Fourth Quarter 2013

4 February 2014

Dear Shareholders,

For the fourth quarter of 2013, we reported a net profit attributable to shareholders of CHF 917 million and diluted earnings per share of CHF 0.24. We recorded an adjusted[1] Group profit before tax of CHF 755 million as well as net new money of CHF 10.2 billion into our wealth management businesses which was 48% higher than in the prior quarter. We remain the best-capitalized bank in our peer group and our fully applied Basel III common equity tier 1 (CET1) ratio increased 90 basis points to 12.8%. This solid performance, delivered amid the continuation of market volatility and lower client activity towards the end of the quarter, concluded a year of strong execution.

In 2013, we continued to deliver on our strategic objectives and demonstrated that our business model has the flexibility to deliver in a variety of market conditions. We finished the year ahead of the majority of our performance targets thanks to the contribution of our employees, who are meeting the continued challenges affecting our industry with energy, determination and commitment. Our progress was recognized by various industry awards across all our businesses. Most importantly, our success was recognized by our clients, who again entrusted us with more of their assets and business than in the prior year. Over the year, our wealth management businesses recorded net new money of CHF 54 billion, an increase of CHF 7 billion. Full year adjusted[2] profit before tax increased 44%.

As a result of our improved profitability and our success in increasing our already best-in-class capital ratios every quarter, we will propose a 67% increase in our dividend to CHF 0.25 per share for the financial year 2013. This is consistent with our commitment of progressive capital returns to our shareholders. We also remain committed to paying out at least 50% of profits after achieving our fully applied Basel III CET1 target ratio of 13%.

Last year we announced significant changes to our compensation framework for the financial year 2012. These changes increased the focus on long-term performance by reinforcing a culture of accountability aligned to our goal of creating sustainable attractive returns to shareholders. An important objective of our framework is to retain and attract the best talent in the industry. In response to feedback from shareholders and the competitive environment, we made some refinements to our compensation framework for the financial year 2013. Most notably we raised the threshold for compensation deferral and introduced a range of deferral rates as opposed to the previously flat rate. For the Group Executive Board (GEB), among other changes, we increased the Basel III CET1 ratio trigger that leads to the forfeiture of DCCP awards from 7% to 10%. Our 2012 performance award pool was significantly affected by the LIBOR issue, negatively impacting awards in the Investment Bank, some areas of the Corporate Center and the GEB. In 2013, we finished a transformational year ahead of the majority of our strategic and financial targets. We normalized performance award levels in areas impacted negatively last year and reduced gaps to market pay in light of our absolute and relative achievements. This leads to a 28% rise in the overall performance award pool for 2013. For shareholders, however, the cost of performance awards remains flat year on year on an accounting basis (IFRS).

During the fourth quarter of 2013 and January of 2014, UBS and the Swiss Financial Market Supervisory Authority (FINMA) reviewed the temporary operational risk-related RWA (risk-weighted assets) add-on that became effective on 1 October 2013. UBS and FINMA have mutually agreed that, effective on 31 December 2013, a supplemental analysis will be used to calculate the incremental operational risk capital required to be held for litigation, regulatory and similar matters and other contingent liabilities. The incremental RWA calculated based upon this supplemental analysis has replaced the temporary operational RWA add-on discussed in our report for the third quarter of 2013, and is reflected in the 31 December 2013 RWA and capital ratio information in our report for the fourth quarter of 2013. The incremental RWA calculated based upon this supplemental analysis as of 31 December 2013 was CHF 22.5 billion, approximately CHF 5 billion less than the incremental RWA determined as of 1 October 2013 under the previously disclosed 50% operational risk add-on. Future developments in and the ultimate elimination of the incremental RWA attributable to the supplemental analysis will depend on provisions charged to earnings for litigation, regulatory and similar matters and other contingent liabilities and on developments in these matters.

In the fourth quarter, our industry-leading fully applied Basel III CET1 ratio increased to 12.8%. This was 300 basis points higher than at the end of 2012 and 90 basis points better than at the end of the prior quarter. We achieved the fourth quarter result through a combination of credit risk and market risk RWA reductions, the exercise of our option to acquire the SNB StabFund's equity and retained earnings. At the end of the year, we had surpassed our fully applied RWA reduction target for 2013. RWA were CHF 33 billion lower than a year earlier, despite the effect of the supplemental operational risk capital analysis. This was achieved by further active reduction of RWA, predominantly through the disposal of positions in our Non-core and Legacy Portfolio. We also continued to successfully deleverage our balance sheet, reducing total assets by CHF 39 billion during the quarter. We continue to target a Group return on equity of

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greater than 15% in 2015. However, given the elevated operational risk RWA, we may not achieve this until at least 2016.

Our **Wealth Management** business recorded an adjusted[1] profit before tax of CHF 512 million as higher net fees and commissions contributed to higher operating income although this was more than offset by increased operating expenses. The gross margin on invested assets was stable, as the average asset base and income both grew, but below target at 85 basis points. Client activity was muted in the latter half of the quarter, partly reflecting the slowdown associated with the holiday season. An increase in the invested asset base and the business's pricing initiatives were the main drivers for increased recurring income, which was at its highest level since 2010. Net new money was CHF 5.8 billion, with the business recording its highest net new money growth of any fourth quarter since 2007.

Another strong quarterly profit concluded a record year for **Wealth Management Americas.** An adjusted[1] pre-tax profit of USD 283 million in the quarter meant the business achieved its ambitious goal of an annual profit of USD 1 billion[3] on an adjusted basis. Higher recurring income and transaction-based fees led to an overall increase in revenues. Operating expenses reflected higher financial advisor compensation and restructuring charges. Client confidence in the business was demonstrated by net new money that increased to USD 4.9 billion, primarily from experienced financial advisors. The business maintained both its adjusted[1] cost/income ratio and its gross margin on invested assets within target ranges.

Our **Retail & Corporate** business recorded an adjusted[1] profit before tax of CHF 344 million. Quarterly adjusted[1] profit before tax, after excluding provisions for litigation, regulatory and similar matters, was the second-highest since the fourth quarter of 2011. Lower operating income predominantly reflected higher credit loss expenses. Operating expenses were higher, mainly due to higher charges for provisions for litigation, regulatory and similar matters. Adjusted[1] for restructuring charges, the cost/income ratio increased to 62.0% from 56.6% and was above our target range. The business's net interest margin increased, reflecting higher net interest income. Inflows from corporate clients contributed to an increase in annualized net new business volume growth to 3.8% in the fourth quarter. The net interest margin and net new business volume growth were both on target.

Global Asset Management delivered higher adjusted[1] profit before tax of CHF 143 million. Performance fees increased significantly in A&Q multi-manager and O'Connor single-manager hedge funds, and also increased in traditional investments and global real estate. Excluding money market flows, net new money outflows were CHF 4.6 billion. Adjusted[1] for restructuring charges, the business's cost/income ratio improved to 70.3% but remained slightly above its target range. The gross margin on invested assets moved back within target range as it increased to 33 basis points.

The **Investment Bank** achieved an adjusted[1] profit before tax of CHF 386 million. Advisory and equity capital markets revenues improved significantly while our equities business posted its best fourth quarter performance since 2010. Annual UK bank levy charges and higher professional fees more than offset lower personnel costs that were largely due to lower variable compensation expenses. At CHF 62 billion, fully applied RWA remained consistent with our target of less than CHF 70 billion, despite the effect of the supplemental operational risk capital analysis mutually agreed to by UBS and FINMA. The adjusted[1] cost/income ratio improved to 79.2%, well within the target range. The business achieved an improved adjusted[1] return on attributed equity of 19.8%, again ahead of our greater than 15% target.

Corporate Center – Core Functions recorded a loss before tax of CHF 565 million, mainly due to negative treasury income as well as a loss on own credit. Total operating expenses remaining after allocations to the business divisions and Non-core and Legacy Portfolio decreased to CHF 200 million, reflecting lower charges for provisions for litigation, regulatory and similar matters. The loss before tax in **Corporate Center – Non-core and Legacy Portfolio** improved to CHF 446 million, mainly due to lower charges for provisions for litigation, regulatory and similar matters. We continued to make progress in reducing balance sheet assets, which declined by CHF 45 billion. Fully applied RWA decreased by CHF 5 billion to CHF 64 billion at the end of the quarter.

We would like to thank our clients and employees alike for mobilizing globally to contribute to Typhoon Haiyan relief efforts in the Philippines. At the end of the year, the funds we helped to raise in response to the disaster amounted to CHF 3 million. This included client donations of around CHF 1 million to the UBS Optimus Foundation and over CHF 400,000 of UBS employee donations to both the Red Cross and the UBS Optimus Foundation. Our firm matched client and employee donations on a 1:1 basis.

Our Global Philanthropy Forum, held in November, looked at how improving women's rights and opportunities is both the right thing to do and makes sound economic sense. The UBS forum attracted influential speakers and was well received by clients and charitable organizations. Together, we discussed practical contributions that can be made to combating inequality and prejudice faced by women around the world.

Outlook – At the start of the first quarter of 2014, many of the underlying challenges and geopolitical issues that we have previously highlighted remain. The continued absence of sustained and credible improvements to unresolved issues in Europe, continuing US fiscal and monetary policy issues, emerging markets fragility and the mixed outlook for global growth would make improvements in prevailing market conditions unlikely. This could cause traditional improvements in first quarter activity levels and trading volumes to fail to materialize fully and would generate headwinds for revenue growth, net interest margin and net new money. Despite possible headwinds, we expect that our wealth management businesses will continue to attract net new money, reflecting new and existing clients' steadfast trust in the firm. We will continue to execute on our strategy in order to ensure the firm's long-term success and to deliver sustainable returns for our shareholders.

Yours sincerely,

Axel A. Weber
Chairman of the
Board of Directors

Sergio P. Ermotti
Group Chief Executive Officer

1 Unless otherwise indicated, fourth quarter "adjusted" figures exclude each of the following items, to the extent applicable, on a Group and business division level: own credit loss of CHF 94 million, gains on sales of real estate of CHF 61 million, a net loss of CHF 75 million related to the buyback of debt in a public tender offer and net restructuring charges of CHF 198 million. For the third quarter, items excluded were an own credit loss of CHF 147 million, gains on sales of real estate of CHF 207 million and net restructuring charges of CHF 188 million. 2 Unless otherwise indicated, 2013 "adjusted" figures exclude each of the following items, to the extent applicable, on a Group and business division level: an own credit loss of CHF 283 million, gains on sales of real estate of CHF 288 million, a net loss of CHF 167 million related to the buyback of debt in a public tender offer, net restructuring charges of CHF 772 million, a gain on disposal of Global Asset Management's Canadian domestic business of CHF 34 million and a net gain on sale of remaining proprietary trading business of CHF 31 million. For 2012, the items we excluded were an own credit loss of CHF 2,202 million, gains on sales of real estate of CHF 112 million, net restructuring charges of CHF 371 million, a credit related to changes to the Swiss pension plan of CHF 730 million, a credit related to changes to a retiree benefit plan in the US of CHF 116 million and an impairment of goodwill and other non-financial assets of CHF 3,064 million. 3 Full year adjusted profit before tax of USD 991 million.

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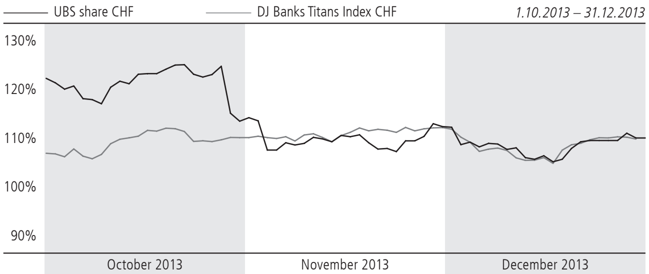
Our key figures for the fourth quarter of 2013

UBS share performance

Fourth quarter 2013



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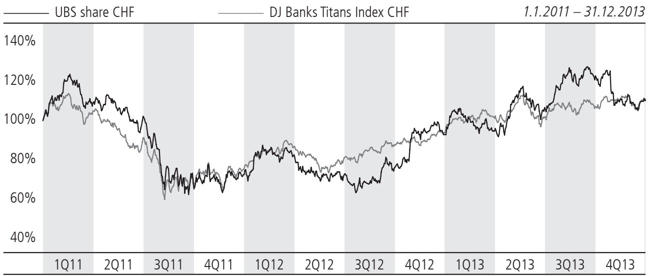

Group results

	For the quarter ended			Year ended	
CHF million, except where indicated	**31.12.13**	30.9.13	31.12.12	31.12.13	31.12.12
Operating income	**6,307**	6,261	6,208	27,732	25,423
Operating expenses	**5,858**	5,906	8,044	24,461	27,216
Operating profit / (loss) before tax	**449**	356	(1,837)	3,272	(1,794)
Net profit / (loss) attributable to UBS shareholders	**917**	577	(1,904)	3,172	(2,480)
Diluted earnings per share (CHF)[1]	**0.24**	0.15	(0.51)	0.83	(0.66)

1 Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the "Financial information" section of the fourth quarter 2013 report for more information.

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

	For the quarter ended			Year ended	
CHF million, except where indicated	**31.12.13**	30.9.13	31.12.12	31.12.13	31.12.12
Performance					
Return on equity (RoE) (%)	**7.7**	4.9	(16.2)	6.7	(5.1)
Return on tangible equity (%)[2]	**9.1**	5.9	(18.6)	8.0	1.6
Return on risk-weighted assets, gross (%)[3]	**11.2**	10.8	12.4	11.4	12.0
Return on assets, gross (%)	**2.5**	2.3	1.9	2.5	1.9
Growth					
Net profit growth (%)[4]	**58.9**	(16.4)	N/A	N/A	N/A
Net new money growth (%)[5]	**0.3**	(0.2)	1.2	1.4	1.6
Efficiency					
Cost / income ratio (%)	**92.7**	94.1	129.1	88.0	106.6

	As of			As of	
CHF million, except where indicated	**31.12.13**	30.9.13	31.12.12	31.12.13	31.12.12
Capital strength					
Common equity tier 1 capital ratio (%, phase-in)[6]	**18.5**	17.5	15.3	18.5	15.3
Common equity tier 1 capital ratio (%, fully applied)[6]	**12.8**	11.9	9.8	12.8	9.8
Swiss SRB leverage ratio (%, phase-in)[7]	**4.7**	4.2	3.6	4.7	3.6
Balance sheet and capital management					
Total assets	**1,009,860**	1,049,101	1,259,797	1,009,860	1,259,797
Equity attributable to UBS shareholders	**48,002**	47,403	45,949	48,002	45,949
Total book value per share (CHF)[8]	**12.74**	12.58	12.26	12.74	12.26
Tangible book value per share (CHF)[8]	**11.07**	10.89	10.54	11.07	10.54
Common equity tier 1 capital (phase-in)[6]	**42,179**	38,963	40,032	42,179	40,032
Common equity tier 1 capital (fully applied)[6]	**28,908**	26,019	25,182	28,908	25,182
Risk-weighted assets (phase-in)[6]	**228,557**	222,306	261,800	228,557	261,800
Risk-weighted assets (fully applied)[6]	**225,153**	218,926	258,113	225,153	258,113
Total capital ratio (%, phase-in)[6]	**22.2**	21.8	18.9	22.2	18.9
Total capital ratio (%, fully applied)[6]	**15.4**	14.3	11.4	15.4	11.4

1 For the definitions of our key performance indicators, refer to the "Measurement of performance" section of the annual report 2012. In the third quarter of 2013, the definitions of certain key performance indicators were amended. Refer to the "Regulatory and legal developments and financial reporting changes" section of the third quarter 2013 report for more information. **2** Net profit / loss attributable to UBS shareholders before amortization and impairment of goodwill and intangible assets (annualized as applicable) / average equity attributable to UBS shareholders less average goodwill and intangible assets. **3** Based on Basel III risk-weighted assets (phase-in) for 2013. Based on Basel 2.5 risk-weighted assets 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** Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). Numbers for 31 December 2012 are on a pro-forma basis. Refer to the "Capital management" section of the fourth quarter 2013 report for more information. **7** Refer to the "Capital management" section of the fourth quarter 2013 report for more information. **8** Refer to the "UBS shares" section of the fourth quarter 2013 report for more information.

Additional information

	As of			As of	
CHF million, except where indicated	**31.12.13**	30.9.13	31.12.12	31.12.13	31.12.12
Invested assets (CHF billion)[1]	**2,390**	2,339	2,230	2,390	2,230
Personnel (full-time equivalents)	**60,205**	60,635	62,628	60,205	62,628
Market capitalization[2]	**65,007**	71,066	54,729	65,007	54,729

1 Group invested assets includes invested assets for Retail & Corporate. **2** Refer to the "UBS shares" section of the fourth 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	**31.12.13**	30.9.13	% change	**31.12.13**	30.9.13	% change	**31.12.13**	30.9.13	% change
Wealth Management	**1,859**	1,837	1	**1,389**	1,282	8	**471**	555	(15)
Wealth Management Americas	**1,669**	1,610	4	**1,439**	1,408	2	**230**	202	14
Retail & Corporate	**931**	958	(3)	**599**	556	8	**332**	402	(17)
Global Asset Management	**482**	447	8	**352**	329	7	**130**	118	10
Investment Bank	**1,861**	1,707	9	**1,563**	1,456	7	**297**	251	18
Corporate Center	**(495)**	(297)	67	**516**	875	(41)	**(1,011)**	(1,172)	(14)
of which: Core Functions	***(365)***	*(197)*	*85*	***200***	*282*	*(29)*	***(565)***	*(479)*	*18*
of which: Non-core and Legacy Portfolio	***(130)***	*(100)*	*30*	***317***	*593*	*(47)*	***(446)***	*(693)*	*(36)*
UBS	**6,307**	6,261	1	**5,858**	5,906	(1)	**449**	356	26

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: (i) the degree to which UBS is successful in executing its announced strategic plans, including its efficiency initiatives and its planned further reduction in Basel III risk-weighted assets (RWA); (ii) 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; (iii) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings, or arising from requirements for bail-in debt or loss-absorbing capital; (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK and other financial centers that may impose more stringent capital and liquidity requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration or other measures; (v) uncertainty as to when and to what degree the Swiss Financial Market Supervisory Authority (FINMA) will approve reductions to the incremental RWA resulting from the supplemental operational risk capital analysis mutually agreed to by UBS and FINMA effective 31 December 2013, or will approve a limited reduction of capital requirements due to measures to reduce resolvability risk; (vi) possible changes to the legal entity structure or booking model of UBS Group in response to enacted, proposed or future legal and regulatory requirements, including capital requirements, the proposal to require non-US banks to establish intermediate holding companies for their US operations, resolvability requirements and the pending Swiss parliamentary proposals and proposals in other countries for mandatory structural reform of banks; (vii) 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; (viii) 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; (ix) 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; (x) 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; (xi) 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; (xii) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xiii) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (xiv) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures; and (xv) 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.