



2015 Best of Switzerland Conference

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Cautionary statement regarding forward-looking statements

This report 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

UBS is the world's leading wealth management franchise

Our investment capabilities, scale and global reach put us in a unique position to seize global wealth management opportunities

Our investment mandates represent an attractive value proposition to clients, and are a source of high quality recurring earnings

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 helps us to adapt to changes in regulatory capital requirements

Attractive capital returns policy

UBS is committed to an attractive capital returns policy

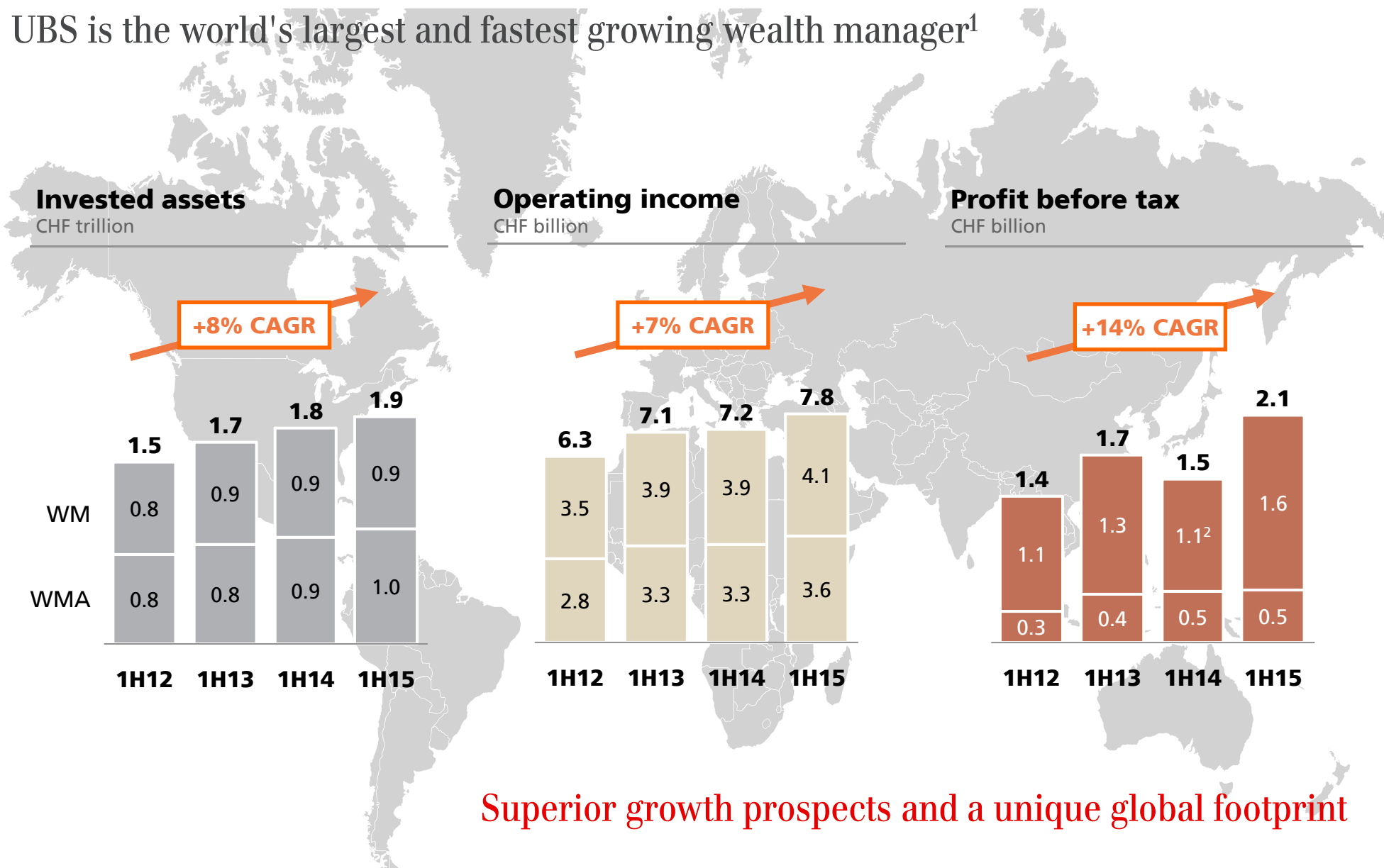
- Our earnings capacity, capital efficiency and low-risk profile all support our objective to deliver sustainable and growing capital returns to our shareholders
- Our capital returns capacity is strengthened by our commitment to further improve efficiency and our potential for net upward revaluations 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

The world's leading wealth management franchise

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



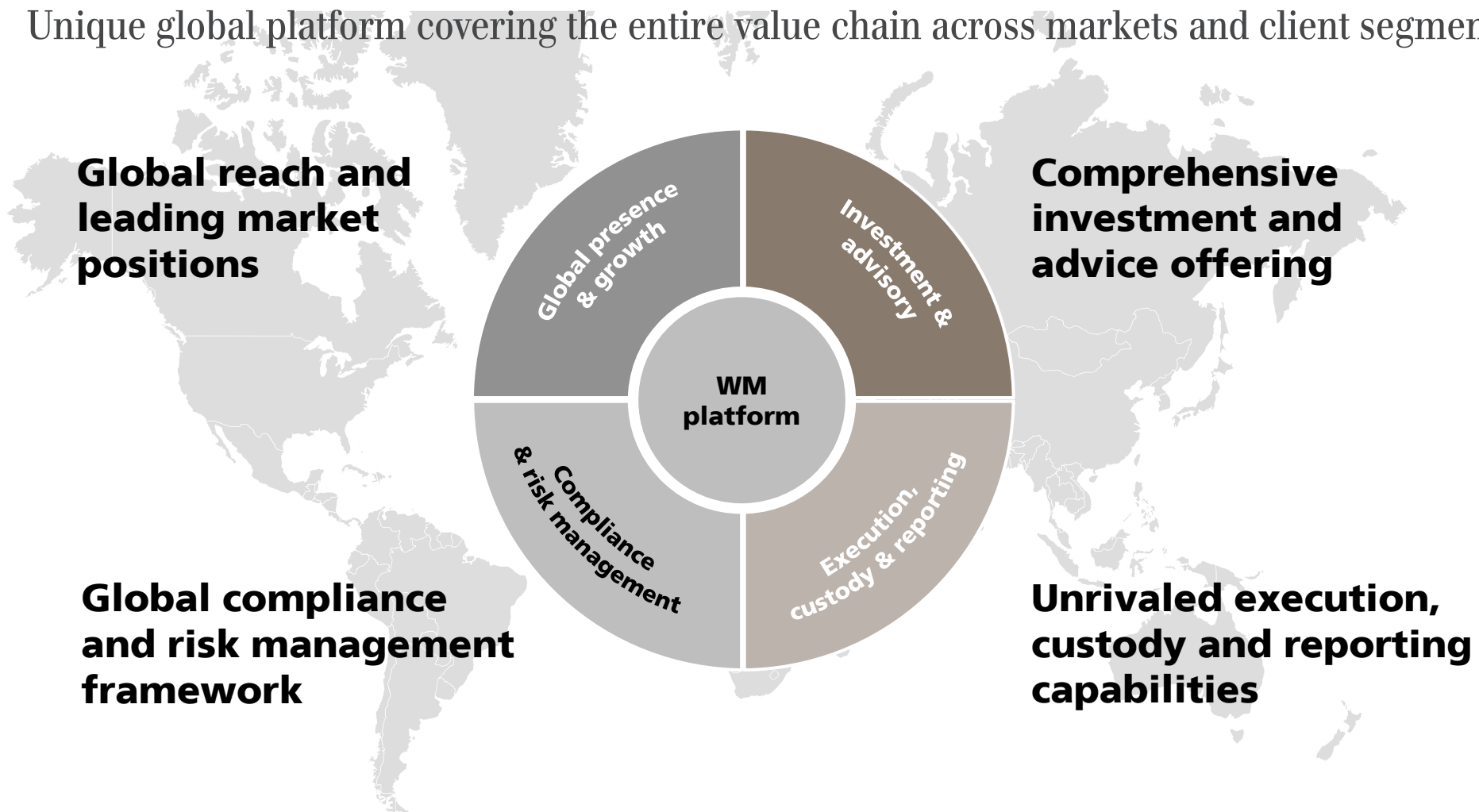
Superior growth prospects and a unique global footprint



Adjusted numbers unless otherwise indicated, refer to slide 12 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

Wealth Management: key elements of our platform

Unique global platform covering the entire value chain across markets and client segments



Given barriers to entry, virtually impossible to replicate organically

Clear strategic priorities to drive growth

We have the right strategic priorities and our focus remains on their successful execution

Making investment management part of our DNA

Place investment management and portfolio construction¹ at the heart of our offering

Providing advice beyond investments

Deliver superior capabilities and solutions in a timely manner based on a holistic view of our clients' assets, liabilities and cash flows across the entire life-cycle

Adapting our operating model

Continue to adapt our operating model with a focus on efficiency, simplicity, and digital innovation

Growing UHNW

Further enhance and capitalize on our market-leading position in high-growth, global UHNW segment, including GFO

Reinvigorating HNW and Affluent

Refocus and invest in our HNW and Affluent businesses to optimize competitive advantages, drive growth and leverage investment capabilities

Sustainable and focused investing in onshore presence

Continue investments in our global onshore footprint to capture growth opportunities and appropriately balance offshore/onshore businesses

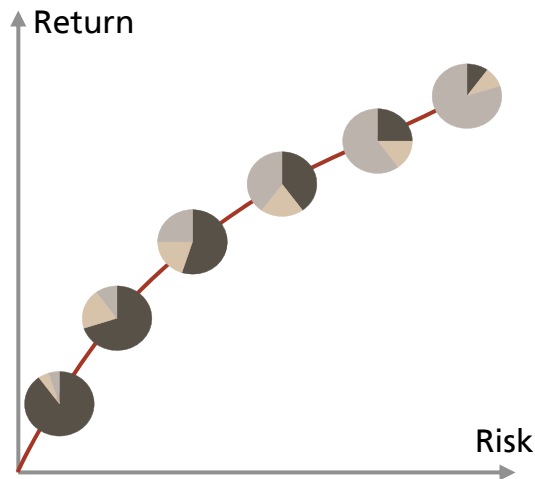
Leveraging our unique platform

As industry transforms, increasingly translate competitive advantages into profitable market share gains

Our investment engine

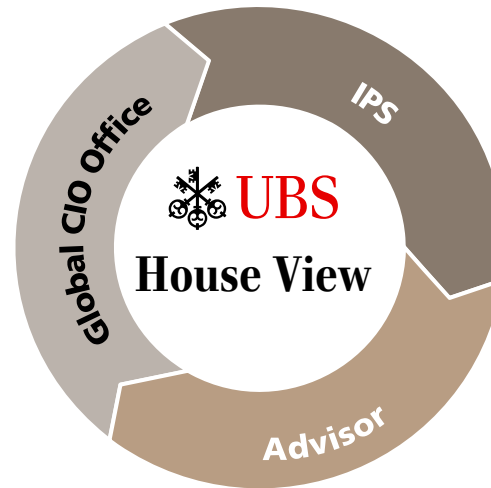
Fully institutionalized, state-of-the-art and highly scalable investment capabilities

Client profiling



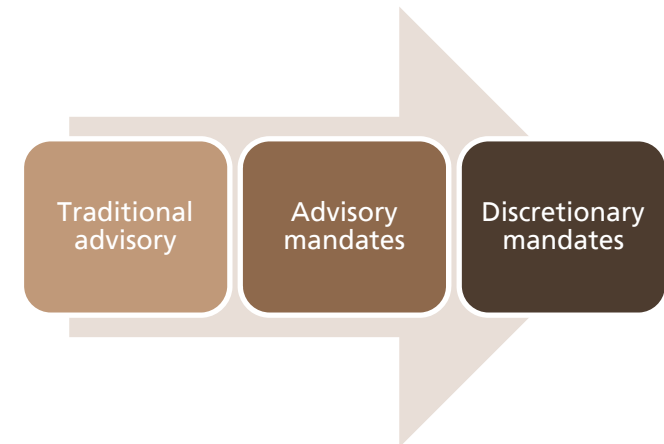
- Deep understanding of our clients' investment needs and risk tolerance
- Consistent risk-return profiles used across all products

Asset allocation



- Clear and consistent views on markets and asset classes used by all advisors around the world
- Input from ~900 in-house specialists and renowned external money managers

Ability to customize



Advisory mandates

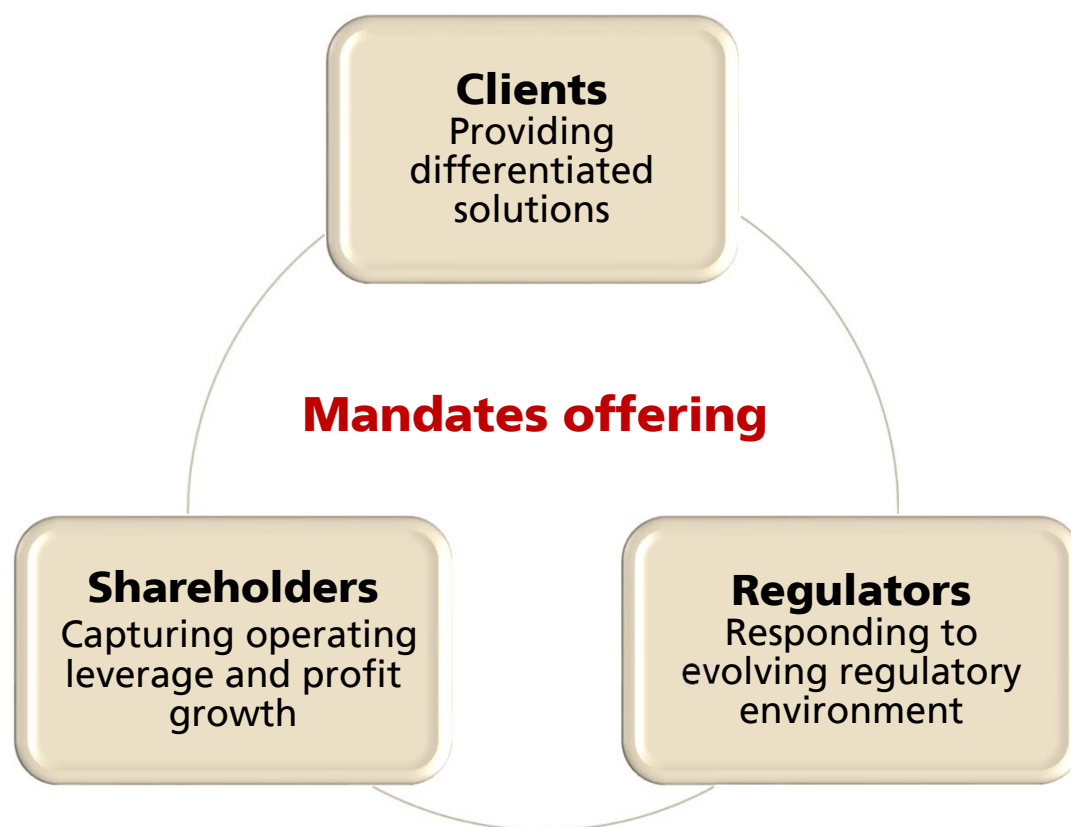
- Advice in line with portfolio construction¹ and client profile
- Daily portfolio health checks² and opportunity offering²

Discretionary mandates

- Fully institutionalized process based on individual client instructions
- Optimal instrument selection within defined portfolio construction¹

Mandates – a compelling value proposition

Addressing the interests of our key stakeholders



Providing differentiated solutions to our clients

- Broader investment opportunities than in non-mandate relationships
- State-of-the-art investment process with customized solutions
- Excellence in instrument selection and portfolio management
- Optimized performance potential

Capturing operating leverage and profit growth

- Premium pricing due to improved client value proposition
- Higher share of recurring revenues
- Low marginal costs and lower cost-to-serve
- Expected positive impact on asset base over the long term due to better risk-adjusted performance

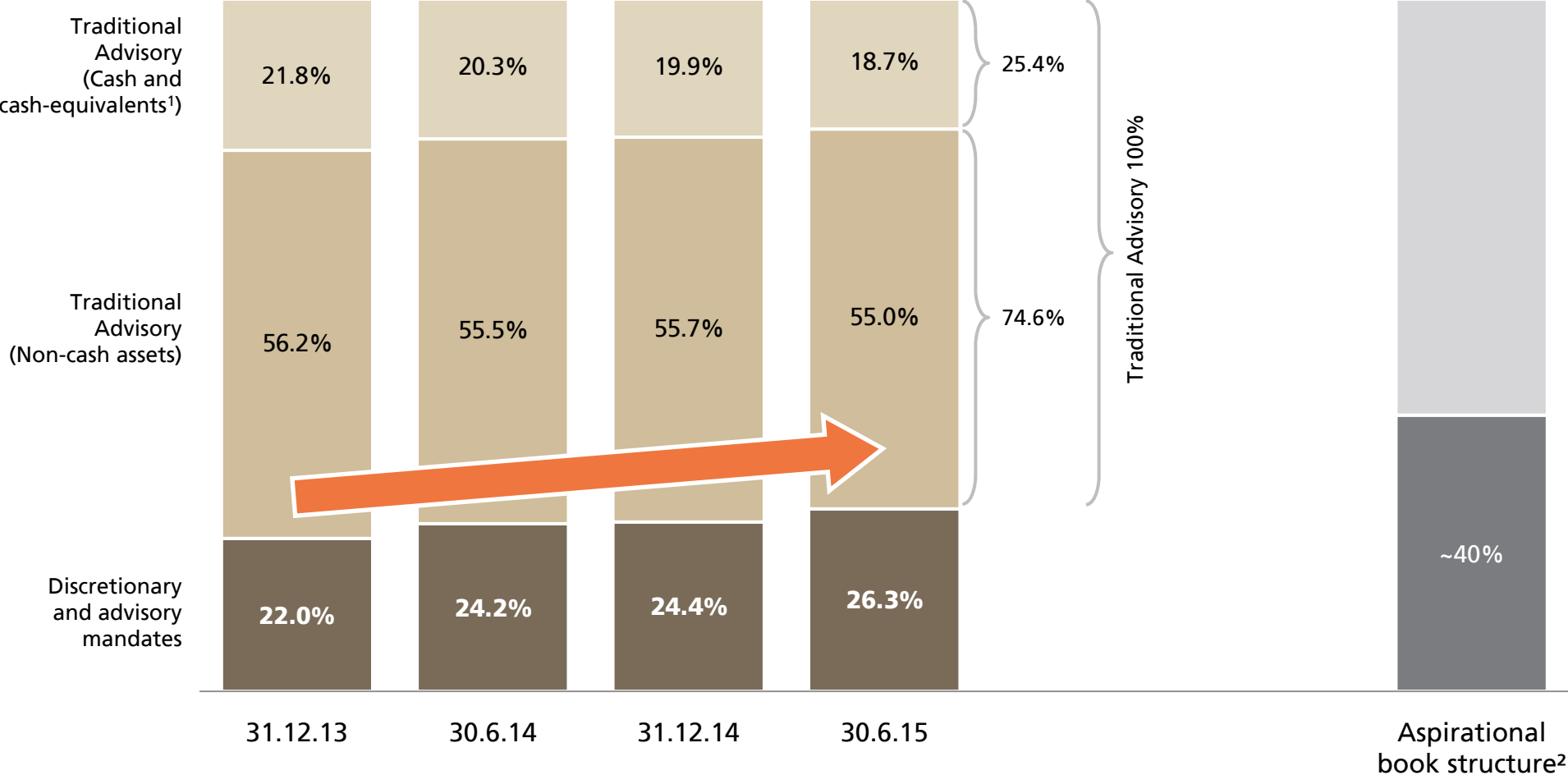
Responding to evolving regulatory environment

- More flexibility to address client needs within (discretionary) mandate framework
- Specialization to address investment-related compliance requirements
- Ability to absorb increasing costs of regulation

Designed for an evolving regulatory environment

Steady progress towards our aspirational book structure

CHF 51 billion of net mandate sales since the end of 2013

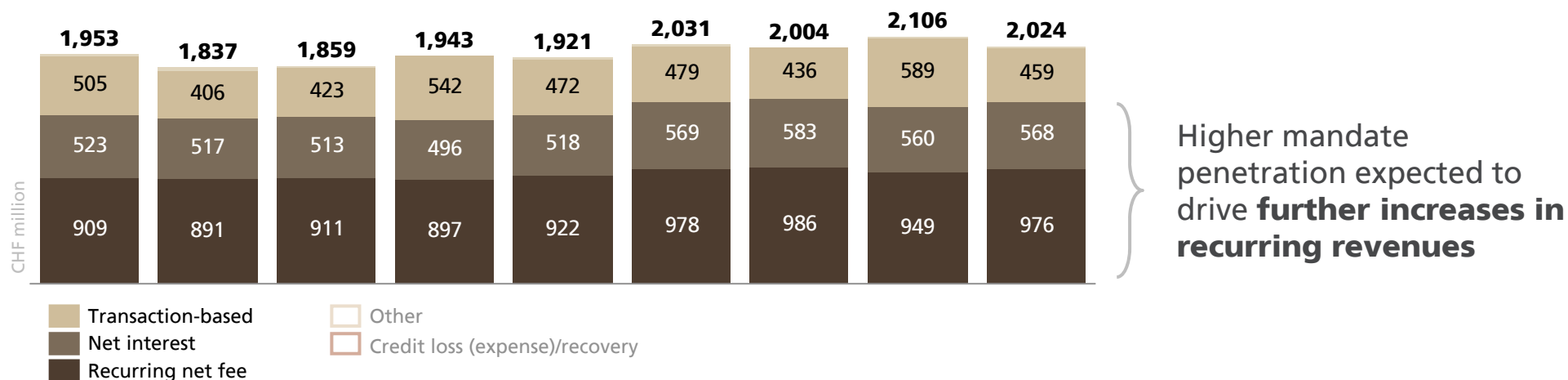


¹ "Cash and cash-equivalents" includes all accounts, short-term deposit and money market instruments (including funds); ² Aspirational book structure as previously announced at our 2014 Investor Update on 6 May 2014

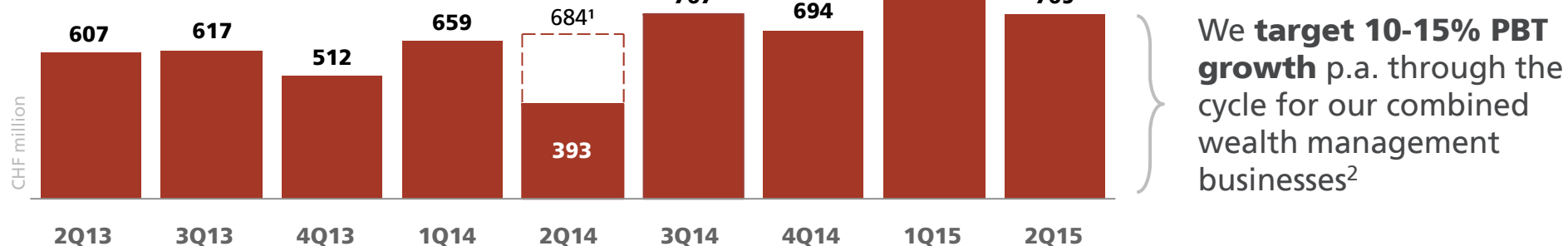
Wealth Management: high-quality revenues and profits

High share of recurring revenues generating predictable earnings

Operating income



Profit before tax



Adjusted numbers unless otherwise indicated, refer to slide 12 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
 1 PBT excluding CHF 291 million charges for provisions for litigation, regulatory and similar matters; 2 Adjusted pre-tax profit, refer to page 41 of the 2014 annual report for detail

Key messages

UBS is the world's leading wealth management franchise

Our investment capabilities, scale and global reach put us in a unique position to seize global wealth management opportunities

Our investment mandates represent an attractive value proposition to clients, and are a source of high quality recurring earnings

Important information related to this presentation

Use of adjusted numbers

Unless otherwise indicated, “adjusted” figures exclude the adjustment items listed on the previous slide, 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 capital

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.

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.