



2014 Investor Update

Leading Global Franchise with Superior Growth Prospects

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Our wealth management franchise is unrivalled

Invested assets of CHF 1.8 trillion managed by over 11,000 advisors

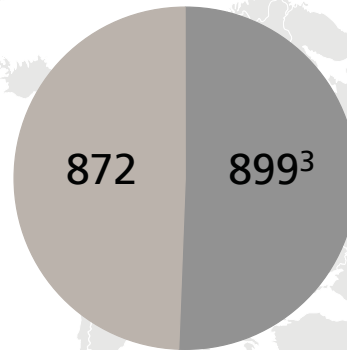
Wealth Management Americas

2013

- USD 1 trillion invested assets, USD 1 billion adjusted pre-tax profit USD 1 million in revenue per FA
- Well positioned to capture growth opportunities; continued progress in banking initiatives

Invested assets

31.3.14, CHF billion



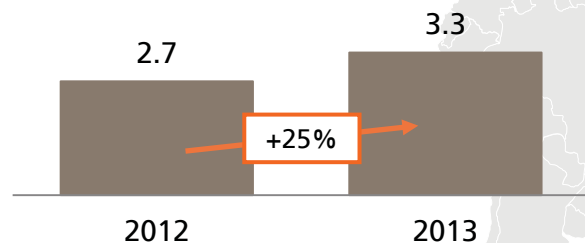
Wealth Management

2013

- CHF 0.9 trillion invested assets, CHF 2.4 billion adjusted pre-tax profit CHF 1.8 million in revenue per CA
- Leading position in Europe, APAC, Emerging Markets, Switzerland and UHNW segment by invested assets¹

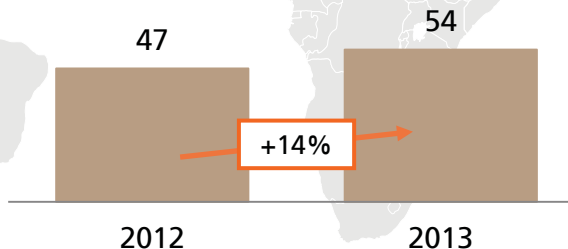
Profit before tax: WM + WMA

adjusted, 2013, CHF billion



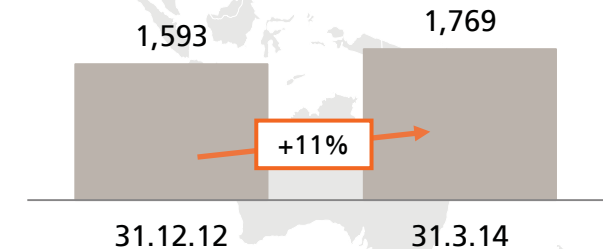
Net new money: WM + WMA

CHF billion



Invested assets: WM + WMA

CHF billion



"Best Private Bank Globally 2013" and "Best Global Wealth Manager 2013"²



Refer to slide 31 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

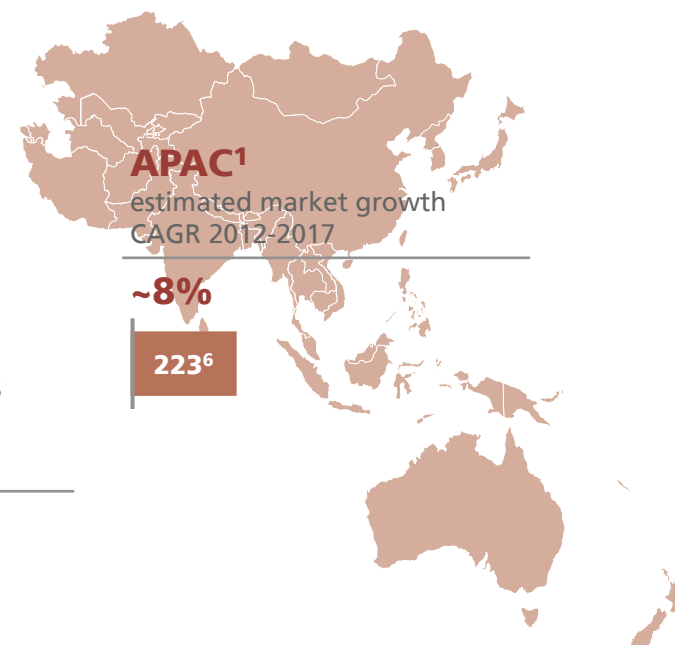
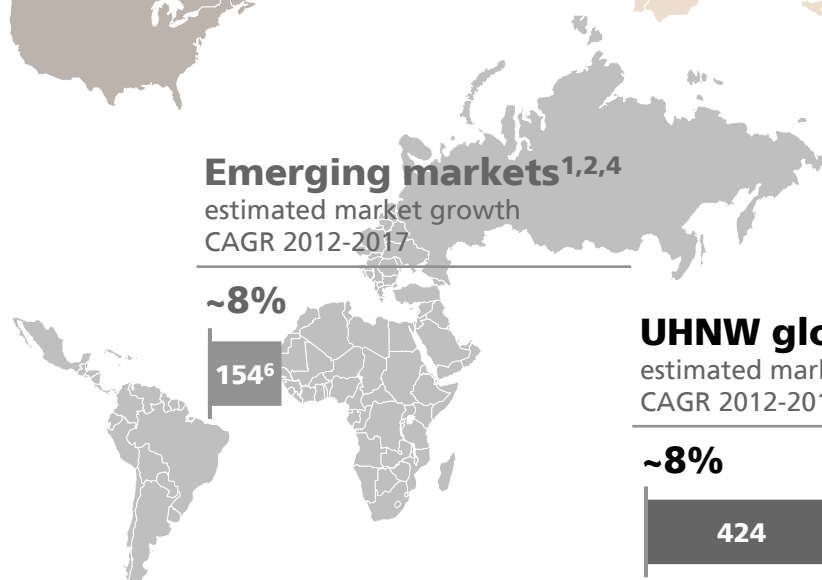
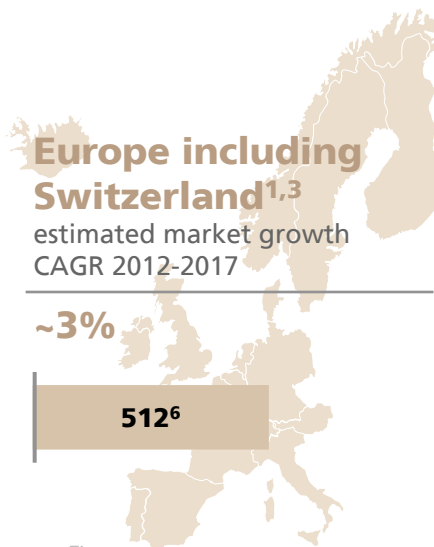
1 Scorpio Partnership Private Banking Benchmark, Private Banker International, UBS Estimates; 2 Euromoney 2013; 3 Figure corrected after publication of the presentation, to align with figure reported in UBS's 1Q14 report

UBS is best positioned to seize the global wealth management opportunity

Our footprint is unique with a strong presence in growth markets

UBS invested assets
31.3.14

CHF billion



- Fundamentally attractive industry economics
- Compelling growth prospects
 - UHNW ~8%¹
 - HNW ~6%¹
- Still highly fragmented industry



1 BCG World-Wealth Report 2013; incl. retail households; 2013 growth based on growth forecast; 2 WMA's Latin America business is included in the North America invested assets, not in emerging markets; 3 Includes Western Europe and all other countries not covered elsewhere, beneficiary owner domicile view, invested assets are the sum of the invested assets usually reported in Europe and Switzerland; 4 Middle East & Africa, Latin America and Eastern Europe; 5 UHNW invested assets overlap with the regional split; 6 Figure corrected after publication of the presentation, to align with figure reported in UBS's 1Q14 report

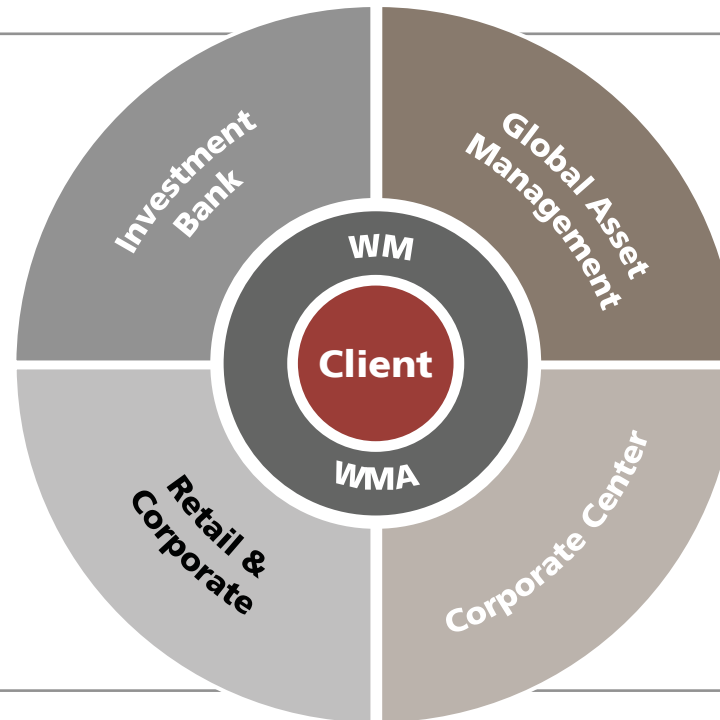
Leveraging the Group capabilities to serve our clients

Investment Bank

- Access to capital markets and product development
- Top-notch execution & institutional-like client coverage
- Strength in Equities and FX
- Research
- M&A advisory/Corporate Finance
- Joint venture with wealth management businesses: Global Family Office

Retail & Corporate (for WM)

- Client referrals
- Largest and most efficient booking center
- Domestic reach in Swiss market



Global Asset Management

- Wide range of investment products
- Strength in Equities, Alternatives, and Real Estate
- Tailored solutions

Corporate Center

- Financial strength
- Strong brand
- Efficiency opportunity

Management agenda to drive profit growth

Investment engine

Leverage our global expertise across the entire client base

UHNW/GFO

Apply our unique set of global capabilities across both businesses

Pricing

Implement pricing aligned with value proposition

Cost efficiency

Manage direct costs to stay within the new cost/income targets

Banking products and lending

Prudently expand services to lending and financing solutions

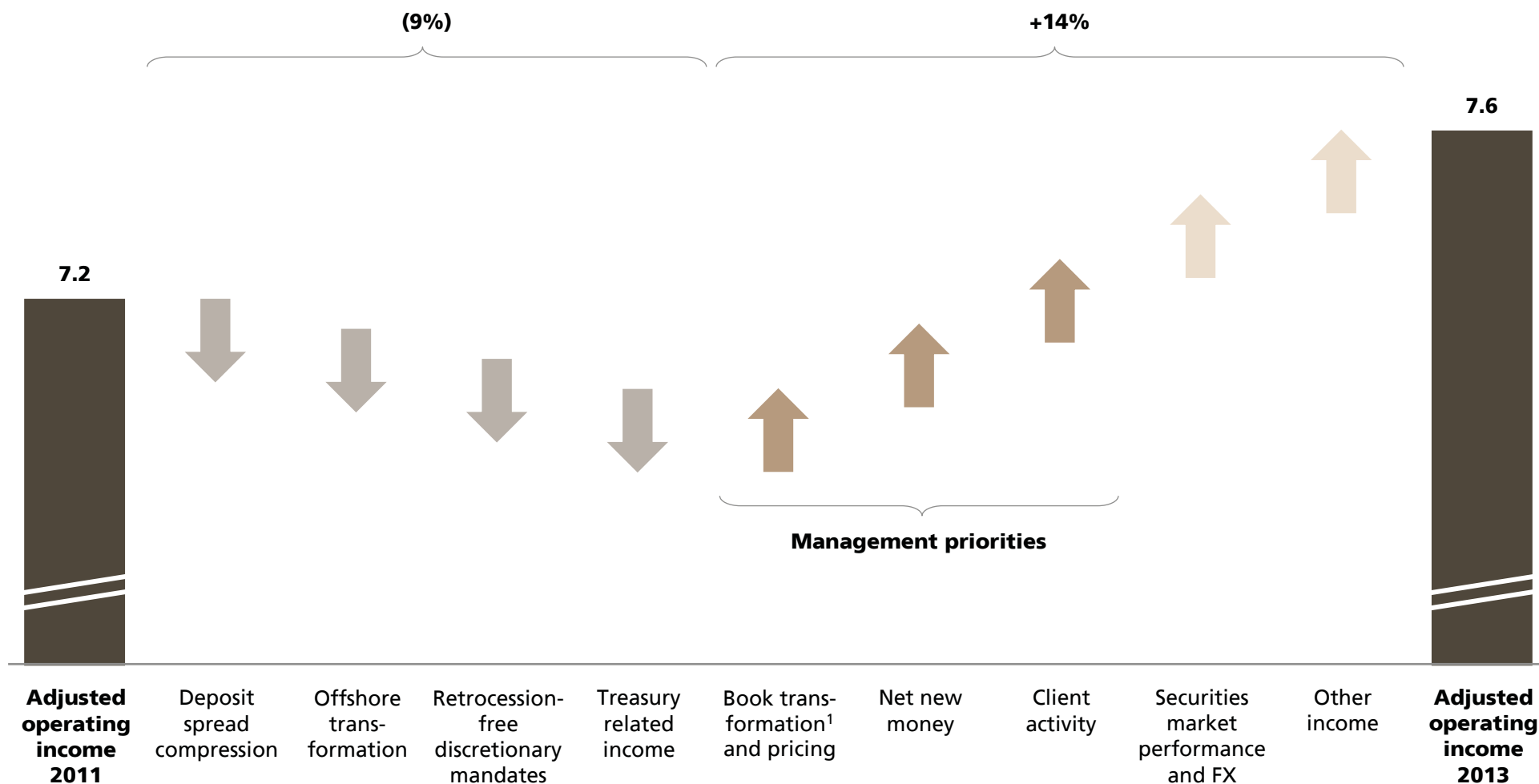
We aspire to 10-15% adjusted pre-tax profit growth

Wealth Management Business Division

Delivered strong revenue growth while absorbing headwinds

Wealth Management operating income

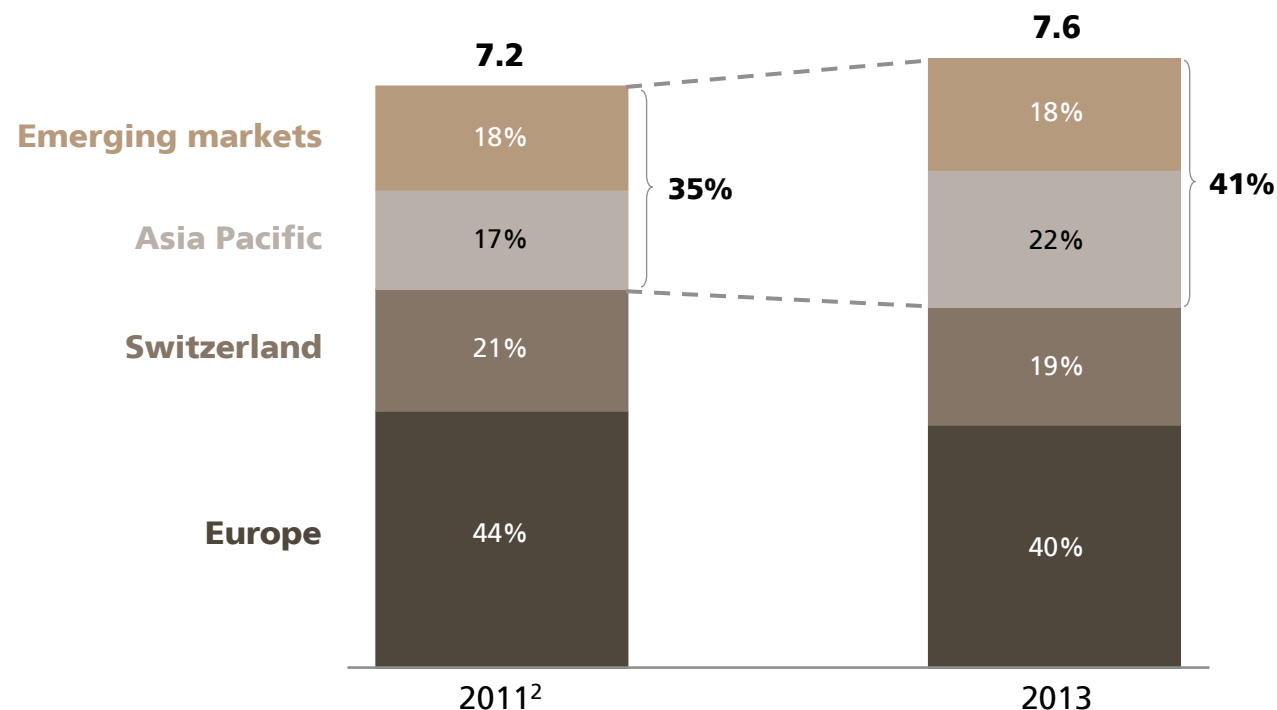
CHF billion, arrows illustrative



Over 40% of revenues from Asia Pacific and Emerging Markets

Operating income by business area

adjusted, CHF billion

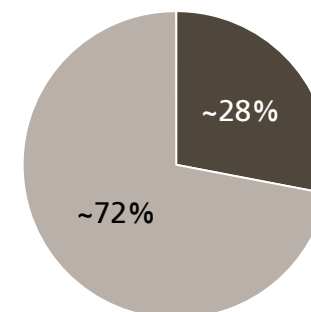


- Substantial increase in profit contribution from APAC
- Continued investments in Emerging Markets
- Europe and Switzerland most affected by low levels of interest rates and transactions

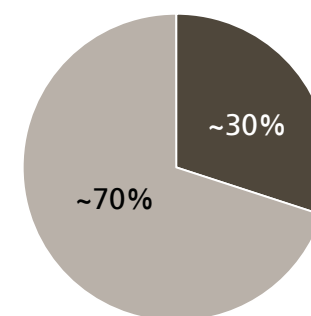
By client segment

2013

Operating income



Profit before tax¹



■ UHNW ■ Other

UHNW cost/income ratio: ~63%

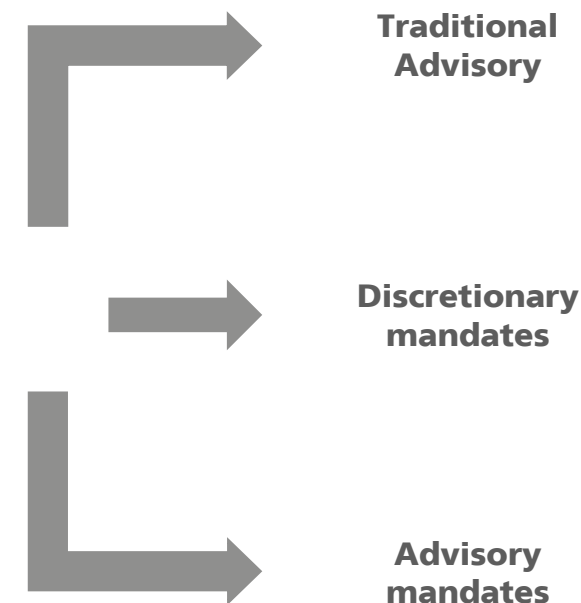
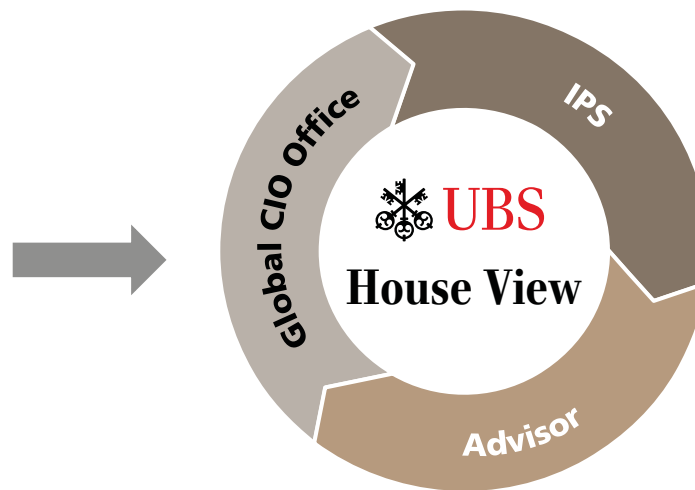
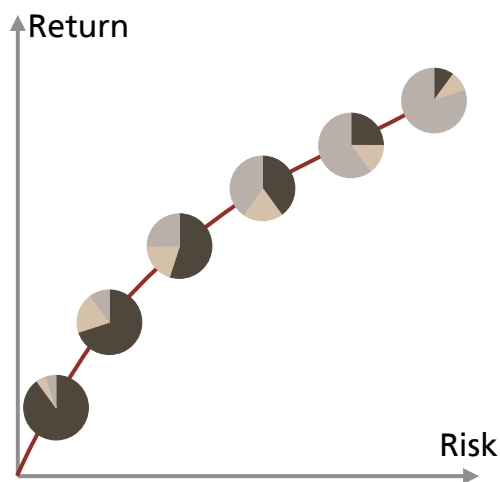
Clear strategic priorities to drive growth

Making investment management part of our DNA	Place investment management and portfolio construction ¹ at the heart of our offering
Transforming advisory	Shift Traditional Advisory ² assets into mandates to provide a greater selection of value-added services to clients
Growing UHNW	Further enhance and capitalize on our market-leading position in high-growth global UHNW segment, including GFO
Reinvigorating HNW	Refocus and invest in our HNW business to optimize competitive advantages, drive growth and leverage mandate and advice capabilities
Expanding our global footprint	Continue investments into our global onshore footprint to capture growth opportunities and appropriately balance offshore/onshore businesses
Leveraging our unique platform	As industry transforms, increasingly translate competitive advantages into profitable market share gains

Taking care of our clients' wealth

Leveraging our investment engine across the entire client base

Client profiling

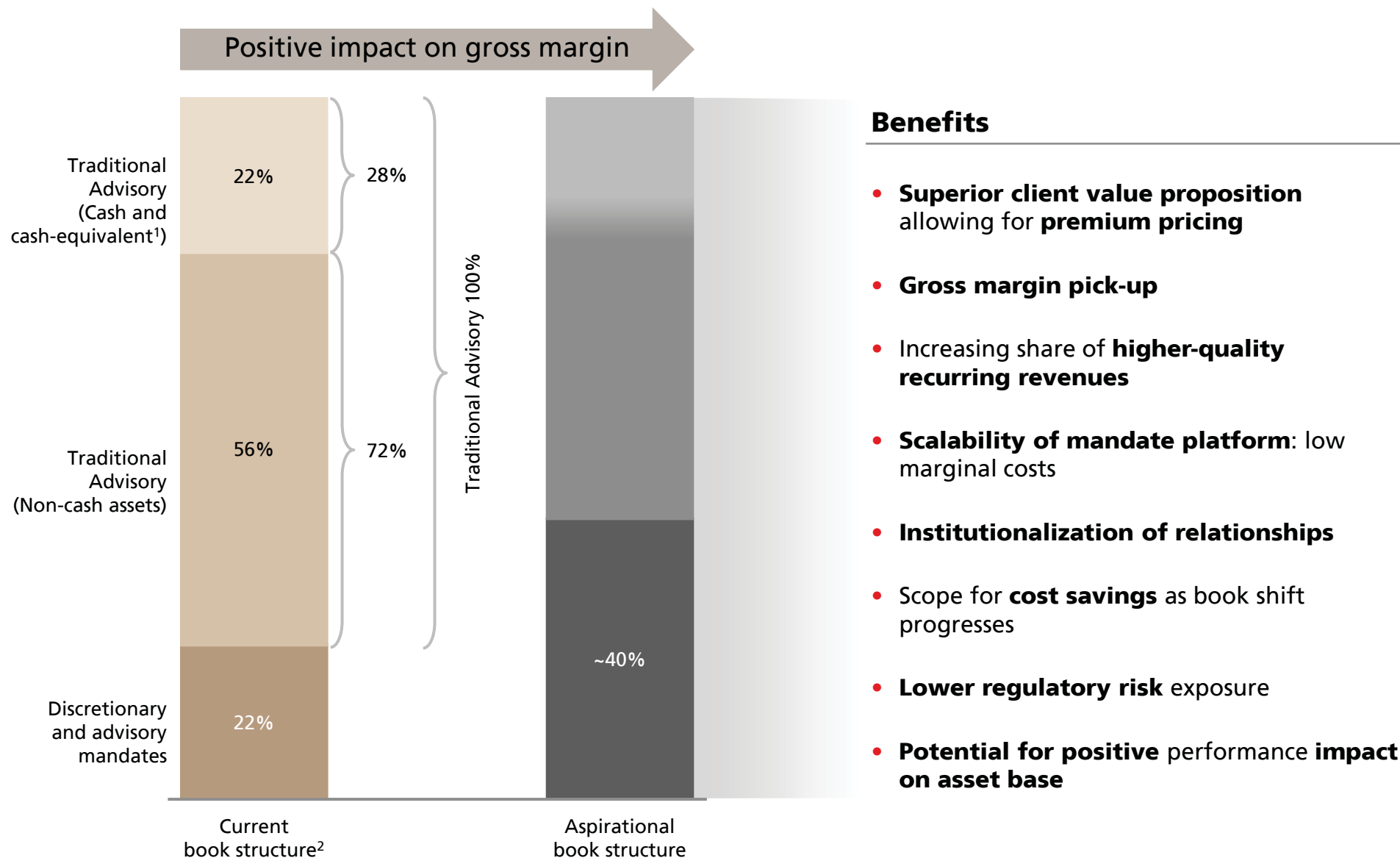


- Deep understanding of our clients' investment needs and risk tolerance
- Six consistent risk/return profiles used across all products

- Clear and consistent views on markets and asset classes used by all advisors around the world
- Input from >850 in-house specialists and renowned external money managers
- Institutional-type response time to market events

- UBS House View tailored to regional and local demands
- Ability to customize
- Extensive external and internal communication to support implementation and build reputation as an investment manager

We aspire to manage a larger proportion of invested assets

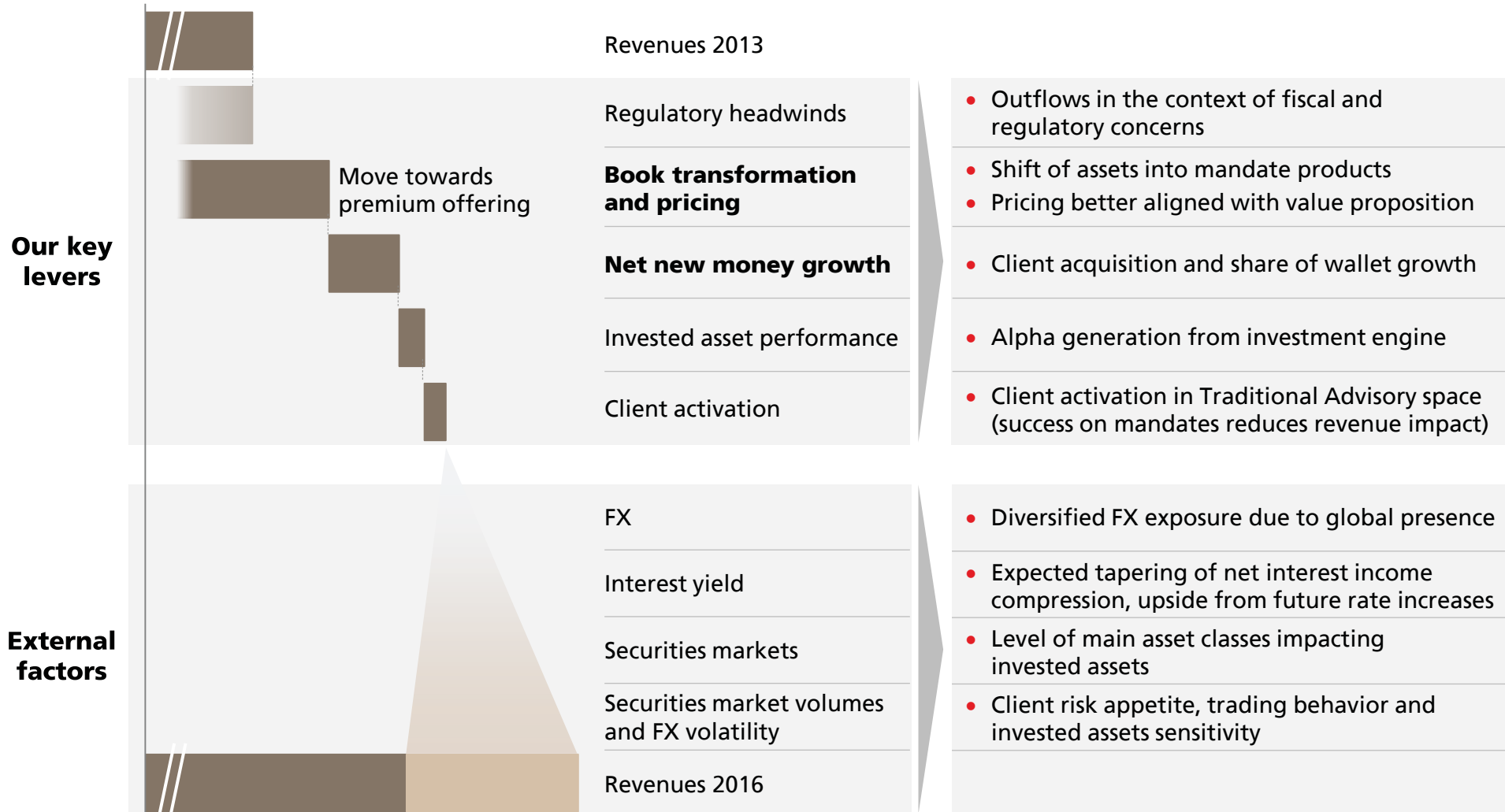


Seizing the revenue opportunities and positioned for macro upside

Revenue development 2013–2016

illustrative example

Comments



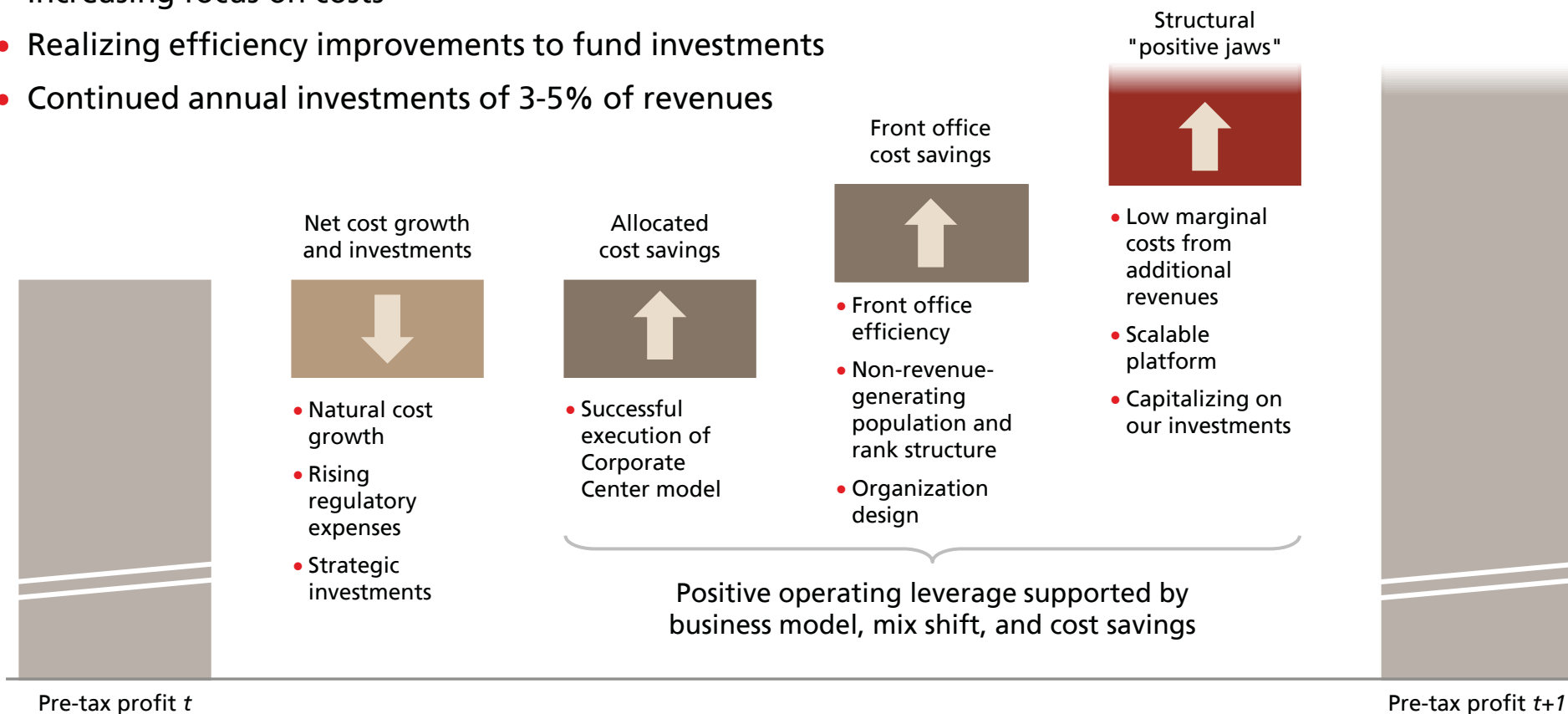
Positive operating leverage

Low marginal costs from additional revenues

Operating leverage

illustrative example, bars not to scale

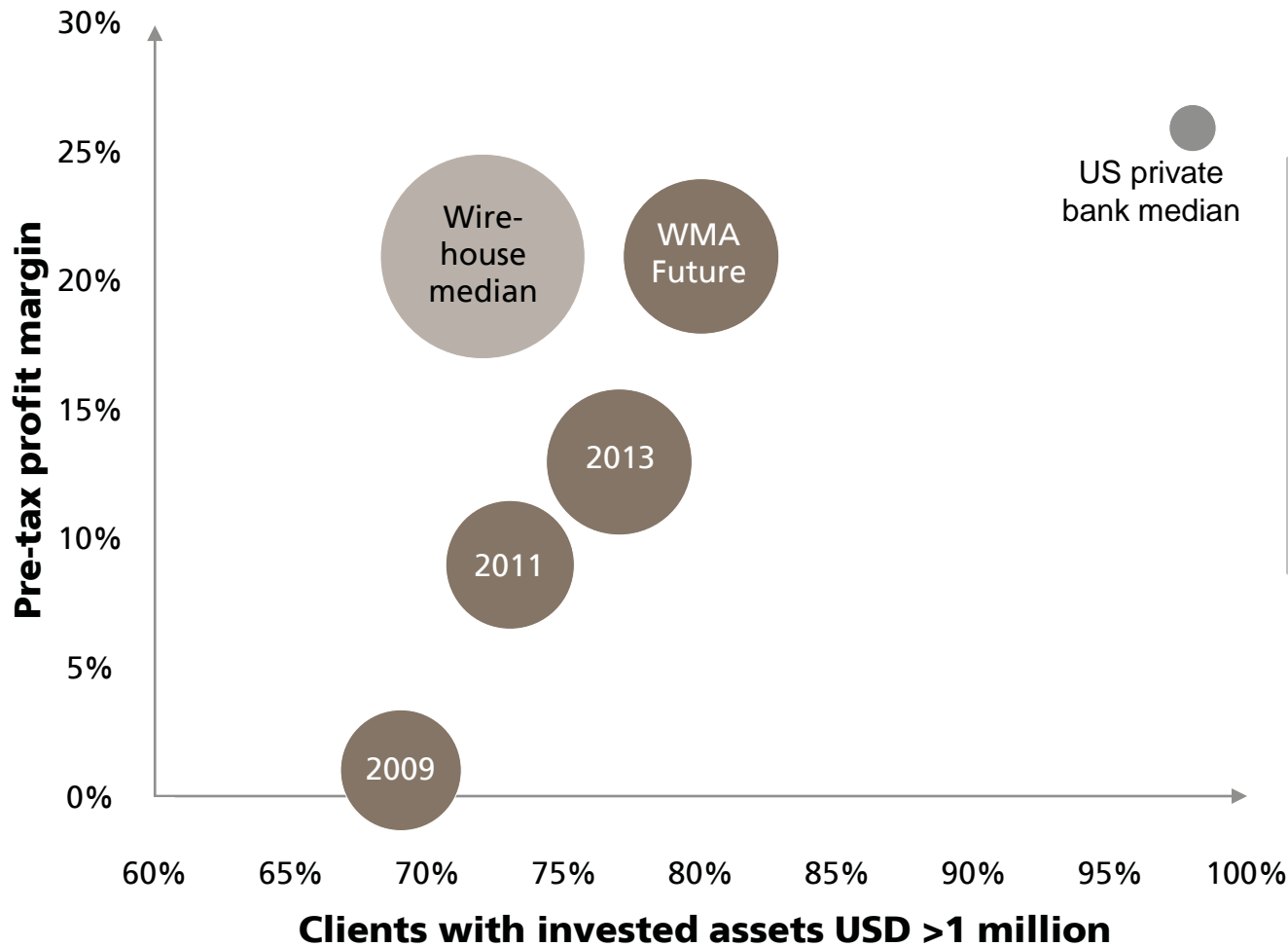
- Increasing focus on costs
- Realizing efficiency improvements to fund investments
- Continued annual investments of 3-5% of revenues



Wealth Management Americas Business Division

Accelerate growth through transformation

WMA's unique positioning and global reach enabling growth through transformation



3 pillars of growth

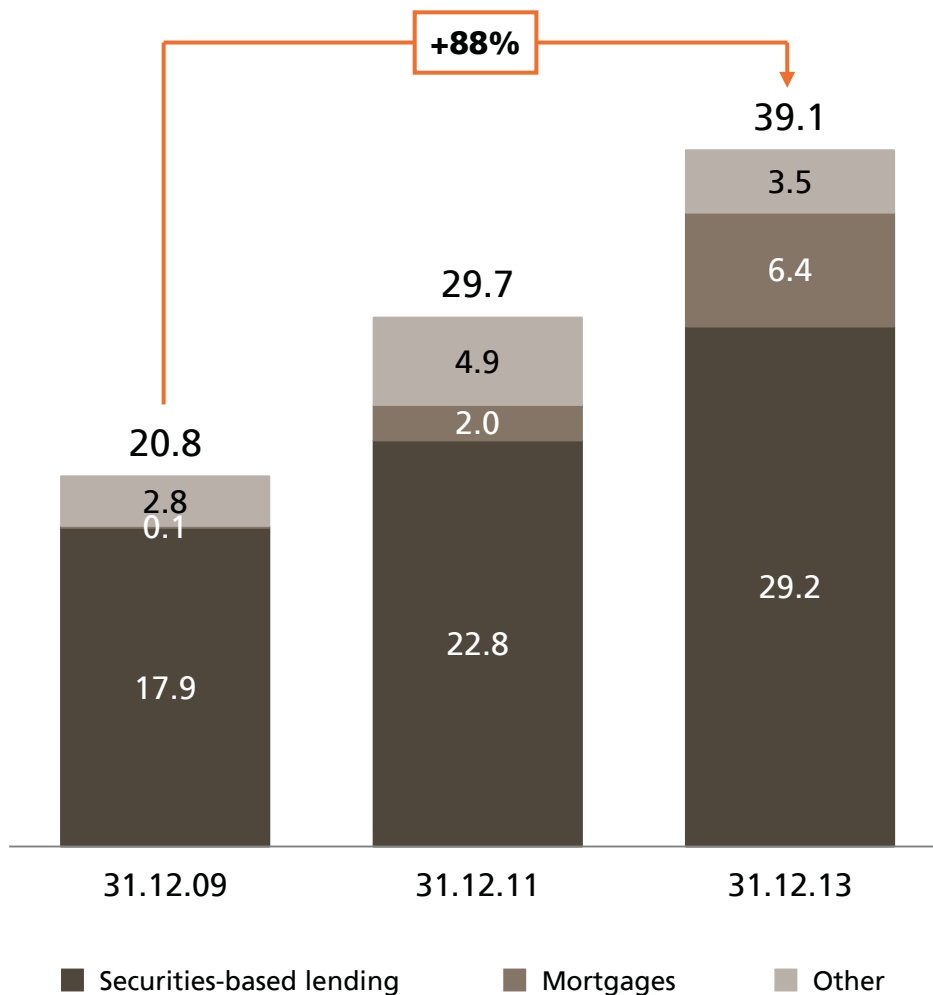


= USD 500 billion

Pillars of further growth – Banking and lending

Lending balances

USD billion



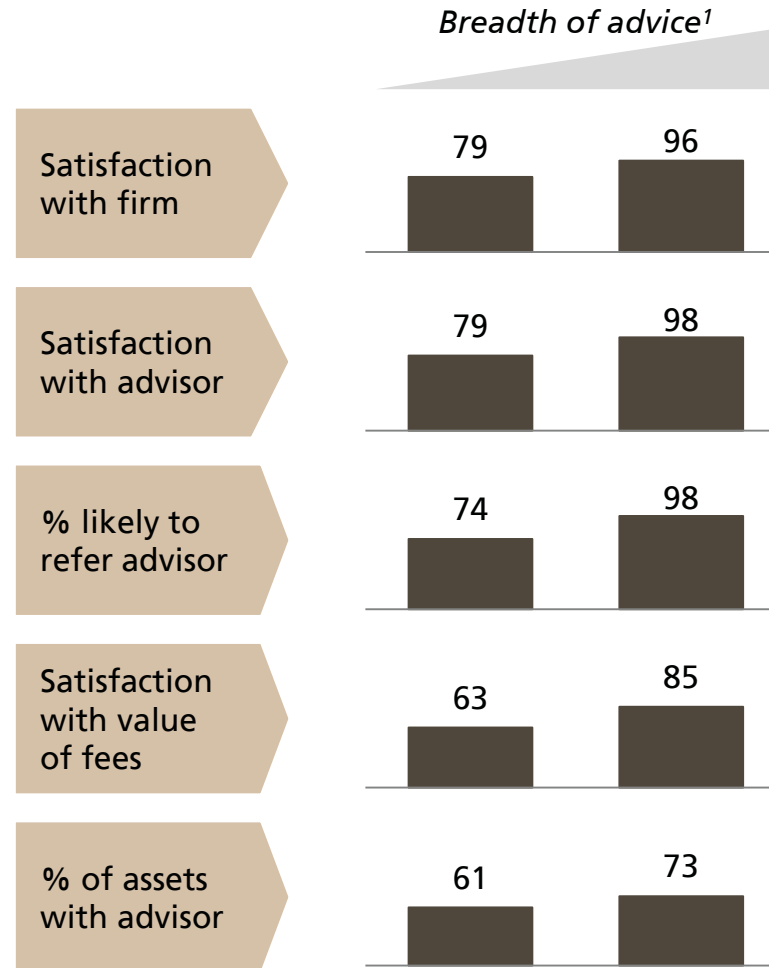
- Mortgage balances and securities-based lending increased by 220% and 28%, respectively, between 2011 and 2013
- Over 99% of loans secured by securities (83%) and residential property (16%)
- Since 2010 average spreads earned on securities-based lending increased by 29 bps
- Strong advisor engagement, well positioned for further growth:
 - Advisor penetration¹ in mortgage products increased from 8% in 2009 to more than 26% in 2013; ambition to double
 - Clients with new securities-based lending approvals in 2013 generated ~USD 10 billion in net new money

Pillars of further growth – Holistic wealth management advice

Clients need wealth management advice



Clients more satisfied when receiving more holistic wealth management advice



Executing programs to support advice delivery

Aligned incentive programs

Developing advisors

- Team formation
- Advisor training/eLearning
- Practice management
- Client focus/efficiency

Supporting advisors in delivering holistic advice

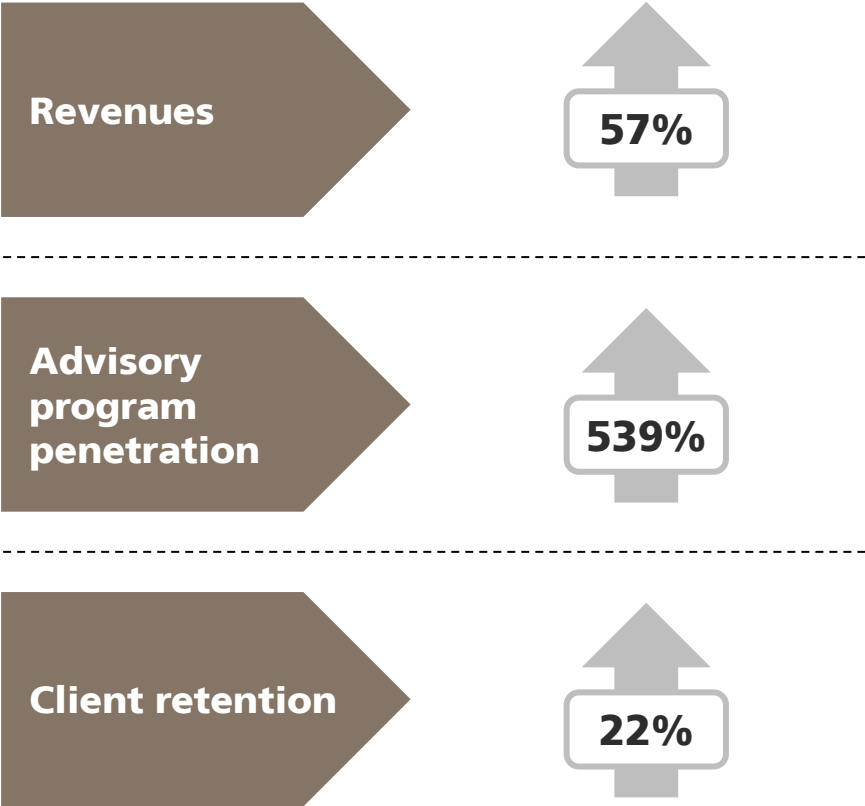
- Global CIO
- Marketing

Financial plans drive deeper relationships and stronger economics¹

Existing clients

YoY change

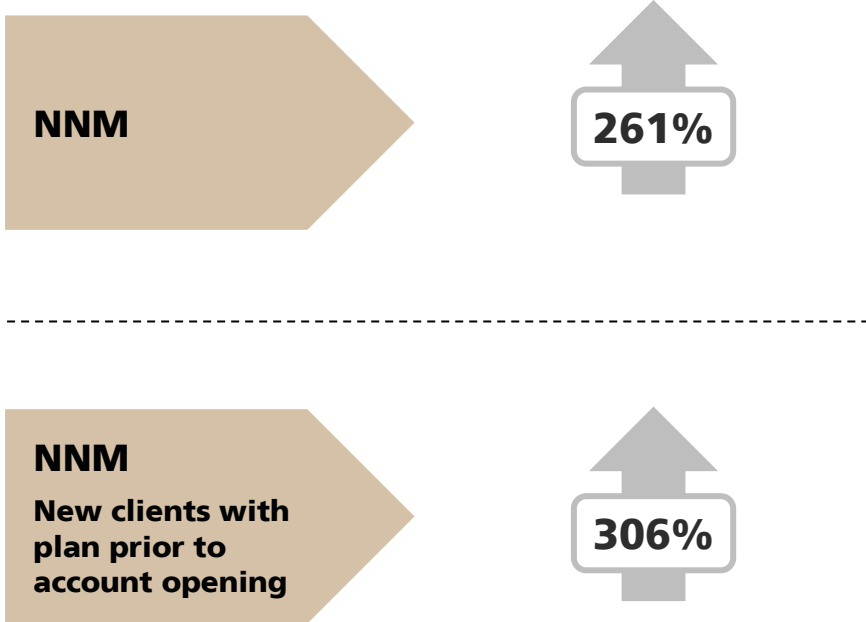
A financial plan drives stronger economics



New clients

YoY change

A financial plan drives asset growth

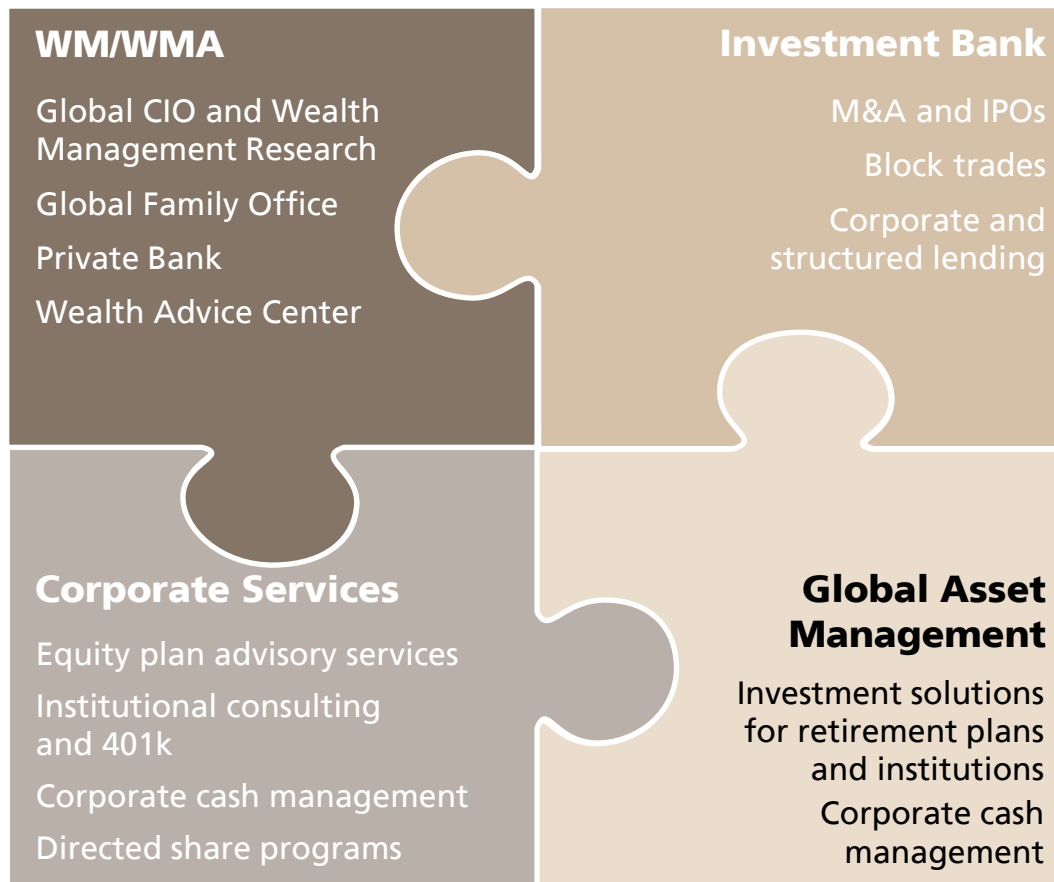


¹ Based on internal analysis of WMA (sample of existing and new) households who received a financial plan vs. equivalent households who did not, comparing their change in key performance metrics between the pre-plan and post-plan time periods; figures above represent differences in period-over-period change between plan households and non-plan equivalent households

Pillars of further growth – Cross-collaboration to deliver the firm

3,488 referrals and 943 wins in 2013; 1Q14 IB referral revenue up 2.3x YoY

Collaboration within organization to meet client needs



Fostering a culture of collaboration

Accomplished:

- Stronger Americas regional governance with cross-business leadership
- Created regional client committee
- Defined referral incentive structure

Underway:

- Developing trust and business relationships between bankers and advisors
- Proactively identifying opportunities
 - WMA C-Suite/Board member relationships
 - Corporate services opportunities from IB relationships
 - IPO and liquidity event transactions

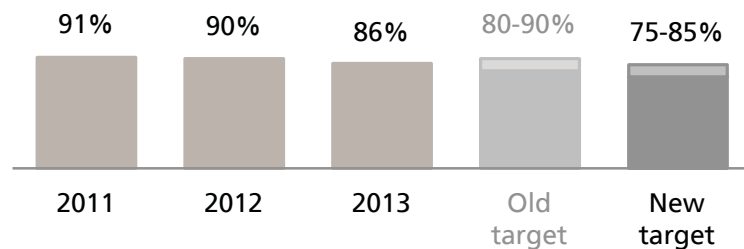
Targets

Targets¹

Wealth Management Americas

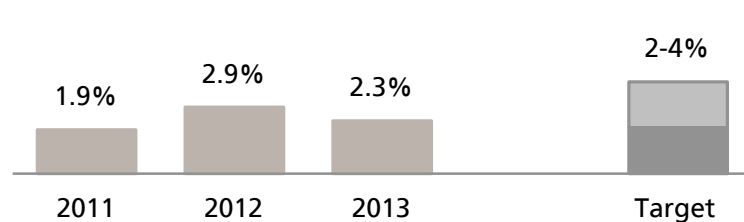
Cost/income ratio

adjusted



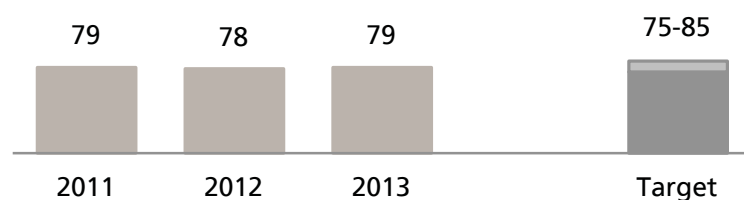
Net new money growth

annual % of invested assets

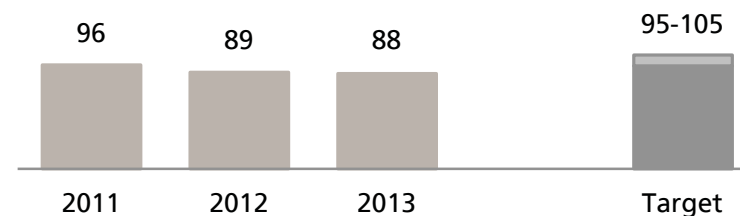
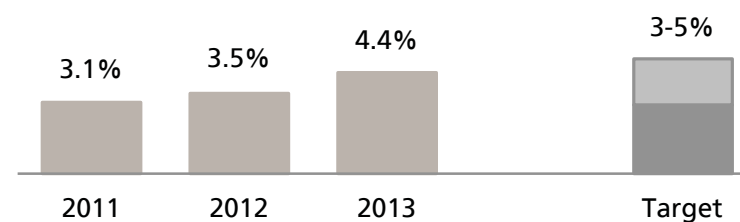
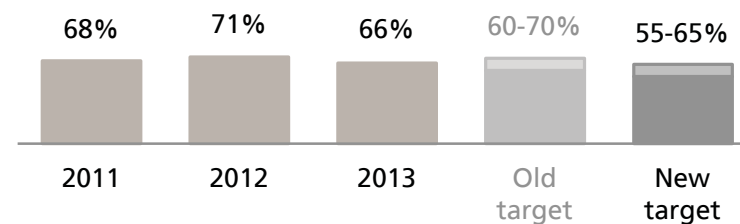


Gross margin

bps



Wealth Management



Very limited capital consumption required for capturing structural growth potential



Refer to slide 31 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Annual performance targets. Performance targets assume constant FX rates

Key messages

Our wealth management businesses are uniquely positioned to capture the global wealth management opportunity

We leverage our global platform and the capabilities of the entire Group to serve the needs of our clients

We aspire to deliver 10-15% adjusted pre-tax profit growth per year over the cycle across both our wealth management businesses

Appendix

Key elements of our platform

Global reach and leading market positions

- Clients from **>200 domiciles** covered via **25 booking centres** globally
- **Presences** in **>40 countries** with increasing share of total assets
- Global reach allowing to capture **growth in APAC, GEM and UHNW segment**

Comprehensive investment and advice offering

- Highly **scalable investment management and advice engine**, large product shelf
- **Close cooperation with all other UBS divisions**
- Most of the **value chain** across markets/client segments **covered in-house**, broad pool of specialists

Global compliance and risk management framework

- **Robust framework in place** supporting our front-to-back offering **across multiple jurisdictions**
- **Fully embedded product and investment suitability rules**
- Strong **risk management track record**

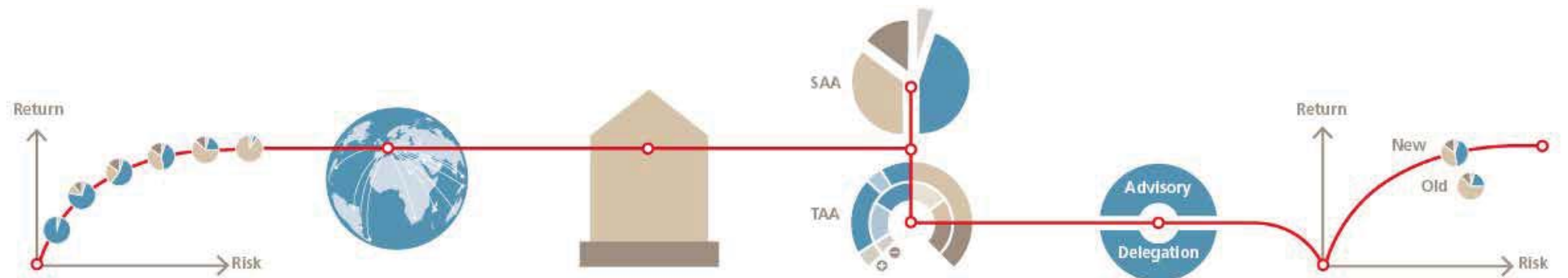


Unrivalled execution, custody and reporting capabilities

- **Executed WM order flow of >CHF 2,500 billion** across all asset classes in 2013; ~590k products ready to trade
- **Custody offering** allowing maximum **safety and flexibility**
- **Global customized consolidated reporting** including in-depth performance analytics

Unique global platform covering the entire value chain across many markets and client segments
Given barriers of entry, impossible to replicate organically


Process behind our investment engine



Client profiling	Analysis	UBS House View	Investment strategy	Investment solutions	Portfolio management goals
CIO Office			IPS		
<ul style="list-style-type: none"> • Client advisors gather and maintain deep understanding of our clients' investment needs and risk tolerance • Six consistent risk/return profiles used across all products • Large scale investment in systems allowing real time scenario analysis 	<ul style="list-style-type: none"> • >850 economists, analysts and investment experts within UBS • Coverage of all major asset classes • Reconciling local, bottom up input with top down macro views • Constant monitoring, adjustment, communication, and implementation 	<ul style="list-style-type: none"> • Formation of the single UBS House View with clear and consistent positions on markets and asset classes • Tailored communication to internal and external clients • "Avoiding tunnel vision" through systematic feedback from external fund managers as well as input from client-facing front-end 	<ul style="list-style-type: none"> • Based on UBS House View, determination of strategic asset allocation (SAA) and tactical asset allocation (TAA), augmented by thematic and tactical satellite investment ideas • Local, regional, and global opportunities presented in one consistent framework • Extensive quantitative modeling to ground qualitative assessments 	<ul style="list-style-type: none"> • Delegated, segregated investment management portfolios reflecting UBS House View, tailored to client's profile • Contract-based advisory enabling clients to monitor and correct portfolios against their profile and UBS House View • Providing Traditional Advisory clients with solutions aligned with UBS House View 	<ul style="list-style-type: none"> • Investment and advisory mandates aligned to client profiles, reference currencies and investment strategies <ul style="list-style-type: none"> – Investment mandates: Optimal instrument selection within portfolio construction; ability to accomplish personal investment instructions – Advisory mandates with daily health checks and customized solutions • Leverage single instrument expertise for optimizing Traditional Advisory portfolios

Chief Investment Office

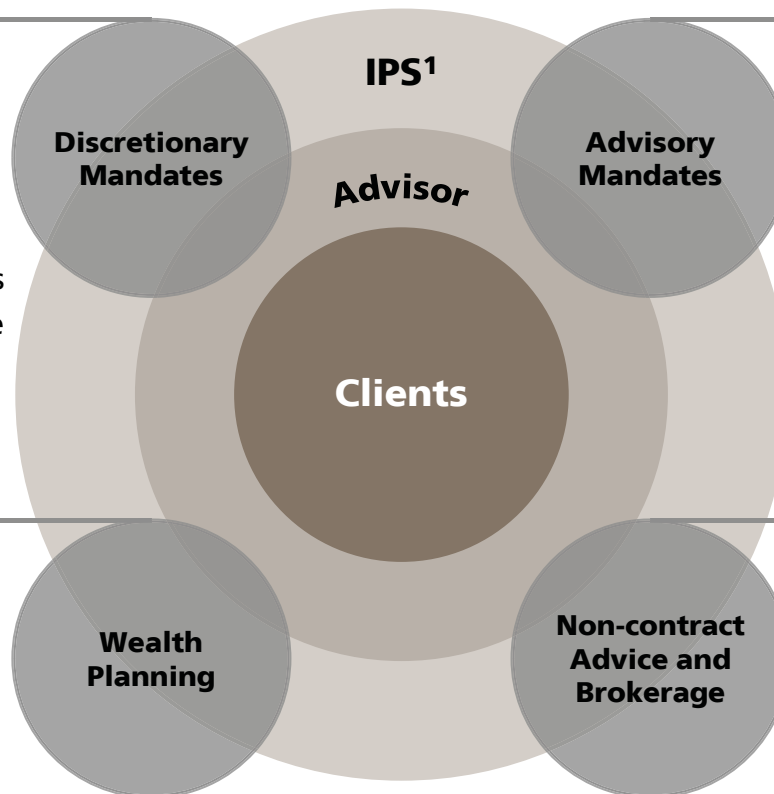
Fully institutionalized, state-of-the-art and highly scalable Chief Investment Office

Resources	Processes	Performance
<ul style="list-style-type: none"> • CIO office staff ~180 in 12 locations • Next to buy-side investment experts, significant resources dedicated to communication and process management • Given front-end demand, dedicated regional and UHNW CIO offices • Ability to draw input from >850 specialists within UBS Group and to leverage real-time input from the IB's direct market presence • Heavy technology spending to develop necessary internal IT capabilities <ul style="list-style-type: none"> – Built scalable proprietary computer systems to run client portfolio health checks – Created automated client alerts on needed adjustments to optimize risk/return 	<ul style="list-style-type: none"> • Sophisticated processes to form investment strategies and manage positions, incorporating <ul style="list-style-type: none"> – Best practice quantitative and qualitative components – Extensive challenge process, including external and client feedback – Real-time, live updating capability • Since 2010, developed and embedded fully integrated value chain together with internal partners ▶ Ensuring impact of formed investment views and aligned product solutions on <ul style="list-style-type: none"> – Discretionary mandates – Advisory mandates – Traditional Advisory business – UBS mutual funds ▶ Benefiting individual wealth management clients by delivering institutional quality services in customized ways 	<ul style="list-style-type: none"> • Objective: achieving best risk/return outcomes while matching client needs • Strategic Asset Allocation with a 5- to 7-year time horizon, expected to deliver majority of investment performance • CIO Global Unconstrained Investment View (tactical 6-month horizon): deploying tactical trades to SAAs within pre-defined and limited risk budget => 122 bps of alpha in 2013¹ 

Investment Products and Services (IPS)

Enabling the transformation of the WM book of business

- Discretionary investment management with broad product offering
- Ability to customize through personal instructions
- ~100,000 discretionary mandates across asset classes and geographies
- Consistent translation of UBS House View into ~10,000 model portfolios
- ~400 specialists



- Fee-based advice in portfolio context
- Daily monitoring of portfolio against pre-defined criteria with CA alerts
- Daily customized investment opportunities in line with UBS House View, portfolio risk/return contribution and suitability
- ~30,000 mandates across asset classes and geographies
- ~130 specialists

- Personalized wealth life-cycle advice
- Highly specialised experts across disciplines and markets
- Ability to deliver sophisticated and bespoke client solutions in-house
- Broad product offering
- ~420 specialists

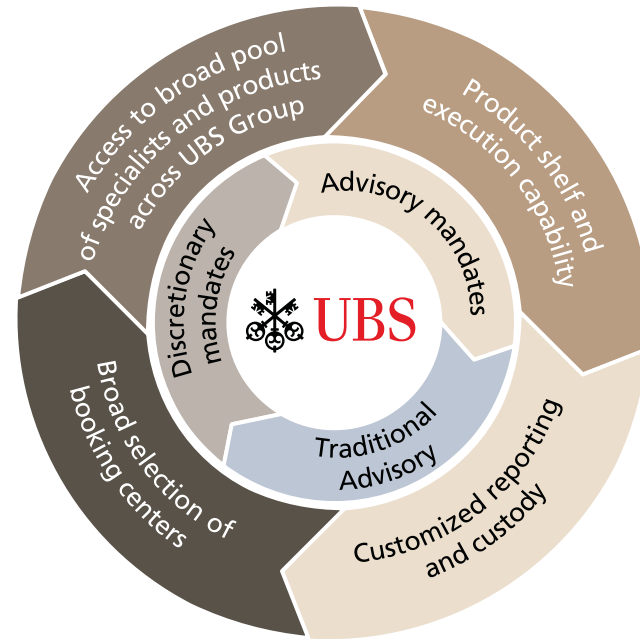
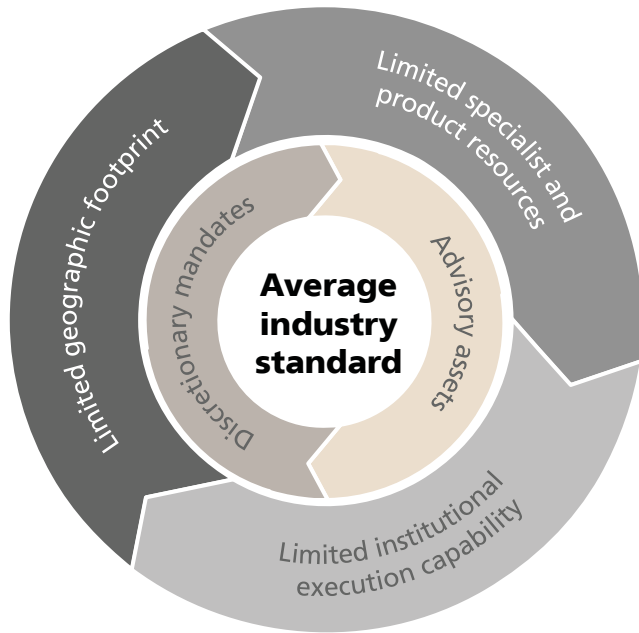
- Traditional Advisory and shelf engine
- Advice in line with UBS House View
- Offering includes Equities, Fixed income, FX, Structured Products, Investment Funds, Alternatives and Precious Metal
- Monitoring of ~26,000 securities, of which 6,000 actively offered
- ~300 specialists

Integral part of value chain and transformation enabler

Focus on customization, innovation and scalability

First point of contact for client advisors

We deliver differentiated solutions to our clients



Comprehensive wealth planning approach Focus on customization at the client level

Discretionary mandates

- Investment process driven by individuals
- Limited customization potential
- Retrocessions in mandates

Advisory assets

- Advice driven by individual CAs
- Single-product brokerage focus without portfolio context
- Limited product shelf

Discretionary mandates

- Fully-institutionalized process
- Optimal instrument selection within defined portfolio construction¹
- Individual client instructions
- Investment performance

Advisory mandates

- Advice in line with portfolio construction, reflecting client profile
- Daily portfolio health checks²
- Daily opportunity offering²
- Access to specialists

Traditional Advisory

- Advice reflecting UBS House View across all asset classes
- Access to extensive product shelf
- Access to institutional execution capabilities



¹ Portfolio construction = Strategic Asset Allocation; ² UBS Advice only, relating to the identification of new health check issues that have arisen in the last 24 hours. UBS Advice is our flagship advisory mandate product which we started to roll out in 2013 – it is tailored to clients who do not require regular access to an investment specialist

Revenue sensitivity to management actions and market factors¹

Execution of management priorities

Less conservative investment behavior

▶ 10% of clients shift from conservative to a more balanced portfolio based on current book concentration: ~CHF 140 million per year (~1.6 bps RoA)

Book transformation

▶ 2 additional mandate sales (CHF 1 million each) for every client advisor per quarter: ~CHF 100 million per year (~1.1 bps RoA)

Net new money

▶ 50% of client advisors increase their current book size by 5% NNM growth: ~CHF 100-150 million per year

Pricing

▶ 50% of client advisors remove discounts on invested assets by 10%: ~CHF 90 million per year (~1 bp RoA)

Positive external factors

Foreign exchange²

▶ 10% depreciation in the CHF vs. USD: ~CHF 250 million
 ▶ 10% depreciation in the CHF vs. EUR: ~CHF 190 million
 ▶ 10% depreciation in the CHF vs. GBP: ~CHF 40 million

Interest yield

▶ 100 bps parallel shift in the yield curves of all currencies: ~CHF 700 million per year, based on constant deposit and loan volumes (~8 bps RoA)

Securities markets

▶ 10% rise in global securities prices (equities and fixed income): ~CHF 200-350 million per year (incremental recurring income)

Securities market volumes & FX volatility

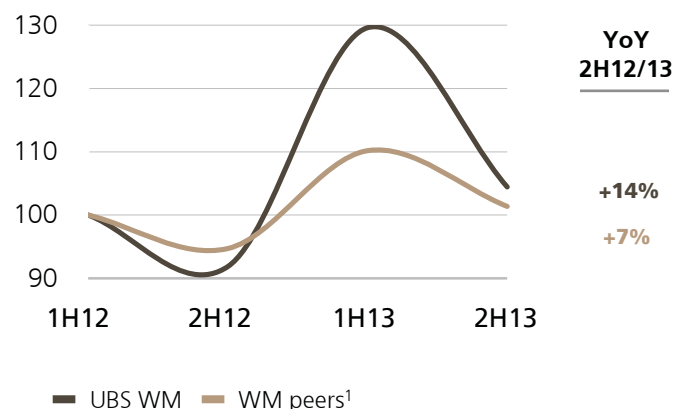
▶ 10% increase in traded securities and FX market volumes (equities, fixed income and FX): of ~CHF 90 million per year (~1 bp RoA)

Strong financial performance



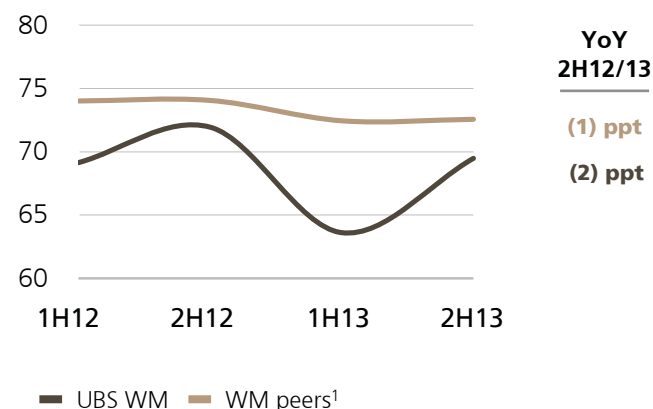
Pre-tax profit growth

(1H12=100)



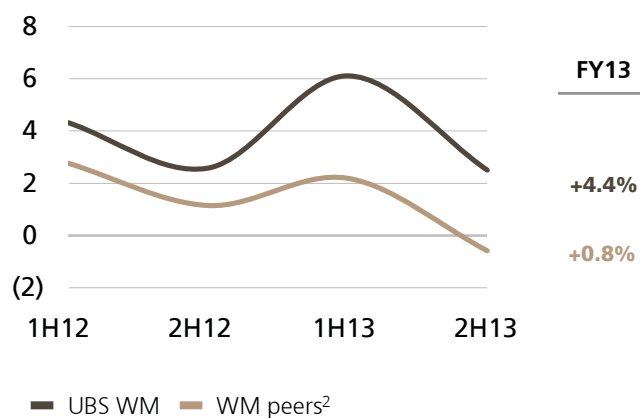
Cost/income ratio

(%)



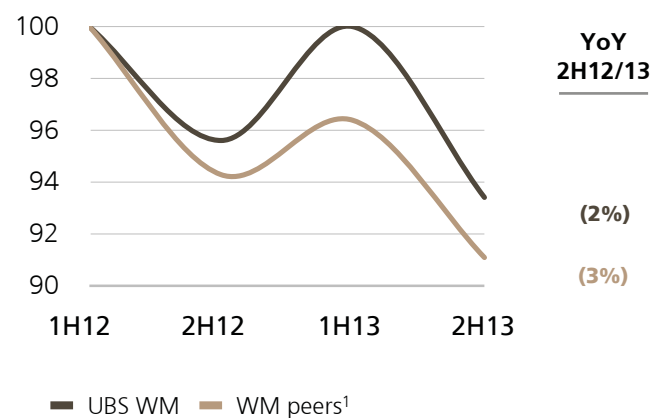
Net new money growth

(%, annualized)



Indexed RoA

(1H12=100)



Europe

- Best private banking services overall
- Best relationship management
- Best range of investment products
- Best range of advisory services
- Best HNW services

APAC

- Best private banking services overall
- Best range of investment products
- Best range of advisory services
- Best UHNW services

Switzerland

- Best Private Banking Services overall
- Best range of investment products
- Best range of advisory services
- Best UHNW services

Emerging markets

- Best relationship management (CEE)
- #1 Inheritance & succession planning (ME)

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.