



2014 Investor Update

Executing Our Strategy and Delivering Returns

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Group Chief Executive Officer



May 6, 2014

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 efficiency initiatives and its planned further reduction in its Basel III risk-weighted assets (RWA) and leverage ratio denominator; (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; (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 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 effective 31 December 2013, 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 executing the announced creation of a new Swiss banking subsidiary, a holding company for the UBS Group, a US intermediate holding company, changes in the operating model of UBS Limited and other changes which UBS may make in its legal entity structure and operating model, including, the possible consequences of such changes, and the potential need to make other changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, including capital requirements, resolvability requirements and the pending Swiss parliamentary proposals and proposals in 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) 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; (ix) 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; (x) 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; (xi) 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; (xii) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xiii) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (xiv) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures; and (xv) 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 2013. 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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Executing our strategy to further unlock UBS's potential

What we have delivered

Management priorities

✓	Implemented a clear strategy which focuses on the strengths of our franchise	Remain disciplined on strategy execution while enhancing capabilities and profitability	➤	Growing profits in our operating businesses with capital efficiency
✓	Reduced gross costs by CHF 2.2 billion per year	Further reduce Corporate Center costs and improve front office efficiency		
✓	Repositioned the firm with wealth management at its core	Pursue growth strategy across all segments and regions		
✓	Significantly reduced RWA and LRD in the Non-core and Legacy Portfolio	Continue to run down the Non-core and Legacy Portfolio efficiently	➤	Maintain capital strength while addressing legacy issues
✓	Built capital strength and reached targeted Basel III fully applied CET1 ratio of 13%	Sustain our capital strength in an evolving regulatory environment		
✓	Addressed many issues from the past and enhanced operational risk framework	Continue addressing litigation and regulatory issues		

Firmly committed to returning capital to shareholders

Our franchise is unrivaled with compelling growth prospects

Our businesses

Our objectives

Wealth management businesses

World's leader in HNW and UHNW banking with unrivaled scope and scale

- Remain leading large-scale wealth manager in the world
- Gain market share in established markets, and capture wealth creation in APAC and EM
- Achieve superior pre-tax profit growth vs. peers

Retail & Corporate

Leading position across retail, corporate and institutional client segments in Switzerland

- Continue providing a full suite of banking products to clients
- Maintain leading position and stable profit contribution
- Fully factor in the costs of regulation in our pricing

Global Asset Management

Well diversified and strongly positioned in key growth areas

- Strengthen investment performance culture
- Focus product offering and strengthen distribution around growth areas
- Achieve profit before tax target of CHF 1 billion

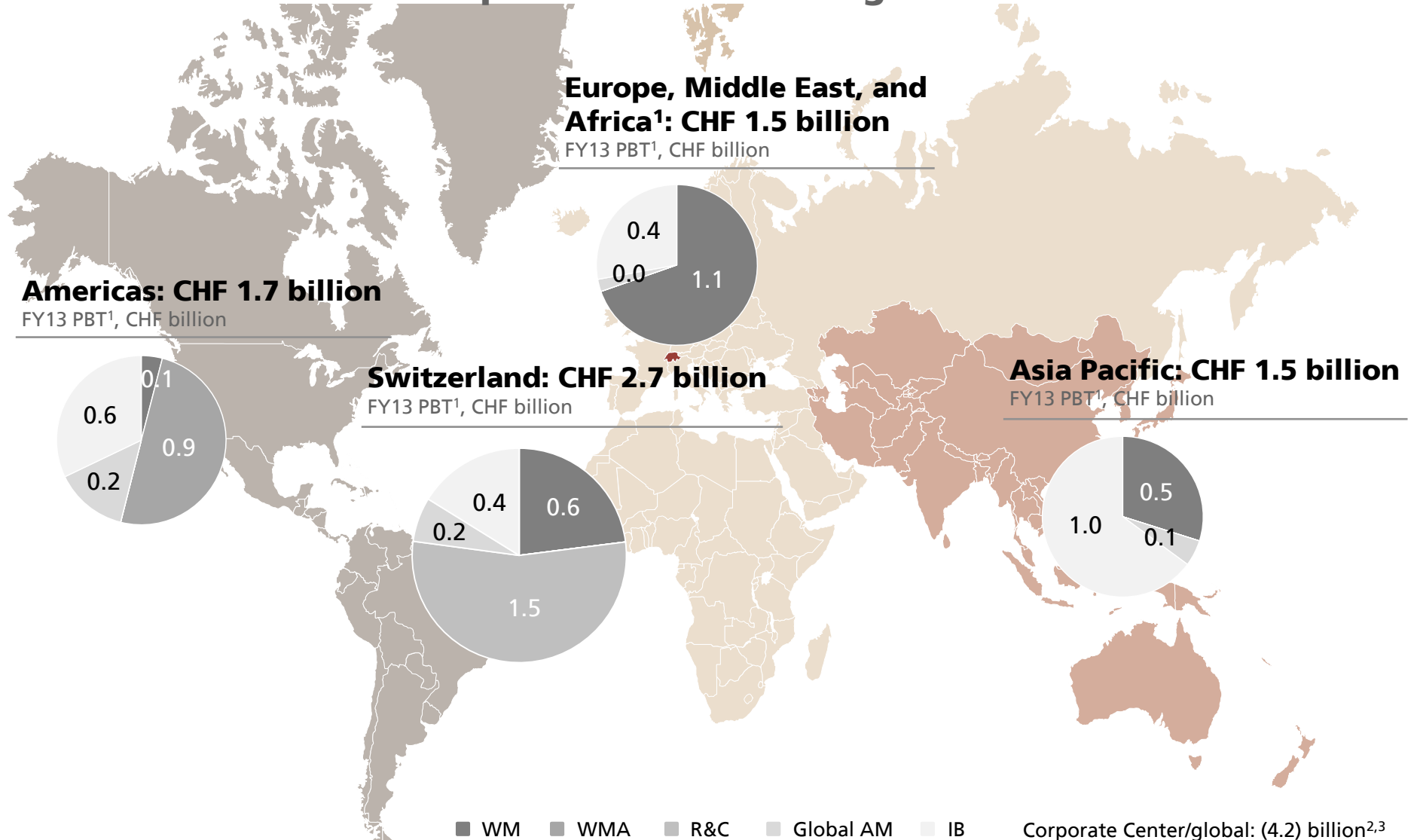
Investment Bank

Capital-light, client-focused with attractive risk-adjusted returns

- Deliver attractive returns with allocated resources
- Strengthen our position in our targeted businesses
- Grow contribution to the rest of UBS's businesses

Broadly diversified profit sources

All business divisions were profitable in each region in 2013

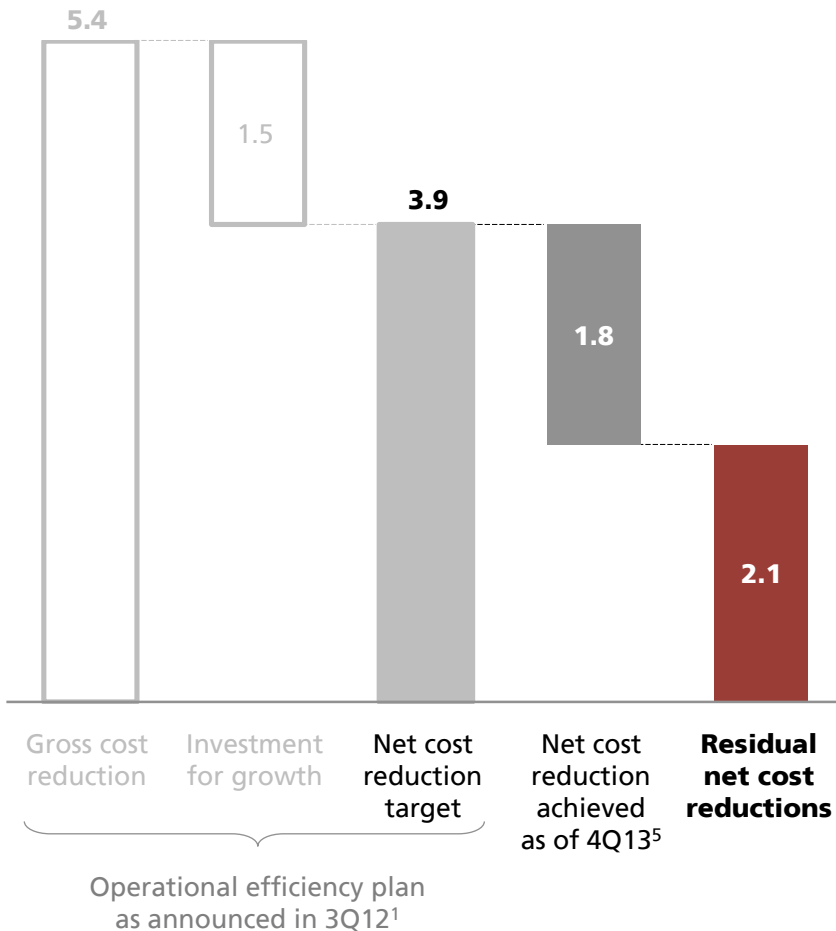


1 Europe, Middle East, and Africa excl. Switzerland; 2 Numbers are not comparable to the disclosed financial statements of our main local subsidiaries; revenues are allocated in general following a client domicile view, which is supplemented by overlays to capture cross-country sales.; this represents a more complete view of global and local sales for management purposes, as opposed to the split according to the legal entity where the transaction is recorded; 3 Includes Corporate Center and global operating income, expenses, and profit before tax that are not attributed to regions and are managed using a global view (~CHF 30 million)

We continue our focus on cost reduction

CHF 2.1 billion net cost reduction target versus FY13¹

As of 31.12.13, adjusted operating expenses, CHF billion



- CHF 1.4 billion annual net cost savings in Corporate Center by year-end 2015^{2,3}
- CHF 0.7 billion annual net cost savings as we complete the exit of the Non-core and Legacy Portfolio⁴
- Targeting additional cost efficiency in front office functions
 - Lowering cost/income ratio targets for Wealth Management and Wealth Management Americas, narrowing the range for the Investment Bank

Refer to slide 14 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

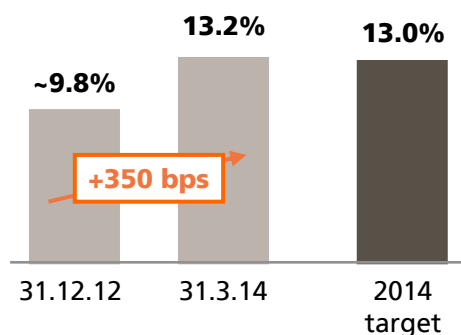
1 As communicated on 30.10.12, based on 1H11 annualized adjusted operating expenses; 2 CHF 1.0 billion net reduction in Corporate Center – Core Functions 2015 year-end exit rate versus FY13 annual adjusted operating expenses net of FX movements, changes in regulatory demand of temporary nature and changes in charges for provisions for litigation, regulatory and similar matters; 3 CHF 0.4 billion net reduction in Corporate Center – Non-core and Legacy Portfolio 2015 year-end exit rate versus FY13 annual adjusted operating expenses net of changes in charges for provisions for litigation, regulatory and similar matters; 4 CHF 0.7 billion net reduction in Corporate Center – Non-core and Legacy Portfolio annual adjusted operating expenses versus FY13; 5 As communicated on 4.2.14

Capital strength is the foundation of our success

Three-pronged approach to capital and balance-sheet management

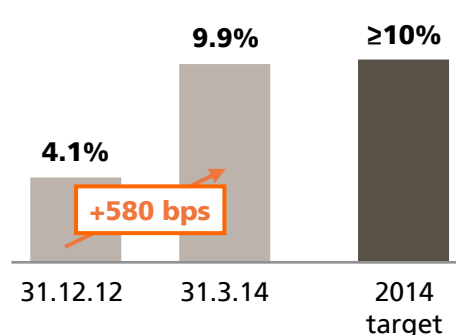
Basel III CET1 ratio

fully applied



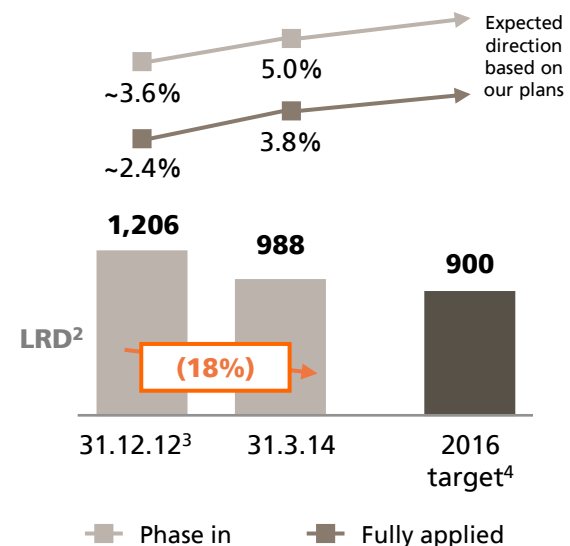
Basel III CET1 ratio post-stress¹

fully applied

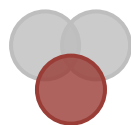


Swiss SRB leverage ratio

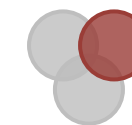
CHF billion



- Industry-leading CET1 capital ratio is key to supporting long-term success and is a source of competitive advantage
- Buffer above 2019 requirement even without loss-absorbing capital



- Capital will be managed to reach and maintain a fully applied CET1 ratio above the regulatory requirement under a stress scenario
- Integral part of capital returns philosophy



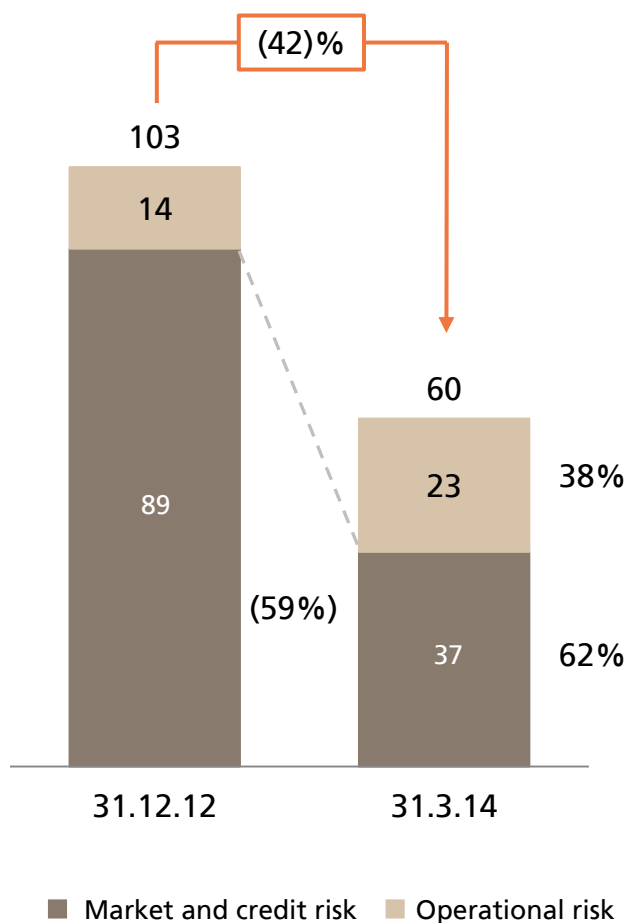
- New requirements were a key factor in shaping UBS's strategy
- Effectively functions as a backstop to our capital management approach

Managing down the Non-core and Legacy Portfolio

Tight risk control and disciplined execution to free up capital and reduce costs

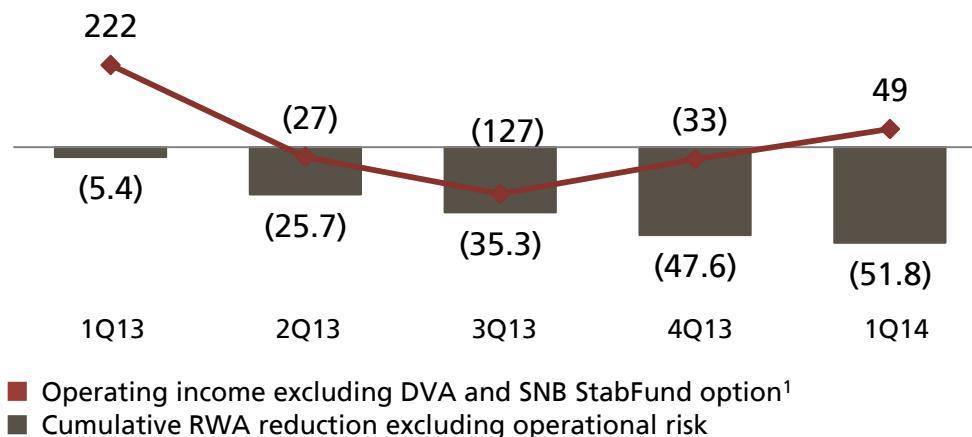
RWA

CHF billion



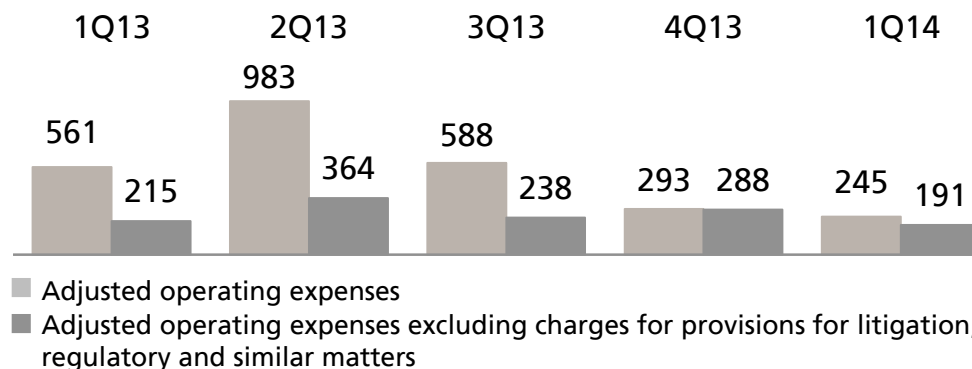
Cumulative RWA reduction and quarterly revenues

RWA in CHF billion and revenues in CHF million



Adjusted operating expenses

CHF million



Refer to slide 14 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
¹ SNB StabFund option revenues were CHF 245 million in 1Q13, CHF 122 million in 2Q13, CHF 74 million in 3Q13, CHF (28) million in 4Q13 and CHF (1) million in 1Q14

Further adapting to global regulatory changes

Modifying legal structure to enhance resolvability and to improve capital returns potential

Intention to establish a Group holding company

Measures announced previously

Switzerland

- Establish a Swiss banking subsidiary, starting mid-2015
- Full scope expected to include Retail & Corporate and Swiss-booked Wealth Management business

UK

- Increased self-sufficiency of UBS Limited
- UBS AG to increase capitalization of UBS Limited during 2Q14

US

- Required to establish an intermediate holding company (IHC) by 1 July 2016

→ Holding company to be formed through share-for-share exchange offer to be launched later in 2014¹

→ Expect to qualify for capital rebate on reduced resolvability risk under Swiss Too-Big-To-Fail legislation

→ Lower capital requirements expected for the Group

Improving capital returns

Anticipated supplementary capital return of at least CHF 0.25 per share from Group holding company after a successful share-for-share exchange...

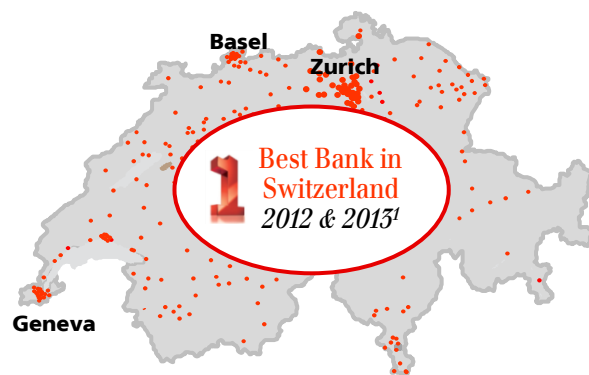
... in addition to at least 50% net profit attributable to shareholders

Retail & Corporate

Stable profits and strong momentum in an attractive market, high degree of integration with our other Swiss-based businesses

Retail: ~2.5 million clients

- ~1 in 3 households
- ~1 in 5 mortgages
- ~1 in 6 CHF saved
- ~1 in 4 CHF spent on credit cards



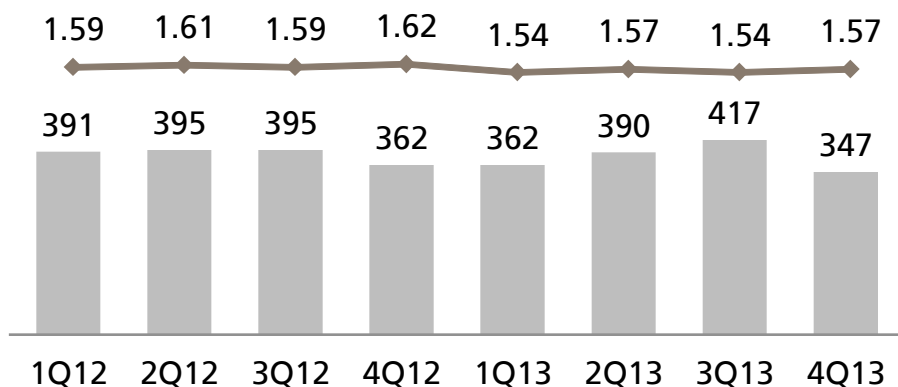
Corporate²: ~130,000 clients

- ~50% of Swiss-domiciled corporates
- ~60% of Swiss-domiciled insurers
- ~85% of Swiss-domiciled banks

~300 branches, market leader and lead innovator in online and mobile banking services

Stable earnings reflecting >70% of recurring income

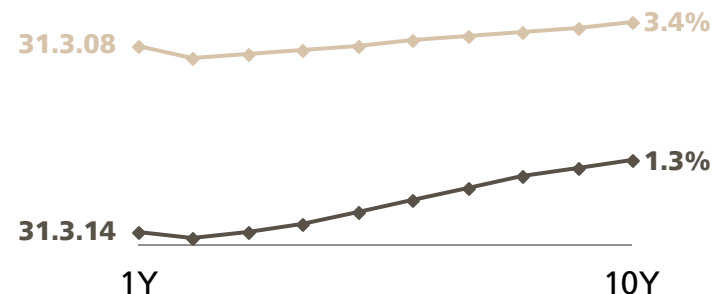
Bars: Profit before tax (adjusted), CHF million. Line: Net interest margin, %



CHF yield curve

CHF LIBOR market swap rates

A 100bps upward parallel shift in the CHF yield curve would lead to ~CHF 0.3 billion incremental revenues per year³



Refer to slide 14 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Eurocurrency; 2 Includes institutions; 3 Estimate based on 31.3.14 deposit and loan volumes

Investment Bank

Client-focused Investment Bank excelling in targeted segments

Investor Client Services

Leading Equities franchise

#1 in Cash globally²
 #1 in Asia Services in Prime Broking³
 #1 Derivatives and #[4] in Equities overall⁴
 Structured Products House⁵

Focused FRC¹ franchise

Top FX and Precious Metals House^{6,7}
 #1 tied in FX globally, in Europe, and in the US⁶
 #1 in Precious Metals, #1 Precious Metals Research⁷

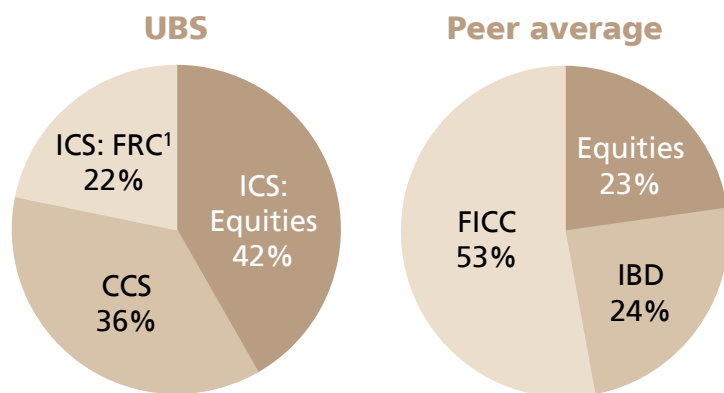
Corporate Client Solutions

Strong solutions and advisory businesses

Financial Advisor of the Year⁸
 Developed Markets ECM Deal of the Year⁹
 #6 in ECM, #6 in M&A globally by volumes¹⁰

Revenue mix

average 1Q12-4Q13¹¹

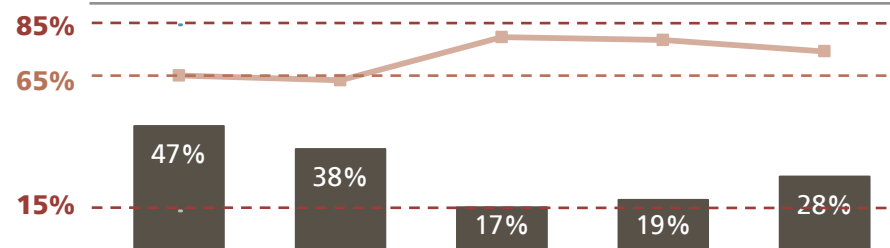


Balanced business mix with heavier weighting towards equity

1Q13 2Q13 3Q13 4Q13 1Q14

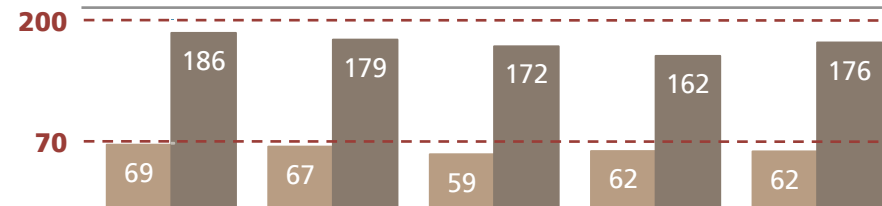
Cost/income ratio and RoAE

adjusted; bars: RoAE; line: cost/income ratio



RWA and funded assets

CHF billion



■ RWA ■ Funded assets

Refer to slide 14 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

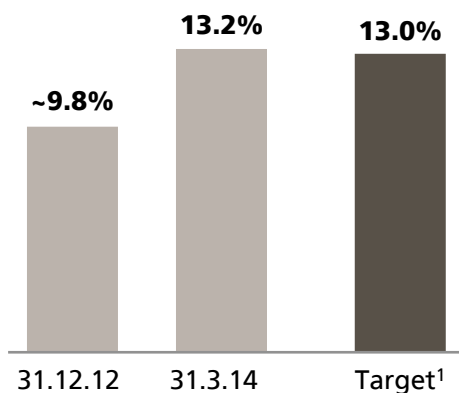
1 FX, Rates & Credit; 2 Leading private survey (4Q13, issued March 2014); 3 AsiaMoney (2013); 4 Coalition per UBS-Coalition agreed taxonomy (2013, issued April 2014); 5 Derivatives Intelligence (2013); 6 Greenwich Associates (March 2014); 7 Risk & Energy Risk Commodity Rankings (2014); 8 Infrastructure Journal Awards (2013); 9 Euromoney (2013); 10 Dealogic (FY13, as of 17.3.14); 11 UBS's analysis based on reported figures, where the peers are BofA ML, Barc, Citi, CS, DB, GS, JPM, MS; CS, GS and MS Equities adjusted for estimated contra-revenues (private survey); UBS figures in USD and adjusted for DVA



Group targets

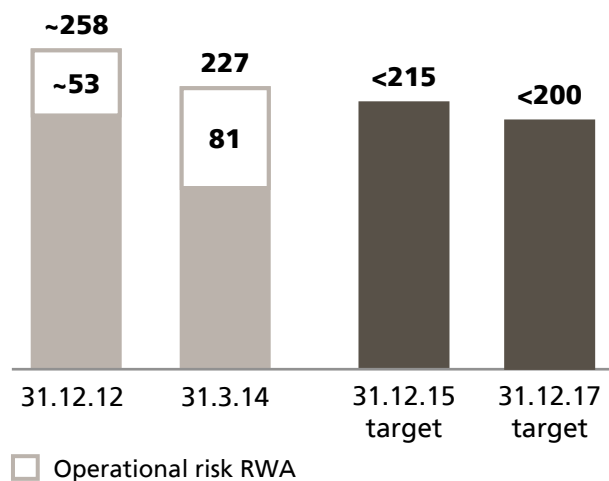
Basel III CET1 ratio

fully applied



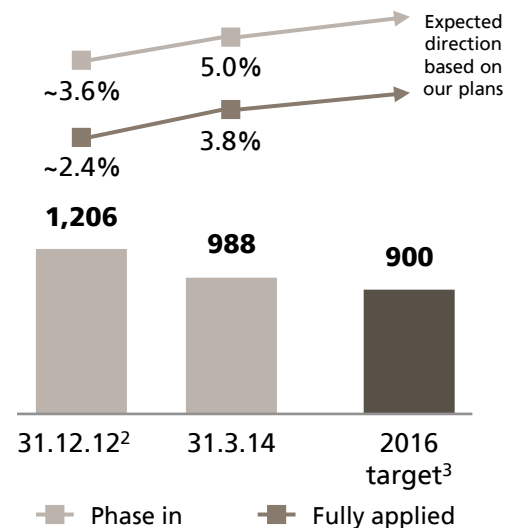
Basel III RWA

fully applied, CHF billion



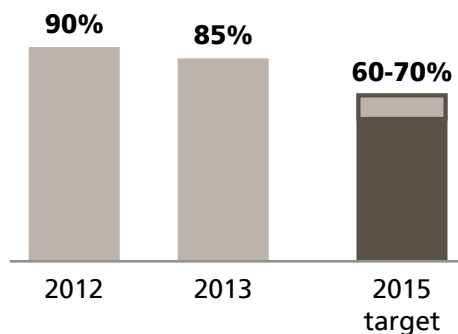
Swiss SRB leverage ratio

CHF billion



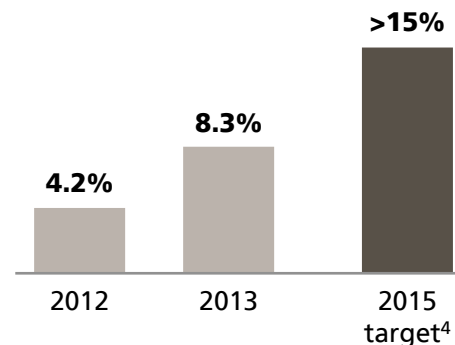
Cost/income ratio

adjusted, annual



Return on equity

adjusted, annual



Refer to slide 14 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 ≥10% post-stress in addition to the 13% CET1 ratio target; 2 Pro forma; 3 Based on the rules applicable today; 4 While we continue to target a Group return on equity of greater than 15% in 2015, given elevated operational risk RWA, we may not achieve that until 2016

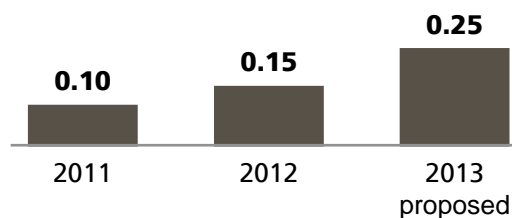
Firmly committed to returning capital to shareholders

Our strategy supports an attractive capital returns program

Progressive capital returns

- CHF 0.25 per share dividend proposed for 2013

Dividend per share
CHF

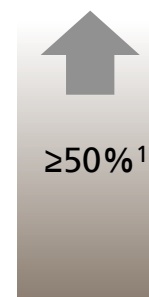


Future dividend policy

- After achieving Basel III fully applied CET1 ratio of 13% and CET1 ratio of a 10% minimum post-stress

Illustrative example

Payout ratio



Payout ratio

9%

N/M

30%

≥ 50%

CET1 ratio
fully applied

~6.7%

~9.8%

12.8%

>13.0%¹

Key messages

Our unique business mix is focused on cash flow generative businesses with attractive risk/reward profiles to deliver high quality earnings

We continue our focus on costs, with targeted cost reductions of CHF 2.1 billion, while also investing in our businesses

We are focused on running down the Non-core and Legacy Portfolio, building capital, adapting to global regulatory change and resolving issues from the past

We will continue to execute our plans to further unlock UBS's potential for our shareholders

Important information related to numbers shown in this presentation

Use of adjusted numbers

Adjusted results are non-GAAP financial measures as defined by SEC regulations. Refer to page 12 of the first quarter 2014 report and pages 76-77 of our 2013 annual 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). 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 80 of the 1Q14 financial 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 1Q14 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 36 Currency translation rates" in the 2013 Annual Report for more information.

Performance targets

Unless otherwise stated, performance targets exclude, where applicable, items considered non-recurring and certain other items that management believes are not representative of the underlying performance of our businesses, such as own credit gains and losses, restructuring-related charges and gain and losses on sales of businesses and real estate. Additionally, where applicable, performance targets assume constant foreign currency translation rates.

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.