Finance

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Group Chief Financial Officer

November 17, 2011

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Annualized figures for the first nine months of 2011 contained in this presentation do not constitute estimates of the actual 2011 full-year results.

Key messages

Capital strength is the foundation for our success and we are targeting a common equity tier 1 ratio of 13% under Basel 3

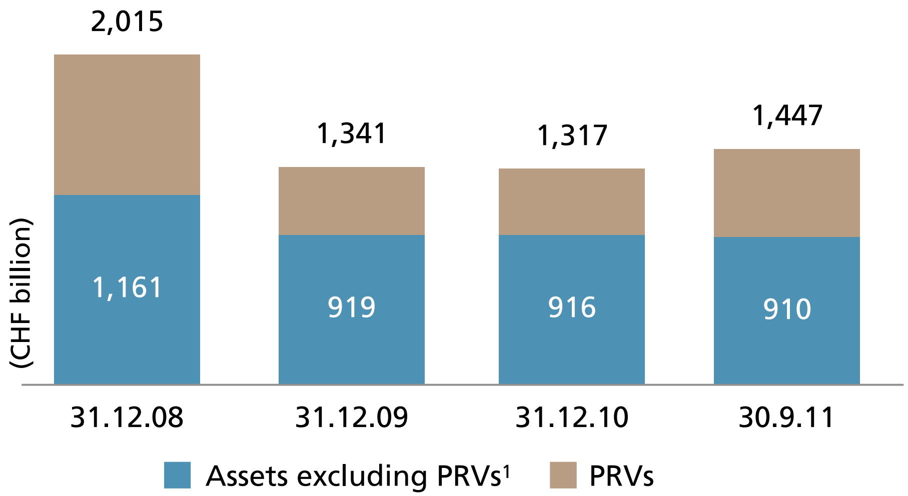
We will implement a progressive capital return program as we successfully execute our strategy

Our target return on equity is 12-17% for the Group

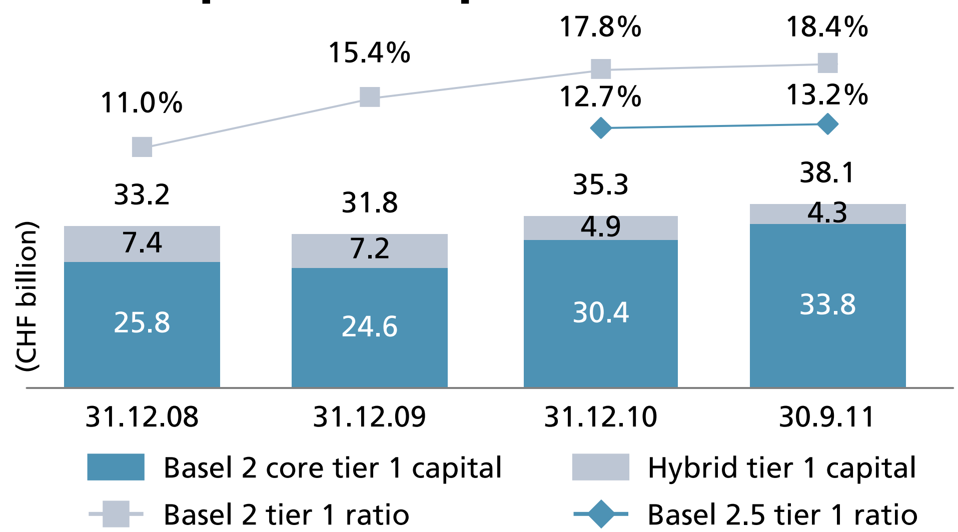
We retained earnings and built our capital base

Disciplined management of resources

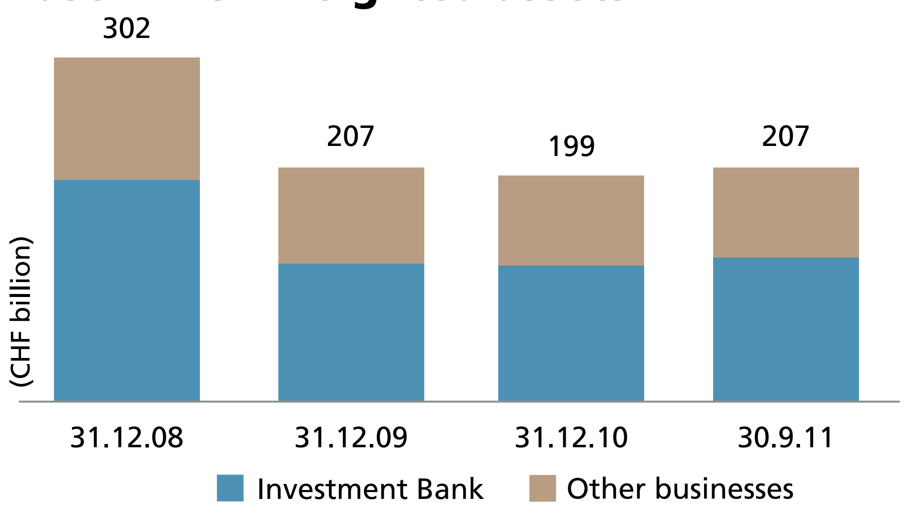
Balance sheet



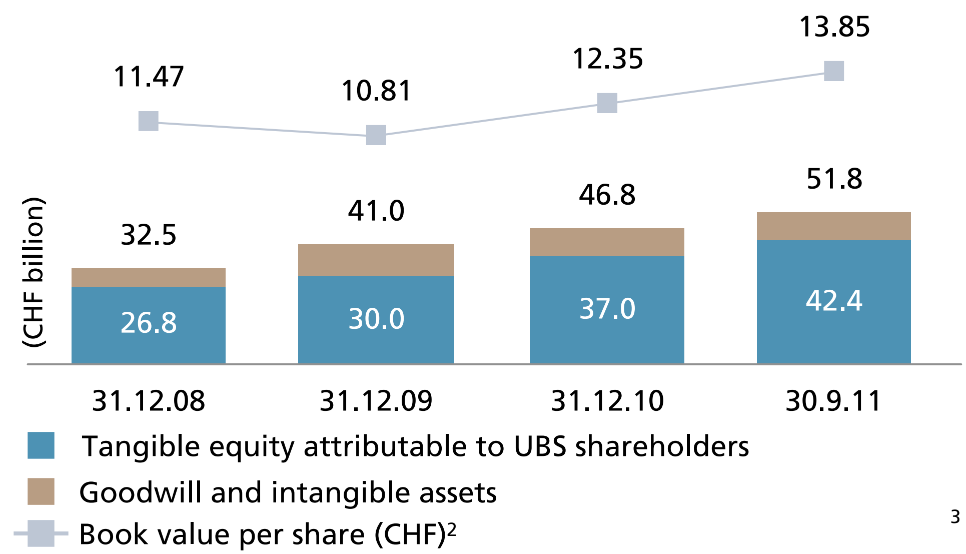
Tier 1 capital and capital ratios



Basel 2 risk-weighted assets



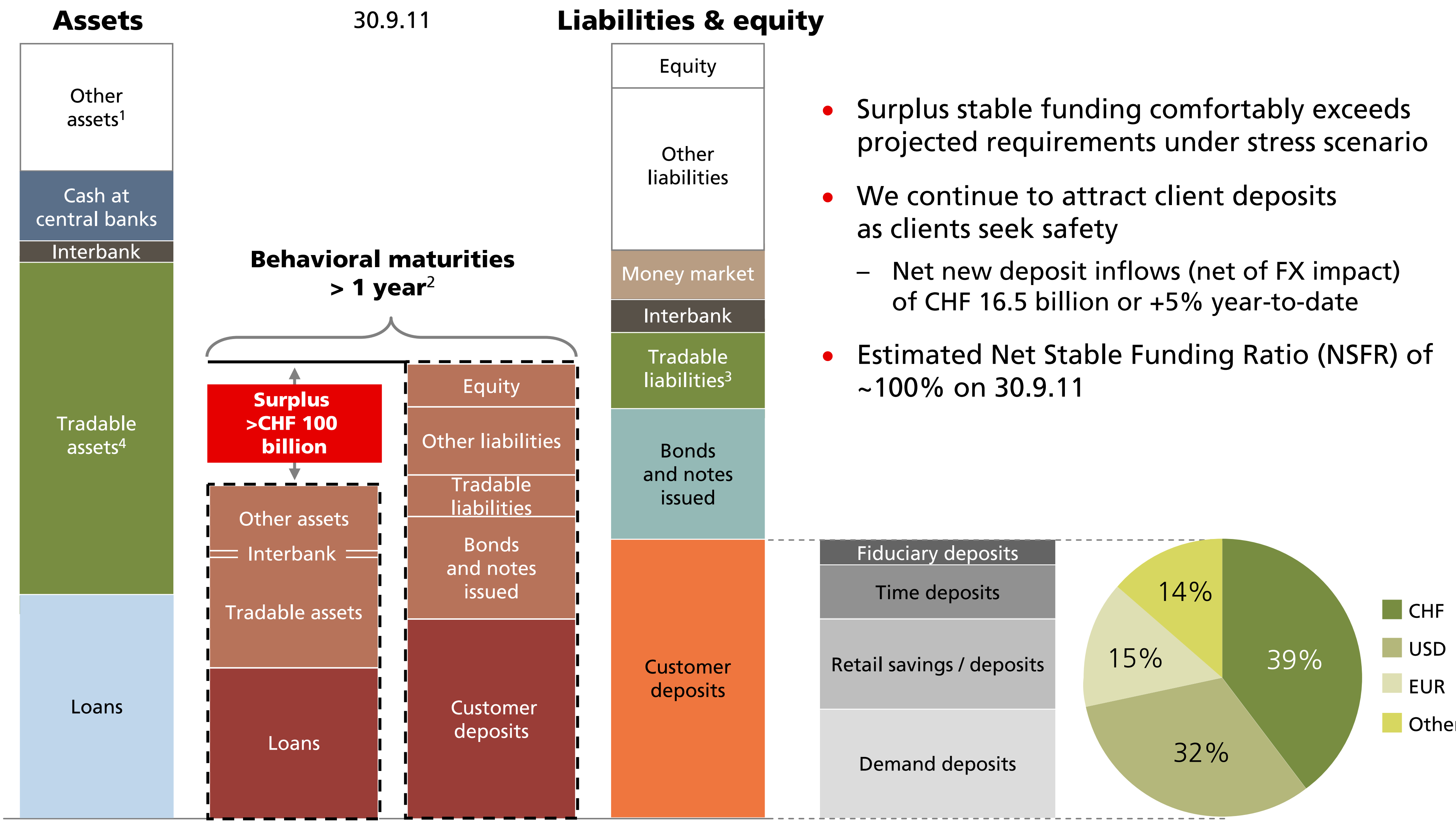
Book value / book value per share



1 PRVs = positive replacement values
2 For 2009 and earlier, calculation adjusted to include shares related to mandatory convertible notes

Diversified funding with a long-term funding surplus

Customer deposits are a stable source of funding



- Surplus stable funding comfortably exceeds projected requirements under stress scenario
- We continue to attract client deposits as clients seek safety
  - Net new deposit inflows (net of FX impact) of CHF 16.5 billion or +5% year-to-date
- Estimated Net Stable Funding Ratio (NSFR) of ~100% on 30.9.11

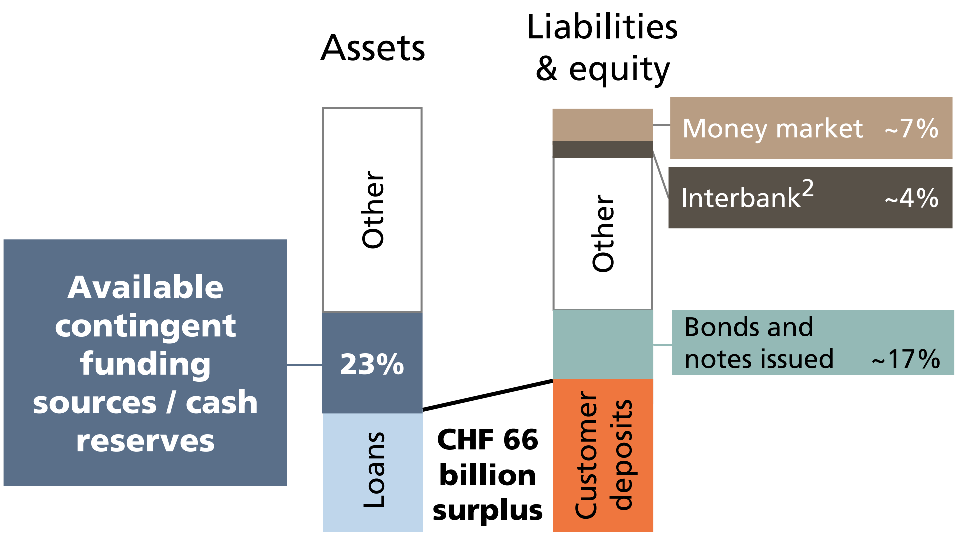
1 Including net replacement values
2 Based on UBS internal model for stressed liquidity
3 Tradable liabilities consist of trading portfolio liabilities, cash collateral on securities lent and repurchase agreements
4 Tradable assets consist of trading portfolio assets, cash collateral on securities borrowed and reverse repurchase agreements

Our liquidity position is strong

We continue to have substantial excess liquidity

23% of our funded balance sheet assets are in the form of available liquidity[1]

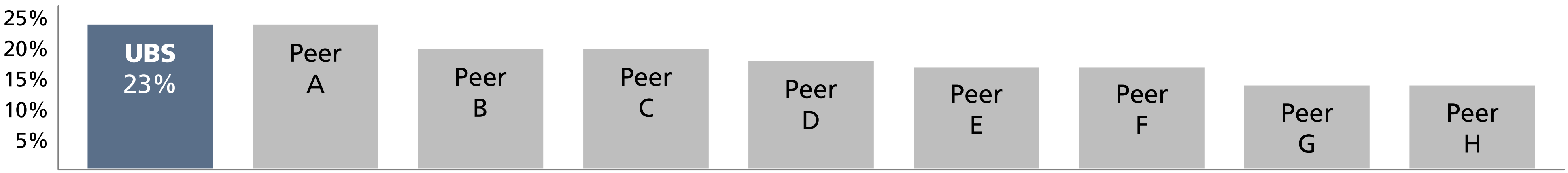
Funded balance sheet (30.9.11)



We continue to be compliant with FINMA's liquidity regime

- FINMA's liquidity requirements are broadly in line with Basel 3 recommendations
- Currently banks employ a wide range of interpretations to calculate the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR)
- We expect to comply early with the final Basel 3 LCR and NSFR at no or minimal incremental cost
- Estimated Basel 3 LCR greater than 100% on 30.9.11

Available liquidity as % of funded balance sheet UBS vs. peers[3]



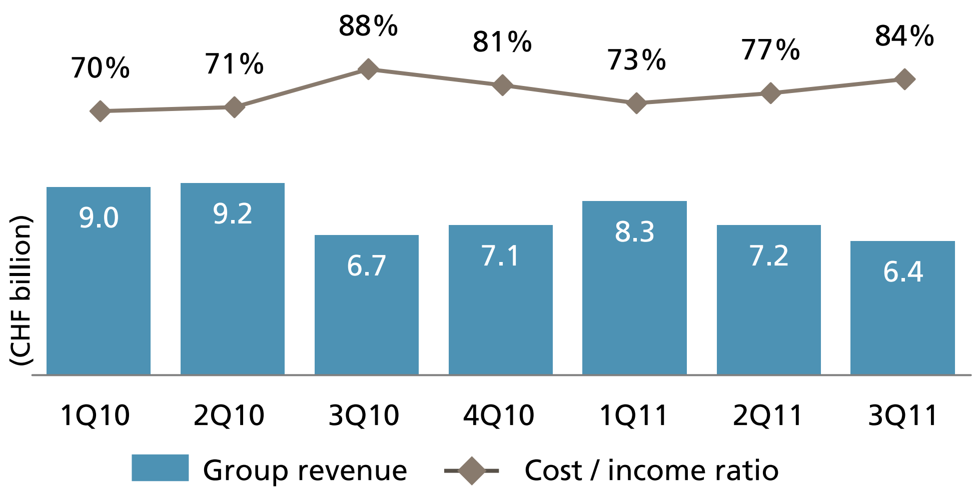
1 Dedicated liquidity reserves including excess cash at major central banks and unutilized collateralized borrowing capacity
2 Interbank liabilities only. Interbank liabilities net of interbank assets are ~1% of funded balance sheet as of 30.9.11
3 On 30.9.11. Peer group: Barclays (30.6.11), Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, JP Morgan, Morgan Stanley and RBS Group (30.6.11); available liquidity amounts as disclosed by peers, however, the definitions may not be directly comparable

UBS

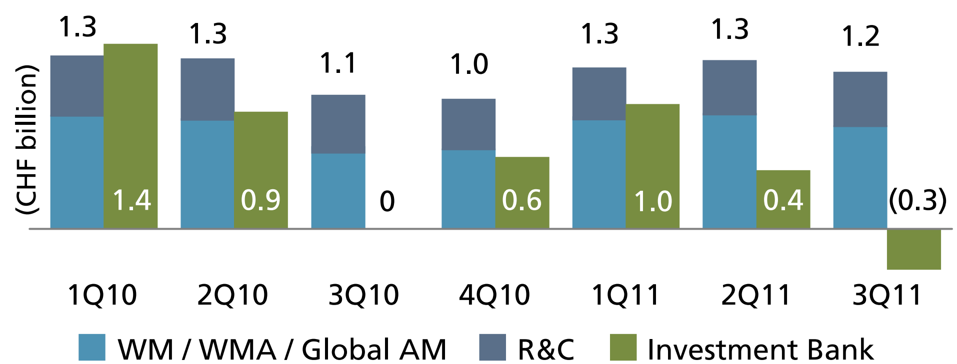
Financial performance affected by challenging markets

Our performance underscores the strength of our asset gathering businesses and the stability of our retail and corporate operations

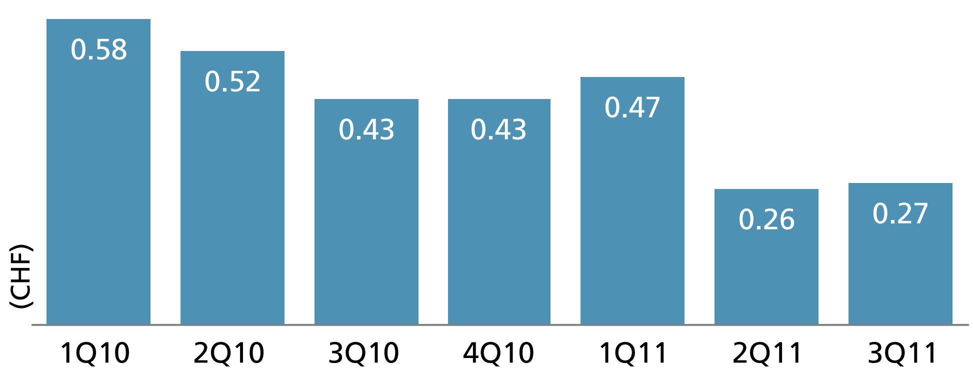
Group revenues



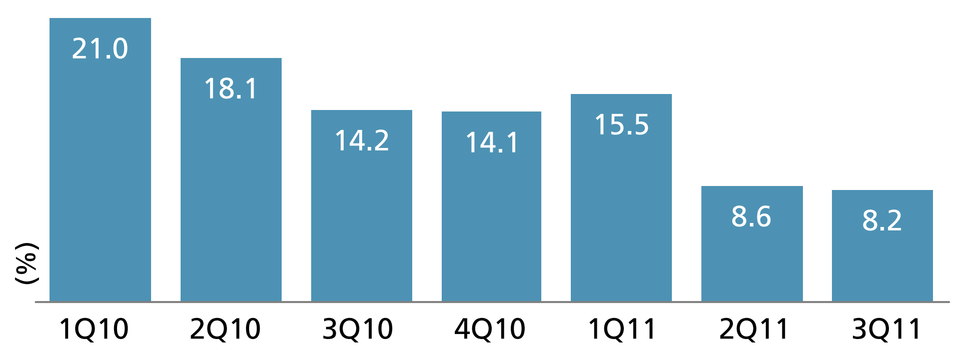
Pre-tax profit[1]



Diluted earnings per share



Return on equity[2]



1 Adjusted for own credit, restructuring charges, unauthorized trading incident, UK Bank Payroll Tax, gains on the sale of WM&SB's strategic investment portfolio, gains on the sale of property, provision for arbitration case (WMA, 3Q10)
2 Quarterly net profit attributable to UBS shareholders annualized / average equity attributable to UBS shareholders

Key messages

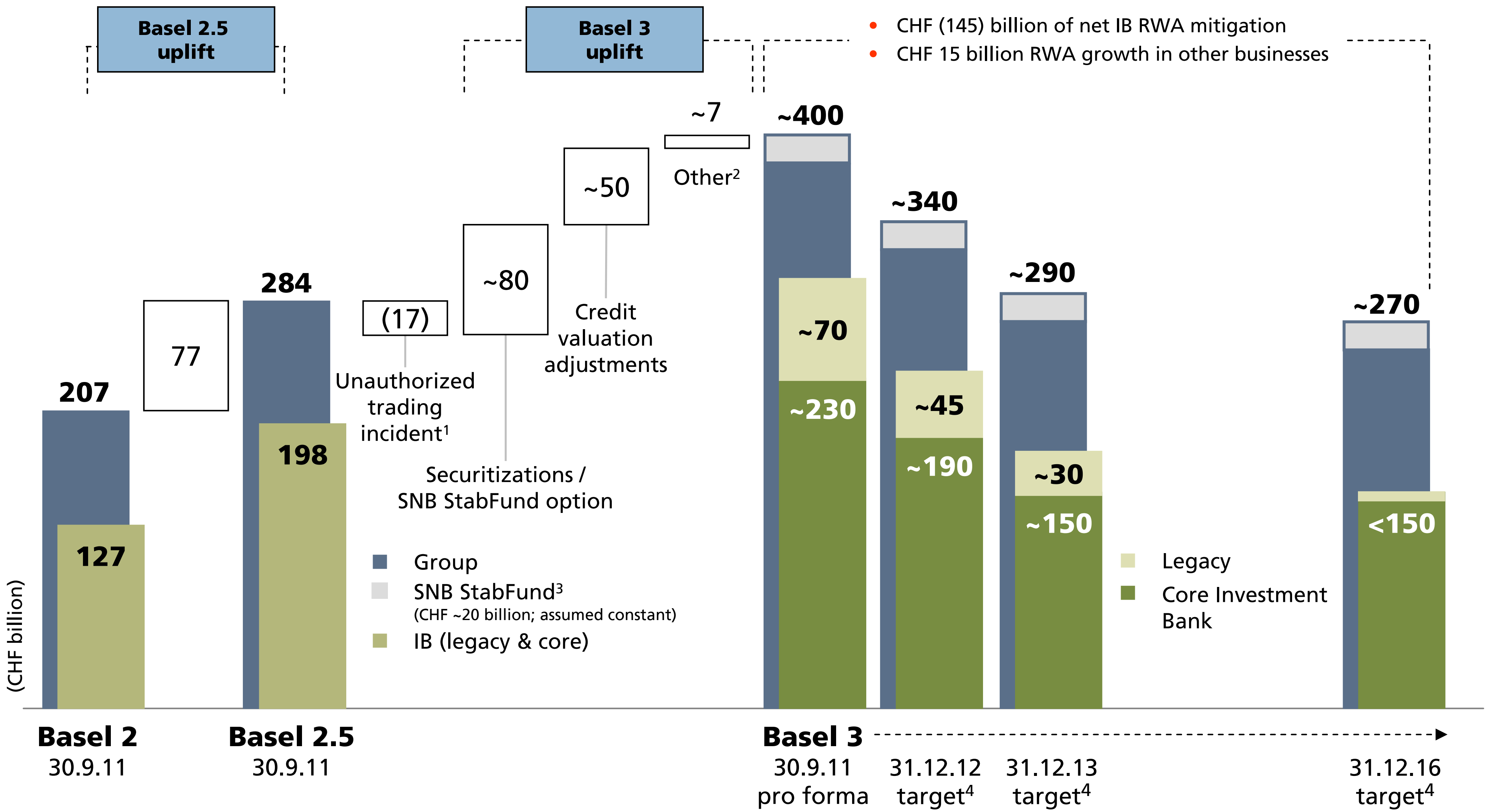
Capital strength is the foundation for our success and we are targeting a common equity tier 1 ratio of 13% under Basel 3

We will implement a progressive capital return program as we successfully execute our strategy

Our target return on equity is 12-17% for the Group

Risk-weighted assets—path to Basel 3

We will reduce Basel 3 risk-weighted assets by CHF 130 billion



1 Reversal of CHF 17 billion of stressed VaR related to the unauthorized trading incident
2 Includes net long participations not consolidated (CHF ~3 billion additional RWAs), deferred pension expenses (RWAs reduced by CHF ~3 billion), systemic credit risk (CHF ~5 billion additional RWAs) and other (CHF ~2 billion additional RWAs)
3 SNB StabFund option or underlying assets
4 Target assumes constant FX rates

UBS

Basel 3 risk-weighted assets[1]—reduction plan

RWA reductions	2012	2013	2014	2015	2016	
IB targeted completion	~45%	~80%			100%	
Group targeted completion (incl. StabFund)	~40%	~70%				100%

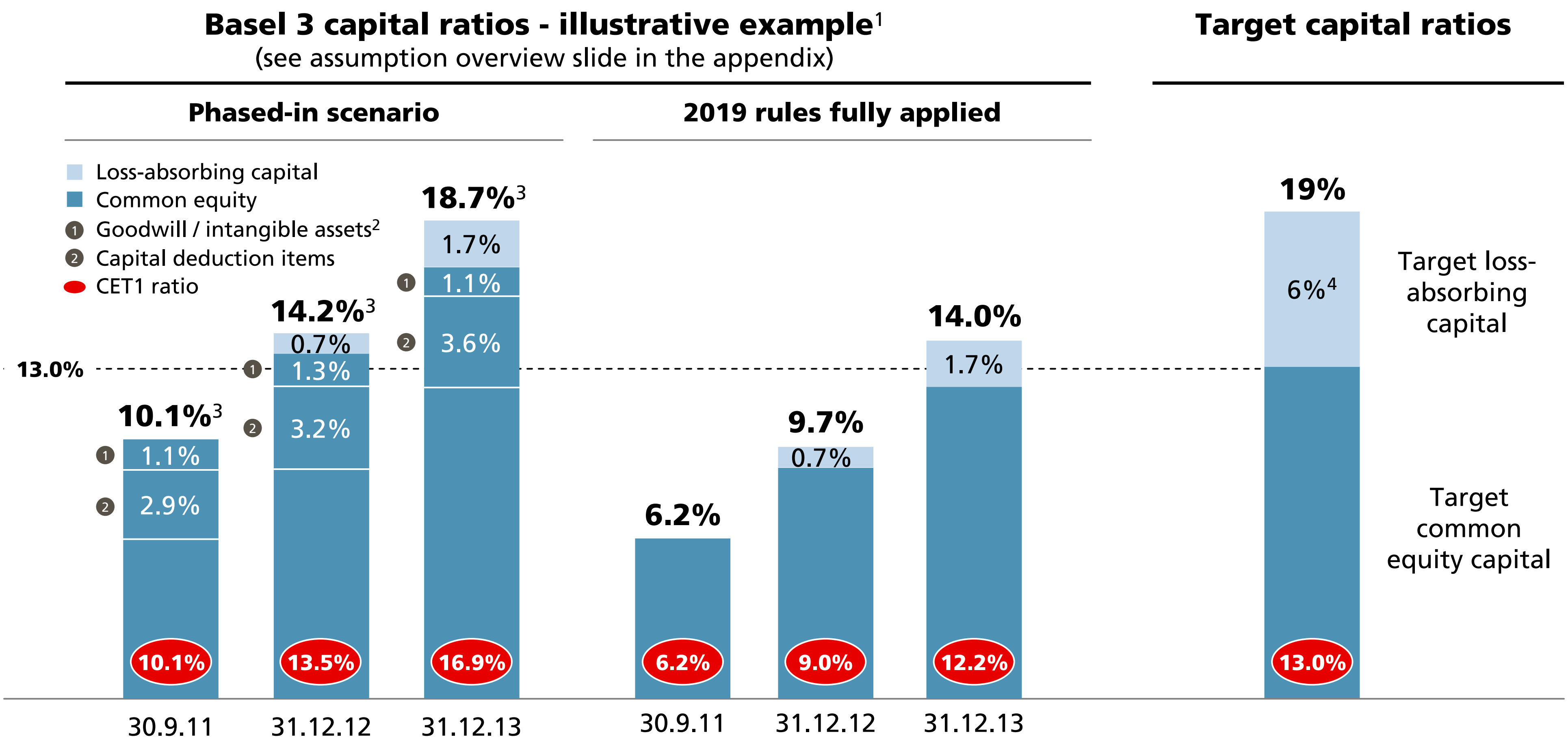
(CHF billion)

Core Investment Bank	~35	Business realignment
	~30	CVA[2] mitigation / optimization
	~5	Securitization
	~0-10	OTC to CCP[3]
	~0-10	Other hedging
Legacy	~18	SL ARS[4] inventory
	~45	Mitigation: sales and restructuring
Total	**~145**	
SNB StabFund	~20	SNB StabFund option or underlying assets[5]

1 Basel 3 RWAs on a pro forma basis
2 Credit valuation adjustment
3 Over-the-counter to central counterparty
4 Student loan auction rate securities
5 Factors that will affect the timing of the exercise of our option to buy the SNB StabFund's equity include the Fund's progress in repaying the loan to the SNB and the RWAs associated with the assets owned by the Fund

UBS

We are targeting a common equity tier 1 (CET1) ratio of 13%



CET1 capital	40.4	45.8	49.1	24.6	30.5	35.5	~35
RWAs	~400	~340	~290	~400	~340	~290	~270

(CHF billion)

1 Assumptions - Earnings: based on 9M11 annualized net profit attributable to shareholders of CHF 4.9 billion adjusted for significant items, held constant through 2013; Dividends: CHF 0.10 per share accrued in 4Q11, 2012 and 2013; Deferred tax assets on net operating losses of CHF 8.2 billion on 30.9.11: net decrease due to amortization of CHF 0.5 billion in 2012 and 2013; Deferred pension expenses of CHF 3.3 billion on 30.9.11: held constant; Other deduction items of CHF 0.5 billion on 30.9.11: not taken into account for the calculation of phased-in CET1 capital and ratio; Deduction for exposures in financial industry excluded as rules need further clarification; Tier 1 hybrid instruments: instruments called at first call date; CHF 2.5 billion loss-absorbing capital issuance per year

2 Goodwill and intangible assets will be deducted from CET1 capital under Basel 3. In the transition period, there will be a phase-in during which they will be deducted from tier 1 capital and not from CET1 capital up to the amount of outstanding phased-in hybrid tier 1 capital

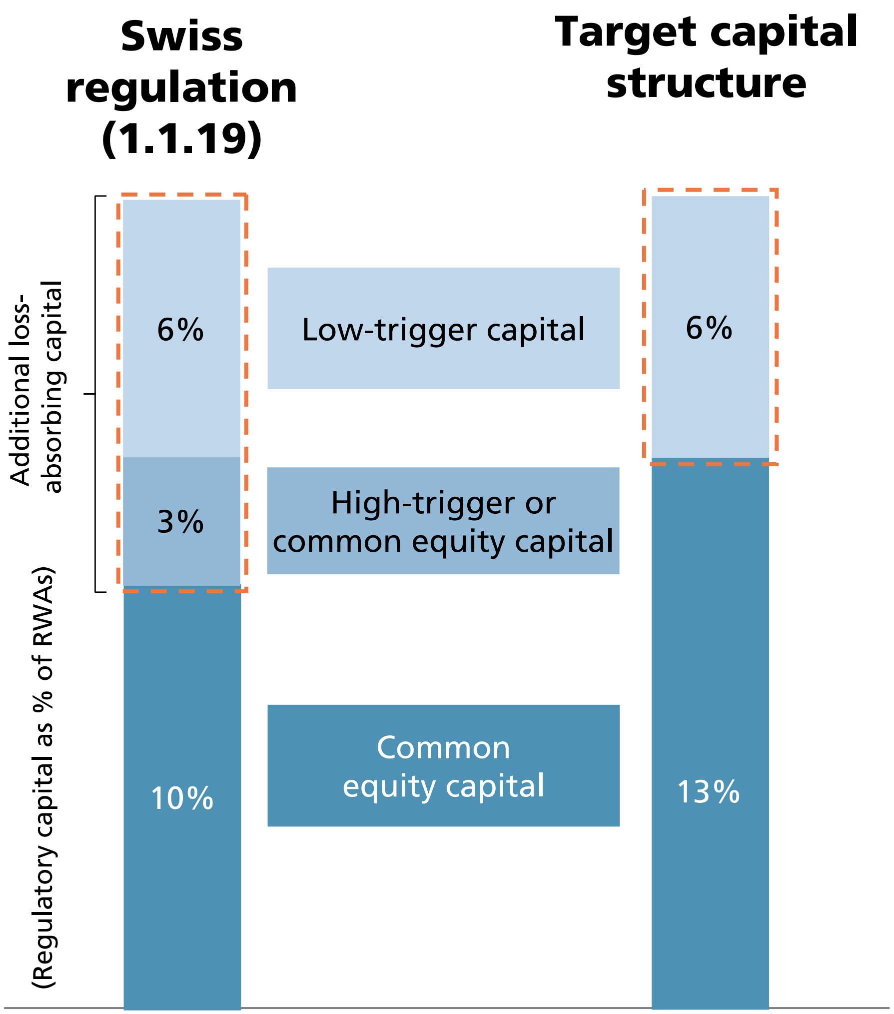
3 Existing eligible tier 2 instruments (CHF 6.1 billion on 30.9.11) not taken into account

4 UBS is eligible for a capital rebate on a portion of the capital requirement subject to measures taken to improve resolvability

UBS

Loss-absorbing capital

A non-dilutive structure is our preferred form



Possible loss-absorbing capital structures include:

- Contingent convertible debt (CoCos)
- Write-down bonds with warrants attached
- Pure write-down debt

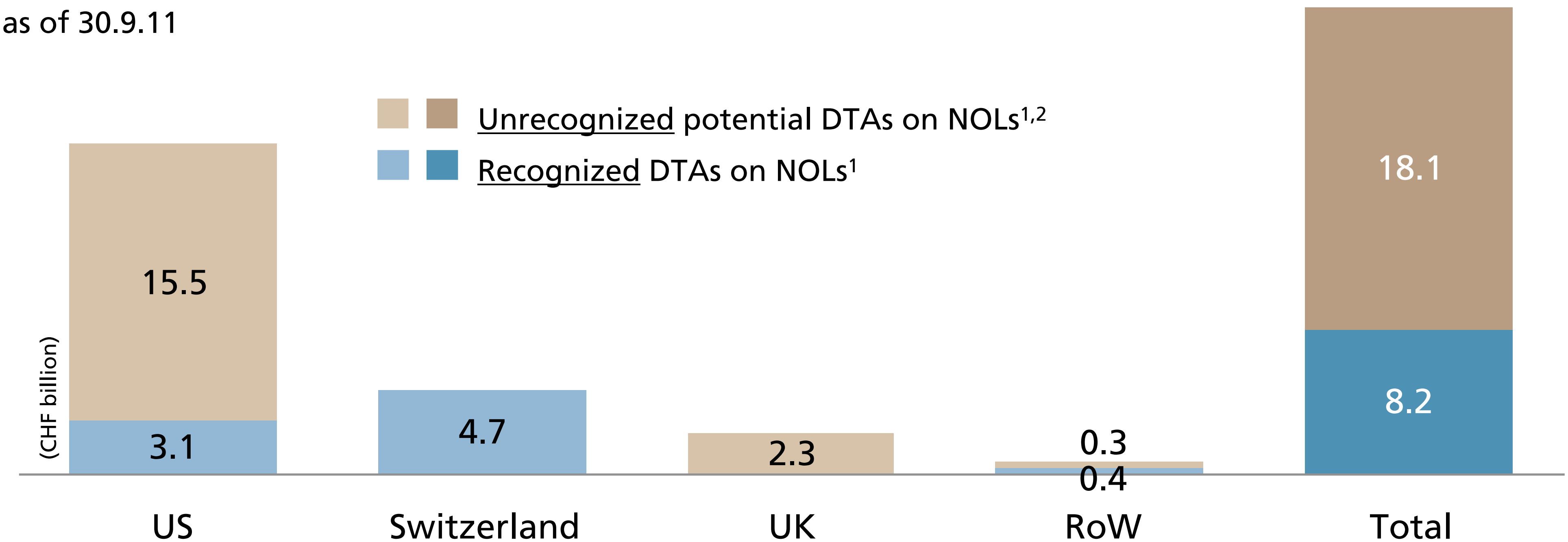
Swiss too-big-to-fail (TBTF) legislation:

- Swiss parliament passed the TBTF law in September 2011
  - Law most likely to come into force in early 2012
  - The regulation will be finalized by 2Q12 at the earliest and define important implementation details
- UBS is eligible for a capital rebate on a portion of the capital requirement subject to measures taken to improve resolvability

Deferred tax assets on net operating losses

The potential to recognize additional deferred tax assets remains significant

as of 30.9.11



- Unrecognized potential DTAs on NOLs[1,2] of CHF 18.1 billion on 30.9.11
  - Tax losses have a remaining average life of approximately 17 years in the US; indefinite life in the UK
- Profitability assumptions over a 5-year time horizon form the basis of the recognition of DTAs
  - DTAs re-measured annually in 3Q
- Expected profitability associated with our revised strategy continues to support the level of DTAs recognized on the balance sheet

1 Net operating losses
2 Equals the potential tax savings associated with unrecognized tax loss carry forwards

Key messages

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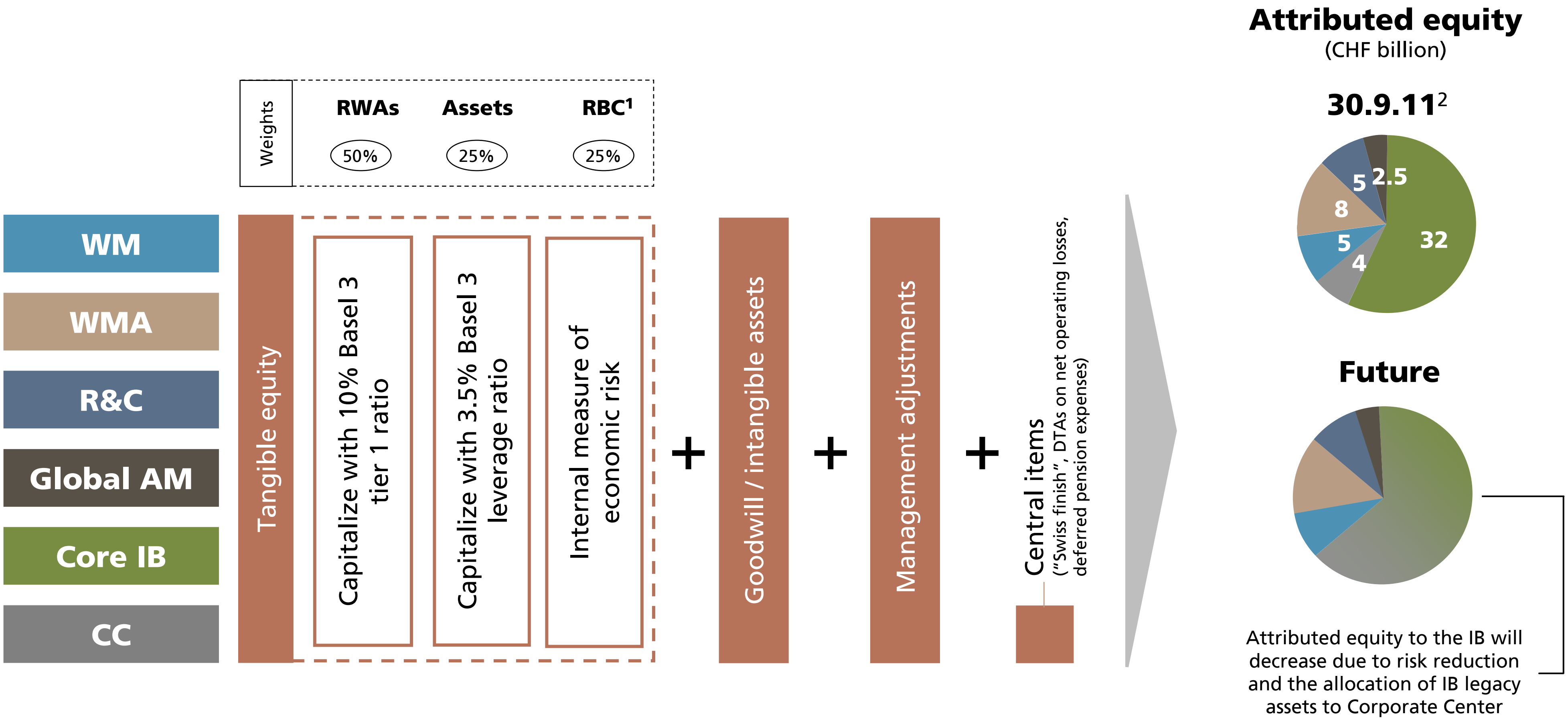
Our target return on equity is 12-17% for the Group

Our equity allocation framework



- Equity attributed to businesses reflects our overarching objective to maintain a strong capital base
- Resources not under the direct control of the businesses ("central items"), such as the additional equity related to the "Swiss finish", DTAs and deferred pension expenses, are allocated to the Corporate Center

UBS

1 Risk-based capital
2 CHF 32 billion for 3Q11 includes both Core Investment Bank and Legacy

Annual target performance ranges[1]

Ranges of sustainable performance in our businesses

Business	Metric	Target
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 equity[4]
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

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Appendix

Basel 3 ratios: capital assumptions for illustrative example

(CHF billion)	30.9.11	31.12.12	31.12.13
CET1 capital (fully applied) ①	• Applying all relevant capital deductions • Includes revised treatment for securitization positions and UBS's option to buy the SNB StabFund's equity **24.6**	• Net profit[1]: CHF 1.2 billion for 4Q11; CHF 4.9 billion for FY12 • Dividends[2]: CHF 0.4 billion for FY11; CHF 0.4 billion for FY12 • Net DTA amortization increases CET1 capital by CHF 0.5 billion[5] **30.5**	• Net profit[1]: CHF 4.9 billion • Dividends[2]: CHF 0.4 billion • Net DTA amortization increases CET1 capital by CHF 0.5 billion[5] **35.5**
Goodwill & intangible assets[3] ②	• CHF 9.4 billion partly covered by tier 1 hybrid instruments (CHF 4.3 billion) **4.3**	• CHF 9.4 billion partly covered by tier 1 hybrid instruments (CHF 4.3 billion) **4.3**	• CHF 9.4 billion partly covered by tier 1 hybrid instruments (CHF 3.1 billion) • CHF 1.2 billion (EUR 995 million) tier 1 hybrid instrument called at first call date (11.4.13) **3.1**
Capital deduction items[4] ③	• DTAs on net operating losses of CHF 8.2 billion • Deferred pension expenses of CHF 3.3 billion **11.5**	• DTAs on net operating losses of CHF 7.8 billion (net DTA amortization of CHF 0.5 billion) • Deferred pension expenses of CHF 3.3 billion **11.0**	• DTAs on net operating losses of CHF 7.3 billion (net DTA amortization of CHF 0.5 billion) • Deferred pension expenses of CHF 3.3 billion **10.5**
CET1 capital (phased-in) (1+2+3)	**40.4**	**45.8**	**49.1**

1 Profit assumptions based on 9M11 annualized net profit attributable to shareholders adjusted for significant items (own credit, restructuring charges, unauthorized trading incident, gains on the sale of WM&SB's strategic investment portfolio and gains on the sale of property), held constant through 2013

2 Dividend of CHF 0.10 per share accrued in 4Q11, 2012 and 2013

3 Goodwill and intangible assets will be deducted from CET1 capital under Basel 3. In the transition period, there will be a phase-in during which they will be deducted from tier 1 capital and not from CET1 capital up to the amount of outstanding phased-in hybrid tier 1 capital

4 Other deduction items of CHF 0.5 billion capital deduction not taken into account (on 30.9.11): own credit / DVA of CHF (0.9) billion; net long participations not consolidated of CHF +0.6 billion; net other CHF (0.2) billion

5 Net profit already factors in the assumed net DTA amortization of CHF 0.5 billion. Inasmuch as the starting point of this presentation is fully applied CET1 capital under Basel 3, the impact of DTA amortization is considered to increase CET1 capital

UBS

Exposures to selected European countries not rated AAA / Aaa[1]

The majority of our net exposures relates to traded products and tradable assets

30.9.11	Sovereigns[2]		Banks		Other		Total	
(CHF million)	Gross	Net[3]	Gross	Net[3]	Gross	Net[3]	Gross	Net[3]
Italy	4,087	826	687	678	1,756	1,299	6,531	2,802
Belgium	404	371	412	412	316	316	1,132	1,099
Greece	64	64	25	25	79	42	168	130
Iceland	64	64	8	8	3	3	75	75
Spain	8	8	1,978	1,978	1,715	771	3,700	2,757
Portugal	0	0	29	29	332	234	360	263
Ireland[4]	2	2	744	744	1,260	1,168	2,005	1,913
Total	**4,629**	**1,335**	**3,883**	**3,874**	**5,461**	**3,833**	**13,971**	**9,039**

30.9.11	Banking products		Traded products		Tradable assets	Total	
(CHF million)	Gross	Net[3]	Gross	Net[3]	Net[3]	Gross	Net[3]
Italy	1,121	693	4,575	1,274	835	6,531	2,802
Belgium	410	410	433	400	289	1,132	1,099
Greece	61	23	10	10	97	168	130
Iceland	0	0	11	11	64	75	75
Spain	2,657	1,974	326	65	718	3,700	2,757
Portugal	111	14	10	10	239	360	263
Ireland[4]	748	656	476	476	781	2,005	1,913
Total	**5,108**	**3,770**	**5,841**	**2,246**	**3,023**	**13,971**	**9,039**

UBS

1 Refer to pages 44-45 of UBS's 3Q11 report for more information
2 Includes central governments, agencies and central banks
3 Net of credit protection bought
4 The majority of the Ireland exposures relates to funds and foreign bank subsidiaries