

UBS – Balancing Risk and Growth

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May 8, 2012



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 (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

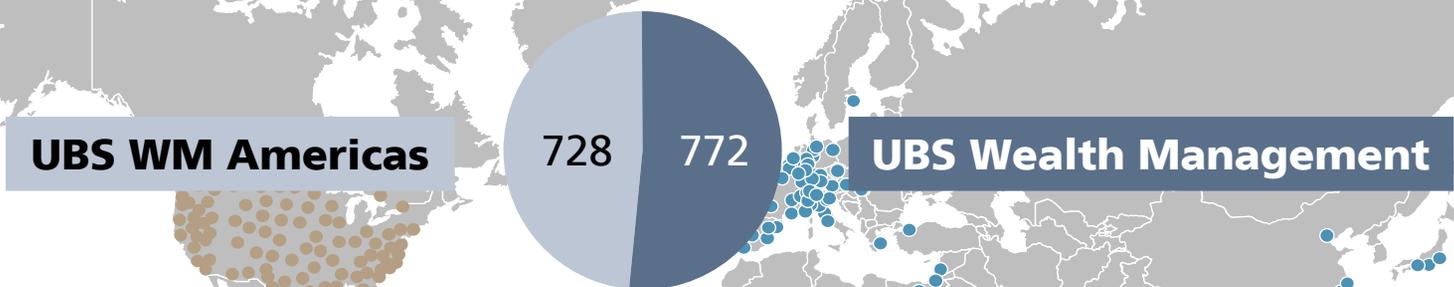
We have made significant progress in RWA reduction and we are ahead of our plan

We are successfully executing our strategy and we have the utmost confidence in our future

Our wealth management businesses are unrivaled

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

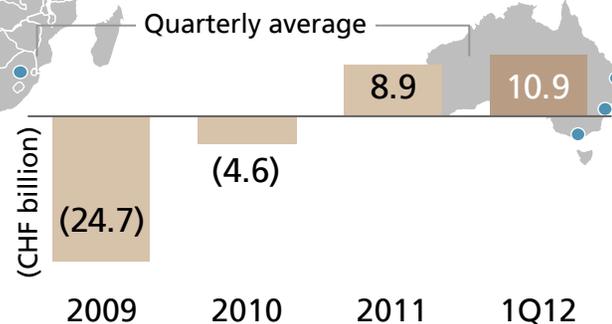
Invested assets CHF 1,500 billion on 31.3.12, up CHF 41 billion QoQ



Adjusted pre-tax profit¹



Net new money



...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

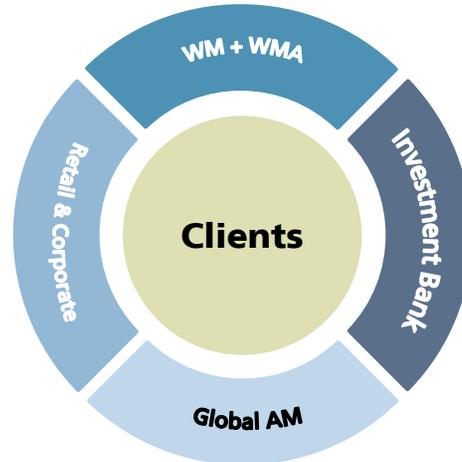
Our integrated model is a competitive advantage for us...

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

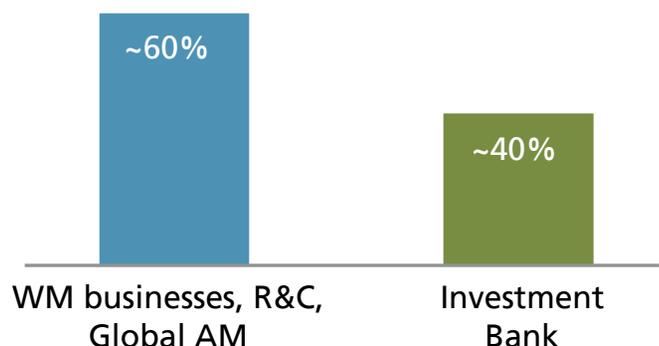
Well-diversified Global AM

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

Balanced and diversified sources of revenue and profits

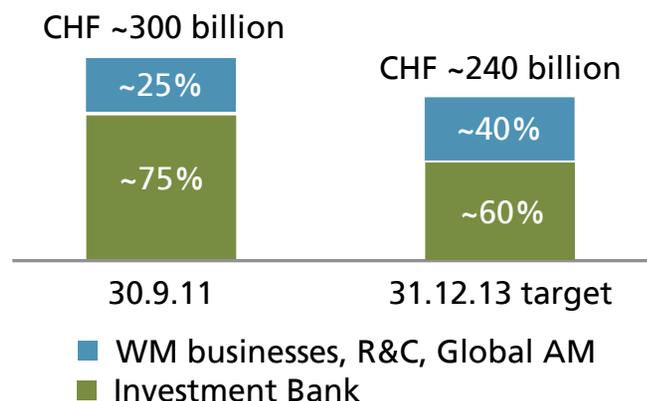
A predominance of “capital-light” businesses...

1Q12 adjusted pre-tax profit contribution



- **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 RWAs¹



- **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

...and a less capital-intensive Investment Bank, to drive higher free cash flows



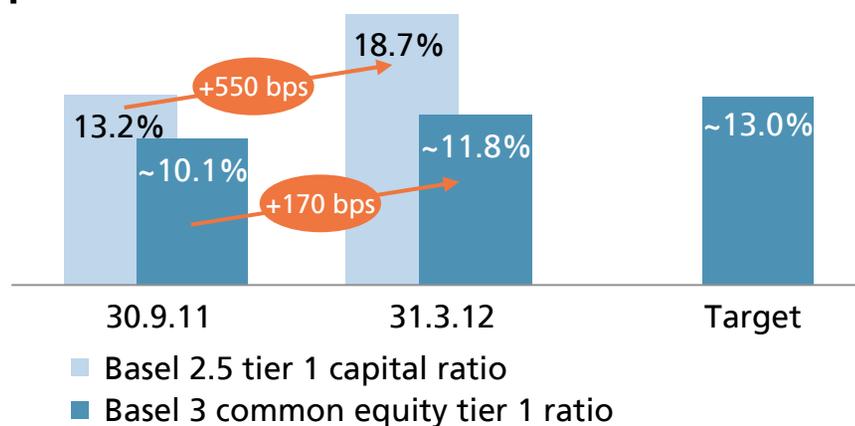
UBS

Refer to slide 1 for details about adjusted numbers and Basel 3 estimates
1 Excluding Corporate Center

Successfully executing our strategy

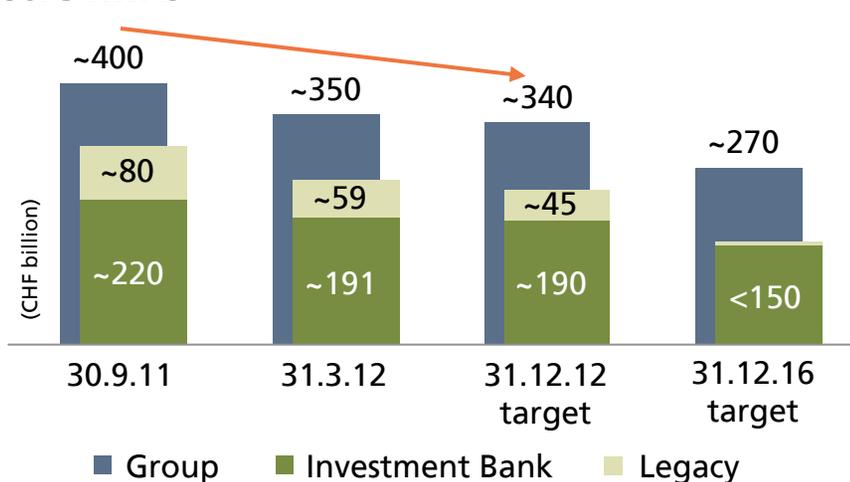
Capital strength is the foundation of our success...

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



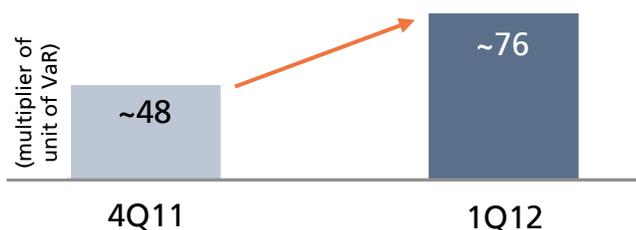
- **We are ahead of our plan to reduce risk-weighted assets**
 - Group: achieved over 80% of planned 2012 reduction
 - Investment Bank: nearly achieved planned reduction for 2012; on track to achieve target of ~CHF 150 billion by 2013
 - Legacy: removed barriers to reductions of almost CHF 15 billion

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

Successfully executing our strategy

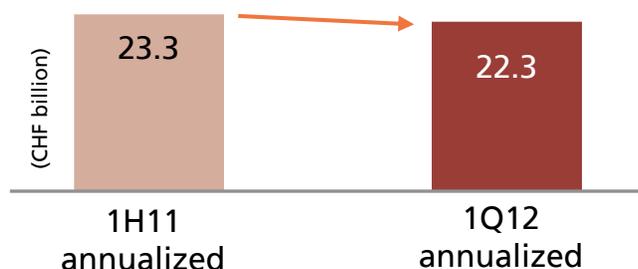
Visible progress across business divisions...

Securities revenues / average IB VaR¹



- **Successfully balancing revenue generation with risk reduction and improved efficiency in the Investment Bank**
 - Trading efficiency improved materially
 - Adjusted cost / income ratio of 72% in 1Q12

Adjusted operating expenses



- **We remain vigilant on costs**
 - 1Q12 annualized cost base CHF 1 billion lower than 1H11
 - 72% adjusted cost / income ratio in 1Q12
 - Execution of CHF 2 billion cost elimination program on track

...supported by rigorous cost discipline

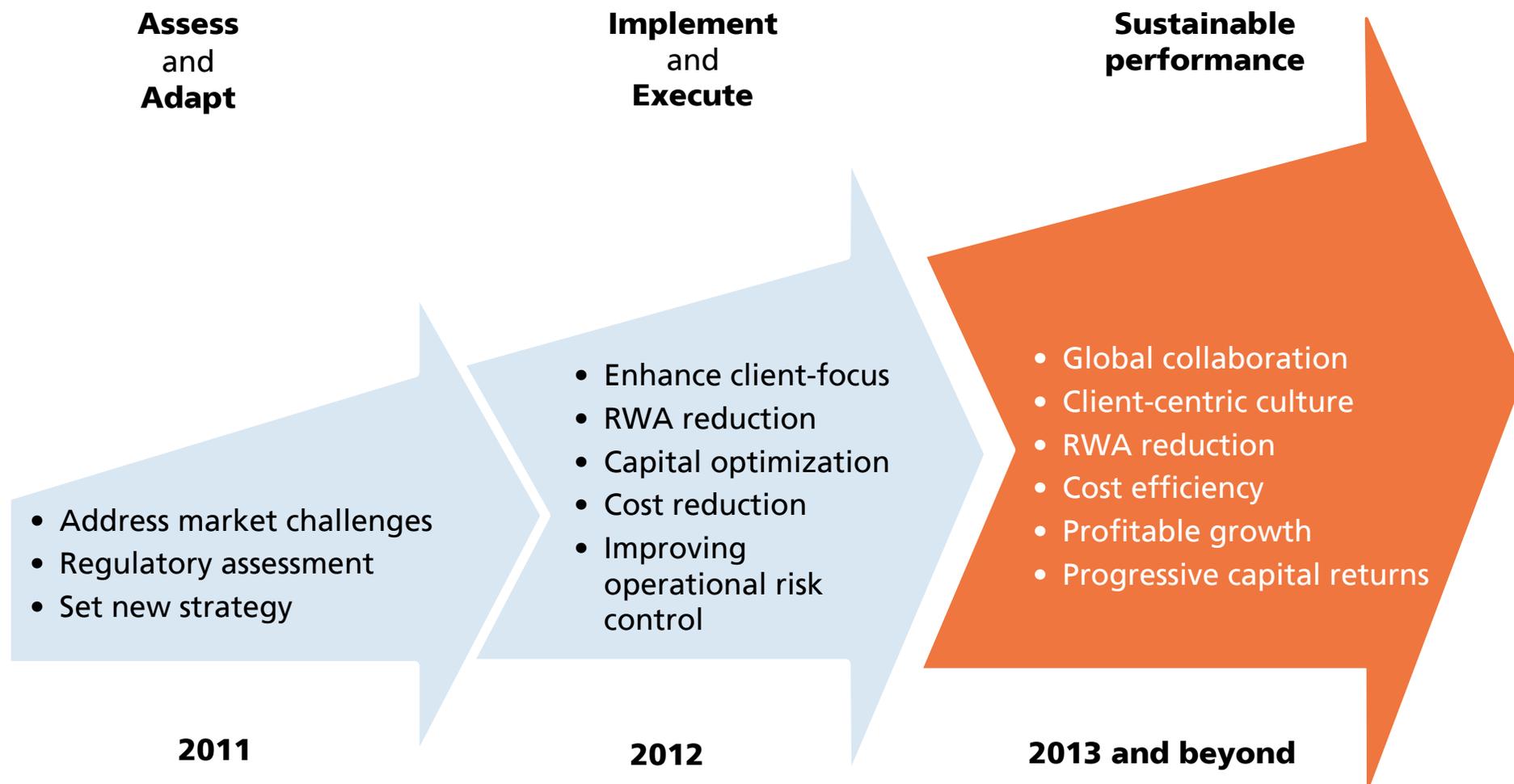


Refer to slide 1 for details about adjusted numbers

1 4Q11 has not been restated for the transfer of legacy positions from the Investment Bank to the Corporate Center

We have the utmost confidence in our future

Client focus, excellence in all we do and sustainable performance...



...are the principles of our culture and will drive our success

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