

## UBS reports profit hike but warns of Swiss franc pressure

Written by Imaduddin

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ZURICH: Banking giant UBS on Tuesday said its net profit jumped 12.6 percent last year, but highlighted recent pressures due to the ballooning value of the Swiss franc and negative interest rates.

In 2014, the leading Swiss bank reported a net profit of 3.57 billion Swiss francs (\$3.87 billion, 3.41 billion euros), on operating income up one percent at 28 billion francs.

For the fourth quarter alone, the company's net profit attributable to shareholders soared 26 percent to 963 million Swiss francs, boosted by a 493-million-franc net tax benefit compared with the previous year.

The results beat the expectations of analysts polled by the AWP financial news agency, which had anticipated a net profit of 878 million for the last three months of the year.

Looking forward, the bank however stressed that a recent decision by Switzerland's central bank to allow the Swiss franc to float along side quantitative easing measures in the neighbouring eurozone would cause headaches for the country's banking sector and financial markets.

The Swiss National Bank suddenly announced in mid-January that after more than three years it was lifting an enforced maximum exchange rate of 1.20 francs to the euro, allowing the Swiss currency to soar.

The strengthening of the franc, along side recently imposed negative interest rates in Switzerland and in the eurozone, "will put pressure on our profitability and, if they persist, on some of our targeted performance levels," said UBS chief Sergio Ermotti and chairman Axel Weber in the earnings report.

They insisted though that "while it is premature to draw a conclusion about the quarter, we have had a solid start to the year."

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The UBS board meanwhile plans to propose effectively tripling the dividend paid to shareholders, hiking it to 0.75 Swiss francs per share.

That amount included a 0.25-franc bonus per share promised in the context of its shift in legal structure to comply with new rules imposed on banks considered "too big to fail".

Following the announcement, the bank saw its share price fall 2.24 percent to 15.74 Swiss francs in morning trading, as the Swiss stock exchange's main SMI index fell 0.42 percent.

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