



Best of Switzerland

Lukas Gähwiler

CEO UBS Switzerland

September 20, 2012



Cautionary statement regarding forward-looking statements

This document 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: (1) 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; (2) changes in the availability of capital and funding, including any changes in UBS’s credit spreads and ratings; (3) the ability of UBS to reduce its Basel III risk-weighted assets in order to comply with future Swiss capital requirements without materially adversely affecting its profitability; (4) changes in financial legislation and regulation in Switzerland, the US, the UK and other major financial centers which may impose constraints on or necessitate changes in the scope and location of UBS’s business activities and in its legal and booking structures, including the imposition of more stringent capital and liquidity requirements, incremental tax requirements and constraints on remuneration; (5) possible constraints or sanctions that regulatory authorities might impose on UBS, including as a consequence of the unauthorized trading incident announced in September 2011; (6) 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, (7) the liability to which UBS may be exposed due to litigation, contractual claims and regulatory investigations, including those stemming from the market events and losses incurred by clients and counterparties during the financial crisis of 2007 to 2009 and from the ongoing investigations relating to the setting of LIBOR and other reference rates; (8) the effects on UBS’s cross-border banking business of tax treaties negotiated or under discussion between Switzerland and other countries and future tax or regulatory developments; (9) the degree to which UBS is successful in effecting organizational changes and implementing strategic plans, and whether those changes and plans will have the effects intended; (10) UBS’s ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses; (11) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other matters; (12) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (13) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (14) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures, either within UBS or within a counterparty; and (15) 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. 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 2011. 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.

Important information related to numbers shown in this presentation

Use of adjusted numbers

Throughout this presentation, unless otherwise indicated, “adjusted” figures exclude each of the following items, to the extent applicable, on a Group and business division level:

- own credit on financial liabilities designated at fair value (CHF 239 million gain for the Group in 2Q12, CHF 1,164 million loss for the Group in 1Q12)
- net restructuring charges (net charge of CHF 9 million for the Group in 2Q12, net charge of CHF 126 million for the Group in 1Q12)
- credit to personnel expenses related to changes to UBS’s Swiss pension plan (CHF 485 million for the Group in 1Q12)
- credit to personnel expenses related to changes to a US retiree medical and life insurance benefit plan (CHF 84 million for the Group in 2Q12)

Pro-forma Basel III RWAs and Basel III capital ratios

The calculation of our pro-forma Basel III RWAs combines existing Basel 2.5 RWAs, securitization exposures based on a revised model that applies a fixed risk weighting, and new capital charges based on new models and calculation engines. Some of these new models still require regulatory approval that is not expected until after further guidance is developed. Our pro-forma Basel III RWAs therefore include estimates of the impact of these new capital charges and will be refined as new models and the associated systems are enhanced and as regulatory interpretations evolve.

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 18 Currency translation rates” in UBS’s 2Q12 report for more information.

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Key messages

Our strategy is **centered on our pre-eminent wealth management businesses** and our **universal bank in Switzerland**; it **builds on the strengths of all of our businesses**

UBS's capital position is industry-leading and we are determined to **strengthen it further without diluting shareholders**; a strong capital base is the **foundation for our long-term success**

UBS Switzerland is the **leading universal bank** in our home market and a **strong anchor to the Group** both in terms of **profit stability** and sustaining our **global brand**

Rigorous strategy execution and stringent cross-divisional collaboration allowed for **substantial growth in UBS Switzerland**

Our strategy builds on the strengths of all of our businesses

Our integrated model is a competitive advantage...

Unrivaled WM businesses

- Emphasize advisory services
- Invest in growth areas – APAC and EM
- Consolidate on/offshore in Europe
- Build on best in class productivity in Americas

Focused Investment Bank

- Build on strengths in Equities, FX, advisory and research
- Attract talent in IBD
- Increase collaboration with WM businesses and Global AM



Leading R&C Swiss business

- Strengthen leading position
- Maintain lending discipline
- Continue to act as feeder for other businesses

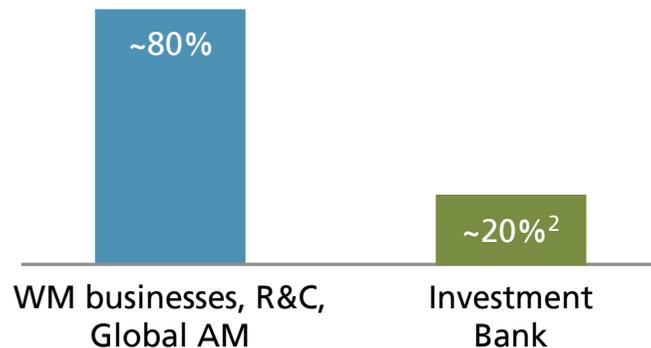
Well-diversified Global AM

- Further grow passive and alternative capabilities
- Continue to build 3rd party business, notably in wholesale channels...
- ...while also providing attractive products for WM clients

Balanced and diversified sources of revenue and profits

A predominance of “capital-light” businesses...

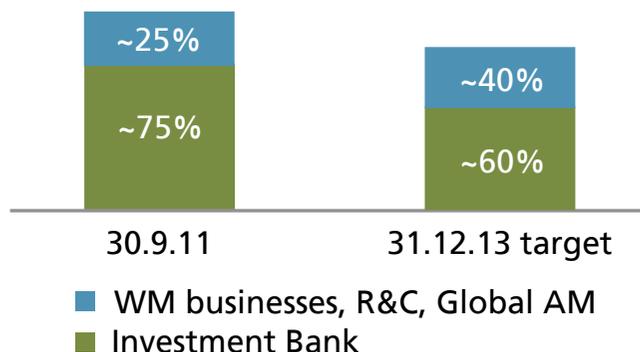
1H12 adjusted pre-tax profit contribution¹ (total of CHF 3.2 billion)



- **Long-term, sustainable success strategy**

- ~80% of 1H12 adjusted profits from fee-generating, asset gathering businesses, including our Retail & Corporate business in Switzerland
- A strong foundation for sustainable long term performance

Basel III RWA mix¹

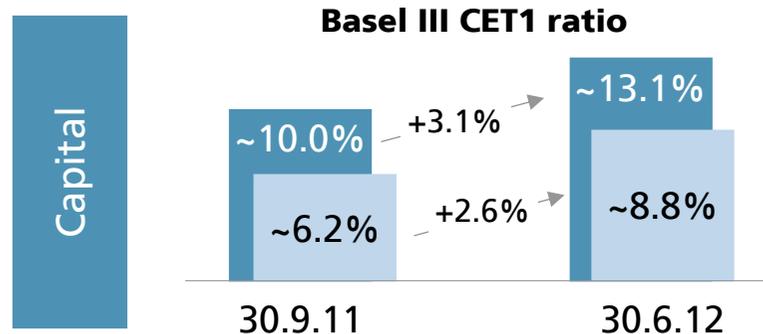


- **Reducing capital needs, while strengthening the business mix**

- Reducing capital usage in the Investment Bank
- Increasing proportion of fee-generating, asset gathering businesses, including our Retail & Corporate business in Switzerland

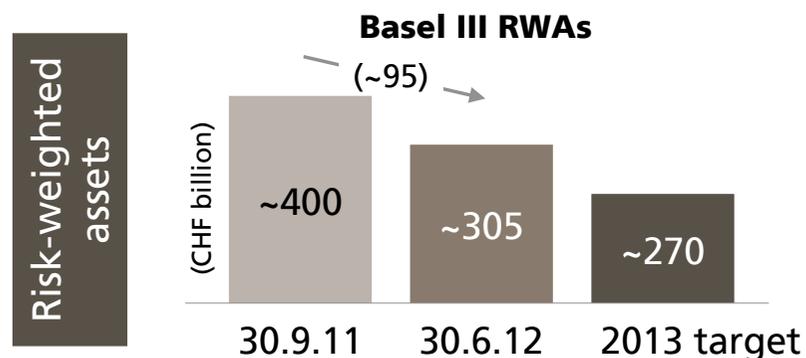
...and a less capital-intensive Investment Bank

Continued focus on strategy execution

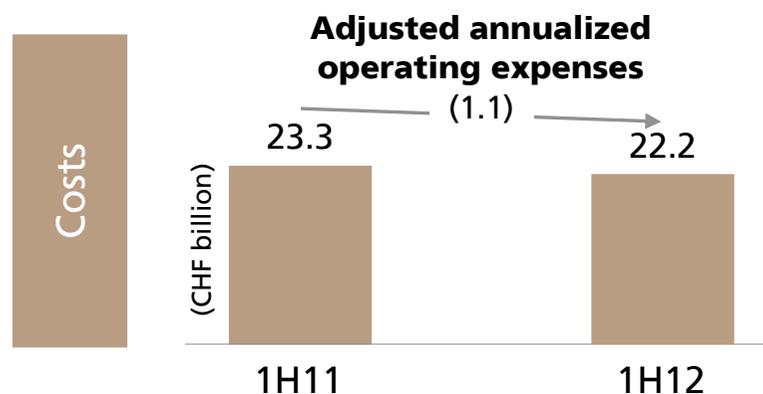


- Industry-leading capital position; highest targeted capital ratio amongst peers
- We intend to continue to build our capital position and to be comfortably above 9% (fully applied) by year-end 2012

■ Phase-in ■ Fully applied



- Focused and disciplined execution of Basel III RWA reduction strategy; Basel III RWA CHF ~95 billion lower since 3Q11
- Achieved 2012 RWA target at the end of 2Q12; now focused on 2013 targets

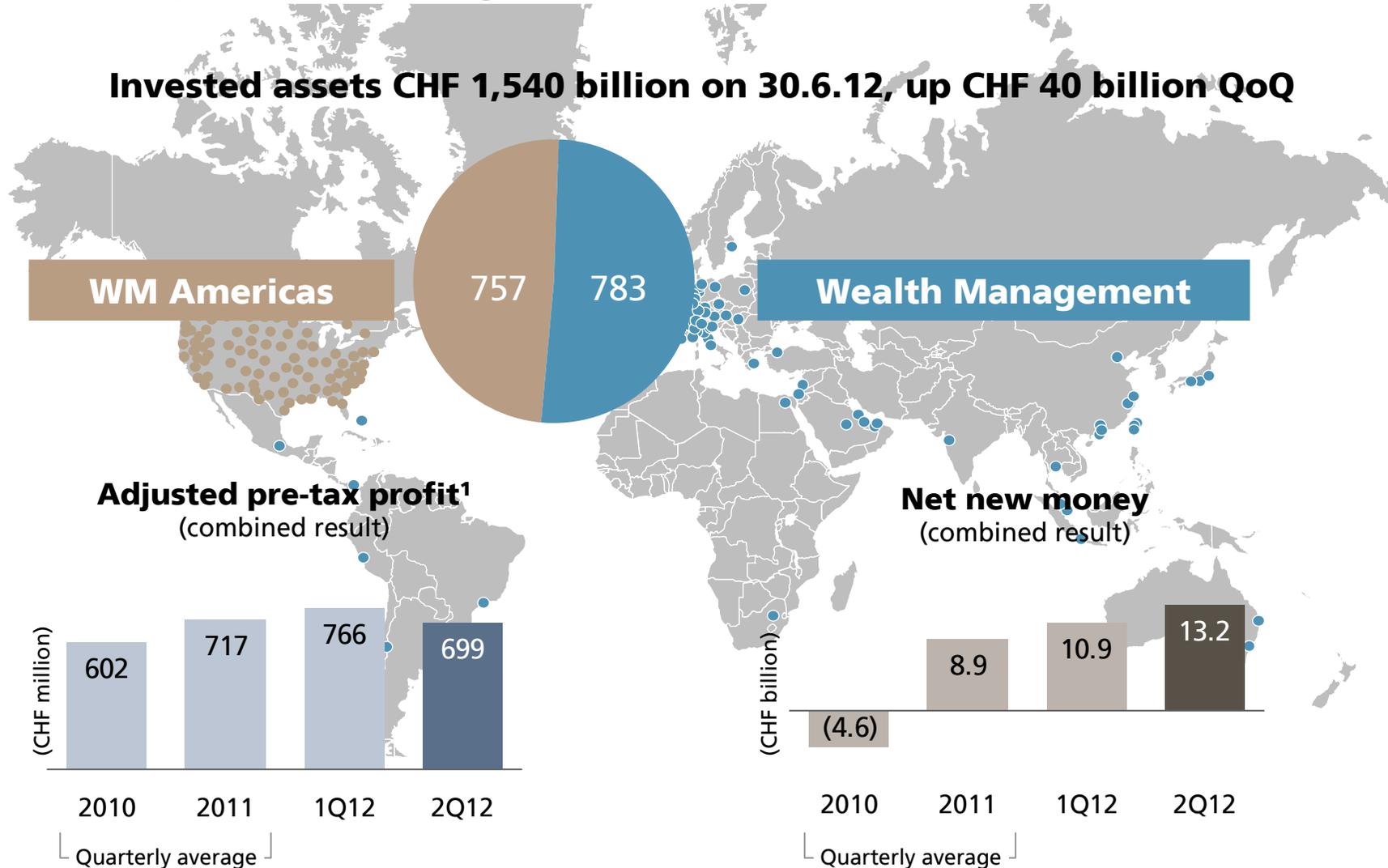


- We are on track to achieve our CHF 2.0 billion cost reduction target by the end of 2013 despite adverse currency movements
- Personnel expenses down 8% 1H12 vs. 1H11
- We are adapting our business model and cost base to the new market conditions

Our wealth management businesses are unrivaled

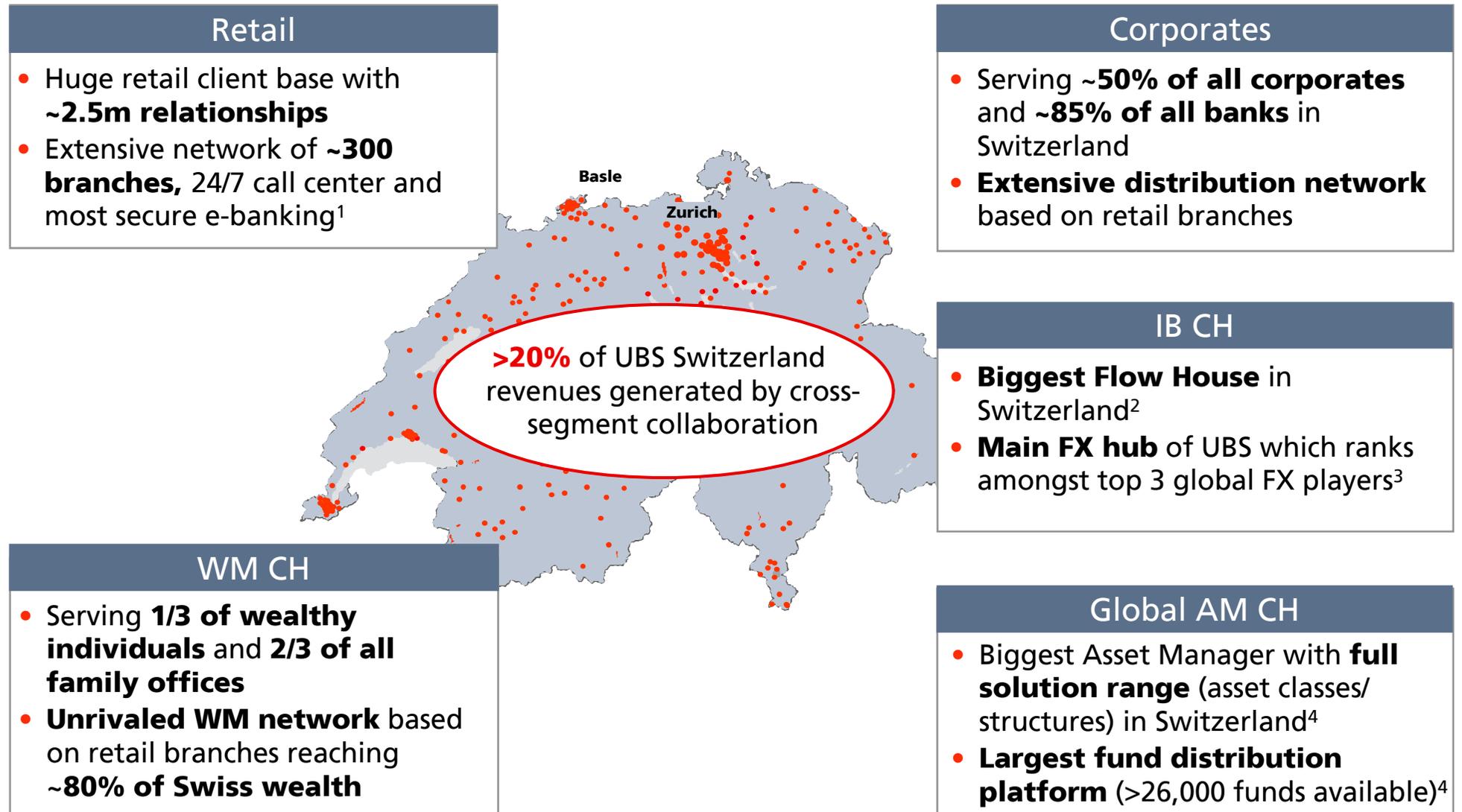
We are well positioned for growth in the most attractive markets

Invested assets CHF 1,540 billion on 30.6.12, up CHF 40 billion QoQ

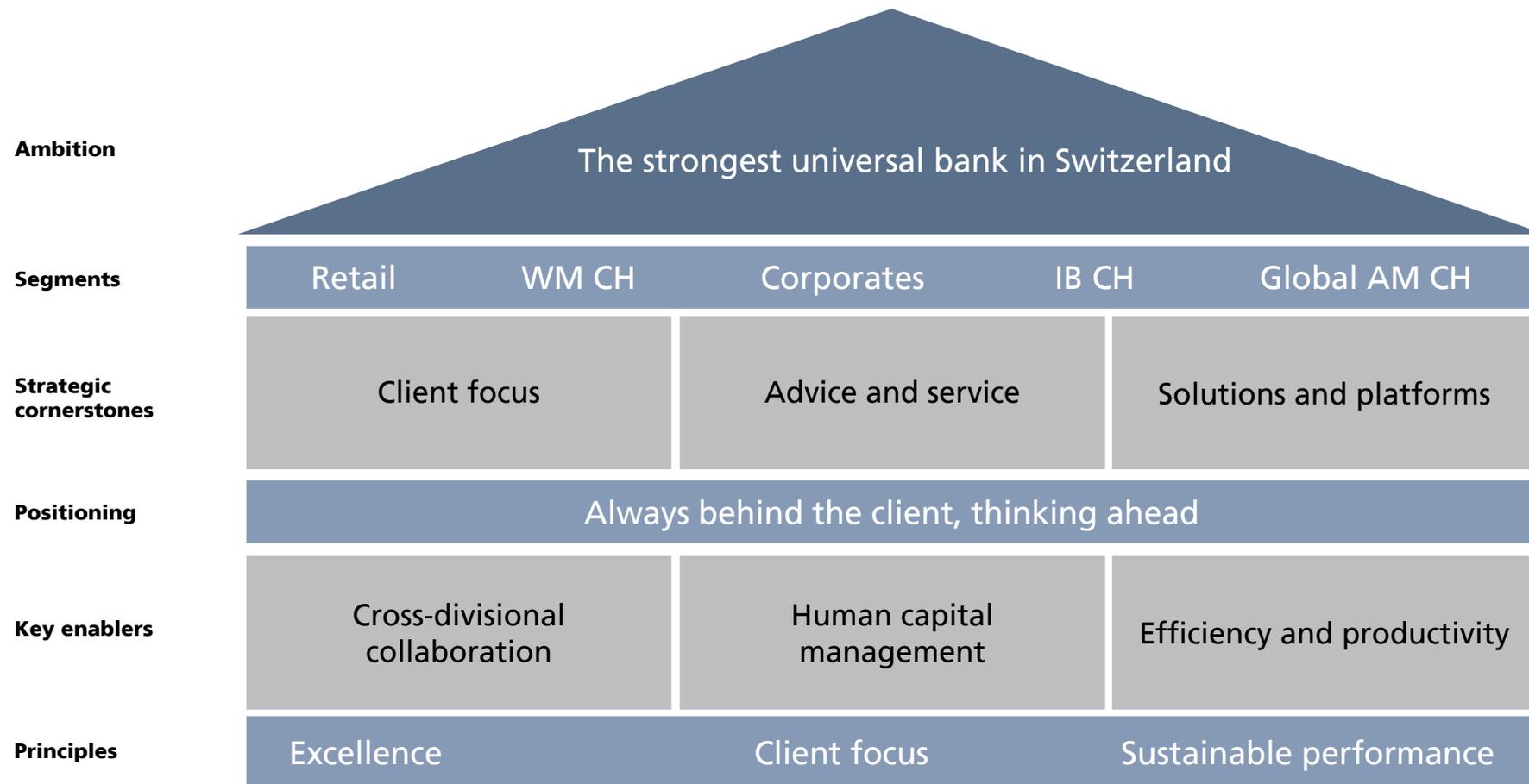


Refer to slide 2 for details about adjusted numbers, Basel III estimates and FX rates in this presentation
1 3Q10 excludes a provision related to an arbitration matter (WMA)

UBS CH - The leading universal bank with top positions in all business areas



UBS Switzerland's strategy consequently implemented and still valid



We will not rest

Cross-divisional collaboration with value add



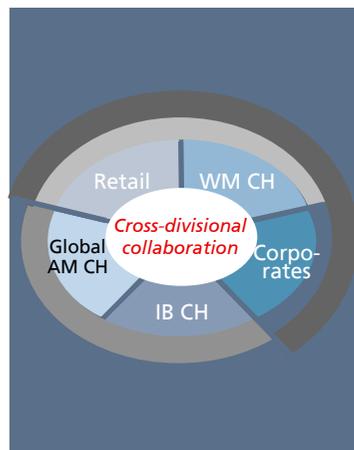
One face to the clients and the public

- Regional and location heads represent UBS externally in a unified manner
- Top Clients Initiative: cross-divisional coverage teams for selected clients
- Business areas share branches and platform



Dedicated Management team for Swiss market

- Management team comprising all business areas allows us to efficiently utilize existing resources, avoid silo thinking and enable non-bureaucratic collaboration



Cross-divisional revenue generation

- >20% of UBS Switzerland revenues are generated by cross-divisional collaboration
- Double-digit billion volume of cross-divisional business referrals and client developments per year
- Retail, WM CH & Corporates cross-sell IB & AM products with several hundred million of revenues per year

Successful strategy implementation generating tangible impact

| | | |
|--------------|--|---|
| Retail |  <p>Top 2</p> | <ul style="list-style-type: none"> • Record inflow of net client assets since 2007 • Growth in net new mortgages while increasing margins • Most secure e-banking¹ and leading mobile-banking² |
| WM CH |  <p>No. 1</p> | <ul style="list-style-type: none"> • Very strong momentum in net new money inflow in 1H12 • Successful focus on clients and portfolio quality • Best private bank for UHNW clients in Switzerland³ |
| Corporates |  <p>No. 1</p> | <ul style="list-style-type: none"> • Important net new client deposit inflow from Corporate clients in 1H12 • Best domestic cash manager³ and Best global custodian Switzerland⁴ • Leading service provider to banks and asset managers in CH & LI |
| IB CH |  <p>No. 1</p> | <ul style="list-style-type: none"> • Center of Excellence for business with 3rd party banks • Market leader in listed securitized derivatives on Scoach⁵ • No. 1 M&A House in Switzerland³ |
| Global AM CH |  <p>No. 1</p> | <ul style="list-style-type: none"> • Strong inflows of net new money in 3rd party business in the last 6 quarters • 2nd fastest growing ETF provider in Europe⁶ • High level of product innovation |
| UBS CH |   <p>Best Bank in Switzerland</p> | <p>Best Bank in Switzerland, Euromoney 2012</p> |

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