

Media release

UBS reports a third quarter loss of CHF 564 million, impacted by accounting charges of CHF 2,150 million

Excluding these accounting charges, the underlying pre-tax profit was CHF 1,557 million

Third quarter 2009 results

- **Third quarter net loss attributable to UBS shareholders was CHF 564 million (CHF 593 million pre-tax)**
- **After adjusting the pre-tax loss for three substantial accounting charges totaling CHF 2,150 million, the underlying pre-tax profit was CHF 1,557 million, a further improvement compared with the prior quarter**
- **The improvement in underlying Group profitability was driven by better performance in the Investment Bank's fixed income, currencies and commodities business**

Capital and balance sheet

- **Strong capital position: BIS tier 1 capital ratio further improved to 15.0%; FINMA leverage ratio of 3.51% at 30 September 2009**
- **Further reductions of risk exposures and balance sheet: total assets down 8% to CHF 1,476 billion and total risk-weighted assets under Basel II down 15% to CHF 211 billion at quarter-end**

Net new money and invested assets

- **Net new money outflows were CHF 16.7 billion for Wealth Management & Swiss Bank, CHF 9.9 billion for Wealth Management Americas, and CHF 10.0 billion for Global Asset Management**
- **Invested assets were CHF 2,258 billion at quarter-end, up from CHF 2,250 billion on 30 June 2009**

Cost reduction

- **Cost reduction program is on track. Personnel down by 2,783 to 69,023 at 30 September 2009; 2010 headcount target adjusted to 65,000 to reflect divestments announced in 2009**

Outlook

- **Having stabilized the bank's financial condition and resized the business, UBS expects to see further progress in restoring the underlying profitability of the business in future quarters, particularly in 2010. However, this progress will depend on market and other factors.**

Zurich/Basel, 3 November 2009 - Commenting on UBS's third quarter results, Group CEO Oswald J. Grübel said: "In the last two quarters, we have been addressing the bank's most critical problems. Business is steadily returning to normal: We see this in a clear improvement in our financial performance. Management actions are delivering visible results, and we are continuing to emphasize risk reduction and capital strength. Moreover, the settlement of the litigation with US tax authorities and the decision of the Swiss government to exit its investment in UBS are having a profound impact on our efforts to rebuild confidence in our company and on staff morale. Having stabilized the bank's financial condition and resized the business, I expect to see further progress in future quarters, particularly in 2010. However, this progress will depend on market and other factors."

Third quarter accounting charges of CHF 2,150 million

UBS reports a third quarter net loss attributable to UBS shareholders of CHF 564 million (CHF 1,402 million in second quarter), due to three substantial accounting charges.

In third quarter 2009, UBS incurred an own credit charge of CHF 1,436 million for financial liabilities designated at fair value (CHF 1,213 million in second quarter), largely reflecting the tightening of UBS's credit spreads in line with a significant improvement in the market's perception of the bank's creditworthiness. This charge does not impact the Group's regulatory capital.

In relation to the closing of the UBS Pactual sale, UBS recorded a net loss of CHF 409 million. This charge reflected foreign currency translation impacts on the carrying value of UBS Pactual and the impact of the translation of the US dollar-denominated sale consideration into Swiss francs. As a result of the sale of UBS Pactual, UBS's tier 1 capital increased by CHF 0.7 billion and risk-weighted assets decreased by CHF 2.0 billion.

The conversion of the mandatory convertible notes (MCNs) issued to the Swiss Confederation resulted in a loss of CHF 305 million.

Underlying profitability improved

Excluding the above mentioned charges, underlying pre-tax profitability increased to CHF 1,557 million. This was mainly due to better results in the Investment Bank's fixed income, currencies and commodities (FICC) business. The other business divisions contributed positively to the quarter's results, although a decline in pre-tax profits from Wealth Management & Swiss Bank partly offset the improvement seen in the Investment Bank, Wealth Management Americas and Global Asset Management.

Total *operating income* decreased slightly to CHF 5,766 million from CHF 5,770 million. Operating income in third quarter 2009 included the effect of the accounting charges explained above. Net income from trading businesses was positively affected by the improvement in the Investment Bank's FICC business. Net fee and commission income was up slightly as higher portfolio management and advisory fees offset small decreases in other categories. UBS recorded lower credit loss expenses of CHF 226 million in third quarter 2009, compared with CHF 388 million in second quarter 2009.

Total *operating expenses* decreased 10% to CHF 6,359 million from CHF 7,093 million. Excluding the goodwill impairment charge of CHF 492 million in the second quarter related to the sale of UBS Pactual and restructuring charges in the second and third quarter, operating expenses would have been up 6%. This was driven by an increase in personnel expenses, partly reflecting a change in compensation policy, under which a higher proportion of variable compensation is to be paid in cash (and therefore expensed in the performance year 2009) than in share-based awards (which are amortized over the vesting period of the awards). All business divisions were affected by this change, but Wealth Management & Swiss Bank was the most heavily affected.

Outlook

UBS expects to see further progress in future quarters, particularly in 2010. However this progress will depend on market and other factors. UBS anticipates the early part of 2010 to reflect the full impact of 2009's cost reductions. The bank does not expect an immediate recovery in client net new money flows, and the impact of low interest rates on net interest income continues to hold back revenues, especially in Wealth Management & Swiss Bank. UBS expects the Investment Bank's performance to continue to improve into 2010, but fourth quarter results will likely reflect the early stage of its recovery. In addition, based on current conditions, UBS expects another own credit charge in the fourth quarter, as a result of further tightening of its credit spreads.

Business division performance: 3Q09 vs 2Q09

Wealth Management & Swiss Bank results were disappointing as it recorded a pre-tax profit of CHF 792 million, compared with CHF 932 million. The decline occurred despite a decrease in restructuring charges as several items affected third quarter results, including the abovementioned change in compensation policy.

Wealth Management Americas returned to profitability as it recorded a pre-tax profit of CHF 110 million compared with a pre-tax loss of CHF 221 million, mainly due to lower operating expenses.

Global Asset Management experienced stronger performance and pre-tax profit rose to CHF 130 million from CHF 82 million. The increase was primarily due to higher performance fees, mainly in alternative and quantitative investments, and higher management fees.

The *Investment Bank* recorded a pre-tax loss of CHF 1,370 million compared with a pre-tax loss of CHF 1,846 million, reflecting the loss on own credit explained earlier. The FICC business, which saw its first quarter of net positive revenues in nine quarters, showed the progress in risk reduction and the effect of key hires in its credit business. Equities and investment banking recorded lower revenues.

The *Corporate Center* recorded a pre-tax loss from continuing operations of CHF 255 million in third quarter 2009. The loss on the closing of the UBS Pactual sale, attributed to Corporate Center, was partly offset by a CHF 156 million foreign exchange gain recognized in third quarter 2009 following UBS's decision to replace US dollar financing relating to two of its US entities with Swiss franc financing. The MCNs issued in December 2008 and converted in August 2009 contributed a net loss of CHF 305 million, while the revaluation of UBS's option to acquire the SNB StabFund's equity contributed gains of CHF 168 million.

Reporting by business division

| CHF million | Total operating income | | | Total operating expenses | | | Performance before tax from continuing operations | | |
|--------------------------------|------------------------|---------|----------|--------------------------|---------|----------|---|---------|----------|
| | 30.9.09 | 30.6.09 | % change | 30.9.09 | 30.6.09 | % change | 30.9.09 | 30.6.09 | % change |
| For the quarter ended | 30.9.09 | 30.6.09 | % change | 30.9.09 | 30.6.09 | % change | 30.9.09 | 30.6.09 | % change |
| Wealth Management & Swiss Bank | 2,814 | 2,914 | (3) | 2,023 | 1,983 | 2 | 792 | 932 | (15) |
| Wealth Management Americas | 1,378 | 1,368 | 1 | 1,268 | 1,589 | (20) | 110 | (221) | |
| Global Asset Management | 567 | 530 | 7 | 437 | 448 | (2) | 130 | 82 | 59 |
| Investment Bank | 1,167 | 532 | 119 | 2,537 | 2,378 | 7 | (1,370) | (1,846) | 26 |
| Corporate Center | (160) | 425 | | 95 | 695 | (86) | (255) | (270) | 6 |
| UBS | 5,766 | 5,770 | 0 | 6,359 | 7,093 | (10) | (593) | (1,323) | 55 |

Net new money and invested assets

Wealth Management & Swiss Bank – Outflows of net new money were stable in the third quarter at CHF 16.7 billion compared with CHF 16.5 billion in second quarter. Total net new money outflows from Swiss clients increased to CHF 3.9 billion from CHF 0.2 billion. Net new money outflows for international clients slowed to CHF 12.9 billion from CHF 16.3 billion.

Wealth Management Americas – The third quarter saw net new money outflows of CHF 9.9 billion, compared with net new money outflows of CHF 5.8 billion in second quarter 2009.

Global Asset Management – Net new money outflows were CHF 10.0 billion compared with CHF 17.1 billion. Institutional net new money outflows slowed to CHF 1.2 billion from CHF 6.6 billion and wholesale intermediary net new money outflows slowed to CHF 8.8 billion from CHF 10.6 billion. The business saw its first net new money inflows from third-party clients since fourth quarter 2006 following good investment performance.

Invested assets stood at CHF 2,258 billion on 30 September 2009, compared with CHF 2,250 billion on 30 June 2009. CHF 982 billion of these assets were attributable to Wealth Management & Swiss Bank, CHF 694 billion were attributable to Wealth Management Americas and CHF 583 billion were attributable to Global Asset Management.

Capital base and balance sheet

On 30 September 2009, UBS's BIS tier 1 ratio stood at 15.0%, up from 13.2% on 30 June 2009. During the third quarter, risk-weighted assets (RWA) decreased 15% to CHF 210.8 billion, and BIS tier 1 capital decreased by CHF 1.0 billion to CHF 31.6 billion. These numbers include the CHF 1.4 billion impact on equity in the third quarter of the MCNs coupon consideration paid by UBS in connection with the conversion of the MCN converted in August 2009, as well as the effect of the closing of the UBS Pactual sale in the third quarter.

UBS reduced its balance sheet by a further CHF 124 billion during the third quarter and held total assets of CHF 1,476 billion on 30 September 2009.

UBS key figures

| CHF million, except where indicated | As of or for the quarter ended | | | % change from | | Year-to-date | |
|---|--------------------------------|-----------|---------|---------------|------|--------------|----------|
| | 30.9.09 | 30.6.09 | 30.9.08 | 2Q09 | 3Q08 | 30.9.09 | 30.9.08 |
| Group results | | | | | | | |
| Operating income | 5,766 | 5,770 | 5,543 | 0 | 4 | 16,506 | 5,493 |
| Operating expenses | 6,359 | 7,093 | 6,036 | (10) | 5 | 19,980 | 21,993 |
| Operating profit before tax (from continuing and discontinued operations) | (593) | (1,316) | (493) | 55 | (20) | (3,456) | (16,321) |
| Net profit attributable to UBS shareholders | (564) | (1,402) | 283 | 60 | | (3,941) | (11,729) |
| Diluted earnings per share (CHF) ¹ | (0.15) | (0.39) | 0.09 | 62 | | (1.09) | (4.42) |
| Balance sheet and capital management | | | | | | | |
| Total assets | 1,476,053 | 1,599,873 | | (8) | | | |
| Equity attributable to UBS shareholders | 39,536 | 33,545 | | 18 | | | |
| BIS total ratio (%) ² | 19.4 | 17.7 | | | | | |
| BIS risk-weighted assets ² | 210,763 | 247,976 | | (15) | | | |
| BIS tier 1 capital ² | 31,583 | 32,640 | | (3) | | | |
| Key performance indicators ³ | | | | | | | |
| Performance | | | | | | | |
| Return on equity (RoE) (%) | | | | | | (15.6) | (44.4) |
| Return on risk-weighted assets, gross (%) | | | | | | 9.3 | 2.5 |
| Return on assets, gross (%) | | | | | | 1.4 | 0.4 |
| Growth | | | | | | | |
| Net profit growth (%) ⁴ | N/A | N/A | N/A | | | N/A | N/A |
| Net new money (CHF billion) ⁵ | (36.7) | (39.5) | (83.6) | | | (91.1) | (140.2) |
| Efficiency | | | | | | | |
| Cost / income ratio (%) | 106.1 | 115.2 | 102.3 | | | 109.4 | 355.9 |
| Capital strength | | | | | | | |
| BIS tier 1 ratio (%) ² | 15.0 | 13.2 | | | | | |
| FINMA leverage ratio (%) ² | 3.51 | 3.46 | | | | | |
| Additional information | | | | | | | |
| Invested assets (CHF billion) | 2,258 | 2,250 | 2,640 | 0 | (14) | | |
| Personnel (full-time equivalents) | 69,023 | 71,806 | 79,565 | (4) | (13) | | |
| Market capitalization ⁶ | 67,497 | 42,872 | 54,135 | 57 | 25 | | |
| Long-term ratings | | | | | | | |
| Fitch, London | A+ | A+ | AA- | | | | |
| Moody's, New York ⁷ | Aa2 | Aa2 | Aa2 | | | | |
| Standard & Poor's, New York | A+ | A+ | AA- | | | | |

¹ Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the financial statements of the third quarter 2009 report. ² Refer to the "Capital management" section of the third quarter 2009 report. ³ For the definitions of UBS's key performance indicators refer to the "Key performance indicators" section on page 11 of UBS's first quarter 2009 report. ⁴ Not meaningful if either the current period or the comparison period is a loss period. ⁵ Excludes interest and dividend income. ⁶ Refer to the "UBS registered shares" section of the third quarter 2009 report. ⁷ On 15 June 2009 Moody's has placed the senior long-term debt and deposit ratings of UBS AG and affiliates on review for possible downgrade.

UBS key figures (USD)

| | |
|---|--------------------------------|
| USD-convenience translation (spot rate of CHF/USD as of 30.9.09): | 1.04 |
| | As of or for the quarter ended |
| <i>USD million, except where indicated</i> | 30.9.09 |
| Group results | |
| Operating income | 5,544 |
| Operating expenses | 6,114 |
| Operating profit before tax (from continuing and discontinued operations) | (570) |
| Net profit attributable to UBS shareholders | (542) |
| Diluted earnings per share (USD) ¹ | (0.14) |
| Balance sheet and capital management | |
| Total assets | 1,419,282 |
| Equity attributable to UBS shareholders | 38,015 |
| BIS total ratio (%) ² | 19.4 |
| BIS risk-weighted assets ² | 202,657 |
| Key performance indicators ³ | |
| Performance | |
| Return on equity (RoE) (%) ⁴ | (15.6) |
| Return on risk-weighted assets (%) ⁴ | 9.3 |
| Return on assets (%) ⁴ | 1.4 |
| Growth | |
| Net profit growth (%) ⁵ | N/A |
| Net new money (USD billion) ⁶ | (35.3) |
| Efficiency | |
| Cost / income ratio (%) | 106.1 |
| Capital strength | |
| Tier 1 ratio (%) ² | 15.0 |
| FINMA leverage ratio (%) ² | 3.51 |
| Additional information | |
| Invested assets (USD billion) | 2,171 |
| Personnel (full-time equivalents) | 69,023 |
| Market capitalization ⁷ | 64,901 |

¹ Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the financial statements of the third quarter 2009 report. ² Refer to the "Capital management" section of the third quarter 2009 report. ³ For the definitions of UBS's key performance indicators refer to the "Key performance indicators" section on page 11 of UBS's first quarter 2009 report. ⁴ The calculation is based on year-to-date figures. ⁵ Not meaningful if either the current period or the comparison period is a loss period. ⁶ Excludes interest and dividend income. ⁷ Refer to the "UBS registered shares" section of the third quarter 2009 report.

Income statement

| | For the quarter ended | | | % change from | | Year-to-date | |
|--|-----------------------|---------|----------|---------------|-------|--------------|----------|
| <i>CHF million, except per share data</i> | 30.9.09 | 30.6.09 | 30.9.08 | 2Q09 | 3Q08 | 30.9.09 | 30.9.08 |
| Continuing operations | | | | | | | |
| Interest income | 5,100 | 6,035 | 16,393 | (15) | (69) | 18,780 | 54,146 |
| Interest expense | (3,445) | (4,892) | (14,971) | (30) | (77) | (14,084) | (49,809) |
| Net interest income | 1,654 | 1,143 | 1,422 | 45 | 16 | 4,696 | 4,337 |
| Credit loss (expense) / recovery | (226) | (388) | (357) | (42) | (37) | (1,749) | (686) |
| Net interest income after credit loss expense | 1,428 | 755 | 1,065 | 89 | 34 | 2,947 | 3,651 |
| Net fee and commission income | 4,530 | 4,502 | 5,709 | 1 | (21) | 13,274 | 18,145 |
| Net trading income | 148 | 220 | (1,513) | (33) | | (262) | (16,689) |
| Other income | (340) | 292 | 283 | | | 547 | 386 |
| Total operating income | 5,766 | 5,770 | 5,543 | 0 | 4 | 16,506 | 5,493 |
| Personnel expenses | 4,678 | 4,578 | 3,997 | 2 | 17 | 13,220 | 13,884 |
| General and administrative expenses | 1,367 | 1,699 | 1,702 | (20) | (20) | 4,702 | 6,775 |
| Depreciation of property and equipment | 231 | 284 | 288 | (19) | (20) | 768 | 846 |
| Impairment of goodwill | 0 | 492 | 0 | (100) | | 1,123 | 341 |
| Amortization of intangible assets | 84 | 39 | 50 | 115 | 68 | 168 | 148 |
| Total operating expenses | 6,359 | 7,093 | 6,036 | (10) | 5 | 19,980 | 21,993 |
| Operating profit from continuing operations before tax | (593) | (1,323) | (493) | 55 | (20) | (3,474) | (16,500) |
| Tax expense | (49) | (208) | (913) | 76 | 95 | 37 | (5,039) |
| Net profit from continuing operations | (544) | (1,115) | 420 | 51 | | (3,511) | (11,462) |
| Discontinued operations | | | | | | | |
| Profit from discontinued operations before tax | 0 | 7 | 0 | (100) | | 17 | 179 |
| Tax expense | 0 | 0 | 0 | | | 0 | 1 |
| Net profit from discontinued operations | 0 | 7 | 0 | (100) | | 17 | 178 |
| Net profit | (544) | (1,108) | 420 | 51 | | (3,493) | (11,283) |
| Net profit attributable to minority interests | 21 | 294 | 137 | (93) | (85) | 448 | 445 |
| from continuing operations | 21 | 290 | 136 | (93) | (85) | 439 | 398 |
| from discontinued operations | 0 | 4 | 1 | (100) | (100) | 9 | 48 |
| Net profit attributable to UBS shareholders | (564) | (1,402) | 283 | 60 | | (3,941) | (11,729) |
| from continuing operations | (564) | (1,405) | 284 | 60 | | (3,949) | (11,859) |
| from discontinued operations | 0 | 3 | (1) | (100) | 100 | 8 | 131 |
| Earnings per share (CHF) | | | | | | | |
| Basic earnings per share | (0.15) | (0.39) | 0.09 | 62 | | (1.09) | (4.41) |
| from continuing operations | (0.15) | (0.40) | 0.09 | 63 | | (1.09) | (4.46) |
| from discontinued operations | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.05 |
| Diluted earnings per share | (0.15) | (0.39) | 0.09 | 62 | | (1.09) | (4.42) |
| from continuing operations | (0.15) | (0.40) | 0.09 | 63 | | (1.09) | (4.47) |
| from discontinued operations | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.05 |

Media release available at www.ubs.com/media

Further information on UBS's quarterly results is available at www.ubs.com/investors:

- Third quarter 2009 financial report
- Third quarter 2009 results slide presentation
- Letter to shareholders (English, German, French and Italian)

Webcast: The results presentation, with John Cryan, Group Chief Financial Officer and Philip Higson, Global Head of Investor Relations, will be webcast live on www.ubs.com/investors at the following times on 3 November 2009:

- 0900 CET
- 0800 GMT
- 0300 US EST

Webcast playback will be available from 1400 CET on 3 November 2009.

Cautionary Statement Regarding Forward-Looking Statements

This release 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) future developments in the markets in which UBS operates or to which it is exposed, including movements in securities markets, credit spreads, currency exchange rates and interest rates; (2) the effect of the current economic environment or other developments on the financial position or creditworthiness of UBS's customers and counterparties; (3) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings; (4) the outcome and possible consequences of pending or future actions or inquiries concerning UBS's cross-border banking business by tax or regulatory authorities in various jurisdictions; (5) the degree to which UBS is successful in effecting organizational changes and implementing strategic plans, and whether those changes and plans will have the effects intended; (6) UBS's ability to retain and attract the employees that are necessary to generate revenues and to manage, support and control its businesses; (7) political, governmental and regulatory developments, including the effect of more stringent capital requirements and the possible imposition of additional legal or regulatory constraints on UBS's activities; (8) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other matters; (9) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (10) changes in the size, capabilities and effectiveness of UBS's competitors; (11) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures, either within UBS or within a counterparty; and (12) technological developments. In addition, actual results could depend on other factors that we have previously indicated could adversely affect our business and financial performance which are contained 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 restated Annual Report on Form 20-F / A for the year ended 31 December 2008. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Rounding

Numbers presented throughout this release 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.