



Morgan Stanley Financials Conference

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UBS—A unique value proposition

UBS's compelling business mix, financial and capital strength and its capacity for returns is unique amongst global banks

Attractive model centered on businesses with high risk-adjusted returns

An unrivaled franchise with compelling growth prospects

Industry-leading capital and financial strength are a source of competitive advantage

Substantial capacity to return capital upon achievement of capital targets

UBS—Leading positions across all business divisions

An unrivaled franchise with compelling growth prospects

Wealth management businesses

- World's leading HNW and UHNW franchise
- Unrivaled scope, reach and client mix
- Uniquely positioned in the largest markets and in the most attractive growth markets
- Wealth generation growth rates 2x GDP

Wealth Management

- "Best Private Bank Globally"¹
- "Best Private Bank in Asia"¹
- #1 Europe, APAC, Emerging Markets, Switzerland and UHNW segment by invested assets
- Over 4,000 advisors in 40+ countries

Wealth Management Americas

- #1 revenue per FA, #1 invested assets per FA
- ~ 7,000 advisors in 320+ branches
- High levels of FA satisfaction; low attrition

Retail & Corporate

- "Best bank in Switzerland"²
- The leading universal bank in Switzerland
- Strong momentum, winning back market share

Investment Bank

- Leading Equities franchise, top FX/Precious metals house, strong advisory and solutions capabilities
- FX: #2 globally with the largest share gain, #1 Europe, #1 Americas³
- Well positioned with attractive opportunities in capital-light businesses

Global Asset Management

- Well diversified across investment capabilities, regions and distribution channels
- Strong alternatives platform; #2 real estate and fund of hedge funds globally⁴
- Benefits from wealth and pension growth

1 Euromoney 2013

2 Euromoney 2012

3 Greenwich Associates (March 2013), tied #2 globally, tied #1 Europe and tied #1 Americas

4 Pensions & Investments (October 2012) and InvestHedge (September 2012)

The transformation of UBS – Key focus areas

Our track record and a positive response from our stakeholders...

Industry-leading capital ratios are a key pillar supporting our long-term success

- Basel III phase-in CET1 ratio of ~15.3%¹, up 460 bps in 2012
- Basel III fully applied CET1 ratio of ~9.8%¹, up 310 bps in 2012
- Basel III RWA of ~CHF 258 billion¹, reduced by ~CHF 122 billion or 32% in 2012
- Managing the exit of Non-core and Legacy Portfolio positions; Basel III RWA of ~CHF 105 billion¹

Maintaining cost discipline is critical to our long-term success

- On track to complete initial CHF 2 billion program in 2013
- Additional CHF 3.4 billion of gross annual savings targeted by 2015 as a result of running a more focused Investment Bank and improved organizational effectiveness and efficiency, primarily in the Corporate Center

Our reputation is critical to the success of our businesses

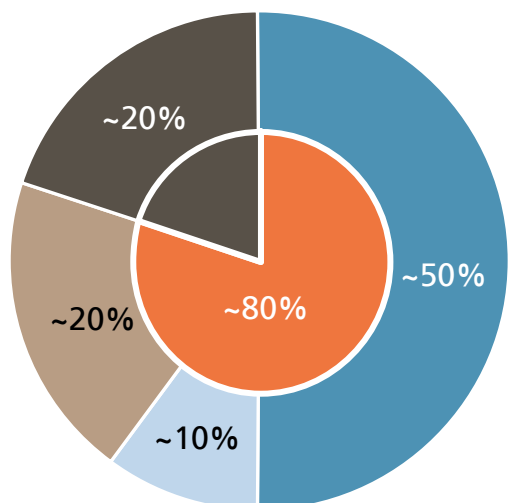
- Significantly enhanced operational risk management and control framework
- Determined to continue addressing the issues of the past in a thorough and constructive manner

...give us confidence in executing our strategy

Significant contribution from businesses with high risk-adjusted returns

~80% of pre-tax profits expected from high-return businesses

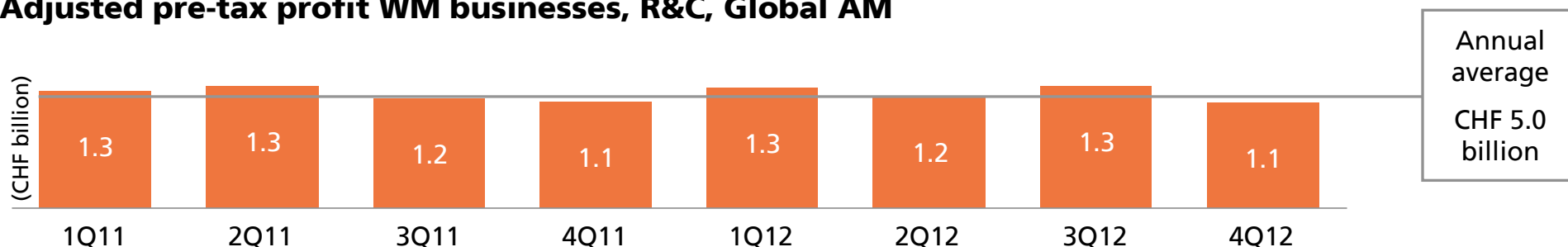
Expected pre-tax profit mix
2015 and beyond



Returns on attributed equity (RoAE)

	Pro forma 4Q12 AE ¹ (CHF billion)	Projected 2015 AE (CHF billion)	Pro forma 2012 RoAE ² (%)	
Wealth management businesses	6.6	~7.0	44%	} ~39%
Global Asset Management	1.9	~2.0	29%	
Retail and Corporate	4.4	~4.5	35%	
Investment Bank	8.0	~7.0	6%	→ Target of >15% in 2013
Corporate Center - Core Functions	8.8	~13.5	(21%)	

Adjusted pre-tax profit WM businesses, R&C, Global AM

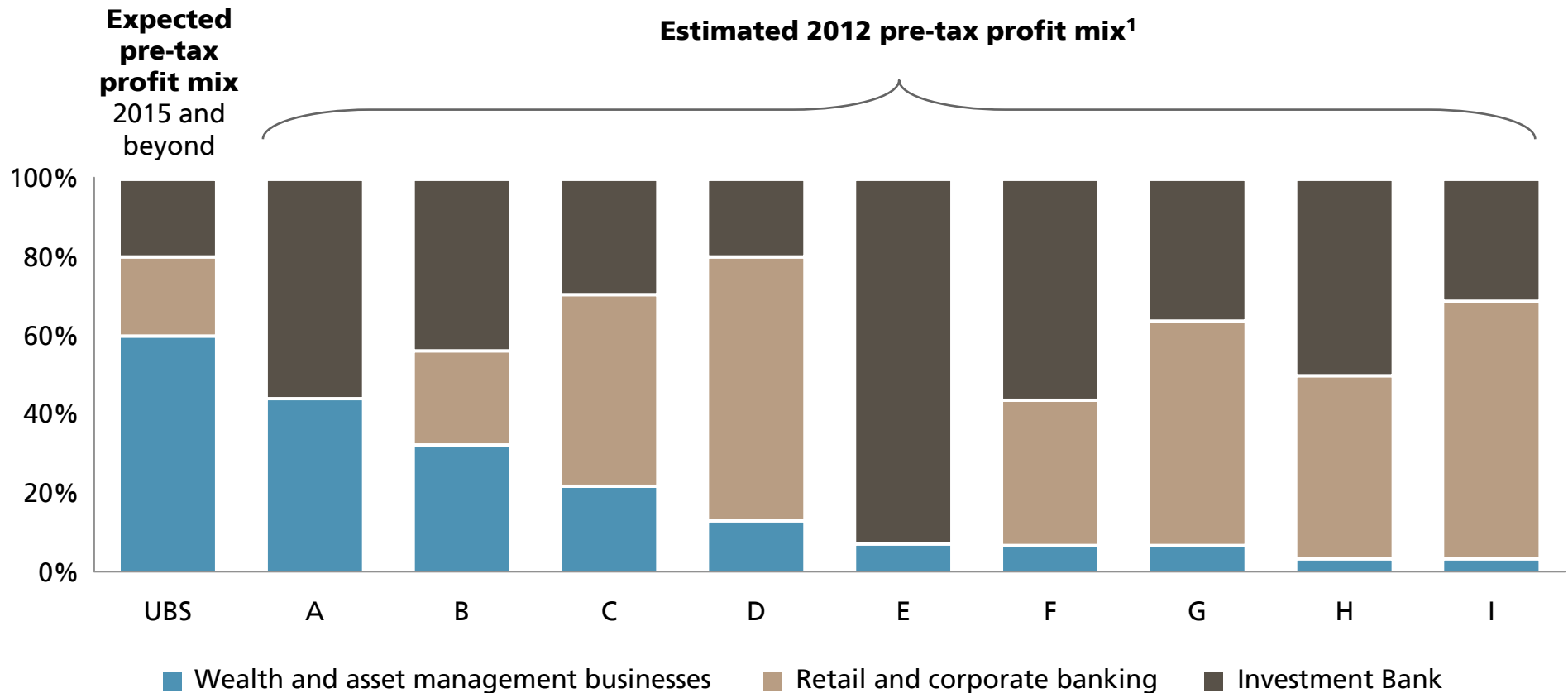


¹ Pro forma for shift of attributed equity related to Non-core from the Investment Bank to the Corporate Center and for shift of attributed equity related to Paine Webber goodwill and intangible assets to the Corporate Center (CHF 3.9 billion effective 1.1.13)

² 2012 adjusted pre-tax profit divided by pro forma 4Q12 attributed equity. For Investment Bank's adjusted pre-tax profit refer to slide "Investment Bank - 2012 indicative pro-forma results under new structure" in the appendix

Business mix versus other global banks

~60% of our pre-tax profits expected from wealth and asset management businesses...



...higher than any other global bank

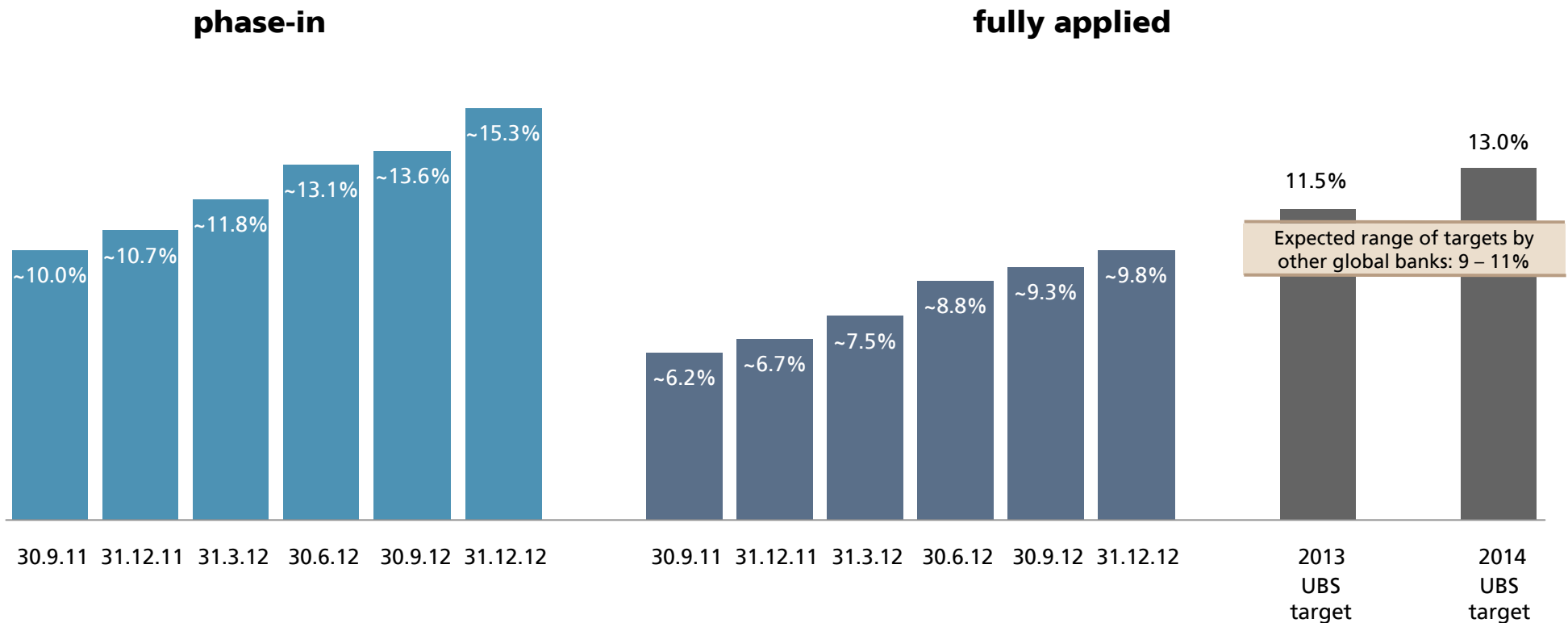


¹ Source: Companies reporting adjusted for significant items, UBS estimates; Global banks (in alphabetical order): Bank of America, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan, Morgan Stanley

UBS – Leading the way on Basel III

Targeting a 13% fully-applied CET1 ratio in 2014, higher than the expected target ratios for other global banks

Basel III common equity tier 1 ratio

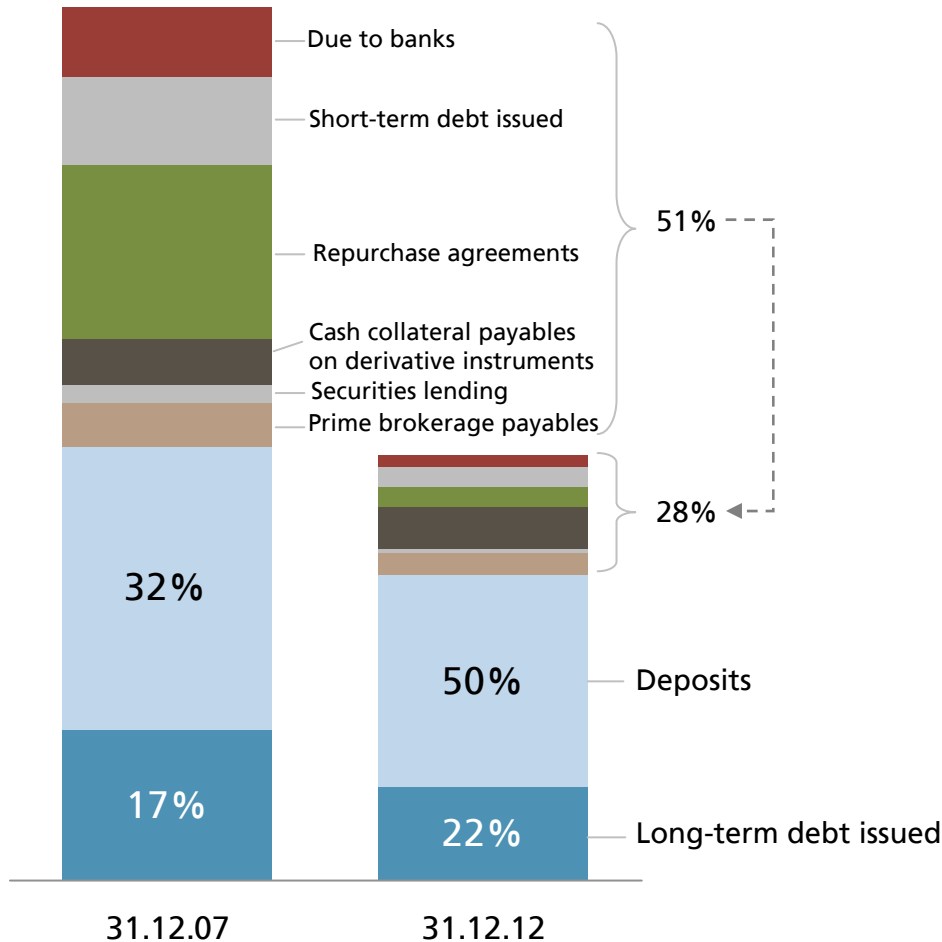


Our strong capital position is a source of competitive advantage

Our balance sheet, funding and liquidity positions are strong

Our balance sheet structure has many characteristics of a AA-rated bank

Funding by product¹



- **Strong and significantly reduced balance sheet**

- Funded balance sheet down ~62% from its peak in 2007

- **Strong funding profile**

- Well diversified funding sources
- High proportion of stable funding sources with deposits ~50% and long-term debt >20%
- Limited use of short-term wholesale funding
- Basel III NSFR >100%

- **Strong liquidity position**

- Basel III LCR >100%

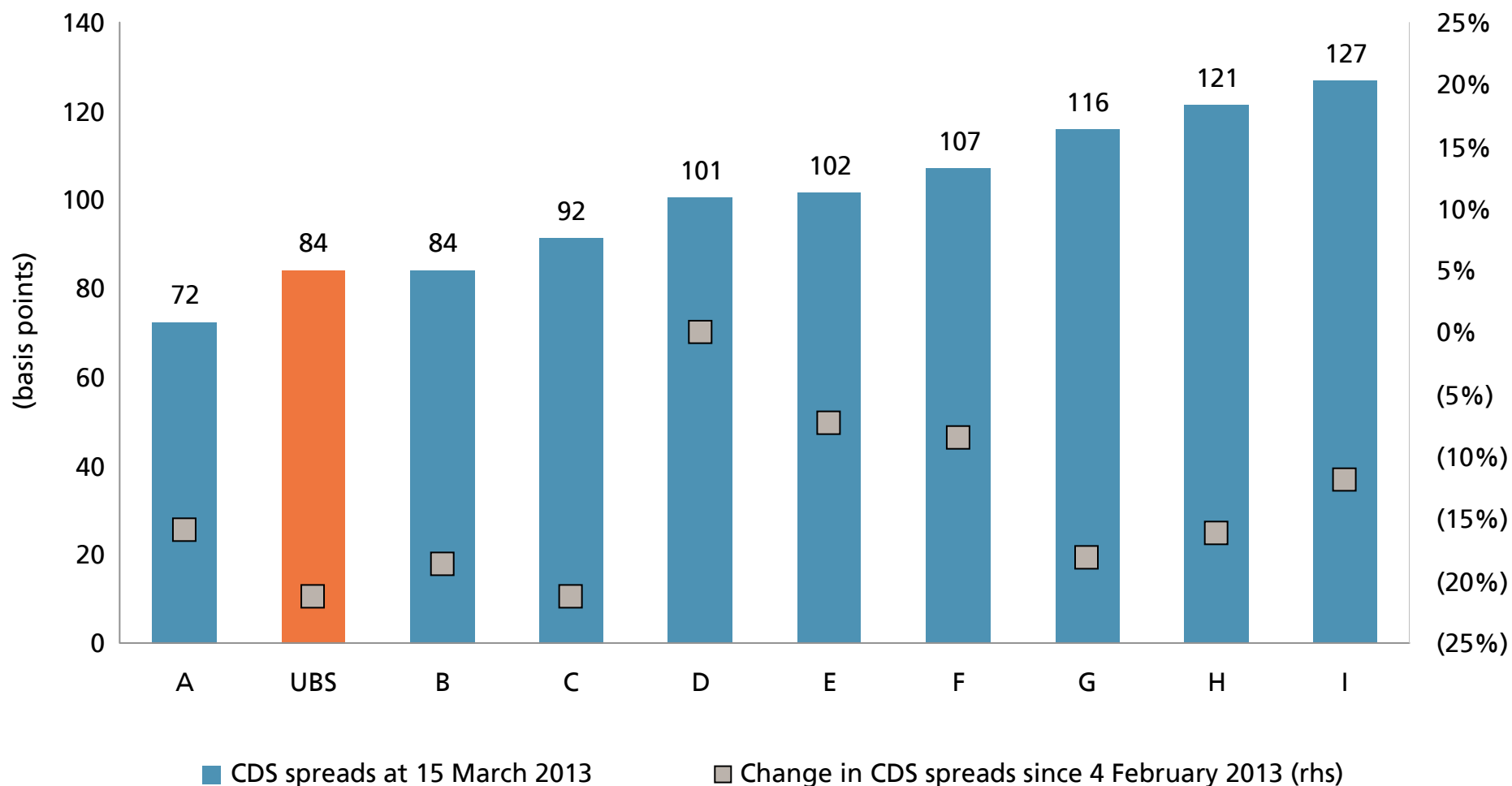
We will continue to maintain a well diversified funding profile



¹ As a percent of total funding sources defined as: repurchase agreements, cash collateral on securities lent, due to banks, short-term debt issued, due to customers, long-term debt (including financial liabilities at fair value), cash collateral payables on derivative transactions and prime brokerage payables. CHF 1,527 billion on 31.12.07 and CHF 746 billion on 31.12.12

CDS spreads (5 year, senior)

UBS's credit spreads have significantly tightened since announcing our 4Q12 results and debt buyback program



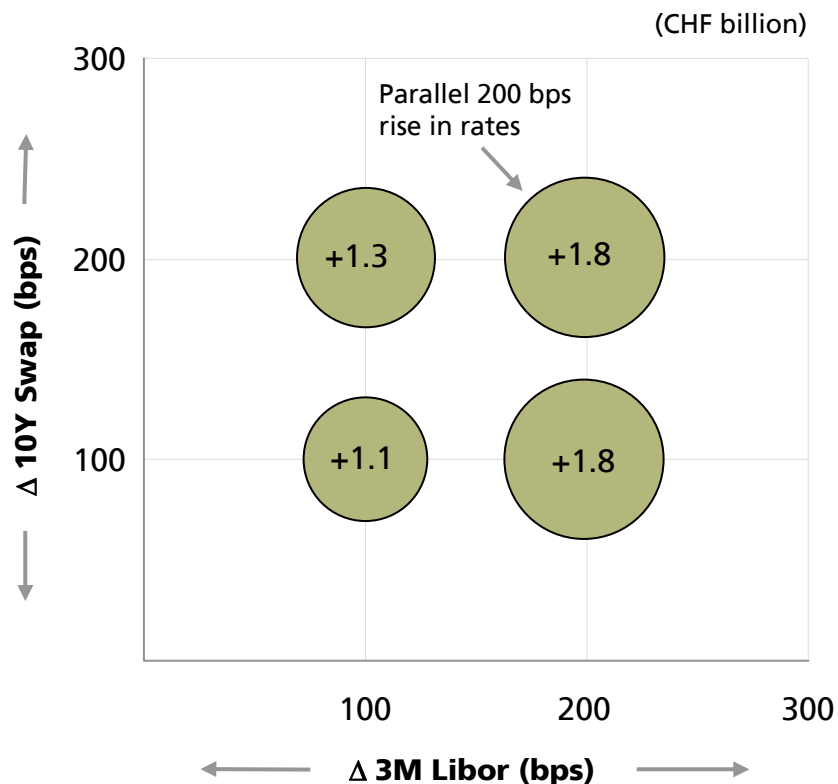
Source: Bloomberg

Global banks (in alphabetical order): Bank of America, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan, Morgan Stanley

Positioned to benefit from rising interest rates

We are deliberately not extending duration of interest-earning assets

Net interest income (NII) sensitivity of banking book¹



- The forward curve implies moderate rate increases
- Impact from no changes in rates:
 - Continued pressure on NII, for WM and R&C could be ~CHF 250m lower than in 2012²
- Risk from increase in rates³:
 - Significant initial impact on our book value through OCI of ~CHF (3.2) billion, of which ~CHF (0.8) billion related to AFS portfolio would impact regulatory capital
- Upside from increase in rates³:
 - Increase in net interest income of CHF >1 billion per annum
 - Incremental fees on money market funds where they are currently waived of CHF >100 million

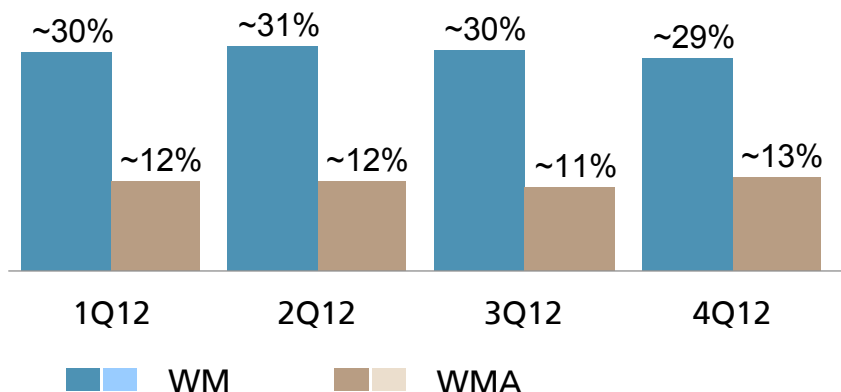
¹ The chart shows sensitivity analysis based on balance sheet as of 31.12.12. The size of bubbles represent the change in expected core NII compared to baseline core NII for 2013 as implied by forward rates, as a function of immediate changes in the 3M Libor and 10Y swap rates. In this scenario, NII sensitivity to rates falling to zero is limited to ~CHF 0.2 billion. Actual results may differ as other factors including changed composition of interest-earning assets would impact NII.

² Assuming static balance sheet as of 31.12.12.

³ 100-basis-point parallel increase

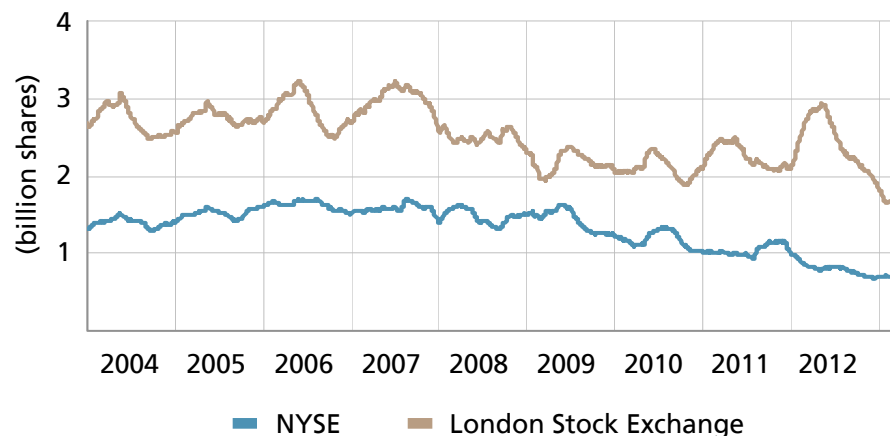
Upside from an increase in client risk appetite

% of cash in client portfolios¹

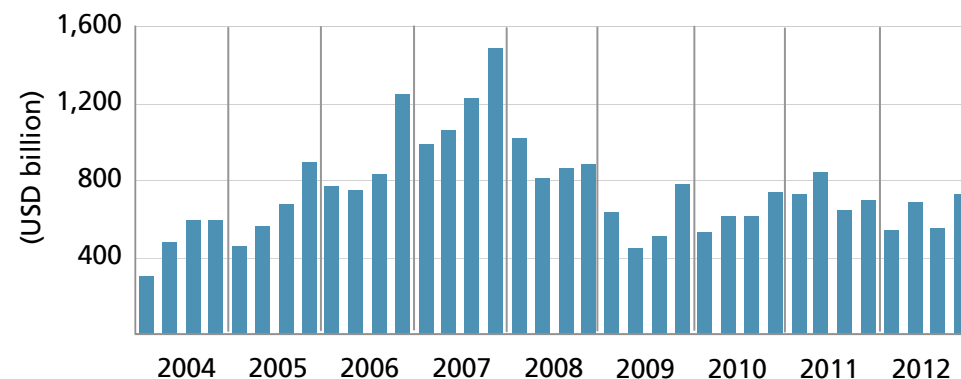


- Upside from an increase in client risk appetite:
 - WM: >4 bps of gross margin
 - WMA: >2 bps of gross margin
- Strongly geared towards a more positive capital markets cycle in the medium and long term

Average daily share volume²



Global M&A volumes³



¹ Cash and similar products in client portfolios excluding discretionary mandates we manage on behalf of our clients

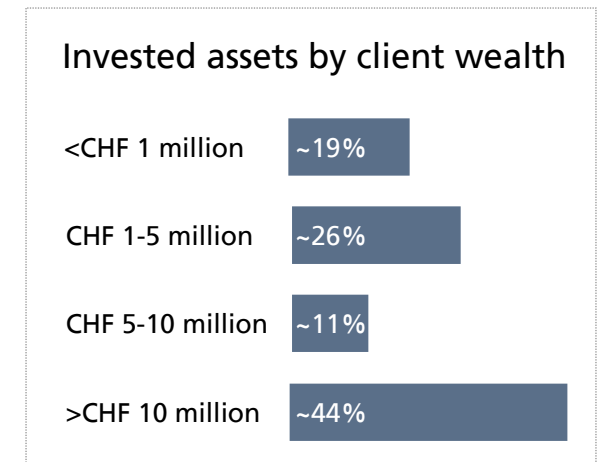
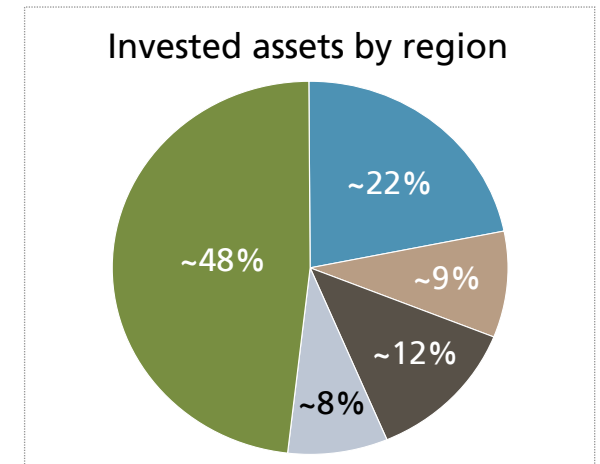
² Bloomberg, 90-days trailing average

³ Dealogic, M&A completed deals

Significant upside from an increase in invested assets

Our wealth management businesses are outpacing industry growth rates

	Invested assets 31.12.12 (CHF billion)	Gross margin 2012 (bps)	2012 growth rate			Expected industry total growth ²
			NNM	Market	Total	
Wealth Management Americas	772	81	3%	6%	9%	2%
Wealth Management ¹	821	89	4%	6%	9%	7%
Europe	344	89	(2%)	6%	4%	4%
Switzerland	145	101	3%	5%	8%	4%
Asia Pacific	196	76	11%	9%	20%	13%
Emerging Markets	127	96	8%	3%	10%	9%
UHNW	362	52	6%	8%	14%	7%



- Significant operating leverage
- Revenue upside from a 1% increase in invested assets is ~CHF 30 - 35 million p.a. in each WM and WMA³

¹ Total WM invested assets as reported. Regional reporting based on the Wealth Management business area structure, and excluding minor functions with 71 client advisors, and CHF 9 billion of invested assets, and CHF 0.3 billion of NNM outflows which are mainly attributable to the employee share and option plan service provided to corporate clients and their employees

² Source: BCG Global Wealth 2012. CAGR 2011 – 2016. Figures based on household segment USD 1-100 million, which is more representative of UBS's segment mix. For UHNW segment globally, it is average of USD 1-100m and USD >100 million segment. 7% for WM overall is weighted based on UBS's mix. UBS's estimates for growth may differ

³ Assuming increased assets generate revenues in line with 2012 recurring fees gross margin of ~42 bps

Managing for growth and sustainable performance

Organic growth

Disciplined growth

Investing in relationships with clients

Revenue initiatives

Pricing

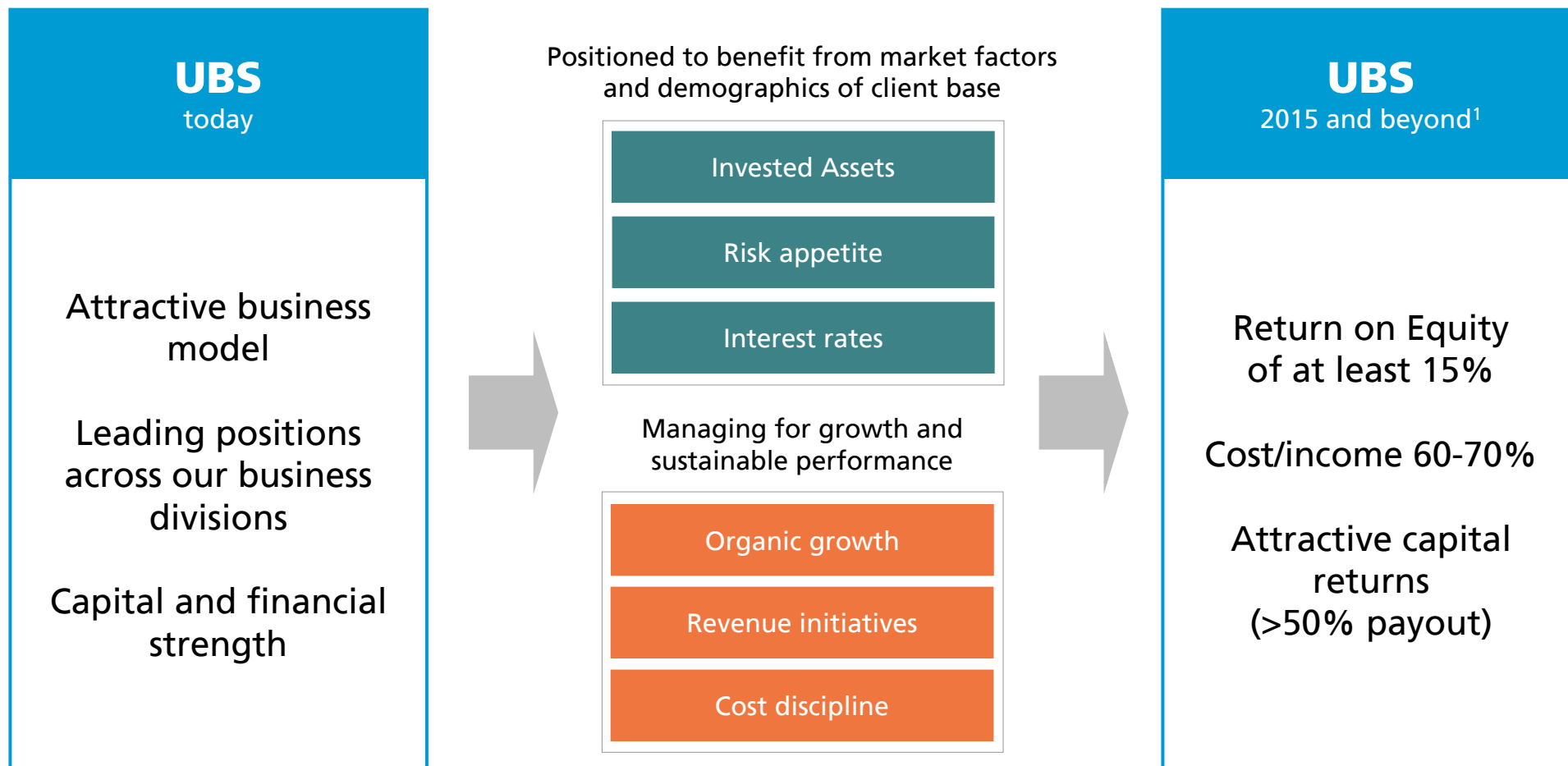
Cross-divisional client focus

Cost discipline

Paying for "alpha"

Multi-year focus on cost reduction

UBS – A unique value proposition



Appendix

Business division targets¹

Ranges of sustainable performance in our businesses

Wealth Management		Wealth Management Americas		Retail & Corporate	
NNM growth rate	3-5%	NNM growth rate	2-4%	NNBV growth ²	1-4%
Gross margin	95-105 bps	Gross margin	75-85 bps	Net interest margin	140-180 bps
Cost / income ratio	60-70%	Cost / income ratio	80-90%	Cost / income ratio	50-60%
Global Asset Management		Investment Bank effective from 1.1.2013		Legacy Portfolio including businesses and positions to be exited - Basel III RWA	
NNM growth rate	3-5%	Pre-tax RoAE ²	>15%	31.12.13	~CHF 85 billion
Gross margin	32-38 bps	Basel III RWAs	< CHF 70 billion	31.12.15	~CHF 55 billion
Cost / income ratio	60-70%	Cost / income ratio	65-85%	31.12.17	~CHF 25 billion

Group RoE expected to average in the mid-single digits in 2013-2014³, with a target of at least 15% from 2015¹



Refer to slide "Important information related to numbers shown in this presentation" for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation

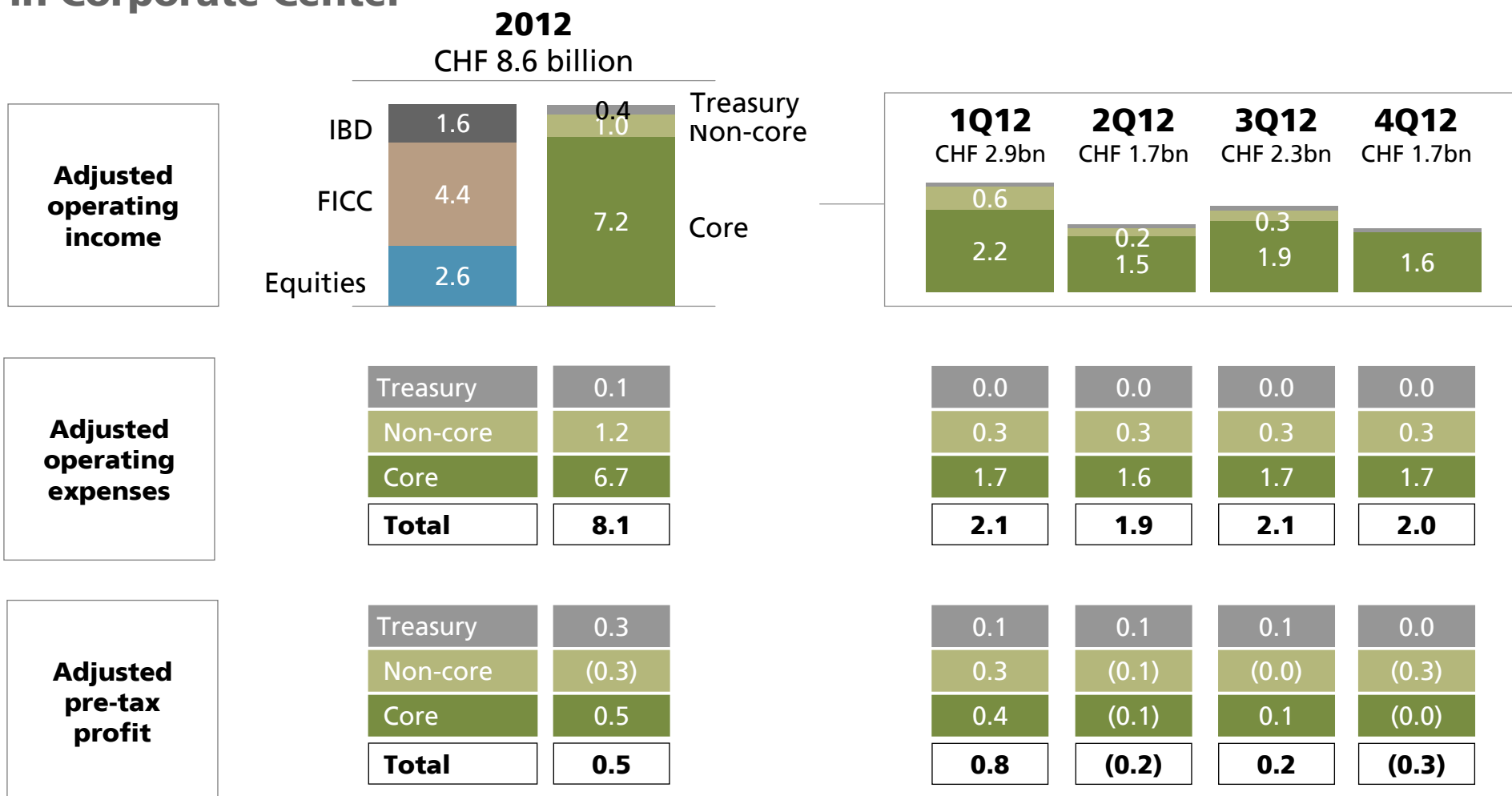
¹ Excluding own credit and significant non-recurring items (e.g., restructuring costs) unless otherwise stated; target assumes constant FX rates

² NNBV = net new business volume; RoAE=return on attributed equity

³ As reported

Investment Bank – 2012 indicative pro-forma results under new structure¹

From 1Q13, Non-core and Treasury results will be reported in Corporate Center



Refer to slide "Important information related to numbers shown in this presentation" for details about adjusted numbers

¹ This pro-forma information reflects the results of the Investment Bank for the year ending 31.12.12 restated for the estimated impact of the changes in the Investment Bank's strategy announced on 30.10.12. The information is not representative of the way the business was managed during the period in question and as such may not accurately represent performance. These figures have been determined on a best efforts basis and include a number of high level assumptions and allocations which have changed since our 4Q12 results presentation on 5.2.13, and may be subject to revision and further refinement in future

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 loss on financial liabilities designated at fair value for the Group CHF 414 million in 4Q12 (CHF 863 million loss in 3Q12, CHF 239 million gain in 2Q12, CHF 1,164 million loss 1Q12)
- Net restructuring provision charges CHF 258 million for the Group in 4Q12 (net release CHF 22 million in 3Q12, net charge of CHF 9 million in 2Q12, net charge of CHF 126 million in 1Q12)
- CHF 3,064 million charge related to impairment testing of goodwill and non-financial assets in 3Q12 in the Investment Bank
- Credit to personnel expenses related to changes to a US retiree medical life insurance benefit plan (CHF 116 million restated for IAS19R for the Group in 2Q12) and changes to UBS’s Swiss pension plan (CHF 730 million restated for IAS19R for the Group in 1Q12) and
- Gain on the sale of strategic investment portfolio (SIPF) of CHF 433 million in Wealth Management and CHF 289 million in Retail & Corporate in 3Q11

Pro-forma Basel III RWA, Basel III capital ratios and Basel III liquidity ratios

Basel III risk-weighted assets in the presentation are calculated on the basis of Basel III fully applied unless otherwise stated.

The calculation of our pro-forma Basel III RWA combines existing Basel 2.5 RWA, a revised treatment for low-rated securitization exposures that are no longer deducted from capital but are risk-weighted at 1250%, and new model-based capital charges. Some of these new models require final regulatory approval and therefore our pro-forma calculations include estimates (discussed with our primary regulator) of the effect of these new capital charges which will be refined as models and the associated systems are enhanced. The calculation of our pro-forma Basel III liquidity ratios includes estimates of the impact of the rules and interpretation and will be refined as regulatory interpretations evolve and as new models and the associated systems are enhanced. Basel III capital numbers prior to 4Q12 do not include the effect of the implementation of IAS 19R or calculation refinements affecting 31.12.12 figures.

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 38 Currency translation rates” in UBS’s 2012 annual report for more information.