UBS

2014 Investor Update

Managing Down the Non-core and Legacy Portfolio

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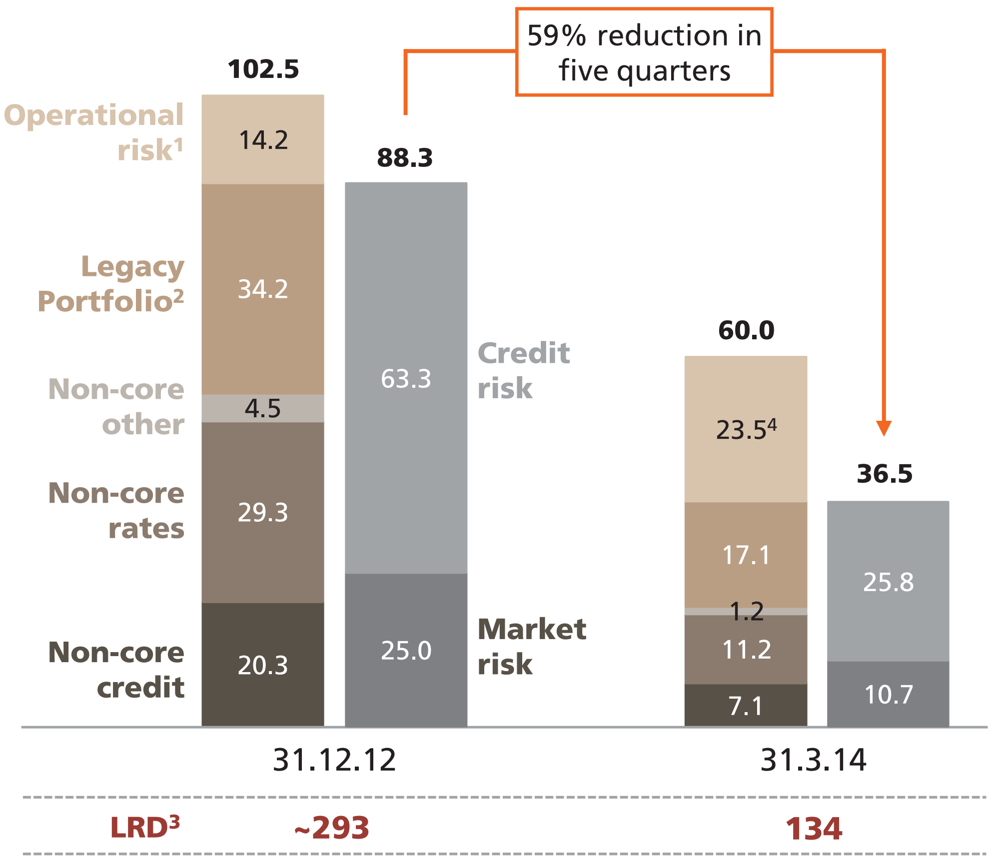
Cautionary statement regarding forward-looking statements

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. 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.

Successfully and materially reduced RWA and LRD since 2012

Modest and closely managed remaining credit and market risk

Non-core and Legacy Portfolio RWA
CHF billion



- Non-core and Legacy Portfolio RWA reduced 59% since 31.12.12, excluding operational risk:
  - Sold the vast of majority of Non-core cash positions
  - Materially exited Non-core distressed credit portfolio
  - Continued focus on reducing Non-core OTC portfolio
  - Cut Legacy Portfolio market and credit risk in half
- Credit risk RWA reduced by 59% since 31.12.12
  - OTC exposures ~87% collateralized
  - Aggregate OTC uncollateralized exposure ~CHF 4.4 billion, >75% rated investment grade or better
- Market risk RWA reduced by 57% since 31.12.12
  - Majority of Non-core market risk will be eliminated with planned exit of correlation trading portfolio
- Leverage ratio denominator continues to be a key focus
  - Reduced by ~54% since 31.12.12
  - Unwind strategy will drive further reductions

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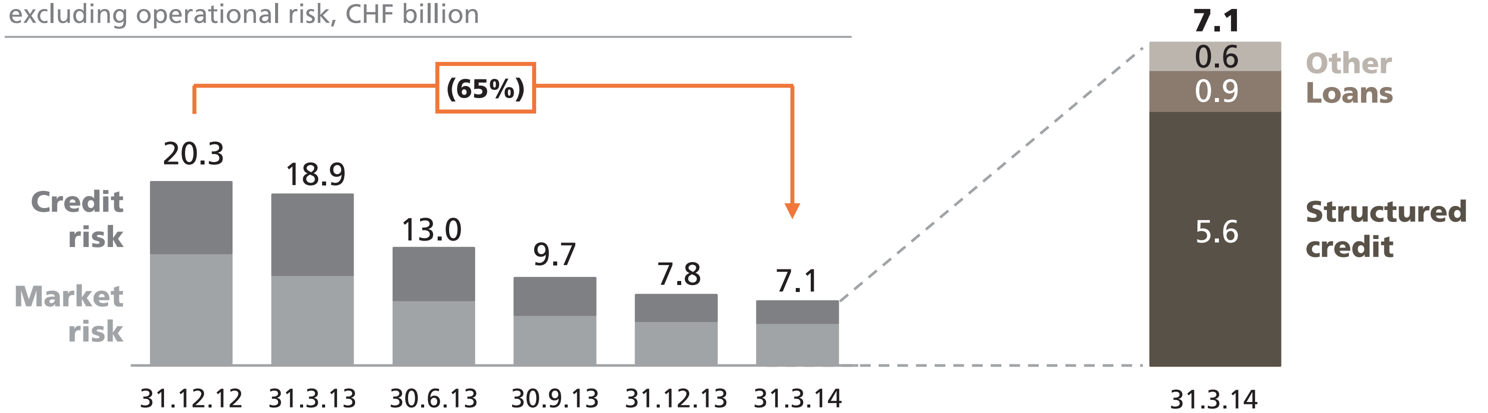
Refer to slide 9 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Non-core and Legacy Portfolio operational risk; 2 Excluding operational risk; 3 Swiss SRB leverage ratio denominator, pro forma estimate for 31.12.12, Legacy Portfolio pro forma estimate for 31.12.12 based on period ending balance; 4 Of which CHF 9.2 billion of operational risk RWA from Non-core and CHF 14.2 billion of operational risk RWA from Legacy Portfolio

Non-core Credit

Dominated by Structured Credit with strong further reduction expected

Non-core Credit RWA
excluding operational risk, CHF billion



	31.12.12	31.3.14	Change
Funded assets, CHF billion	10	2	(80%)
Positive replacements values, CHF billion	25	12	(52%)
Swiss SRB LRD[1], CHF billion	~110	38	~(65%)
# of line items	~550k	~160k	>(70%)

Exceptionally effective reductions in LRD and line items, reflects robust focus on bilateral unwinds and multilateral compressions of dealer-facing positions

- **Structured credit** consists of CDS and tranched credit positions (index and bespoke) traded under a correlation strategy
  - Referenced positions are corporate and sovereign names, predominantly US and EU corporates
  - Agreement reached in April 2014 to exit majority of Structured Credit market risk[2]
  - Additional reductions in RWA and LRD expected by end 2014 as trades are novated or mature; 31.12.14 RWA projected at ~CHF 1 billion
- **Loans** consists predominantly of investment grade corporate undrawn facilities

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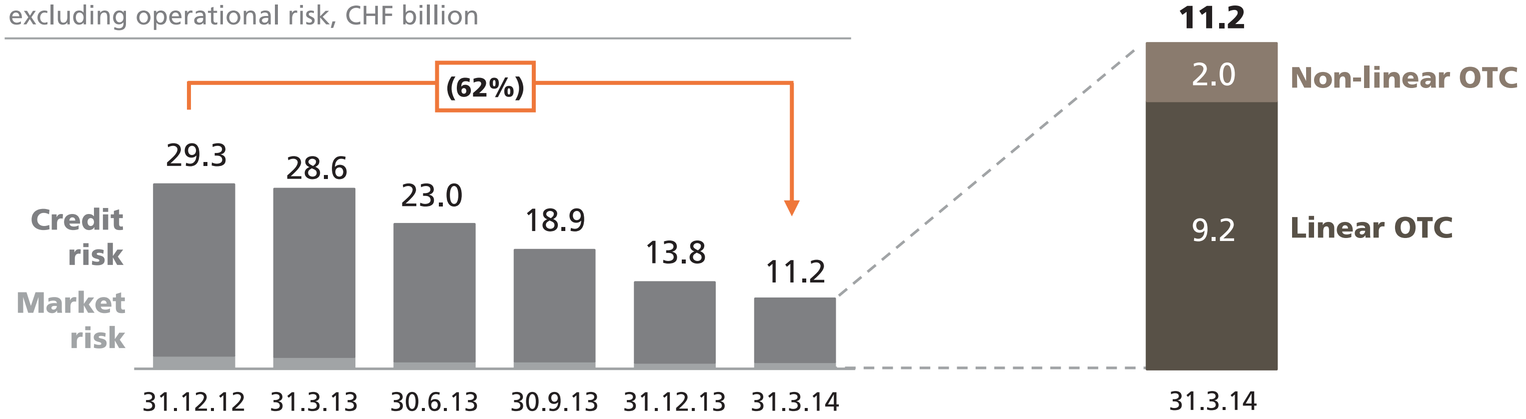
Refer to slide 9 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Swiss SRB leverage ratio denominator, pro forma estimate of ending balance for 31.12.12; 2 Not reflected in 1Q14 figures

Non-core Rates

RWA[1] is mainly credit risk and driven by derivative counterparty exposure

Non-core Rates RWA
excluding operational risk, CHF billion



	31.12.12	31.3.14	Change
Funded assets, CHF billion	18	2	(89%)
Positive replacements values, CHF billion	295	130	(56%)
Swiss SRB LRD[2], CHF billion	~140	69	~(51%)
# of line items	~750k	~370k	~(51%)

Reduction mainly driven by exiting and clearing of trades

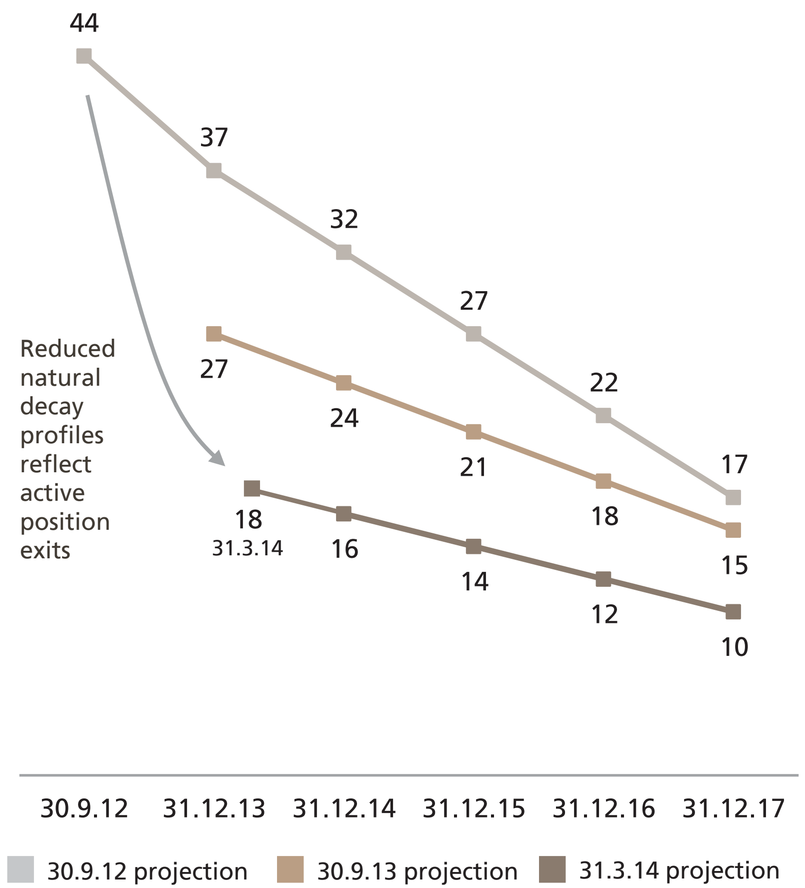
- LRD reduced >50% with trade exits, clearing, and compressions
- Credit risk RWA reflects counterparty credit risks from both linear and non-linear OTC rates derivatives
  - >90% of exposure collateralized (~85% cash, ~15% securities) with dealers and institutional counterparties
  - Uncollateralized exposure: ~CHF 2.7 billion; ~260 counterparties; >87% investment grade; >50% rated AA- or better
- Low market risk reflects active hedging in liquid markets
- RWA reductions reflect parallel track strategy
  - Largest 30 non-dealer counterparty RWA as of January 2013 reduced by >70% since 31.12.12 (15 materially exited)
  - Dealer RWA reduced via compressions, clearing, optimization; down >70% since 31.12.12

Refer to slide 9 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Excluding operational risk; 2 Swiss SRB leverage ratio denominator, pro forma estimate of ending balance for 31.12.12

A clear trajectory for exiting Non-core

Unwind strategies have been developed and implemented across all areas

OTC positions: natural decay of RWA
CHF billion



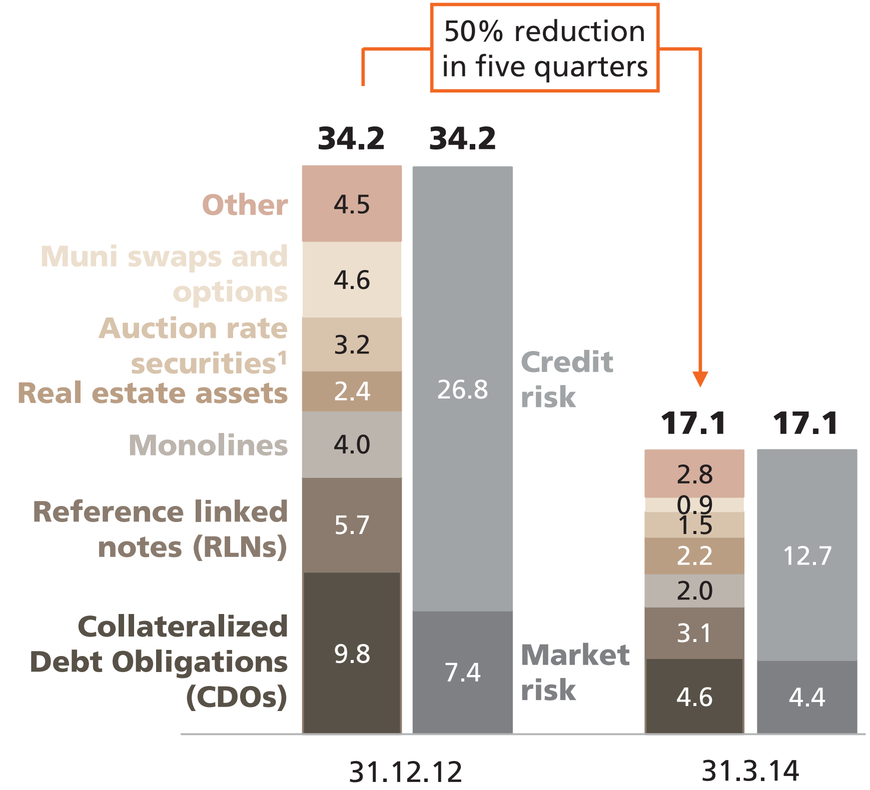
- Unwind strategies include a mix of:
  - Clearing, compressing and back-loading trades with other dealers
  - Negotiating unwinds bilaterally
  - Negotiating assignments/novations
  - Book sales
- Marginal efficiency of bilateral approach is expected to decline as efforts focus on names with smaller RWA
- Portfolio and book sales important to achieve full exit
  - Full sale eliminates support costs and maximizes LRD reduction
  - Decisions will continue to be made on a multi-factor economic basis

Legacy Portfolio

Significant exits across all asset classes; reduced risk profile well hedged

Legacy Portfolio RWA

excluding operational risk, CHF billion



	31.12.12	31.3.14	Change
Funded assets	20	14	(30%)
Positive replacements values (PRV)	16	9	(44%)
Swiss SRB LRD[2]	~38	23	~(39%)

CDOs, RLNs, Monolines: Predominantly CDS protection referencing ABS assets, hedged by long positions in those or similar cash assets; hedged positions mitigate impact of directional moves

Real estate assets: Primarily a portfolio of CDS positions with related hedges to mitigate the impact of directional moves

Auction rate securities[1]: Student loans, municipal obligations and auction preferred securities

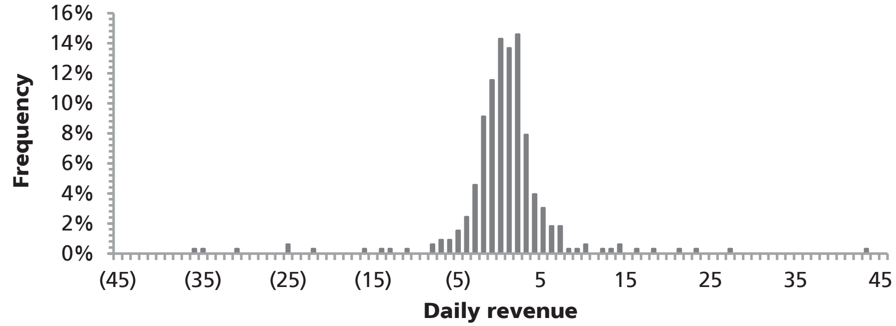
Muni swaps and options: Long-dated vanilla interest rate swaps hedging bond issuance by US municipal counterparties

Other: Smaller positions including Blackrock loan

Credit and market risks substantially reduced; demonstrated by tight distribution of daily revenues

Daily revenue distribution

(1.1.13-31.3.14), CHF million



Refer to slide 9 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

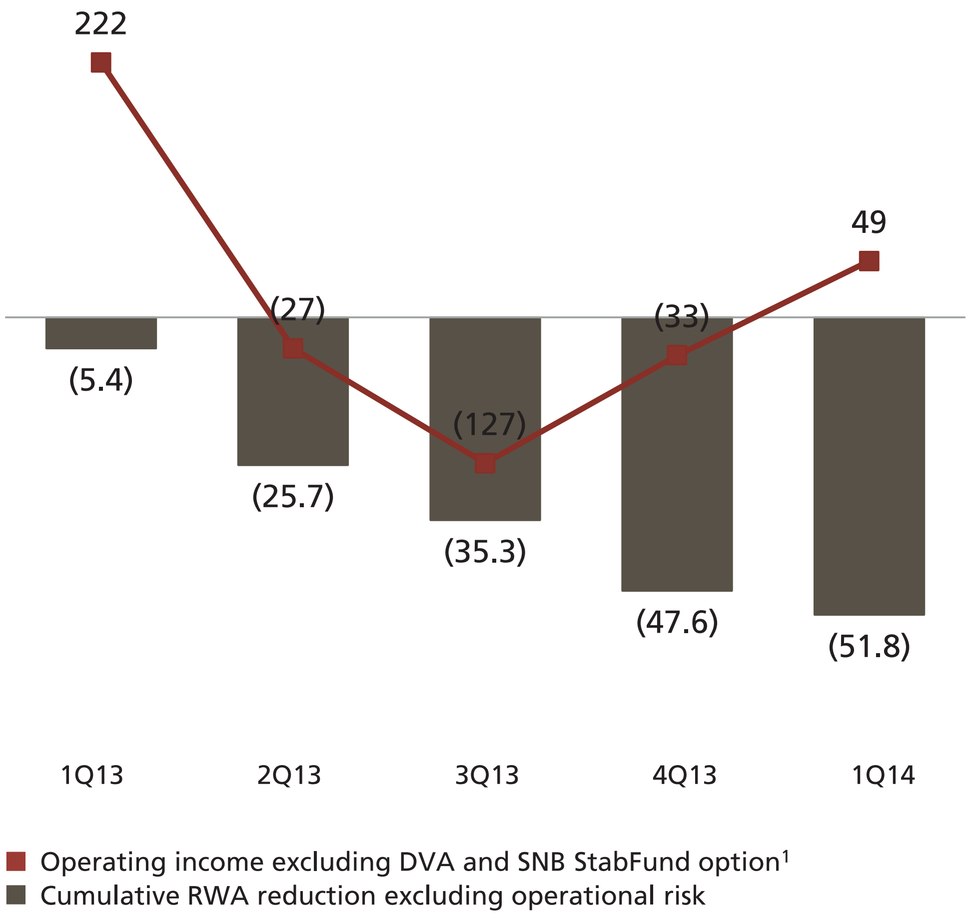
1 Auction rate securities and auction preferred stock; 2 Swiss SRB leverage ratio denominator, pro forma estimate for 31.12.12

Maximizing shareholder value

Unwinds balance capital release and exit costs to be economically efficient

Cumulative RWA reduction and quarterly revenues

RWA in CHF billion and revenues in CHF million



- Direct oversight by Group CEO, Group CFO/COO and Group CRO
- Operating income negatively impacted by DVA that has reflected our spreads tightening over last year
- Detailed plans are in place for exiting the portfolios and ensuring the Group meets its target capital ratios
- Incentives are aligned with shareholders' interests focused on capital release, infrastructure simplification and protecting our customer franchise
- Trading decisions consider:
  - Absolute exit costs
  - Capital consumption / tenor
  - Funding charges
  - Trade complexity
  - Potential direct and indirect cost savings

Refer to slide 9 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 DVA amounts were CHF 37 million in 1Q13, CHF (21) million in 2Q13, CHF (47) million in 3Q13, CHF (68) million in 4Q13, and CHF (19) million in 1Q14

Key messages

Counterparty risks are largely collateralized or are with good quality credits

Clear strategy and robust oversight for further disciplined reduction of Non-core and Legacy Portfolio RWA and leverage ratio denominator

Speed of reduction is weighed against the ultimate benefit to 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.