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FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

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UBS AG
(Registrant's Name)

Bahnhofstrasse 45, Zurich, Switzerland, and
Aeschenvorstadt 1, Basel, Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☑ Form 40-F ☐

This Form 6-K consists of the Basel II Pillar 3 First Half 2011 Report of UBS AG, which appears immediately following this page.

UBS

Our *Basel II Pillar 3* disclosure for first half 2011.

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Corporate calendar

Publication of the third quarter of 2011 results
Tuesday, 25 October 2011

Publication of the fourth quarter of 2011 results
Tuesday, 7 February 2012

Publication of the first quarter of 2011 results
Monday, 30 April 2012

Annual General Meeting
Thursday, 3 May 2012

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Introduction

This report is an update as of 30 June 2011 of our Basel II Pillar 3 quantitative disclosures published in our Annual Report 2010.

The Basel II capital adequacy framework consists of three pillars, each of which focuses on a different aspect of capital adequacy. Pillar 1 provides a framework for measuring minimum capital requirements for the credit, market and operational risks faced by banks. Pillar 2 addresses the principles of the supervisory review process, emphasizing the need for a qualitative approach to supervising banks. The aim of Basel II Pillar 3 is to encourage market discipline by requiring banks to publish a range of disclosures on risk and capital.

The Swiss Financial Market Supervisory Authority (FINMA) requires us to publish comprehensive quantitative and qualitative Pillar 3 disclosures at least annually, as well as an update of quantitative disclosures and any significant changes to qualitative information at least semi-annually.

This report presents our Basel II Pillar 3 disclosures as of 30 June 2011 and consists mainly of quantitative disclosures accompanied by explanatory texts where necessary.

➔ **Refer to the "Risk and treasury management" section of our Annual Report 2010 for more information on qualitative disclosures related to our risk management and control, definitions and risk exposures as well as to capital management**

Our Pillar 3 disclosures may differ from the way we manage our risks and how these risks are disclosed in our quarterly reports and in the annual report.

Overview of disclosures

This table provides an overview of our Basel II Pillar 3 disclosures in our Annual Report 2010.

Basel II Pillar 3 requirement	Disclosure in the Annual Report 2010
Capital structure	"Capital management" section
Capital adequacy	"Capital management" and "Basel II Pillar 3" sections
Risk management objectives, policies and methodologies (qualitative disclosure)	"Risk management and control" section
Credit risk	"Risk management and control" and "Basel II Pillar 3" sections
Investment positions	"Basel II Pillar 3" section
Market risk	"Risk management and control" and "Basel II Pillar 3" sections
Interest rate risk in the banking book	"Risk management and control" section
Operational risk	"Risk management and control" section
Securitization	"Basel II Pillar 3" section

Risk exposure measures and determination of risk-weighted assets

Measures of risk exposure may differ depending on the purpose for which exposures are calculated, for example financial accounting under International Financial Reporting Standards (IFRS), determination of our required regulatory capital or our internal risk management. Our Basel II Pillar 3 disclosures are generally based on the measures of risk exposure that are used to calculate the regulatory capital that is required to underpin those risks.

The table below provides a more detailed summary of the approaches we use for the main risk categories in order to determine the required regulatory capital.

The naming conventions for the "Exposure segments" used in the following tables are based on the Bank for International Settlements (BIS) rules and differ from those under Swiss and EU regulations. For example, "Sovereigns" under the BIS naming convention equates to "Central governments and central banks" as used under the Swiss and EU regulations. Similarly, "Banks" equates to "Institutions" and "Residential mortgages" equates to "Claims secured on residential real estate."

Although we determine published risk-weighted assets (RWA) according to the Basel II Capital Accord (BIS guidelines), our calculation of the regulatory capital requirement is based on the regulations of FINMA, which are more conservative and therefore result in higher RWA.

Generally, the scope of consolidation for regulatory capital purposes follows the IFRS consolidation rules for subsidiaries directly or indirectly controlled by UBS AG which are active in the banking and finance business, but excludes subsidiaries in other sectors. The significant operating subsidiary companies in the UBS Group (Group) consolidated for IFRS purposes are listed in "Note 34 Significant subsidiaries and associates" in the "Financial information" section of our Annual Report 2010. More specifically, the main differences in the basis of consolidation for IFRS and regulatory capital purposes relate to the following entity types and apply regardless of our level of control:

- Real estate and commercial companies as well as collective investment schemes are not consolidated for regulatory capital purposes but are risk-weighted.
- Insurance companies are not consolidated for regulatory capital purposes but are deducted from capital.
- Securitization vehicles are not consolidated for regulatory capital purposes but are treated under the securitization framework.
- Joint ventures that are controlled by two ventures are fully consolidated for regulatory capital purposes, whereas they are valued under equity method accounting for IFRS.

Category	Our approach to measurment of RWA
Credit risk	Under the advanced internal ratings-based (advanced IRB) approach applied for the majority of our businesses, credit risk weights are determined by reference to internal counterparty ratings and loss given default estimates. We use internal models, approved by FINMA, to measure the credit risk exposures to third parties on over-the-counter derivatives and repurchase-style (repo-style) transactions. For a subset of our credit portfolio, we apply the standardized approach based on external ratings.
Non-counterparty related risk	Non-counterparty related assets such as our premises, other properties and equipment require capital under-pinning according to prescribed regulatory risk weights.
Settlement risk	Capital requirements for failed transactions are determined according to the rules for failed trades and non-delivery-versus-payment transactions under the BIS Basel II framework.
Equity exposures outside trading book	Simple risk weight method under the advanced IRB approach.
Market risk	Regulatory capital requirement is derived from our regulatory value-at-risk (VaR) model, which is approved by FINMA.
Operational risk	We have developed a model to quantify operational risk which meets the regulatory capital standard under the Basel II advanced measurement approach (AMA).
Securitization exposures	Securitization exposures in the banking book are assessed using the advanced IRB approach, applying risk weights based on external ratings.

Risk-weighted assets

The "Detailed segmentation of BIS risk-weighted assets" table provides a granular breakdown of our RWA under Basel II framework. As the enhanced Basel II market risk framework (commonly referred to as Basel 2.5) has become effective under FINMA regulations on 1 January 2011, the related impact is shown as of 30 June 2011. These revisions primarily introduce new capital requirements to incorporate effects of "stressed markets". The new requirements lower our BIS tier 1 and total capital and lead to higher BIS RWA. In line with the BIS transition requirement, the impact of the enhanced Basel II market risk framework will be included in the financial statement disclosures as of 31 December 2011.

The table also shows the net exposure at default (EaD) per category for the current disclosure period, which forms the basis for the calculation of the RWA.

➔ **For further information on risk-weighted assets and the determination of the eligible capital, please refer to the "Capital management" section of our Annual Report 2010 and to the "Capital management" section of our second quarter 2011 financial report**

Detailed segmentation of BIS risk-weighted assets

	30.6.11				31.12.10
	Net EAD	Basel II RWA			
CHF million		Advanced approach	Standardized approach	Total	Total
Credit risk	536,637	82,299	24,367	106,666	109,096
Sovereigns	*102,207*	*5,177*	*408*	*5,584*	*6,577*
Banks	*68,948*	*11,773*	*1,897*	*13,670*	*14,528*
Corporates	*174,448*	*53,214*	*18,706*	*71,920*	*71,542*
Retail					
Residential mortgages	121,204	8,836	1,076	9,912	10,871
Lombard lending	65,794	2,855	0	2,855	3,074
Other retail	4,036	444	2,281	2,724	2,504
Securitization exposures[1]	16,650	5,252		5,252	7,085
Non-counterparty related risk	16,372		5,862	5,862	6,195
Settlement risk (failed trades)	112	31	98	129	47
Equity exposures outside trading book	1,098	3,939		3,939[2]	3,691
Market risk		34,832		34,832[3]	20,813
Operational risk		49,544		49,544[4]	51,948
Total BIS Basel II	570,869	175,897	30,327	206,224	198,875
Additional Basel 2.5 risk-weighted assets					
Securitization / Re-securitization exposures	8,961	6,453		6,453[5]	
Re-securitization banking book		*1,980*		*1,980*	
Securitization / Re-securitization trading book	*8,961*	*4,473*		*4,473*	
Market Risk		65,533		65,533[6]	
Stressed value-at-risk (sVAR)		*33,206*		*33,206*	
Incremental risk charge (IRC)		*34,769*		*34,769*	
Comprehensive risk measure (CRM)		*10,306*		*10,306*	
VaR relief		*(12,748)*		*(12,748)*	
Total Basel 2.5 impact		71,987		71,987	
Total BIS Basel 2.5	579,829			278,210	
Additional RWA according to FINMA regulations				15,248[7]	16,135
Total FINMA RWA[8]				293,458	215,010

1 On 30 June 2011, CHF 5.5 billion of the securitization exposures (of which CHF 1.8 billion for the option to acquire the SNB StabFund equity) were deducted from capital and therefore did not generate RWA (on 31.12.2010 a total of CHF 4.8 billion of securitization exposures were deducted). 2 Simple risk weight method. 3 VaR approach. 4 Advanced measurement approach. 5 New Basel 2.5 securitization/ re-securitization rules for banking and trading book exposures. 6 New Basel 2.5 requirements for stressed VaR (sVaR), incremental risk charge (IRC, accounting for default and rating migration risk of trading book positions) and a comprehensive risk measure requirement (CRM). 7 Reflects an additional charge of 10% on credit risk RWA for exposures treated under the standardized approach, a surcharge of 200% for RWA of non-counterparty related assets and additional requirements for market risk. 8 On 30 June 2011, our FINMA tier 1 ratio was 12.5% (15.6% on 31.12.2010) and our FINMA total capital ratio was 13.2% (18.0% on 31.12.2010), including the additional capital deduction of CHF 1.4 billion from the revised Basel 2.5 treatment for trading book securitization exposures.

Credit risk

The tables in this section provide details on the exposures used to determine the firm's credit risk regulatory capital. The parameters applied under the advanced IRB approach are generally based on the same methodologies, data and systems we use for internal credit risk quantification, except where certain treatments are specified by regulatory requirements. These include, for example, the application of regulatory prescribed floors and multipliers, and differences with respect to eligibility criteria and exposure definitions. The exposure information presented in this section therefore differs from that disclosed in the "Risk management and control" section of our Annual Report 2010. Similarly, the regulatory capital prescribed measure of credit risk exposure also differs from that required under IFRS.

For the calculation of derivative exposures to determine our required regulatory capital, we apply the effective expected positive exposure as defined in Annex 4 to the Basel II framework. For a minor part of the derivatives portfolio we also apply the current exposure method based on the replacement value of derivatives in combination with a regulatory prescribed add-on.

The regulatory net credit exposure detailed in the tables in this section is shown as the Basel II EAD after applying collateral, netting and other eligible risk mitigants permitted by the relevant regulations. This section also presents information on impaired and defaulted assets in a segmentation which is consistent with the regulatory capital calculation.

Credit risk exposures and RWA

This table shows the average exposure and the derivation of RWA from the regulatory gross credit exposure. Over the last six months our RWA decreased by CHF 2.4 billion, mainly in derivatives and loans.

	Exposure				Average regulatory risk-weighting	RWA[2]
CHF million	Average regulatory gross credit exposure	Regulatory gross credit exposure	Less: regulatory credit risk offsets and adjustments[1]	Regulatory net credit exposure		
Cash and balances with central banks	19,856	11,661		11,661	6%	653
Due from banks	16,875	20,158	(7,931)	12,227	25%	3,015
Loans	250,059	250,067	(3,840)	246,227	14%	35,357
Financial assets designated at fair value	7,028	5,924	(2,771)	3,153	50%	1,583
Off-balance sheet[3]	40,959	38,553	(1,848)	36,705	35%	12,815
Banking products	**334,776**	**326,362**	**(16,390)**	**309,972**	**17%**	**53,424**
Derivatives	74,524	65,996		65,996	42%	27,791
Cash collateral receivables on derivative instruments	10,118	9,557		9,557	21%	2,046
Securities financing	58,036	63,277		63,277	9%	5,631
Traded products	**142,677**	**138,830**		**138,830**	**26%**	**35,468**
Trading portfolio assets	6,751	6,247		6,247	106%	6,624
Financial investments available-for-sale[4]	71,298	69,864		69,864	2%	1,072
Accrued income and prepaid expenses	5,619	5,827	(159)	5,668	75%	4,268
Other assets	24,889	38,873	(32,818)	6,056	96%	5,811
Other products	**108,556**	**120,812**	**(32,977)**	**87,835**	**20%**	**17,774**
Total 30.6.11	**586,010**	**586,004**	**(49,367)**	**536,637**	**20%**	**106,666**
Total 31.12.10	605,386	573,174	(31,608)	541,565	20%	109,096

1 Mainly includes margin accounts for derivatives. 2 The derivation of RWA is based on the various credit risk parameters of the advanced IRB approach and the standardized approach, respectively. 3 Includes guarantees, loan commitments and forward starting transactions. 4 Excludes equity positions.

Regulatory gross credit exposure by geographical region

This table provides a breakdown of our portfolio by major types of credit exposure according to classes of financial instruments and by geographical regions. The latter distribution is based on the legal domicile of the customer.

CHF million	Switzerland	Rest of Europe	North America[1]	Latin America	Asia Pacific	Middle East and Africa	**Total regulatory gross credit exposure**	Total regulatory net credit exposure
Cash and balances with central banks	2,531	2,062	3,876		3,192		**11,661**	11,661
Due from banks	492	8,704	3,279	576	6,953	155	**20,158**	12,227
Loans	161,480	19,866	48,276	4,791	12,009	3,643	**250,067**	246,227
Financial assets designated at fair value	48	1,232	4,285	55	283	21	**5,924**	3,153
Off-balance sheet	6,570	7,814	21,806	372	1,595	396	**38,553**	36,705
Banking products	**171,121**	**39,678**	**81,522**	**5,795**	**24,031**	**4,215**	**326,362**	**309,972**
Derivatives	7,261	27,936	22,871	599	6,557	772	**65,996**	65,996
Cash collateral receivables on derivative instruments	228	5,803	2,519		958	49	**9,557**	9,557
Securities financing	7,476	22,711	24,545	523	7,734	289	**63,277**	63,277
Traded products	**14,965**	**56,449**	**49,935**	**1,122**	**15,249**	**1,109**	**138,830**	**138,830**
Trading portfolio assets		1,927	2,400	155	1,756	10	**6,247**	6,247
Financial investments available-for-sale[2]	5,070	19,179	37,282	3	8,295	35	**69,864**	69,864
Accrued income and prepaid expenses	394	1,401	3,856	20	141	15	**5,827**	5,668
Other assets	4,596	14,201	17,202	4	1,962	909	**38,873**	6,056
Other products	**10,059**	**36,708**	**60,740**	**181**	**12,154**	**970**	**120,812**	**87,835**
Total 30.6.11	**196,145**	**132,836**	**192,197**	**7,098**	**51,434**	**6,295**	**586,004**	**536,637**
Total 31.12.10	199,486	127,115	182,340	6,149	51,874	6,209	573,174	541,565

1 Includes the Caribbean. 2 Excludes equity positions.

Regulatory gross credit exposure by counterparty type

This table provides a breakdown of our portfolio by major types of credit exposure according to classes of financial instruments and by counterparty type. The classification of counterparty type applied here is also used for the grouping of the balance sheet. The counterparty type segmentation is different from the Basel II defined exposure segments used in certain other tables in this section.

CHF million	Private individuals	Corporates[1]	Public entities (including sovereigns and central banks)	Banks and multilateral institutions	**Total regulatory gross credit exposure**	Total regulatory net credit exposure
Cash and balances with central banks		2	11,107	551	**11,661**	11,661
Due from banks			109	20,049	**20,158**	12,227
Loans	160,333	83,030	6,703		**250,067**	246,227
Financial assets designated at fair value		3,797	33	2,094	**5,924**	3,153
Off-balance sheet	2,235	33,904	840	1,573	**38,553**	36,705
Banking products	**162,568**	**120,734**	**18,793**	**24,268**	**326,362**	**309,972**
Derivatives	1,547	32,790	13,708	17,951	**65,996**	65,996
Cash collateral receivables on derivative financial instruments		3,426	589	5,542	**9,557**	9,557
Securities financing	176	42,189	7,470	13,442	**63,277**	63,277
Traded products	**1,724**	**78,405**	**21,766**	**36,935**	**138,830**	**138,830**
Trading portfolio assets		5,814	306	127	**6,247**	6,247
Financial investments available-for-sale[2]		1,952	62,404	5,508	**69,864**	69,864
Accrued income and prepaid expenses	3,692	1,164	253	718	**5,827**	5,668
Other assets	1,190	36,696	258	730	**38,873**	6,056
Other products	**4,882**	**45,625**	**63,222**	**7,082**	**120,812**	**87,835**
Total 30.6.11	**169,174**	**244,764**	**103,781**	**68,285**	**586,004**	**536,637**
Total 31.12.10	167,150	221,206	118,556	66,261	573,174	541,565

1 Also includes non-bank financial institutions. 2 Excludes equity positions.

Regulatory gross credit exposure by residual contractual maturity

This table provides a breakdown of our portfolio by major types of credit exposure according to classes of financial instruments and by maturity. The latter distribution is based on the residual contractual tenor.

CHF million	Due in 1 year or less	Due over 1 year to 5 years	Due over 5 years	Other[1]	**Total regulatory gross credit exposure**	Total regulatory net credit exposure
Cash and balances with central banks				11,661	**11,661**	11,661
Due from banks	3,459	556	62	16,081	**20,158**	12,227
Loans	104,667	79,491	32,544	33,366	**250,067**	246,227
Financial assets designated at fair value	687	4,014	1,214	9	**5,924**	3,153
Off-balance sheet	9,657	25,858	2,498	539	**38,553**	36,705
Banking products	**118,470**	**109,919**	**36,319**	**61,656**	**326,362**	**309,972**
Derivatives	28,623	12,673	24,700		**65,996**	65,996
Cash collateral receivables on derivative financial instruments				9,557	**9,557**	9,557
Securities financing	12,553	145	25	50,555	**63,277**	63,277
Traded products	**41,176**	**12,818**	**24,724**	**60,111**	**138,830**	**138,830**
Trading portfolio assets	1,545	1,548	2,124	1,029	**6,247**	6,247
Financial investments available-for-sale[2]	47,854	5,611	16,399		**69,864**	69,864
Accrued income and prepaid expenses				5,827	**5,827**	5,668
Other assets				38,873	**38,873**	6,056
Other products	**49,399**	**7,159**	**18,523**	**45,730**	**120,812**	**87,835**
Total 30.6.11	**209,045**	**129,897**	**79,566**	**167,497**	**586,004**	**536,637**
Total 31.12.10	201,173	134,036	91,542	146,423	573,174	541,565

1 Includes positions without an agreed residual contractual maturity. for example loans without a fixed term, on which notice of termination has not been given. 2 Excludes equity positions.

Derivation of regulatory net credit exposure

This table provides a derivation of the regulatory net credit exposure from the regulatory gross credit exposure according to the advanced IRB approach and the standardized approach. The table also provides a breakdown according to Basel II defined exposure segments.

CHF million	Advanced IRB approach	Standardized approach	**Total 30.6.11**	Total 31.12.10
Total regulatory gross credit exposure	477,306	108,698	**586,004**	573,174
Less: regulatory credit risk offsets and adjustments	(43,868)	(5,499)	**(49,367)**	(31,608)
Total regulatory net credit exposure	**433,438**	**103,199**	**536,637**	
Total 31.12.10	436,214	105,352		541,565
Breakdown of the regulatory net credit exposure by exposure segment				
Corporates	150,361	24,086	**174,448**	167,718
Sovereigns	34,868	67,340	**102,207**	112,036
Banks	62,577	6,370	**68,948**	75,469
Retail				
Residential mortgages	*118,818*	*2,386*	***121,204***	*120,298*
Lombard lending	*65,794*		***65,794***	*62,355*
Other retail	*1,020*	*3,016*	***4,036***	*3,688*
Total regulatory net credit exposure	**433,438**	**103,199**	**536,637**	
Total 31.12.10	436,214	105,352		541,565

Regulatory gross credit exposure covered by guarantees and credit derivatives

This table provides a breakdown of collateral information. It shows exposures covered by guarantees and by credit derivatives, according to Basel II exposure segments. These are defined as follows:

– *Corporates:* exposures that do not fit into any other exposure segments below. It includes private commercial entities such as corporations, partnerships or proprietorships, insurance companies, funds, exchanges and clearing houses.

– *Sovereigns* (Central governments and central banks under Swiss and EU regulations): exposures relating to sovereign states and their central banks, the Bank for International Settlement (BIS), the International Monetary Fund (IMF), the EU including the European Central Bank and eligible multilateral development banks.

– *Banks* (Institutions under Swiss and EU regulations): exposures towards banks, i.e. legal entities holding a banking license. It also includes securities firms that are subject to supervisory and regulatory arrangements comparable to those applied to banks in accordance with the Basel II revised framework, including, and in particular, risk-based capital requirements. Basel II also defines this regulatory exposure segment in such a way that it contains exposures to public sector entities with tax-raising powers or whose liabilities are fully guaranteed by a public entity.

– *Residential mortgages* (claims secured on residential real estate under Swiss and EU regulations): residential mortgages, regardless of exposure size, if the obligor owns, and occupies or rents out the mortgaged property.

– *Lombard lending:* loans made against the pledge of eligible marketable securities or cash.

– *Other retail:* exposures to small businesses, private clients and other retail customers without mortgage financing.

The collateral amounts in the table reflect the values used for determining regulatory capital. However, we utilize credit hedging to reduce concentrated exposure to individual names or sectors or in specific portfolios. It is worth noting that this is not fully reflected in the regulatory numbers contained in this section.

➔ **Refer to the “Credit risk” section of our Annual Report 2010 for more information on credit risk mitigation**

CHF million	Exposure covered by guarantees[1]	Exposure covered by Credit derivatives
Exposure segment		
Corporates	3,280	17,016
Sovereigns	90	
Banks	381	146
Retail		
Residential mortgages	*10*	
Lombard lending	*381*	
Other retail	*44*	
Total 30.6.11	**4,186**	**17,163**
Total 31.12.10	4,697	20,103

1 Includes guarantees and stand-by letters of credit provided by third parties, mainly banks.

Advanced IRB approach: regulatory net credit exposure by UBS internal rating

This table provides a breakdown of the regulatory net credit exposure of our credit portfolio (including loan commitments) using the advanced IRB approach in accordance with our internal rating classes.

	UBS-internal rating									
	Investment grade			Sub-investment grade		Defaulted[1]	**Total regulatory net credit exposure**	**of which: loan commitments**	Total regulatory net credit exposure	of which: loan commitments
CHF million, except where indicated	0/1	2/3	4/5	6–8	9–13		**30.6.11**		31.12.10	
Regulatory net credit exposure-weighted average PD[2]	0.010%	0.058%	0.267%	0.921%	5.174%		**0.537%**		0.542%	
Regulatory net credit exposure										
Corporates	3,383	65,018	32,215	32,596	15,406	1,742	**150,361**	**13,090**	140,979	12,034
Sovereigns	18,304	15,727	628	44	132	31	**34,868**	**279**	43,562	135
Banks	3,719	44,537	11,694	2,331	268	28	**62,577**	**13,393**	69,809	15,407
Retail										
Residential mortgages		*4,787*	*56,877*	*52,024*	*4,644*	*486*	***118,818***	***706***	*118,604*	*890*
Lombard lending		*60,253*	*3,690*	*1,022*	*823*	*5*	***65,794***	***213***	*62,355*	*167*
Other retail		*136*	*42*	*811*	*25*	*6*	***1,020***	***2***	*905*	
Total 30.6.11	**25,406**	**190,458**	**105,148**	**88,827**	**21,299**	**2,299**	**433,438**			
of which: loan commitments	*336*	*16,918*	*4,276*	*2,254*	*3,857*	*43*		*27,684*		
Total 31.12.10	33,148	189,919	101,893	85,436	22,192	3,626			436,214	
of which: loan commitments	*388*	*18,293*	*3,901*	*2,294*	*3,659*	*98*				*28,633*

1 Values of defaulted derivative contracts (CHF 1,641 million) are based on replacement values including "add-ons" used in the calculation of regulatory capital. 2 Probability of default

Advanced IRB approach: regulatory net exposure-weighted average loss given default by UBS internal rating

This table provides a breakdown of the net exposure-weighted average loss given default (LGD) for our credit portfolio exposures calculated using the advanced IRB approach in accordance with our internal rating classes.

	UBS-internal rating						
	Investment grade			Sub-investment grade		Regulatory net credit exposure-weighted average LGD	
in %	0/1	2/3	4/5	6–8	9–13	**30.6.11**	31.12.10
Regulatory net credit exposure-weighted average LGD							
Corporates	38	25	29	27	32	**28**	30
Sovereigns	29	46	45	45	77	**37**	42
Banks	19	30	35	35	39	**30**	31
Retail							
Residential mortgages		*10*	*10*	*10*	*10*	***10***	*10*
Lombard lending		*20*	*20*	*20*	*20*	***20***	*20*
Other retail		*20*	*5*	*42*	*15*	***37***	*35*
Average 30.6.11	**29**	**26**	**19**	**17**	**26**	**23**	
Average 31.12.10	35	28	20	17	23		24

Advanced IRB approach: regulatory net exposure-weighted average risk weight by UBS internal rating

This table provides a breakdown of the net exposure-weighted average risk weight for our credit portfolio exposures calculated using the advanced IRB approach in accordance with our internal rating classes.

	UBS-internal rating						
	Investment grade			Sub-investment grade		Regulatory net credit exposure-weighted average risk weight	
in %	0/1	2/3	4/5	6–8	9–13	30.6.11	31.12.10
Regulatory net credit exposure-weighted average risk weight							
Corporates	10	10	31	50	99	33	35
Sovereigns	2	24	44	85	264	14	13
Banks	7	11	33	67	134	18	18
Retail							
Residential mortgages		*2*	*4*	*9*	*21*	*7*	*8*
Lombard lending		*3*	*10*	*20*	*31*	*4*	*5*
Other retail		*3*	*3*	*50*	*23*	*41*	*41*
Average 30.6.11	**4**	**9**	**16**	**26**	**80**	**18**	
Average 31.12.10	4	10	17	25	74		18

Standardized approach

The standardized approach is generally applied where it is not possible to use the advanced IRB approach and/or where an exemption from the advanced IRB approach has been granted by FINMA. The standardized approach requires banks to use risk assessments prepared by external credit assessment institutions (ECAI) or export credit agencies to determine the risk weightings applied to rated counterparties.
We use ECAI risk assessments to determine the risk weightings for the following classes of exposure:

- central governments and central banks
- regional governments and local authorities
- multilateral development banks
- institutions
- corporates

We use three FINMA-recognized ECAI for this purpose: Moody's Investors Service, Standard & Poor's Ratings Group and Fitch Group. The mapping of external ratings to the standardized approach risk weights is determined by FINMA and published on its website.

Regulatory gross and net credit exposure by risk weight under the standardized approach

This table provides a breakdown of the regulatory gross and net credit exposure by risk weight for our credit portfolio exposures treated under the standardized approach in accordance with Basel II defined exposure segments.

	Risk-weight bucket					Total exposure	
CHF million	0%	>0–35%	36–75%	76–100%	150%	**30.6.11**	31.12.10
Regulatory gross credit exposure							
Corporates	3	6,450	761	21,387	338	**28,940**	31,541
Sovereigns[1]	66,860	64	42	391		**67,357**	68,500
Banks		4,516	1,792	19	53	**6,379**	5,767
Retail							
Residential mortgages		*786*	*1,594*	*624*	*1*	***3,005***	*2,359*
Lombard lending							
Other retail			*2,992*		*26*	***3,018***	*2,785*
Total 30.6.11	**66,862**	**11,816**	**7,180**	**22,421**	**418**	**108,698**	
Total 31.12.10	68,201	13,075	6,104	23,161	411		110,953
Regulatory net credit exposure[2]							
Corporates	3	6,450	761	16,547	326	**24,086**	26,739
Sovereigns[1]	66,860	64	42	374		**67,340**	68,475
Banks		4,506	1,792	19	53	**6,370**	5,660
Retail							
Residential mortgages		*786*	*1,599*		*1*	***2,386***	*1,694*
Lombard lending							
Other retail			*2,991*		*26*	***3,016***	*2,784*
Total 30.6.11	**66,862**	**11,807**	**7,184**	**16,940**	**405**	**103,199**	
Total 31.12.10	68,201	12,968	6,113	17,673	397		105,352

1 Includes high-quality liquid short-term securities issued by governments and government-controlled institutions. 2 For traded products, the regulatory net credit exposure is equal to the regulatory gross credit exposure.

Eligible financial collateral recognized under standardized approach

This table provides a breakdown of the financial collateral, which is eligible for recognition in the regulatory capital calculation under the standardized approach in accordance with Basel II defined exposure segments.

CHF million	Regulatory net credit exposure under standardized approach		Eligible financial collateral recognized in capital calculation[1]	
	30.6.11	31.12.10	**30.6.11**	31.12.10
Exposure segment				
Corporates	**24,086**	26,739	**5,931**	7,252
Sovereigns	**67,340**	68,475	**17**	26
Banks	**6,370**	5,660	**1,419**	1,948
Retail				
Residential mortgages	***2,386***	*1,694*	***619***	*664*
Lombard lending				
Other retail	***3,016***	*2,784*	***1***	*2*
Total	**103,199**	105,352	**7,987**	9,891

1 Reflects the impact of the application of regulatory haircuts. For traded products it is the difference between the IFRS reported values and the regulatory net credit exposure.

Impairment, default and credit loss

As illustrated in the tables below, our impaired assets had decreased by 17% as of 30 June 2011 compared with 31 December 2010, mainly due to reductions in our impaired loan positions.

Impaired assets by region

This table provides a breakdown of credit exposures arising from impaired assets and allowances/ provisions by geographical region, based on the legal domicile of the customer. Impaired asset exposures include loans, off-balance sheet claims, securities financing transactions and derivative transactions.

CHF million	Regulatory gross credit exposure	Impaired assets[1]	Specific allowances, provisions and credit valuation adjustments	Impaired assets net of specific allowances, provisions and credit valuation adjustments	Collective allowances and provisions[2]	**Total allowances, provisions and specific credit valuation adjustments[2]**	Total allowances, provisions and specific credit valuation adjustments 31.12.10
Switzerland	196,145	1,089	(558)	531	(54)	**(612)**	(609)
Rest of Europe	132,836	686	(225)	461		**(225)**	(267)
North America[3]	192,197	3,291	(1,113)	2,178		**(1,113)**	(1,444)
Latin America	7,098	31	(26)	6		**(26)**	(25)
Asia Pacific	51,434	245	(36)	209		**(36)**	(41)
Middle East and Africa	6,295	32	(30)	3		**(30)**	(32)
Total 30.6.11	**586,004**	**5,375**	**(1,987)**	**3,387**	**(54)**	**(2,041)**	
Total 31.12.10	573,174	6,468	(2,370)	4,097	(47)		(2,418)

1 Values of defaulted derivative contracts (CHF 1,641 million) are based on replacement values and do not include "add-ons" used in the calculation of regulatory capital. 2 Collective credit valuation adjustments of CHF 492 million are partially included in the upper tier 2 capital and therefore not included in this table. 3 Includes the Caribbean.

Impaired assets by exposure segment

This table provides a breakdown of credit exposures arising from impaired assets and allowances/provisions in accordance with Basel II defined exposure segments.

CHF million	Regulatory gross credit exposure	Impaired assets[1]	Specific allowances, provisions and credit valuation adjustments	Collective allowances and provisions[2]	**Total allowances, provisions and specific credit valuation adjustments 30.6.11[2]**	**Write-offs for the six-months period ended 30.6.11**	Total allowances, provisions and specific credit valuation adjustments 31.12.10
Corporates	212,177	4,843	(1,721)		**(1,720)**	**(72)**	(2,083)
Sovereigns	102,702	14	(10)		**(10)**	**(1)**	(10)
Banks	79,471	28	(27)		**(27)**		(30)
Retail							
Residential mortgages	*121,823*	*270*	*(70)*		***(70)***		*(68)*
Lombard lending	*65,794*	*115*	*(102)*		***(102)***		*(120)*
Other retail	*4,037*	*105*	*(56)*		***(56)***	***(13)***	*(59)*
Not allocated segment[3]				(54)	**(54)**		(47)
Total 30.6.11	**586,004**	**5,375**	**(1,987)**	**(54)**	**(2,041)**	**(86)**	
Total 31.12.10	573,174	6,468	(2,370)	(47)	(2,418)	(1,505)	(2,418)

1 Values of defaulted derivative contracts (CHF 1,641 million) are based on replacement values and do not include "add-ons" used in the calculation of regulatory capital. 2 Collective credit valuation adjustments of CHF 492 million are partially included in the upper tier 2 capital and therefore not included in this table. 3 Collective loan loss allowances and provisions are not allocated to individual counterparties and thus also not to exposure segments.

Changes in allowances, provisions and specific credit valuation adjustments

This table provides a breakdown of movements in the specific and collective allowances and provisions for impaired assets, including changes in the credit valuation allowance for derivatives.

CHF million	Specific allowances and provisions for banking products and securities financing	Specific credit valuation adjustments for derivatives	Total specific allowances, provisions and credit valuation adjustments	Collective allowances and provisions[1]	For the six-month period ended 30.6.11		For the twelve-month period ended 31.12.10
Opening balance as of 1.1.11	1,240	1,130	2,370	47	2,418	Opening balance as of 1.1.10	5,881
Write-offs	(98)		(98)		(98)		(1,505)
Recoveries (on written-off positions)	33		33		33		79
Increase/(decrease) in allowances, provisions and specific credit valuation adjustments[2]	(25)	(147)	(172)	6	(166)		(1,615)
Foreign currency translations and other adjustments	(46)	(100)	(146)		(146)		(421)
Transfers							
Closing balance as of 30.6.11	1,104	884	1,987	54	2,041	Closing balance as of 31.12.10	2,418

1 Collective credit valuation adjustments of CHF 492 million are partially included in the upper tier 2 capital and therefore not included in this table. 2 Total actual credit loss/recovery and changes in specific credit valuation adjustments recognized in net trading income.

Total expected loss, and actual credit loss / recovery and credit valuation adjustments

This table provides a breakdown of the credit loss / recovery amount charged against our income statement in the first six months of 2011, in accordance with the Basel II defined exposure segments of the advanced IRB approach. A semi-annual comparison between our annualized expected credit loss and our actual credit loss for the first six months of 2011 is not considered meaningful. A comparison of our expected loss versus actual loss will be provided in our Annual Report 2011.

	Actual credit (loss) / recovery and credit valuation adjustments			
CHF million	For the six-month period ended 30.6.11			For the twelve-month period ended 31.12.10
	Actual credit (loss) / recovery	Specific credit valuation adjustments for defaulted derivatives	Total actual credit (loss) / recovery and credit valuation adjustments	Total actual credit (loss) / recovery and credit valuation adjustments
Corporates[1]	2	147	149	1,577
Sovereigns				
Banks				26
Retail				
Residential mortgages	*13*		*13*	*1*
Lombard lending	*10*		*10*	*5*
Other retail	*(1)*		*(1)*	*(2)*
Not allocated[2]	(6)		(6)	7
Total	19	147	166	1,615

1 Includes actual credit recovery from securities of CHF 16 million. 2 Includes changes in collective loan loss allowances and provisions.

Other credit risk tables

Our credit derivative trading is predominately carried out on a collateralized basis. This means that our credit exposures arising from derivatives activities with collateralized counterparties are typically closed out in full or reduced to nominal levels on a regular basis by the use of collateral.

Derivatives trading with counterparties with higher credit ratings, for example a large bank or broker-dealer, usually falls under an International Swaps and Derivatives Association (ISDA) master trading agreement (MTA). Credit exposures to those counterparties from credit default swaps (CDS), together with exposures from other OTC derivatives, are netted and included in the calculation of the collateral required to be posted. Trading with lower rated counterparties (for example, hedge funds) would generally require an initial margin to be posted by the counterparty.

We therefore receive collateral from our counterparties or post collateral to our counterparties based on our open net receivable or net payable from OTC derivative activities. Under the terms of the ISDA MTA and similar agreements, this collateral, which generally takes the form of cash or highly liquid fixed income securities, is available to cover any amounts due under those derivative transactions.

Settlement risk (including payment risk) of CDS has been mitigated to some extent by the development of a market-wide credit event auction process. This has resulted in a widespread shift to the cash settlement of CDS following a credit event on a reference entity. We have not experienced any significant losses from failed settlements on CDS contracts in the first six months 2011.

The vast majority of our CDS trading activity is conducted by the Investment Bank. The “Credit derivatives portfolio (split by counterparty)” table provides further analysis of the Investment Bank’s CDS counterparties based on notional amount of CDS protection purchased and sold. The analysis shows that on 30 June 2011 the vast majority of the Investment Bank’s CDS counterparties were market professionals. Based on the same notional measure, approximately 97% of these counterparties were rated investment grade and approximately 99% of the CDS activity was traded on a collateralized basis on 30 June 2011.

Credit exposure of derivative instruments

This table provides an overview of our credit exposures arising from derivatives. Exposures are provided based on the balance sheet carrying values of derivatives as well as regulatory net credit exposures. The net balance sheet credit exposure differs from the regulatory net credit exposures because of differences in valuation methods and the netting and collateral deductions used for accounting and regulatory capital purposes. Specifically, net current credit exposure is derived from gross positive replacement values, whereas regulatory net credit exposure is calculated using our internal credit valuation models.

CHF million	30.6.11	31.12.10
Gross positive replacement values	335,169	401,146
Netting benefits recognized[1]	(252,744)	(301,515)
Collateral held	(35,680)	(41,592)
Net current credit exposure	**46,746**	58,039
Regulatory net credit exposure (total counterparty credit risk)	**65,996**	73,879
of which: treated with internal models (effective expected positive exposure [EPE])	*49,890*	*60,843*
of which: treated with supervisory approaches (current exposure method)	*16,106*	*13,036*
Breakdown of the collateral held		
Cash collateral	31,414	36,520
Securities collateral and debt instruments collateral (excluding equity)	4,083	4,837
Equity instruments collateral	84	120
Other collateral	98	115
Total collateral held	**35,680**	41,592

1 Derivatives exposure based on accounting definition (consolidation scope for capital) measured as gross positive replacement values with netting benefits from negative replacement values with the same counterparty.

Credit derivatives[1,2]

This table provides an overview of our credit derivative portfolio by product group using notional values. The table also provides a breakdown of credit derivative positions used to manage our own credit portfolio risks (banking book for regulatory purposes) and risks arising through intermediation activities (trading book for regulatory capital purposes).

	Regulatory banking book			Regulatory trading book			Total	
Notional amounts, CHF million	Protection bought	Protection sold	Total	Protection bought	Protection sold	Total	**30.6.11**	31.12.10
Credit default swaps	22,487	2,623	25,110	1,232,686	1,170,960	2,403,646	**2,428,756**	2,304,549
Total return swaps				2,689	3,363	6,052	**6,052**	8,931
Total 30.6.11	**22,487**	**2,623**	**25,110**	**1,235,375**	**1,174,323**	**2,409,698**	**2,434,807**	
Total 31.12.10	28,650	2,602	31,252	1,167,228	1,115,000	2,282,228		2,313,480

1 Notional amounts of credit derivatives are based on accounting definitions and do not include any netting benefits. For capital underpinning of the counterparty credit risk of derivative positions, the effective expected positive exposure (or exposure according to current exposure method) is taken. 2 Notional amounts are reported based on regulatory scope of consolidation and do not include options and warrants.

Credit derivatives portfolio (split by counterparty)[1]

This table provides a breakdown of the Investment Bank's CDS protection purchased and sold by portfolio segment.

Portfolio segment	% of total notional		% of buy notional		% of sell notional	
	30.6.11	31.12.10	**30.6.11**	31.12.10	**30.6.11**	31.12.10
Developed markets commercial banks	**61**	59	**60**	58	**63**	60
Broker-dealers, investment and merchant banks	**22**	25	**22**	25	**22**	25
Hedge funds	**2**	2	**1**	1	**3**	3
All other	**15**	15	**18**	17	**13**	12

1 Counterparty analysis based on notional CDS exposures of the Investment Bank sourced from credit risk systems.

Investment positions

The IFRS view differs from the regulatory capital view primarily due to: (i) differences in the basis of valuation in that IFRS is based on "fair value accounting" whereas "lower of cost or market value" (LOCOM) or "cost less impairment" are used for regulatory capital purposes; (ii) positions may be treated under a different framework to determine regulatory capital, for example, tradable assets treated under market risk VaR; and (iii) differences in the scope of consolidation for IFRS, for example, special purpose entities consolidated for IFRS but not for regulatory capital purposes.

The table below shows "equities disclosure for banking book positions". These are net realized gains and losses and unrealized revaluation gains. We had no unrealized revaluation losses that were not recognized in the statement of income relating to available-for-sale investments. In addition, there was no significant disparity between the share prices of investment positions held in publicly quoted entities and their fair value.

Equities disclosure for banking book positions

This table provides an overview of our equity investments held in the banking book for regulatory capital purposes. The calculation of equity investment exposure for financial accounting under IFRS differs from that required for regulatory capital purposes. The table illustrates these two measures of exposure as well as the key difference between them.

	Book value	
CHF million	**30.6.11**	31.12.10
Equity investments		
Financial investments available-for-sale	**1,304**	1,359
Financial assets designated at fair value	**701**	856
Investments in associates	**732**	790
Total equity investments under IFRS	**2,736**	3,006
Regulatory capital adjustment	**299**	281
Total equity exposure under BIS	**3,036**	3,287
of which: to be risk-weighted		
publicly traded	***235***	*390*
privately held	***1,533*** [1]	*1,513*
of which: deducted from equity	***1,269***	*1,384*
RWA according to simple risk weight method	**3,939**	3,691
Capital requirement according to simple risk weight method	**315**	295
Total capital charge	**1,584**	1,679
Net realized gains / (losses) and unrealized gains from equities		
Net realized gains / (losses) from disposals	**24**	270
Unrealized revaluation gains	**77**	68
of which: included in tier 2 capital	**35**	31

1 Includes CHF 669 million exposure booked in trust entities that did not generate RWA (CHF 842 million on 31.12.10).

Market risk

Risk-weighted assets attributable to market risk increased to CHF 34.8 billion as of 30 June 2011, compared with CHF 20.8 billion as of 31 December 2010. This CHF 14 billion increase was mainly related to increased credit spread risks, partially offset by currency movements. The Investment Bank's average regulatory VaR at the end of the second quarter was significantly higher at CHF 529 million compared with CHF 306 million at year end 2010. However, the Investment Bank's period-end regulatory VaR was lower at CHF 326 million as of 30 June 2011 compared with CHF 389 million as of 31 December 2010. The difference at the end of June 2011 between average and period-end Investment Bank management VaR is due to a decrease in credit spread risk towards the end of the first half of 2011. Credit spread risk continued to be the dominant component of our regulatory VaR.

The market risk regulatory capital requirement is 8% of the respective RWA. Market risk regulatory capital and RWA are derived from our VaR model and subject to regulatory determined multipliers.

The population of the portfolio within the management and regulatory VaR is slightly different. Management VaR includes all positions subject to internal management VaR limits, while the population within regulatory VaR is a subset of this total population which meets minimum regulatory requirement for inclusion in regulatory VaR.

➔ **Refer to the "Risk management and control" sections of our Annual Report 2010 and of our second quarter 2011 report for more information on market risk**

Group: regulatory value-at-risk (10-day, 99% confidence, 5 years of historical data)

This table provides a breakdown of the Group's minimum, maximum, average and period-end regulatory VaR by business division.

	For the six-month period ended 30.6.11				For the year ended 31.12.10			
CHF million	Min.	Max.	Average	30.6.11	Min.	Max.	Average	31.12.10
Business divisions								
Investment Bank	288	799	529	326	132	546	306	389
Wealth Management & Swiss Bank	0	1	1	0	0	1	1	1
Wealth Management Americas	11	20	15	18	13	30	21	14
Global Asset Management	0	1	1	1	0	1	1	1
Treasury activities and other corporate items	8	32	16	18	5	71	22	13
Diversification effect	[1]	[1]	(16)	(25)	[1]	[1]	(27)	(17)
Total regulatory VaR, Group	305	819	545	338	140	561	323	401
Diversification effect (%)			(3)	(7)			(8)	(4)

1 As the minimum and maximum occur on different days for different business divisions, it is not meaningful to calculate a portfolio diversification effect.

Investment Bank: regulatory value-at-risk (10-day, 99% confidence, 5 years of historical data)

This table provides a breakdown of the Investment Bank's minimum, maximum, average and period-end regulatory VaR by risk type.

	For the six-month period ended 30.6.11				For the year ended 31.12.10			
CHF million	Min.	Max.	Average	30.6.11	Min.	Max.	Average	31.12.10
Risk type								
Equities	51	93	65	51	47	133	68	64
Interest rates	68	182	111	95	54	138	95	96
Credit spreads	384	860	633	424	225	635	422	386
Foreign exchange	16	103	50	40	8	88	28	41
Energy, metals and commodities	8	51	21	16	5	44	12	43
Diversification effect	[1]	[1]	(351)	(300)	[1]	[1]	(319)	(242)
Total regulatory VaR, Investment Bank	288	799	529	326	132	546	306	389
Diversification effect (%)			(40)	(48)			(51)	(38)

1 As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification effect.

Group: regulatory value-at-risk (1-day, 99% confidence, 5 years of historical data)[1]

This table provides a breakdown of the Group's minimum, maximum, average and period-end regulatory backtesting VaR by business division.

		For the six-month period ended 30.6.11				For the year ended 31.12.10			
CHF million		Min.	Max.	Average	30.6.11	Min.	Max.	Average	31.12.10
Investment Bank	Regulatory VaR[2]	80	154	109	86	57	110	82	93
Group	Regulatory VaR[2]	80	154	111	89	58	114	84	94

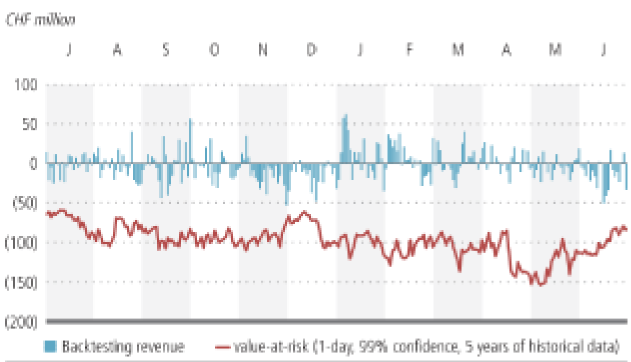
1 10-day 99% regulatory VaR and 1-day 99% regulatory VaR results are calculated separately from underlying positions and historical market moves. They cannot be inferred from each other. 2 Backtesting is based on 1-day 99% regulatory VaR.

Backtesting

Backtesting compares 1-day 99% regulatory VaR calculated for positions at the close of each business day with the revenues which actually arise on those positions on the following business day. Our backtesting revenues exclude non-trading revenues such as fees and commissions and estimated revenues from intraday trading. A backtesting exception occurs when backtesting revenues are negative and the absolute value of those revenues is greater than the previous day's VaR. We experienced no backtesting exception in the first six months of 2011.

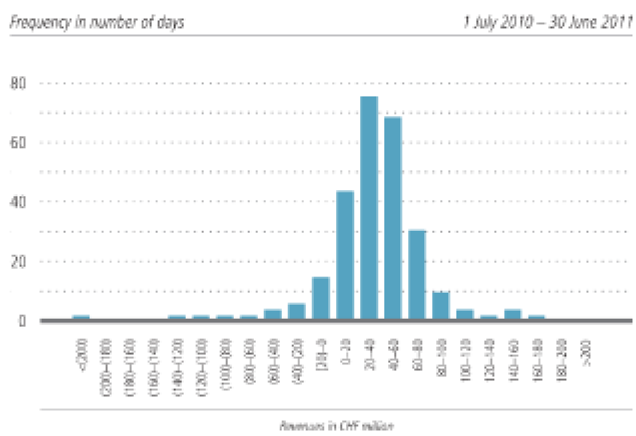
Investment Bank: development of backtesting revenues[1] against value-at-risk

This graph provides the 12-month development of 1-day 99% VaR against backtesting revenues in the Investment Bank from July 2010 to June 2011.



1 Excludes non-trading revenues, such as commissions and fees, and revenues from intraday trading.

Investment Bank: all revenues[1] distribution



1 Includes all revenues from business areas which have trading activities.

Interest rate risk in the banking book

Risk profile

All interest rate risk is subject to independent risk control. When not included in our VaR measure, interest rate risk is subject to specific monitoring, which may include interest rate sensitivity analysis, earnings-at-risk (EaR), capital-at-risk (CaR) and combined stress testing (CST) metrics. Interest rate risk sensitivity figures highlight the impact of a 1-basis-point parallel increase in yield curves on present values of future cash flows, irrespective of accounting treatment.

This is one of the ways in which non-trading interest rate risks are assessed for internal risk management purposes. In addition, the impact of an adverse parallel shift in interest rates of 200 basis points on our non-trading interest rate risk exposures is below the threshold of 20% of eligible regulatory capital specified by regulators to identify banks that may be required to hold additional regulatory capital against this risk.

Impact of a 1-basis-point parallel increase in yield curves on present value of future cash flows[1]

The table shows the impact of a 1-basis-point parallel increase in yield curves on present values of future cash flows of interest-rate-sensitive banking book positions on 30 June 2011.

CHF million	**30.6.11**	31.12.10
CHF	**(0.4)**	(0.7)
EUR	**(2.1)**	(2.1)
GBP	**(2.6)**	(2.9)
USD	**(6.3)**	(10.7)
Other	**0.0**	(0.3)
Total impact on interest rate-sensitive banking book positions	**(11.5)**	(16.6)

1 Does not include interest rate sensitivities in respect of our inventory of student loan ARS or our commitment to purchase client holdings of student loan ARS. From an economic perspective these exposures are not materially affected by parallel shifts in USD interest rates, holding other factors constant. For 30 June 2011 we implemented a model change which affected the USD sensitivity by positive CHF 1.1 million.

Operational risk

Risk-weighted assets attributable to operational risk were CHF 49.5 billion as of 30 June 2011, compared with CHF 51 .9 billion as of 31 December 2010. Operational risk regulatory capital requirement is 8% of the respective risk-weighted assets.

➔ **Please refer to the "Operational risk" section of our Annual Report 2010 for more information**

Securitization

Objectives, roles and involvement

The majority of our positions that are categorized as securitizations according to the regulatory definition of such exposures are legacy risk positions. A significant amount was held by the Investment Bank in the portfolio of assets reclassified to Loans and receivables from Held for trading in the fourth quarter of 2008 and the first quarter of 2009. As of 30 June 2011, this portfolio included CDO and CLO with CDS protection purchased from monoline insurers, US commercial mortgage-backed securities, the US reference-linked note program and student loan ARS. Repurchased student loan ARS were also categorized as securitization exposures. From a risk control perspective these portfolios are subject to specific monitoring, which may include interest rate and credit spread sensitivity analysis, as well as inclusion in firm-wide earnings-at-risk (EaR), capital-at-risk (CaR) and combined stress test (CST) metrics. We intend to exit residual risk positions where appropriate.

As part of our hedging strategy, in a prior period we completed the securitization of a portfolio of counterparty credit risk resulting from OTC derivatives.

In 2011, UBS has acted in the originator and sponsor role, selling originated commercial real estate loans into a third party's securitization program.

We also held certain securitization positions in accordance with the regulatory definition of securitizations that were managed under the market risk framework as of 30 June 2011. A market risk treatment was applied to these positions for determining regulatory capital.

Regulatory treatment of securitization structures

The disclosures in this section mainly include exposures related to student loan ARS, CDO and CLO with CDS protection purchased from monoline insurers, US commercial mortgage-backed securities and the global reference-linked note programs. It also includes counterparty credit risk exposures resulting from OTC derivatives, as these exposures were treated under the securitization approach for determining regulatory capital as of 30 June 2011.

We generally applied the ratings-based approach to securitization positions in the banking book using Moody's, Standard & Poor's and Fitch's ratings. Under the ratings-based approach, the amount of capital is capped at the level of capital requirement that would have been assessed against the underlying assets had they not been securitized.

This treatment has been applied in particular to the US and European reference-linked note program. For the purposes of determining regulatory capital and Pillar 3 disclosure the underlying exposures are reported under either the standardized approach or securitization approach depending on the category of the underlying security itself. The related positions are therefore not included in the tables below.

We applied the supervisory formula to the securitization of a portfolio of counterparty credit risk resulting from OTC derivatives where an external rating was not sought.

The counterparty risk of interest rate or foreign currency derivatives with securitization vehicles are treated under the advanced IRB approach and are therefore not part of this disclosure.

Accounting policies

For IFRS purposes, we treat originated securitized exposures as sales, i.e. they are derecognized from our balance sheet provided that specific derecognition criteria are met and we do not consolidate the transferee (as described in "Note 1 Summary of significant accounting policies" in the "Financial information" section of the Annual Report 2010). A gain or loss on sale is recognized when exposures are derecognized. Derivatives used for synthetic securitizations are accounted for in line with the abovementioned note.

Securitization positions that are classified as trading assets for IFRS purposes are valued at fair value as described in "Note 27 Fair value of financial instruments" in the "Financial information" section of the Annual Report 2010. Securitization positions that have been redesignated from Trading assets to Loans and receivables are valued at amortized cost less impairment as described in "Note 1 Summary of significant accounting policies" in the "Financial information" section of the Annual Report 2010.

Good practice guidelines

On 18 December 2008, the European Banking Federation, the Association for Financial Markets in Europe, the European Savings Banks Group and the European Association of Public Banks and Funding Agencies published the "Industry good practice guidelines on Pillar 3 disclosure requirement for securitization". This was slightly revised in 2009/2010 and this report is in compliance with all material aspects of these revised guidelines.

Securitization activity of the year

The table below shows the exposures we have securitized during the first six months of 2011. It also shows any gains or losses recognized on sales into these traditional securitization structures for regulatory capital purposes. The exposure values disclosed are based on the transaction date and were accounted for at fair value pre-securitization (the resulting gain or loss is not considered significant).

	Originator					Sponsor	
	Traditional		Synthetic		Realized gains / (losses) on traditional securitizations	Traditional	Synthetic
CHF million	Securitization positions retained	No securitization positions retained	Securitisation positions retained	No securitization positions retained			
Residential mortgages							
Commercial mortgages	3,627				52	52	
Credit card receivables							
Leasing							
Loans to corporates or SMEs							
Consumer loans							
Student loans							
Trade receivables							
Re-securitizations							
Other							
Total 30.6.11	**3,627**	**0**	**0**	**0**	**52**	**52**	**0**
Total 31.12.10	0	0	1,715	0	0	0	0

Total outstanding securitized exposures – securitization position retained/ongoing involvement

The table below provides a breakdown of the inventory of the total outstanding exposures we have securitized. The exposure values disclosed are based on the amounts referenced in the transaction.

	Originator		Sponsor	
CHF million	Traditional	Synthetic	Traditional	Synthetic
Residential mortgages	2,718			
Commercial mortgages	15,946	491		
Credit card receivables				
Leasing				
Loans to corporates or SMEs			5,965	
Consumer loans				
Student loans				
Trade receivables				
Re-securitizations	5,981	870		
Other		1,337		737
Total 30.6.11[1]	**24,645**	**2,697**	**5,965**	**737**
Total 31.12.10	0	3,392	0	0

1 As of 30 June 2011 the total outstanding securitized exposures (par values of the transactions) are disclosed, as recommended by the best practice guidelines. As of 31 December 2010 this information was available to a limited extent only and cannot be compared directly with 30 June 2011.

Impaired or past due securitized exposures

The table below provides a breakdown of the inventory of outstanding impaired or past due exposures we have securitized. The exposure values are based on the amounts referenced in the transaction.

	Originator		Sponsor
CHF million	Securitization positions retained	No securitization positions retained	
Residential mortgages			
Commercial mortgages			
Credit card receivables			
Leasing			
Loans to corporates or SMEs			
Consumer loans			
Student loans			
Trade receivables			
Re-securitizations	162		
Other			
Total 30.6.11	**162**	**0**	**0**
Total 31.12.10	165	0	0

Losses recognized from retained or purchased securitization positions

The table below provides a breakdown of losses we have recognized on securitization positions purchased or retained, after taking into account the offsetting effects of any credit protection that is an eligible risk mitigation instrument for the retained or repurchased position. We partially report such positions on a fair value and partially on a cost less impairment basis.

CHF million	Originator	Sponsor
Residential mortgages	1	
Commercial mortgages	4	
Credit card receivables		
Leasing		
Loans to corporates or SMEs		
Consumer loans		
Student loans		
Trade receivables		
Re-securitizations	1	
Other		2
Total 30.6.11	**5**	**2**
Total 31.12.10	66	0

Securitization positions retained or purchased

The table below provides a breakdown of securitization positions we have purchased or retained, irrespective of our role in the securitization transaction.

CHF million	
Residential mortgages	1,109
Commercial mortgages	1,156
Credit card receivables	11
Leasing	96
Loans to corporates or SMEs	2,285
Consumer loans	1
Student loans	8,115
Trade receivables	0
Re-securitizations	5,920
Other	1,644
Total 30.6.11	**20,338**
Total 31.12.10	24,201

Capital charge for securitization positions retained or purchased[1]

The table below provides the capital charge for securitization positions we have retained or purchased, irrespective of our role in the securitization transaction, broken down by risk weight bands.

CHF million	
over 0-10%	33
over 10-15%	60
over 15-20%	36
over 20-35%	39
over 35-50%	5
over 50-75%	10
over 75-100%	22
over 100-250%	57
over 250-1,250%	133
Total 30.6.11	**396**
Total 31.12.10	567

1 The capital charge is calculated without applying the 1.06 multiplier required by Basel II for IRB credit risk.

Deductions from eligible capital related to securitization positions retained or purchased

The table below provides the capital deductions related to securitization positions we have retained or purchased, irrespective of our role in the securitization transaction, broken down by position type.

CHF million	
Residential mortgages	361
Commercial mortgages	221
Credit card receivables	0
Leasing	67
Loans to corporates or SMEs	0
Consumer loans	1
Student loans	1,280
Trade receivables	0
Re-securitizations	1,363
Other	396
Total 30.6.11[1]	**3,688**
Total 31.12.10	2,990

1 The deduction of CHF 1.8 billion related to the fair value of our option to acquire the SNB StabFund's equity as of 30 June 2011, is excluded from this table.

Information sources

Reporting publications

Annual publications: *Annual report (SAP no. 80531)*: Published in both English and German, this single volume report provides a description of: our UBS Group strategy, performance and responsibility; the strategy and performance of the business divisions and the Corporate Center; risk and treasury management; corporate governance and senior management and Board of Directors compensation; and financial information, including the financial statements. *Review (SAP no. 80530):* The booklet contains key information on our strategy and financials. It is published in English, German, French and Italian. *Compensation Report (SAP no. 82307):* The report discusses compensation for senior management and the Board of Directors (executive and non-executive members). It is published in English and German.

Quarterly publications: *Letter to shareholders*: The letter provides a quarterly update from executive management on our strategy and performance. The letter is published in English, German, French and Italian. *Financial report (SAP no. 80834*): The quarterly financial report provides an update on our strategy and performance for the respective quarter. It is published in English.

How to order reports: The annual and quarterly publications are available in PDF format on the internet at *www.ubs.com/investors/topics* in the "Financial information" section. Printed copies can be ordered from the same website by accessing the order/subscribe panel on the left-hand side of the screen. Alternatively, they can be ordered by quoting the SAP number and the language preference where applicable, from UBS AG, F2AL-AUL, P.O. Box, CH-8098 Zurich, Switzerland.

Other information

Website: The "Analysts & Investors" section at *www.ubs.com/investors* provides the following information on UBS: financial information (including SEC results-related filings); corporate information, including UBS share price charts and data and dividend information; the UBS event calendar; and presentations by management for investors and financial analysts. Information on the internet is available in English and German, with some sections in French and Italian.

Result presentations: Our quarterly results presentations are webcast live. A playback of most presentations is downloadable at *www.ubs.com/presentations*.

Messaging service /UBS news alert: On the *www.ubs.com/newsalerts* website, it is possible to subscribe to receive news alerts about UBS via SMS or e-mail. Messages are sent in English, German, French or Italian and it is possible to state theme preferences for the alerts received.

Form 20-F and other submissions to the US Securities and Exchange Commission: We file periodic reports and submit other information about UBS to the US Securities and Exchange Commission (SEC). Principal among these filings is the annual report on Form 20-F, filed pursuant to the US Securities Exchange Act of 1934. The filing of Form 20-F is structured as a "wrap-around" document. Most sections of the filing can be satisfied by referring to parts of the annual report. However, there is a small amount of additional information in Form 20-F which is not presented elsewhere, and is particularly targeted at readers in the US. Readers are encouraged to refer to this additional disclosure. Any document that we file with the SEC is available to read and copy on the SEC's website, *www.sec.gov*, or at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, DC, 20549. Please call the SEC by dialing +1 -800-SEC-0330 for further information on the operation of its public reference room. Much of this additional information may also be found on the UBS website at *www.ubs.com/investors*, and copies of results-related filings with the SEC may be obtained from our Investor Relations team at *www.ubs.com/ investors*.

Rounding I 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.

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This Form 6-K is hereby incorporated by reference into (1) each of the registration statements of UBS AG on Form F-3 (Registration Numbers 33-153882; 333-156695; and 333-156695-01 to -17) and Form S-8 (Registration Numbers 333-57878; 333-50320; 333-49216; 333-49214; 333-49212; 333-49210; 333-103956; 333-127180; 333-127182; 333-127183; 333-127184; 333-162798; 333-162799; and 333-162800) and into each prospectus outstanding under any of the foregoing registration statements, (2) any outstanding offering circular or similar document issued or authorized by UBS AG that incorporates by reference any Form 6-K's of UBS AG that are incorporated into its registration statements filed with the SEC, and (3) the base prospectus of Corporate Asset Backed Corporation ("CABCO") dated June 23, 2004 (Registration Number 333-111572), the Form 8-K of CABCO filed and dated June 23, 2004 (SEC File Number 001-13444), and the Prospectus Supplements relating to the CABCO Series 2004-101 Trust dated May 10, 2004 and May 17, 2004 (Registration Number 033-91744 and 033-91744-05).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UBS AG

By: /s/ Louis Eber
Name: Louis Eber
Title: Group Managing Director

By: /s/ Sarah M. Starkweather
Name: Sarah M. Starkweather
Title: Director

Date: August 11, 2011