UBS

Second quarter 2014 results

July 29, 2014

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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.

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2Q14 highlights

Group

Net profit attributable to UBS shareholders CHF 792 million[1], diluted EPS CHF 0.21

Profit before tax (PBT) CHF 1,218 million, adjusted PBT CHF 1,191 million including CHF 254 million provisions for litigation, regulatory and similar matters

Largest global wealth manager[2] with combined underlying PBT of CHF 941 million[3]

Basel III fully applied CET1 ratio of 13.5%, fully applied Swiss SRB leverage ratio of 4.2%

Business divisions[4]

Wealth Management: PBT CHF 393 million, NNM CHF 10.7 billion, gross margin of 84 bps
– Solid performance excluding litigation, strong net new money

Wealth Management Americas: PBT USD 246 million, NNM negative USD 2.5 billion[5]
– Solid performance on record income, invested assets surpass USD 1 trillion

Retail & Corporate: PBT CHF 367 million, net interest margin increased 5 bps to 158 bps
– Strong performance excluding litigation, increased loan margin

Global Asset Management: PBT CHF 107 million, NNM CHF 11.6 billion excluding money market flows
– Annualized NNM ex-money market growth rate of 8.7% with strong inflows from WM and third-party channels

Investment Bank: PBT CHF 563 million, RoAE of 30%
– Strong contribution from CCS with revenues up across all regions

Corporate Center: Pre-tax loss CHF 387 million, substantial progress in reducing Non-core and Legacy Portfolio
– CHF 412 million loss in Non-core and Legacy Portfolio driven by exits, CHF 8 billion reduction in RWA

Named "Best Global Bank" and "Best Bank in Switzerland" by Euromoney[6]

Refer to slide 31 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Total net profit of CHF 904 million, of which CHF 112 million attributable to preferred noteholders and non-controlling interests; 2 Scorpio Partnership Global Private Banking Benchmark 2014; 3 Adjusted PBT for WM and WMA excluding provisions for litigation, regulatory and similar matters; 4 Business division figures on an adjusted basis; 5 Includes withdrawals of ~USD 2.5 billion associated with seasonal income tax payments; 6 Euromoney 2014

Executing our strategy to further unlock UBS's potential

Capital-efficient profit growth

- → Remain disciplined on strategy execution while enhancing capabilities and profitability
- → Further reduce Corporate Center costs and improve front office efficiency
- → Pursue growth strategy across all segments and regions

Maintain capital strength while addressing legacy issues

- → Continue to exit the Non-core and Legacy Portfolio efficiently
- → Sustain our capital strength in an evolving regulatory environment
- → Continue addressing litigation and regulatory issues
- → Adapting legal structure to enhance resolvability

Our strategy supports an attractive capital returns program

Group results

CHF million	2Q13	1Q14	**2Q14**
Total operating income	7,389	7,258	7,147
Total operating expenses	6,369	5,865	5,929
Profit before tax as reported	**1,020**	**1,393**	**1,218**
Own credit on financial liabilities designated at fair value	138	88	72
Gains on sales of real estate	19	23	1
Gain on disposals	0	0	43
Net restructuring charges	(140)	(204)	(89)
Adjusted profit before tax	**1,003**	**1,486**	**1,191**
of which provisions for litigation, regulatory and similar matters	(658)	(193)	(254)
of which guarantee payments in relation to the Swiss-UK tax agreement, an impairment of certain disputed receivables, and others	(207)	6	(53)
Tax (expense)/benefit	(125)	(339)	(314)
Net profit attributable to preferred noteholders/non-controlling interests[1]	(205)	0	(112)
Net profit attributable to UBS shareholders	**690**	**1,054**	**792**
Diluted EPS (CHF)	0.18	0.27	0.21
Return on Equity (RoE) (%)	5.9	8.7	6.4
Total book value per share (CHF)	12.49	13.07	13.20
Tangible book value per share (CHF)	10.73	11.41	11.54

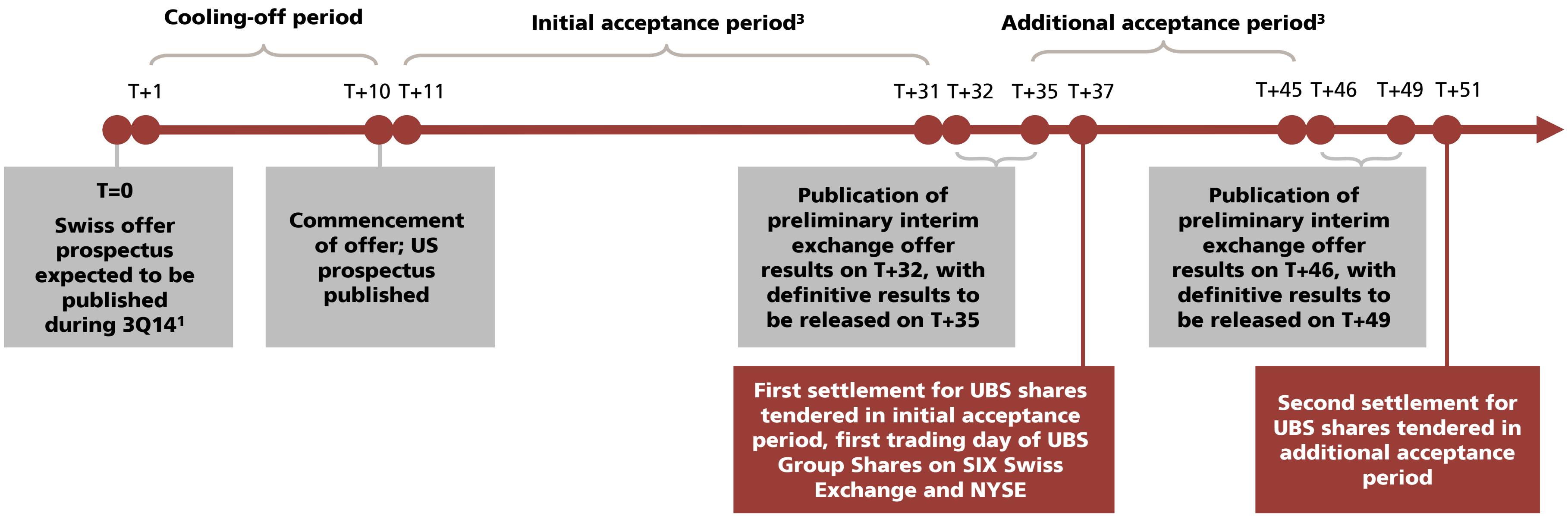
Refer to slide 31 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

[1] Refer to slide 31 for details on guidance related to net profit attributable to preferred noteholders

Creating a Group holding company

Share exchange offer expected to be launched in the third quarter of 2014[1]

Indicative timetable of principal events[2]



T=0

Swiss offer prospectus expected to be published during 3Q14[1]

Commencement of offer; US prospectus published

Publication of preliminary interim exchange offer results on T+32, with definitive results to be released on T+35

Publication of preliminary interim exchange offer results on T+46, with definitive results to be released on T+49

First settlement for UBS shares tendered in initial acceptance period, first trading day of UBS Group Shares on SIX Swiss Exchange and NYSE

Second settlement for UBS shares tendered in additional acceptance period

- The exchange offer may take up to three months from the publication of the Swiss and US prospectuses[4] to final settlement of the offer, any squeeze-out required thereafter could take several additional months
- Shareholders will be able to tender their shares in an initial and additional acceptance period
- A key condition for the successful completion of the offer is achieving a 90% acceptance level by shareholders
- Enhanced resolvability is expected to result in UBS qualifying for a capital rebate under Swiss Too-Big-To-Fail legislation
- Following successful completion of the transaction, we expect to propose a supplementary capital return of at least CHF 0.25 per share[5] from the Group holding company, which would be separate and in addition to our targeted capital return of at least 50% of net profit attributable to shareholders[6]

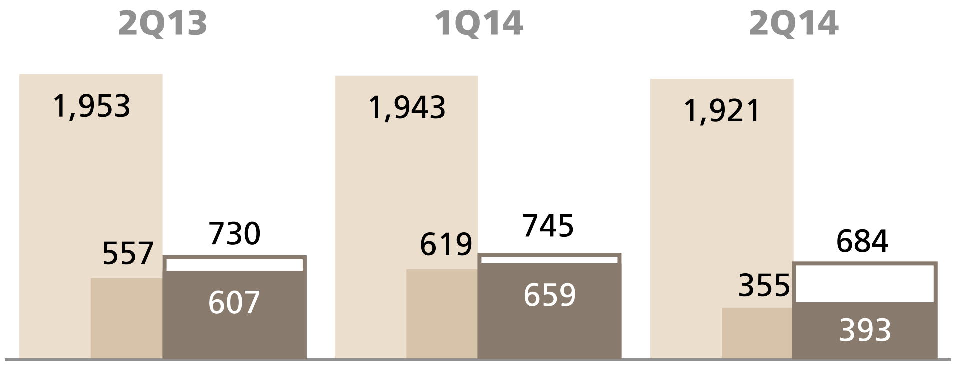
1 Subject to regulatory approvals, including FINMA and the Swiss TOB; 2 Business days; 3 Duration dependent on certain conditions, acceptance period could be extended up to ten days; 4 Two simultaneous offers will be conducted in the USA and Switzerland (to include an international component); 5 Subject to shareholder approval through a General Meeting; 6 Payout ratio of at least 50% conditional on both fully applied CET1 ratio of minimum 13% and our objective of achieving and maintaining a post-stress CET1 capital ratio of at least 10%

Wealth Management

Solid performance excluding litigation; strong net new money

Operating income and profit before tax

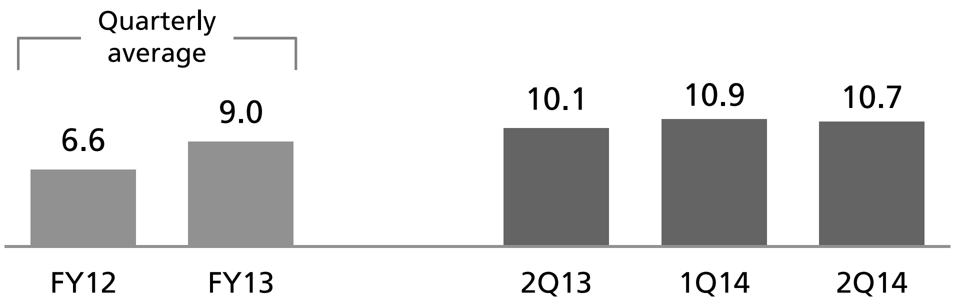
CHF million



- Operating income (as reported)
- Profit before tax (as reported)
- Profit before tax (adjusted)
- ☐ Profit before tax (adjusted), further excluding a charge in relation to the Swiss-UK tax agreement (2Q13 event), as well as provisions for litigation, regulatory and similar matters

Net new money

CHF billion



Operating income down 1%

- Recurring income up 3% to CHF 1,440 million on higher recurring net fee income and higher net interest income
- Transaction-based income down 13% to CHF 472 million with decreases across all regions, primarily due to lower FX and investment fund revenues

Adjusted cost/income ratio 80%

- Adjusted expenses up 19% to CHF 1,528 million, driven primarily by an increase in charges for litigation, regulatory and similar matters to CHF 291 million, up CHF 205 million

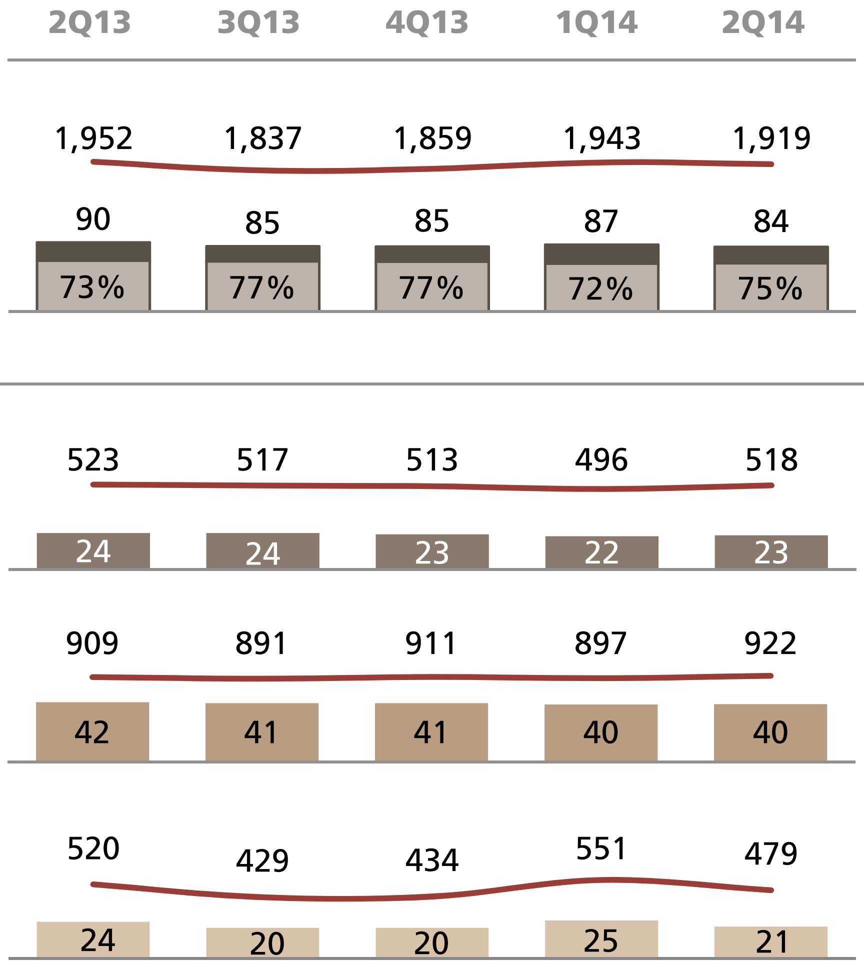
Strong net new money at CHF 10.7 billion

- APAC delivered its best quarter since 4Q07
- Ongoing cross-border asset outflows outpaced domestic inflows in Europe
- CHF 9.6 billion net inflows in UHNW
- Annualized NNM growth rate of 4.8%

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

Wealth Management—revenue by source

Revenues impacted by low volumes partly offset by mandate growth



- Income (CHF million)
■ Gross margin (bps)
■ Recurring income as a % of income
■■■ Gross margin components (bps)

Wealth Management

Net interest income

Increase mainly due to higher NII from Lombard lending and higher revenues allocated from Group Treasury

Recurring net fee income

Effect of increased penetration in mandates to 24% of invested assets at 30.6.14, more than offset impact of cross-border asset outflows

Transaction-based and other income

Decrease across all regions, especially in APAC and Europe, driven by lower market volume and volatility

Invested assets CHF billion	**862**	**871**	**886**	**899**	**928**

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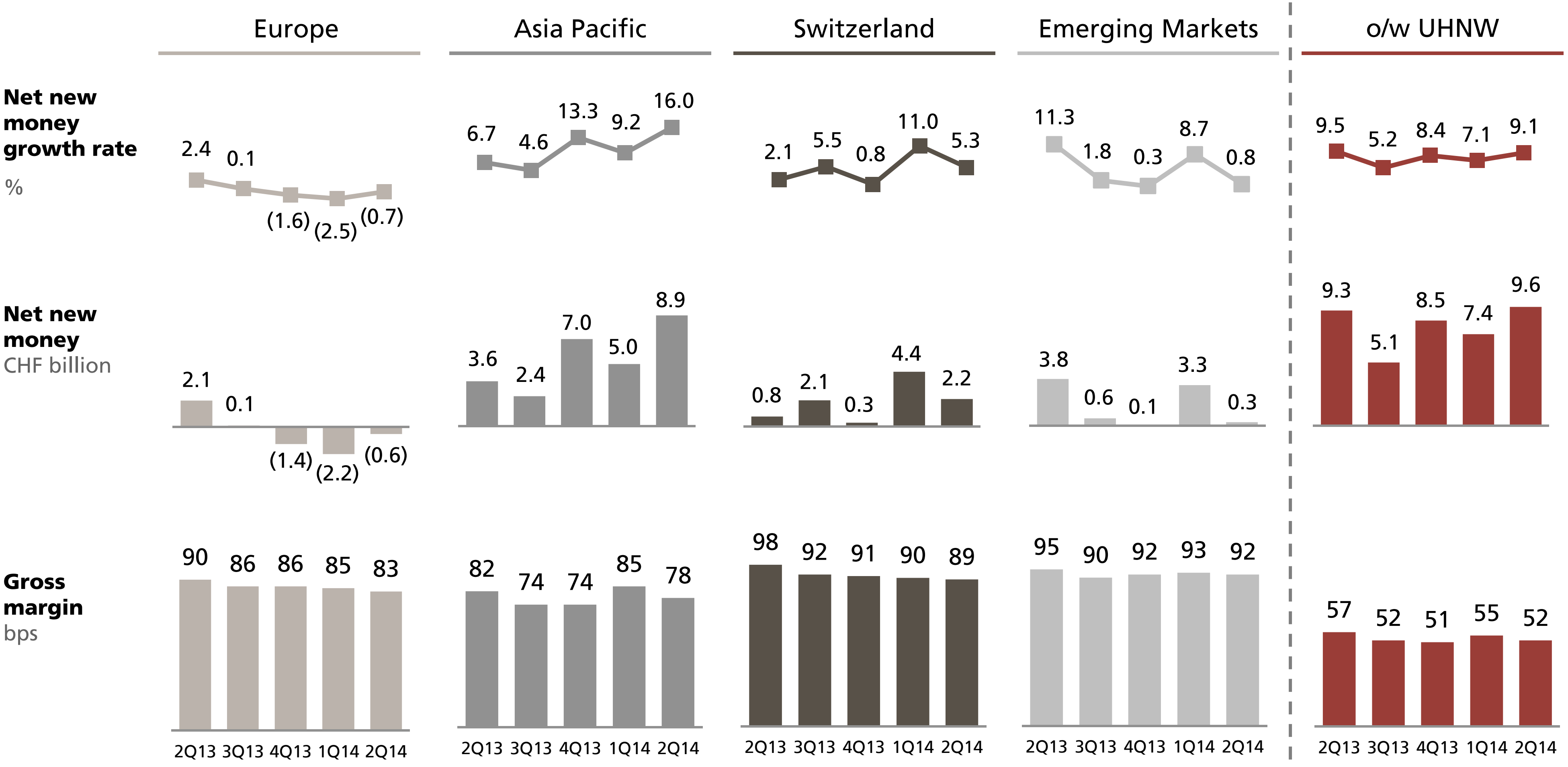
Wealth Management—by region[1]



30.6.14					
Invested assets CHF billion	**352**	**238**	**171**	**157**	**447**
Client advisors FTE	**1,484**	**1,153**	**758**	**789**	**672**

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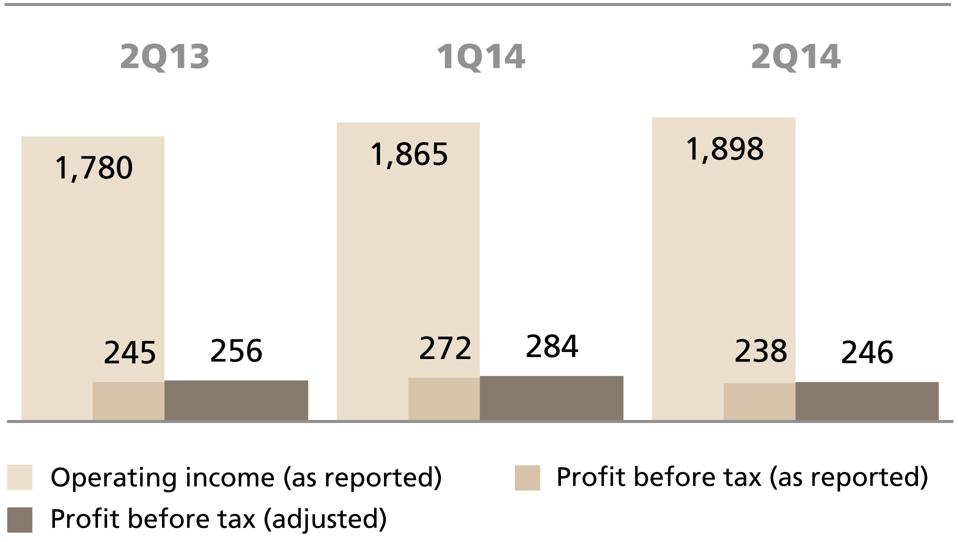
[1] Based on the Wealth Management business area structure; refer to page 27 of the 2Q14 financial report for more information

Wealth Management Americas (USD)

Strong performance excluding litigation; invested assets >USD 1 trillion

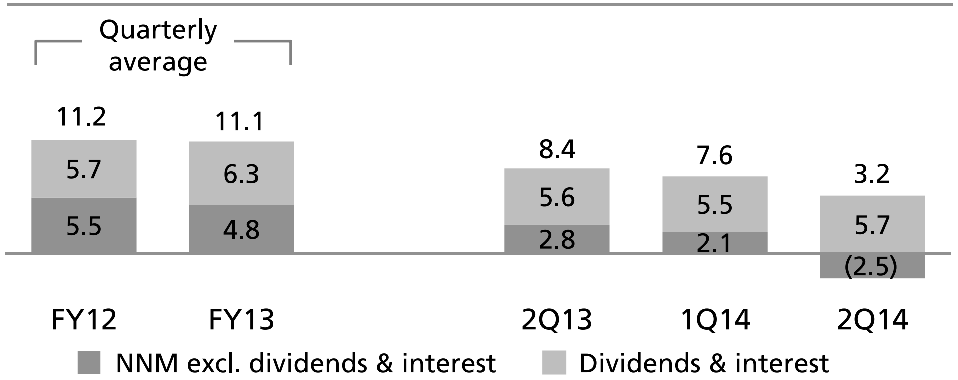
Operating income and profit before tax

USD million



Net new money

USD billion



Operating income up 2%

- Record recurring income: Net interest income increased 4% to USD 261 million on continued growth in lending balances, recurring net fee income increased 4% to USD 1,163 million on higher invested asset levels
- Transaction-based income decreased by 2% on lower client activity, most notably in US municipals
- Credit loss expense of USD 2 million, compared with credit loss recovery of USD 19 million in 1Q14

Adjusted cost/income ratio 87%

- Adjusted expenses up 4% to USD 1,652 million driven by increased FA compensation and increased G&A expenses
- Charges for litigation, regulatory and similar matters remained elevated at USD 44 million

USD (2.5) billion net new money

- ~USD 2.5 billion of client withdrawals associated with seasonal income tax payments

Continued strong FA productivity

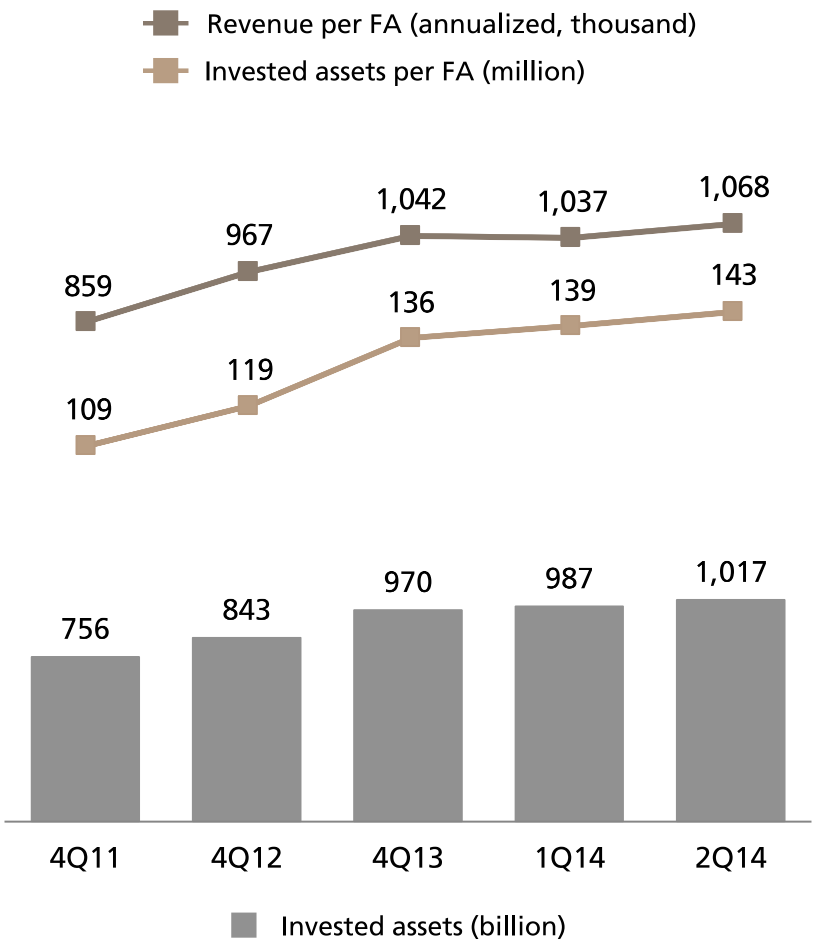
- Record annualized revenue per FA of >USD 1 million
- Record invested assets per FA of USD 143 million

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

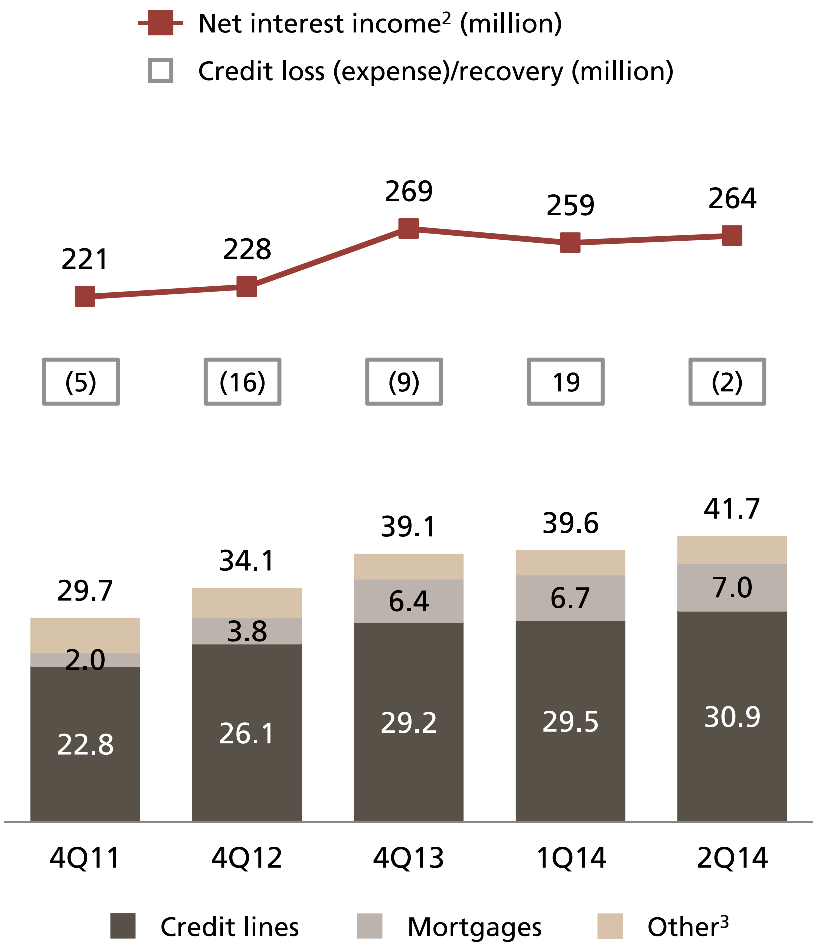
Wealth Management Americas—FA productivity and lending (USD)

Record invested assets and revenue per FA

Invested assets and FA productivity



Net interest income and lending balances[1]



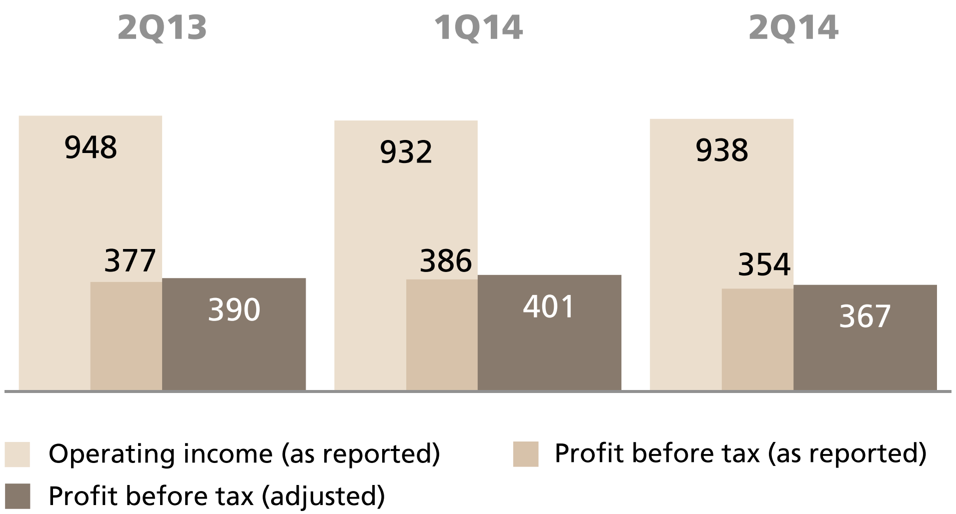
1 Period ending balances; 2 Total WMA net interest income excluding the following effective interest rate adjustments from mortgage-backed securities in the available-for-sale portfolio (USD): 4Q11 (3) million, 4Q12 2 million, 4Q13 7 million, 1Q14 (9) million and 2Q14 (3) million; 3 Mainly margin loans

Retail & Corporate

Strong performance excluding litigation; net interest margin up 5 bps

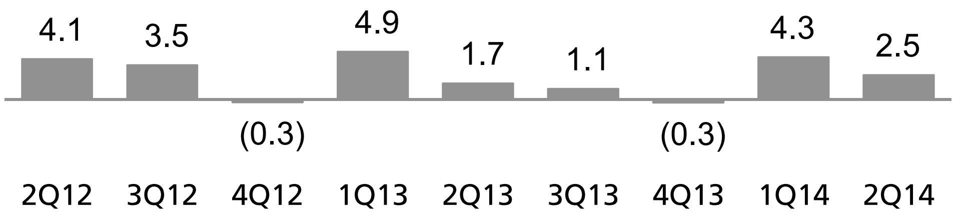
Operating income and profit before tax

CHF million



NNBV[1] growth rate (retail business)

%, annualized



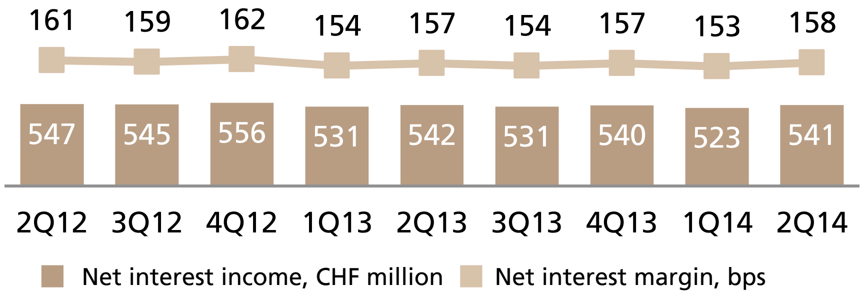
Operating income up 1%

- Income increased mainly on higher interest income as well as increased transaction-based income, offsetting a decline in recurring net fee and other income
- CHF 8 million net credit loss expense compared with net credit loss recovery of CHF 12 million in the prior quarter

Adjusted cost/income ratio 60%

- 7% increase in adjusted expenses mainly driven by an increase in charges for litigation, regulatory and similar matters to CHF 48 million, up CHF 37 million

Net interest margin



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

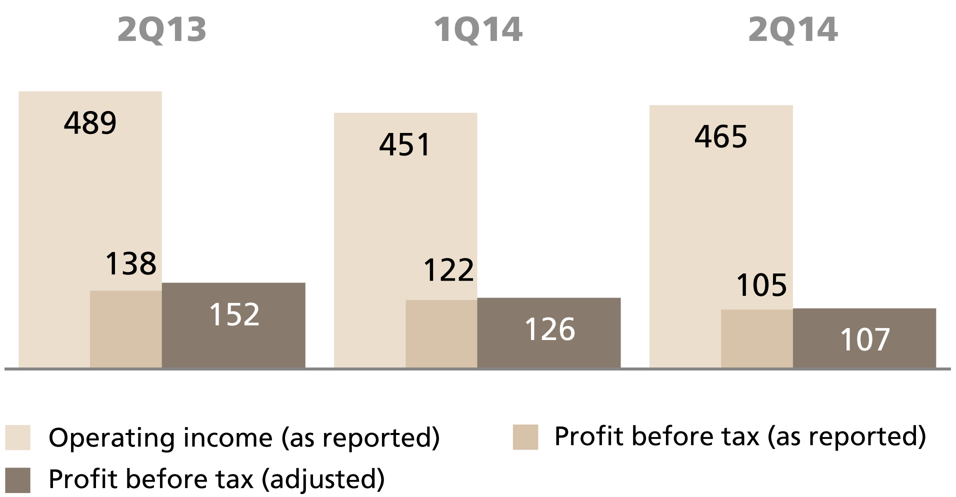
1 Net new business volume

Global Asset Management

NNM excluding money market flows remained strong at CHF 11.6 billion

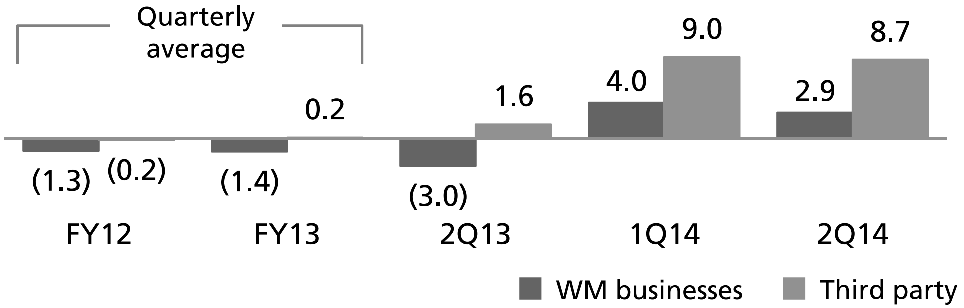
Operating income and profit before tax

CHF million



NNM by channel – excluding money market

CHF billion



Operating income up 3%

- Net management fees up by CHF 23 million mainly in traditional investments and global real estate, partially due to strong first quarter NNM
- Performance fees down CHF 9 million to CHF 38 million, mainly in traditional investments and O'Connor and A&Q

Adjusted cost/income ratio 77%

- Adjusted operating expenses up 10%, as the quarter included CHF 33 million in charges for litigation, regulatory and similar matters

Gross margin 31 bps

- In line with 1Q14, as invested assets rose at the same pace as revenues

CHF 11.6 billion NNM ex-money market

- Annualized ex-money market NNM growth rate of 8.7%, above the target range of 3-5%
- Net inflows from third party channels and wealth management businesses across a variety of capabilities

Investment performance: alternatives

- >80% of O'Connor and A&Q assets eligible for performance fees above high water mark at quarter-end

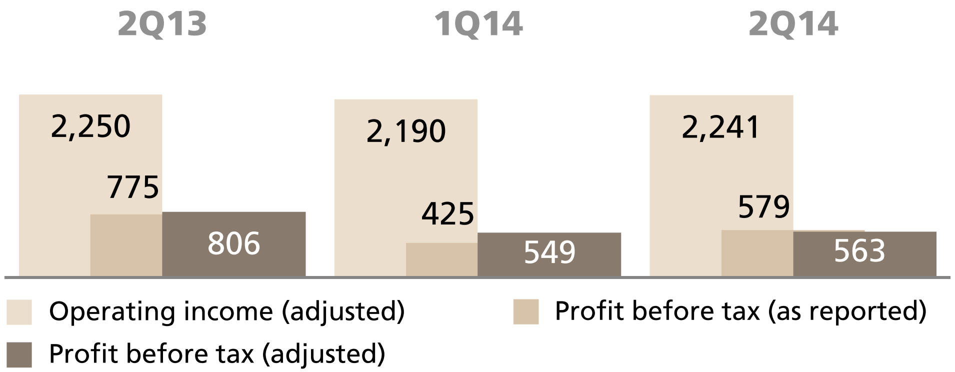
Refer to slide 31 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

Investment Bank

Solid performance with strong contribution from CCS and resilient FRC[1]

Adjusted operating income and profit before tax[2]

CHF million



Adjusted operating income[2]

CHF million

	2Q13	1Q14	2Q14
Corporate Client Solutions	**771**	**770**	**986**
Advisory	163	153	165
Equity Capital Markets	232	196	349
Debt Capital Markets	246	303	371
Financing Solutions	163	128	119
Risk Management	(33)	(10)	(17)
Investor Client Services	**1,475**	**1,420**	**1,260**
Equities	1,113	1,037	906
FX, Rates and Credit	362	382	355
Income	**2,246**	**2,190**	**2,247**
Credit loss (expense)/recovery	4	0	(6)
Total operating income (adjusted)	**2,250**	**2,190**	**2,241**

Adjusted operating income up 3%

- CCS: Strong performance with income up 28% to CHF 986 million, increasing across all regions with particularly strong contribution from ECM and DCM
- ICS: Resilient performance in FX, Rates and Credit, Equities impacted by lower volumes, total ICS adjusted income down 11% to CHF 1,260 million

Adjusted cost/income ratio 75%

- Adjusted operating expenses up 2% to CHF 1,677 million

Focused resource utilization

	2Q13	1Q14	**2Q14**
Adjusted cost/income ratio (%)	64	75	**75**
Adjusted RoAE (%)[3]	38	28	**30**
RWA (CHF billion)	67	62	**68**
RWA ex-operational risk (CHF billion)	54	41	**47**
Adjusted RoRWA (%, gross)[4]	13	14	**14**
Funded assets (CHF billion)[5]	179	176	**182**
Swiss SRB LRD[6] (CHF billion)	-	272	**278**
Front office staff (FTE)	5,445	5,254	**5,167**

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

1 FX, Rates and Credit; 2 2Q14 ICS results adjusted for a gain of CHF 43 million (CHF 39 million in FX, Rates and Credit and CHF 4 million in Equities) from the partial sale of our investment in Markit; 3 Return on attributed equity; 4 Based on phase-in Basel III RWA; 5 Funded assets defined as total IFRS balance sheet assets less positive replacement values (PRV) and collateral delivered against over-the-counter (OTC) derivatives; 6 Leverage ratio denominator, fully applied

Corporate Center—Core Functions

Profit before tax of CHF 25 million

Operating income and profit before tax

CHF million

	2Q13	3Q13	4Q13	1Q14	2Q14
Treasury income remaining in CC-CF	(124)	(219)	(343)	(46)	(55)
Own credit gain/(loss)	138	(147)	(94)	88	72
Other	(19)	169	72	9	6
Operating income (as reported)	**(5)**	**(197)**	**(365)**	**51**	**23**
Own credit gain/(loss)	138	(147)	(94)	88	72
Gains on sales of real estate	19	207	61	23	1
Early redemption/buyback of UBS debt	0	0	(75)	0	0
Adjusted operating income	**(162)**	**(257)**	**(257)**	**(60)**	**(50)**
Operating expenses (as reported)	**126**	**282**	**200**	**227**	**(2)**
Net restructuring charges	5	(1)	(7)	2	4
Adjusted operating expenses	**121**	**283**	**207**	**225**	**(6)**
Profit before tax (as reported)	**(131)**	**(479)**	**(565)**	**(176)**	**25**
Profit before tax (adjusted)	**(283)**	**(540)**	**(464)**	**(285)**	**(44)**
Personnel (after allocation)	1,006	1,139	1,055	951	881

Operating income CHF 23 million

- Net treasury income remaining in Corporate Center – Core Functions included CHF 182 million of retained funding costs, partly offset by gains of CHF 56 million on cross-currency basis swaps, CHF 28 million of interest income related to preferred securities and a gain of CHF 13 million related to our macro cash flow hedges

Operating expenses negative CHF 2 million

- CHF 141 million net release of provisions for litigation, regulatory and similar matters
- CHF 84 million decrease as actual costs incurred were lower than the guaranteed cost allocations charged to the business divisions and Corporate Center Non-core and Legacy Portfolio

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

Corporate Center—Non-core and Legacy Portfolio

Profit before tax of negative CHF 412 million

Operating income and profit before tax

CHF million

	2Q13	3Q13	4Q13	1Q14	2Q14
Non-core	(57)	(120)	(104)	17	(151)
of which: Debit valuation adjustments	(21)	(47)	(68)	(19)	(44)
Legacy Portfolio	135	21	(36)	13	(15)
of which: SNB StabFund option	122	74	(28)	(1)	0
Credit loss (expense)/recovery	(5)	(1)	11	0	(2)
Total operating income	**73**	**(100)**	**(130)**	**29**	**(167)**
Adjusted operating income	**73**	**(100)**	**(130)**	**29**	**(167)**
Operating expenses (as reported)	**1,001**	**593**	**317**	**254**	**245**
Net restructuring charges	18	5	24	9	(2)
Adjusted operating expenses	**983**	**588**	**293**	**245**	**247**
Profit before tax (as reported)	**(927)**	**(693)**	**(446)**	**(225)**	**(412)**
Profit before tax (adjusted)	**(909)**	**(688)**	**(422)**	**(216)**	**(414)**
Personnel (front office)	263	245	222	195	160

Operating income negative CHF 167 million

- **Non-core:** Income decreased to negative CHF 151 million, mainly due to a CHF 97 million loss in structured credit resulting from the exit of the majority of the correlation trading portfolio
- **Legacy Portfolio:** Income decreased to negative CHF 15 million due to lower gains from the reference-linked notes and real estate portfolios

Operating expenses CHF 245 million

- Down 4% on further headcount reductions and decreased variable compensation expenses
- Impairment charge related to certain disputed receivables was partially offset by a net release of provisions for litigation, regulatory and similar matters, resulting in net expenses of CHF 51 million

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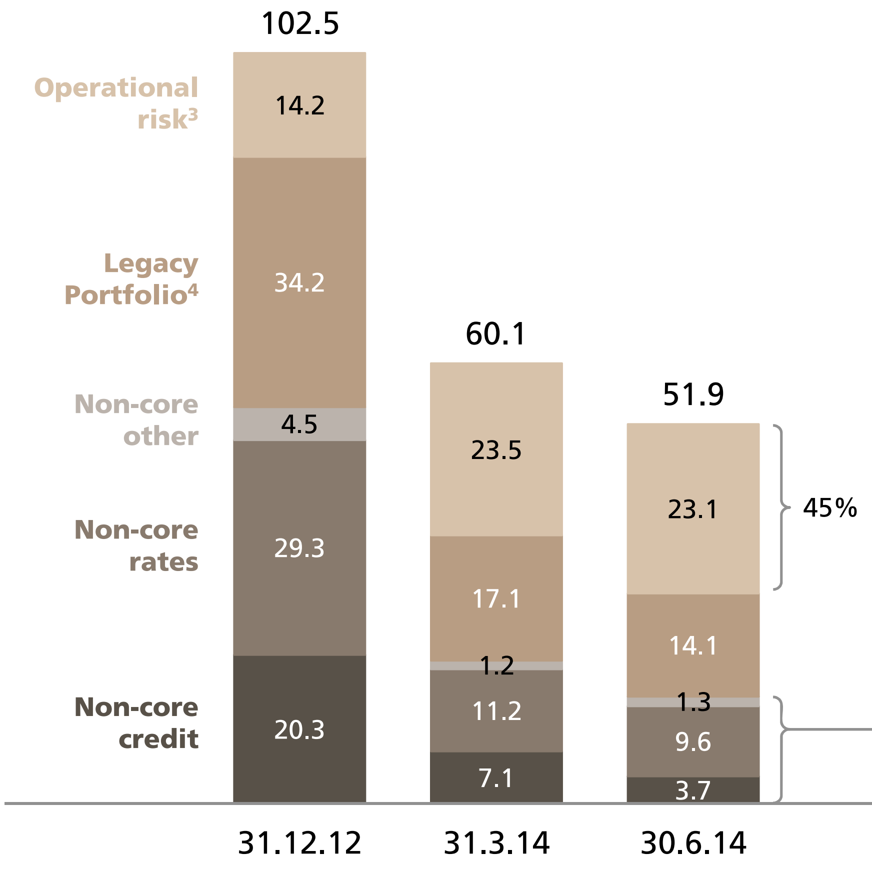
Refer to slide 31 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

Corporate Center—Non-core and Legacy Portfolio[1]

RWA excluding operational risk down 21% QoQ; LRD down 10%

Non-core and Legacy Portfolio RWA

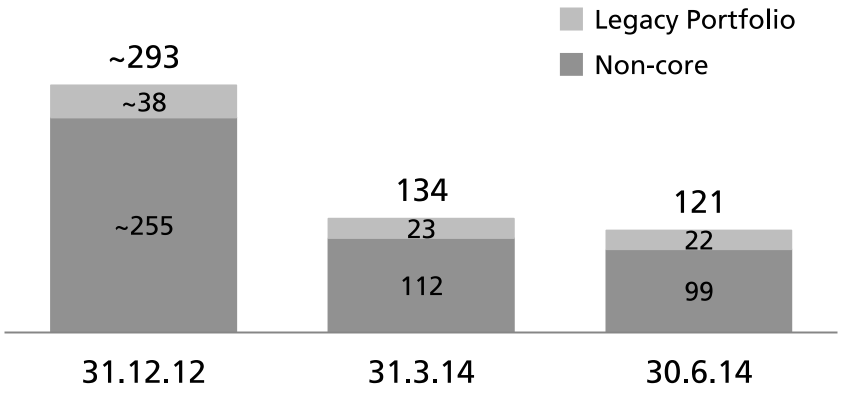
CHF billion



95% of Non-core RWA ex-operational risk are OTC positions which will naturally decay over time

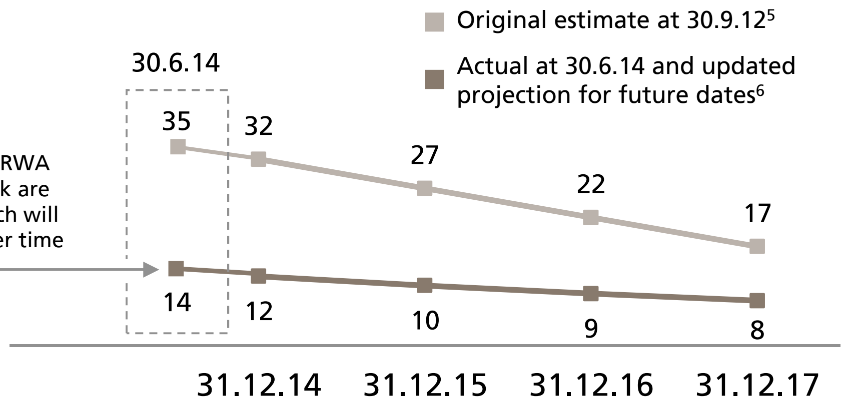
Non-core and Legacy Portfolio Swiss SRB LRD[2]

CHF billion



Non-core OTC positions natural decay of RWA

CHF billion



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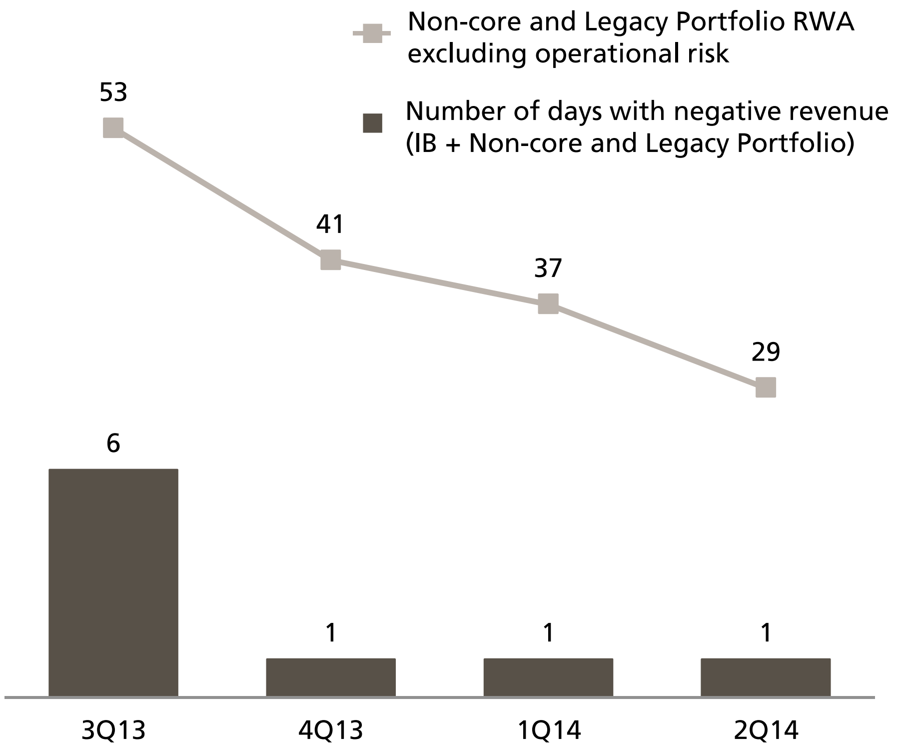
1 For additional information refer to pages 70-71 of the 2Q14 financial report; 2 Fully applied leverage ratio denominator, pro-forma estimate for 31.12.12, Legacy Portfolio pro-forma estimate for 31.12.12 based on period ending balance; 3 Non-core and Legacy Portfolio operational risk; 4 Excluding operational risk; 5 Estimates disclosed in the 3Q12 presentation; 6 Estimates based on 30.6.14 data

Daily trading revenue distribution

IB and Non-core and Legacy Portfolio revenues[1,2]

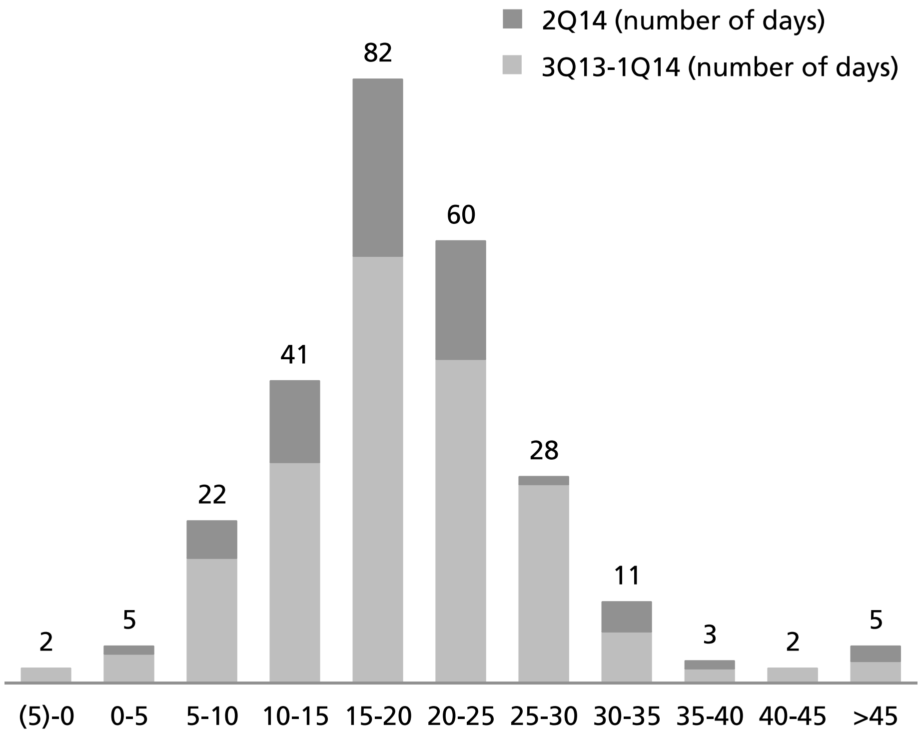
RWA in CHF billion



- Single day with negative trading revenue in 2Q14 driven by exits in Non-core

Investor Client Services (ICS) revenues[1]

Number of days with negative trading revenues (CHF 5 million buckets)



- Positive trading revenues on all days in 1H14
- Combined gross loss of <CHF 3 million for the two days with negative trading revenues in 2H13

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

[1] Daily revenue distribution includes DVA; [2] Line and bars not on same scale

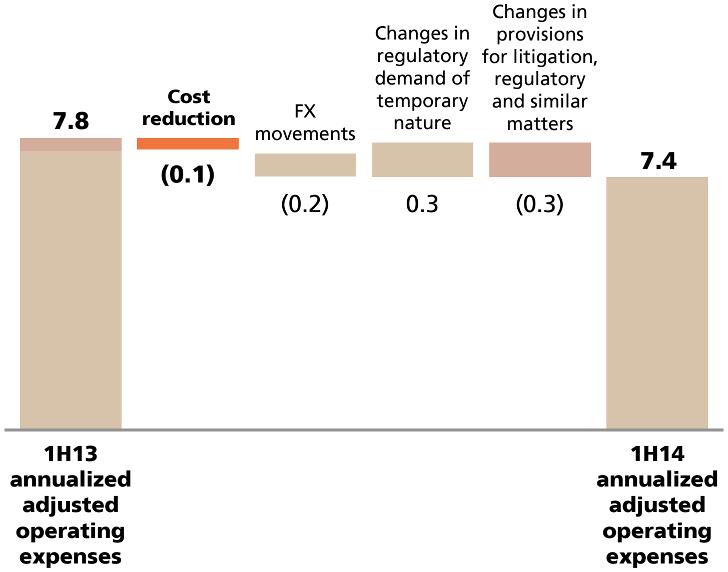
Corporate Center cost reductions

Approximately CHF 0.3 billion of net cost reductions achieved in 1H14

Core Functions:
CHF 1.0 billion net cost reduction target by 2015[1,2,3,4]

Adjusted operating expenses before allocations to business divisions
CHF billion

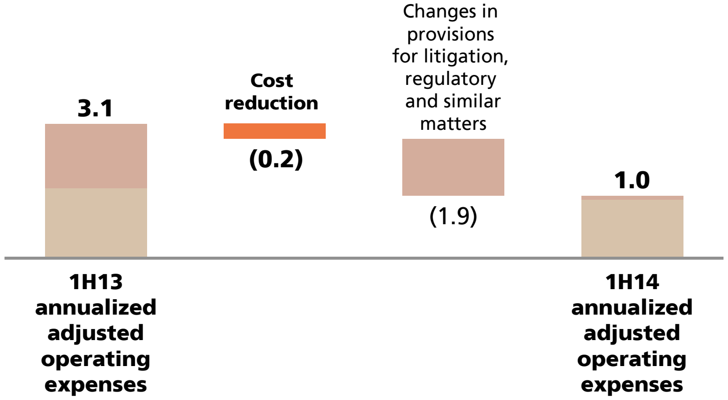
- Achieved net cost reduction of ~CHF 0.1 billion vs. 1H13
- Net cost reductions more than offset by increased costs of temporary regulatory demand



Non-core and Legacy Portfolio:
CHF 0.4 billion net cost reduction target by 2015[2]

Adjusted operating expenses
CHF billion

- Achieved net cost reduction of ~CHF 0.2 billion vs. 1H13
- Significantly lower provisions for litigation and regulatory matters



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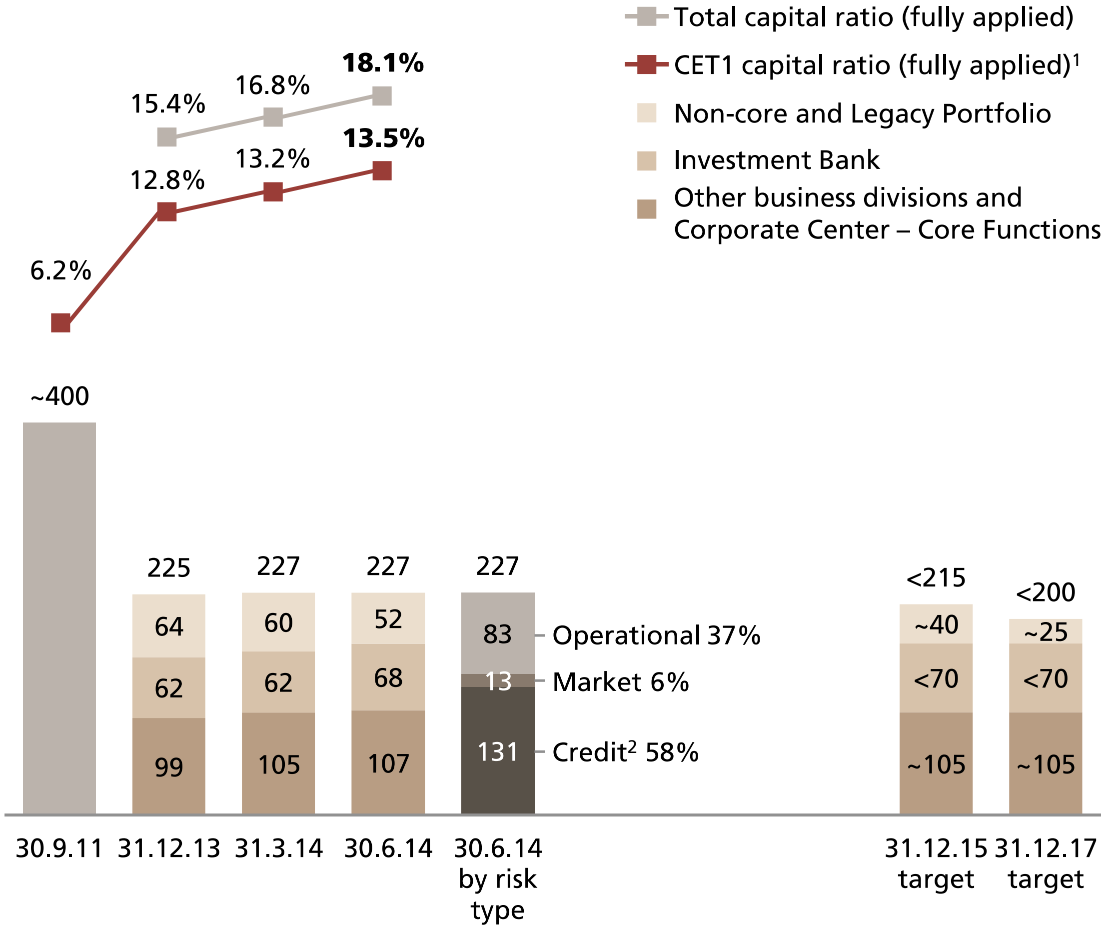
1 Refer to slide 29 in the appendix for more detail; 2 Measured by 2015 year-end exit rate versus FY13 adjusted operating expenses, net of changes in charges for provisions for litigation, regulatory and similar matters; 3 Measured net of FX movements and changes in regulatory demand of temporary nature; 4 We estimate an expected reduction in business division allocations of CHF 0.2-0.3 billion for WM, CHF 0.1-0.2 billion for WMA, CHF 0.3-0.4 billion for IB, CHF 0.1-0.2 billion for R&C and ~CHF 0.1 billion for Global AM (based on current allocation keys); We continue to expect restructuring charges of up to CHF 0.9 billion in FY14 and CHF 0.8 billion in FY15, with a divisional allocation proportional to the reduction in cost allocations by business division

Swiss SRB capital and leverage ratios

Fully applied CET1 capital ratio of 13.5% and leverage ratio of 4.2%

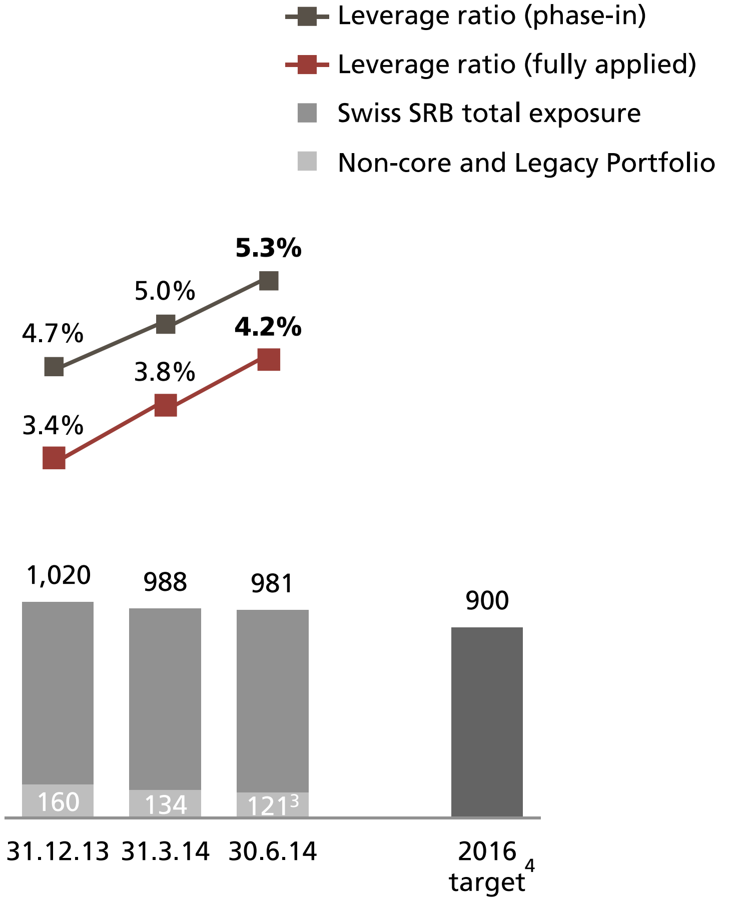
Swiss SRB RWA and capital ratios

CHF billion



Swiss SRB LRD and leverage ratio

CHF billion



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

1 At the end of the second quarter, our post-stress CET1 capital ratio exceeded our objective of achieving and maintaining a post-stress CET1 capital ratio of at least 10% on a fully applied basis, refer to the "Capital management" section of the 2Q14 financial report for more detail; 2 Includes CHF 13 billion for non-counterparty-related risk; 3 Full exit of Non-core and Legacy Portfolio equivalent to ~50-60 bps increase in fully applied Swiss SRB leverage ratio based on current fully applied Swiss SRB leverage ratio numerator and denominator; 4 Based on the rules applicable as of the announcement of the target (6.5.14)

2Q14 highlights

Group

Net profit attributable to UBS shareholders CHF 792 million[1], diluted EPS CHF 0.21

Profit before tax (PBT) CHF 1,218 million, adjusted PBT CHF 1,191 million including CHF 254 million provisions for litigation, regulatory and similar matters

Largest global wealth manager[2] with combined underlying PBT of CHF 941 million[3]

Basel III fully applied CET1 ratio of 13.5%, fully applied Swiss SRB leverage ratio of 4.2%

Business divisions[4]

Wealth Management: PBT CHF 393 million, NNM CHF 10.7 billion, gross margin of 84 bps
– Solid performance excluding litigation, strong net new money

Wealth Management Americas: PBT USD 246 million, NNM negative USD 2.5 billion[5]
– Solid performance on record income, invested assets surpass USD 1 trillion

Retail & Corporate: PBT CHF 367 million, net interest margin increased 5 bps to 158 bps
– Strong performance excluding litigation, increased loan margin

Global Asset Management: PBT CHF 107 million, NNM CHF 11.6 billion excluding money market flows
– Annualized NNM ex-money market growth rate of 8.7% with strong inflows from WM and third-party channels

Investment Bank: PBT CHF 563 million, RoAE of 30%
– Strong contribution from CCS with revenues up across all regions

Corporate Center: Pre-tax loss CHF 387 million, substantial progress in reducing Non-core and Legacy Portfolio
– CHF 412 million loss in Non-core and Legacy Portfolio driven by exits, CHF 8 billion reduction in RWA

Named "Best Global Bank" and "Best Bank in Switzerland" by Euromoney[6]

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

[1] Total net profit of CHF 904 million, of which CHF 112 million attributable to preferred noteholders and non-controlling interests; [2] Scorpio Partnership Global Private Banking Benchmark 2014; [3] Adjusted PBT for WM and WMA excluding provisions for litigation, regulatory and similar matters; [4] Business division figures on an adjusted basis; [5] Includes withdrawals of ~USD 2.5 billion associated with seasonal income tax payments; [6] Euromoney 2014

Appendix

Regional and business division performance[1]

CHF billion

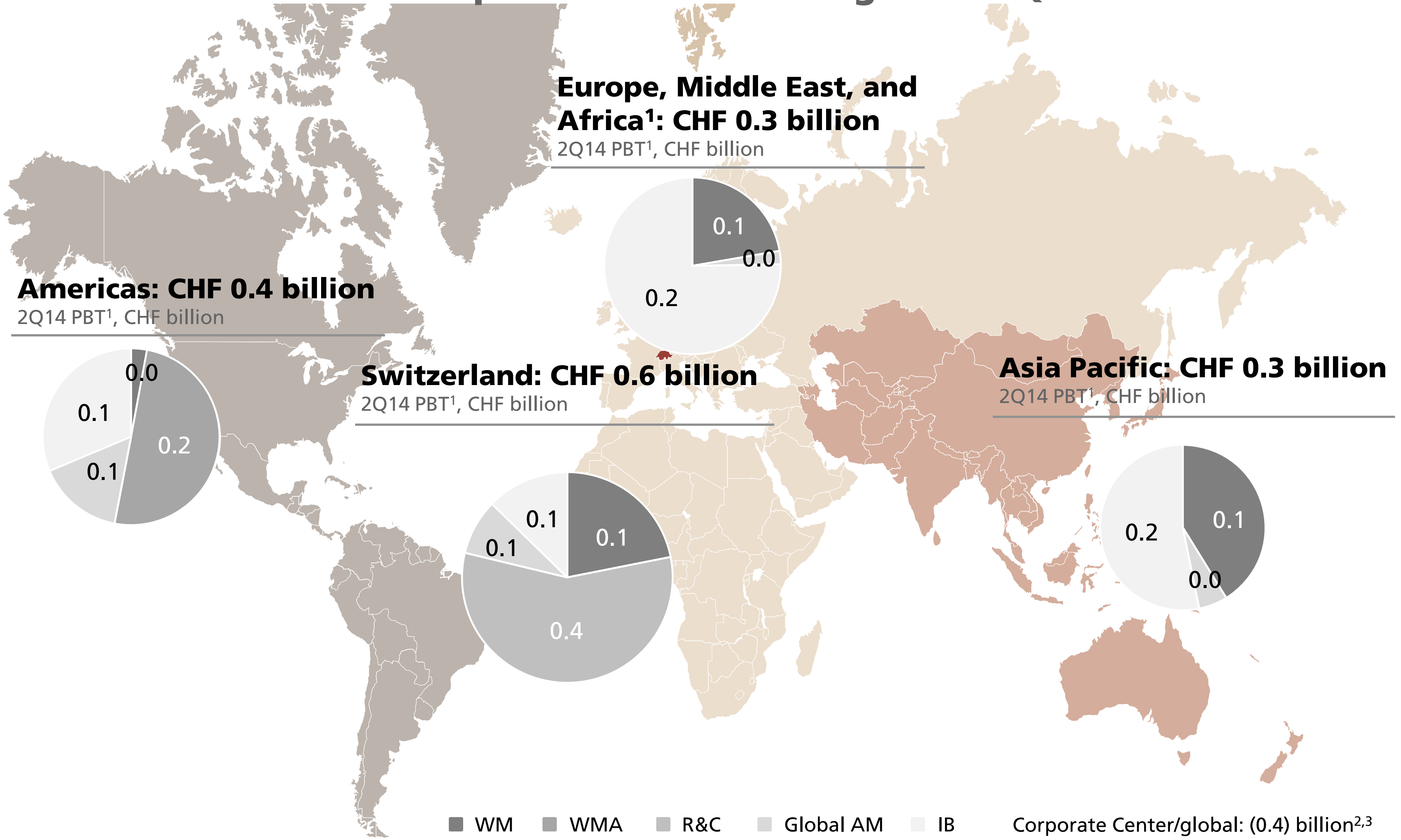
		Americas		Asia Pacific		EMEA[2]		Switzerland		Corporate Center and global[3]		Total	
		1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14	1Q14	2Q14
Operating income	WM	0.1	0.1	0.5	0.4	1.0	1.0	0.4	0.4	0.0	0.0	1.9	1.9
	WMA	1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	1.7
	R&C	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9	0.0	0.0	0.9	0.9
	Global AM	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.5	0.5
	Investment Bank	0.7	0.7	0.6	0.6	0.6	0.7	0.3	0.3	(0.0)	0.0	2.2	2.3
	Corporate Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	(0.1)	0.1	(0.1)
	Group	**2.6**	**2.6**	**1.1**	**1.2**	**1.7**	**1.7**	**1.7**	**1.7**	**0.1**	**(0.1)**	**7.3**	**7.1**
Operating expenses	WM	0.1	0.1	0.3	0.3	0.7	0.9	0.2	0.2	0.0	0.0	1.3	1.6
	WMA	1.4	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.5
	R&C	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.6	0.0	0.0	0.5	0.6
	Global AM	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.3	0.4
	Investment Bank	0.5	0.5	0.4	0.5	0.5	0.5	0.2	0.2	0.1	0.0	1.8	1.7
	Corporate Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.2	0.5	0.2
	Group	**2.2**	**2.2**	**0.8**	**0.8**	**1.3**	**1.5**	**1.0**	**1.1**	**0.6**	**0.3**	**5.9**	**5.9**
Profit before tax	WM	0.0	0.0	0.2	0.1	0.3	0.1	0.2	0.1	0.0	0.0	0.6	0.4
	WMA	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
	R&C	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.0	0.0	0.4	0.4
	Global AM	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	(0.0)	(0.0)	0.1	0.1
	Investment Bank	0.2	0.1	0.2	0.2	0.1	0.2	0.1	0.1	(0.2)	(0.0)	0.4	0.6
	Corporate Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.4)	(0.4)	(0.4)
	Group	**0.5**	**0.4**	**0.4**	**0.3**	**0.4**	**0.3**	**0.7**	**0.6**	**(0.6)**	**(0.4)**	**1.4**	**1.2**

UBS

1 Numbers are not comparable to the disclosed financial statements of our main local subsidiaries; represents a functional view, represents a more complete view of global and local sales for management purposes, as opposed to the split according to the legal entity where the transaction is recorded; 2 Europe, Middle East, and Africa excluding Switzerland; 3 Refers to items managed globally

Regional and business division performance

All business divisions were profitable in each region in 2Q14



Americas: CHF 0.4 billion

2Q14 PBT[1], CHF billion

Europe, Middle East, and Africa[1]: CHF 0.3 billion

2Q14 PBT[1], CHF billion

Switzerland: CHF 0.6 billion

2Q14 PBT[1], CHF billion

Asia Pacific: CHF 0.3 billion

2Q14 PBT[1], CHF billion

Corporate Center/global: (0.4) billion[2,3]

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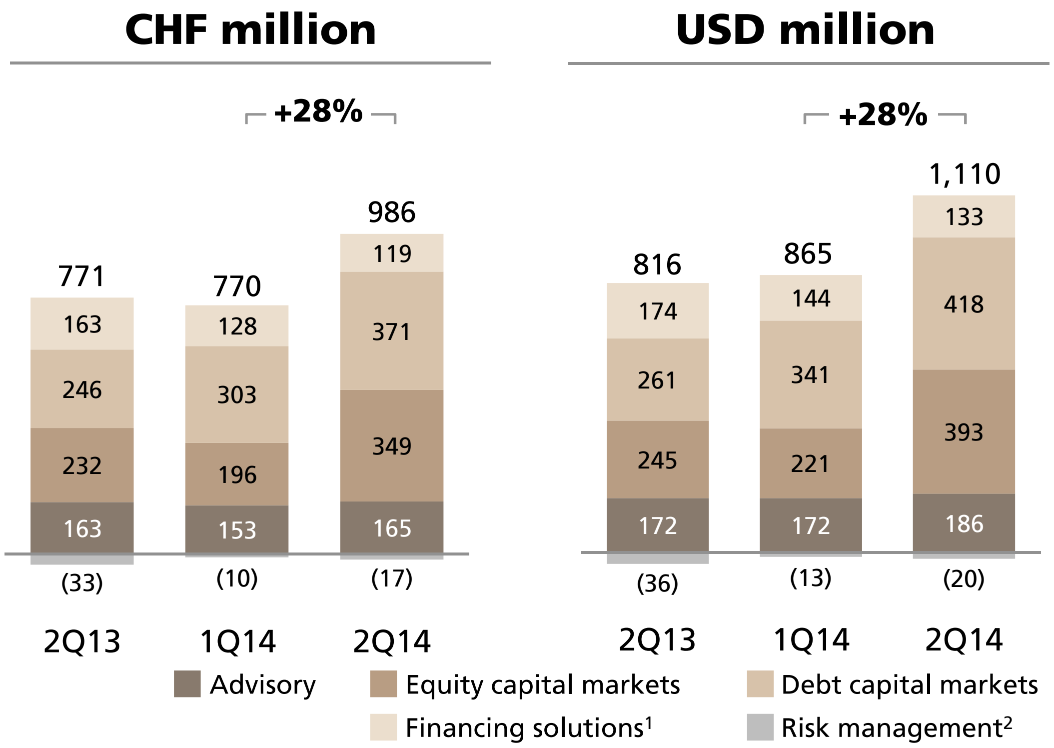
1 Europe, Middle East, and Africa excl. Switzerland; 2 Numbers are not comparable to the disclosed financial statements of our main local subsidiaries; revenues are allocated in general following a client domicile view, which is supplemented by overlays to capture cross-country sales; this represents a more complete view of global and local sales for management purposes, as opposed to the split according to the legal entity where the transaction is recorded; 3 Includes Corporate Center and global operating income, expenses, and profit before tax that are not attributed to regions and are managed using a global view (CHF 36 million)

Corporate Client Solutions (CCS)

Strong performance with income up across all regions

Adjusted income



Key transactions in 2Q14[4]

Advisory	AerCap's acquisition of ILFC; Westfield's demerger; IAG's acquisition of Wesfarmers Insurance
ECM	Rights issuance for Deutsche Bank and Gruppo Banco Popolare; Follow-on for Williams Companies; IPOs of JD.com and Applus
DCM	LBO financings for Carlyle/ADT Korea and SI Organization/QinetiQ North America; Deutsche Bank's EUR 3.5 billion AT1 issuance

Comparison in USD terms (2Q14 vs. 1Q14)

Advisory +8%

- Solid contribution from all regions with strong growth in APAC
- Increased participation in M&A transactions

Equity capital markets +78%

- Strong performance with increased market share and increased participation in both IPOs and follow-ons

Debt capital markets +23%

- Increase in leveraged finance, partly offset by lower investment grade revenues, revenues from investment grade decreased as improvement in the Americas was more than offset by decreases in both EMEA[3] and APAC

Financing solutions (8%)

- Lower revenue primarily driven by seasonal decline in Structured finance

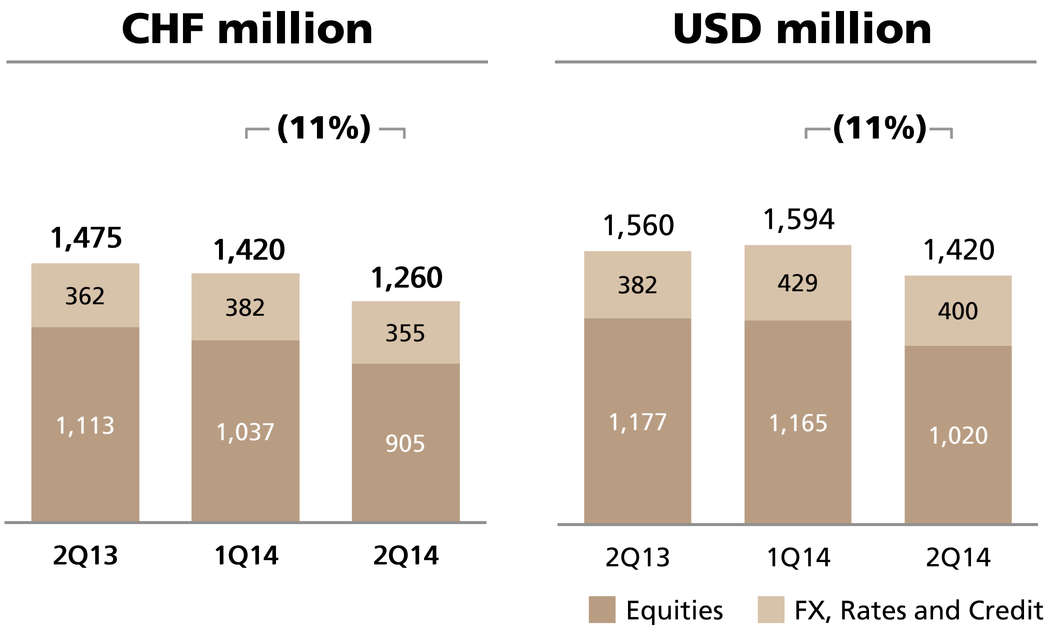
Refer to slide 31 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

[1] Financing solutions provides customized solutions across asset classes via a wide range of financing capabilities including structured financing, real estate finance and special situations group; [2] Risk management includes corporate lending and hedging activities; [3] Europe, Middle East, and Africa excluding Switzerland; [4] Transactions closed

Investor Client Services (ICS)

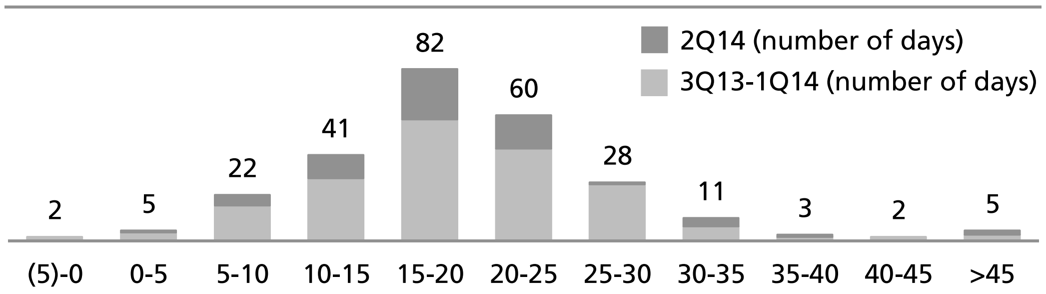
Resilient performance with no negative revenue trading days

Adjusted income[1]



12-month daily revenue distribution[4]

CHF million



Comparison in USD terms (2Q14 vs. 1Q14)

Equities (12%)

- Revenues declined in derivatives and cash, reflecting weaker client activity and subdued volatility, #1 in cash equities globally[2]
- Increase in Financing Services on strong trading revenues in equity finance
- Voted "Top European Equity House" for 11th consecutive year[3]

FX, Rates and Credit (7%)

- Foreign exchange: Decrease in revenues driven by emerging market short-term interest rate, FX spot and e-trading businesses, reflecting lower client activity
- Rates and Credit: Relatively flat with continued focus on client flow

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

[1] 2Q14 FX, Rates and Credit results adjusted for a gain of CHF 43 million (CHF 39 million in FX, Rates and Credit and CHF 4 million in Equities), or USD 50 million (USD 44 million in FX, Rates and Credit and USD 5 million in Equities), from the partial sale of our investment in Markit following its initial public offering; [2] Ranked #1 globally in cash commissions, exclusive of swaps income, in a leading private survey (July 2014); [3] Extel (June 2014); [4] Daily revenue distribution includes DVA

Retained Treasury income in Corporate Center—Core Functions

We continue to expect retained funding costs to decline in the mid-term

Treasury income retained in Corporate Center – Core Functions

CHF million

	FY13	1Q14	2Q14
Gross results (excluding accounting driven adjustments)	664	137	174
Allocations to business divisions	(921)	(206)	(243)
Net revenues (excluding accounting driven adjustments)	**(257)**	**(69)**	**(69)**
of which: retained funding costs	(510)	(165)	(182)
of which: profits retained in Treasury	253	96	113
Accounting asymmetry and other adjustments Mark-to-market losses from cross currency swaps, macro cash flow hedge ineffectiveness, Group Treasury FX, debt buyback and other	**(645)**	**23**	**16**
Net treasury income retained in CC-Core Functions	**(902)**	**(46)**	**(55)**

Costs of the Group's overall long term funding will be reduced as the long term debt portfolio rolls off and with declining volumes as we reduce our balance sheet

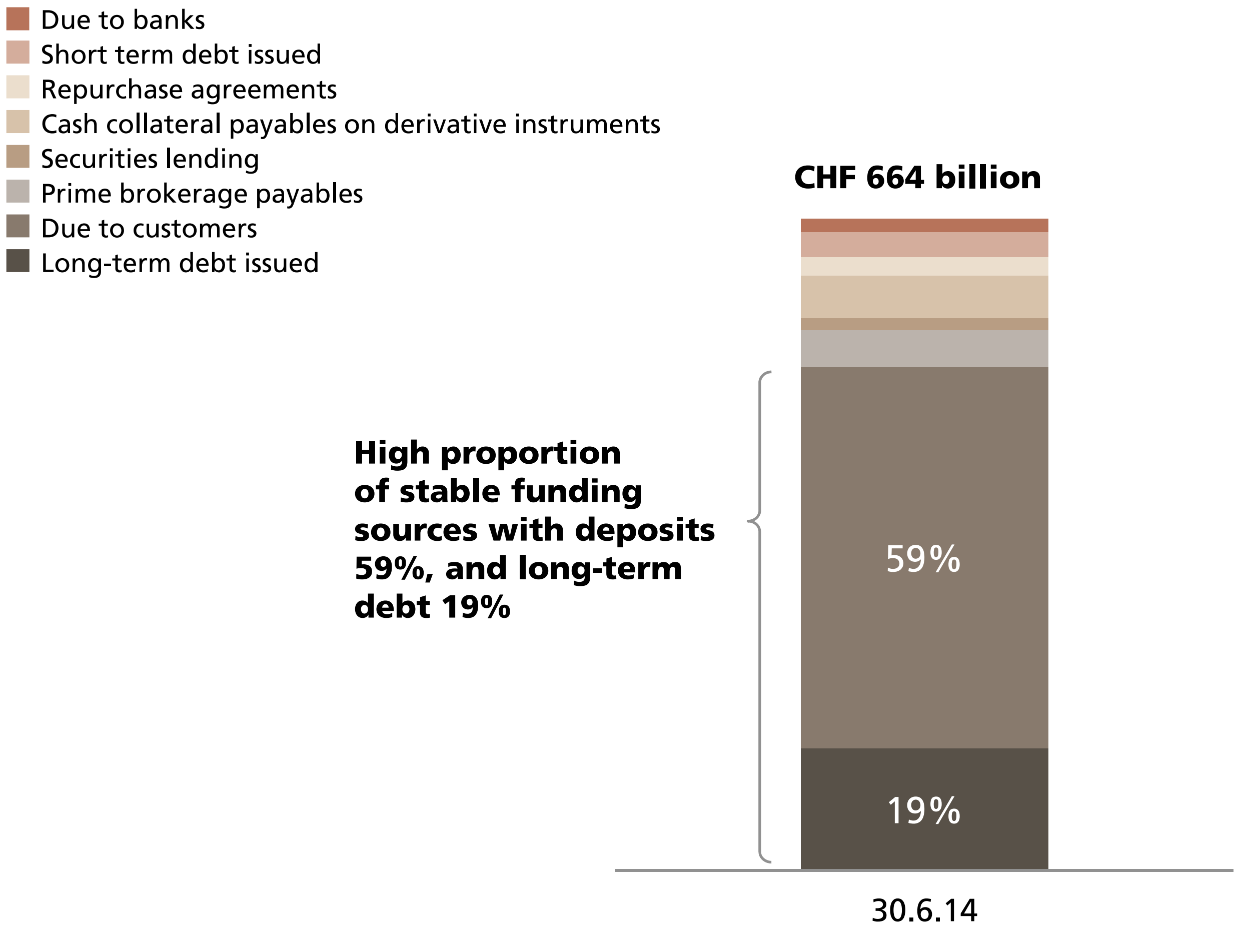
We will continue to maintain a diversified funding profile and comfortable LCR and NSFR ratios

- Central funding costs retained in Group Treasury increased on the back of the issuance of our loss absorbing notes and as business divisions reduced their consumption of funding
- Retained funding costs expected to decrease to approximately CHF 100 million in FY15 and to a negligible amount in FY16

Our balance sheet, funding and liquidity positions are strong

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

Funding by product[1]



High proportion of stable funding sources with deposits 59%, and long-term debt 19%

- **Strong funding profile**
  - Well diversified by market, tenor and currency
  - Limited use of short-term wholesale funding
  - 105% Basel III NSFR[2]
- **Strong liquidity position**
  - 117% Basel III LCR[2]

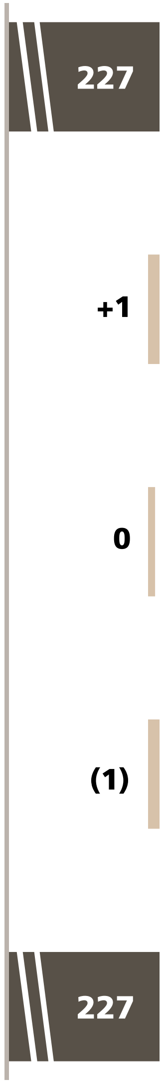
Refer to slide 31 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

[1] 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. Refer to liquidity and funding management section of the 2Q14 report for further detail; [2] As of 30.6.14. Pro-forma ratios using supervisory guidance from FINMA. Refer to the liquidity and funding management section of the 2Q14 financial report for details about the calculation of UBS's Basel III LCR and NSFR

Breakdown of changes in Group RWA

By type

CHF billion



31.3.14

Methodology/model-driven
- CHF 1.3 billion increase related to incremental operational risk RWA[1]

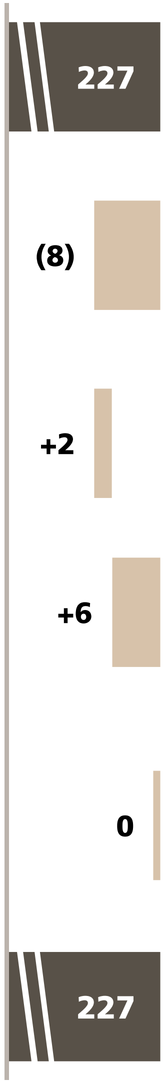
FX impact

Book size and other:
- CHF 2.3 billion decrease in market risk RWA due to the exit of the majority of the correlation portfolio and trading book securitization exposures partly offset by increased VaR and stressed VaR
- CHF 1.0 billion higher credit risk RWA primarily due to aged trade settlements and increase in originated commercial real estate loans in advance of securitization, partly offset by lower banking book securitization exposures and advanced CVA

30.6.14

By business division

CHF billion



31.3.14

Non-core and Legacy Portfolio[2]:
- Non-core: CHF 2.4 billion reduction in market risk RWA primarily due the exit of the majority of the correlation portfolio
- Non-core: CHF 2.4 billion reduction in credit risk RWA primarily due to lower advanced CVA
- Legacy Portfolio: CHF 3.1 billion reduction in securitization RWA across banking book and trading book due to sales

Corporate Center – Core Functions

Investment Bank:
- CHF 3.8 billion increase in credit risk RWA primarily due to aged trade settlements and increase in originated commercial real estate loans in advance of securitization
- CHF 1.4 billion increase in market risk RWA
- CHF 0.6 billion increase related to incremental operational risk RWA[1]

All other businesses[3]

30.6.14

Refer to slide 31 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Incremental operational risk RWA based on the supplemental operational risk capital analysis mutually agreed to by UBS and FINMA; 2 Refer to pages 70-71 of the 2Q14 financial report for more information on Non-core and Legacy Portfolio; 3 Wealth Management, Wealth Management Americas, Retail & Corporate and Global Asset Management

Corporate Center adjusted operating expenses before service allocation

Core Functions adjusted operating expenses before service allocation to business divisions and Non-core and Legacy Portfolio

CC - Core Functions - adjusted expenses before service allocation to business divisions and CC - Non-core and Legacy Portfolio	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	6M13	6M14	FY13
CHF million									
Personnel expenses	1,101	1,006	955	1,007	959	904	2,107	1,863	4,070
General and administrative expense	910	849	1,022	970	947	806	1,758	1,753	3,750
Depreciation and impairment of property and equipment	161	180	170	185	179	184	342	364	696
Amortization and impairment of intangible assets	1	1	1	1	1	1	2	2	4
Total adjusted operating expenses before service allocation to business divisions and CC - Non-core and Legacy Portfolio	**2,173**	**2,036**	**2,148**	**2,163**	**2,087**	**1,895**	**4,209**	**3,982**	**8,520**
Net allocations to business divisions	(1,931)	(1,915)	(1,865)	(1,956)	(1,862)	(1,902)	(3,846)	(3,763)	(7,667)
of which: Wealth Management	*(498)*	*(484)*	*(460)*	*(521)*	*(464)*	*(504)*	*(982)*	*(968)*	*(1,964)*
of which: Wealth Management Americas	*(274)*	*(267)*	*(264)*	*(268)*	*(250)*	*(264)*	*(542)*	*(514)*	*(1,074)*
of which: Retail & Corporate	*(316)*	*(306)*	*(305)*	*(319)*	*(275)*	*(282)*	*(622)*	*(557)*	*(1,246)*
of which: Global Asset Management	*(128)*	*(123)*	*(126)*	*(123)*	*(113)*	*(114)*	*(250)*	*(226)*	*(499)*
of which: Investment Bank	*(557)*	*(562)*	*(560)*	*(589)*	*(632)*	*(621)*	*(1,119)*	*(1,253)*	*(2,267)*
of which: CC - Non-core and Legacy Portfolio	*(157)*	*(173)*	*(150)*	*(136)*	*(129)*	*(117)*	*(330)*	*(246)*	*(616)*
Total adjusted operating expenses	**242**	**121**	**283**	**207**	**225**	**(6)**	**363**	**219**	**853**

Adjusted results

Adjusting items	Business division / Corporate Center	2Q13	1Q14	2Q14	FY13
CHF million					
Operating income as reported (Group)		**7,389**	**7,258**	**7,147**	**27,732**
Of which:					
Own credit on financial liabilities designated at Fair Value	Corporate Center - Core Functions	138	88	72	(283)
Gains on sales of real estate	Corporate Center - Core Functions	19	23	1	288
Net loss related to the buyback of debt in public tender offer	Corporate Center - Core Functions	0	0	0	(194)
	Corporate Center - Non-core and Legacy Portfolio	0	0	0	27
Gain from the partial sale of our investment in Markit	Investment Bank	0	0	43	0
Gain on disposal of Global AM's Canadian domestic business	Global Asset Management	0	0	0	34
Net gain on sale of remaining proprietary trading business	Investment Bank	0	0	0	55
	Corporate Center - Core Functions	0	0	0	(24)
Operating income adjusted (Group)		**7,232**	**7,147**	**7,031**	**27,829**
Operating expenses as reported (Group)		**6,369**	**5,865**	**5,929**	**24,461**
Of which:					
Net restructuring charges	Wealth Management	50	40	38	178
	Wealth Management Americas	10	10	7	59
	Retail & Corporate	13	15	13	54
	Global Asset Management	14	4	2	43
	Investment Bank	31	124	27	210
	Corporate Center - Core Functions	5	2	4	(6)
	Corporate Center - Non-core and Legacy Portfolio	18	9	(2)	235
Operating expenses adjusted (Group)		**6,229**	**5,661**	**5,840**	**23,689**
Operating profit/(loss) before tax as reported		**1,020**	**1,393**	**1,218**	**3,272**
Operating profit/(loss) before tax adjusted		**1,003**	**1,486**	**1,191**	**4,141**

Important information related to numbers shown in this presentation

Use of adjusted numbers
Unless otherwise indicated, "adjusted" figures exclude the adjustment items listed on the previous slide, to the extent applicable, on a Group and business division level. Adjusted results are a non-GAAP financial measure as defined by SEC regulations. Refer to pages 13-14 of the 2Q14 financial 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 85 of the 2Q14 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 2Q14 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 17 Currency translation rates" in the 2Q14 financial report for more information.

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

Net profit attributable to preferred noteholders:
Purchase of UBS AG shares by UBS Group AG pursuant to the exchange offer to create a group holding company is expected to cause a triggering event which results in accruals for future distributions to preferred noteholders. Assuming the acceptance date for the exchange offer is in the 4Q14, we expect to attribute further net profit to preferred noteholders of up to approximately CHF 80 million in that period. If we have attributed net profit to preferred noteholders of CHF 80 million in 4Q14, we would expect to attribute net profit to preferred noteholders of approximately CHF 30 million in 2015 and CHF 80 million in 2016.

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