



Morgan Stanley conference

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2015 and beyond: unlocking UBS's full potential

Continuing to execute a clear and consistent strategy

2011

2012

2013

2014

2015 and beyond

Implement and execute

- ✓ Wealth management businesses at the core of our strategy
- ✓ Strategic commitment to be the leading Swiss universal bank
- ✓ Transform the Investment Bank
- ✓ Reduce balance sheet
- ✓ Build capital strength
- ✓ Reduce operational risks and strengthen controls
- ✓ Implement long-term efficiency and productivity measures

Unlock full potential

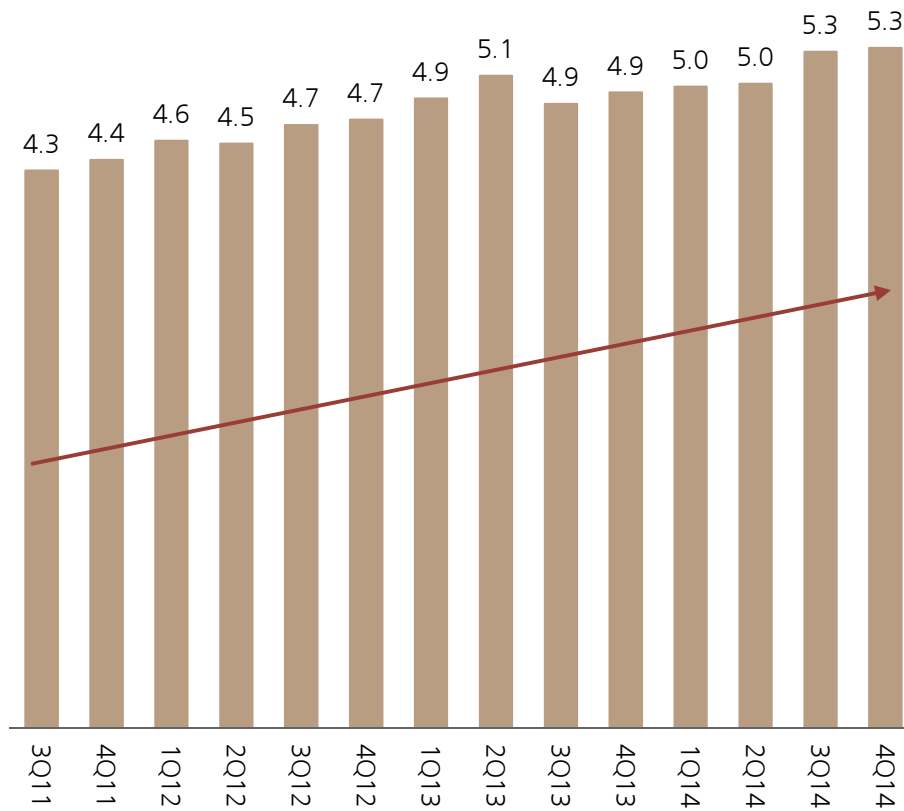
- Capital strength
- Operational efficiency
- Profitable growth
- Improving returns on capital
- Attractive returns to shareholders

Capital efficient growth in our highly cash-flow generative businesses

Business mix predominantly higher growth and lower capital intensity businesses

Quarterly operating income

CHF billion, adjusted

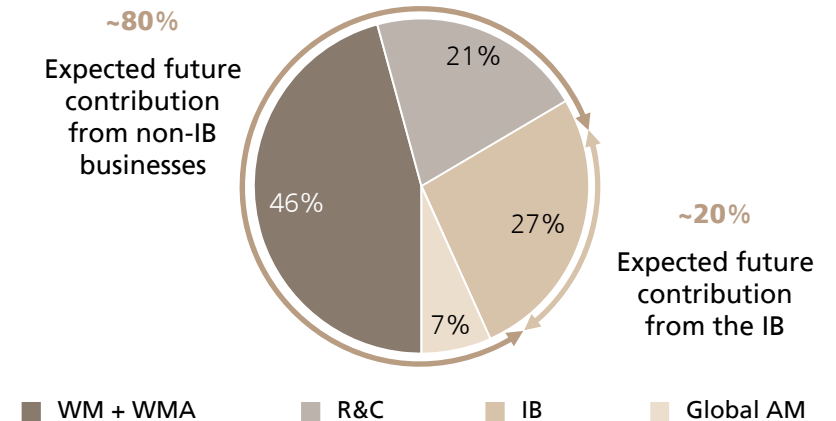


■ WM, WMA, R&C and Global AM

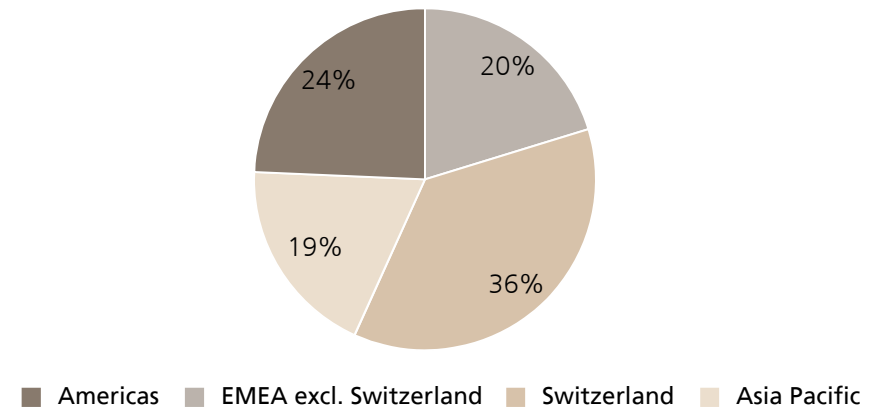
PBT contribution

%, 2014 PBT

By business division¹



By region²



Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

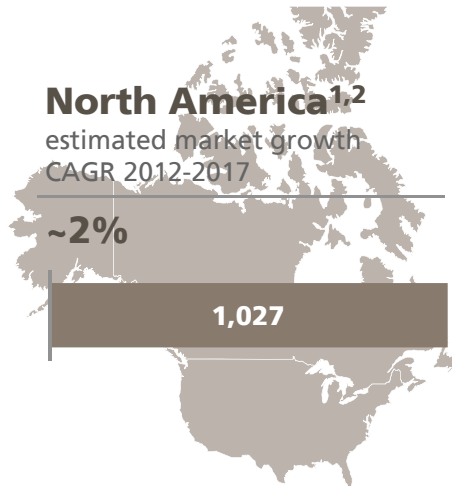
1 Adjusted, IB also adjusted for the 3Q14 provision for litigation, regulatory, and similar matters of CHF 1,687 million; 2 Reported, excluding items managed globally, approximately CHF (2.2) billion, including the aforementioned provision for litigation, regulatory and similar matters

UBS is best positioned to seize the global wealth management opportunity

Our footprint is unique with a strong presence in growth markets

UBS invested assets
31.12.14

CHF billion



**Europe including
Switzerland^{1,3}**
estimated market growth
CAGR 2012-2017

~3%

540

Emerging markets^{1,2,4}
estimated market growth
CAGR 2012-2017

~8%

168

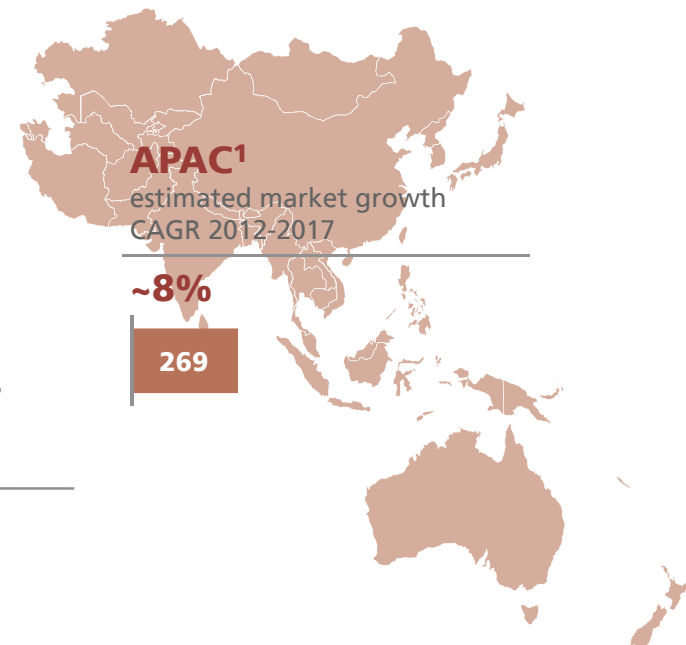
UHNW globally^{1,5}

estimated market growth
CAGR 2012-2017

~8%

497

- Fundamentally attractive industry economics
- Compelling growth prospects
 - UHNW ~8%¹
 - HNW ~6%¹
- Still highly fragmented industry



1 BCG World Wealth Report 2013; incl. retail households; 2013 growth based on growth forecast; 2 WMA's Latin America business is included in the North America invested assets, not in emerging markets; 3 Includes Western Europe and all other countries not covered elsewhere, beneficiary owner domicile view, invested assets are the sum of the invested assets usually reported in Europe and Switzerland; 4 Middle East & Africa, Latin America and Eastern Europe; 5 UHNW invested assets overlap with the regional split

UBS is the world's leading wealth manager

Invested assets of CHF 2 trillion managed by over 11,000 advisors globally

Wealth Management Americas

2014

- USD 1 trillion invested assets
USD 1 billion adjusted pre-tax profit
USD 1 million in revenue per FA
- Well positioned to capture growth opportunities; continued progress in banking initiatives

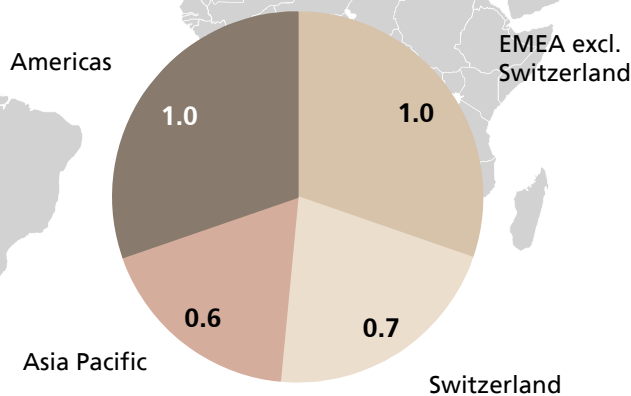
Wealth Management

2014

- CHF 1.0 trillion invested assets
CHF 2.4 billion adjusted pre-tax profit
CHF 1.9 million in revenue per CA
- Leading position in Europe, APAC, Emerging Markets, Switzerland and UHNW segment by invested assets¹

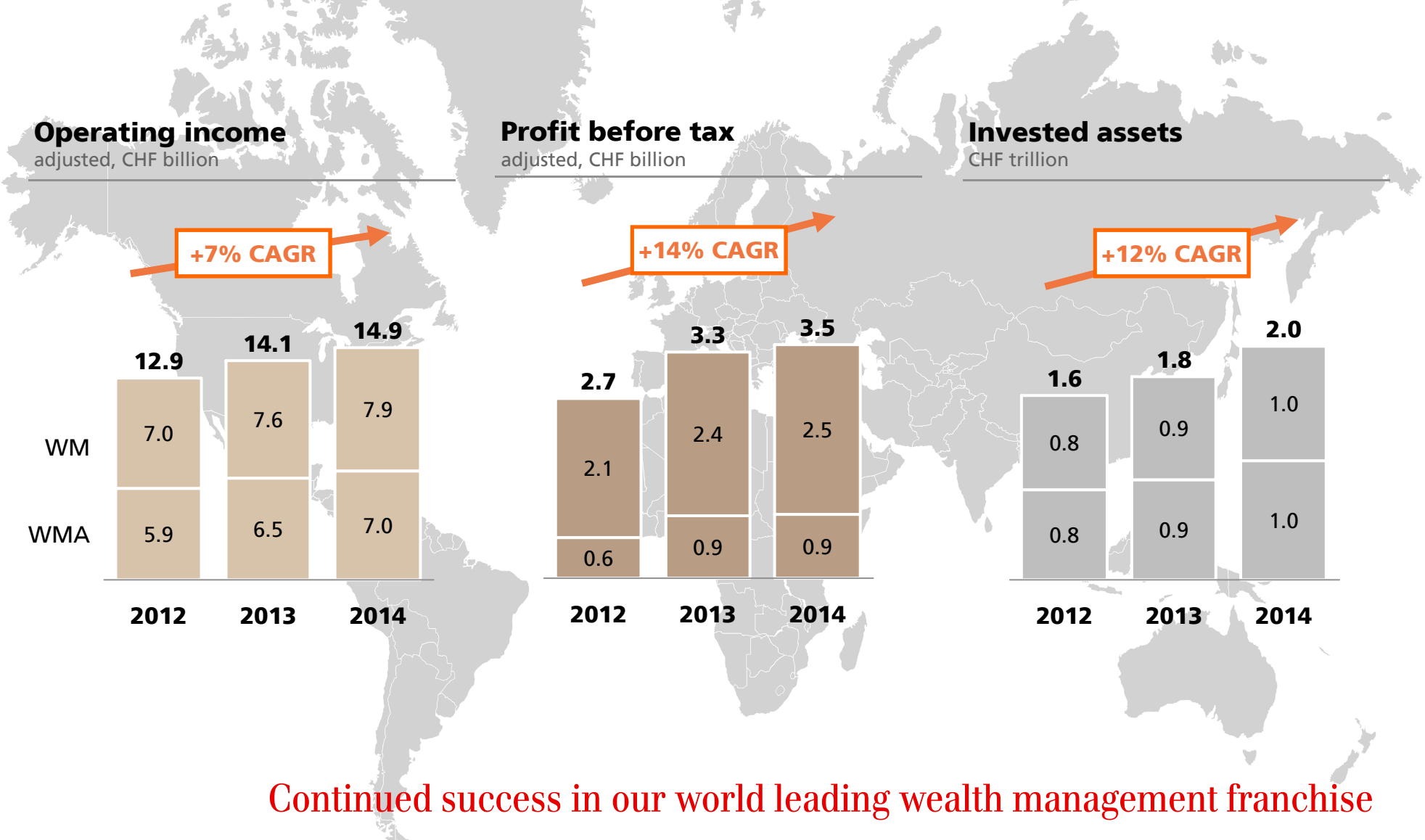
Regional PBT²

reported, 2014



Our wealth management franchise is unrivaled

Superior growth prospects, a strong track record and a unique global footprint



Continued success in our world leading wealth management franchise



Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

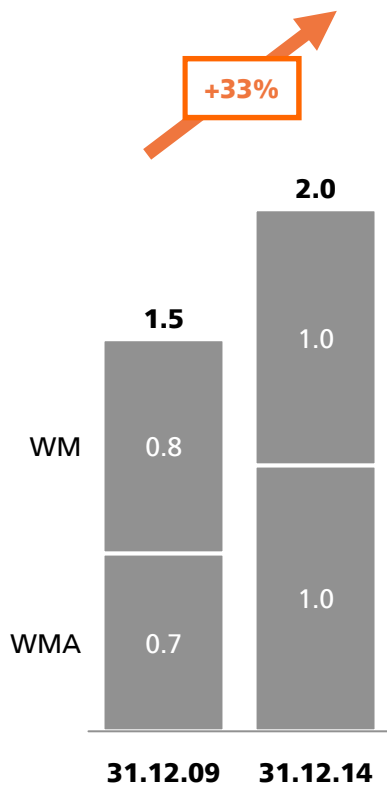
Delivering on our strategic initiatives

Successfully targeting the fastest growing wealth segments and high quality revenues

Growth in target segments

Increased asset base

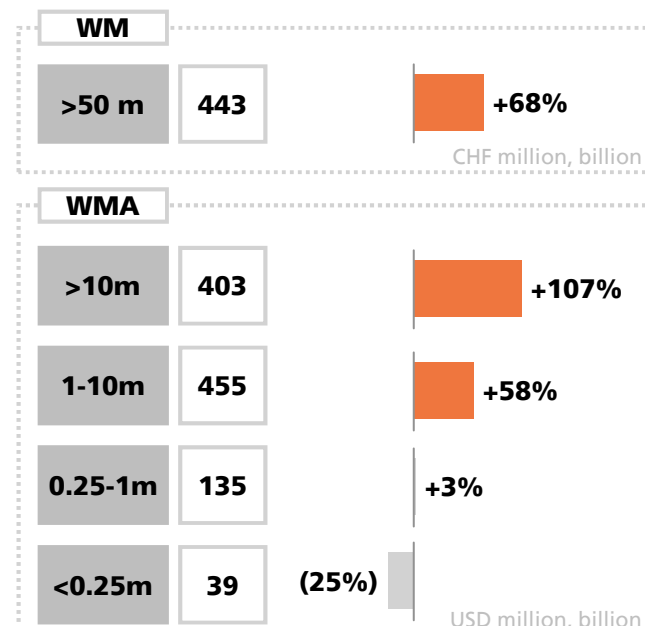
CHF trillion



Strong growth in target segments

Invested assets by client wealth segment¹, 31.12.14

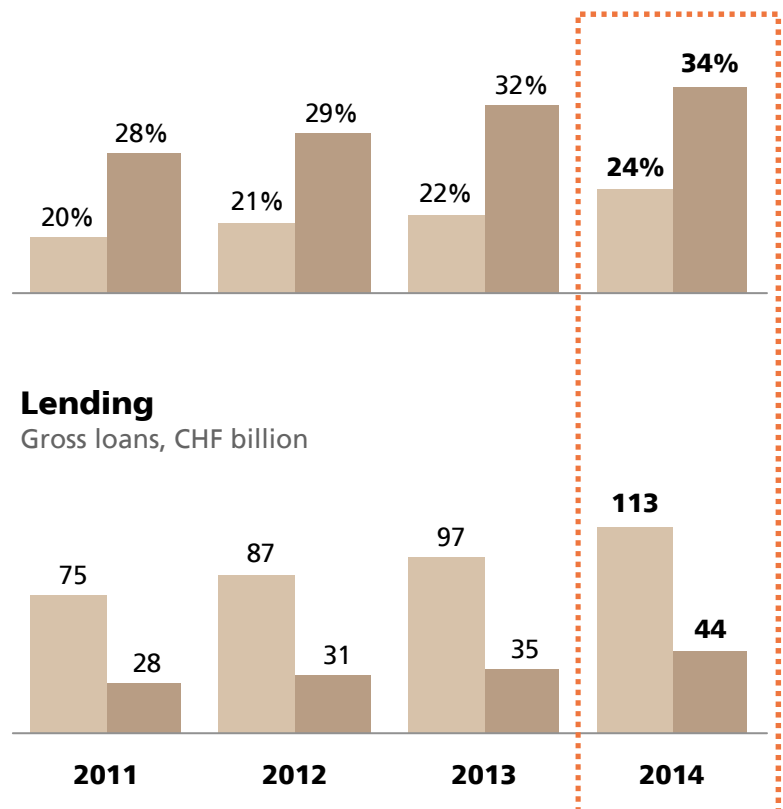
Invested assets growth, 31.12.09 to 31.12.14



Improving recurring revenues

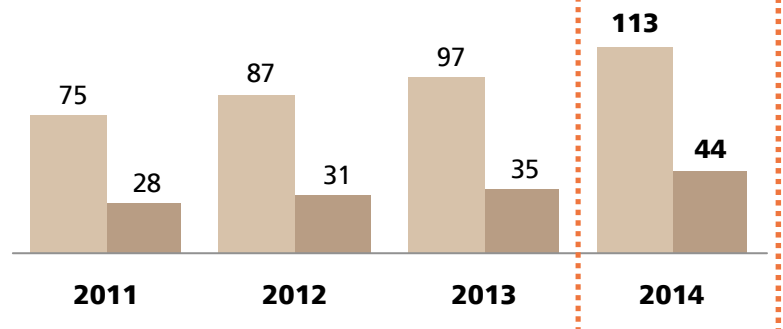
Mandates

Mandate assets² as % of invested assets



Lending

Gross loans, CHF billion



WM WMA



Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

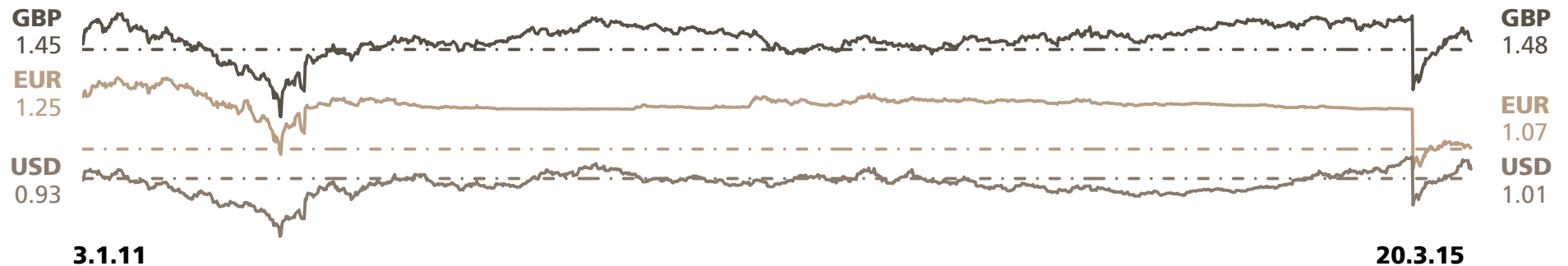
1 Client invested assets with UBS; 2 Mandates (Wealth Management) and Managed accounts (Wealth Management Americas)

Delivering results in a variety of market conditions

Our consistent strategy and long term initiatives allow us to succeed in a variety of market conditions

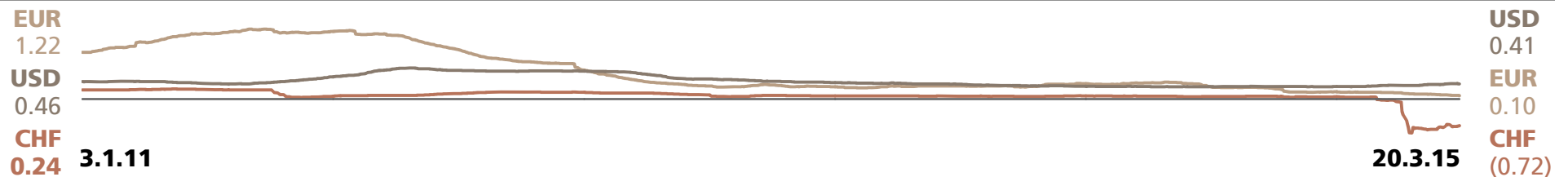
Foreign exchange rates

CHF per currency; dotted lines: average since 15.1.15



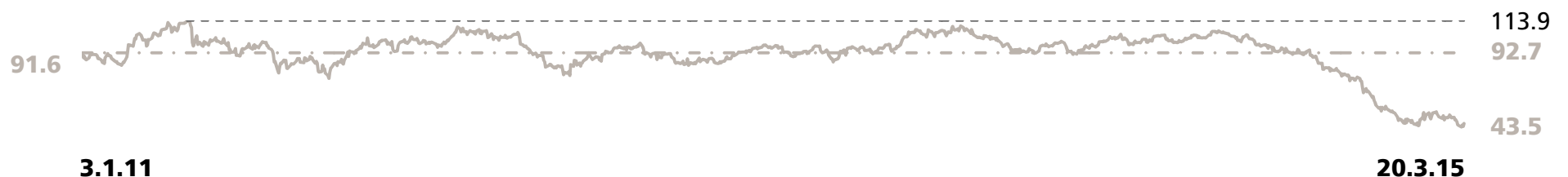
Interest rates

6-month Libor



Commodities

generic crude oil contract in USD; dotted line: average since 3.1.11



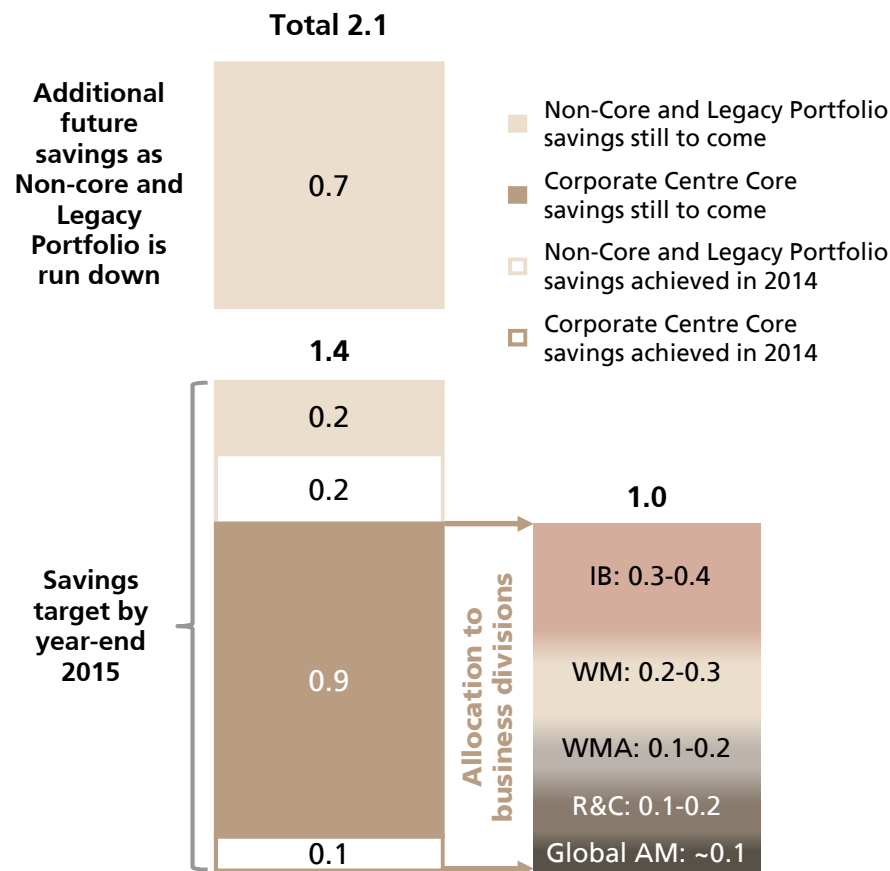
Source: Bloomberg (23.3.15)

Driving effectiveness and efficiency: Costs

Targeting CHF 2.1 billion in cost savings; CHF 1.1bn remaining in Corporate Centre in 2015

Cost reductions by division

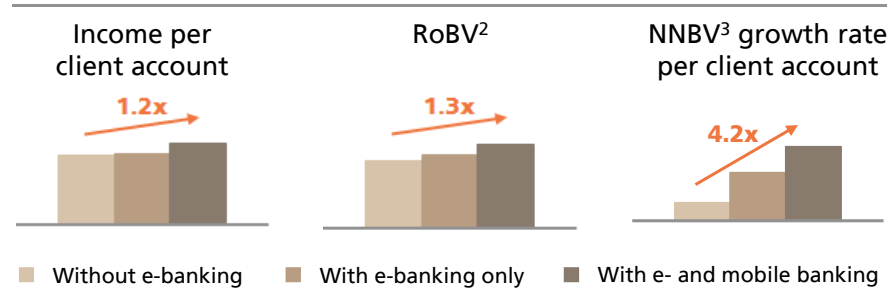
net cost savings target in CHF billion¹



- Net cost reduction target in the Corporate Center to drive maximum cost efficiency in services delivered to businesses
- Business divisions manage to cost/income target ranges, with direct costs, demand for services from Corporate Center, and front-office efficiency being the key levers to manage
- Restructuring cost guidance² over the next 3 years:
 - CHF ~1.5 billion in 2015
 - CHF ~1.0 billion in 2016
 - CHF ~0.5 billion in 2017
- CHF ~0.3 billion of net cost reductions achieved in FY14 versus FY13, of which CHF ~0.1 billion in Corporate Center – Core Functions and CHF ~0.2 billion in Non-core and Legacy Portfolio
- IT infrastructure and simplification investment will account for ~50% of total restructuring costs and additional CtA in 2015-2017
 - ~30% will be on infrastructure modernisation
 - The remainder on business process and application simplification and our IT operating model

Investments in digital platforms support business growth

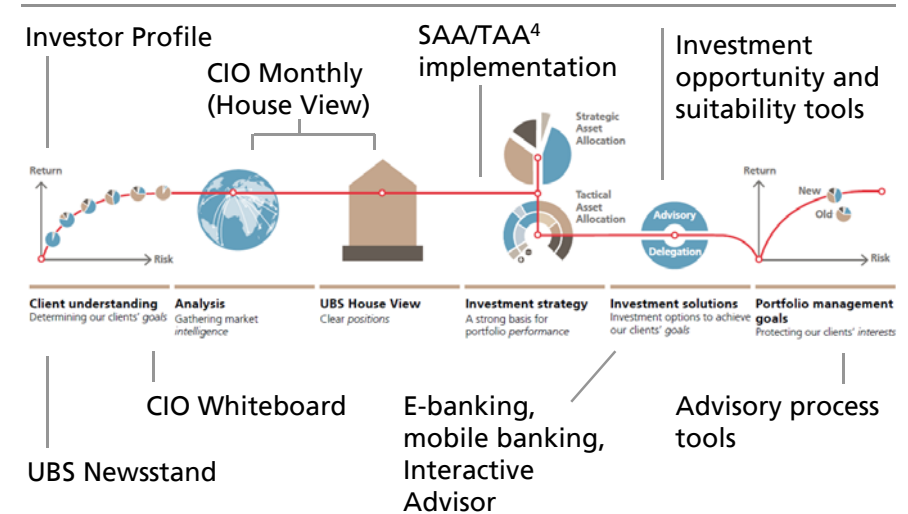
UBS Switzerland¹



Lower attrition rate for e-banking clients, especially in higher wealth segments

Excellent client feedback: continued 5-star Apple App store ratings, award recognition, positive press coverage

Wealth Management



Investment Bank

- **UBS Neo** unifies legacy 94 client touch-points into single platform
- 6 Platform of the Year awards in 5 quarters; strong client validation
- 5-year investment yielded ~30% cost reduction in IB client facing IT spend
- Neo framework has enabled faster time-to-market for new business propositions, i.e. Neo Fixed Income agency model



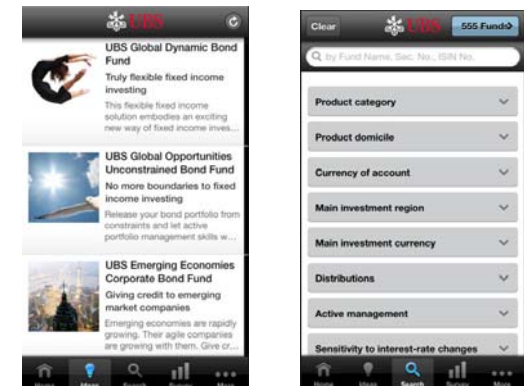
Wealth Management Americas

- **Client Mobile Application:** Provides account summary, holdings, balances, transaction history, funds transfer, internal bill pay and one-touch contact to FA.
 - Pilot launched Dec 2014 with full rollout end of 1Q15/early 2Q15.
 - Mobile deposit capture for checks and bill pay to be introduced in 2H15.
- **e-Signature:** Enables clients to securely view, sign and return forms to UBS electronically.
 - Implementation reduces costs, error rates, and forms processing times, while increasing efficiencies and client satisfaction.
 - Pilot began February 2015 with Wealth Advice Center; full rollout scheduled for mid-2015. Pilot showing high adoption rate, significant improved processing times, and very positive feedback from pilot users and clients.
 - UBS received Breakthrough Award at the DocuSign Momentum 2015 conference (based on speed of implementation).

Global AM

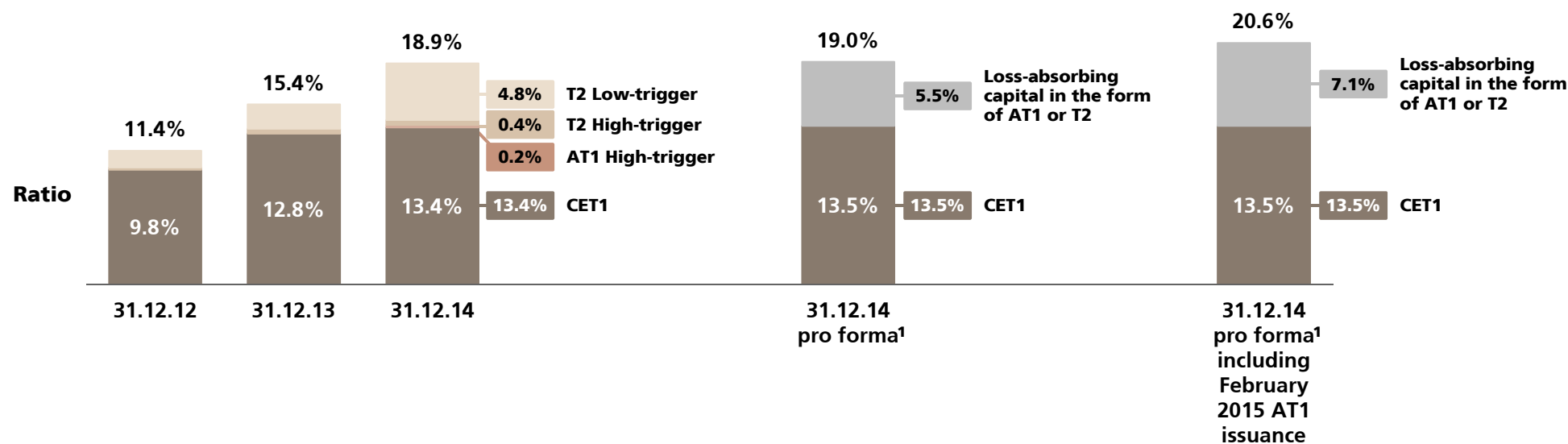
Launch of UBS Funds App

Provides direct access to comprehensive information about UBS investment funds for investors in 5 countries (Switzerland, Germany, France, Austria and Luxembourg)



¹ 2014, for Swiss private clients (retail and WM Switzerland's high net worth clients) active in both December 2013 and December 2014, excluding rental deposits and single-purpose accounts (e.g. mono-saver or mortgages only); ² Return on business volume; ³ Net new business volume ⁴ Strategic Asset Allocation / Tactical Asset Allocation

Fully applied Swiss SRB Basel III capital and ratios



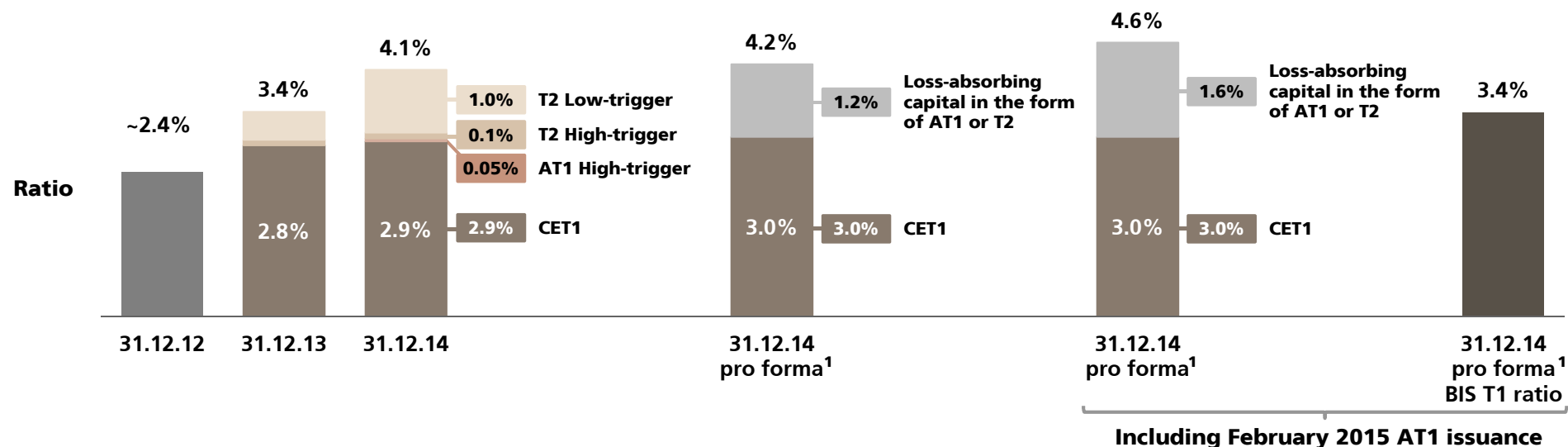
- Pro forma figures include FX translation impact only for February 2015 exchange rates (no secondary effects)
- Pro forma including AT1 issuance in February 2015 of CHF ~3.4 billion would have contributed ~160 bps to the fully applied year-end 2014 total capital ratio
- We intend to build ~CHF 2.5 billion in employee AT1 Deferred Contingent Capital Plan (DCCP) capital over the next five years
- We will continue to issue loss-absorbing AT1 capital from UBS Group AG²



Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

¹ FX translation effect only, i.e., excludes impact of e.g., PRV/NRV movements from derivatives and OCI impact of CHF ~0.7 billion from defined pension obligation due to lower interest rates, estimate based on balances reported as of 31.12.14 and FX spot rates as of 28.2.15 (EUR/CHF of 1.07, USD/CHF of 0.95, GBP/CHF of 1.47); ² We expect any such issue to be classified as a liability for accounting purposes

Fully applied Swiss SRB leverage ratio



- Pro forma figures include FX translation impact only for February 2015 exchange rates (no secondary effects)
- Pro forma including AT1 issuance in February 2015 of CHF ~3.4 billion would have contributed ~35 bps to the fully applied year-end 2014 Swiss SRB leverage ratio
- Based on 2014 year-end CHF 998 billion LRD, our fully applied Swiss SRB leverage ratio would increase by ~45 bps² assuming:
 - February 2015 AT1 issuance of CHF ~3.4 billion
 - AT1 DCCP issuance of CHF 2 billion to attain target of CHF 2.5 billion over five years (and T2 DCCP redemption over next 3-4 years)
- This would imply an increase of ~54 bps in year-end 2014 reported T1 leverage ratio

Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 FX translation effect only, i.e., excludes impact of e.g., PRV/NRV movements from derivatives and OCI impact of CHF ~0.7 billion from defined pension obligation due to lower interest rates, estimate based on balances reported as of 31.12.14 and FX spot rates as of 28.2.15 (EUR/CHF of 1.07, USD/CHF of 0.95, GBP/CHF of 1.47); 2 February 2015 AT1 issuance: +34 bps (EUR/CHF of 1.07, USD/CHF of 0.94), AT1 DCCP issuance of CHF 2 billion to attain target of CHF 2.5 billion: +20 bps, T2 DCCP redemption over next 3-4 years: (9) bps

Capital strength is the foundation of our success

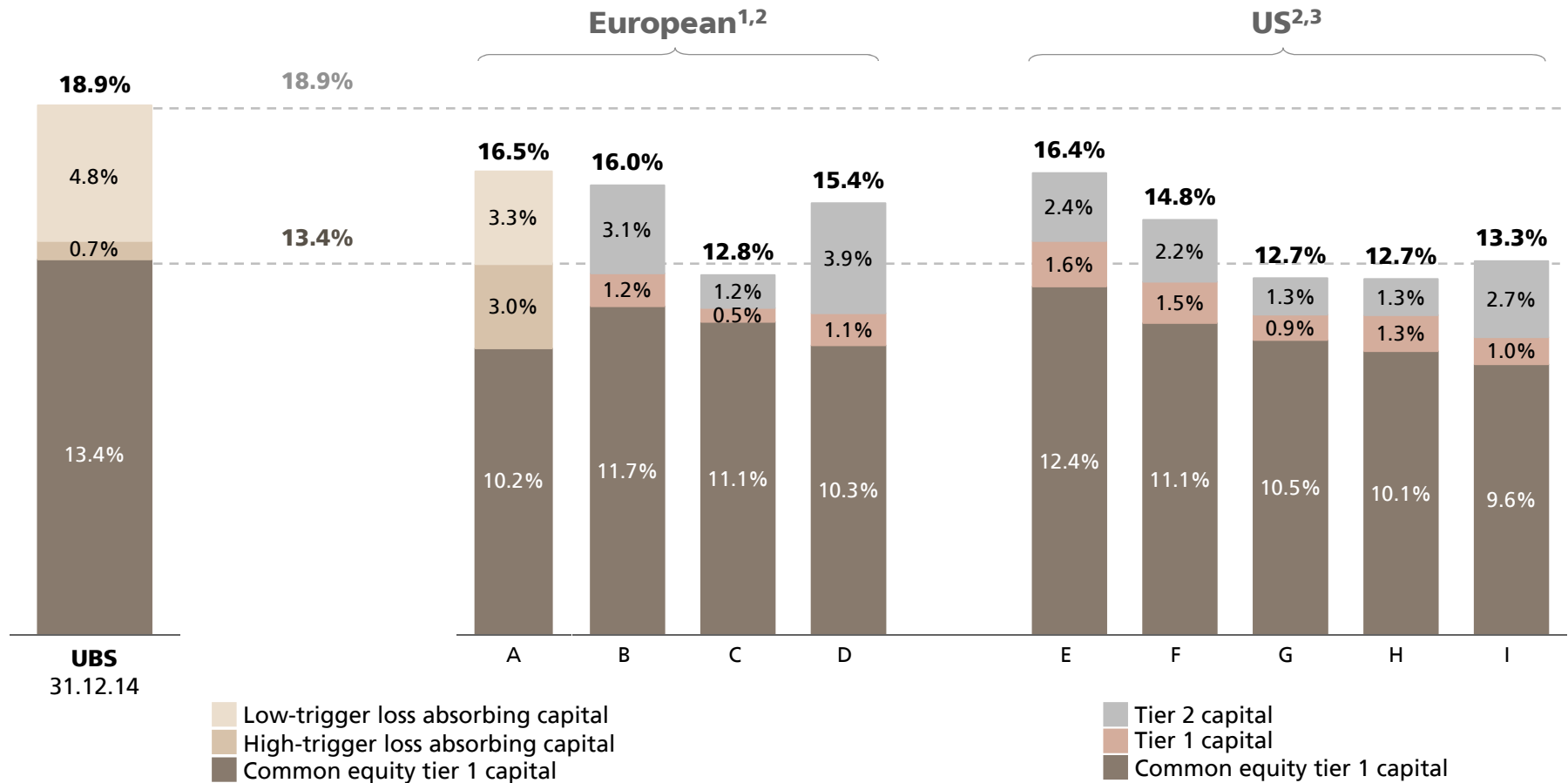
We have the highest Basel III fully applied CET1 capital ratio among large global banks

Swiss SRB Basel III fully applied capital

31.12.14

Basel III fully applied capital – large global banks

Based on latest available disclosure²



Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

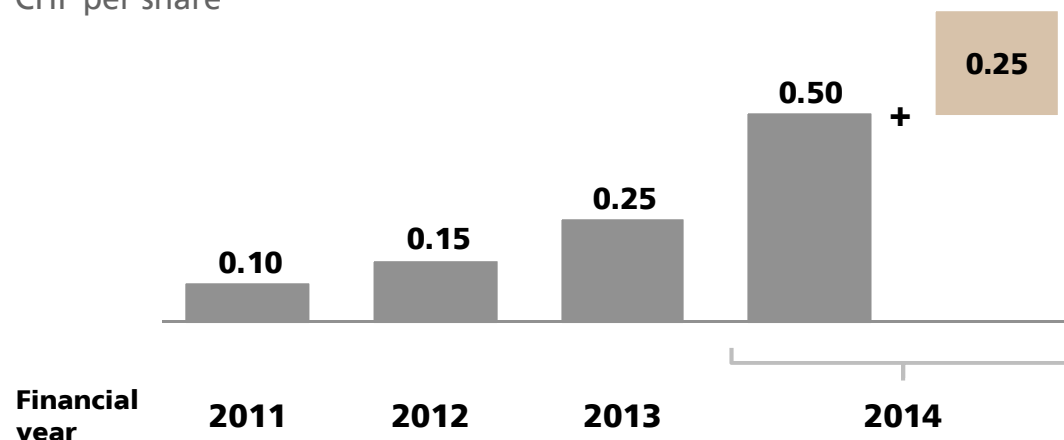
1 Basel III CET1 capital ratios (fully applied) as per CRD IV; 2 Capital ratios as of 31.12.14; 3 Basel III fully applied CET1 capital ratios under advanced approach

Delivering attractive returns to our shareholders

Proposed ordinary dividend and accrued one-time supplementary capital return in 2014

Total capital return per share

CHF per share



One-time supplementary capital return following squeeze-out

- The ordinary dividend¹ and the one-time supplementary capital return² will be paid out of capital contribution reserves
- Ordinary dividend and one-time supplementary capital return will have different record and payment dates
- UBS Group AG has filed a request for a SESTA squeeze-out procedure of UBS AG shares, and successful completion is expected in 2H15⁴

Payout ratio	9%	N/M	30%	55% (ordinary dividend) ³
CET1 ratio fully applied	~6.7%	~9.8%	12.8%	13.4%

■ One-time supplementary capital return

■ Ordinary dividend

We are committed to a total payout ratio of at least 50% of net profit attributable to UBS Group AG shareholders⁵

Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 Expected dates for 2014 ordinary dividend: 11.5.15 (ex date), 12.5.15 (record date) and 13.5.15 (payment date); 2 One-time supplementary capital return expected to be paid out after the completion of the squeeze-out process, expected 2H15; 3 Payout ratio of at least 50% conditional on both fully applied CET1 ratio of minimum 13% and fully applied CET1 ratio of minimum 10% post-stress; 4 The timing and success of the SESTA procedure are dependent on the court, please refer to page 19 of the 2014 Annual Report

UBS – a unique and attractive investment proposition

The world's leading wealth manager

UBS is the world's largest wealth manager¹

- Unique global footprint provides exposure to both the world's largest and fastest growing global wealth pools
- Leading position across the attractive HNW and UHNW client segments
- Profitable in all key regions including Europe, US , APAC and Latin America
- Significant benefits from scale; high and rising barriers to entry
- Retail & Corporate, Global Asset Management and the Investment Bank all add to our wealth management franchise, providing a unique proposition for clients
- Highly cash generative with a very attractive risk-return profile
- 10-15% pre-tax profit growth target for our combined wealth management businesses

Strong capital position

UBS capital position is strong – and we can adapt to change

- Our Basel III CET1 capital ratio is the highest among large global banks and we already met our expected 2019 Swiss SRB Basel III capital ratio requirements
- Our highly capital accretive business model allows us to adapt flexibly to changes in regulatory capital requirements

Attractive capital returns policy

UBS is committed to an attractive capital returns policy

- Our earnings capacity, capital efficiency and low-risk profile all support our objective to deliver sustainable and growing capital returns to our shareholders
- Our capital returns capacity is strengthened by our commitment to further improve efficiency and our potential for net upward revaluations of deferred tax assets
- We target to pay out at least 50% of our net profits², while maintaining our strong capital position and profitably growing our businesses

Appendix

Capital – foreign currency translation effect

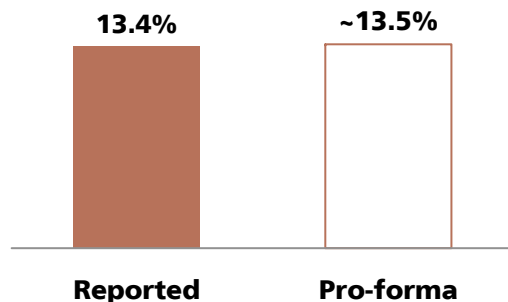
Pro-forma foreign currency translation effect on Group capital metrics¹

Basel III CET1 capital (fully applied)

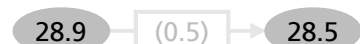
CHF billion

Ratio

31.12.14 reported and pro-forma based on FX spot rates as of 28.2.15²



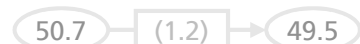
Basel III CET1 capital



RWA



IFRS equity

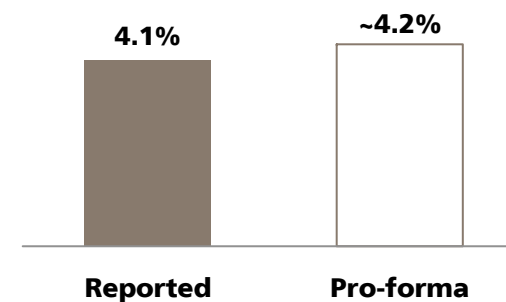


Swiss SRB LRD (fully applied)

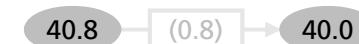
CHF billion

Ratio

31.12.14 reported and pro-forma based on FX spot rates as of 28.2.15²



Swiss SRB total capital

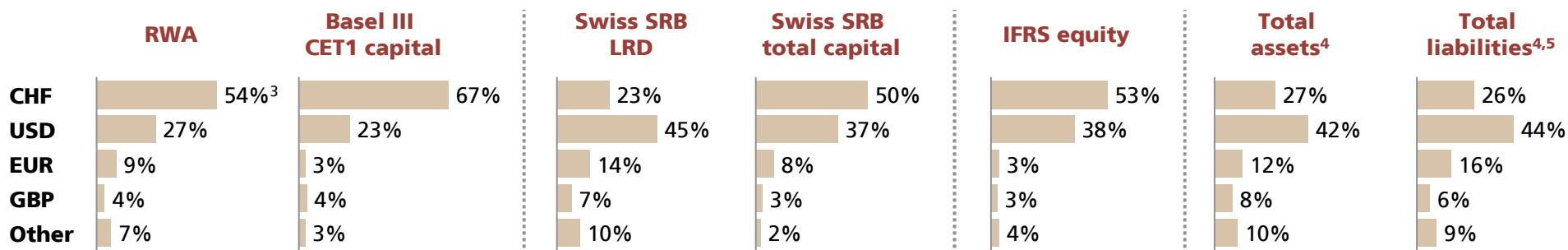


LRD



Currency distribution

% of total, as of 31.12.14



¹ FX translation effect only, i.e., excludes impact of e.g., PRV/NRV movements from derivatives and OCI impact of CHF ~0.7 billion from defined pension obligation due to lower interest rates; ² Estimate based on balances reported as of 31.12.14 and FX spot rates as of 28.2.15 (EUR/CHF of 1.07, USD/CHF of 0.95, GBP/CHF of 1.47); ³ Operational risk RWA 35% and other 18%; ⁴ Excluding PRV/NRV and cash collateral receivable/payables on derivatives; ⁵ Total liabilities (excluding equity)

Updated performance targets – from 1Q15

Our strategy is durable and we are growing our core businesses profitably

Durable strategy

- Our strategy and performance targets have served us well in many environments
- Our capital position is stronger than our peers, which gives us unique opportunities in the current challenging markets
- FX volatility is likely to remain and visibility is less certain

Profitable core business growth

- Despite the current environment, UBS's globally diversified business operations and significant scale create opportunity
- Our existing programs on pricing, increased collaboration and structural cost reductions should enable us to take market share and profitably grow our core businesses

Changes to Group targets, KPIs and guidance^{1,2}

Group	<p>Target:</p> <p>2015: adjusted RoTE³ around 10%</p> <p>From 2016: adjusted RoTE above 15%</p>
Wealth Management Wealth Management Americas	<p>Target: 10-15% adjusted pre-tax profit growth for combined businesses through the cycle (<i>previously aspiration</i>)</p> <p>KPI: adjusted net margin (<i>new</i>) and gross margin (<i>previously target</i>)</p>
Retail & Corporate	<p>Guidance: we expect the net interest margin to trend towards the lower end of the target range of 140-180 bps, should interest rates remain at the current level</p>
Global Asset Management	<p>KPI: adjusted net margin (<i>new</i>) and gross margin (<i>previously target</i>)</p>

Group and business division targets – from 1Q15

Ranges for sustainable performance over the cycle

Business divisions

Wealth Management	Net new money growth rate	3-5%	10-15% annual adjusted pre-tax profit growth for combined businesses through the cycle
	Adjusted cost/income ratio	55-65%	
Wealth Management Americas	Net new money growth rate	2-4%	
	Adjusted cost/income ratio	75-85%	
Retail & Corporate	Net new business volume growth rate	1-4% (retail business)	
	Net interest margin	140-180 bps	
	Adjusted cost/income ratio	50-60%	
Global Asset Management	Net new money growth rate	3-5% excluding money market	
	Adjusted cost/income ratio	60-70%	
	Adjusted annual pre-tax profit	CHF 1 billion in the medium term	
Investment Bank	Adjusted annual pre-tax RoAE ¹	>15%	
	Adjusted cost/income ratio	70-80%	
	Basel III RWA limit (fully applied)	CHF 70 billion	
	Funded assets limit	CHF 200 billion	

Corporate Center

Core Functions	Net cost reduction	CHF 1.0 billion by year-end 2015 ²
Non-core and Legacy Portfolio	Net cost reduction	CHF 0.4 billion by year-end 2015 ³ , additional CHF 0.7 billion ⁴ after 2015
	Basel III RWA (fully applied)	~CHF 40 billion by 31.12.15, ~CHF 25 billion by 31.12.17

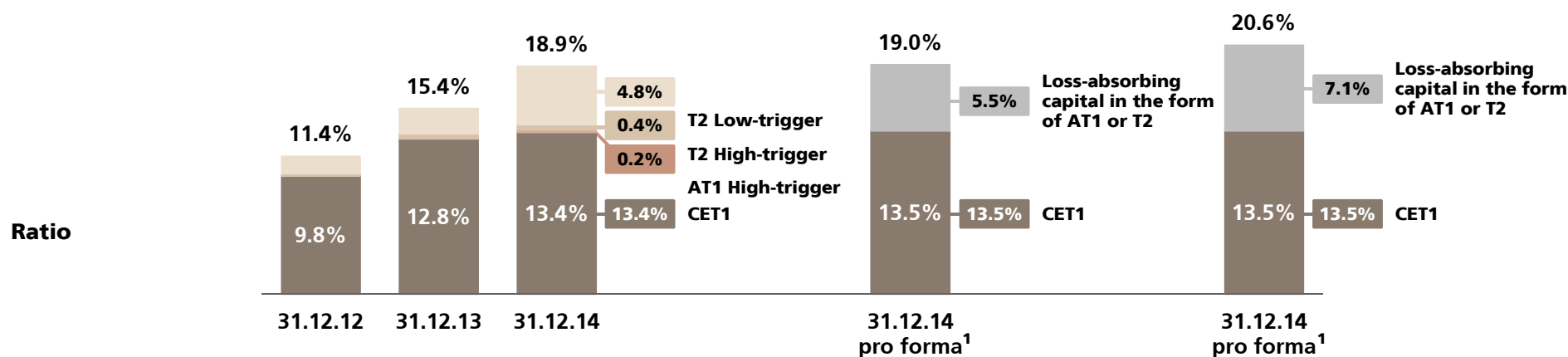
Group

Group	Adjusted cost/income ratio	60-70%
	Adjusted return on tangible equity	around 10% in 2015, >15% from 2016
	Basel III CET1 ratio (fully applied)	13% (10% post-stress)
	Basel III RWA (fully applied)	<CHF 215 billion by 31.12.15, <CHF 200 billion by 31.12.17
	Swiss SRB LRD	CHF 900 billion ⁵

Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 Adjusted annual pre-tax return on attributed equity; 2 Measured by 2015 year-end exit rate versus FY13 adjusted operating expenses net of FX movements, changes in regulatory demand of temporary nature and changes in charges for provisions for litigation, regulatory and similar matters; 3 Measured by 2015 year-end exit rate versus FY13 adjusted operating expenses net of changes in charges for provisions for litigation, regulatory and similar matters; 4 Reduction in annual adjusted operating expenses versus FY13; 5 Based on the rules applicable as of the announcement of the target (6.5.14)

Fully applied Swiss SRB Basel III capital and ratios



CHF billion

	31.12.12	31.12.13	31.12.14	31.12.14 pro forma ¹	31.12.14 pro forma ¹ including February 2015 AT1 issuance
Other ²				11.6	15.0
T2 Low-trigger	3.7	4.7	10.5		
T2 High-trigger ³	0.5	1.0	0.9		
AT1 Low-trigger			-		
AT1 High-trigger ³			0.5		
CET1	25.2	28.9	28.9	28.5	28.5
Total capital	29.3	34.6	40.8	40.0	43.4
RWA	258	225	216	211	211

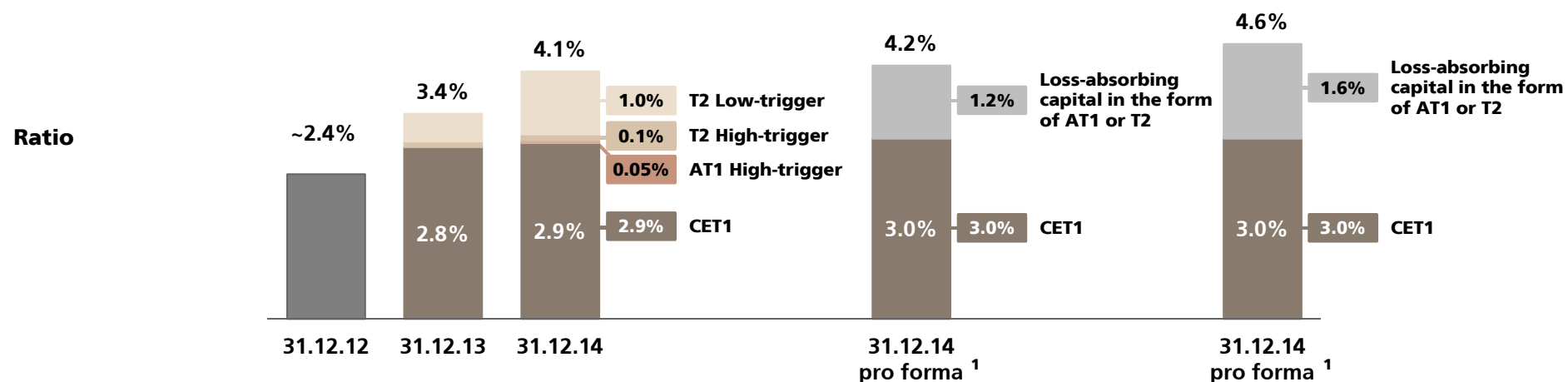
- Pro forma figures include FX translation impact only for February 2015 exchange rates (no secondary effects)
- Pro forma including AT1 issuance in February 2015 of CHF ~3.4 billion would have contributed ~160 bps to the fully applied year-end ratio



Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

¹ FX translation effect only, i.e., excludes impact of e.g., PRV/NRV movements from derivatives and OCI impact of CHF ~0.7 billion from defined pension obligation due to lower interest rates, estimate based on balances reported as of 31.12.14 and FX spot rates as of 28.2.15 (EUR/CHF of 1.07, USD/CHF of 0.95, GBP/CHF of 1.47); ² Loss-absorbing capital in the form of AT1 or T2; ³ DCCP capital; ⁴ We expect any such issue to be classified as a liability for accounting purposes

Fully applied Swiss SRB leverage ratio



CHF billion

Other ²				11.6	15.0	
T2	Low-trigger	3.7	4.7	10.5		
	High-trigger ³	0.5	1.0	0.9		
AT1	Low-trigger			-		
	High-trigger ³			0.5		
CET1		25.2	28.9	28.5	28.5	
Total capital		29.3	34.6	40.8	40.0	43.4
LRD			1,015	998	953	953

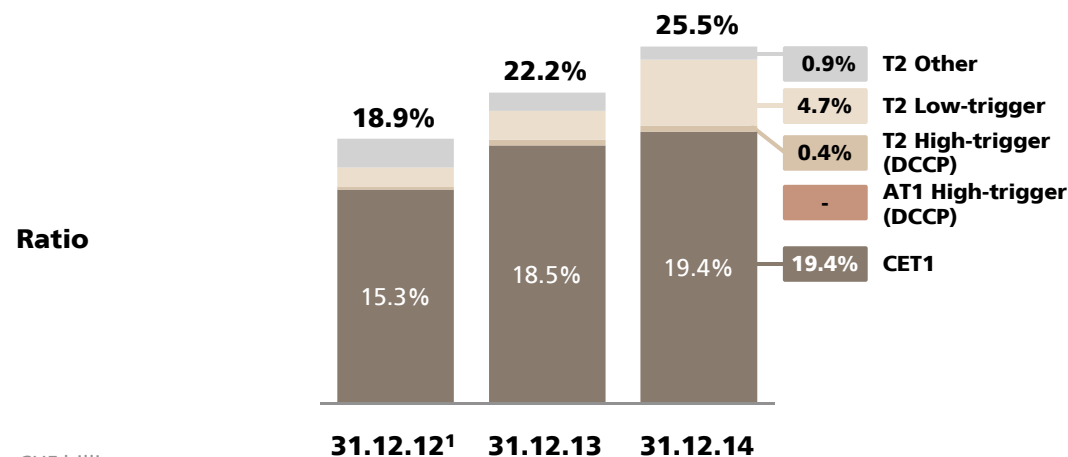
- Pro forma figures include FX translation impact only for February 2015 exchange rates (no secondary effects)
- Pro forma including AT1 issuance in February 2015 of CHF ~3.4 billion would have contributed ~35 bps to the fully applied year-end ratio

Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

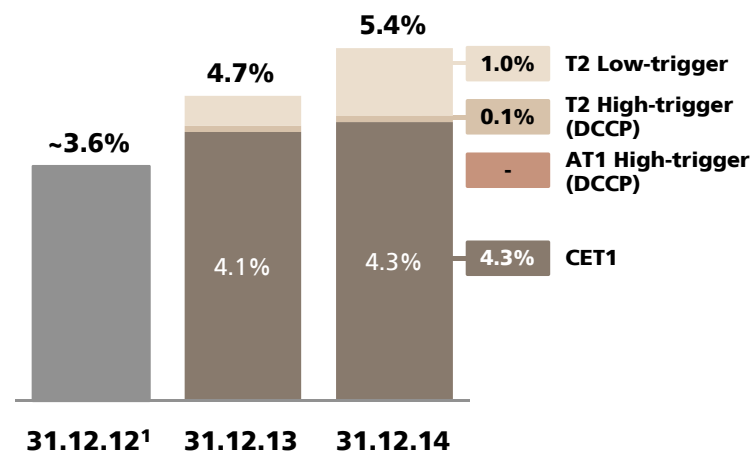
¹ FX translation effect only, i.e., excludes impact of e.g., PRV/NRV movements from derivatives and OCI impact of CHF ~0.7 billion from defined pension obligation due to lower interest rates, estimate based on balances reported as of 31.12.14 and FX spot rates as of 28.2.15 (EUR/CHF of 1.07, USD/CHF of 0.95, GBP/CHF of 1.47); ² Loss-absorbing capital in the form of AT1 or T2; ³ DCCP capital

Phase-in Swiss SRB Basel III ratios

Capital ratios



Leverage ratios



CHF billion

	31.12.12 ¹	31.12.13	31.12.14
T2 Other ²	5.4	3.0	2.1
Low-trigger	-	-	-
High-trigger ³	0.5	1.0	0.9
AT1 Low-trigger	-	-	-
High-trigger	-	-	- ³
CET1	40.0	42.2	43.0
Total capital	49.6	50.8	56.3
RWA	262	229	221

LRD

	31.12.13	31.12.14
T2 Low-trigger	4.7	10.5
T2 High-trigger (DCCP)	1.0	0.9
AT1 High-trigger (DCCP)	-	- ³
CET1	42.2	42.9
Total capital	47.8	54.3
RWA	1,023	1,005



Refer to slide 23 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 Pro-forma; 2 Phase-out capital and other tier 2 capital; 3 DCCP, AT1 DCCP capital issuance in 4Q14 was offset by required deductions in goodwill under Swiss SRB Basel III framework (phase-in); 4 We expect any such issue to be classified as a liability for accounting purposes

Important information related to this presentation

Use of adjusted numbers

Unless otherwise indicated, “adjusted” results are a non-GAAP financial measure as defined by SEC regulations. Refer to pages 89-90 of the 2014 Annual Report and pages 20-21 of the 4Q14 financial report for an overview of adjusted numbers.

Basel III RWA, Basel III capital and Basel III liquidity ratios

Basel III numbers are based on the BIS Basel III framework, as applicable for Swiss Systemically relevant banks (SRB). Numbers in the presentation are SRB Basel III numbers unless otherwise stated. Our fully applied and phase-in Swiss SRB Basel III and BIS Basel III capital components have the same basis of calculation, except for differences disclosed on page 257 of the 2014 Annual Report.

Basel III risk-weighted assets in the presentation are calculated on the basis of Basel III fully applied unless otherwise stated. Our RWA under BIS Basel III are the same as under Swiss SRB Basel III.

Leverage ratio and leverage ratio denominator in this presentation are calculated on the basis of fully applied Swiss SRB Basel III, unless otherwise stated.

From 1Q13, Basel III requirements apply. All Basel III numbers prior to 1Q13 are on a pro-forma basis. Some of the models applied when calculating pro-forma information required regulatory approval and included estimates (discussed with our primary regulator) of the effect of these new capital charges.

Refer to the “Capital Management” section in the 2014 Annual Report for more information.

Currency translation

Monthly income statement items of foreign operations with a functional currency other than Swiss francs are translated with month-end rates into Swiss francs. Refer to “Note 36 Currency translation rates” in the 2014 Annual Report for more information.

Rounding

Numbers presented throughout this presentation may not add up precisely to the totals provided in the tables and text. Percentages, percent changes and absolute variances are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages, percent changes and absolute variances that would be derived based on figures that are not rounded.