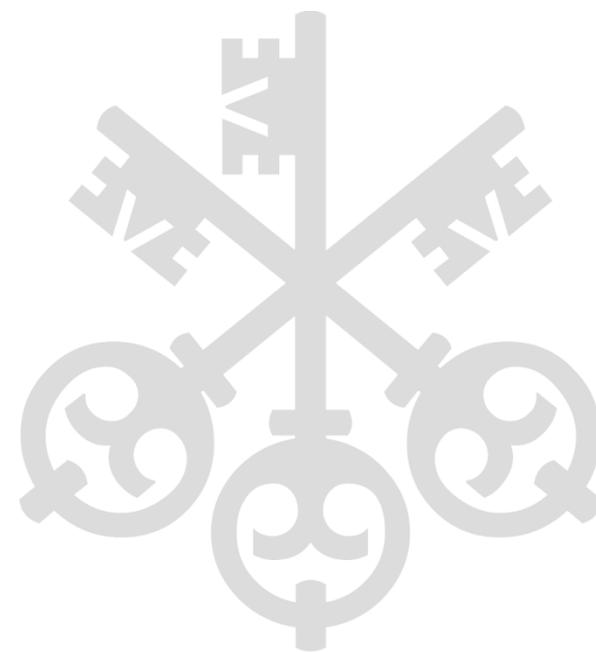




Making finance work in a higher capital world

Bank of America Merrill Lynch
Banking & Insurance conference

Tom Naratil
Group Chief Financial Officer



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This presentation contains statements that constitute "forward-looking statements", including statements relating to UBS's financial performance and to the anticipated effect of strategic initiatives on UBS's business and future development. Factors that could cause actual developments and results to differ materially from UBS's expectations and objectives include, but are not limited to: whether UBS will be successful in effecting its announced plans to transform its Investment Bank, its efficiency initiatives and its planned reductions in Basel III risk-weighted assets; whether its efforts to implement these changes will have the effects anticipated; developments in the markets in which UBS operates or to which it is exposed, and the effect of economic conditions and market developments on UBS and its clients and counterparties; changes in financial legislation and regulation that may constrain or necessitate changes in UBS's business activities and in its legal and booking structures; the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, regulatory investigations and contractual claims; the effect on UBS's cross-border banking business of tax treaties negotiated or under discussion between Switzerland and other countries; the occurrence of operational failures; and factors affecting UBS's competitive position, including its ability to retain and attract the employees necessary to manage, support and control its businesses. 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 2012. 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

Global banks have responded to the crisis by improving capital and liquidity and by reducing leverage

Delivering sustainable and higher quality returns in the new regulatory environment requires further management action

UBS's franchise is unrivaled with a compelling business mix, risk profile and growth prospects

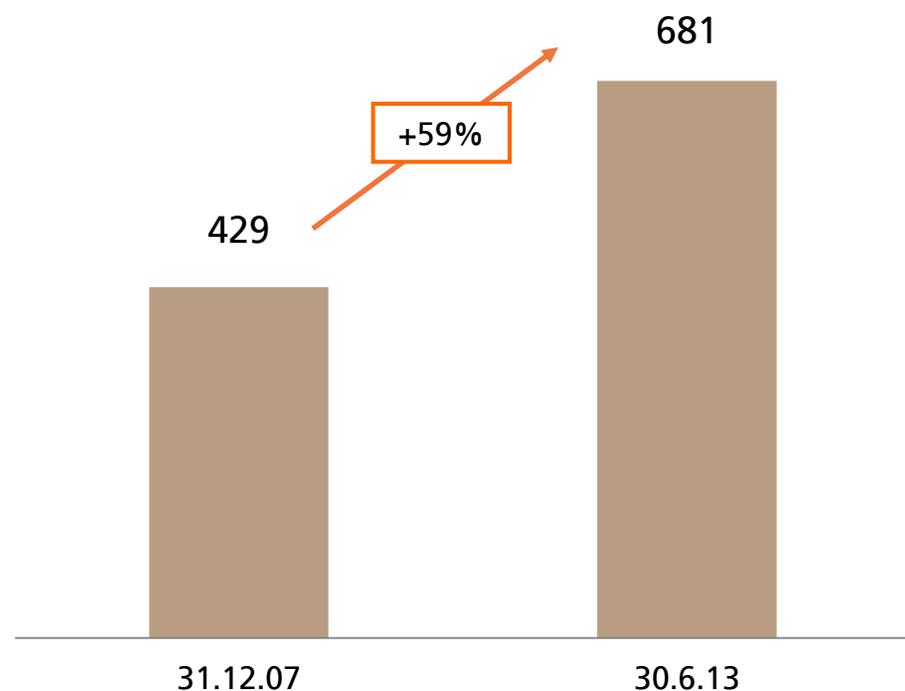
Targeting sustainable RoE >15% from 2015 and payout ratio of >50% once 13% fully applied CET1 ratio is achieved

UBS's strong capital position is a source of competitive advantage

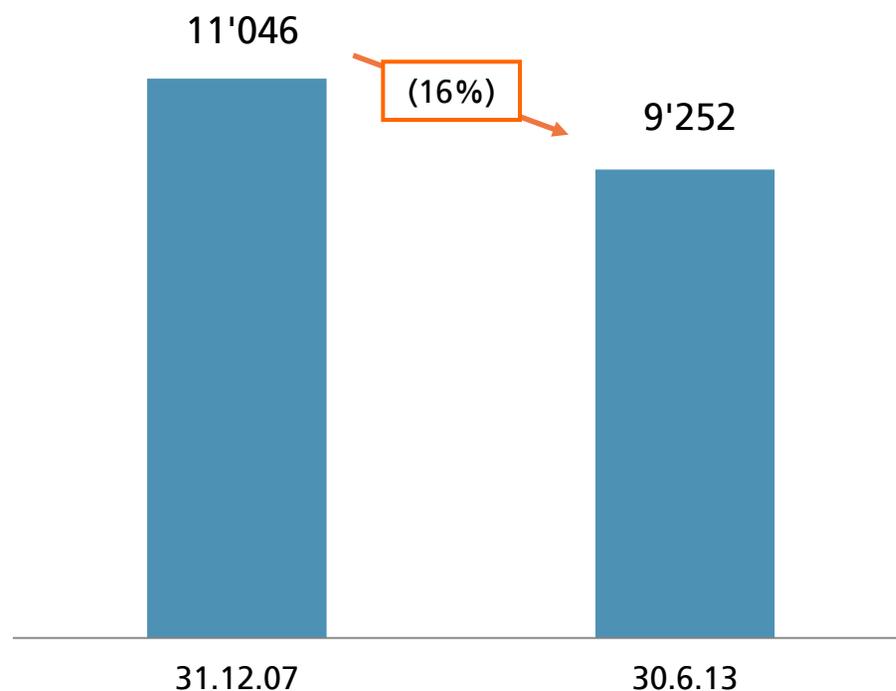
Global banks' response to the financial crisis

Higher common equity, lower leverage and improved funding and liquidity

Increase in total common equity
(USD billion)



Reduction in funded assets¹
(USD billion)



Pressure to act much faster and more profoundly than regulatory requirements



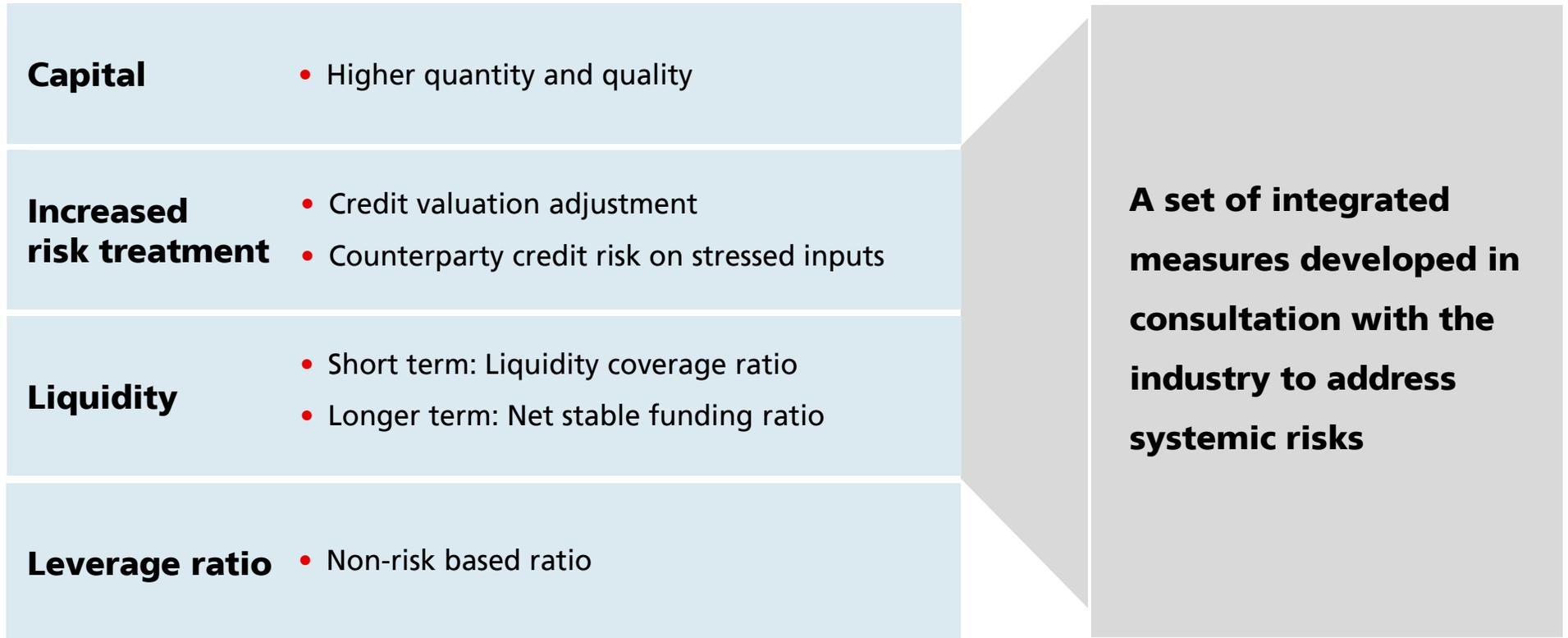
UBS

¹ Funded assets defined as total IFRS balance sheet assets less positive replacement values

Source: 7 companies reporting, restatements not considered: Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, Morgan Stanley and UBS

Basel III is a cornerstone of the new regulatory framework

Basel III core regulatory framework



Further actions and measures to come to ensure recovery and resolvability

Management action is the key to drive sustainable returns



Regulation

- Regulations are enforcing positive reform in the industry
- Additional changes expected to address TBTF issues
- Regulatory nationalism not aiding comparability or confidence

Management actions

Enhanced transparency to address reputational issues

- Protection of reputation is an industry responsibility
- Enhanced transparency is essential to rebuild trust in banks
 - e.g., FSB's Enhanced Disclosure Task Force on risk and financial disclosures
 - Voluntary adoption would benefit shareholders

Operational risk control improvement

- More profound changes required to reduce instances of operational risks which undermine confidence in banks

Strategic adaptation

- Further strategic adaptation likely to comply with existing regulations and more fully address systemic risks
- Shareholders have rewarded increased capital and reduced exposure to highly capital intensive businesses

UBS is prepared for the future

Considerations for our strategic decision making...

- Wealth management clients' needs
- Swiss universal bank clients' needs
- Leverage competitive position
- Deliver higher risk-adjusted returns
- Reduce volatility of revenue and earnings
- Reduce operational complexity
- Economic outlook
- Address regulatory developments
- Increased focus on total shareholder returns

...building a track record of execution

- Increasing capital
- Exiting risk weighted assets
- Reducing balance sheet
- Delivering cost reductions
- Implementing new Investment Bank strategy

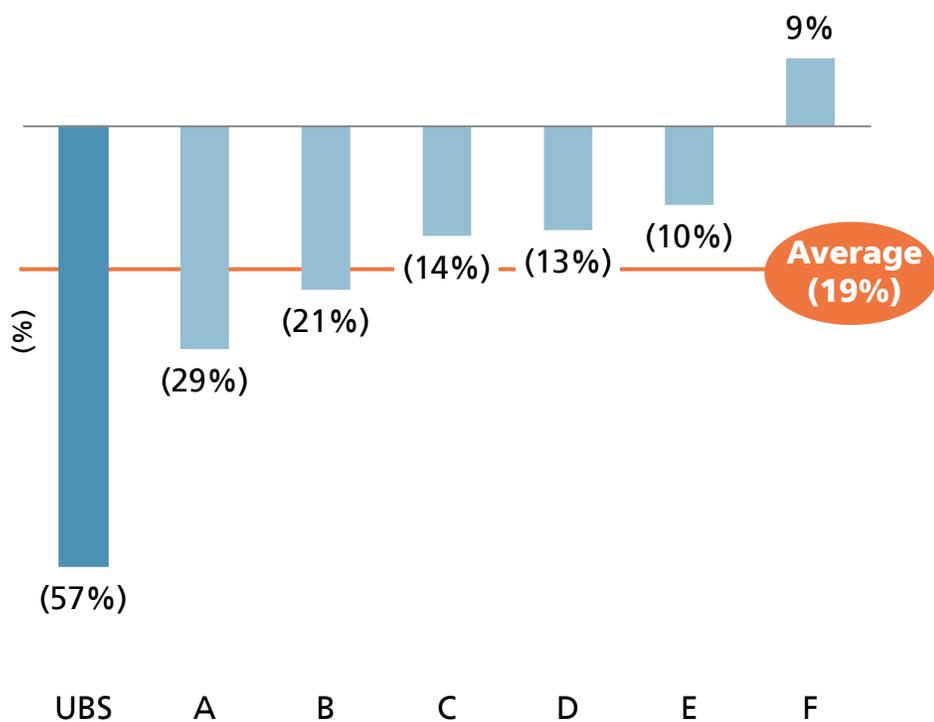
Unlocking further potential 2015 and beyond

- Deliver further operational efficiencies
- Sustainable earnings with target RoE of >15%
- Attractive capital returns

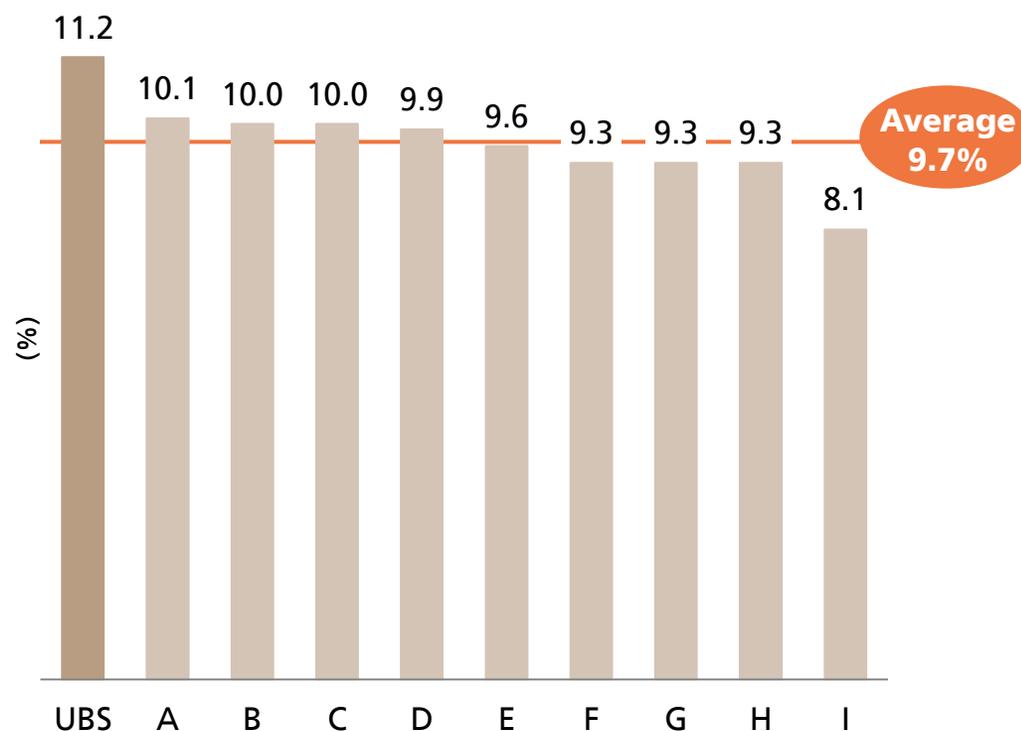
Targeting payout ratio of >50% once 13% fully applied CET1 ratio is achieved

UBS – At the forefront of transformation

Reduction in funded assets¹
(30.6.13 vs. 31.12.07, in reporting currency)



Basel III fully applied CET1 ratio²
(30.6.13)



We have built the foundation for our long term success

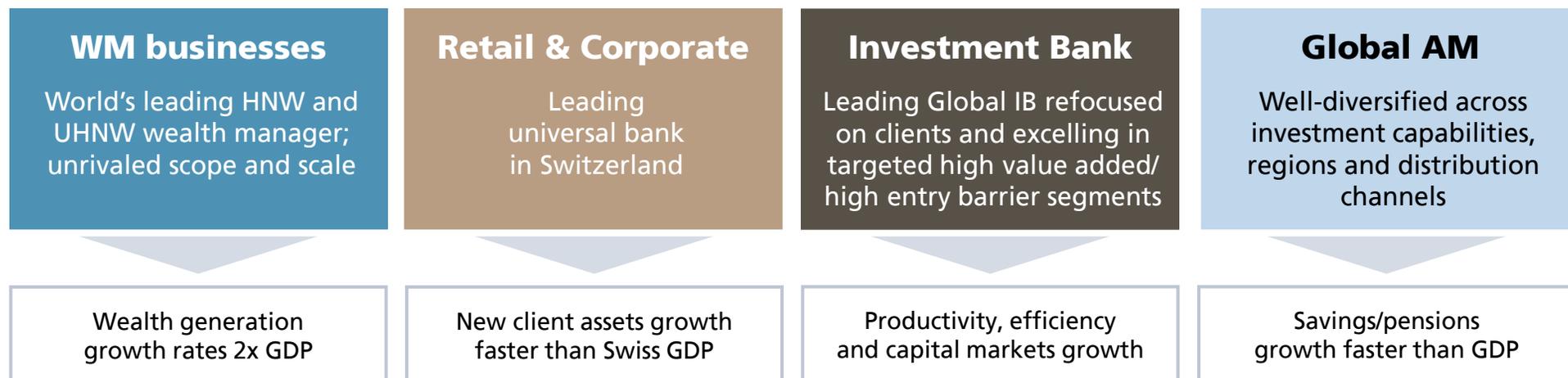


¹ Funded assets defined as total IFRS balance sheet assets less positive replacement values; excludes merged banks

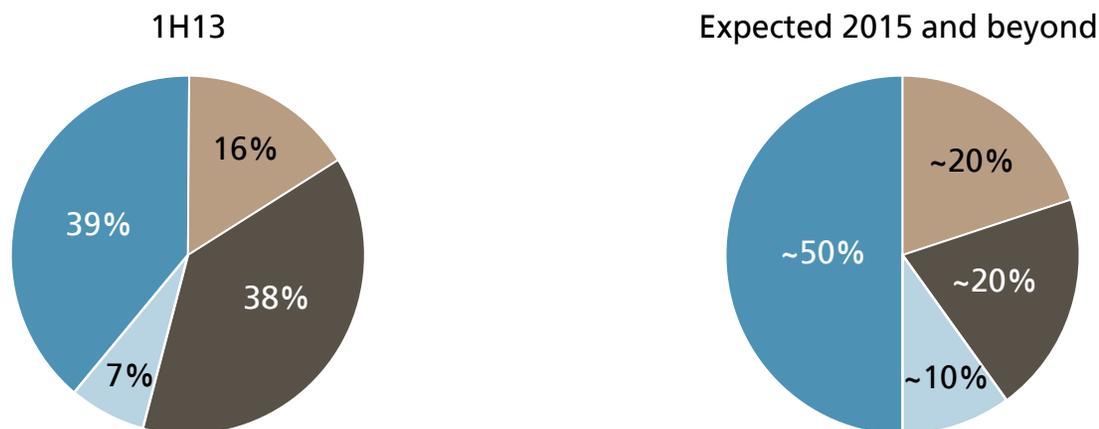
² Estimated numbers are on a pro-forma basis (only UBS and Credit Suisse have already adopted Basel III rules)

Source: Companies reporting, restatements not considered. Banks not in the order presented above: Barclays, Bank of America Merrill Lynch, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan Chase and Morgan Stanley

UBS – An unrivaled franchise with compelling growth prospects

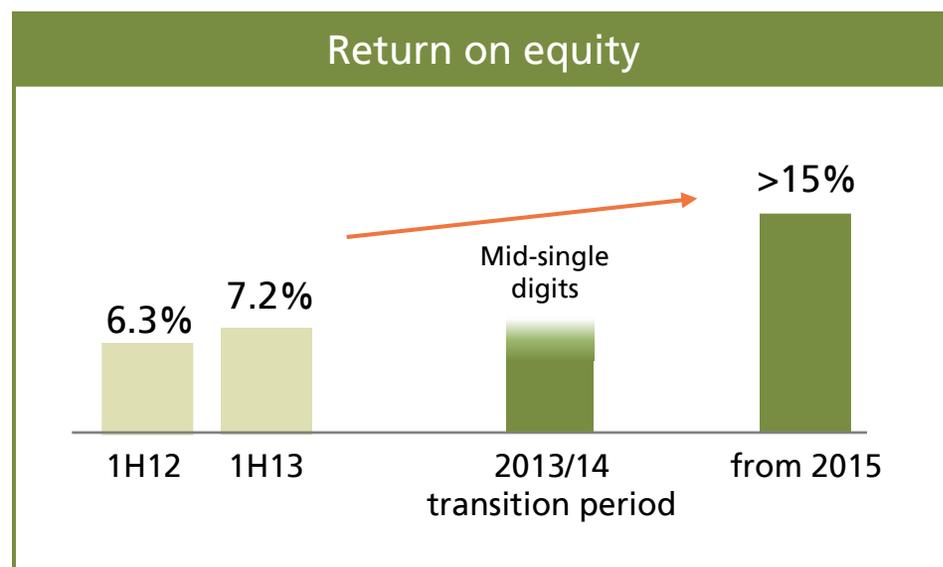
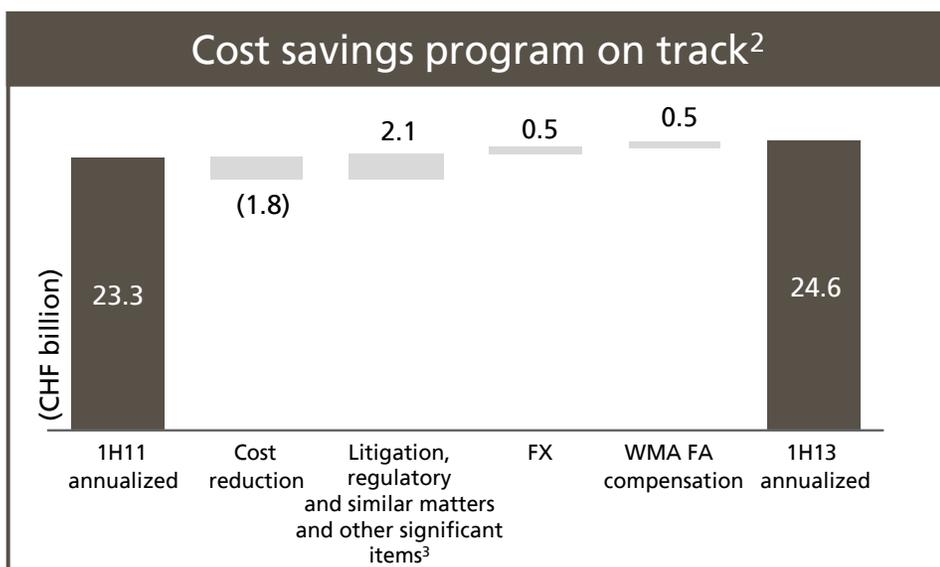
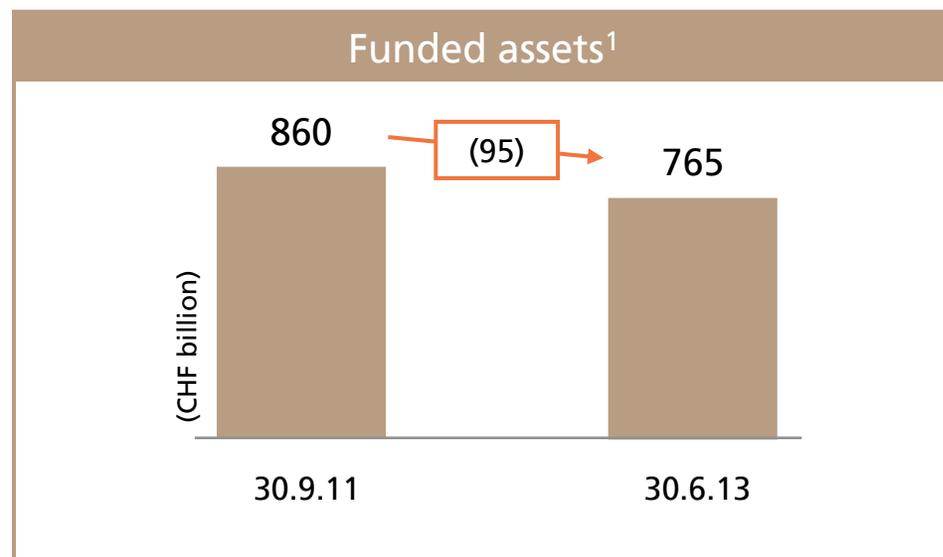
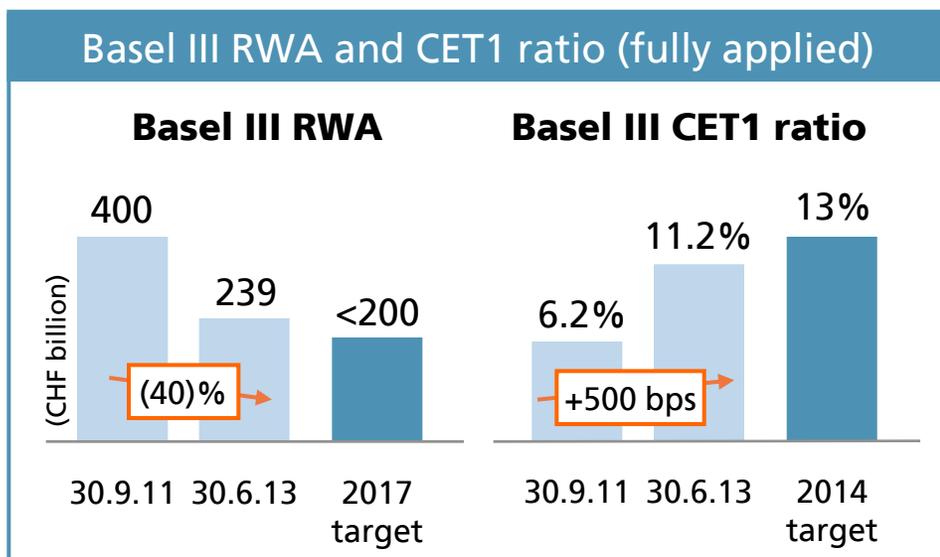


Pre-tax profit mix¹



Our strategy will enable us to deliver less volatile and more sustainable financial performance

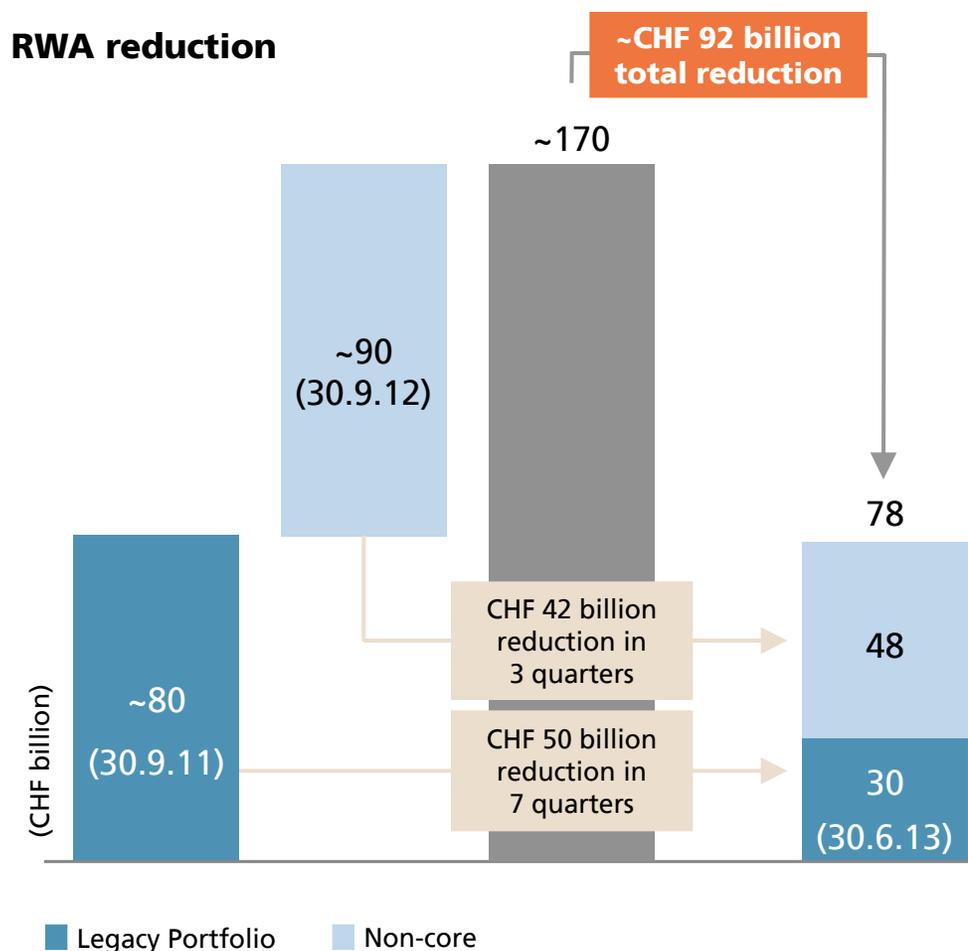
UBS – Successfully executing our strategy



¹ Funded assets defined as total IFRS balance sheet assets less positive replacement values and collateral delivered against over-the-counter derivatives; ² Adjusted operating expenses see final slide; ³ Represents charges for litigation, regulatory and similar matters in excess of annualized run rate for 1H11, other significant items: charge of CHF 106 million in relation to the Swiss-UK tax agreement, impairment charge of CHF 87 million related to certain disputed receivables and CHF 14 million other

Non-core and Legacy Portfolio run-down

Significant progress and outstanding RWA reduction track record



- ~CHF 400 million cumulative operating income¹

- We are well ahead of our original RWA reduction targets and have clear plans to run down the remaining positions

- Our goal is to maximize shareholder value and we consider all available options, factoring in costs of exits and the cost of capital

We will continue to reduce exposures in the most value accretive way for shareholders

UBS—A unique value proposition

Our franchise will benefit from market improvements and continued execution of our strategy

Illustrative upside potential

Positioned to benefit from market factors and our footprint in the largest and fastest growing markets

Invested asset growth	CHF 2.3 trillion of Group-wide invested assets
Increased risk appetite	WM clients hold cash levels of over 28% ¹
Higher interest rates	Incremental NII of ~CHF 1.2 billion ² MM fees of USD 135 million ³ p.a. waived in WMA

Managing for growth and sustainable performance

Ongoing revenue initiatives/ organic growth	Continuing focus on client needs, product offerings and pricing
Continuing cost discipline	Further gross cost savings of CHF 3.6 billion by 2015
Further enhancing the operational risk framework	Focus on risk management and control to drive sustainable value for shareholders



¹ Per 30.6.13 for advisory clients

² Core annual net interest income (NII) over 12 months compared to baseline core annual NII as implied by forward rates, as a function of an immediate 100bps increase in the 3M Libor and 10Y swap rates. Other factors including changed composition of interest-earning assets could impact NII

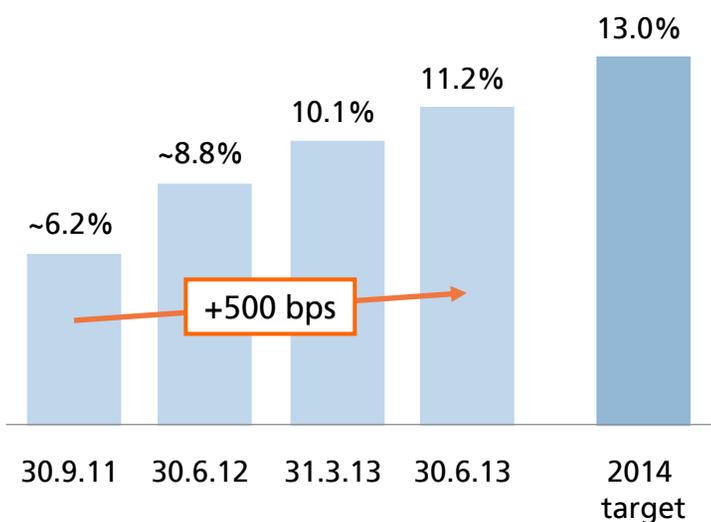
³ Per 30.6.13

Unrivaled wealth management businesses

Our capital position is a clear competitive advantage supporting growth

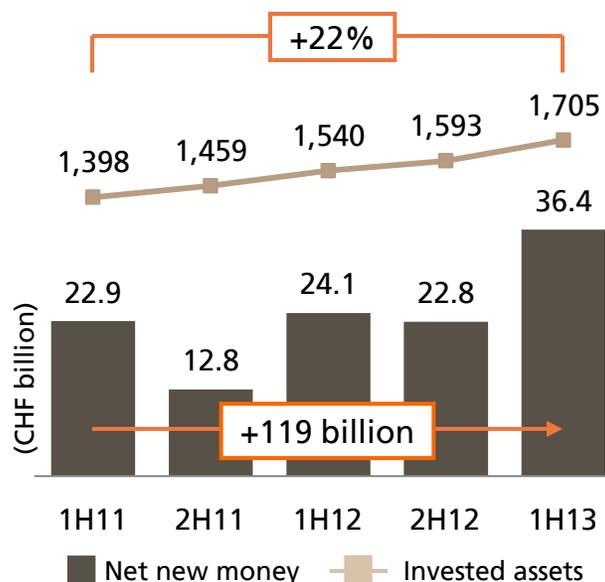
Industry-leading capital ratios

Basel III fully applied CET1 ratio

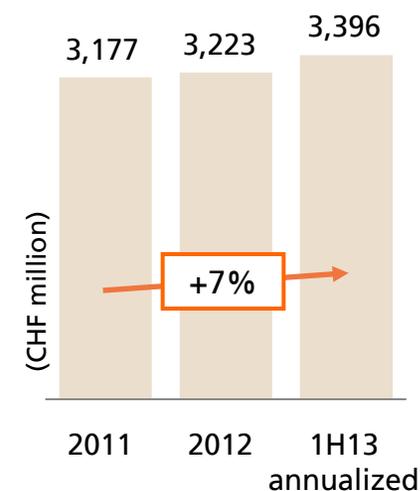


WM / WMA combined

NNM / invested assets



Pre-tax profit



UBS is the largest and fastest growing large-scale wealth manager in the world¹

Important information related to numbers shown in this presentation

Use of adjusted numbers

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

- Own credit gain on financial liabilities designated at fair value for the Group of CHF 138 million in 2Q13 (CHF 181 million loss in 1Q13, CHF 2,202 million loss in 2012)
- Net restructuring charges of CHF 140 million for the Group in 2Q13 (net charges of CHF 246 million in 1Q13, net charge of CHF 371 million in 2012, credit of CHF 18 million in 1H11)
- Gain of CHF 34 million on the disposal of Global Asset Management’s Canadian domestic business in 1Q13
- Gain on the sale of the remaining proprietary trading business in the Investment Bank of CHF 55 million and an associated foreign currency translation loss of CHF 24 million in Corporate Center – Core Functions in 1Q13
- Net loss of CHF 92 million for the Group incurred on the buyback of debt in a public tender offer in 1Q13
- Credit to personnel expenses related to changes to a US retiree medical life insurance benefit plan (CHF 116 million in 2012) and changes to UBS’s Swiss pension plan (CHF 730 million in 2012)
- CHF 3,064 million charge related to impairment testing of goodwill and non-financial assets in 2012

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

Basel III numbers in the presentation are BIS Basel III numbers unless otherwise stated. In addition to being required to comply with the BIS Basel III rules, as implemented by the revised Swiss Capital Adequacy Ordinance issued by the Swiss Federal Council and required by FINMA regulation, systemically relevant banks (SRB) in Switzerland (currently UBS and Credit Suisse) are required to comply with Swiss SRB-specific rules. The Swiss SRB Basel III transition rules are in line with the BIS Basel III transition rules, except that under the Swiss SRB Basel III rules our high trigger loss-absorbing capital which was granted as part of UBS’s deferred compensations programs is subject to different amortization criteria than under BIS and that phase-out Tier 2 capital is not recognized.

Basel III risk-weighted assets in the presentation are calculated on the basis of Basel III fully applied 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. These estimates have been refined with prospective effect during the first and second quarter of 2013, as models and associated systems were enhanced.

Refer to the “Capital Management” section in UBS’s 2Q13 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 20 Currency translation rates” in UBS’s 2Q13 report for more information.