UBS

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News Release

UBS first quarter adjusted pre-tax profit[1] CHF 2.2 billion with improved profits in all business divisions; reported pre-tax profit CHF 1.3 billion; wealth management businesses' net new money CHF 10.9 billion; industry-leading Basel 2.5 tier 1 ratio strengthened further to 18.7%; annualized Q1 2012 costs[2] down by CHF 1 billion; adjusted RoE approximately 13%

UBS continued to successfully execute its strategy, improving performance in all its businesses to deliver adjusted pre-tax profit[1] of CHF 2.2 billion. Wealth Management recorded a 24% rise in adjusted pre-tax profit[3] on improved margins and continued cost control, and Wealth Management Americas delivered a record quarterly reported pre-tax profit of USD 209 million, up 34% on the prior quarter. Net new money inflows in the wealth management businesses more than doubled to CHF 10.9 billion. The Investment Bank successfully balanced revenue generation, risk reduction and cost efficiency, to achieve an adjusted pre-tax profit[4] of CHF 846 million.

Strengthening its leading capital position further, reducing risk-weighted assets while remaining vigilant on costs, UBS continued to execute its strategy. The firm built its leading capital ratios significantly, reduced Basel III risk-weighted assets[5] (RWA) by around CHF 30 billion and raised USD 2 billion in new Basel III-compliant loss-absorbing capital. UBS is ahead of its RWA reduction targets for 2012. The firm is on track to achieve its target of CHF 2 billion of cost savings by the end of 2013.

- **Pre-tax profit** CHF 1,304 million, up CHF 823 million; net profit attributable to UBS shareholders CHF 827 million; diluted earnings per share CHF 0.22
- **Group operating income** CHF 6.5 billion; adjusted operating income[6] up 26%
- **Group adjusted cost/income ratio**[1] improved to 72% from 88%; reported cost/income ratio improved to 80% from 92%; adjusted return on equity approximately 13%
- **Group annualized costs** for first quarter of 2012 down by CHF 1 billion compared with annualized costs for the first half of 2011
- **Wealth Management** pre-tax profit up 70% to CHF 803 million, including a CHF 237 million pension credit; net new money more than doubled to CHF 6.7 billion on strong inflows in Asia Pacific, emerging markets and Switzerland, as well as globally from ultra high net worth clients; gross margin up 2 basis points to 93 basis points
- **Wealth Management Americas** record pre-tax profit up 34% to USD 209 million; cost/income ratio improved further to 87%; net new money more than doubled to USD 4.6 billion
- **Investment Bank** adjusted pre-tax profit[4] increased to CHF 846 million, reflecting higher revenues across all business areas, amidst improved market conditions, trading efficiency and cost vigilance; Basel III RWA[5] reduced by an estimated CHF 21 billion to around CHF 191 billion; securities revenues[7]/IB VaR ratio up 58% to 76
- **Global Asset Management** pre-tax profit up 32% to CHF 156 million, mainly due to significantly higher performance fees, especially in alternative and quantitative investments

- **Retail & Corporate** pre-tax profit up 40% to CHF 575 million, including a CHF 190 million credit from pension plan changes; continued growth in client deposits as key initiatives yielded over 24,000 new private client accounts and CHF 1.6 billion in net new client assets; cost base well under control
- **Capital, liquidity and funding positions remain strong:**
  – **Basel 2.5 tier 1 ratio** rose to 18.7% from 15.9%
  – **Basel 2.5 tier 1 capital** increased by CHF 1.2 billion to CHF 39.6 billion
  – **Basel III RWA**[5] reduced by an estimated CHF 30 billion to around CHF 350 billion
  – **Basel III tier 1 ratio**[5] rose to 11.8% from 10.8%
- **Invested assets** CHF 2.1 trillion, up 1%
- **Examples of progress against strategic objectives:**
  – **Group** Basel III RWA reduction ahead of plan; leading capital ratios increased further; adjusted cost/income ratio within target range
  – **Wealth Management** annualized net new money growth 3.6% and adjusted cost/income ratio[3] 67%, both within target range; on track to deliver targeted gross margin as conditions improve
  – **Wealth Management Americas** annualized new money growth of 2.4% and cost/income ratio of 87%, both within target range
  – **Investment Bank** Basel III RWA reduction ahead of plan; adjusted cost/income ratio[4] improved to 72% from 87%
  – **Global Asset Management** gross margin steady and within target range at 34 basis points
  – **Retail & Corporate** net new business volume growth 4.2%, slightly outperforming target range; adjusted cost/income ratio[8] 59% and net interest margin 159 basis points, both within target range

Zurich/Basel, 2 May 2012 – Commenting on UBS's first-quarter results, **Group CEO Sergio P. Ermotti** said, "We improved operational performance across all our businesses, strengthened our leading capital ratios further, reduced risk-weighted assets and remained vigilant on costs. The strong net new money inflows in our wealth management businesses provide further clear evidence of the trust our clients place in UBS. Given challenging market conditions, I am proud of what our employees have achieved, delivering high-quality results while deploying less risk and successfully executing our strategy. I am confident we can build on this strategic momentum to address the challenges to come, managing down costs, building capital and further improving our operational risk framework, while remaining focused on servicing our clients in the best possible way."

First-quarter net profit attributable to UBS shareholders CHF 827 million
Net profit attributable to UBS shareholders was CHF 827 million in the first quarter of 2012 compared with CHF 319 million in the fourth quarter of 2011. Pre-tax profit improved to CHF 1,304 million from CHF 481 million, reflecting increased revenues before own credit across all business divisions and the Corporate Center. The first quarter included an own credit loss on financial liabilities designated at fair value of CHF 1,164 million, primarily reflecting the tightening of our credit spreads over the quarter, compared with a loss of CHF 71 million in the prior quarter. In addition, the first quarter included a debit valuation adjustment loss on our derivatives portfolio of CHF 53 million compared with a loss of CHF 189 million in the fourth quarter. The quarter also included a reduction in personnel expenses of CHF 485 million related to changes to our Swiss pension plan, and restructuring charges of CHF 126 million compared with CHF 10 million in the fourth quarter. Excluding these four items, operating profit before tax increased by CHF 1,411 million to CHF 2,162 million due to higher operating income, partly offset by increased operating expenses. Operating expenses decreased by CHF 160 million to CHF 5,221 million. Salaries and variable compensation increased by CHF 579 million to CHF 2,813 million, mainly due to higher expenses for variable compensation and increased restructuring charges. General and administrative expenses decreased by CHF 254 million. Total restructuring charges in the first quarter of 2012 were CHF 126 million compared with CHF 10 million in the prior quarter. We employed 64,243 personnel as of 31 March 2012 compared with 64,820 personnel as of 31 December 2011. The decrease of 577 during the first quarter mainly related to our CHF 2 billion cost reduction program

announced last year. The net income tax expense for the first quarter of 2012 was CHF 476 million, compared with CHF 160 million in the prior quarter.

Wealth Management pre-tax profit was CHF 803 million in the first quarter of 2012 compared with CHF 471 million in the previous quarter, and included a reduction in personnel expenses of CHF 237 million related to changes to our Swiss pension plan. Adjusted for this item and restructuring charges, pre-tax profit increased by CHF 110 million to CHF 578 million. Total operating income increased by CHF 96 million to CHF 1,769 million from CHF 1,673 million, mainly due to higher net fee and commission income, reflecting higher client activity levels from very low levels seen in the previous quarter. The annualized net new money growth rate was 3.6% compared with 1.7% in the previous quarter. Net new money was CHF 6.7 billion compared with CHF 3.1 billion due to strong inflows in Asia Pacific, emerging markets and Wealth Management Switzerland, as well as globally from ultra high net worth clients. The gross margin on invested assets increased by 2 basis points to 93 basis points, mostly reflecting an improvement in client activity levels. Invested assets were CHF 772 billion on 31 March 2012, up by CHF 22 billion from 31 December 2011 due to rising global equity markets and net new money inflows. Operating expenses decreased to CHF 966 million from CHF 1,203 million, mainly reflecting the abovementioned reduction in personnel expenses.

Wealth Management Americas achieved its highest reported quarterly pre-tax profit of USD 209 million in the first quarter of 2012 compared with USD 156 million in the prior quarter. The quarter was marked by higher transactional activity and included higher realized gains on sales of financial investments in the available-for-sale portfolio. Operating income increased by USD 64 million to USD 1,568 million from USD 1,504 million. Total operating expenses increased by USD 12 million to USD 1,359 million from USD 1,347 million due to higher personnel expenses, partly offset by lower non-personnel expenses. Annualized net new money growth for the first quarter was 2.4% compared with 1.2% in the fourth quarter. Net new money improved to USD 4.6 billion from USD 2.1 billion. Net recruiting of financial advisors contributed most of the inflows this quarter, while financial advisors employed with UBS for more than one year contributed to a lesser extent. In US dollar terms, the gross margin on invested assets decreased by 2 basis points to 80 basis points. A 4% increase in income was outpaced by a 6% increase in average invested assets.

Excluding an own credit loss of CHF 1,103 million, the **Investment Bank** recorded a pre-tax profit of CHF 730 million in the first quarter of 2012 compared with a pre-tax profit of CHF 99 million in the fourth quarter of 2011. This result reflects higher revenues across all business areas amidst improved market conditions. Including own credit, we reported a pre-tax loss of CHF 373 million in the first quarter compared with a pre-tax loss of CHF 14 million in the fourth quarter. Risk-weighted assets measured on a Basel 2.5 basis were reduced by CHF 21 billion to CHF 114 billion at the end of the first quarter. In investment banking, total revenues increased 41% to CHF 396 million from CHF 280 million. Advisory revenues decreased 33% to CHF 169 million from CHF 254 million, as our market share declined and the global fee pool shrank 19%. Capital market revenues grew to CHF 430 million from CHF 268 million, an increase of 60%, as both our market share and rank improved, while the global fee pool increased by 27%. Equities revenues rose 41% to CHF 992 million from CHF 704 million, with cash revenues in particular benefiting from increased commissions as volumes improved across all regions. Fixed income, currencies and commodities revenues increased 45% to CHF 1,501 million from CHF 1,035 million. Credit and emerging markets saw improved results. In macro, improved results in most businesses were more than offset by lower revenues in short-term interest rates. Total operating expenses increased 14% to CHF 2,173 million from CHF 1,901 million in the previous quarter.

Global Asset Management pre-tax profit in the first quarter of 2012 was CHF 156 million compared with CHF 118 million in the fourth quarter of 2011. Profit increased due to higher operating income, mainly due to higher performance fees in both alternative and quantitative and traditional investments, and lower operating costs, which included a reduction in personnel expenses related to changes to our

Swiss pension plan. Total operating income was CHF 478 million compared with CHF 463 million. Net management fees were lower, mainly in alternative and quantitative investments, and also in global real estate where transaction fees were lower in comparison with an exceptionally strong fourth quarter. Performance fees were higher, mainly in alternative and quantitative investments and most notably in O'Connor's flagship single-manager funds, but also in traditional investments, especially equities. The annualized net new money growth rate was negative 5.7% compared with positive 0.2% in the previous quarter. Excluding money market flows, net new money outflows from third parties were CHF 2.9 billion compared with inflows of CHF 0.3 billion in the prior quarter, mostly as a number of large institutional clients reduced or redeemed mandates as part of portfolio re-alignments. Excluding money market flows, net new money inflows from clients of UBS's wealth management businesses were CHF 0.3 billion compared with outflows of CHF 0.8 billion in the fourth quarter. The total gross margin was 34 basis points, in line with the prior quarter. Total operating expenses were CHF 322 million compared with CHF 345 million. This decrease was mainly due to a reduction in personnel expenses related to changes to our Swiss pension plan.

Retail & Corporate pre-tax profit was CHF 575 million in the first quarter of 2012 compared with CHF 412 million in the previous quarter, mainly due to a reduction in personnel expenses of CHF 190 million related to changes to our Swiss pension plan. Adjusted for the this item and restructuring charges, pre-tax profit decreased 7% or CHF 28 million to CHF 392 million, primarily reflecting lower net interest income and higher levels of variable compensation accruals compared with the fourth quarter, which included downward adjustments of accruals. Total operating income increased by CHF 8 million to CHF 936 million from CHF 928 million in the prior quarter. Credit loss recoveries resulting from the release of certain collective loan loss allowances, as well as a provision release from a small number of workout portfolio cases, were partially offset by a decline in net interest income. Operating expenses decreased by CHF 156 million to CHF 361 million from CHF 517 million in the previous quarter, and included the abovementioned reduction in personnel expenses of CHF 190 million related to changes to our Swiss pension plan.

Corporate Center – Core Functions[9] pre-tax result in the first quarter of 2012 was a loss of CHF 75 million compared with a loss of CHF 126 million in the previous quarter. Treasury income remaining in the Corporate Center – Core Functions after allocations to the business divisions was CHF 79 million compared with CHF 4 million in the prior quarter. The **Legacy Portfolio's** pre-tax profit was CHF 28 million in the first quarter compared with a loss of CHF 522 million in the previous quarter. This was primarily due to an increase in the value of our option to acquire the SNB StabFund's equity and an improved result in the remainder of the Legacy Portfolio.

Results by business division and Corporate Center

CHF million	Total operating income			Total operating expenses			Operating profit before tax		
For the quarter ended	**31.3.12**	31.12.11	% change	**31.3.12**	31.12.11	% change	**31.3.12**	31.12.11	% change
Wealth Management	**1,769**	1,673	6	**966**	1,203	(20)	**803**	471	70
Wealth Management Americas	**1,425**	1,370	4	**1,235**	1,226	1	**190**	144	32
Investment Bank	**1,800**	1,887	(5)	**2,173**	1,901	14	**(373)**	(14)	
Global Asset Management	**478**	463	3	**322**	345	(7)	**156**	118	32
Retail & Corporate	**936**	928	1	**361**	517	(30)	**575**	412	40
Corporate Center	**118**	(459)		**165**	189	(13)	**(47)**	(649)	93
UBS	**6,525**	5,862	11	**5,221**	5,381	(3)	**1,304**	481	171

Capital position and balance sheet

Our Basel 2.5 tier 1 capital increased by CHF 1.2 billion during the first quarter and we reduced Basel 2.5 risk-weighted assets by CHF 30 billion to CHF 211 billion which led to an improvement of 280 basis points in our Basel 2.5 tier 1 capital ratio to 18.7% from 15.9% on 31 December 2011. Additionally, we issued USD 2 billion of loss-absorbing notes, which qualify as tier 2 Basel III-compliant capital. On 31 March 2012, our balance sheet stood at CHF 1,366 billion, down by CHF 53 billion from 31 December 2011, mainly due to market-driven and exposure decreases in positive replacement values.

Invested assets
Invested assets were CHF 2,115 billion as of 31 March 2012 compared with CHF 2,088 billion as of 31 December 2011. This increase was primarily due to positive market performance, partly offset by the depreciation of the US dollar against the Swiss franc and a net reduction of CHF 17 billion from the sale of parts of the CHF 25 billion of invested assets acquired from ING Investment Management in Australia in the fourth quarter, as anticipated under the terms of the acquisition agreement. Of the invested assets, CHF 772 billion were attributable to Wealth Management, CHF 728 billion were attributable to Wealth Management Americas, CHF 559 billion were attributable to Global Asset Management, and CHF 56 billion were attributable to Retail & Corporate.

Outlook
As in recent quarters, progress on sustained and material improvements to eurozone sovereign debt issues, concerns regarding the European banking system and US federal budget deficit issues, as well as continued uncertainty about the global economic outlook in general, will likely have an influence on client activity levels in the second quarter of 2012. Failure to make progress on these key issues would make further improvements in prevailing market conditions unlikely and would have the potential to continue the headwinds for revenue growth, net interest margins and net new money. Nevertheless, we believe our wealth management businesses as a whole will continue to attract net new money, as our clients recognize our efforts and continue to entrust us with their assets. We are confident that the coming quarters will continue to present additional opportunities for us to strengthen our position as one of the best-capitalized banks in the world, and we will continue to focus on reducing our Basel III risk-weighted assets and building our capital ratios. We have the utmost confidence in our firm's future.

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[1] Excluding an own credit loss on financial liabilities designated at fair value of CHF 1,164 million (4Q11: loss of CHF 71 million), debit valuation adjustments of negative CHF 53 million (4Q11: negative CHF 189 million), net restructuring charges of CHF 126 million (4Q11: CHF 10 million) and a reduction to personnel expenses of CHF 485 million related to changes to our Swiss pension plan.

[2] Compared with annualized costs for the first half of 2011.

[3] Excluding net restructuring charges of CHF 12 million (4Q11: credit of CHF 3 million) and a reduction to personnel expenses of CHF 237 million related to changes to our Swiss pension plan.

[4] Excluding an own credit loss on financial liabilities designated at fair value of CHF 1,103 million (4Q11: loss of CHF 114 million), debit valuation adjustments of negative CHF 53 million (4Q11: negative CHF 189 million), net restructuring charges of CHF 101 million (4Q11: credit of CHF 13 million) and a reduction to personnel expenses of CHF 38 million related to changes to our Swiss pension plan.

[5] The calculation of our pro-forma Basel III risk-weighted assets combines existing Basel 2.5 risk-weighted assets, securitization exposures based on a revised model that applies a fixed risk weighting, and new capital charges based on new models and calculation engines. These new models require regulatory approval that is not expected until after further guidance is developed. Our pro-forma Basel III risk-weighted assets therefore include estimates of the impact of these new capital charges and will be refined as new models and the associated systems are enhanced and as regulatory interpretations evolve. Figures presented on a Basel III basis in this release and in UBS's first quarter financial report are calculated on a "phased-in" basis using Basel III measures that will become applicable as of 1 January 2013.

[6] Excluding an own credit loss on financial liabilities designated at fair value of CHF 1,164 million (4Q11: loss of CHF 71 million), debit valuation adjustments of negative CHF 53 million (4Q11: negative CHF 189 million).

[7] Equities and FICC revenues.

[8] Excluding restructuring charges of CHF 7 million (4Q11: CHF 8 million) and a reduction to personnel expenses of CHF 190 million related to changes to our Swiss pension plan.

[9] On 30 December 2011, an agreement was reached to transfer a portfolio of legacy positions from the Investment Bank to Corporate Center. Starting with the first quarter of 2012, the Legacy Portfolio, which consists of these transferred legacy positions combined with the SNB StabFund option, is reported in Corporate Center as a separate reportable segment and all other Corporate Center operations are grouped together as Corporate Center – Core Functions. Refer to the "Recent developments and financial reporting structure changes" section of the first quarter 2012 report for more information. Prior periods have been restated to reflect the effect of the transfer.

UBS key figures

	As of or for the quarter ended		
CHF million, except where indicated	**31.3.12**	31.12.11	31.3.11
Group results			
Operating income	**6,525**	5,862	8,344
Operating expenses	**5,221**	5,381	6,110
Operating profit before tax	**1,304**	481	2,235
Net profit attributable to UBS shareholders	**827**	319	1,807
Diluted earnings per share (CHF) [1]	**0.22**	0.08	0.47
Key performance indicators, balance sheet and capital management [2]			
Performance			
Return on equity (RoE) (%)	**6.2**	8.5	15.5
Return on risk-weighted assets, gross (%) [3]	**11.5**	13.7	16.6
Return on assets, gross (%)	**1.9**	2.1	2.6
Growth			
Net profit growth (%)	**159.2**	(68.7)	8.7
Net new money growth (%) [4]	**0.6**	1.1	4.0
Efficiency			
Cost / income ratio (%)	**80.5**	91.6	73.3
Capital strength			
BIS tier 1 ratio (%) [5]	**18.7**	15.9	17.9
FINMA leverage ratio (%) [5]	**5.6**	5.4	4.6
Balance sheet and capital management			
Total assets	**1,365,837**	1,419,162	1,291,286
Equity attributable to UBS shareholders	**53,226**	53,447	46,695
Total book value per share (CHF) [6]	**14.10**	14.26	12.28
Tangible book value per share (CHF) [6]	**11.62**	11.68	9.74
BIS core tier 1 ratio (%) [5]	**16.7**	14.1	15.6
BIS total ratio (%) [5]	**21.1**	17.2	19.4
BIS risk-weighted assets [5]	**211,092**	240,962	203,361
BIS tier 1 capital [5]	**39,570**	38,370	36,379
Additional information			
Invested assets (CHF billion) [7]	**2,115**	2,088	2,118
Personnel (full-time equivalents)	**64,243**	64,820	65,396
Market capitalization [8]	**48,488**	42,843	63,144

1 Refer to “Note 8 Earnings per share (EPS) and shares outstanding” in the “Financial information” section of the first quarter 2012 report for more information. 2 For the definitions of our key performance indicators, refer to the “Measurement of performance” section of our Annual Report 2011. 3 Based on Basel 2.5 risk-weighted assets from the first quarter of 2012 onwards. Based on Basel II risk-weighted assets for periods prior to the first quarter of 2012. 4 Excludes interest and dividend income. 5 Capital management data as of 31 March 2012 and 31 December 2011 is disclosed in accordance with the Basel 2.5 framework. Capital management data as of 31 March 2011 is disclosed in accordance with the Basel II framework. Refer to the “Capital management” section of the first quarter 2012 report for more information. 6 Refer to the “Capital management” section of the first quarter 2012 report for more information. 7 In the first quarter 2012, we have refined our definition of invested assets. Prior periods have been adjusted accordingly. Refer to the “Recent developments and financial reporting structure changes” section of the first quarter 2012 report for more information. Invested assets as of 31 March 2012 include Retail & Corporate invested assets of CHF 56 billion (31 December 2011: CHF 55 billion; 31 March 2011: CHF 58 billion). 8 Refer to the appendix “UBS shares” of the first quarter 2012 report for more information.

Income statement

	For the quarter ended			% change from	
CHF million, except per share data	**31.3.12**	31.12.11	31.3.11	4Q11	1Q11
Interest income	**4,130**	4,139	4,578	0	(10)
Interest expense	**(2,539)**	(2,395)	(2,796)	6	(9)
Net interest income	**1,591**	1,745	1,781	(9)	(11)
Credit loss (expense) / recovery	**37**	(14)	3		
Net interest income after credit loss expense	**1,628**	1,731	1,784	(6)	(9)
Net fee and commission income	**3,843**	3,560	4,240	8	(9)
Net trading income	**961**	443	2,203	117	(56)
Other income	**93**	128	117	(27)	(21)
Total operating income	**6,525**	5,862	8,344	11	(22)
Personnel expenses	**3,643**	3,501	4,407	4	(17)
General and administrative expenses	**1,398**	1,652	1,488	(15)	(6)
Depreciation of property and equipment	**158**	198	191	(20)	(17)
Amortization of intangible assets	**23**	29	24	(21)	(4)
Total operating expenses	**5,221**	5,381	6,110	(3)	(15)
Operating profit before tax	**1,304**	481	2,235	171	(42)
Tax expense / (benefits)	**476**	160	426	198	12
Net profit	**828**	321	1,809	158	(54)
Net profit attributable to non-controlling interests	**1**	2	2	(50)	(50)
Net profit attributable to UBS shareholders	**827**	319	1,807	159	(54)

Earnings per share (CHF)					
Basic earnings per share	**0.22**	0.09	0.48	144	(54)
Diluted earnings per share	**0.22**	0.08	0.47	175	(53)

Media release available at www.ubs.com/media and www.ubs.com/investors

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

- First quarter 2012 financial report
- First quarter 2012 results slide presentation
- Letter to shareholders (English, German, French and Italian)

Webcast
The results presentation with Sergio P. Ermotti, Group Chief Executive Officer, Tom Naratil, Group Chief Financial Officer, and Caroline Stewart, Global Head of Investor Relations, will be webcast live on www.ubs.com/media at the following time on 2 May 2012:

- 0900 CEST
- 0800 BST
- 0300 US EDT

Webcast playback will be available from 1400 CEST on 2 May 2012.

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Cautionary Statement Regarding Forward-Looking Statements

This report 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) 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; (2) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings; (3) the ability of UBS to reduce its Basel III risk-weighted assets in order to comply with future Swiss capital requirements without materially adversely affecting its profitability; (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) possible constraints or sanctions that regulatory authorities might impose on UBS, including as a consequence of the unauthorized trading incident announced in September 2011; (6) 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, (7) the liability to which UBS may be exposed due to litigation, contractual claims and regulatory investigations, some of which stem from the market events and losses incurred by clients and counterparties during the financial crisis of 2007–2009; (8) the effects on UBS's cross-border banking business of tax treaties negotiated or under discussion between Switzerland and other countries and future tax or regulatory developments; (9) 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; (10) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses; (11) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other matters; (12) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (13) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (14) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures, either within UBS or within a counterparty; and (15) 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 2011. 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.