First Quarter 2013

30 April 2013

Dear Shareholders,

We are pleased to report that for the first quarter of 2013 we generated a net profit attributable to UBS shareholders of CHF 988 million and diluted earnings per share of CHF 0.26.

Markets were buoyant at the start of the year, reflecting in particular positive developments in the US, leading to a sharp rise in client activity compared with the fourth quarter. This was later tempered by developments in Europe, which underlined the continued risks related to the debt crisis. Client confidence mirrored developments in the markets, underscoring the fragility of investor sentiment.

For the first quarter, we recorded an adjusted[1] profit before tax of CHF 1.9 billion. All of our businesses delivered strong results, driven by a CHF 1.4 billion increase in revenues, mostly in trading income, and a CHF 1.7 billion reduction in operating expenses, almost entirely due to lower litigation expenses. We attracted significant net new money inflows across the Group, with combined inflows in our wealth management businesses reaching almost CHF 24 billion. The results underline our employees' relentless focus, even in the midst of significant change, as well as the continued loyalty of our clients. We would like to thank both our clients and our employees for their strong commitment to UBS.

Our industry-leading capital position continued to be a unique competitive advantage for the bank. At the end of the first quarter, our fully applied BIS Basel III common equity tier 1 ratio[2] was 10.1%, surpassing the Swiss SRB Basel III common equity tier 1 ratio minimum for systemically relevant banks six years ahead of schedule. Our phase-in BIS Basel III common equity tier 1 ratio remained unchanged at 15.3%. At the same time, we reduced our balance sheet by a further CHF 46 billion. Overall, risk-weighted assets (RWA) were stable. We deployed more resources in the Investment Bank on the back of stronger client activity, resulting in a moderate RWA increase that was offset by the progress we made reducing risk-weighted assets within Corporate Center – Non-core and Legacy Portfolio. Our liquidity and funding positions remain strong and are comfortably above the minimum requirements of our regulator.

Looking at our businesses in more detail, **Wealth Management** recorded the highest quarterly inflows of net new money since 2007, and the highest quarterly profit since 2009. On an adjusted basis[1], profit before tax in Wealth Management was CHF 690 million driven by a 10% increase in income reflecting an improvement in trading activity globally, predominantly in Asia Pacific. Net new money inflows reached CHF 15.0 billion with growth in all regions and several large inflows benefiting our performance. Net new money growth in Asia Pacific and the emerging markets and from ultra-high net worth clients globally accelerated. In Europe, net inflows into our onshore businesses more than outweighed outflows from offshore businesses. The business division's net new money growth rate increased to 7.3%, significantly above the target range. Gross margins rose by 6 basis points to 91 basis points. Although this remains outside our gross margin target range, our performance at the beginning of the quarter underlines the relevance of this target range, which we continue to view as appropriate on a multi-year rather than multi-quarter basis. Expenses declined mostly on seasonally lower general and administrative costs. Together with the increase in income, this led to an adjusted[1] cost/income ratio well within the target for Wealth Management.

Wealth Management Americas continued to build momentum. The business achieved a new record with an adjusted[1] profit before tax of USD 262 million, and once again attracted excellent net new money inflows. Net new money inflows increased to USD 9.2 billion driven by new recruits and collaboration efforts with our Global Family Office unit. Experienced advisor attrition rates remained at historically low levels. Operating income decreased slightly as higher transaction-based income and lower credit-loss expenses were offset by reduced mutual fund and annuity fee income and lower realized gains from the available-for-sale portfolio. However, the result benefited from a decrease in operating expenses due to lower litigation costs. The business continued to perform well against its gross margin, cost/income and net new money growth targets.

Our **Retail & Corporate** business recorded another resilient performance. On an adjusted basis[1], profit before tax remained stable at CHF 362 million despite continued interest rate margin pressure. Revenues were down as lower net interest income and net fee and commission income were only partly offset by lower credit loss expenses. The business recorded strong net new business volume growth of 4.7%, above its target range and a further sign that we are growing our market share in Switzerland. We recorded strong inflows from both retail and corporate clients. The business's cost/income ratio rose slightly above its target range, but it remained within the range for its net interest margin.

Global Asset Management continued to deliver for its clients, with a solid adjusted[1] profit before tax of CHF 160 million and good cost control. On a reported basis, profit before tax was CHF 190 million, which included a gain on the disposal of the Canadian domestic business. Excluding this gain, net management fees were slightly lower while performance fees were

UBS

higher reflecting increases in traditional investments, notably equities. The business remains focused on growing long-term assets and attracted net new money inflows of over CHF 5 billion in the quarter, excluding money market flows. We were pleased to see our wealth management clients contributing to these inflows during the quarter. Money market flows are by nature short-term and volatile, and the net outflows we saw during the quarter were in line with industry trends. Despite the business remaining outside its net new money target range, the aggregate flows we saw in the quarter will be accretive to future earnings. The business's gross margin and cost/income ratio both remained within target ranges.

The **Investment Bank** reported a particularly strong quarter. The business delivered a profit before tax of CHF 977 million while deploying significantly fewer risk-weighted assets than a year ago and remained below its CHF 70 billion risk-weighted asset target. The business also achieved a return on attributed equity of almost 50%. While conditions at the start of the year traditionally benefit the industry, the result shows clearly that our Investment Bank's focused business model works. Revenues were up significantly across many businesses. The result underlines the market share gains we made in a number of our core businesses in 2012, with industry surveys highlighting our success in our leading equities and our foreign exchange businesses. We saw a particularly strong performance in equity capital markets, higher growth in our equities business, particularly in derivatives, and a strong performance in our foreign exchange business. Our rates and credit businesses prudently allocated resources to client flow business and delivered a very good result. Costs overall rose on improved performance, but good operating expense management drove the business's adjusted[1] cost/income ratio to well within its target range.

Corporate Center – Core Functions recorded an adjusted[1] loss before tax of CHF 398 million compared with a loss before tax of CHF 1,472 million in the prior quarter, primarily reflecting reduced litigation charges. In **Non-core and Legacy Portfolio,** we recorded an adjusted[1] loss before tax of CHF 84 million compared with an adjusted loss before tax of CHF 765 million in the prior quarter. In the quarter, we recorded a higher gain from the revaluation of our option to acquire the SNB StabFund's equity and increased revenues from our Non-core portfolio together with decreased litigation expenses. We also made steady progress reducing risk-weighted assets by CHF 8 billion and balance sheet assets by CHF 46 billion, both at minimal cost.

Maintaining strict cost discipline and a focus on effectiveness are prerequisites for our future success. In the first quarter, we continued to streamline front-to-back processes and our organizational structure leading to operational improvements and the headcount reductions for which we planned. We remain committed to reducing costs in a disciplined and focused manner over the short- to medium term as well as fundamentally transforming our operating model to leverage long-term effectiveness and efficiency gains.

During the quarter, the firm continued to support the arts through culturally enriching programs for our clients, employees and the public. There were two notable events in this regard in the first quarter. In February, the firm supported the inaugural exhibition in New York of the Guggenheim UBS MAP project which showcases art from emerging market regions. The program is an ideal fit as it reflects the firm's and our clients' interests in the art world as well as our established and growing businesses in emerging markets. We are also sponsoring a major exhibition in Switzerland featuring the well-known terracotta army of Qin, the first Chinese emperor. The exhibition will run until November and provides a fascinating glimpse into China's rich history.

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.

Yours sincerely,

Axel A. Weber Chairman of the Board of Directors	Sergio P. Ermotti Group Chief Executive Officer

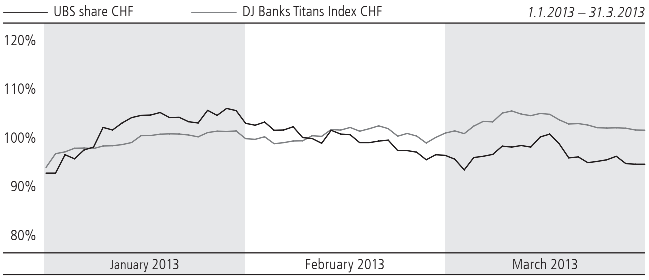
1 Unless otherwise indicated, "adjusted" figures exclude each of the following items, to the extent applicable, on a Group and business division level: own credit loss on financial liabilities designated at fair value for the Group of CHF 181 million in 1Q13 (CHF 414 million loss in 4Q12), net restructuring charges of CHF 246 million for the Group in 1Q13 (net charge of CHF 258 million in 4Q12), a gain of CHF 34 million on the disposal of Global Asset Management's Canadian domestic business, a gain on the sale of the remaining proprietary trading 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 net loss of CHF 92 million related to the buyback of debt in a public tender offer for the Group, 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.

UBS

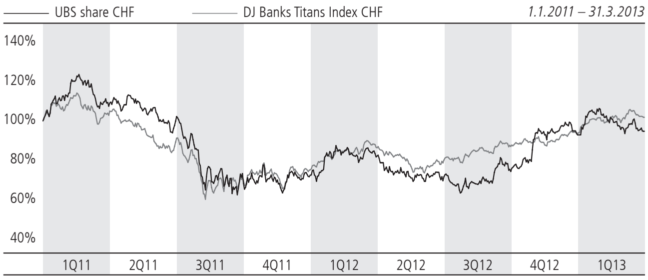
Our key figures for the first quarter of 2013

UBS share performance

First quarter 2013



Since 2011



Group results

	For the quarter ended		
CHF million, except where indicated	**31.3.13**	31.12.12	31.3.12
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

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.

Key performance indicators[1], balance sheet and capital management, and additional information

	For the quarter ended		
	31.3.13	31.12.12	31.3.12
Performance			
Return on equity (RoE) (%)	**8.5**	(5.1)	8.5
Return on tangible equity (%)[2]	**10.1**	1.6	10.8
Return on risk-weighted assets, gross (%)[3]	**11.9**	12.0	11.5
Return on assets, gross (%)	**2.5**	1.9	1.9
Growth			
Net profit growth (%)[4]	**N/A**	N/A	220.4
Net new money growth (%)[5]	**3.7**	1.2	0.6
Efficiency			
Cost / income ratio (%)	**81.2**	129.1	76.4

	As of		
CHF million, except where indicated	**31.3.13**	31.12.12	31.3.12
Capital strength			
BIS Basel III common equity tier 1 capital ratio (%, phase-in)[6]	**15.3**	15.3	
BIS Basel III common equity tier 1 capital ratio (%, fully applied)[6]	**10.1**	9.8	
Swiss SRB leverage ratio (%)[6, 7]	**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)[6]	**40,235**	40,032	
BIS Basel III common equity tier 1 capital (fully applied)[6]	**26,176**	25,182	
BIS Basel III risk-weighted assets (phase-in)[6]	**262,454**	261,800	
BIS Basel III risk-weighted assets (fully applied)[6]	**258,701**	258,113	
BIS Basel III total capital ratio (%) (phase-in)[6]	**18.9**	18.9	
BIS Basel III total capital ratio (%) (fully applied)[6]	**11.8**	11.4	

1 For the definitions of our key performance indicators, refer to the "Measurement of performance" section of our Annual Report 2012. 2 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. 3 Based on BIS Basel III risk-weighted assets (phase-in) for 2013. Based on Basel 2.5 for 2012. 4 Not meaningful and not included if either the reporting period or the comparison period is a loss period. 5 Group net new money includes net new money for Retail & Corporate and excludes interest and dividend income. 6 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. 7 Formerly referred to as FINMA Basel III leverage ratio. SRB: systemically relevant banks.

Additional information (continued)

	As of		
CHF million, except where indicated	**31.3.13**	31.12.12	31.3.12
Invested assets (CHF billion)[1]	**2,373**	2,230	2,115
Personnel (full-time equivalents)	**61,782**	62,628	64,243
Market capitalization[2]	**55,827**	54,729	48,488

1 Group-invested assets includes invested assets for Retail & Corporate. 2 Refer to the appendix "UBS shares" of the first quarter 2013 report for more information.

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)	

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.