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Banking & Insurance Conference

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Cautionary statement regarding forward-looking statements

This presentation contains statements that constitute “forward-looking statements,” including but not limited to management’s outlook for UBS’s financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development. While these forward-looking statements represent UBS’s judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations. These factors include, but are not limited to: (i) the degree to which UBS is successful in executing its announced strategic plans, including its cost reduction and efficiency initiatives and its planned further reduction in its Basel III risk-weighted assets (RWA) and leverage ratio denominator (LRD), and to maintain its stated capital return objective; (ii) developments in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates and interest rates and the effect of economic conditions and market developments on the financial position or creditworthiness of UBS’s clients and counterparties, and the degree to which UBS is successful in implementing changes to its business to meet changing market, regulatory and other conditions; (iii) changes in the availability of capital and funding, including any changes in UBS’s credit spreads and ratings, or arising from requirements for bail-in debt or loss-absorbing capital; (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK and other financial centers that may impose, or result in, more stringent capital (including leverage ratio), liquidity and funding requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration or other measures; (v) uncertainty as to when and to what degree the Swiss Financial Market Supervisory Authority (FINMA) will approve reductions to the incremental RWA resulting from the supplemental operational risk capital analysis mutually agreed to by UBS and FINMA, or will approve a limited reduction of capital requirements due to measures to reduce resolvability risk; (vi) the degree to which UBS is successful in establishing a US intermediate holding company and implementing the US enhanced prudential standards, completing the squeeze-out of minority shareholders of UBS AG, and other changes which UBS may make in its legal entity structure and operating model, including the possible consequences of such changes and other similar changes that have been made previously, and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, including capital requirements, resolvability requirements and proposals in Switzerland and other countries for mandatory structural reform of banks; (vii) changes in UBS’s competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS’s ability to compete in certain lines of business; (viii) changes in the standards of conduct applicable to our businesses that may result from new regulation or new enforcement of existing standards, including measures to impose new or enhanced duties when interacting with customers or in the execution and handling of customer transactions; (ix) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations; (x) the effects on UBS’s cross-border banking business of tax or regulatory developments and of possible changes in UBS’s policies and practices relating to this business; (xi) UBS’s ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiii) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xiv) whether UBS will be successful in keeping pace with competitors in updating its technology, in trading businesses; (xv) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading and systems failures; (xvi) restrictions to the ability of subsidiaries of the Group to make loans or distributions of any kind, directly or indirectly, to UBS Group AG; and (xvii) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS’s Annual Report on Form 20-F for the year ended 31 December 2014. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

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Key messages

2015 and beyond: unlocking our full potential

We continue to adapt our strategic execution to the changing regulatory and market environment

The banking industry will require innovative adaptation in order to deliver further efficiencies

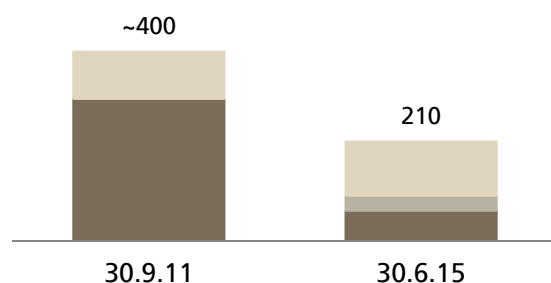
Successfully completed the strategic transformation of UBS

Our businesses are capital-accretive and highly cash-flow generative

Diligently reducing risk since the announcement of our strategy...

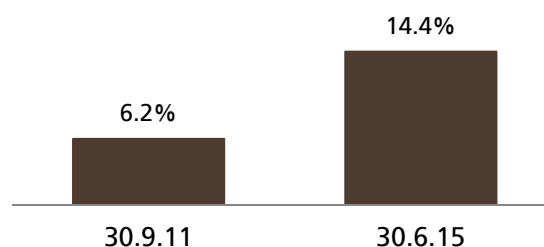
RWA

CHF billion, Basel III fully applied



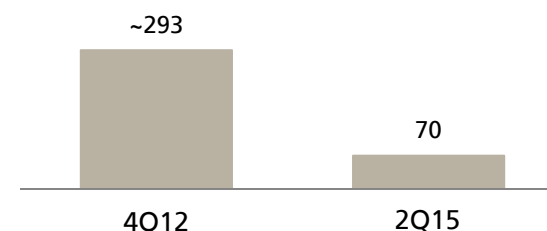
Group CET1 ratio

Basel III fully applied



Non-core and Legacy Portfolio LRD¹

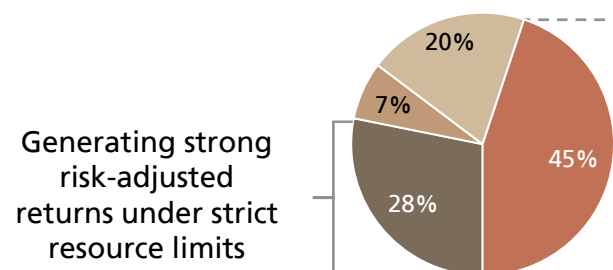
CHF billion, Swiss SRB fully applied



... has allowed us to generate better quality, recurring and strong risk-adjusted returns in our businesses

PBT contribution by business division²

1Q13-2Q15 cumulative

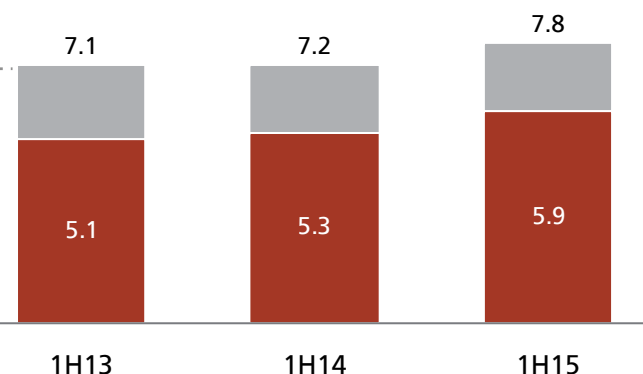


Generating strong risk-adjusted returns under strict resource limits

We expect profit contribution from our wealth management businesses to continue to grow

Operating income (wealth management businesses)

CHF billion, adjusted



76% of income was recurring in 2015

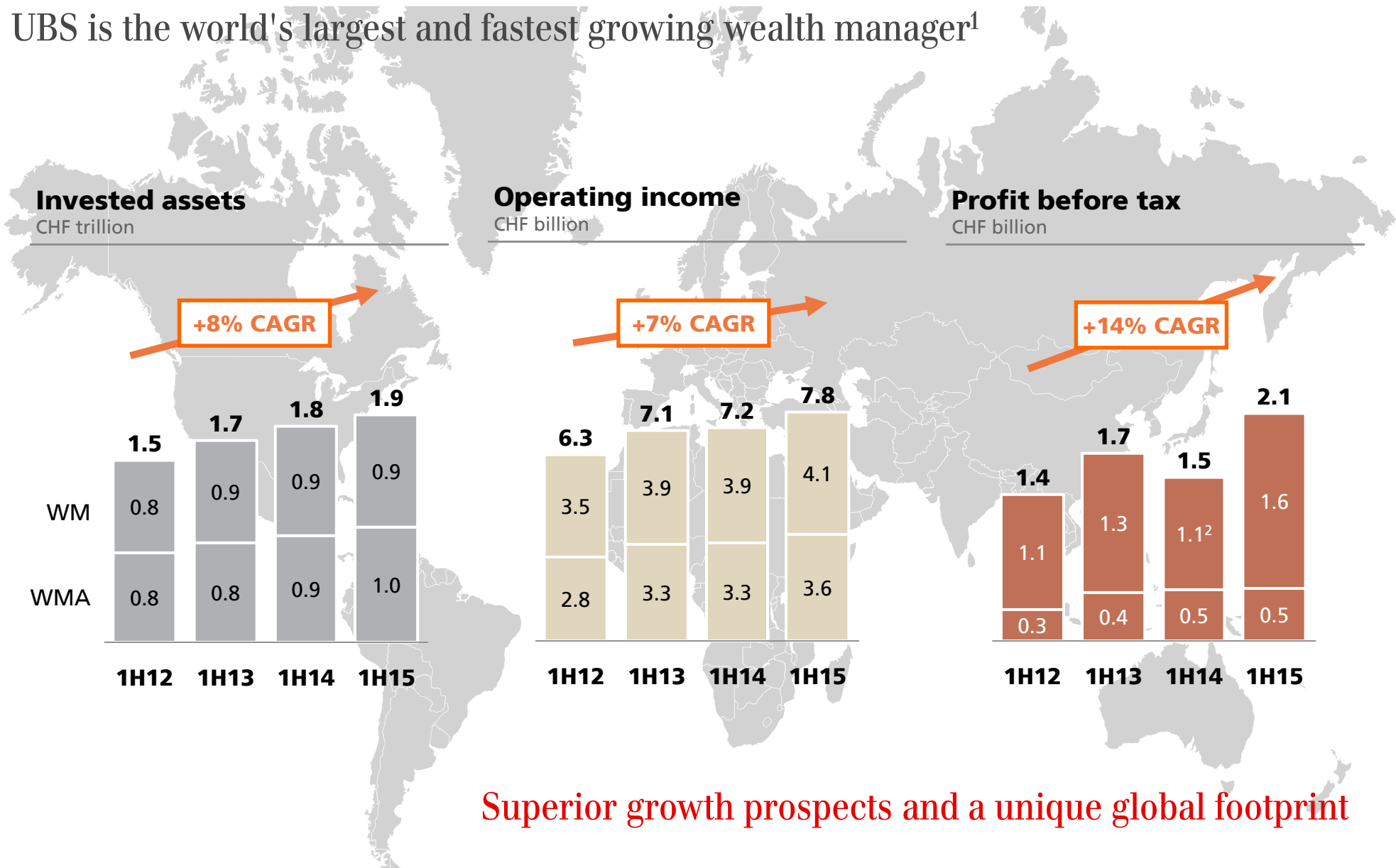
■ Wealth management businesses
 ■ Retail & Corporate
 ■ Global Asset Management
 ■ Investment Bank
 ■ Non-core and Legacy Portfolio
 ■ Other



Adjusted numbers unless otherwise indicated, refer to slide 11 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Leverage ratio denominator, 31.12.12 pro-forma estimate based on period-end balance; 2 Investment Bank further excludes 3Q14 provision for litigation regulatory and similar matters of CHF 1,687 million

The world's leading wealth management franchise

UBS is the world's largest and fastest growing wealth manager¹



Superior growth prospects and a unique global footprint



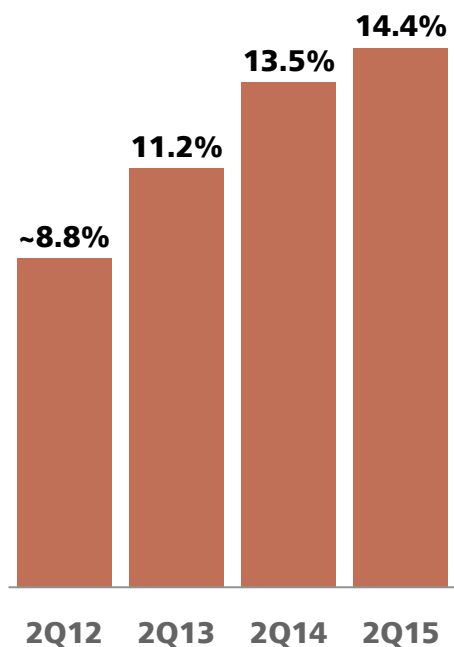
Adjusted numbers unless otherwise indicated, refer to slide 11 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Scorpio Partnership Global Private Banking Benchmark 2015, on reporting base currency basis for institutions with AuM >USD 500 billion;
 2 Including CHF 0.4 billion in charges for provisions for litigation, regulatory and similar matters

Capital strength is the foundation of our success

Our highly capital-accretive business model and our strong capital position allow us to adapt to ongoing regulatory change

Swiss SRB Basel III CET1 capital ratio

fully applied, CHF billion

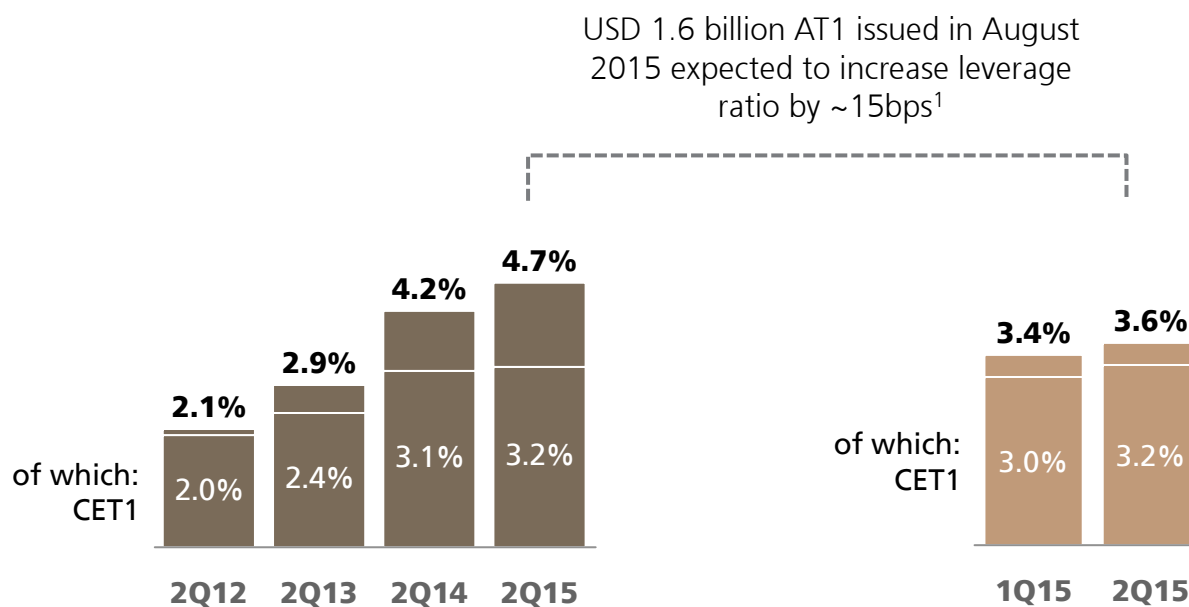


Leverage ratio

fully applied, CHF billion

Swiss SRB

BIS Basel III



Refer to slide 11 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

As of 30.6.15, our post-stress fully applied Basel III CET1 capital ratio exceeded 10%

¹ Based on 2Q15 figures with USD 1,575 million August 2015 AT1 issuance added to numerator using FX spot rate from issuance date (CHF/USD 0.9839)

Improving resolvability and adapting to regulatory change

Significant progress in adapting our legal entity structure

Capital and dividends

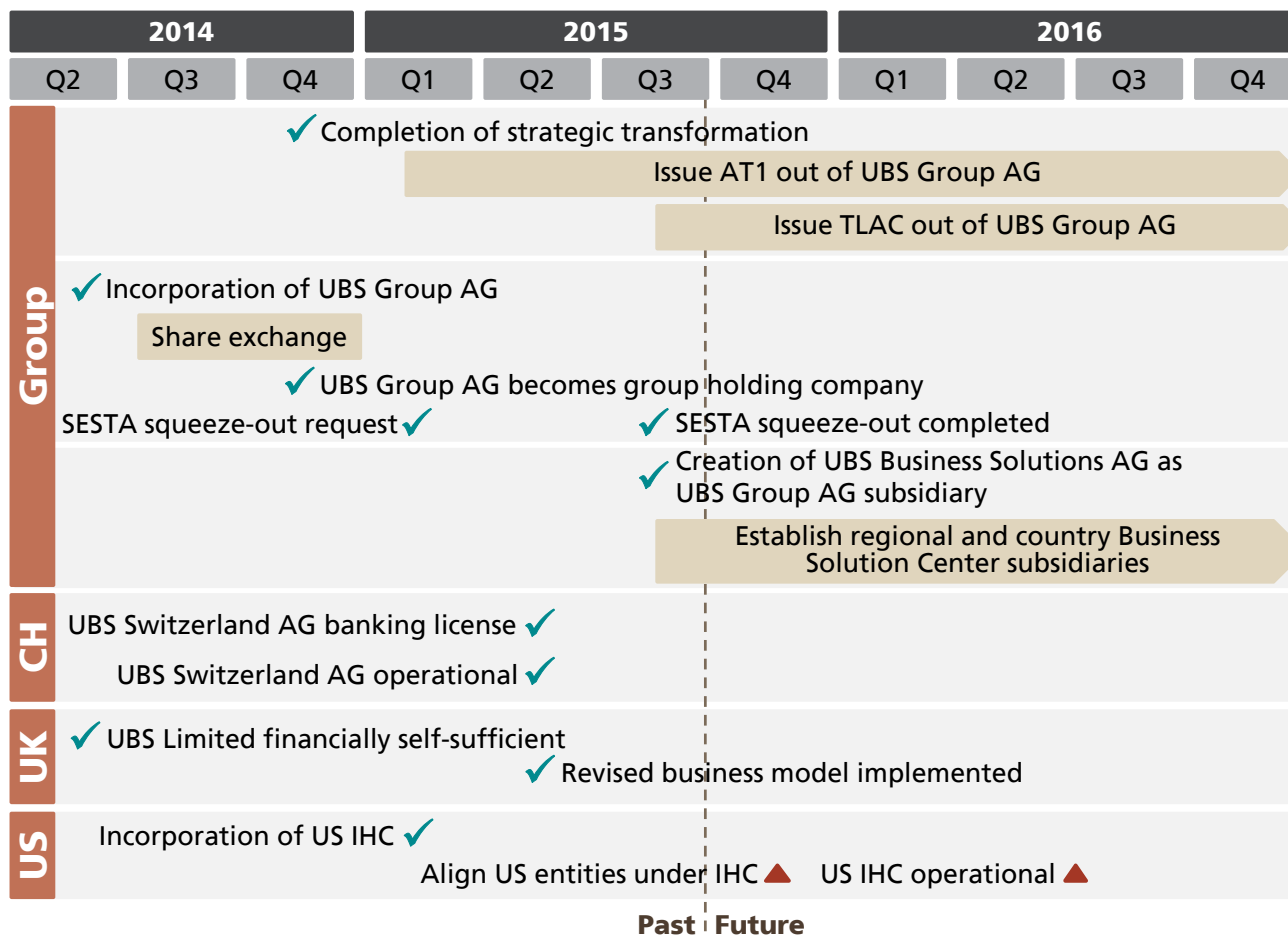
Capital

- Met current fully applied 2019 estimated capital requirements four years early
- Expect to qualify for rebate on progressive buffer requirement
- Issued additional AT1 capital and inaugural TLAC-eligible debt out of UBS Group AG in 3Q15

Dividends

- Successfully completed SESTA squeeze-out procedure in September 2015
- Paid out supplementary capital return of CHF 0.25 per share on 22 September 2015

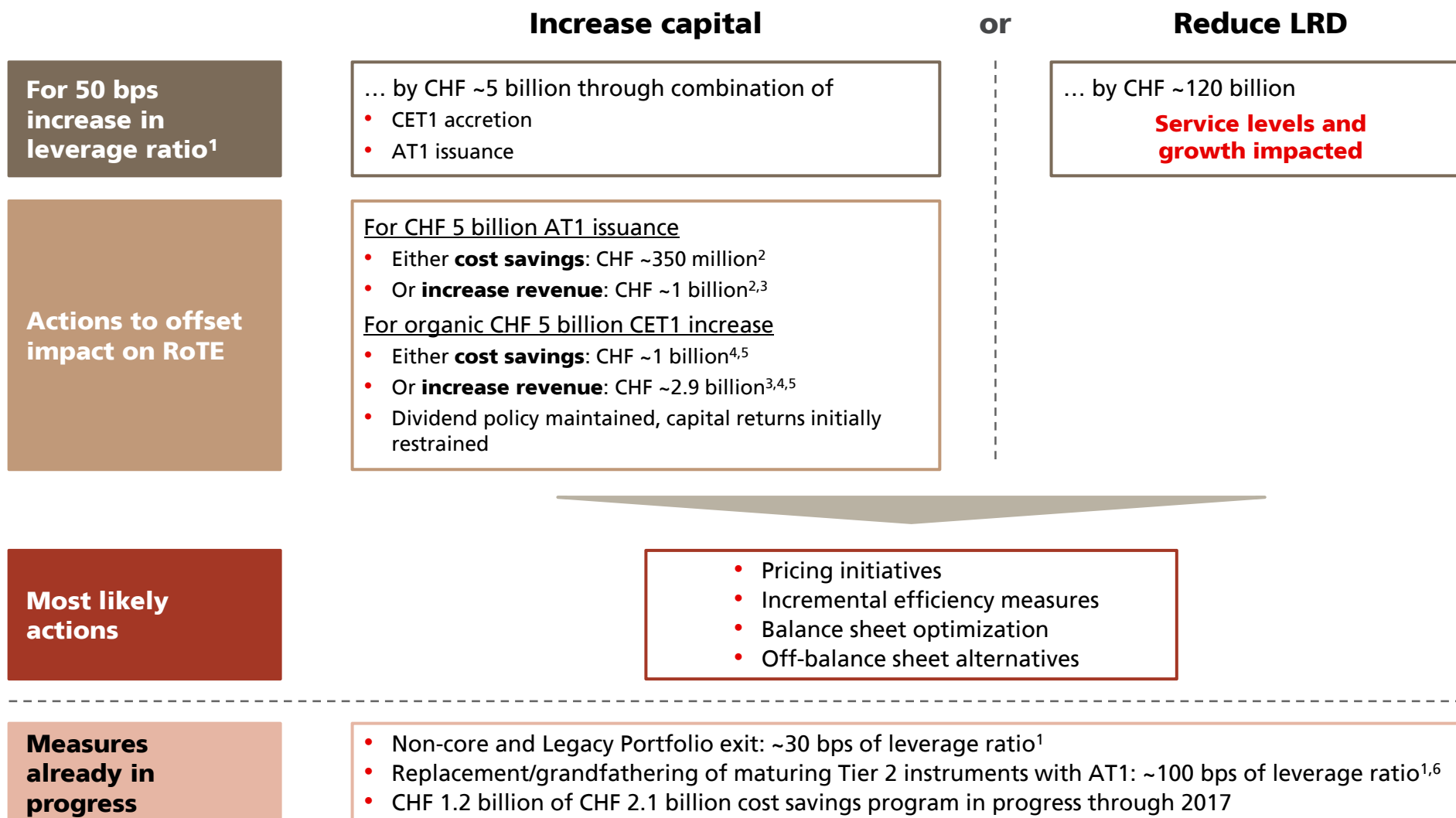
Key actions and milestones in improving our resolvability



Managing performance and regulatory change

Illustrative example

Actions needed to maintain a 15% adjusted RoTE with increased leverage ratio requirements¹



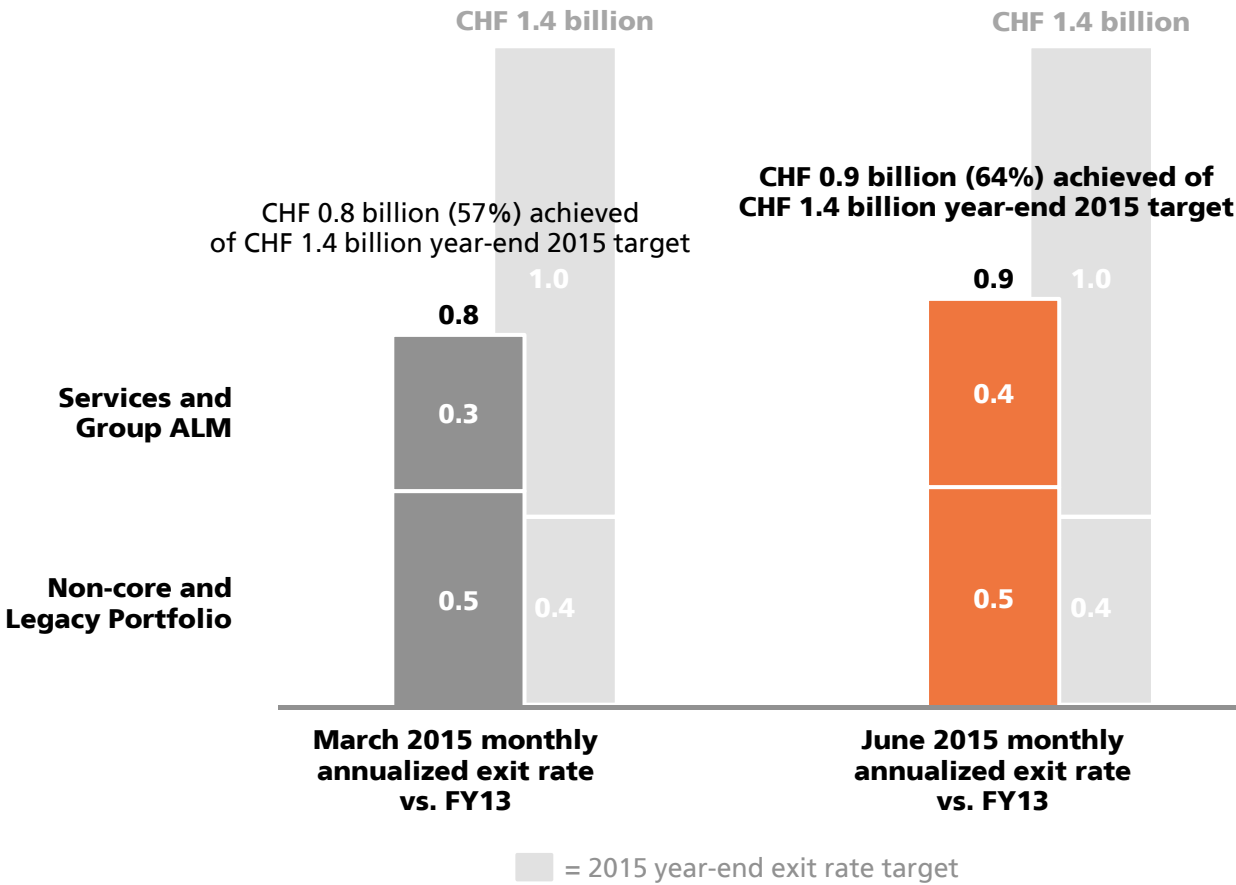
¹ Using 30.6.15 BIS Basel III fully applied leverage ratio data: a) leverage ratio denominator of CHF 949.3 billion, b) CET1 capital of CHF 30.3 billion, c) AT1 capital of CHF 3.8 billion; ² Assuming AT1 instruments have a 7% coupon paid annually; ³ Assuming a cost/income ratio of around 65%; ⁴ Build CET1 capital through retained earnings, with a one-for-one impact on tangible equity; ⁵ Assuming a tax rate of 25%; ⁶ Of which ~40 bps by the end of 2018

Corporate Center cost reductions

~CHF 0.9 billion net cost reductions using June 2015 annualized exit rate

Cumulative annualized net cost reduction^{1,2}

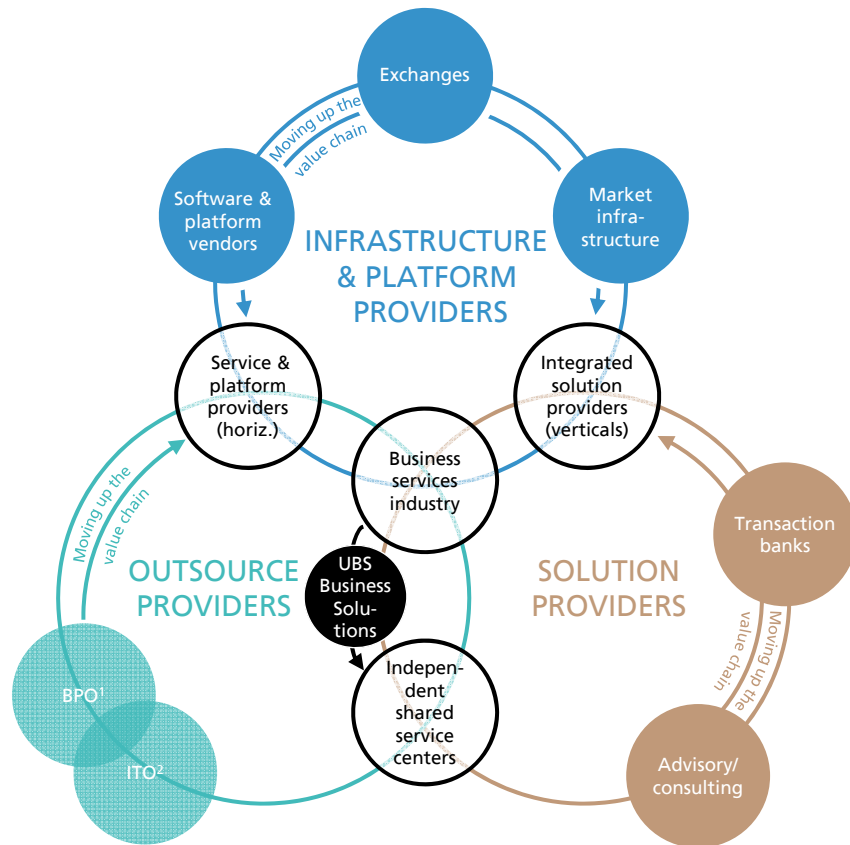
CHF billion



Adjusted numbers unless otherwise indicated, refer to slide 11 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Refer to page 41 of the 2014 annual report for details of our cost reduction targets; 2 Refer to slide 33 for details on net cost reduction progress as of the end of June 2015 including incremental Group Technology investment of ~CHF 0.1 billion which has been self-funded by business divisions via direct cost savings and excluded from Corporate Center – Services

Evolution of the service and supply chain

Banks have the opportunity to participate in the evolution of the supply chain to capture a greater share of savings for their shareholders



- **Emerging ecosystem with increasing network of players which both disaggregate the banking supply chain and change dynamics of the demand and supply chain**
- Still fairly fragmented market with attractive growth prospects (although margin pressure in more commoditized services)
- Consolidation in business services space; increasing industry standardization across data reporting and processing allow broader application
- **How banks are involved (or can be)**
 - Setting up "business solutions" entities to offer services externally
 - Competitors could become partners (and vice versa)
 - Opportunity to turn a cost center into a profitable investment as a separate venture; e.g., via a service company

UBS – a unique and attractive investment proposition

The world's leading wealth manager

UBS is the world's largest and fastest growing 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 regions including Europe, US, APAC and emerging markets
- 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 businesses²

Strong capital position

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

- Our fully applied Basel III CET1 capital ratio is the highest among large global banks and we already meet our expected 2019 Swiss SRB Basel III capital ratio requirements
- Our highly capital accretive business model allows us to adapt 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 net profits³, while maintaining our strong capital position and profitably growing our businesses



¹ Scorpio Partnership Global Private Banking Benchmark 2015, on reporting base currency basis for institutions with AuM >USD 500 billion; ² Adjusted pre-tax profit, refer to page 41 of the 2014 annual report for detail; ³ Payout ratio of at least 50% conditional on maintaining a fully applied Basel III CET1 capital ratio of at least 13% and at least 10% post-stress

Important information related to this presentation

Use of adjusted numbers

Unless otherwise indicated, “adjusted” figures exclude the adjustment items, to the extent applicable, on a Group and business division level. Adjusted results are a non-GAAP financial measure as defined by SEC regulations. Refer to page 14 of the 2Q15 financial report for an overview of adjusted numbers.

If applicable for a given adjusted KPI (i.e., adjusted return on tangible equity), adjustment items are calculated on an after-tax basis by applying indicative tax rates (i.e., 2% for own credit, 22% for other items, and with certain large items assessed on a case-by-case basis). Refer to page 24 of the 2Q15 financial report for more information.

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 Swiss 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 96 of the 2Q15 financial report.

Basel III risk-weighted assets in this 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, unless otherwise stated.

Refer to the “Capital Management” section in the 2Q15 financial 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 19 Currency translation rates” in the 2Q15 financial 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.