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UBS Takes a \$14 Billion Write-Off

By DAVID JOLLY

PARIS — [UBS](#), the largest Swiss bank, said Wednesday that it would write off \$14 billion in losses on the troubled U.S. housing market and post a net loss for 2007.

The write-offs will result in a record fourth-quarter net loss of approximately 12.5 billion Swiss francs, or \$11.4 billion, the bank said in a preliminary earnings statement. It also said it expected to report a full-year net loss of 4.4 billion francs for 2007.

The numbers “include around \$12 billion in losses on positions related to the U.S. subprime mortgage market and approximately \$2 billion on other positions related to the U.S. residential mortgage market,” the bank said.

UBS said Dec. 10 that it was writing off \$10 billion of subprime investments for the fourth quarter, so the numbers Wednesday represented \$4 billion more in losses than it had previously disclosed.

“Once again this is a negative surprise,” said Andreas Weese, a banking analyst at UniCredit in Munich. “I had assumed additional losses, but not of this magnitude.”

The bank had already announced a \$4.4 billion loss on subprime investments in the third quarter. The figures Wednesday bring its 2007 U.S. residential mortgage-related losses to \$18.4 billion.

Mr. Weese said the bank had not provided much detail, but he theorized that the downgrades of “monoline” bond insurers in the United States had weighed on the results.

Because the values of U.S. mortgage securities have continued to deteriorate, there could still be more write-offs to come in the first quarter of 2008, Mr. Weese said.

UBS shares in Zurich slipped 64 centimes, or 1.3 percent, to 46.12 francs.

The UBS chairman, Marcel Ospel, has come under fire from investors for the recent losses and for plans to raise billions of dollars in capital from investors in the Middle East and the Government of Singapore Investment Corp.

Influential Swiss investors, including Dominique Biedermann, director of the Ethos Investment Foundation, which manages money for the Swiss public pension funds, has called for an independent audit of the bank’s accounts and for shareholders to elect a new chairman. Ospel’s tenure as chairman is set to end in April, but he must face shareholders at a special meeting scheduled for next month to approve the funding plans.

The bank, formed through a merger of [Union Bank of Switzerland](#) and [Swiss Bank Corp.](#) in June 1998, had never reported an annual net loss before, said Christoph Meier, a UBS spokesman.

Banks worldwide have announced more than \$135 billion in credit losses and write-downs since the turmoil in the U.S. housing market started last year, and some analysts estimate that total write-downs could reach \$800 billion.

UBS said it would provide further details on its financial performance on Feb. 14, when it publishes its final full-year and fourth quarter 2007 results.

The bank also said it had taken efforts to strengthen its capital base in the last quarter.

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