



Vontobel Summer 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. Additional information about those factors is set forth in documents furnished or filed by UBS with the US Securities and Exchange Commission, including UBS’s financial report for first quarter 2012 and 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 1,164 million loss for the Group in 1Q12)
- debit valuation adjustments (negative CHF 53 million for the Group in 1Q12)
- net restructuring charges (net charge of CHF 126 million for the Group in 1Q12)
- reduction to personnel expenses related to changes to UBS’s Swiss pension plan (reduction to personnel expenses of CHF 485 million for the Group in 1Q12)

Pro-forma Basel 3 RWAs and Basel 3 capital ratios

The calculation of our pro-forma Basel 3 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. These new models require regulatory approval that is not expected until after further guidance is developed. Our pro-forma Basel 3 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.

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, supported by our industry-leading capital position

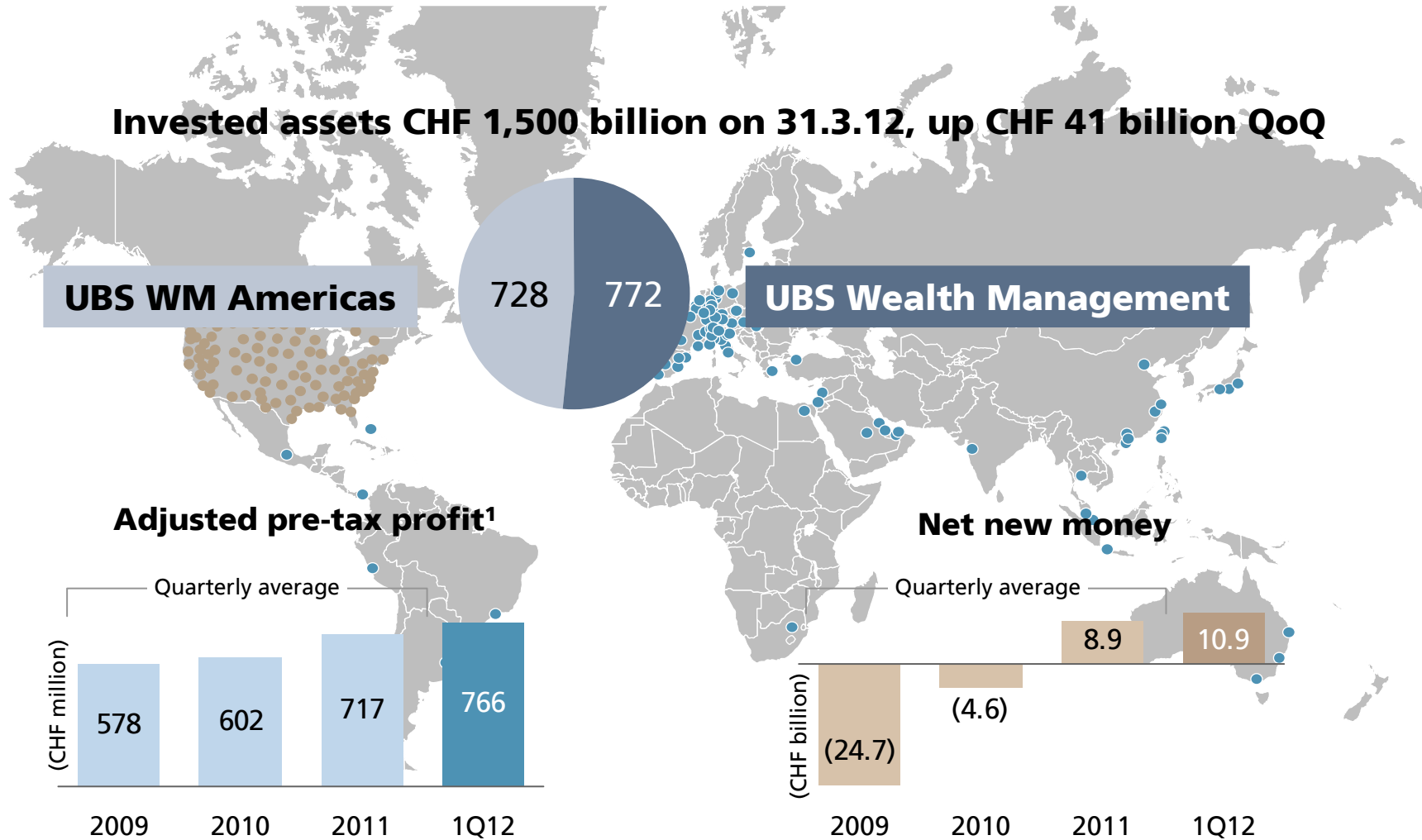
We will continue to grow our wealth management businesses and key geographies and business lines across the Group

We have made significant progress in RWA reduction and are ahead of our plan to reach CHF 270 billion of risk-weighted asset for the Group and no more than CHF 150 billion for the Investment Bank

UBS Switzerland is the leading universal bank in Switzerland, serving as one of the core pillars of our strategy and providing significant contribution to Group results

Our wealth management businesses are unrivaled

The highest profits of any wealth manager in the world and...



...we are well positioned for growth in the most attractive markets



Refer to slide 1 for details about adjusted numbers

¹ 2010 excludes a provision related to an arbitration matter in Wealth Management Americas; 2009 includes restructuring charges of CHF 322 million for Wealth Management and Retail & Corporate and CHF 152 million in Wealth Management Americas

Our strategy builds on the strengths of all of our businesses

Our integrated model is a competitive advantage for us...

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

Leading R&C Swiss business

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



Focused Investment Bank

- Build on strengths in Equities, FX and advisory
- Be relevant in FICC while controlling risk
- Attract talent in IBD
- Increase collaboration with WM and Global AM

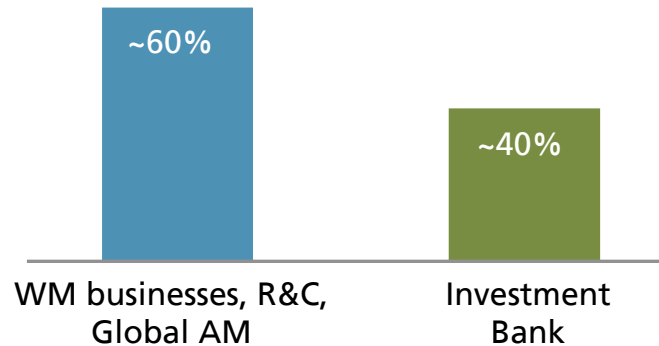
Well-diversified Global AM

- Improve investment performance
- Grow A&Q and passive capabilities
- Continue to attract 3rd party flows

Balanced and diversified sources of revenue and profits

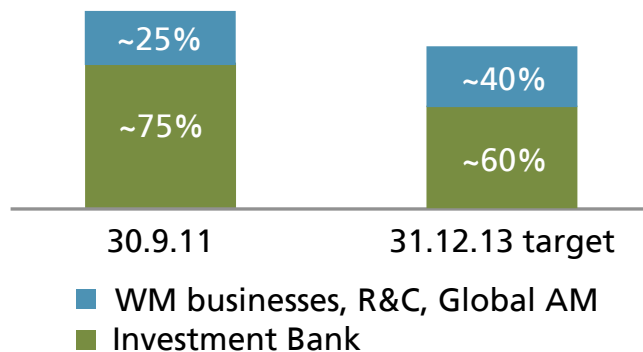
A predominance of “capital-light” businesses...

1Q12 adjusted pre-tax profit contribution (total of CHF 2.2 billion)



- **13% adjusted return on equity in 1Q12**
 - 60% of adjusted profits delivered by fee-generating, asset gathering businesses, including our universal bank in Switzerland
 - 13% adjusted pre-tax return on attributed equity in the Investment Bank

Basel 3 RWA mix¹



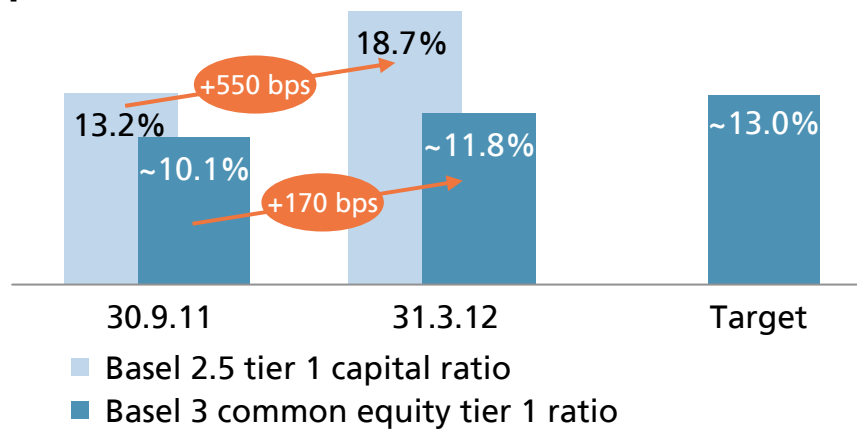
- **Reducing capital needs, while strengthening the business mix**
 - Reducing capital usage in the Investment Bank
 - Increasing proportion of fee-generating, asset gathering businesses, including our universal bank in Switzerland (in particular R&C and WM CH)

...and a less capital-intensive Investment Bank

Successfully executing our strategy

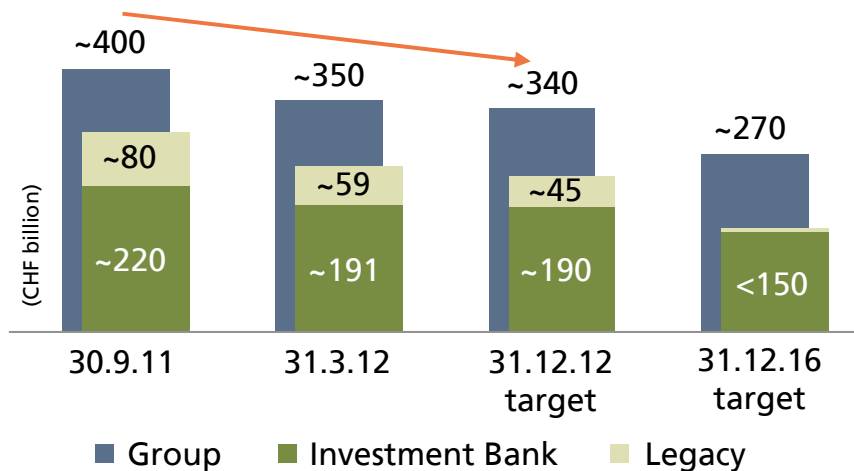
Capital strength is the foundation of our success...

Capital ratios



- **Significantly improved our industry-leading capital ratios**
 - Basel 2.5 tier 1 capital ratio improved by 550 bps to 18.7% since 3Q11
 - Basel 3 common equity tier 1 ratio improved by 170 bps to ~11.8% since 3Q11

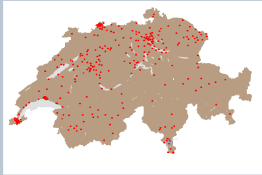
Basel 3 RWAs



- **We are ahead of our plan to reduce risk-weighted assets**
 - Group: achieved over 80% of planned 2012 reduction
 - Investment Bank: nearly achieved planned reduction for 2012; on track to achieve target of ~CHF 150 billion by 2013
 - Legacy: removed barriers to reductions of almost CHF 15 billion

...targeting a Basel 3 CET 1 ratio of 13% and a progressive capital return program

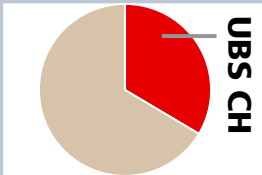
Our universal bank is firmly rooted in our Swiss home market



UBS home market in Switzerland



Largest bank in Switzerland



1/3 of employees located in Switzerland



3rd largest employer in Swiss private sector



Stable contribution to group results



Important contributor to **Swiss GDP**

UBS Switzerland is the leading universal bank with critical mass and top positions in all business areas

Private Clients

- **Vast branch network** with ~300 branches
- **Every third** household served in Switzerland

CIC

- **>85% of 1,000 largest companies** in Switzerland served
- **Best Domestic Cash Manager** in Switzerland¹
- **68 shared branches**

IB CH

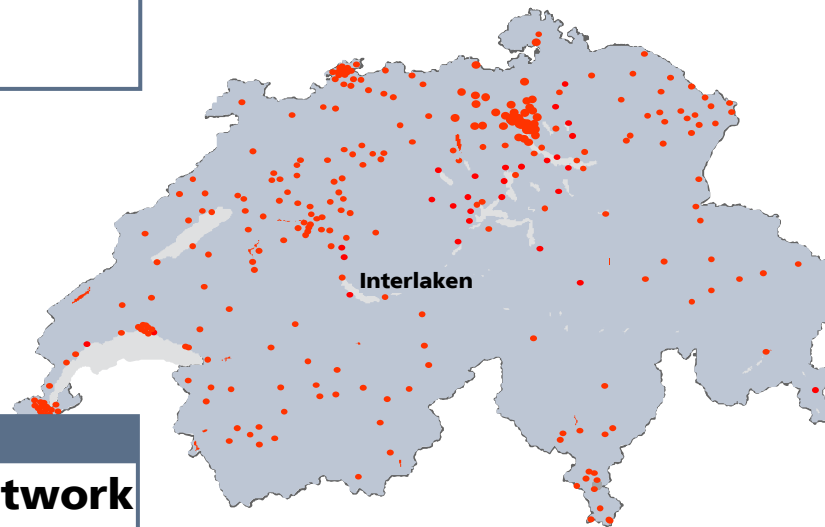
- **Market leader** in listed securitized derivatives on Scoach (derivative exchange by SIX and Deutsche Börse)
- **#1 Swiss FX house**¹
- **#1 Swiss Equity house**¹

AM CH

- **Largest** fund distribution platform in Switzerland
- **2nd fastest growing ETF provider** in Europe

WM CH

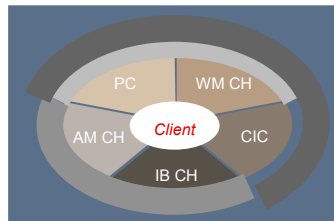
- **Unrivalled WM network** with ~100 branches
- **Reaching >80%** of Swiss wealth
- **Best Private Bank for UHNW clients** in Switzerland¹



Cross-segment collaboration effort is key to success



- **Uniform appearance** towards clients and the public based on shared standards of service
- **Dedicated Management team** for Swiss market avoids silo thinking
- Business areas **share joint infrastructure and efficiently utilize existing resources**



- Significant **cross-segmental revenue** generation

Retail & Corporate – loan portfolio

Well diversified across regions and counterparties in Switzerland; 91% of loans granted on a secured basis

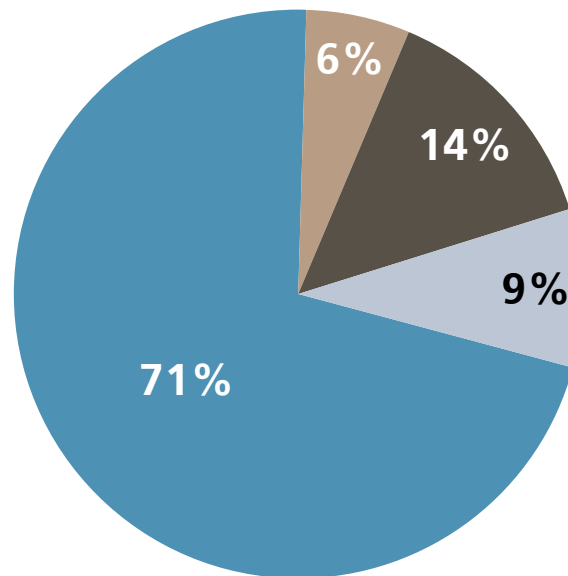
Secured by residential property

- > 99% of total loan book relates to loan exposure below or equal to 80% of LTV¹
- Average LTV¹ of 60%
- 100% covered by Swiss properties

Secured by other collateral

- Collateralized by cash (9%), securities (21%), guarantees & other collateral (70%)
- Lombard loans: daily monitoring and margin calls

Loans, gross (31.3.12)
100% = CHF 136 billion



Secured by commercial / industrial property

- > 98% of loans with LTV¹ below or equal to 80%
- Average LTV¹ of 55%
- 100% covered by Swiss properties

Unsecured

- More than 20% of loans to public authorities

Key messages

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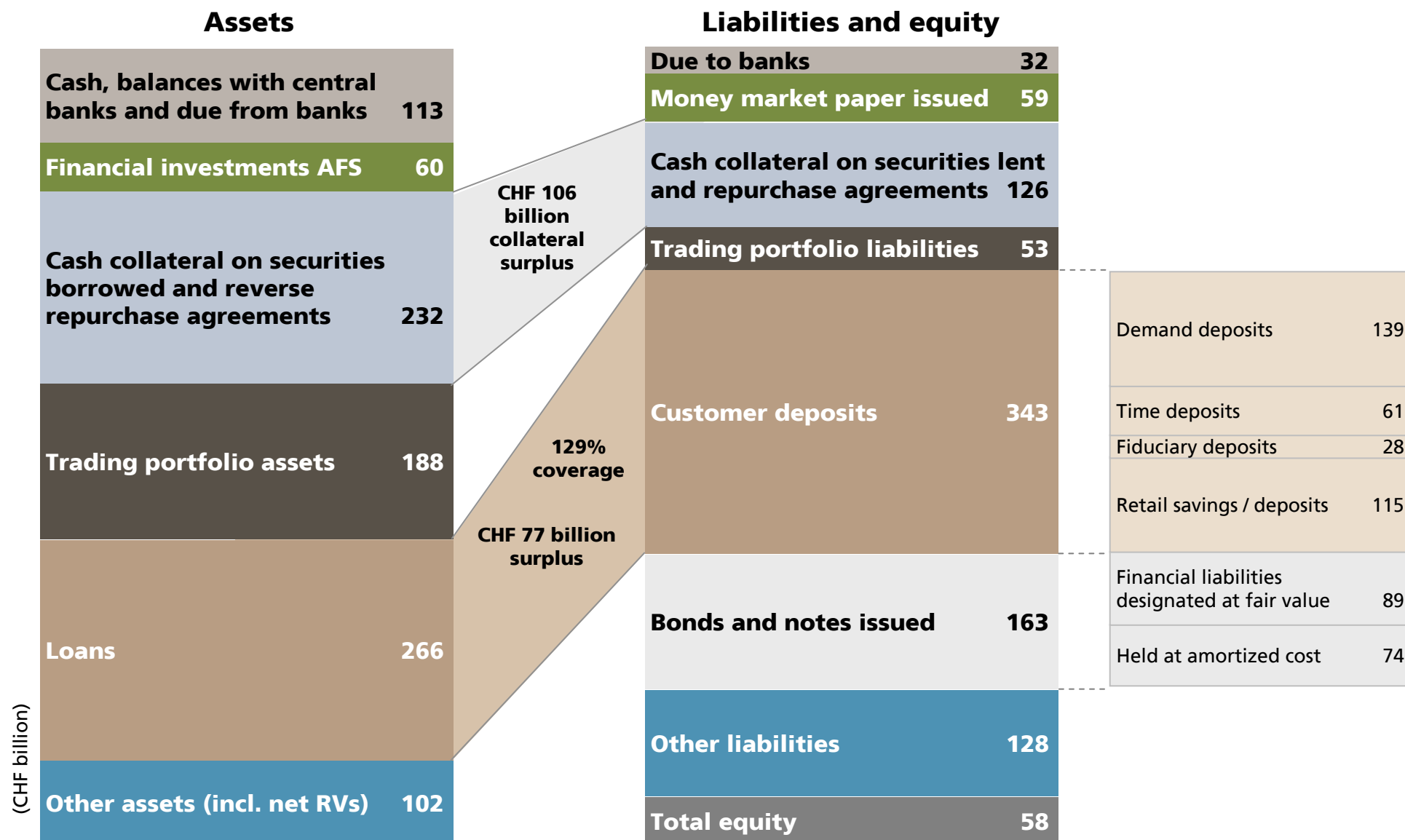
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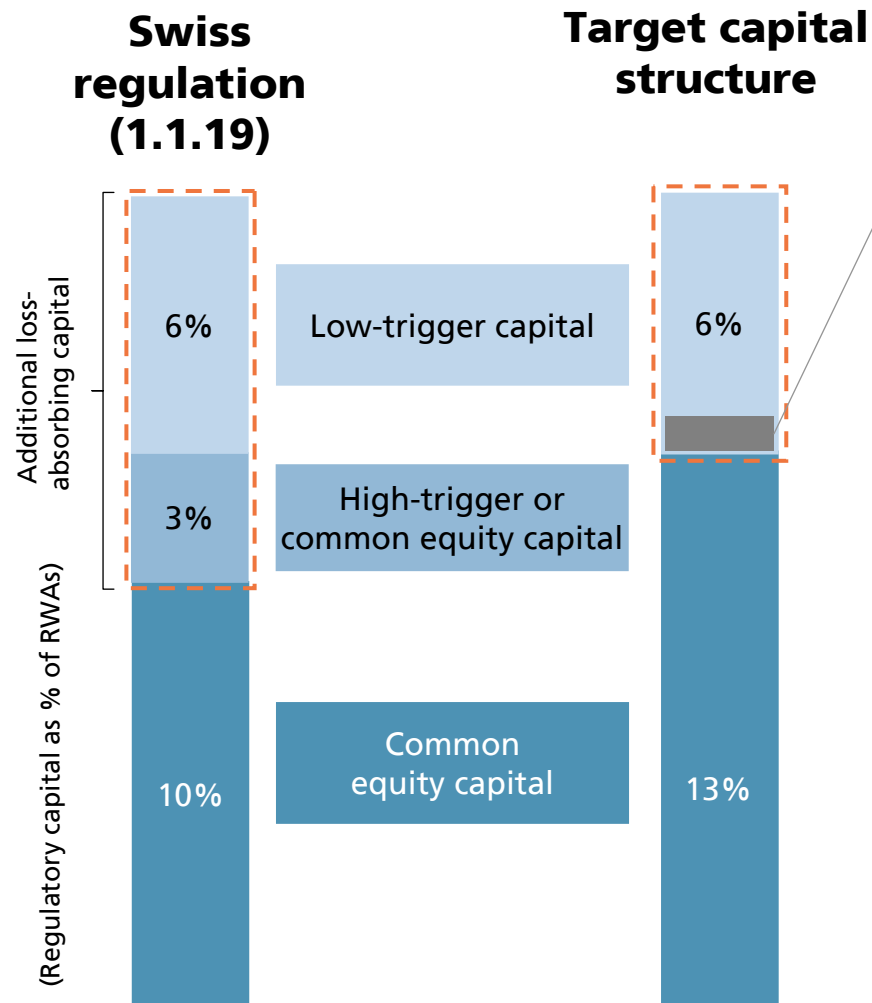
Appendix

Asset funding – 31 March 2012



Target capital structure

Successful inaugural issue of low-trigger loss absorbing capital...



USD 2.0 billion Basel 3 compliant tier 2 loss-absorbing notes issued in February:

- Write-down feature; trigger level 5% common equity ratio; non-deferrable 7.25% coupon; 10 years maturity with optional call at year 5
- Huge interest from private and institutional investors in Asia and Europe

Swiss too-big-to-fail (TBTF) legislation:

- Swiss parliament passed the TBTF law in September 2011
- Swiss Federal Council presented revised banking and capital adequacy ordinances in June 2012
 - Approval by Swiss parliament required; probably in autumn session (10 – 28 September 2012)
 - Eligibility for a capital rebate based on ability to facilitate recovery/resolvability beyond ensuring systemically important functions

...evidence of investors' confidence in UBS

Exposures to eurozone countries rated lower than AAA / Aaa¹

Our exposures are comparatively low and we continue to manage them carefully

31.3.12 (CHF million)	Sovereigns ²		Local governments		Banks		Other ³		Total	
	Before hedges ⁴	Net of hedges	Before hedges ⁴	Net of hedges	Before hedges ⁴	Net of hedges	Before hedges ⁴	Net of hedges	Before hedges ⁴	Net of hedges
France	4,638	4,519	164	164	1,610	1,610	6,579	5,377	12,992	11,670
Italy	5,017	1,972	151	136	1,018	1,018	1,685	1,217	7,872	4,343
Spain	40	40	17	17	2,607 ⁷	2,607	2,061	1,257	4,725	3,920
Austria	1,112	910	20	20	506	506	215	179	1,853	1,615
Ireland ⁵	53	53	0	0	581	581	680	678	1,314	1,312
Belgium	387	369	0	0	176	176	149	149	712	694
Portugal	0	0	3	3	30	30	219	123	252	156
Greece	29	29	0	0	20	20	74	37	124	86
Other ⁶									202	202

The vast majority of our net exposures relates to counterparty risk from derivatives and securities financing (29%) and trading inventory (42%) which are carried at fair market value

1 By at least one of the major rating agencies. Refer to page 53 of UBS's 1Q12 report for more information

2 Includes central governments, agencies and central banks

3 Includes corporates, insurance companies and funds

4 Banking products: includes loans, unfunded commitments and guarantees. Traded products: after master netting agreements and net of collateral. Trading inventory: net long per issuer

5 The majority of the Ireland exposures relates to funds and foreign bank subsidiaries

6 Includes Andorra, Cyprus, Estonia, Malta, Monaco, Montenegro, San Marino, Slovakia and Slovenia. Split by counterparty type not disclosed

7 The majority of the banking products exposure shown to Spanish banks relates to secured facilities that are collateralized by non-European sovereign debt securities

Annual target performance ranges¹

Ranges of sustainable performance in our businesses

Wealth Management	NNM growth rate	3-5%
	Gross margin	95-105 bps
	Cost / income ratio	60-70%
Wealth Management Americas	NNM growth rate	2-4%
	Gross margin	75-85 bps
	Cost / income ratio	80-90%
Retail & Corporate	Net new business volume growth ²	1-4%
	Net interest margin ³	140-180 bps
	Cost / income ratio	50-60%
Global Asset Management	NNM growth rate	3-5%
	Gross margin	32-38 bps
	Cost / income ratio	60-70%
Core Investment Bank	Pre-tax return on attributed equity ⁴	12-17%
	Cost / income ratio	70-80%
	Basel 3 RWAs (CHF billion) ⁵	<150

Group
Return on equity⁴ 12-17%
Cost / income ratio 65-75%



1 Annual performance ranges for 2012 through 2016; excluding own credit and future significant non-recurring items, if any; 2 Client assets (invested and custody-only assets) and loans (on-balance sheet client liabilities); 3 Net interest income (annualized) / average loans; 4 The return on equity target for the Group and the return on attributed equity target for the Investment Bank apply from the beginning of 2013. 2012 is a transition year as the Investment Bank is targeting a substantial reduction in RWAs; the equity attributed to the Investment Bank is expected to be reduced as it is targeting a substantial reduction in RWAs. Legacy businesses and positions will be transferred to the Corporate Center; 5 Target assumes constant FX rates