Our phase-in BIS Basel III common equity tier 1 (CET1) ratio was 15.3% as of 31 March 2013, unchanged from the end of the previous quarter. Our phase-in BIS Basel III CET1 capital increased slightly by CHF 0.2 billion to CHF 40.2 billion at the end of the first quarter of 2013. Our phase-in Basel III risk-weighted assets increased by CHF 0.7 billion to CHF 262.5 billion. On a fully applied basis, our BIS Basel III CET 1 ratio increased 0.3 percentage points to 10.1% and our fully applied risk-weighted assets were CHF 258.7 billion.

Invested assets: Group invested assets stood at CHF 2,373 billion at the end of the first quarter, an increase of CHF 143 billion on the prior quarter. Of these, invested assets in Wealth Management increased by CHF 49 billion to CHF 870 billion, supported by positive market performance of CHF 24 billion, strong net new money inflows of CHF 15 billion and positive currency translation effects of CHF 10 billion. In Wealth Management Americas, invested assets increased by CHF 73 billion to CHF 845 billion. In US dollar terms, invested assets increased by USD 48 billion to USD 891 billion, reflecting positive market performance of USD 39 billion and continued strong net new money inflows of USD 9 billion. Global Asset Management's invested assets increased by CHF 18 billion to CHF 599 billion, mainly as a result of positive market movements of CHF 19 billion and positive currency translation effects of CHF 10 billion, partially offset by the disposal of our Canadian domestic business, which reduced invested assets by CHF 7 billion, and net new money outflows of CHF 3 billion.

UBS

Outlook – While market participants showed renewed interest early in the first quarter, events in Europe served as a reminder that many of the underlying challenges related to structural issues remain unsolved. The absence of further sustained and credible improvements to the eurozone sovereign debt situation, European banking system issues, ongoing geopolitical risks, and the outlook for growth in the global economy together with an increasing focus on unresolved US fiscal issues would continue to exert a strong influence on client confidence, and thus activity levels, in the second quarter of 2013. It would make further improvements in prevailing market conditions unlikely and would consequently generate headwinds for revenue growth, net interest margins and net new money. Nevertheless, we remain confident that our asset-gathering businesses as a whole will continue to attract net new money, reflecting our clients' steadfast trust in the firm. We are confident that the actions we have taken will ensure the firm's long-term success and will deliver sustainable returns for our shareholders going forward.

[1]Unless otherwise indicated, "adjusted" figures exclude each of the following items, to the extent applicable, on a Group and business division level: own credit loss on financial liabilities designated at fair value for the Group 181 million in 1Q13 (CHF 414 million loss in 4Q12); net restructuring charges CHF 246 million for the Group in 1Q13 (net charges of CHF 258 million in 4Q12); gain on the disposal of the Canadian domestic business of CHF 34 million in Global Asset Management, and gain on the sale of the remaining proprietary business in the Investment Bank of CHF 55 million and an associated foreign currency translation loss of CHF 24 million in Corporate Center – Core Functions in 1Q13; a CHF 92 million net loss related to the buyback in a public tender offer of debt for the Group in 1Q13; and a credit to personnel expenses related to changes to UBS's Swiss pension plan (CHF 730 million for the Group in 1Q12). [2] BIS Basel III common equity tier 1 (CET1) ratio equals Swiss SRB Basel III CET1 ratio for systemically relevant banks. All Basel III numbers prior to 1Q13 are on a pro-forma basis [3] 2019 Swiss SRB Basel III CET1 ratio requirement for systemically relevant banks [4] BIS Basel III risk-weighted assets in this release are calculated on a BIS Basel III fully applied basis unless otherwise stated. All Basel III numbers prior to 1Q13 are on a pro-forma basis

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UBS key figures

	As of or for the quarter ended		
CHF million, except where indicated	**31.3.13**	31.12.12	31.3.12
Group results			
Operating income	**7,775**	6,208	6,523
Operating expenses	**6,327**	8,044	4,956
Operating profit / (loss) before tax	**1,447**	(1,837)	1,567
Net profit / (loss) attributable to UBS shareholders	**988**	(1,904)	1,035
Diluted earnings per share (CHF)[1]	**0.26**	(0.51)	0.27
Key performance indicators[2], balance sheet and capital management, and additional information			
Performance			
Return on equity (RoE) (%)	**8.5**	(5.1)	8.5
Return on tangible equity (%)[3]	**10.1**	1.6	10.8
Return on risk-weighted assets, gross (%)[4]	**11.9**	12.0	11.5
Return on assets, gross (%)	**2.5**	1.9	1.9
Growth			
Net profit growth (%)[5]	**N/A**	N/A	220.4
Net new money growth (%)[6]	**3.7**	1.2	0.6
Efficiency			
Cost / income ratio (%)	**81.2**	129.1	76.4
Capital strength			
BIS Basel III common equity tier 1 capital ratio (%, phase-in)[7]	**15.3**	15.3	
BIS Basel III common equity tier 1 capital ratio (%, fully applied)[7]	**10.1**	9.8	
Swiss SRB leverage ratio (%)[7, 8]	**3.8**	3.6	
Balance sheet and capital management			
Total assets	**1,213,844**	1,259,797	1,364,036
Equity attributable to UBS shareholders	**47,239**	45,949	48,792
Total book value per share (CHF)	**12.57**	12.26	12.92
Tangible book value per share (CHF)	**10.79**	10.54	10.45
BIS Basel III common equity tier 1 capital (phase-in)[7]	**40,235**	40,032	
BIS Basel III common equity tier 1 capital (fully applied)[7]	**26,176**	25,182	
BIS Basel III risk-weighted assets (phase-in)[7]	**262,454**	261,800	
BIS Basel III risk-weighted assets (fully applied)[7]	**258,701**	258,113	
BIS Basel III total capital ratio (%) (phase-in)[7]	**18.9**	18.9	
BIS Basel III total capital ratio (%) (fully applied)[7]	**11.8**	11.4	
Additional information			
Invested assets (CHF billion)[9]	**2,373**	2,230	2,115
Personnel (full-time equivalents)	**61,782**	62,628	64,243
Market capitalization[10]	**55,827**	54,729	48,488

1 Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the "Financial information" section of the first quarter 2013 report for more information. **2** For the definitions of our key performance indicators, refer to the "Measurement of performance" section of our Annual Report 2012. **3** Net profit attributable to UBS shareholders before amortization and impairment of goodwill and intangible assets / average equity attributable to UBS shareholders less average goodwill and intangible assets. **4** Based on BIS Basel III risk-weighted assets (phase-in) for 2013. Based on Basel 2.5 for 2012. **5** Not meaningful and not included if either the reporting period or the comparison period is a loss period. **6** Group net new money includes net new money for Retail & Corporate and excludes interest and dividend income. **7** BIS Basel III numbers for 31 December 2012 are on a pro-forma basis. Refer to the "Capital management" section of the first quarter 2013 report for more information. **8** Formerly referred to as FINMA Basel III leverage ratio. SRB: systemically relevant banks. **9** Group-invested assets includes invested assets for Retail & Corporate. **10** Refer to the appendix "UBS shares" of the first quarter 2013 report for more information.

Income statement

	For the quarter ended			% change from	
CHF million, except per share data	**31.3.13**	31.12.12	31.3.12	4Q12	1Q12
Interest income	**3,484**	3,550	4,130	(2)	(16)
Interest expense	**(2,003)**	(2,078)	(2,541)	(4)	(21)
Net interest income	**1,481**	1,472	1,589	1	(7)
Credit loss (expense) / recovery	**(15)**	(24)	37	(38)	
Net interest income after credit loss expense	**1,466**	1,448	1,626	1	(10)
Net fee and commission income	**4,123**	3,992	3,840	3	7
Net trading income	**2,222**	378	976	488	128
Other income	**(37)**	390	81		
Total operating income	**7,775**	6,208	6,523	25	19
Personnel expenses	**4,100**	4,014	3,378	2	21
General and administrative expenses	**1,999**	3,843	1,398	(48)	43
Depreciation and impairment of property and equipment	**208**	169	158	23	32
Amortization and impairment of intangible assets	**20**	19	23	5	(13)
Total operating expenses	**6,327**	8,044	4,956	(21)	28
Operating profit / (loss) before tax	**1,447**	(1,837)	1,567		(8)
Tax expense / (benefit)	**458**	66	531	594	(14)
Net profit / (loss)	**989**	(1,903)	1,036		(5)
Net profit / (loss) attributable to preferred note holders	**0**	0	0		
Net profit / (loss) attributable to non-controlling interests	**1**	1	1	0	0
Net profit / (loss) attributable to UBS shareholders	**988**	(1,904)	1,035		(5)
Earnings per share (CHF)					
Basic earnings per share	**0.26**	(0.51)	0.28		(7)
Diluted earnings per share	**0.26**	(0.51)	0.27		(4)

UBS's first quarter 2013 report, shareholders' letter, media release and slide presentation will be available from Tuesday, 30 April, 06.45 (CET) at www.ubs.com/quarterlyreporting.

UBS will hold the presentation of its first quarter 2013 results on Tuesday, 30 April. The results will be presented by Sergio P. Ermotti, Group Chief Executive Officer, Tom Naratil, Group Chief Financial Officer, Caroline Stewart, Global Head of Investor Relations, and Hubertus Kuelps, Group Head of Communications & Branding.

Time
- 09.00 CET
- 08.00 BST
- 03.00 US EDT

Please note: UBS's results program will be slightly different this quarter. The presentation and Q&A session will be broadcast via audio (NOT video) webcast with a simultaneous slideshow at www.ubs.com/quarterlyreporting.

Webcast playbacks: An audio playback of the webcast will be available from 14.00 CET on 30 April 2013. An indexed, on-demand version of the webcast will be available from 18.00 (CET).

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Cautionary Statement Regarding Forward-Looking Statements

This document contains statements that constitute "forward-looking statements", including but not limited to management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development. While these forward-looking statements represent UBS's judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (1) the degree to which UBS is successful in executing its announced strategic plans and related organizational changes, its efficiency initiatives and its planned reduction in Basel III risk-weighted assets, and whether in each case those plans and changes will, when implemented, have the effects intended; (2) developments in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates and interest rates and the effect of economic conditions and market developments on the financial position or creditworthiness of UBS's clients and counterparties; (3) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings; (4) changes in financial legislation and regulation in Switzerland, the US, the UK and other major financial centers which may impose constraints on or necessitate changes in the scope and location of UBS's business activities and in its legal and booking structures, including the imposition of more stringent capital and liquidity requirements, incremental tax requirements and constraints on remuneration; (5) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS's ability to compete in certain lines of business; (6) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including those that relate to the setting of LIBOR and other benchmark rates; (7) the effects on UBS's cross-border banking business of tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (8) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (9) changes in accounting standards or policies, and accounting determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill and other matters; (10) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (11) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (12) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures; and (13) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2012. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Rounding

Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text. Percentages and percent changes are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages and percent changes that would be derived based on figures that are not rounded.