UBS

Second quarter 2012 results

July 31, 2012

Cautionary statement regarding forward-looking statements

This presentation contains statements that constitute "forward-looking statements," including but not limited to management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development. While these forward-looking statements represent UBS's judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. Additional information about those factors is set forth in documents furnished or filed by UBS with the US Securities and Exchange Commission, including UBS's financial report for second quarter 2012 and UBS's Annual Report on Form 20-F for the year ended 31 December 2011. 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.

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 on financial liabilities designated at fair value (CHF 239 million gain for the Group in 2Q12, CHF 1,164 million loss for the Group in 1Q12)
- net restructuring charges (net charge of CHF 9 million for the Group in 2Q12, net charge of CHF 126 million for the Group in 1Q12)
- credit to personnel expenses related to changes to UBS's Swiss pension plan (CHF 485 million for the Group in 1Q12)
- credit to personnel expenses related to changes to a US retiree medical and life insurance benefit plan (CHF 84 million for the Group in 2Q12)

Pro-forma Basel III RWAs and Basel III capital ratios

The calculation of our pro-forma Basel III RWAs combines existing Basel 2.5 RWAs, securitization exposures based on a revised model that applies a fixed risk weighting, and new capital charges based on new models and calculation engines. Some of these new models still require regulatory approval that is not expected until after further guidance is developed. Our pro-forma Basel III RWAs therefore include estimates of the impact of these new capital charges and will be refined as new models and the associated systems are enhanced and as regulatory interpretations evolve.

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 18 Currency translation rates" in UBS's 2Q12 report for more information.

Laying the foundations for sustainable long term performance

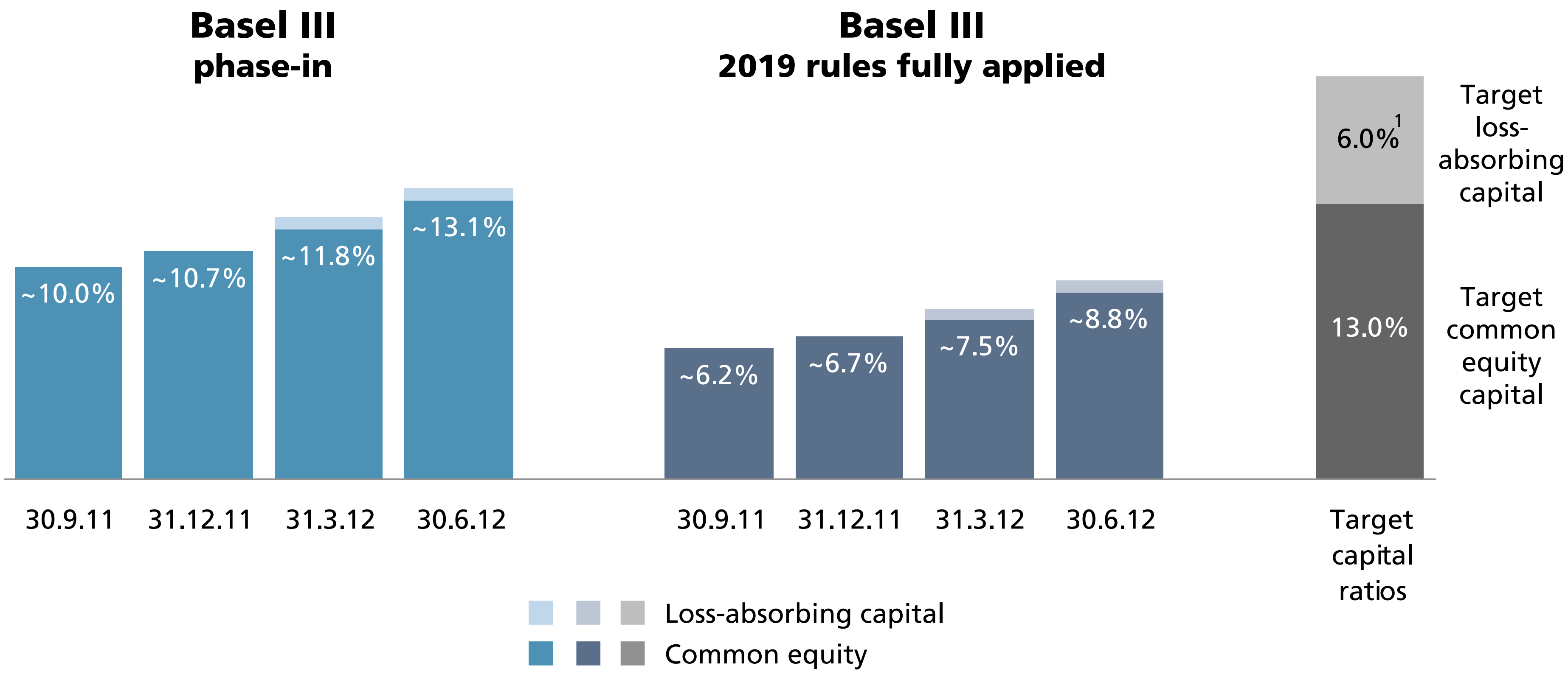
2Q12 highlights	CHF 1.0 billion pre-tax profit; net profit attributable to shareholders CHF 0.4 billion in a difficult environment
	Record quarter for Wealth Management Americas; resilient performance in Retail & Corporate
	CHF 13.2 billion net new money inflows in our wealth management businesses and continued strong deposit inflows across the Group
	Resilient performance in FX, equity capital markets and prime services in the Investment Bank
Continued focus on strategy execution	Achieved 2012 RWA target; 2016 Group RWA target lowered to < CHF 240 billion; Investment Bank target lowered to < CHF 135 billion
	Industry-leading capital position with Basel III phase-in CET1 ratio ~13.1% at quarter-end; strong liquidity and funding positions
	Annualized cost reduction of CHF 1.1 billion in 1H12 compared with 1H11 despite currency headwinds
	We are adapting our business model and cost base to the new market conditions

Tangible book value per share up 18% year-on-year

Refer to slide 1 for details about adjusted numbers, Basel III pro-forma estimates and FX rates in this presentation

Industry-leading Basel III capital ratios

We have achieved our CET1 ratio target of 13% on a phase-in basis



Our Basel III transparency and consistency in reporting is unmatched

We will continue to build our capital position and intend to be comfortably above 9% by year-end 2012 on a fully applied basis

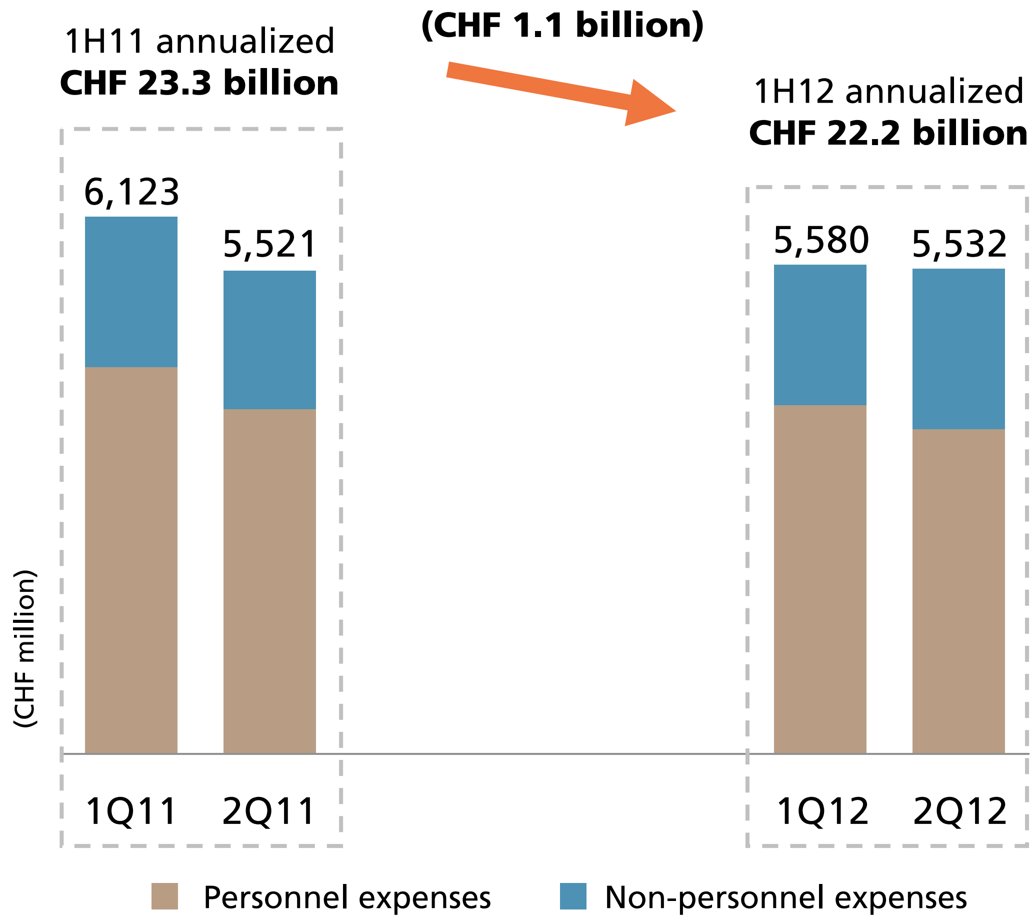
Refer to slide 1 for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation

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

We are actively reducing costs

Adjusted annualized cost reduction of CHF 1.1 billion vs. 1H11

Adjusted operating expenses



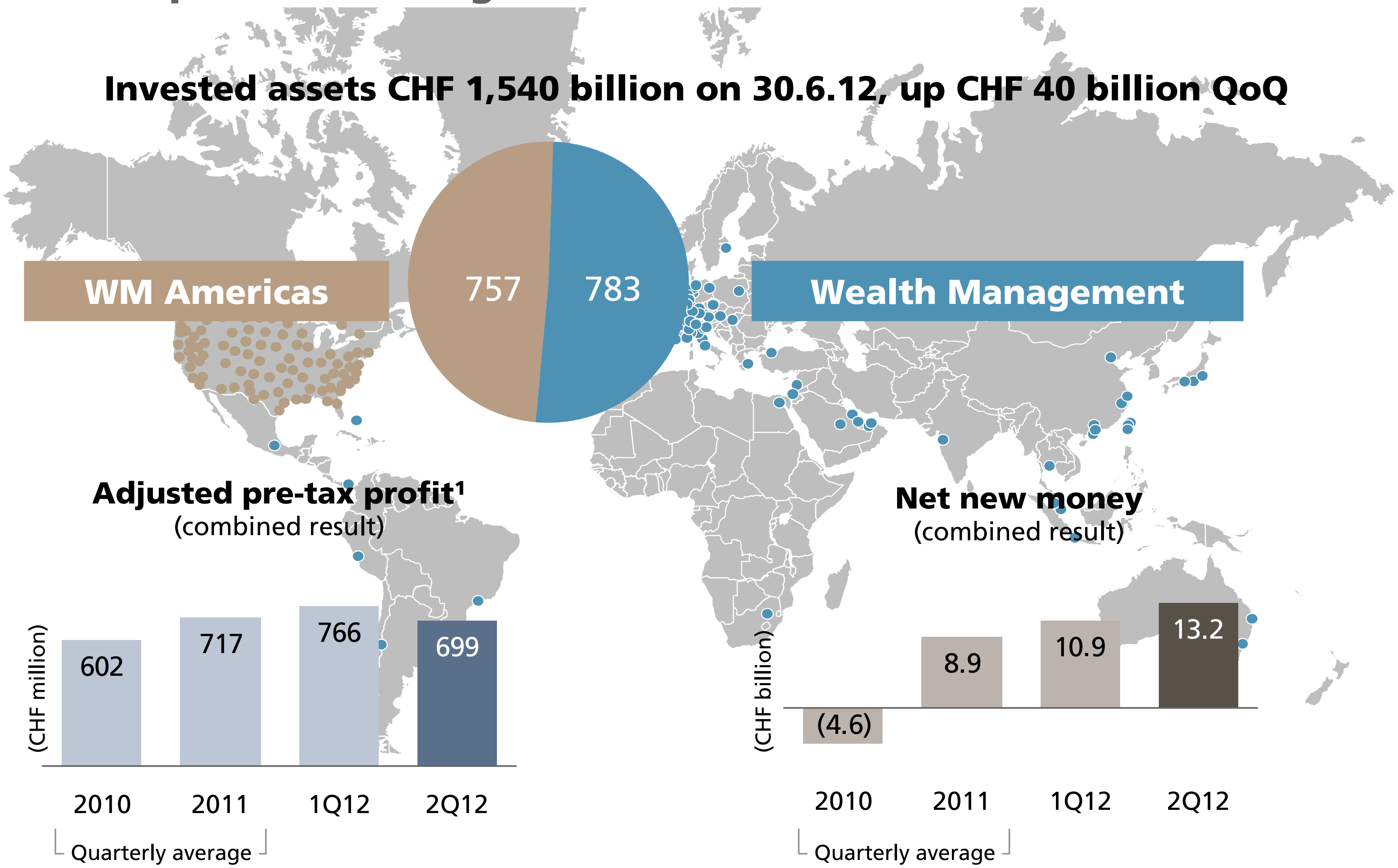
- **We are on track** to achieve our CHF 2.0 billion cost reduction target by the end of 2013 despite adverse currency movements of ~CHF 0.2 billion vs. 1H11

- **Personnel expenses down 8%** 1H12 vs. 1H11
  - Investment Bank headcount 16,432 at quarter end, down 1,190 since 30.9.11 and below 2013 target

We are adapting our business model and cost base to the new market conditions

Our wealth management businesses are unrivaled

We are well positioned for growth in the most attractive markets



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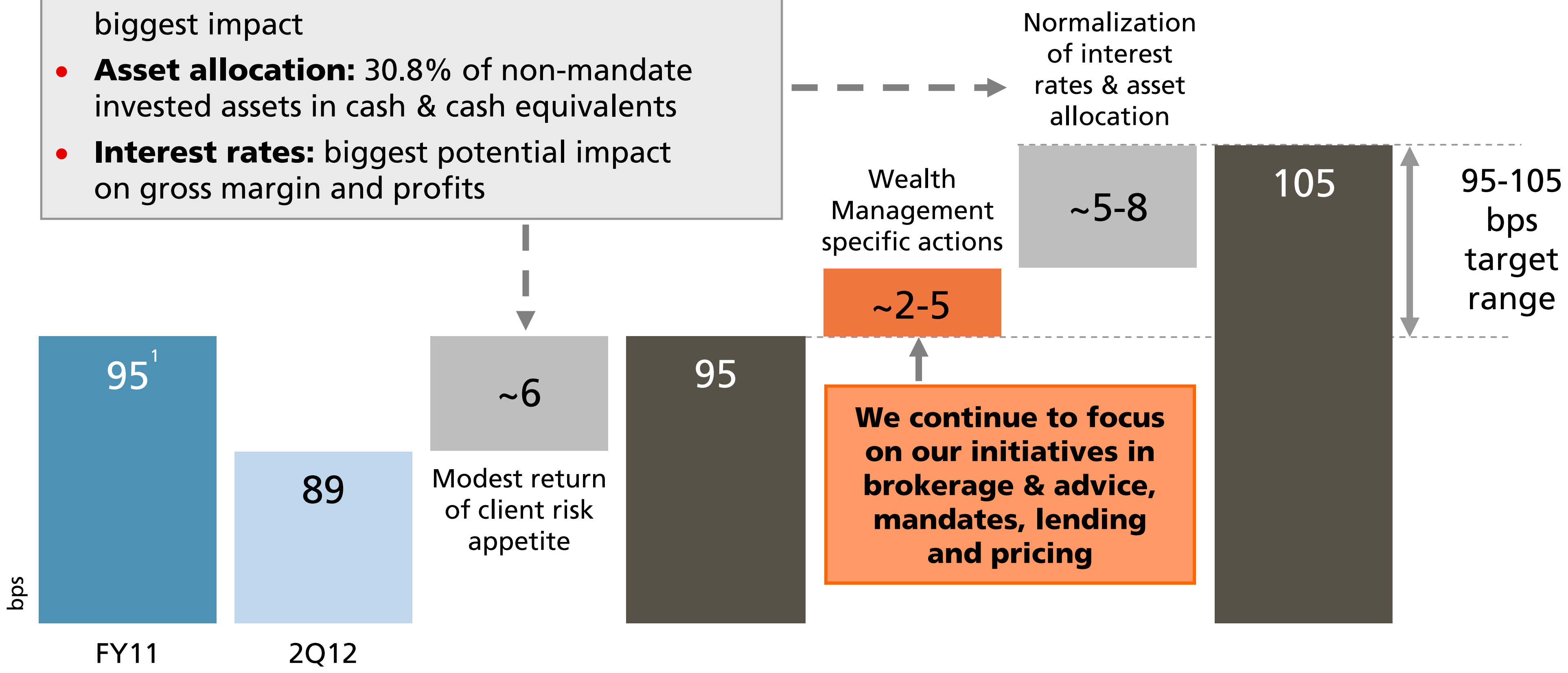
Refer to slide 1 for details about adjusted numbers, Basel III estimates and FX rates in this presentation
1 3Q10 excludes a provision related to an arbitration matter (WMA)

Wealth Management—Gross margin

Our primary focus is to deliver the best possible advice to our clients

Gross margin / illustrative scenario

- **Client confidence:** an improvement in the macro-economic environment will have the biggest impact
- **Asset allocation:** 30.8% of non-mandate invested assets in cash & cash equivalents
- **Interest rates:** biggest potential impact on gross margin and profits



We will be rewarded for the time we invest in our client relationships today when market conditions improve

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1 Adjusted for the gain on the sale of strategic investment portfolio

Laying the foundations for sustainable long term performance

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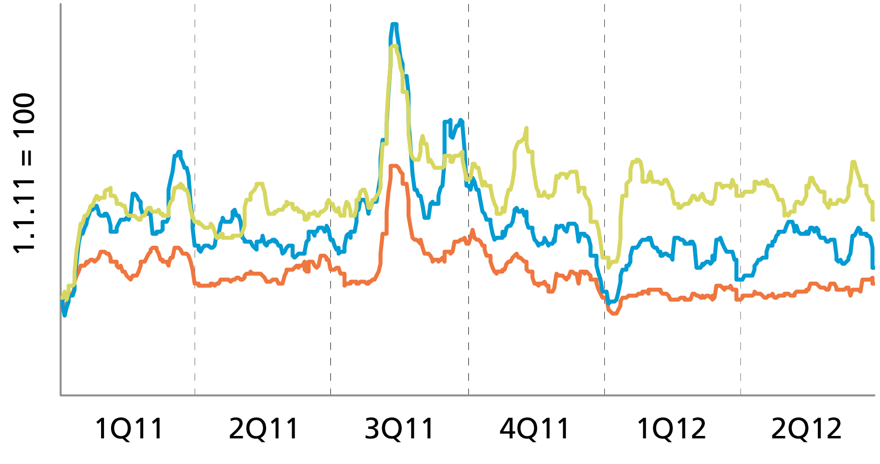
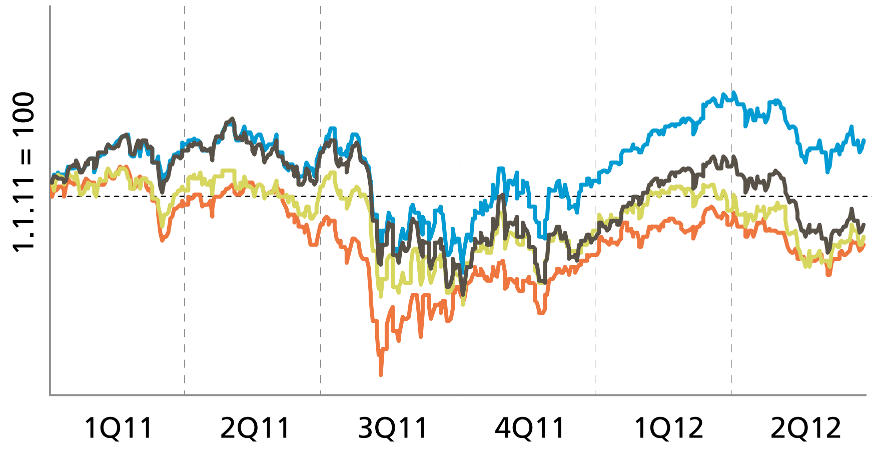
Market environment[1]

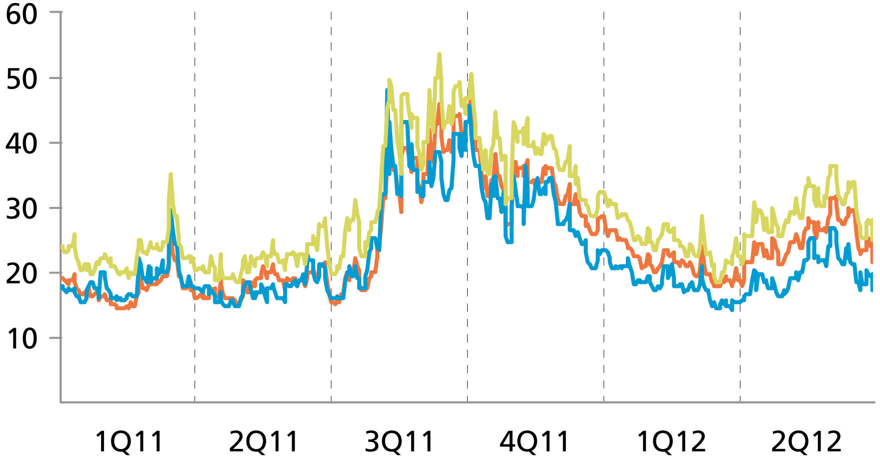
Equity trading volumes[2]



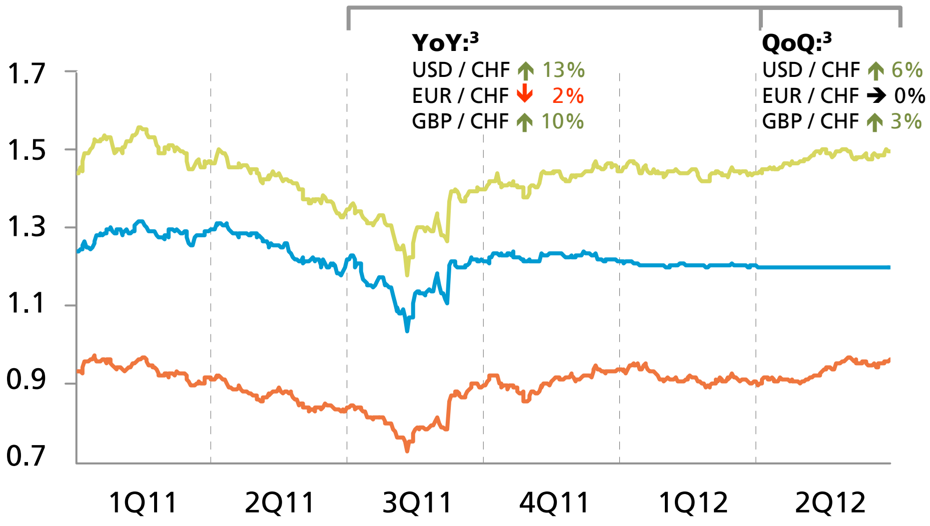
Equity market performance



Volatility



FX rates



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1 Source: Bloomberg
2 10-day trailing average
3 Based on spot FX rates

2Q12 results

(CHF million)	WM	WMA	IB	Global AM	R&C	CC	Group
Income	1,733	1,498	1,718	446	939	(163)	**6,171**
Credit loss (expense) / recovery	1	(1)	19	0	(12)	(8)	**(1)**
Own credit gain / (loss)						239	**239**
Total operating income	**1,734**	**1,497**	**1,736**	**446**	**927**	**68**	**6,408**
Personnel expenses	747	1,060	1,093	216	421	65	**3,601**
of which restructuring charges	*1*	*0*	*(13)*	*(1)*	*(4)*	*(3)*	*(21)*
of which US retiree benefit plan credit	*0*	*(1)*	*(71)*	*(11)*	*0*	*0*	*(84)*
Non-personnel expenses	485	237	774	112	107	141	**1,856**
of which restructuring charges	*0*	*(3)*	*36*	*0*	*0*	*(4)*	*30*
Total operating expenses	**1,232**	**1,297**	**1,867**	**328**	**527**	**206**	**5,457**
Adjusted pre-tax profit / (loss) (Excluding own credit, restructuring charges and US retiree benefit plan credit)	**503**	**196**	**(178)**	**106**	**395**	**(384)**	**637**
% of Group adjusted pre-tax profit	**79%**	**31%**	**(28%)**	**17%**	**62%**	**(60%)**	**100%**
Pre-tax profit / (loss) as reported	502	200	(130)	118	399	(138)	951
Tax expense							**253**
Net profit attributable to non-controlling interests							**273**
Net profit attributable to UBS shareholders							**425**
Diluted EPS (CHF)							**0.11**

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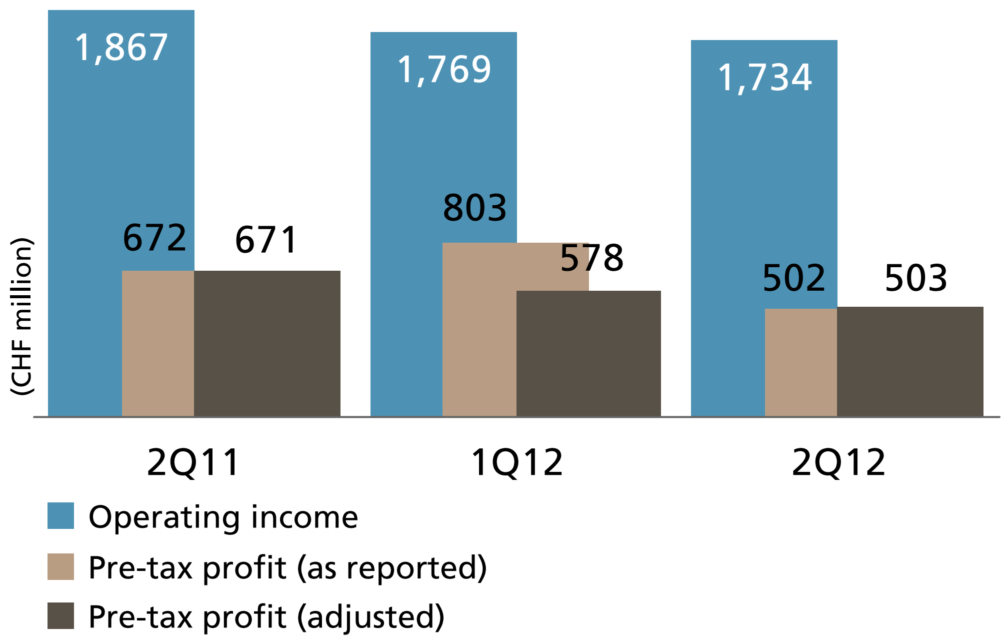
Refer to slide 1 for details about adjusted numbers, Basel III pro-forma estimates and FX rates in this presentation

Wealth Management

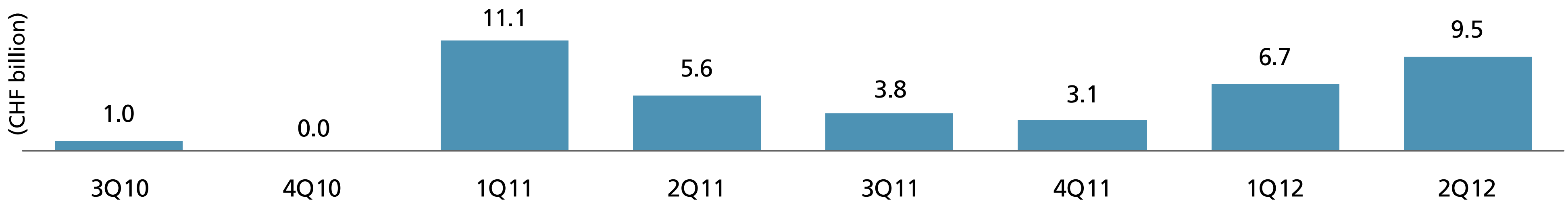
CHF 9.5 billion net new money; highest second quarter net inflows in 5 years

Operating income and pre-tax profit



- **Fragile client confidence and lower trading volumes** led to a slight decrease in operating income
- **Litigation provisions and technology costs** led to an increase in adjusted operating expenses
- **4.9% net new money growth**, at top end of target range
- **Continued hiring** of client advisors in strategic growth areas
  - 88 hires in EM and APAC in 1H12

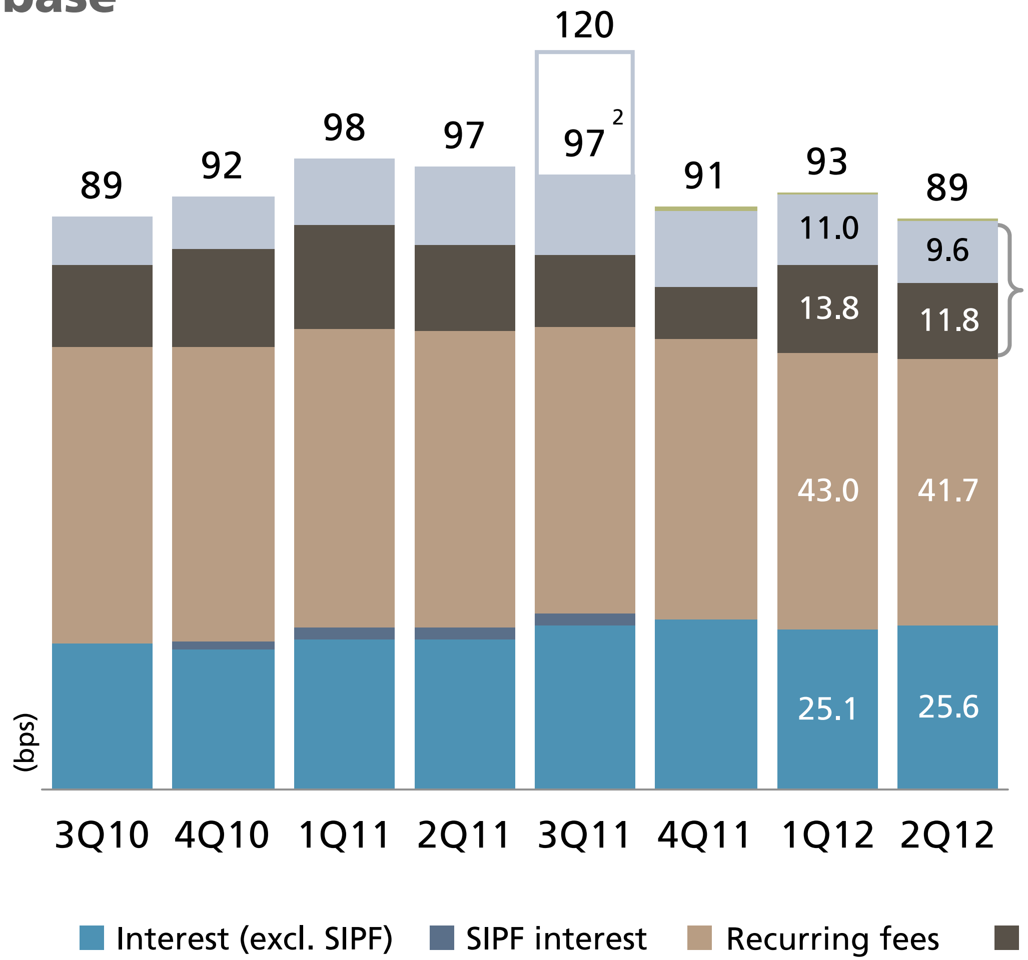
Net new money



Best Global Wealth Manager 2012 (Euromoney)

Wealth Management—Gross margin[1]

Gross margin reflects extremely low client activity levels and higher asset base



- **Trading and transaction-based fee margin** down 3.4 bps on lower client activity

- **Recurring fees margin down 1.3 bps:** faster growth in lower margin products, markets and segments slightly pressured product margins

- Higher deposit levels and lending volumes **increased net interest income margin by 0.5 bp**

We are confident we can achieve the targeted gross margin of 95-105 bps when market conditions improve

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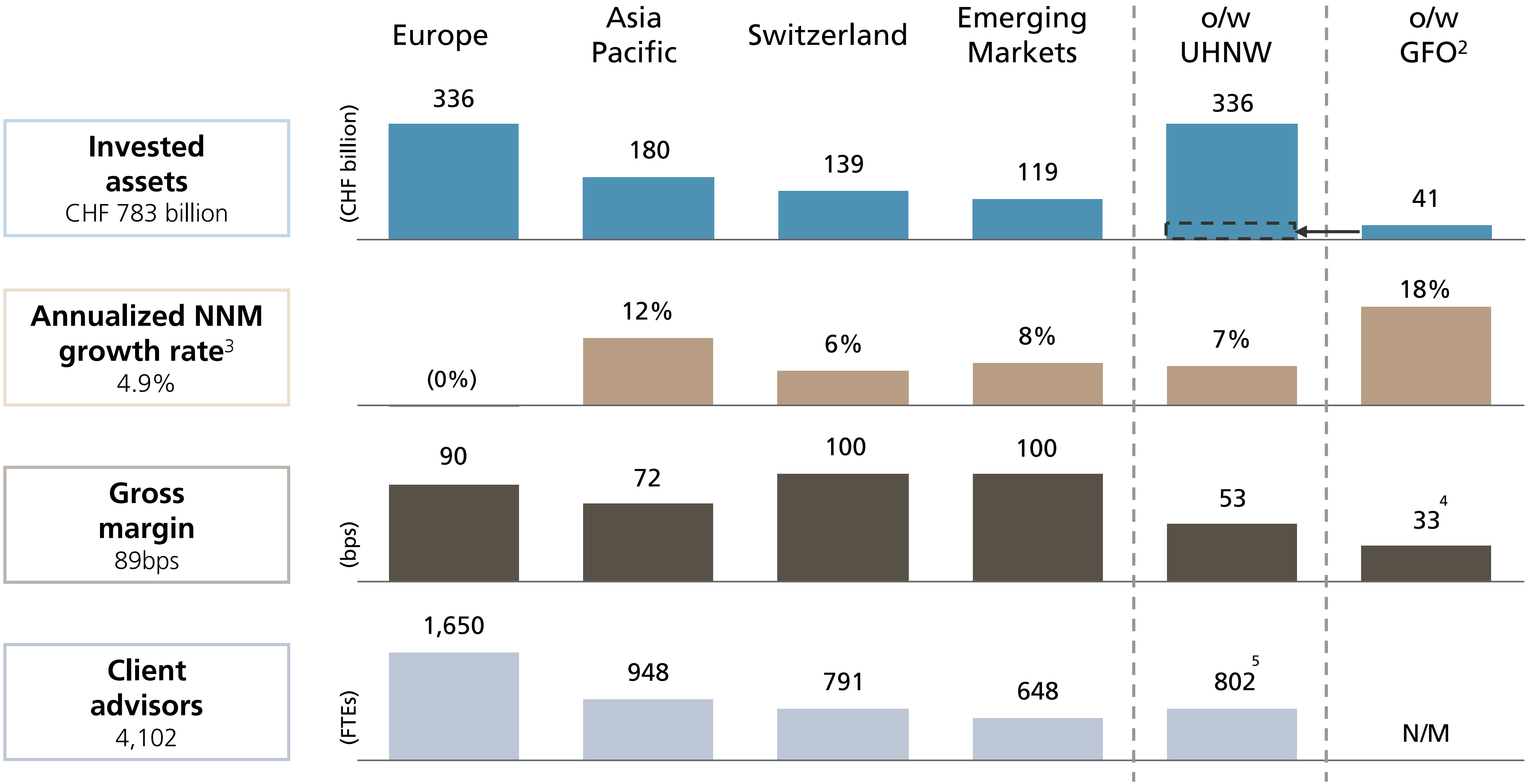
1 Operating income before credit loss (expense) or recovery (annualized) / average invested assets; gross margin excludes a realized gain due to a partial repayment of fund shares of CHF 5 million in 4Q11, and valuation adjustments on a property fund of CHF 27 million in 3Q11. Net fee and commission and net trading income in 1Q11, 2Q11, 3Q11 adjusted for revenue shifts related to Investment Products & Services unit

2 120 bps includes gain of CHF 433 million on the sale of strategic investment portfolio (SIPF); 97 bps excludes that gain

Wealth Management—By business area[1]

Continued progress in strategic growth areas

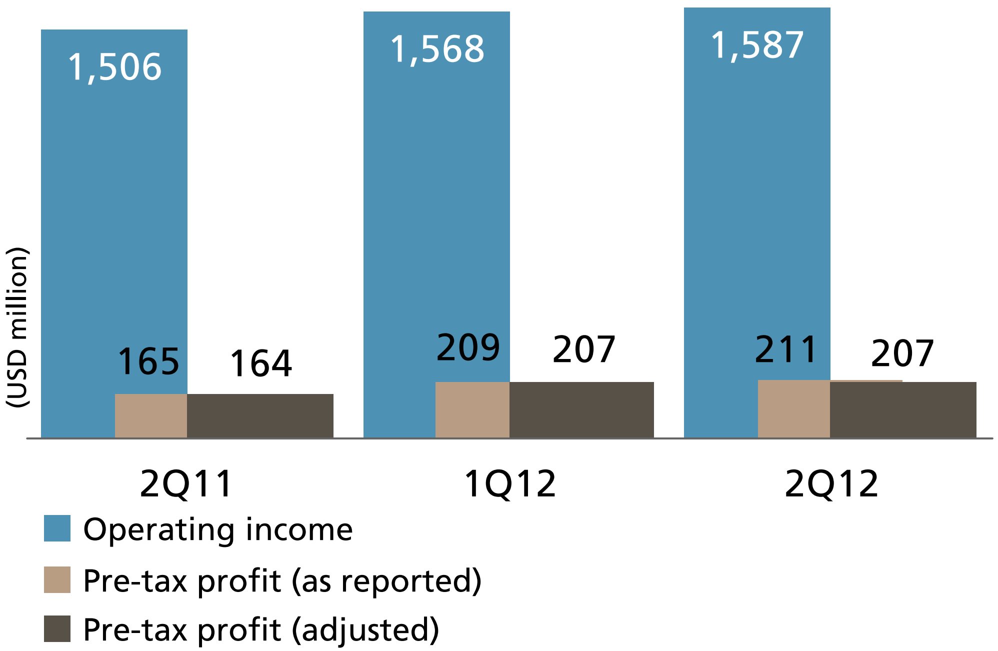


1 Based on the Wealth Management business area structure, and excluding minor functions with 65 client advisors, and CHF 8 billion of invested assets which are mainly attributable to the employee share and option plan service provided to corporate clients and their employees
2 Global Family Office. Joint venture between Wealth Management and the Investment Bank. Since June 2012, Global Family Office is reported as a sub-segment of UHNW and is included in the UHNW figures
3 Computed from 31 March 2012 figures, which are restated as if the Global Family Office were a sub-segment of UHNW
4 Gross margin includes income booked in the Investment Bank. Gross margin only based on income booked in Wealth Management is 18 basis points
5 Dedicated UHNW units: 578 client advisors. Non-dedicated UHNW units: 224 client advisors

Wealth Management Americas (USD)

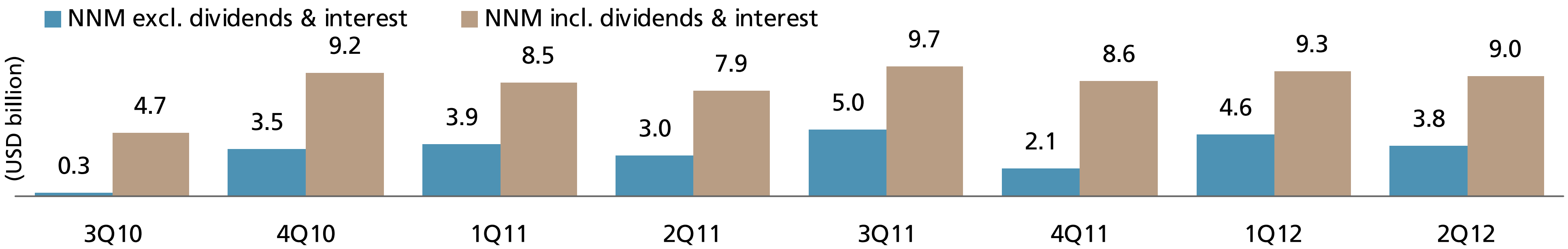
Record pre-tax profit; highest second quarter net new money in 5 years

Operating income and pre-tax profit



- **USD revenues increased 1%** due to higher managed account fees and higher realized gains on the AFS portfolio
- **Cost / income ratio stable** at 87% within target range
- **Financial advisor headcount broadly stable**; attrition rates remain low
- **USD 3.8 billion net new money,** after annual client tax payments of USD 1.8 billion
  - Annualized NNM growth of 1.9%
  - USD 9.0 billion NNM including dividends and interest

Net new money



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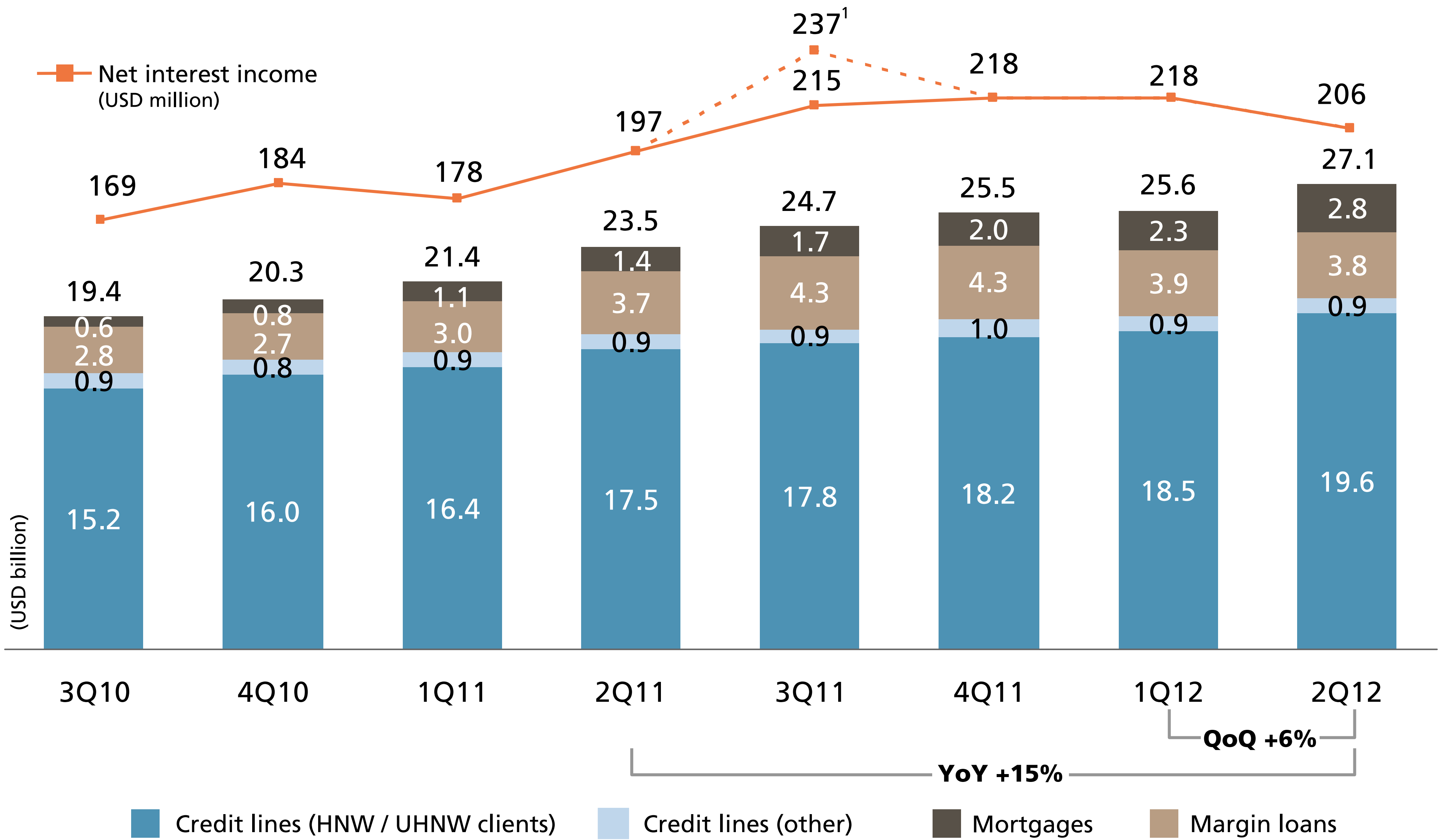
Refer to slide 1 for details about adjusted numbers, Basel III pro-forma estimates and FX rates in this presentation

Wealth Management Americas—Lending balances (USD)

Prudently managed lending growth adding to net interest income



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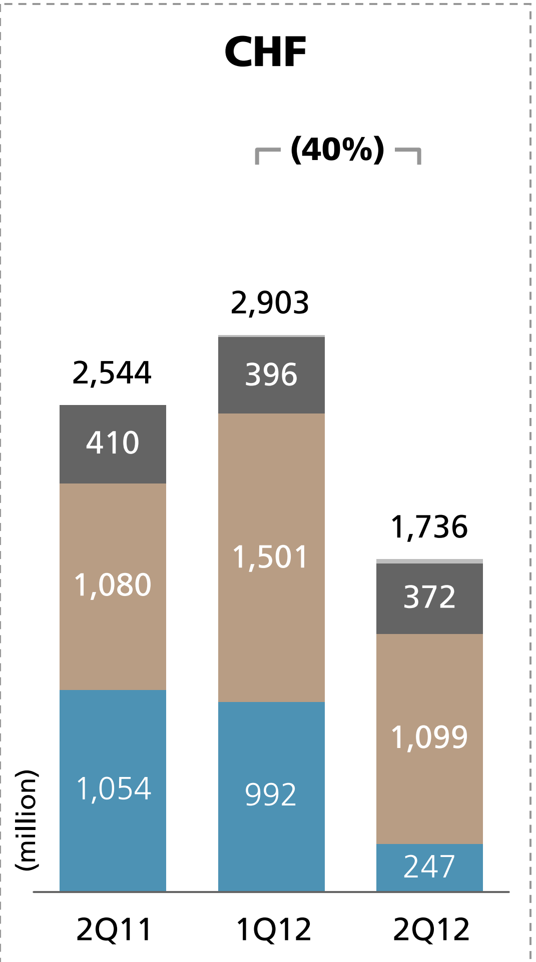
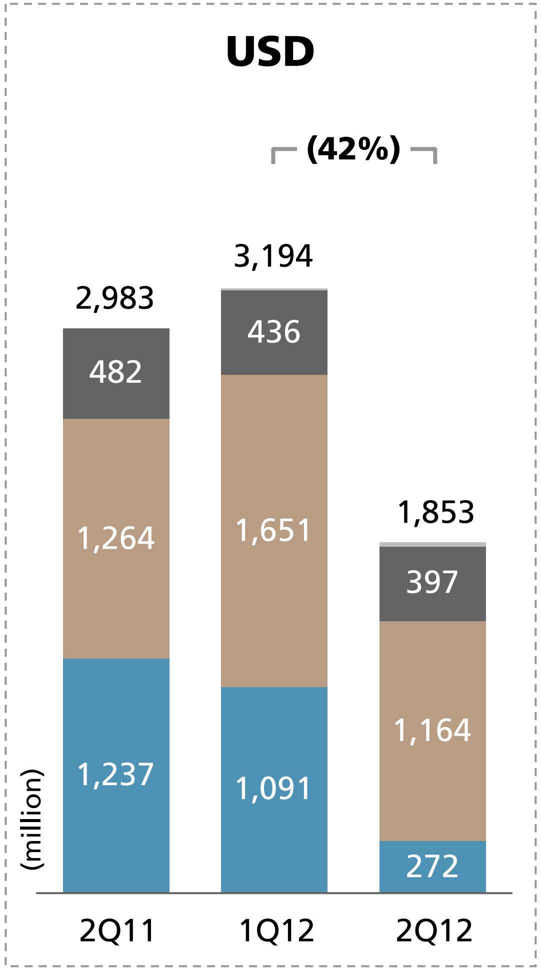
1 As reported; includes an upward adjustment reclassifying USD 22 million (CHF 20 million) from other comprehensive income relating to mortgage-backed securities in our AFS portfolio. The adjustment resulted from properly reflecting estimated future cash flows under the effective interest method, which gave rise to an increase in interest income and a decrease in unrealized gains in other comprehensive income

Investment Bank

Successful Basel III RWA reduction despite challenging market conditions

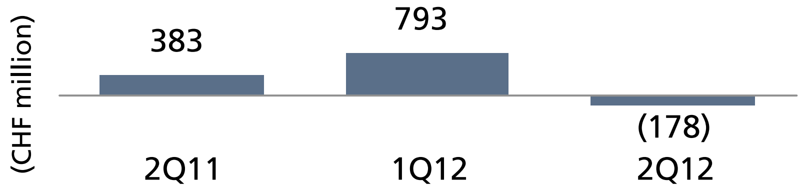
Operating income





■ Equities ■ FICC ■ IBD ■ Credit loss (expense) / recovery

Adjusted pre-tax profit



- **Achieved 2012 Basel III RWA target**
- **Basel III RWAs reduced** by CHF 21 billion[1] to CHF 170 billion

- **2Q12 results include**
  - CHF 349 million loss on Facebook IPO
  - CHF 23 million loss due to changes in own credit methodology and corrections related to prior periods

- **Adjusted costs decreased** by 9%, mainly due to reduced personnel costs

Resilient performance in FX, equity capital markets and prime services

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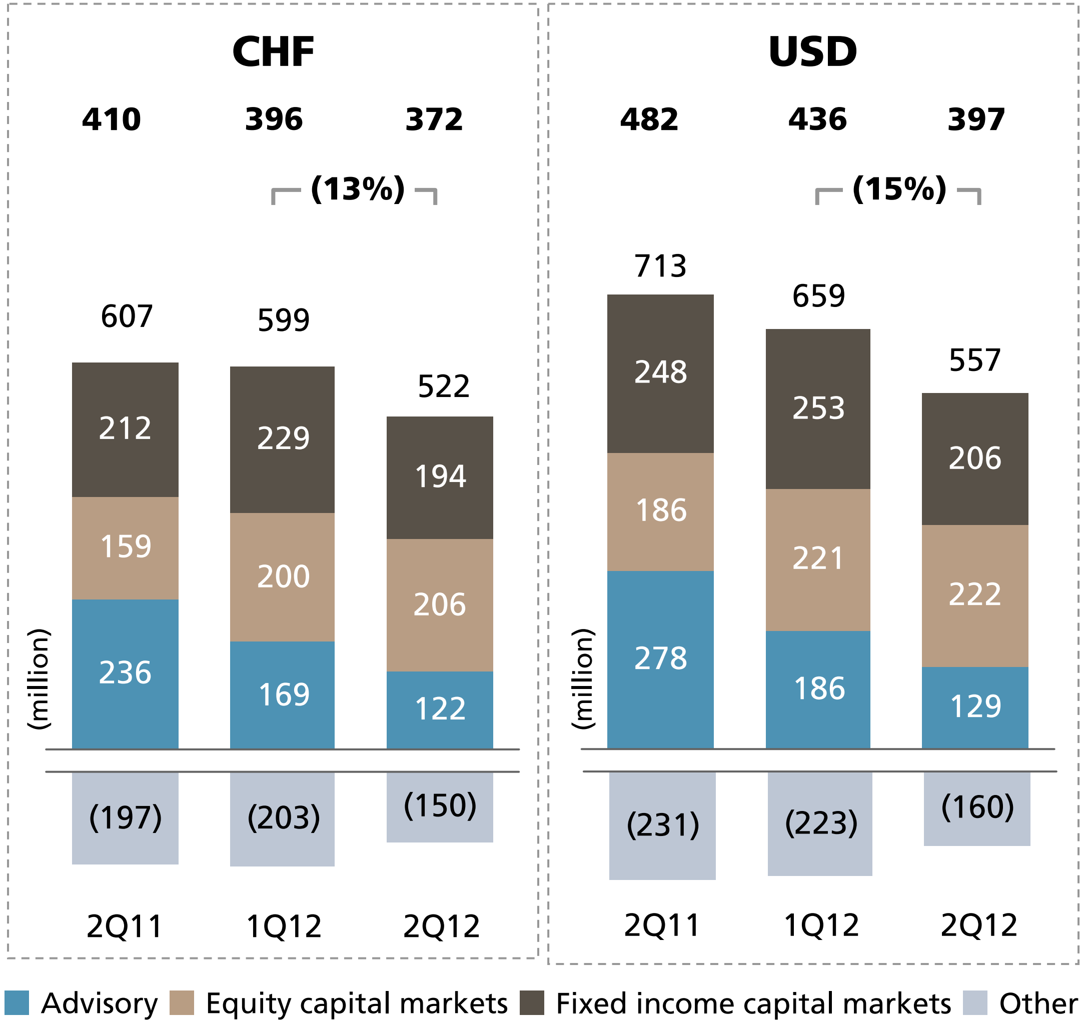
Refer to slide 1 for details about adjusted numbers, Basel III pro-forma estimates and FX rates in this presentation

1 Includes a transfer of CHF 11 billion of CVA VaR RWAs to Legacy Portfolio in Corporate Center

Investment Bank—IBD revenues

Resilient equity capital markets revenues



Comparison in USD terms

- **Equity capital markets (flat)**
  - 21% decline in global fee pool
  - Participated in 3 of the top 5 IPOs
  - Increased revenues from private and structured transactions
- **Fixed income capital markets (19%)**
  - 22% decline in global fee pool
  - Participated in 13 of top 20 deals
- **Advisory (31%)**
  - Smaller fee pool and lower market share
  - Strong performance in the energy sector in the Americas
- **Other +28%**
  - Primarily on lower risk management premiums

Maintained market leading position in Australasia and Asia ex Japan

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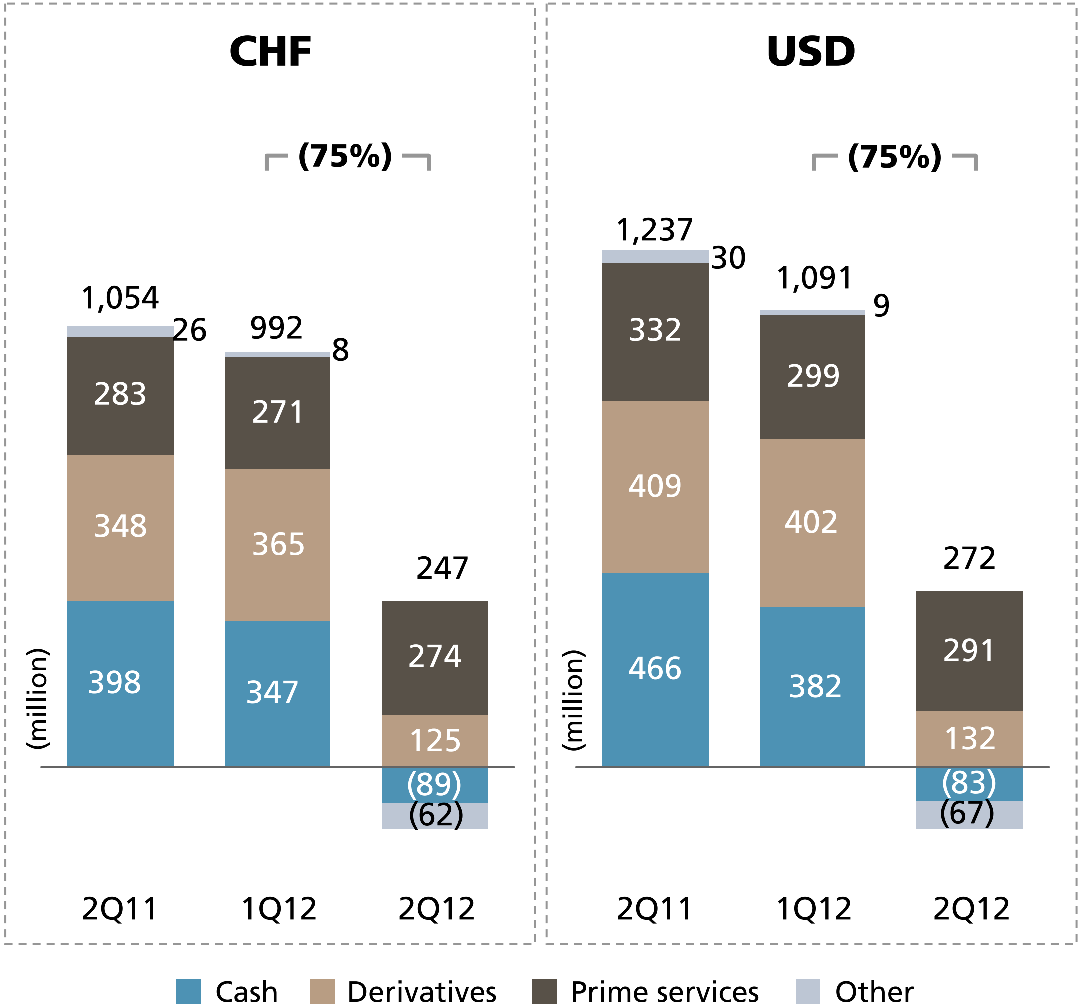
Refer to slide 1 for details about adjusted numbers, Basel III pro-forma estimates and FX rates in this presentation

Investment Bank—Equities revenues

Results impacted by Facebook IPO and adverse market conditions



Comparison in USD terms

- **Prime services (3)%**
  - #1 European Prime Brokerage 2012 (Extel)
  - Solid performance from new and existing clients
- **Cash (n/m)**
  - CHF 349 million loss on Facebook IPO
  - Commissions declined due to lower volumes and trading revenues
- **Derivatives (67%)**
  - Stable client revenues; mark-to-market losses in deteriorating market conditions
  - CHF 65 million loss due to changes in own credit methodology and corrections related to prior periods
- **Other (n/m)**
  - Includes CHF 20 million loss in proprietary trading as we continue to exit this business

No. 1 Pan-European Equity House (Thomson Reuters – Extel, 2004-12)

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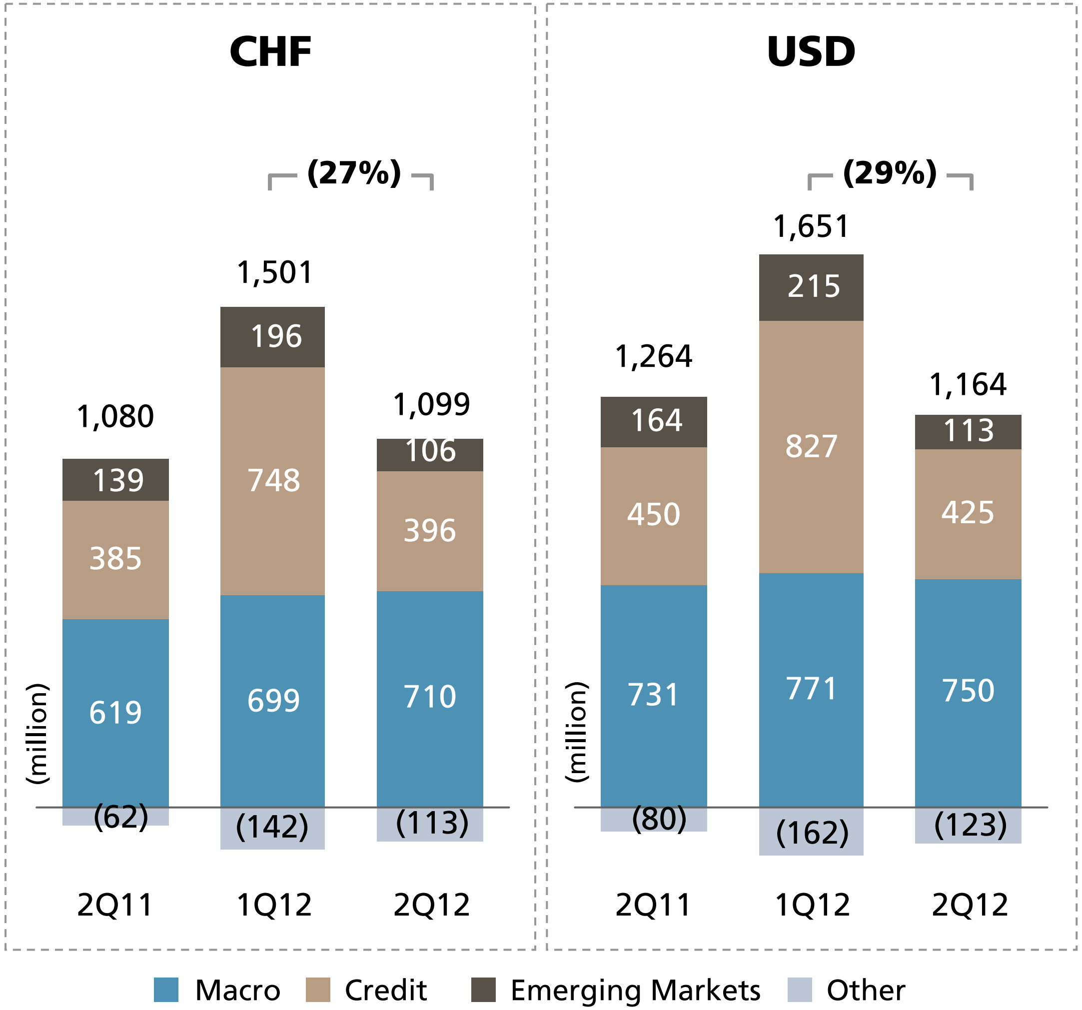
Refer to slide 1 for details about adjusted numbers, Basel III pro-forma estimates and FX rates in this presentation

Investment Bank—FICC revenues

Resilient performance in client facing activities coupled with Basel III RWA reduction; VaR efficiency more than doubled YoY



Comparison in USD terms

- **Macro (3%)**
  - Solid FX performance: increased algorithmic trading volumes and higher market volatility led to higher revenues
  - Steady rates performance due to improved results in short-end rates, offsetting reductions in other businesses
  - Lower commodities revenues
  - CHF 42 million gain due to corrections in own credit related to prior periods
- **Credit (49%)**
  - Reduced client activity levels and widening credit spreads
  - Basel III RWAs down significantly since 30.9.11
- **Emerging markets (47%)**
  - Lower client activity and increased market volatility; mark-to-market losses in deteriorating market conditions

Best FX house in EMEA 2012 (Euromoney)

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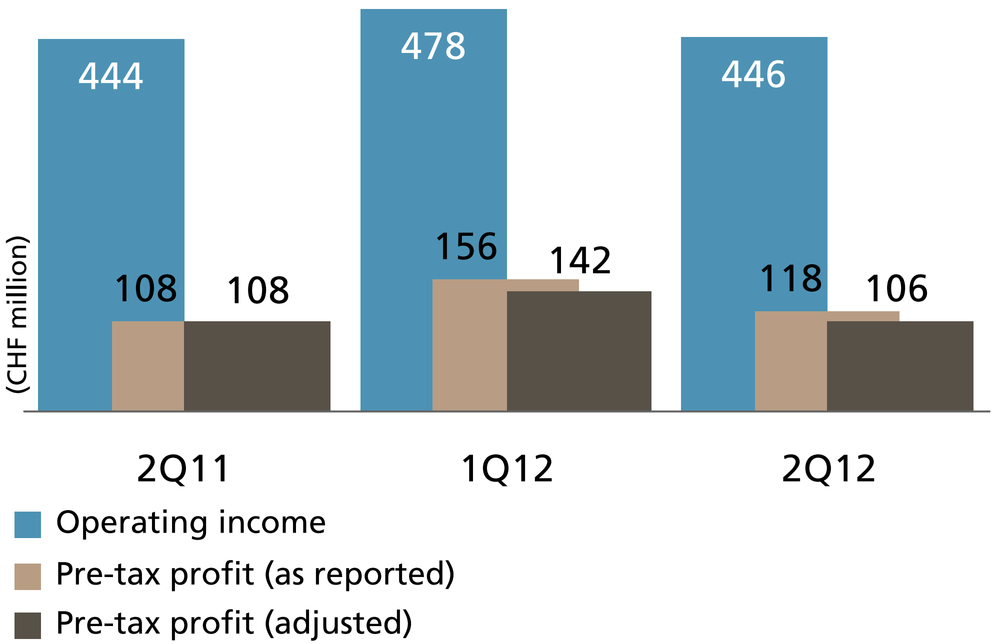
Refer to slide 1 for details about adjusted numbers, Basel III pro-forma estimates and FX rates in this presentation

Global Asset Management

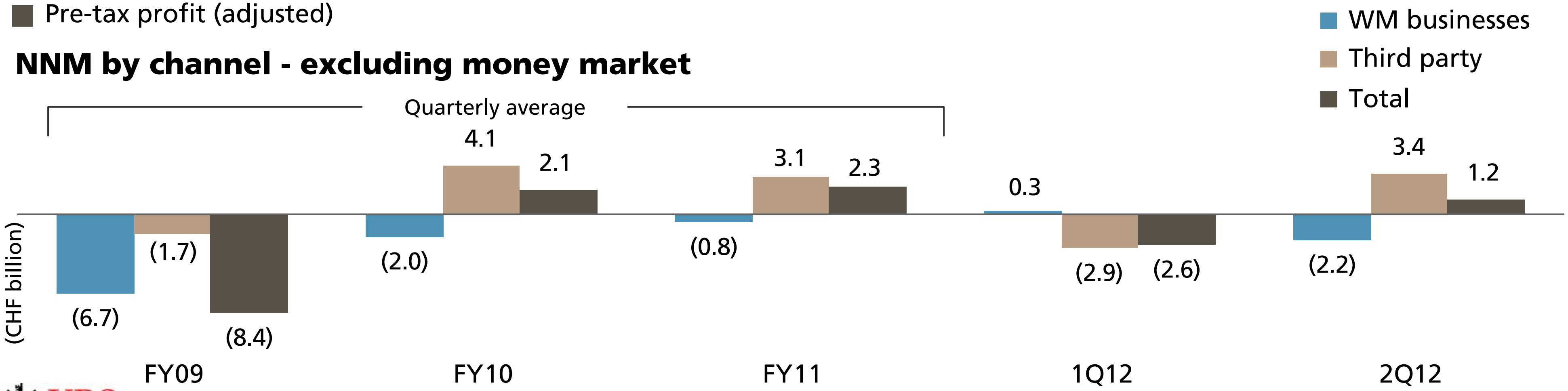
CHF 1.2 billion net new money excluding money market

Operating income and pre-tax profit



- **Stable net management fees** and lower performance fees in challenging market conditions
- **Adjusted operating expenses** broadly unchanged
- **Gross margin** of 32 bps, within target range

NNM by channel - excluding money market



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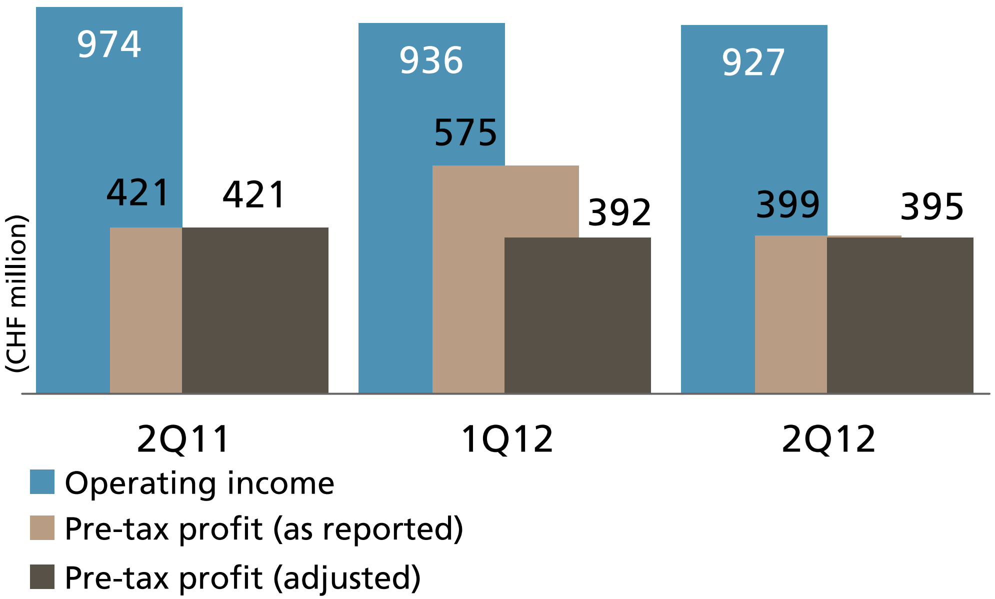
Refer to slide 1 for details about adjusted numbers, Basel III pro-forma estimates and FX rates in this presentation

Retail & Corporate

Resilient profitability and strong net new business volumes

Operating income and pre-tax profit

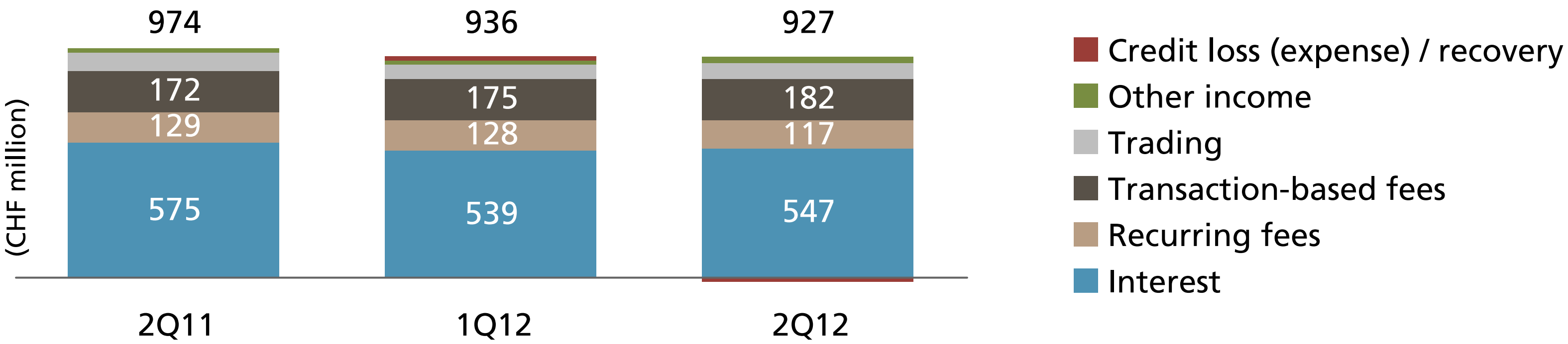


- **Adjusted pre-tax profit increased** to CHF 395 million

- **Operating income decreased slightly**
  - Net interest income up CHF 8 million on higher treasury income as well as average deposit and loan volumes
  - Fee and trading income broadly unchanged
  - Credit loss expenses of CHF 12 million

- **Adjusted cost / income ratio of 57%,** within target range

Operating income components



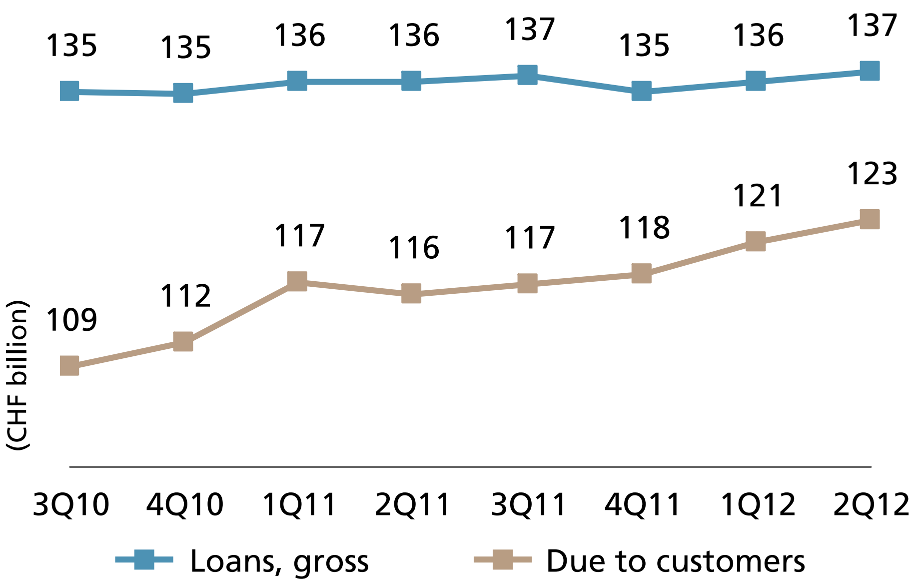
Best Bank in Switzerland 2012 (Euromoney)

Refer to slide 1 for details about adjusted numbers, Basel III pro-forma estimates and FX rates in this presentation

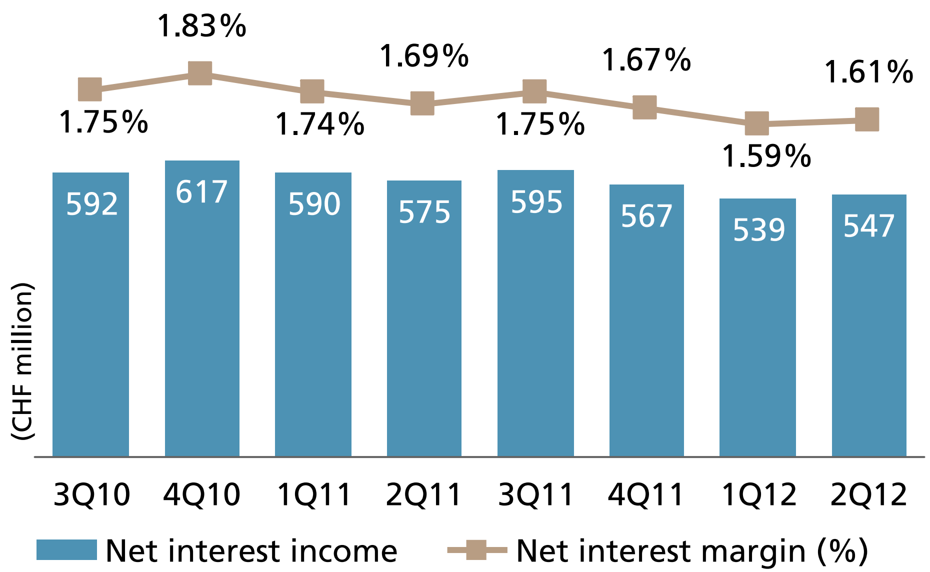
Retail & Corporate

Strong net new business growth with continued strong deposit inflows

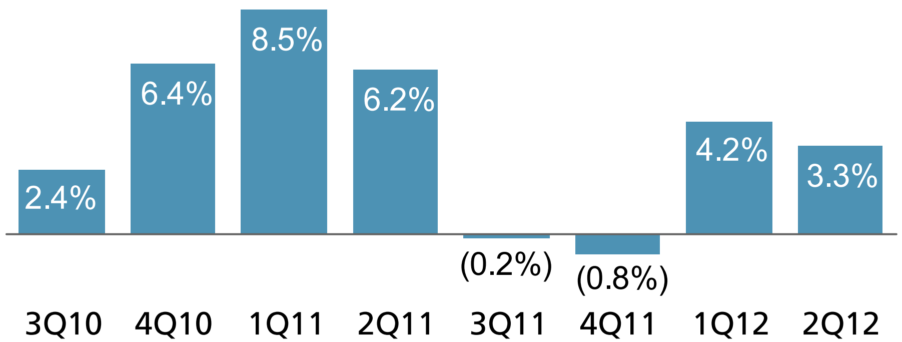
Loans and deposits



Net interest margin[1]



Net new business growth rate[2] (annualized)



- **Net interest margin within target range**; structural pressure on net interest margin offset by treasury result
- **3.3% net new business growth rate** within target range; strong growth in both our retail and corporate businesses
- **Growth in client deposits of CHF 2.4 billion; quality-focused growth in loans**

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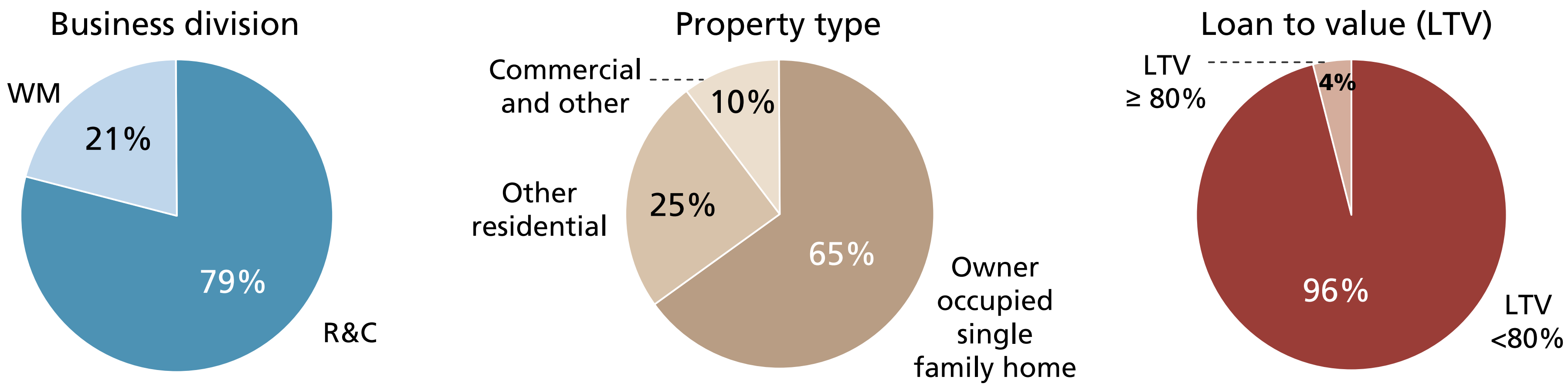
1 Net interest income (annualized) / average loans
2 Net new business volume (i.e. total net inflows and outflows of client assets and loans) for the period (annualized as applicable) / business volume (i.e. total of client assets and loans) at the beginning of the period

UBS's Swiss mortgage portfolio

Our Swiss mortgage portfolio is conservatively managed

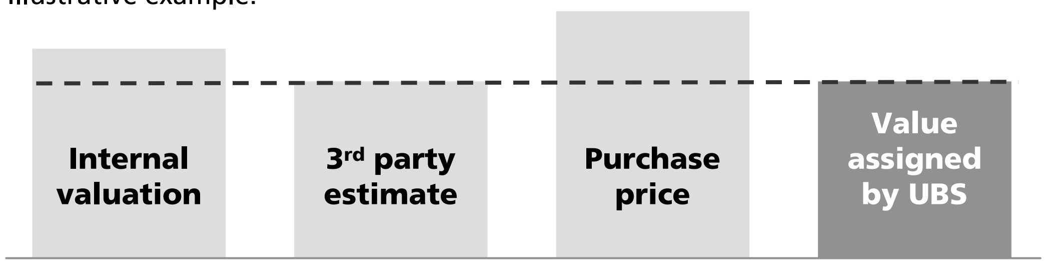
UBS Swiss mortgage portfolio – distribution of loan volume[1]



Lowest valuation principle

The value assigned by UBS to each property is based on the lowest of internal valuation, external valuation and the purchase price

Illustrative example:



- **Our lending standards are high** and primarily based on LTV and affordability criteria
- All mortgages and property valuations are **reviewed periodically**

Over 99.7% of our total exposure to Swiss real estate would remain covered by collateral if property values decreased 20%

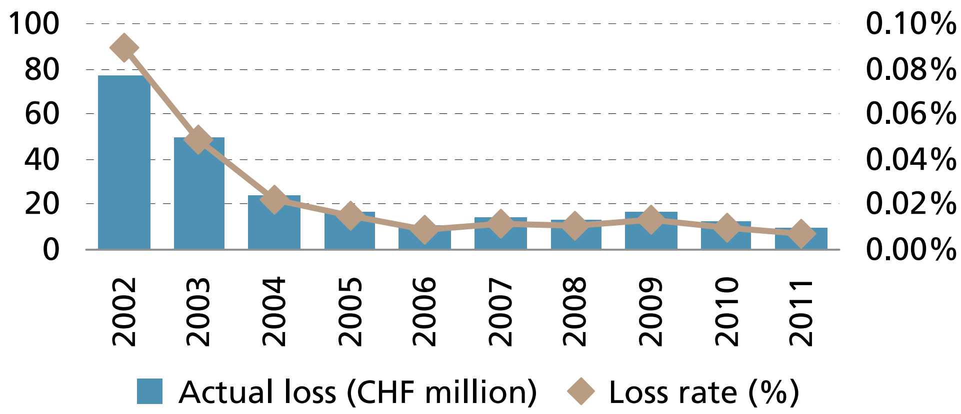
UBS

1 30.6.12. Total size of Swiss mortgage portfolio CHF 136.7 billion

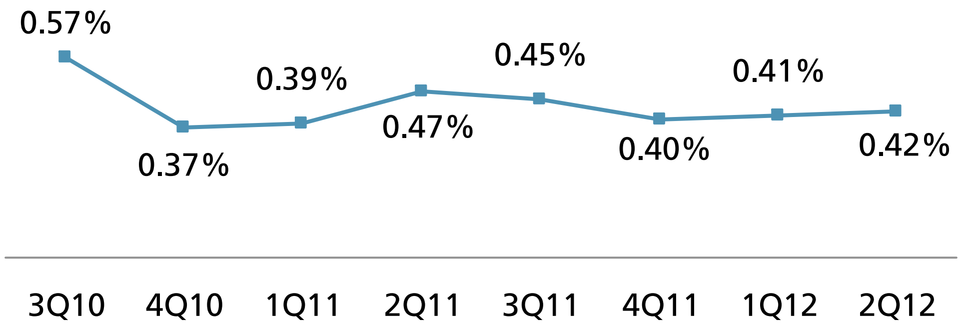
UBS's Swiss mortgage portfolio

Switzerland's economy is strong

UBS mortgages - actual loss by year of default



UBS mortgages - delinquency ratios[1]



- **The Swiss economy is robust** with government, household and business balance sheets in good shape
  - High income levels, high levels of mortgage affordability, low unemployment
- **Strong demand** driven by low interest rates, constant high population growth and migration in high-priced regions
- **Ongoing flight to real estate** as a "safe" investment combined with a lack of alternative investments
- Some of the biggest **price increases are in areas of concentrated wealth** and price segments where mortgages typically play a lesser role in financing
  - The regions around the lakes of Zurich and Geneva and other selected areas including some tourist destinations saw comparatively high price increases in recent years

We will maintain our already stringent lending standards

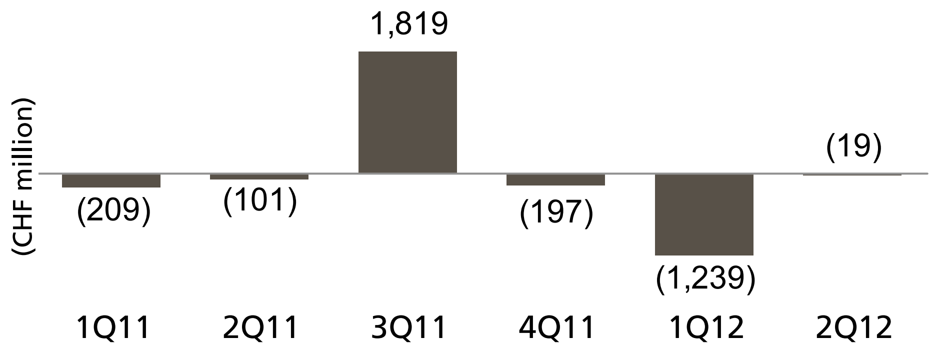
UBS

1 UBS Swiss residential portfolio. Past due but not impaired exposure divided by gross exposure

Corporate Center

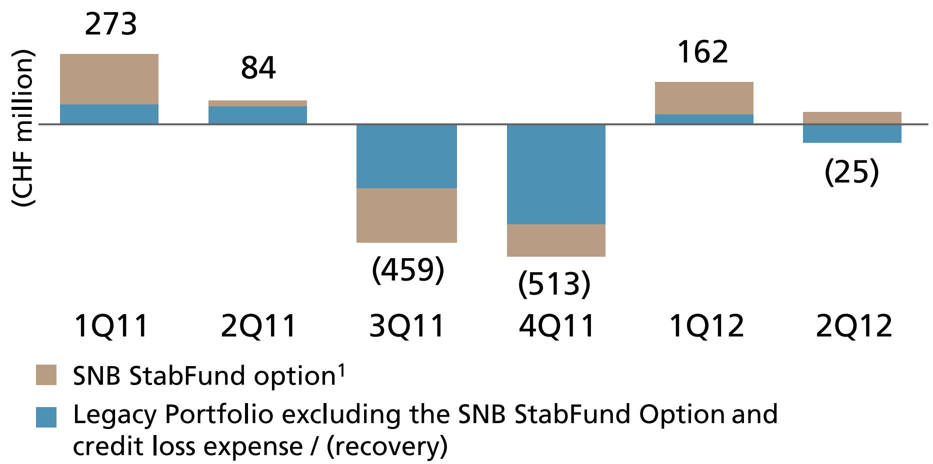
Pre-tax loss of CHF 138 million; marked reduction in Basel III RWAs

Corporate Center – Core Functions pre-tax profit



- **Corporate Center – Core Functions:**
  CHF 19 million pre-tax loss
  - Own credit gains of CHF 239 million
  - Non-allocated negative operating income of CHF 64 million after allocations to the business divisions; includes CHF 42 million loss related to hedge ineffectiveness
  - Retained operating expenses increased predominately due to higher marketing costs

Legacy Portfolio income



- **Legacy Portfolio:**
  CHF 119 million pre-tax loss
  - CHF 45 million gain on the revaluation of UBS's option to acquire the SNB StabFund[1]
  - Negative operating income from legacy positions due to the sale and liquidation of low-rated securitization positions
  - Continued progress in risk reduction with ~ CHF 17 billion reduction in Basel III RWAs[2] from sales and liquidations

UBS

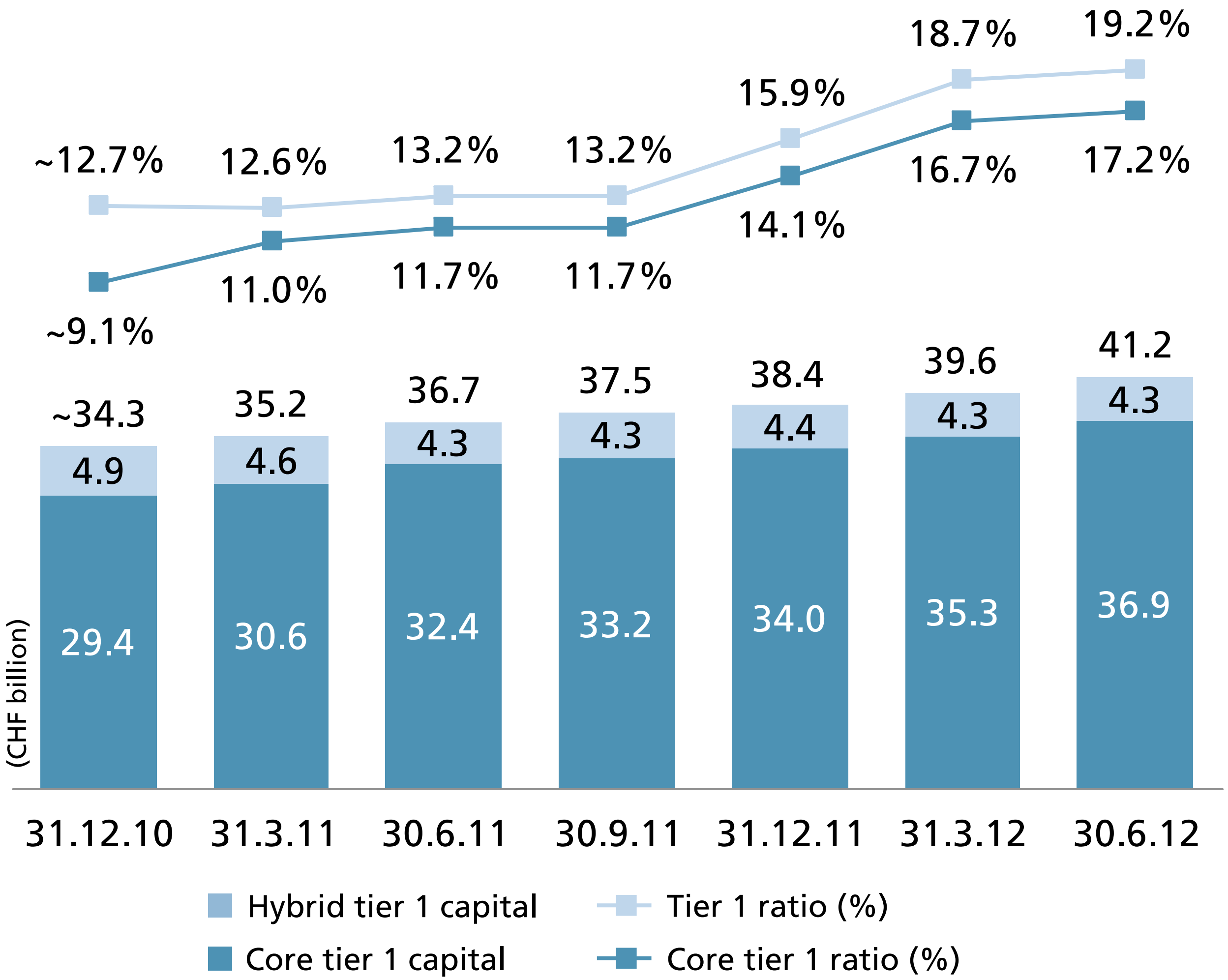
Refer to slide 1 for details about adjusted numbers, Basel III estimates and FX rates in this presentation

1 Option fair value CHF 1,825 million (USD 1,923 million) on 30.6.12

2 Further reduction due to change in treatment of SNB StabFund option (CHF 23 billion based on 30.6.12 option value) partly offset by CVA VaR RWAs allocated from the Investment Bank (CHF 11 billion)

Basel 2.5—Capital ratios

Further increased industry-leading Basel 2.5 tier 1 capital ratio to 19.2%



- **Basel 2.5 risk-weighted assets** increased CHF 4 billion to CHF 215 billion

- **Basel 2.5 tier 1 capital** increased by CHF 1.6 billion to CHF 41.2 billion

UBS

Basel III—2Q12 changes affecting CET1 capital and RWAs

	Impact on 30.6.12 CET1 capital and RWAs	Impact on 30.6.12 CET1 capital ratio	Changes to Group RWA targets[1]
SNB StabFund option Starting 2Q12, the value of UBS's option to buy the SNB StabFund's equity is fully deducted from CET1 capital	CET1 capital: ~ CHF 1.8 billion deduction (phase-in + fully applied) RWAs: ~ CHF 23 billion reduction (phase-in + fully applied)	Phase-in: **+~35 bps** Fully applied: **+~5 bps**	**CHF (20) billion** (consistent with amount originally shown for future periods for illustrative purpose)
Deferred tax assets (DTA) In 2Q12, CHF 1.5 billion of DTAs on net operating losses reallocated to DTAs on temporary differences	CET1 capital: ~ CHF 1.5 billion increase (fully applied only) RWAs: ~ CHF 4 billion increase (phase-in + fully applied)	Phase-in: **(~16 bps)** Fully applied: **+~38 bps**	**CHF 5 billion**
Other adjustments CVA VaR RWAs allocated from the Investment Bank to the Legacy Portfolio + final composition of Legacy Portfolio	CET1 capital: - RWAs: Cumulative shifts from Investment Bank to Legacy Portfolio 2Q12: ~ CHF 11 billion for CVA VaR 4Q11: ~ CHF 5 billion for final Legacy Portfolio composition	Phase-in: - Fully applied: -	**31.12.12: no change** **31.12.13: CHF (5) billion** **31.12.16: CHF (15) billion** -> Split of RWAs between Investment Bank and Legacy Portfolio adjusted[1]

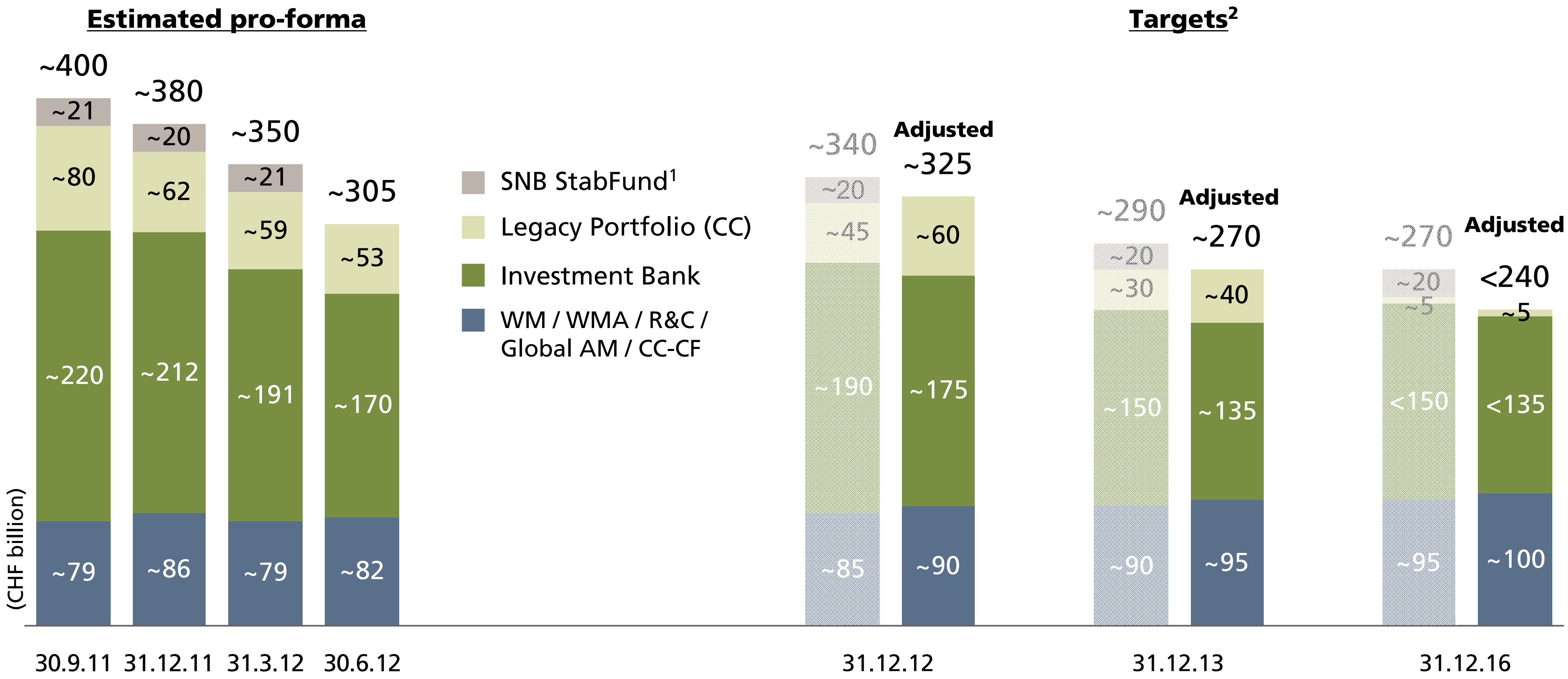
UBS

Refer to slide 1 for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation

1 Refer to slide 27 for details about adjustment to Basel III RWA targets for the Investment Bank and the Legacy Portfolio

Basel III—Risk-weighted assets

Continued disciplined execution; now focused on 2013 targets



RWA targets adjusted to reflect the change in treatment of UBS's option to buy the SNB StabFund, the allocation of CVA VaR RWAs from the Investment Bank to the Legacy Portfolio and the final composition of the Legacy Portfolio

Year-end 2016 Basel III RWA target reduced to < CHF 240 billion

UBS

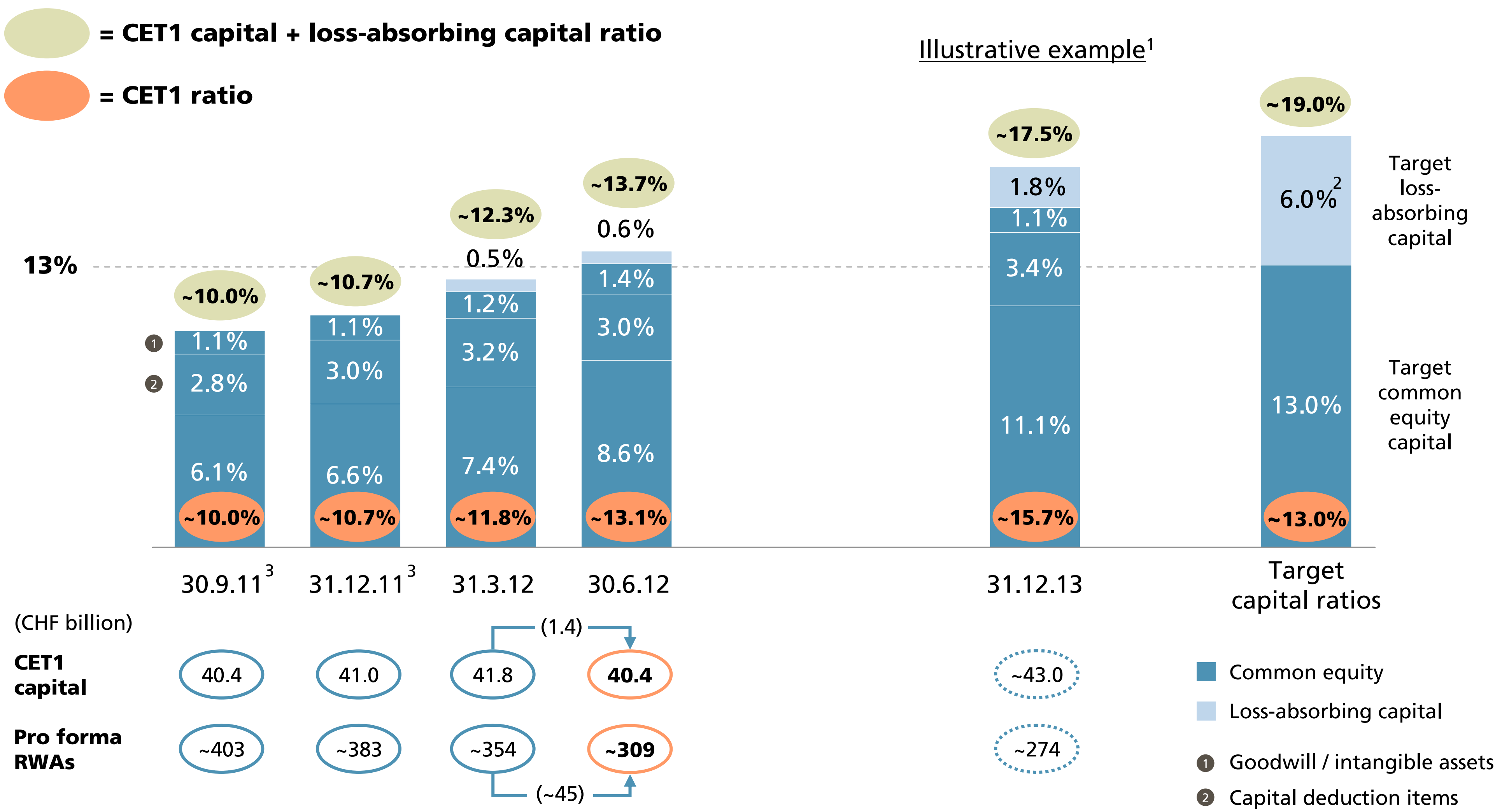
Refer to slide 1 for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation

1 RWAs associated with UBS's option to purchase the SNB StabFund's equity. Treated as a participation with full deduction to CET1 capital from 2Q12

2 Targets assume constant FX rates. Adjusted for the change in treatment of UBS's option to buy the SNB StabFund, the allocation of CVA VaR RWAs from the Investment Bank to the Legacy Portfolio and the final composition of the Legacy Portfolio

Basel III capital ratios—Phase-in scenario

Phase-in CET1 Basel III ratio increased to ~13.1%



UBS

Refer to slide 1 for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation

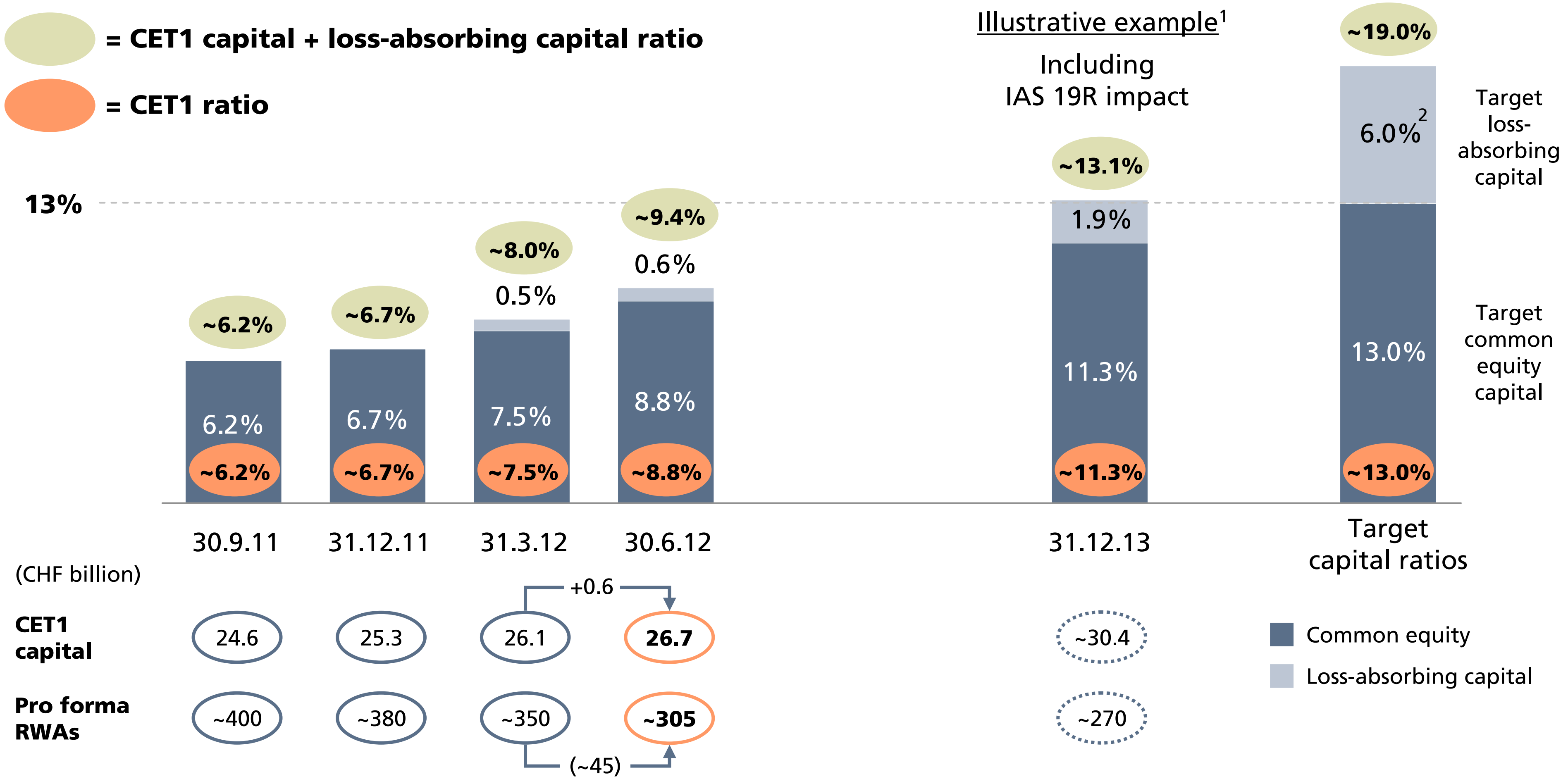
1 Earnings and dividend assumptions based on consensus from sell-side analysts. Refer to slide 32 in the appendix for more information on assumptions

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

3 The phase-in CET1 capital ratio for shown in previous quarterly presentations for 30.9.11 (10.1%) and 31.12.12 (10.8%) was based on fully applied RWAs for simplification purpose

Basel III capital ratios—Fully applied scenario

Fully applied CET1 Basel III ratio increased to ~8.8%



We expect a limited incremental impact from IAS 19R on 1 January 2013 (~30 bps decrease to fully applied CET1 ratio)

Refer to slide 1 for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation
1 Earnings and dividend assumptions based on consensus from sell-side analysts. Refer to slide 32 in the appendix for more information on assumptions
2 UBS is eligible for a capital rebate on a portion of the capital requirement subject to measures taken to improve resolvability

Capital strength is the foundation of our success

Consistent strategy execution; highest capital ratio targets in the industry

Demonstrated ability to execute on strategic priorities and unwavering commitment to our capital targets	Our capital, liquidity and funding positions are strong and represent a competitive advantage

Demonstrated ability to execute on strategic priorities and unwavering commitment to our capital targets

- **Clear strategy** and well diversified business profile - both by business and geography
- UBS's **track record** in deleveraging and RWA reduction is unique amongst peers
- Consistent, **non-dilutive capital objectives** and execution; UBS has the **highest targeted capital ratio amongst peers**
- **Focused and disciplined execution of Basel III RWA reduction**; 2012 RWA targets achieved ahead of schedule
- **Basel 2.5 tier 1 capital ratio 19.2%** up 600bps since 30.9.11; core tier 1 ratio 17.2%
- **Phase-in Basel III CET1 ratio 13.1%** up 310bps since 30.9.11; fully applied CET1 ratio 8.8%

Our capital, liquidity and funding positions are strong and represent a competitive advantage

- **Industry-leading capital ratios**
- **Substantial excess liquidity**
  - Large multi-currency portfolio of unencumbered high-quality assets
  - Basel III Liquidity Coverage Ratio of ~100%
- **Solid funding structure**
  - Broadly diversified funding portfolio by product, currency and geography; significant deposit / loan overhang at 132%
  - 95% of customer deposits from wealth management businesses and Retail & Corporate; a significant, cost-efficient and reliable funding source
  - Basel III Net Stable Funding Ratio > 100%
- Limited exposure to peripheral European countries

Our industry leading capital position is attractive to our clients

UBS

Appendix

Basel III—Assumptions for illustrative example[1]

Basel III CET1 capital[1]

CHF billion except where noted

Phase-in scenario	Basis / source	2H12	FY13
CET1 capital, start of period		**40.4**	**41.7**
Net profit attributable to shareholders[2]	Analyst consensus (13 July 2012)	1.7	4.4
Dividends for the period[3]	Analyst consensus (13 July 2012)	(0.4)	(1.9)
Impact on capital of goodwill and intangible assets[4]	Assumption for illustrative purpose	0.0	(1.2)
CET1 capital, end of period		**41.7**	**43.0**
Basel III RWAs[5]	Assumption for illustrative purpose		**274**
Basel III CET1 ratio, end of period			**31.12.13: 15.7%**

Fully applied scenario	Basis / source	2H12	FY13
CET1 capital, start of period		**26.7**	**28.3**
IAS 19R incremental impact[6]	Assumption for illustrative purpose		(1.0)
Net profit attributable to shareholders[2]	Analyst consensus (13 July 2012)	1.7	4.4
Dividends for the period[3]	Analyst consensus (13 July 2012)	(0.4)	(1.9)
Amortization of deferred tax assets on net operating losses[7]	Assumption for illustrative purpose	0.3	0.7
CET1 capital, end of period		**28.3**	**30.4**
Basel III RWAs[5]	Assumption for illustrative purpose		**270**
Basel III CET1 ratio, end of period			**31.12.13: 11.3%**

Refer to slide 1 for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation

1 Deferred tax assets on net operating losses (CHF 5,583 million on 30.6.12) and deferred pension expenses (CHF 3,783 million on 30.6.12) assumed constant for future periods. Other deduction items not taken into account. Deduction for exposures in financial industry excluded as rules need further clarification. Loss-absorbing capital assumptions shown on slides 28 and 29 based on total issuance of CHF 2.5 billion in both 2012 and 2013, consistent with assumptions used for illustrative purpose at 2011 Investor Day

2 Based on consensus from sell-side analysts collected by UBS on 13 July 2012 (25th percentile of earnings estimates with 20% haircut). 2H12 estimates based on FY12 estimates minus 1Q12 and 2Q12 actuals, adjusted for difference between 2Q12 actuals and 2Q12 estimates

3 Based on consensus from sell-side analysts collected by UBS on 13 July 2012 (75th percentile of dividend estimate times 3.8 billion shares). 2H12 assumes 50% of 2012 dividend to be accrued in 2H12

4 Deducted from tier 1 capital and not from CET1 capital up to the amount of outstanding phase-in hybrid tier 1 capital; assumes EUR 1.0 billion tier 1 hybrid instrument with first call date 11.4.13 called at first call date. Refer to the "Assessment of carrying values" section on page 19 of UBS's 2Q12 report for more information

5 31.12.13 RWA assumption based on UBS target (CHF 270 billion); 31.12.13 phase-in RWAs adjusted for deferred pension expenses (assumed constant)

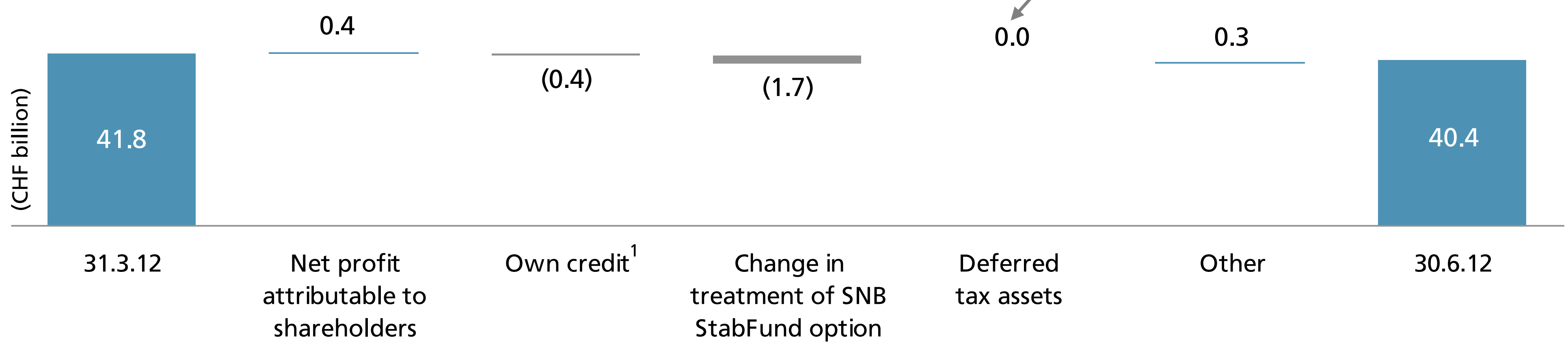
6 Estimated impact based on 30.6.12 data. Refer to slide 35 for more information about IAS 19R

7 Set as 15% of sell-side analysts' average estimate of net profit attributable to shareholders for illustrative purpose. Does not represent an estimate or forecast by UBS

Basel III—Common equity tier 1 capital

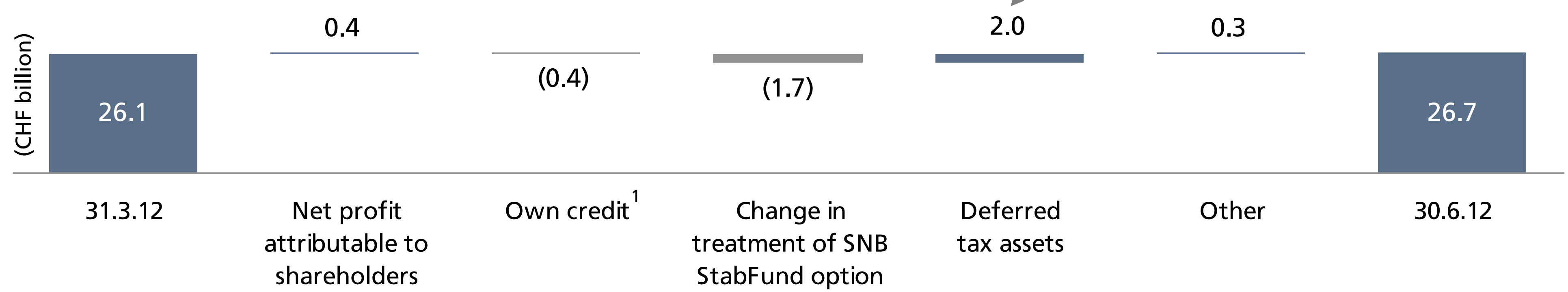
Phase-in Basel III CET1 capital – QoQ change

DTAs on net operating losses (NOLs) will first be deducted in 2014 (20%)



Fully applied Basel III CET1 capital – QoQ change

CHF 2.0 billion net decrease in DTAs on NOLs (of which CHF 1.5 billion reclassified to DTAs on temporary differences)



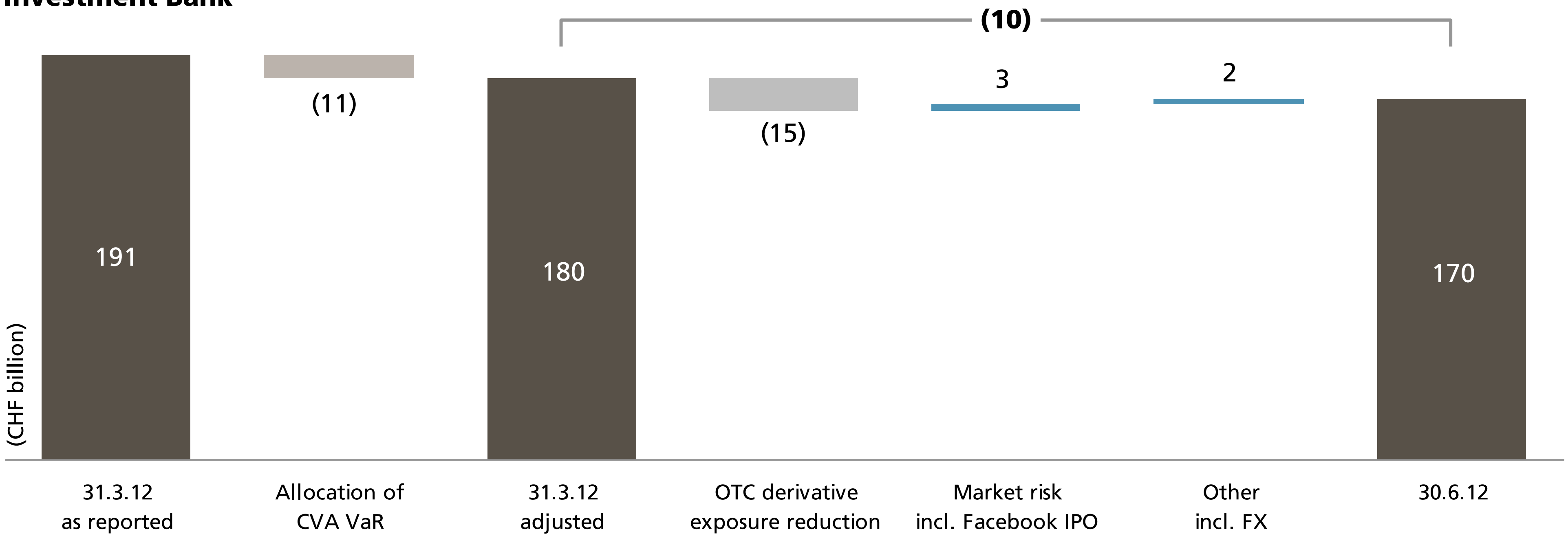
UBS

Refer to slide 1 for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation

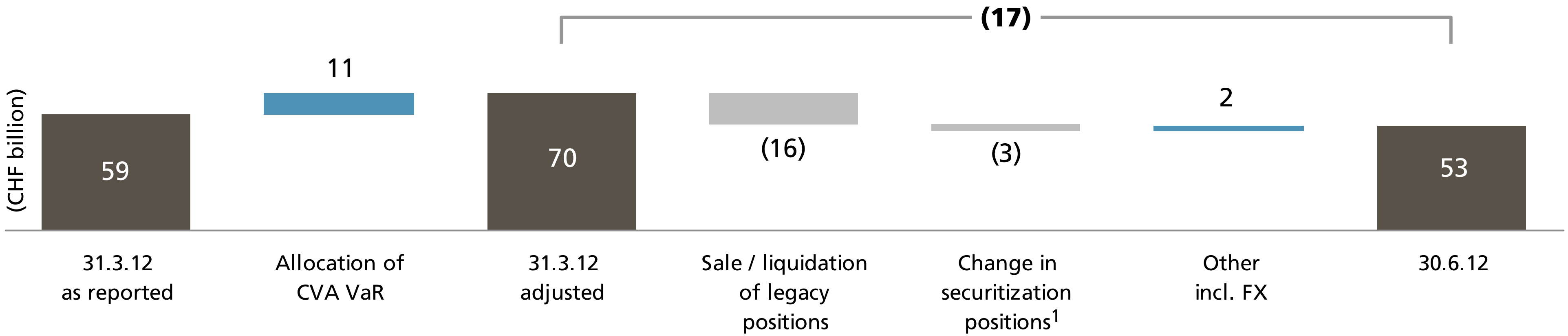
1 Basel 2.5 own credit adjustments relate to own credit on financial liabilities designated at fair value, whereas Basel III also includes own credit on derivatives (DVAs)

Basel III—2Q12 RWA reduction (Investment Bank + Legacy Portfolio)

Investment Bank



Legacy Portfolio



UBS

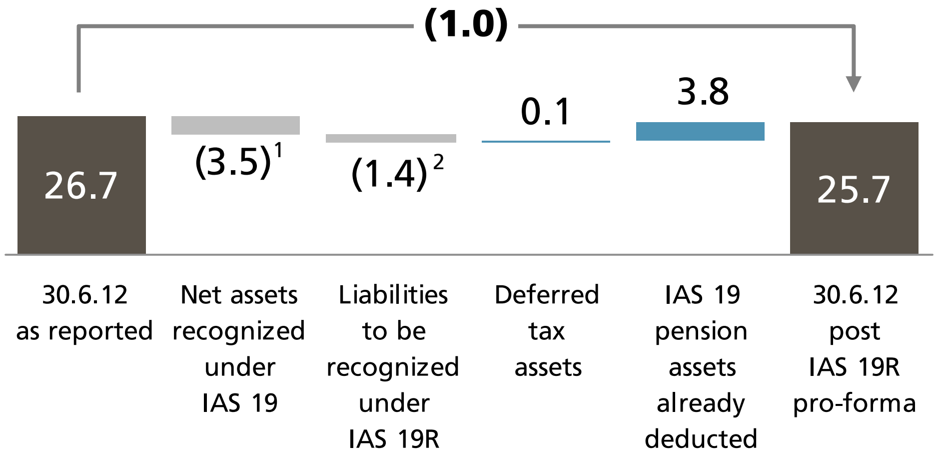
Refer to slide 1 for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation

1 Includes model and methodology changes and ratings migration

Estimated impact of IAS 19R

We expect a limited impact on our Basel III CET1 capital

Fully applied Basel III CET1 capital
estimated impact based on 30.6.12 data



IFRS equity
estimated impact based on 30.6.12 data

Estimated incremental impact of CHF 1.0 billion[3]

Estimated impact of CHF 4.1 billion

2014 – 2018 (20% per annum) phase-in period for full impact of IAS 19R[4]

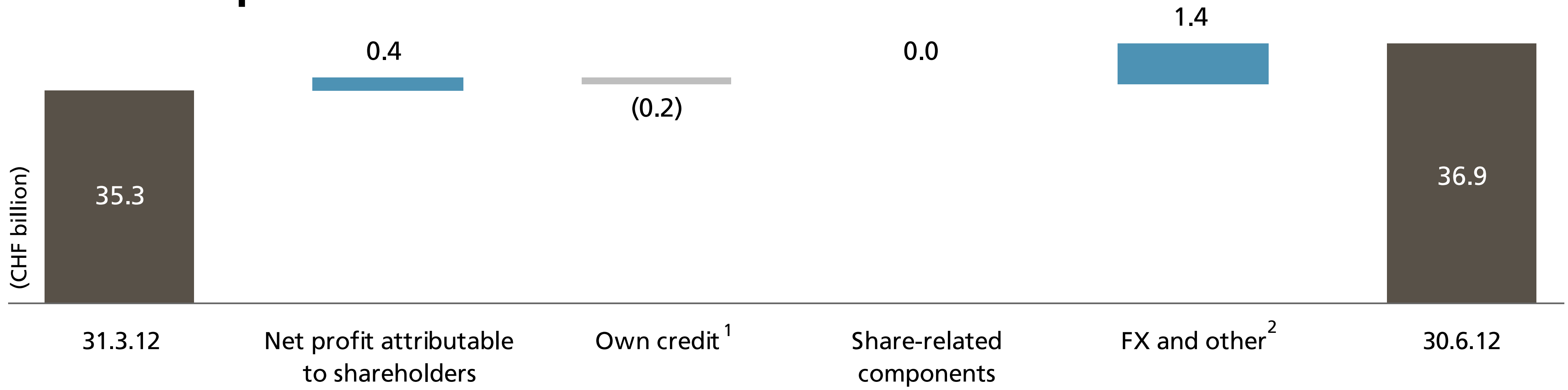
Effective 1 January 2013

The introduction of IAS 19R will result in greater volatility of Basel III capital ratios and IFRS equity

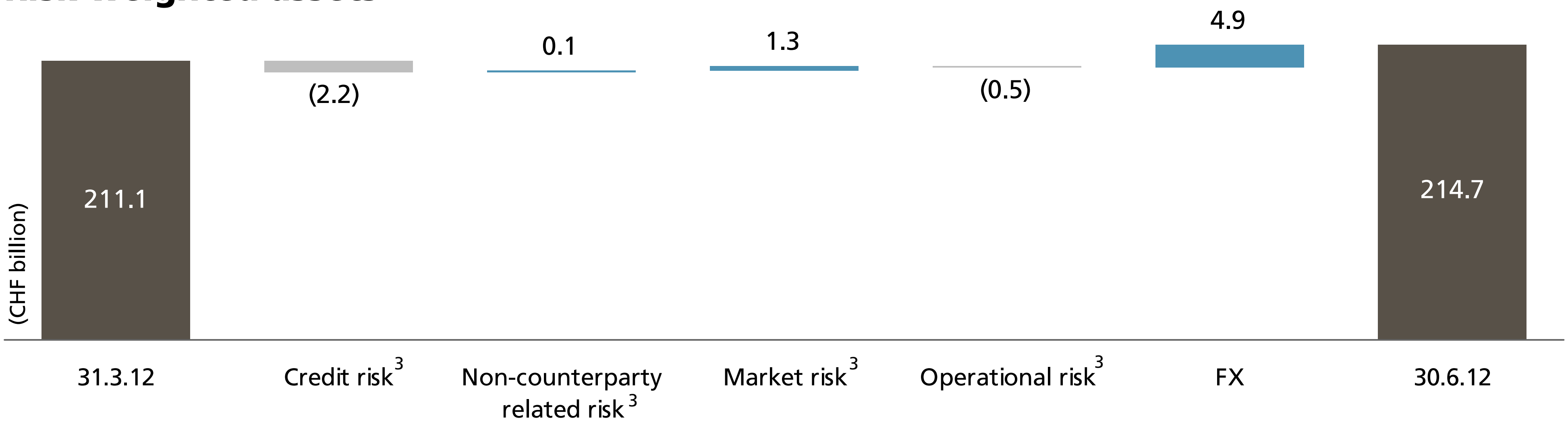
Refer to slide 1 for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation
1 CHF 3.8 billion of deferred pension expenses (recorded in other assets) minus CHF 0.3 billion of accrued pension liabilities (recorded in other liabilities)
2 Represents the estimated accounting deficits of defined benefit plans
3 Incremental to the CHF 3.8 billion deferred pension expenses already deducted in the calculation of fully applied CET1 capital. The incremental impact of IAS 19R will be reflected in the reported Basel III fully applied CET1 capital and CET1 capital ratios starting 1 January 2013 when IAS19R becomes effective
4 Deferred pension expenses (CHF 3.8 billion on 30.6.12) and incremental impact of IAS 19R (estimated at CHF 1.0 billion on 30.6.12)

Basel 2.5—Core tier 1 capital and RWAs

Core tier 1 capital



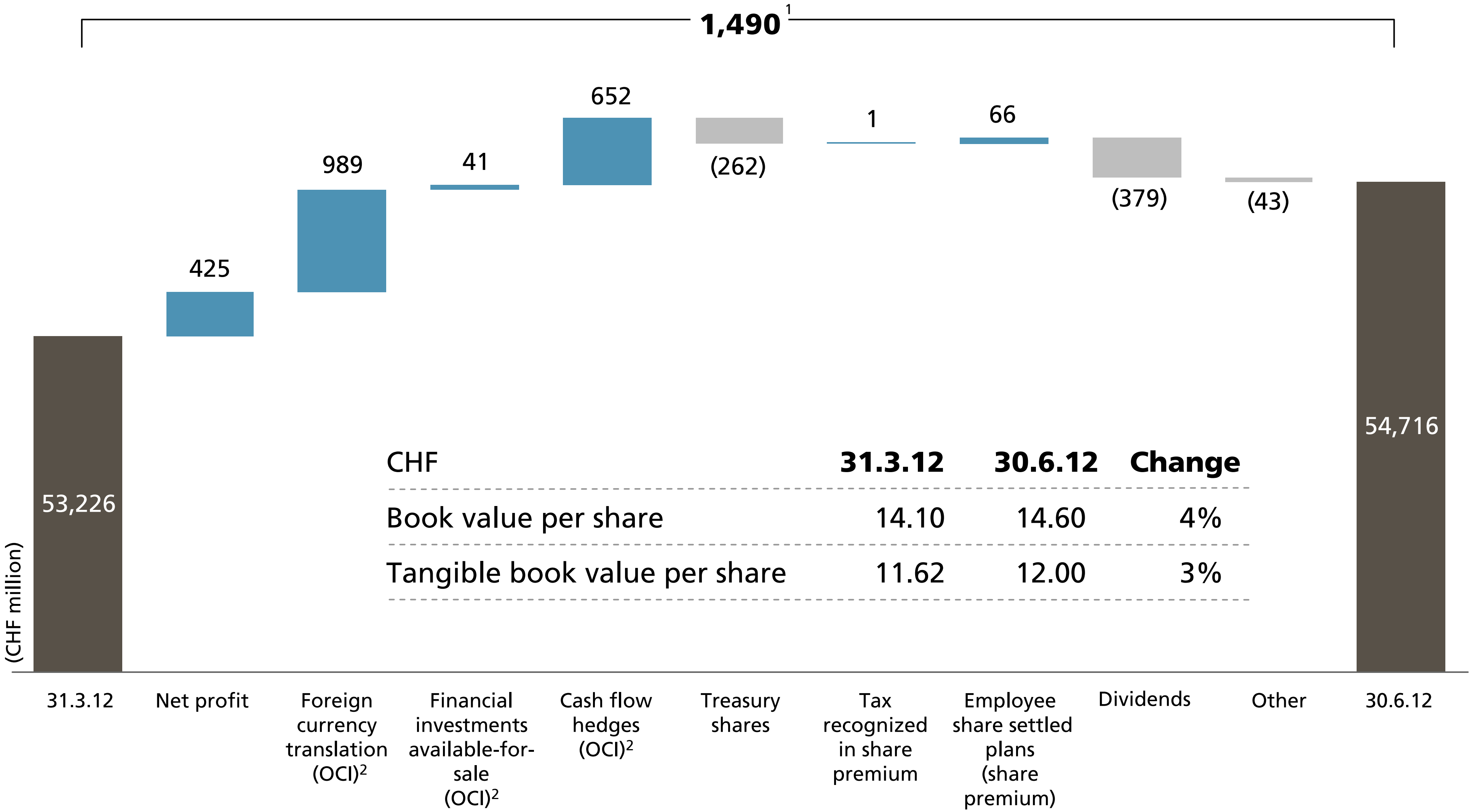
Risk-weighted assets



UBS

1 Basel 2.5 own credit adjustments relate to own credit on financial liabilities designated at fair value, whereas Basel III also includes own credit on derivatives (DVAs)
2 Includes mainly changes in deduction items and dividend accruals
3 Adjusted for estimated FX effect

IFRS equity attributable to UBS shareholders



CHF	31.3.12	30.6.12	Change
Book value per share	14.10	14.60	4%
Tangible book value per share	11.62	12.00	3%

UBS

1 Tangible book value increased CHF 1,081 million from CHF 43,881 million on 31.3.12 to CHF 44,962 million on 30.6.12
2 Net of tax. Total income tax expense recognized in OCI was CHF 289 million in 2Q12

Tax expense

2Q12 net tax expense of CHF 253 million

Pre-tax profit (as reported)	**CHF 951 million**
Deferred tax **expenses** with respect to the amortization of previously recognized DTAs	CHF 241 million
Other net tax **expenses** in respect of 2Q12 taxable profits	CHF 113 million
Tax benefits arising from the release of provisions in respect of tax positions that had previously been uncertain	CHF (101) million
2Q12 net tax expense	**CHF 253 million**
2Q12 effective tax rate	**26.6%**
2Q12 adjusted effective tax rate[1]	**22.0%**

The FY12 effective tax rate for the Group may significantly differ from the effective tax rate in 1H12 (~32%) depending on the extent of further book tax adjustments affecting Swiss tax expense and whether we adjust the IFRS carrying values of our deferred tax assets in the US and in Switzerland following the preparation of the new business plan later this year

1 Exclusive of own credit and other IFRS items that are treated differently for Swiss GAAP and tax purposes, totaling CHF 203 million in 2Q12. The 2Q12 adjusted effective tax rate of 22% = CHF 253 million / CHF 1,154 million (CHF 1,154 million = CHF 951 million + CHF 203 million)

Net profit attributable to non-controlling interests

CHF 273 million of net profit attributed to non-controlling interests in 2Q12

Hybrid tier 1 instruments outstanding

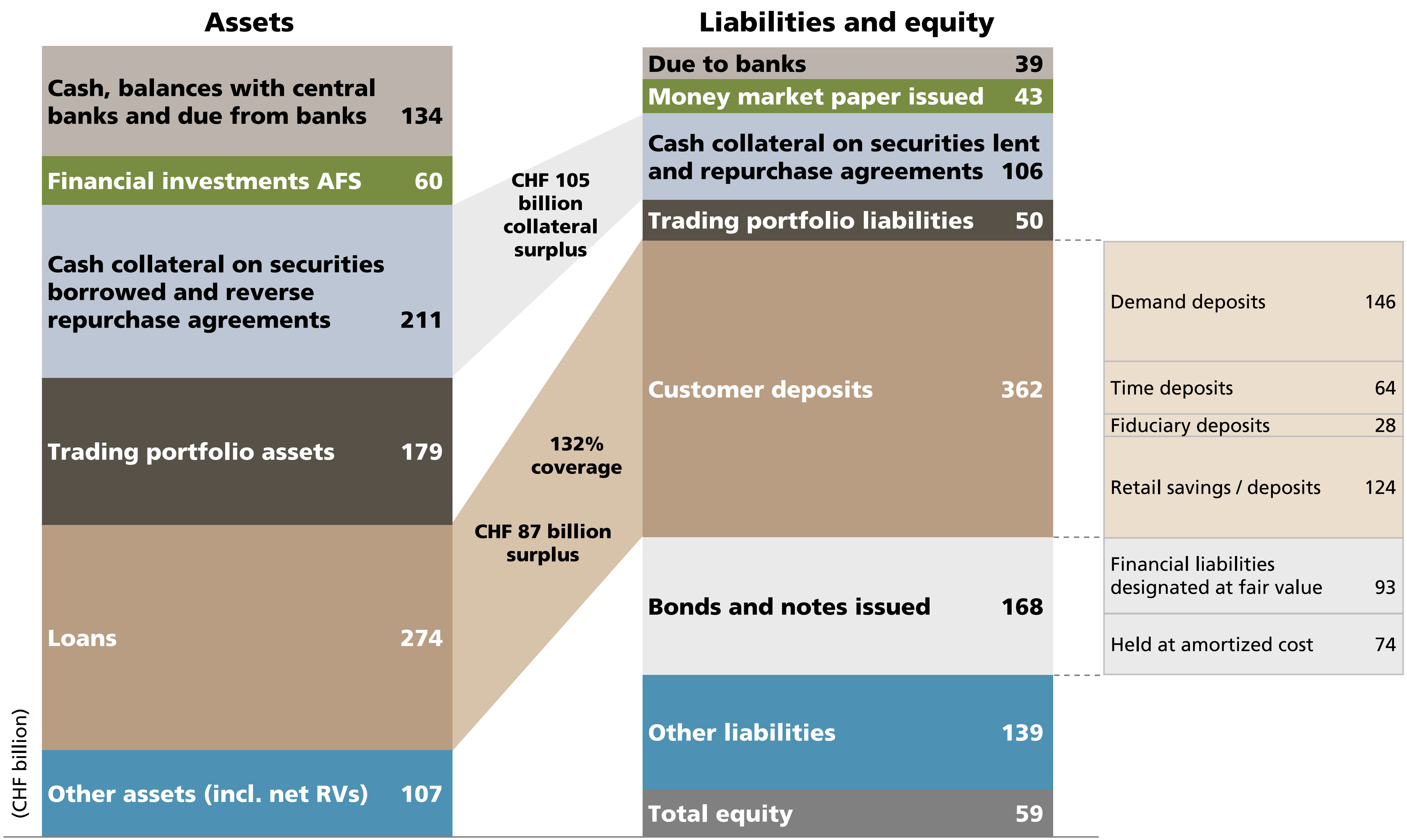
Amount	Issue date	Interest rate	First call date
EUR 1,000 million	11.4.08	8.836%[1]	11.4.13
EUR 1,000 million	15.4.05	4.28%[1]	15.4.15
USD 1,000 million	12.5.06	6.243%[1]	12.5.16
EUR 600 million	21.12.07	7.152%[1]	21.12.17
USD 300 million	23.5.03	Libor + 70bps	15.6.08[2]

We do not expect material additional attribution of profits to non-controlling interests in 2H12

UBS

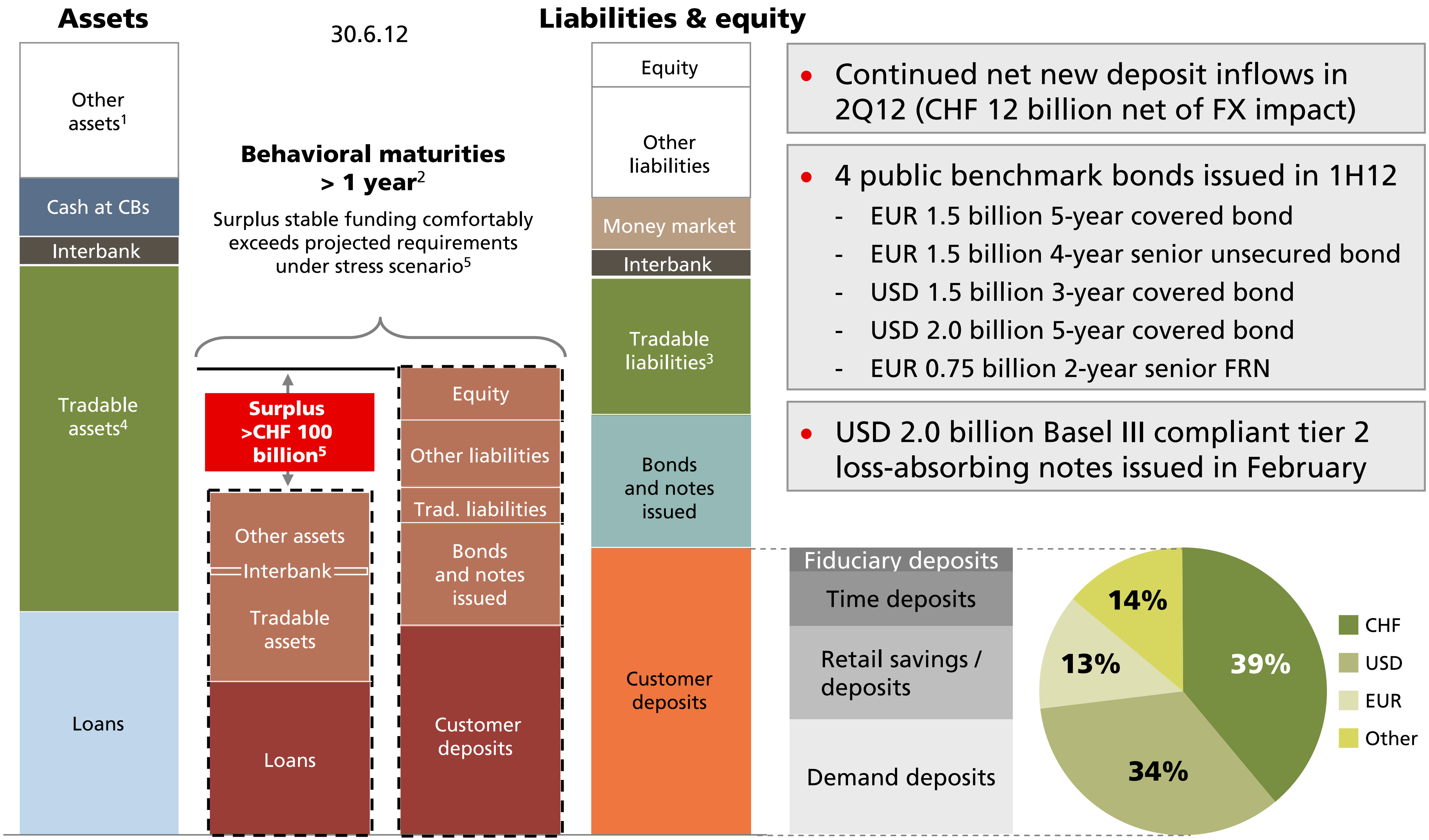
1 Fixed rate until call date, floating rate coupon payment thereafter
2 Retail Trust Preferred Securities callable monthly since 15.6.08

Asset funding—30 June 2012



UBS

Diversified funding with a long-term surplus



- Continued net new deposit inflows in 2Q12 (CHF 12 billion net of FX impact)

- 4 public benchmark bonds issued in 1H12
  - EUR 1.5 billion 5-year covered bond
  - EUR 1.5 billion 4-year senior unsecured bond
  - USD 1.5 billion 3-year covered bond
  - USD 2.0 billion 5-year covered bond
  - EUR 0.75 billion 2-year senior FRN

- USD 2.0 billion Basel III compliant tier 2 loss-absorbing notes issued in February

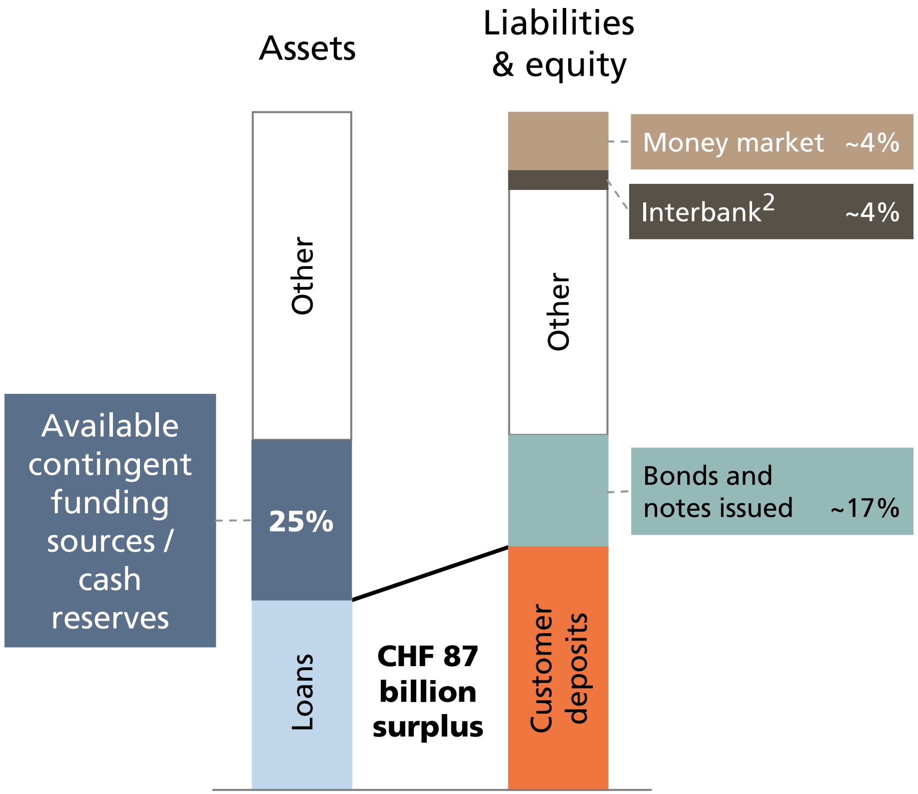
1 Including net replacement values
2 Based on UBS internal model for stressed liquidity
3 Tradable liabilities consist of trading portfolio liabilities, cash collateral on securities lent and repurchase agreements
4 Tradable assets consist of trading portfolio assets, cash collateral on securities borrowed and reverse repurchase agreements
5 Surplus shown comfortably exceeds our off-balance-sheet liquidity exposures, such as potential draw-downs from committed lines we have in place for our clients

Our liquidity position is strong

We continue to have substantial available liquidity

25% of our funded balance sheet assets are in the form of available liquidity[1]

Funded balance sheet (30.6.12)



We continue to be compliant with FINMA's liquidity requirements

- UBS was compliant with FINMA's liquidity requirements on 30.6.12
- Currently banks employ a wide range of interpretations to calculate the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR)
- We expect to comply early with the final FINMA and Basel III LCR and NSFR requirements

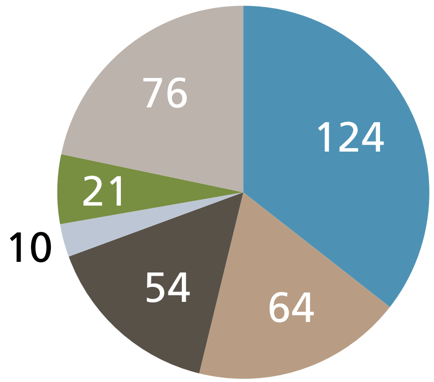
UBS

1 Dedicated liquidity reserves including excess cash at major central banks and unutilized collateralized borrowing capacity
2 Interbank liabilities only. Interbank liabilities net of interbank assets are ~25% of funded balance sheet as of 30.6.12

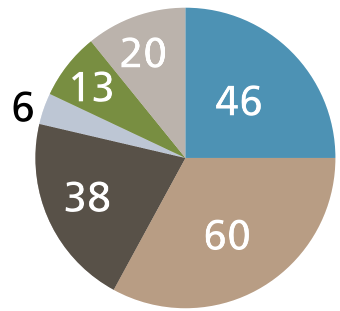
Funding sources by currency—30 June 2012

Customer deposits represent a significant source of funding in all major currencies

42% USD[1]
CHF 349 billion

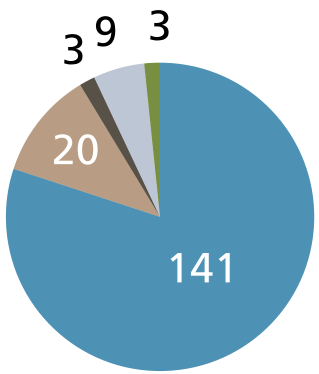


22% EUR[1]
CHF 182 billion

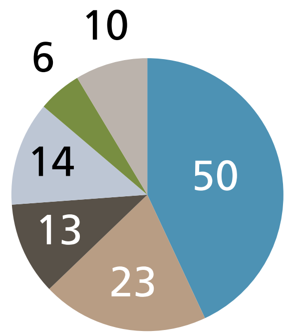


21% CHF[1]
CHF 177 billion

(CHF billion)



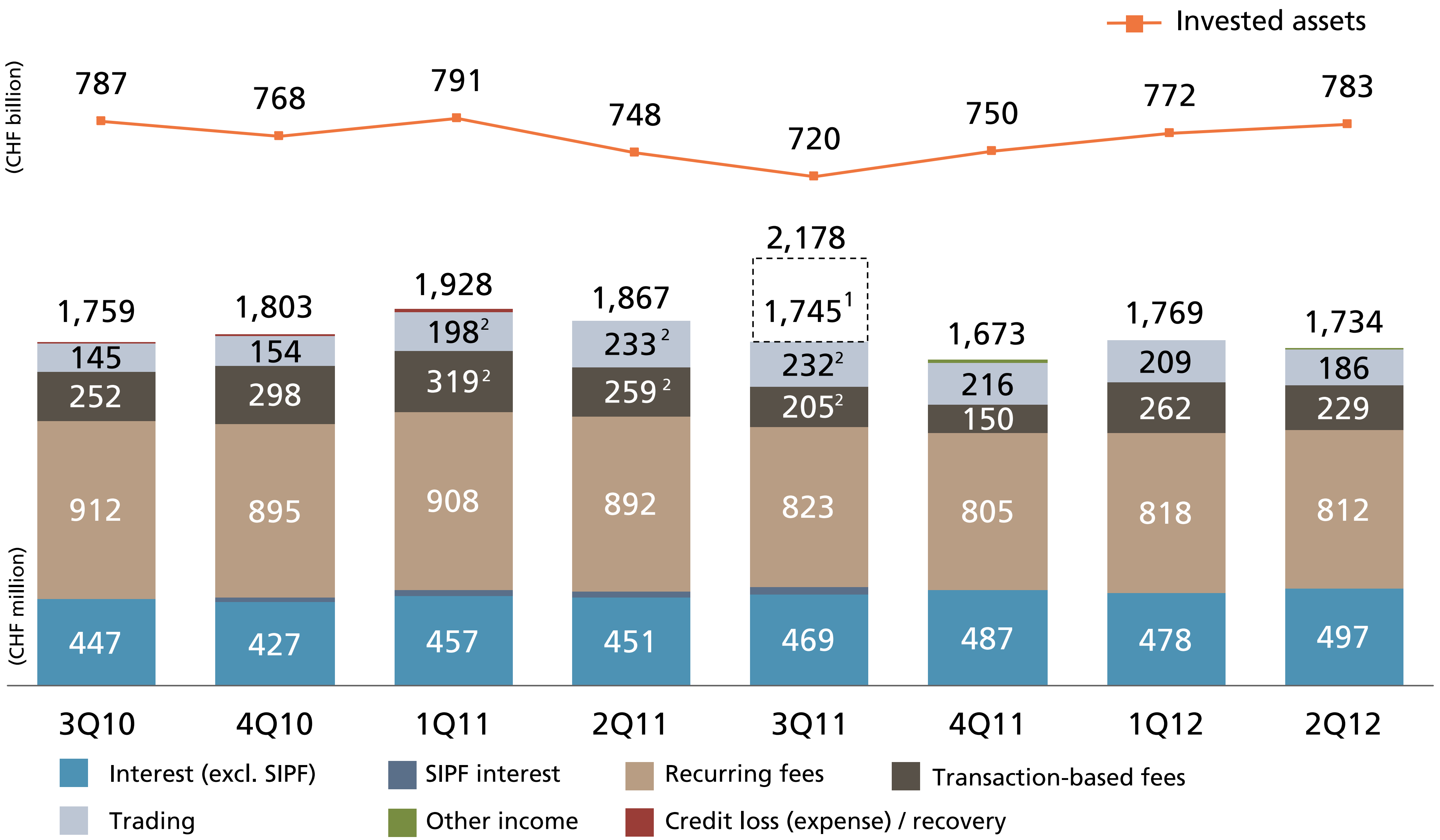
14% other[1]
CHF 118 billion



Customer deposits | Bonds and notes issued | Cash margin[2]
Interbank | Money market paper issued | Repos / securities lent

1 In % of total funding on the balance sheet (CHF 826billion) comprising repurchase agreements, securities lending against cash collateral received, due to banks, money market paper issued, due to customers, long-term debt (including financial liabilities at fair value) and cash collateral on derivative transactions and prime brokerage payables
2 Comprises cash collateral payable on derivatives and prime brokerage payables

Wealth Management—Operating income



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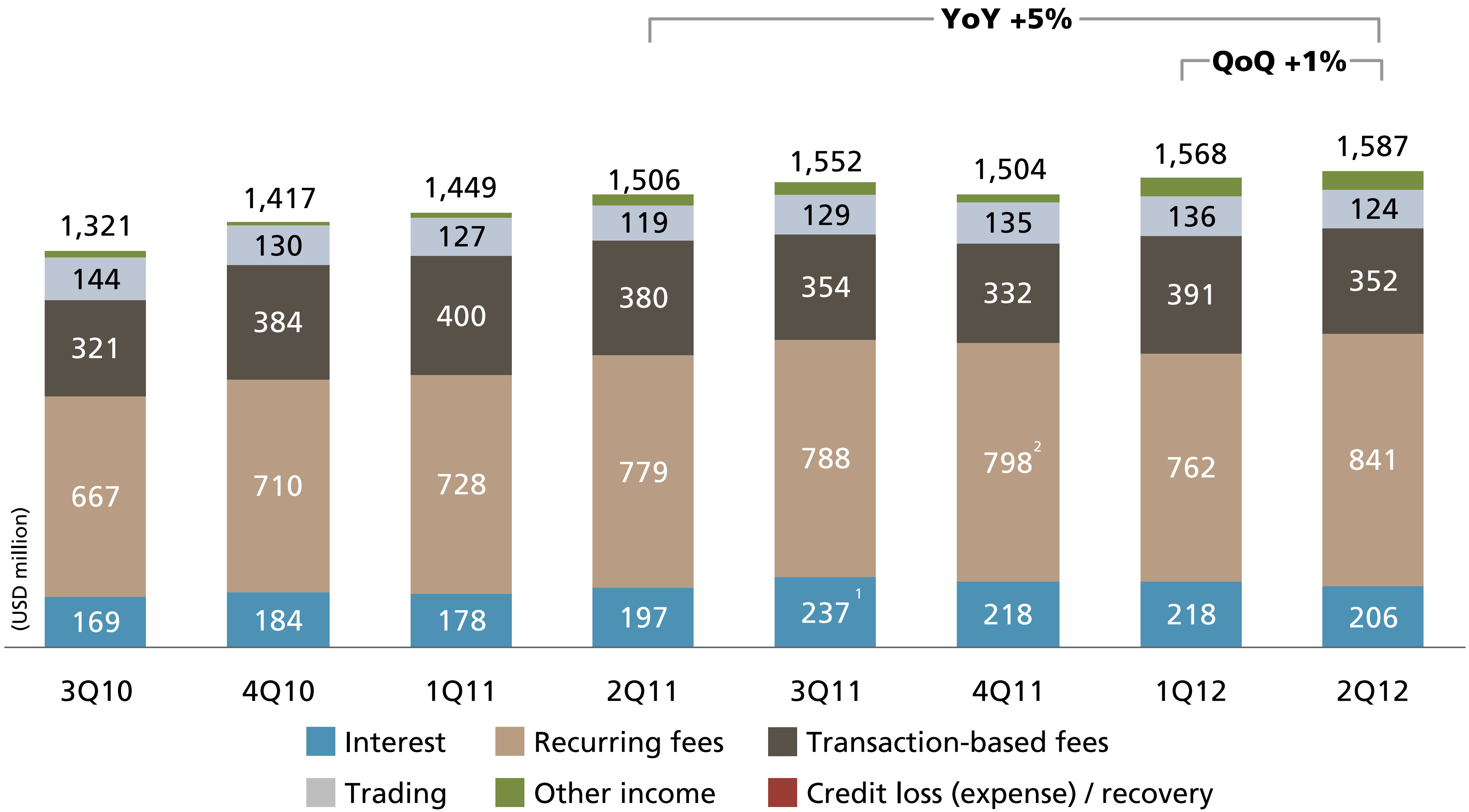
1 Adjusted for the gain on the sale of the strategic investment portfolio (CHF 433 million)
2 Net fee and commission and net trading income in 1Q11, 2Q11, 3Q11 adjusted for revenue shifts related to Investment Products & Services unit

Wealth Management Americas—Operating income (USD)



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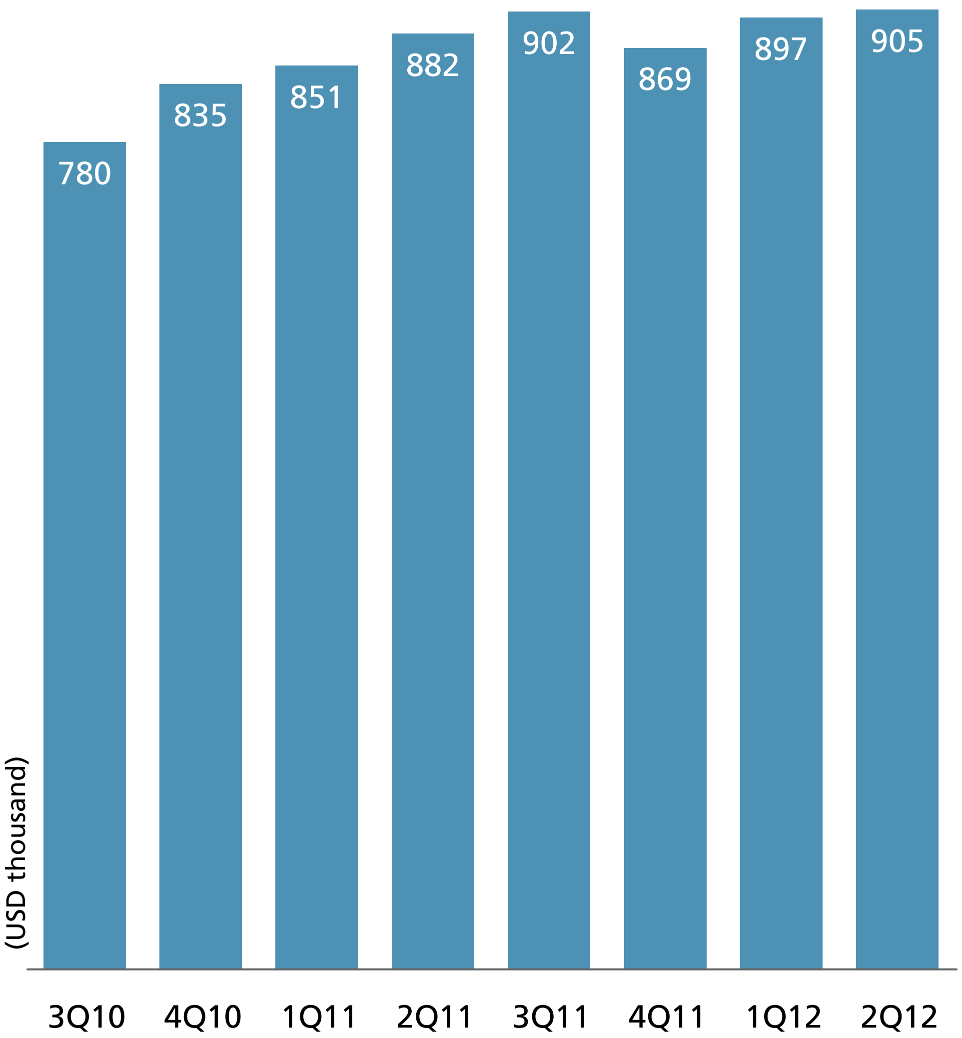
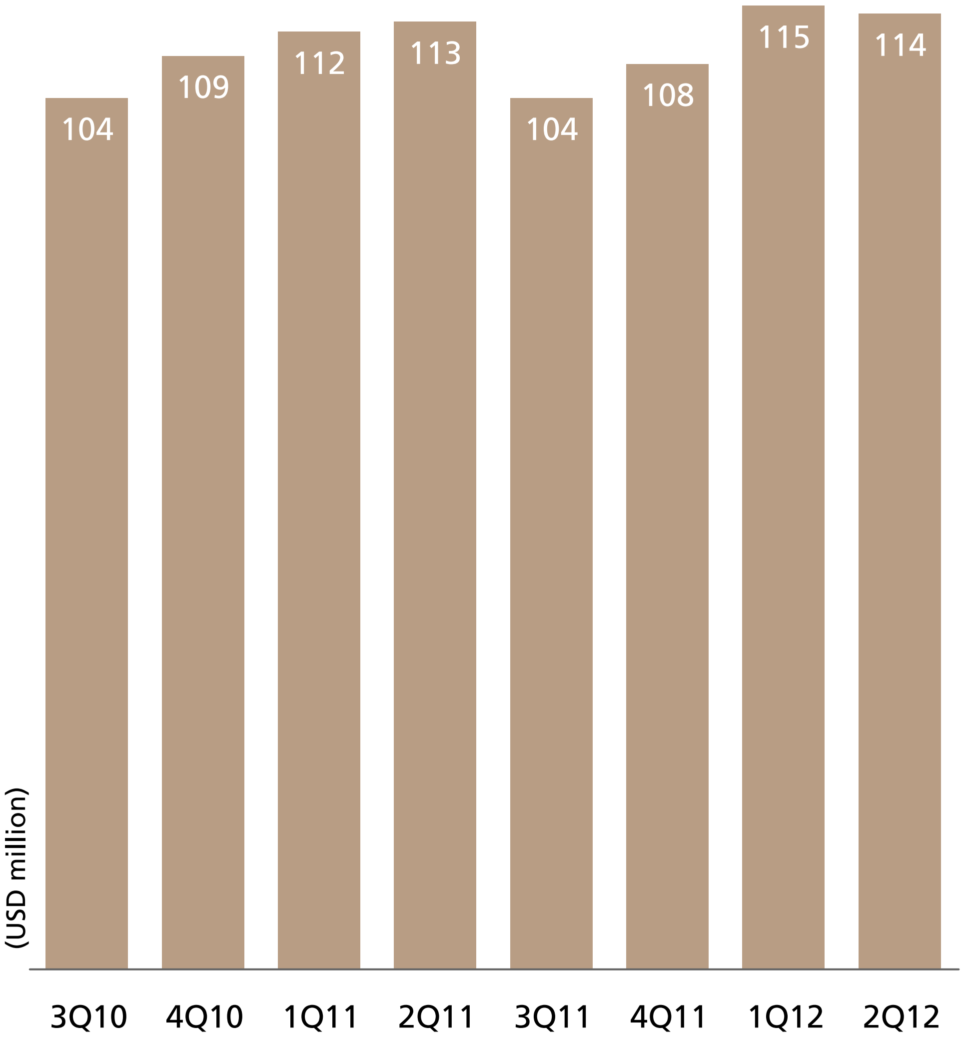
1 As reported; includes a USD 22 million (CHF 20 million) upward adjustment from OCI relating to mortgage-backed securities in our AFS portfolio
2 4Q11 includes USD 48 million related to a change to an accrual-based accounting estimate for certain mutual fund fees

Wealth Management Americas—Financial advisor productivity (USD)

Revenue per FA, annualized



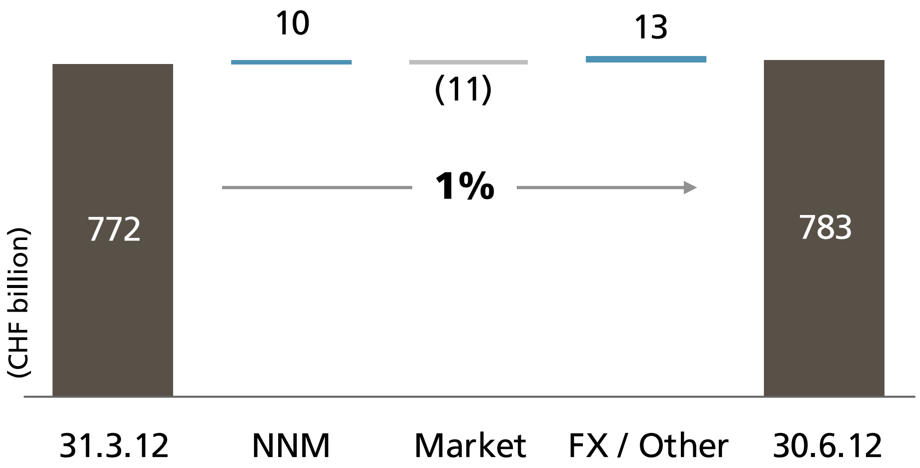
Invested assets per FA



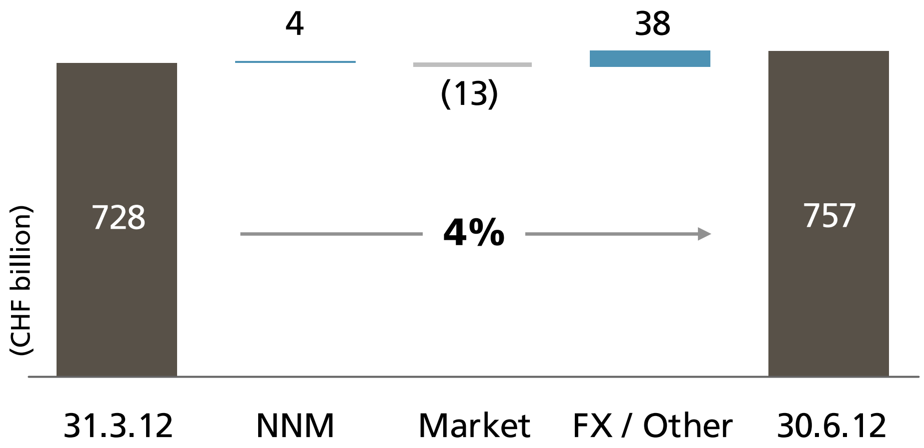
UBS

Invested assets

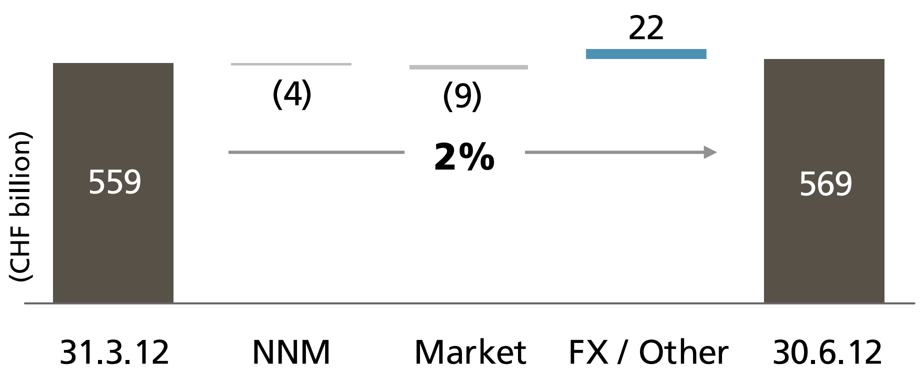
Wealth Management



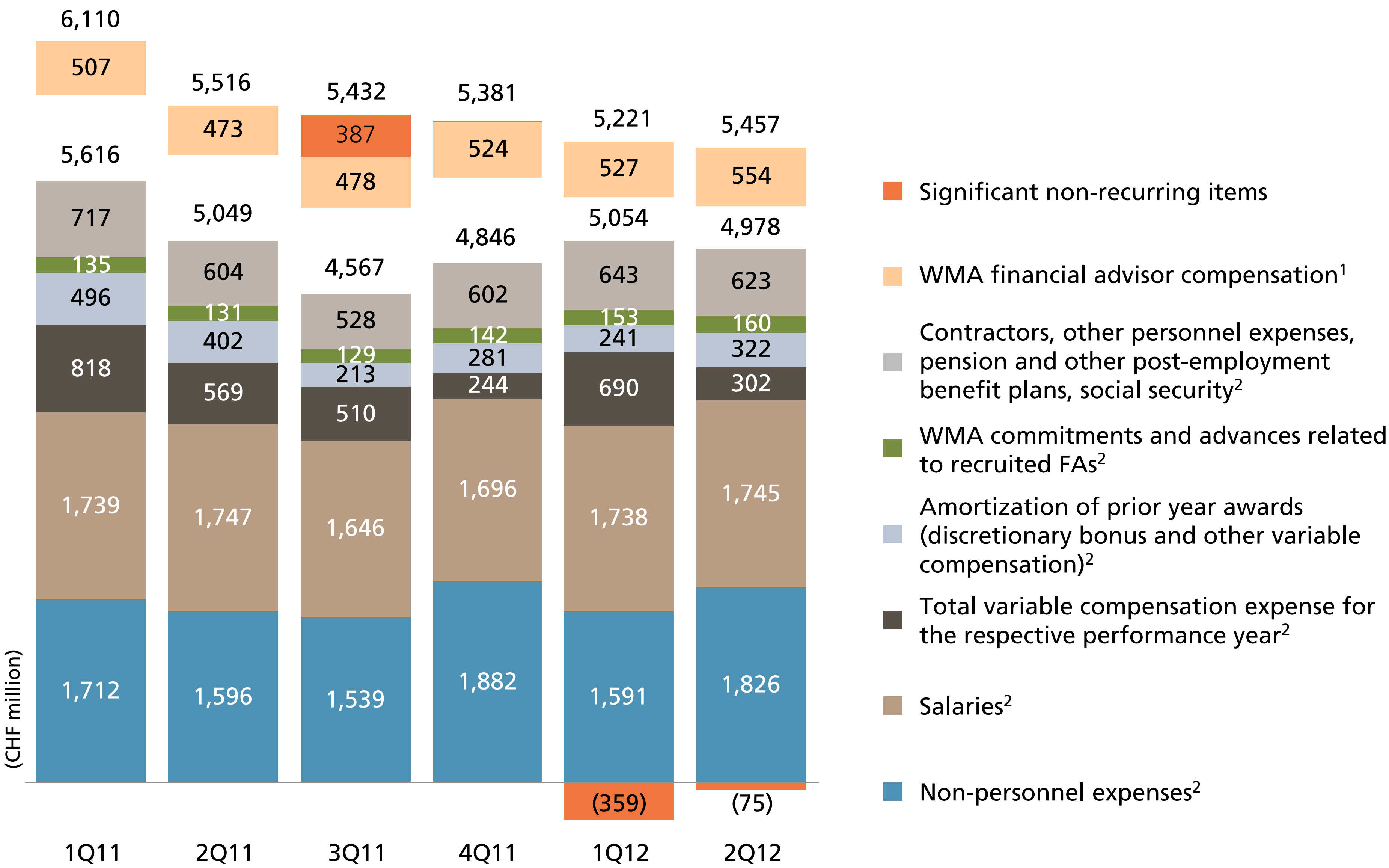
Wealth Management Americas



Global Asset Management



2Q12 operating expenses



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Refer to slide 1 for details about adjusted numbers, pro-forma Basel III estimates and FX rates in this presentation

1 Grid-based financial advisor (FA) compensation and other formulaic FA compensation

2 Excluding significant non-recurring items (restructuring charges, 1Q12 Swiss pension fund credit and 2Q12 US retiree benefit plan credit)

Exposure to eurozone countries rated lower than AAA / Aaa[1]

Our exposures are limited and we continue to manage them carefully

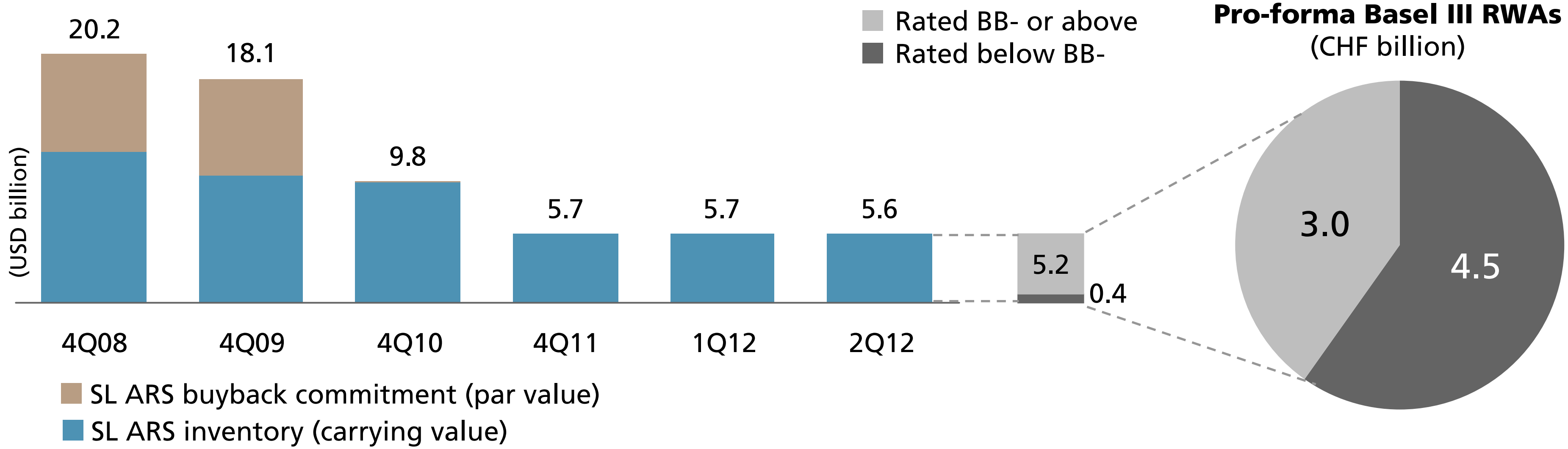
30.6.12 (CHF million)	Sovereigns[2]		Local governments		Banks		Other[3]		Total	
	Before hedges[4]	Net of hedges	Before hedges[4]	Net of hedges	Before hedges[4]	Net of hedges	Before hedges[4]	Net of hedges	Before hedges[4]	Net of hedges[5]
France	3,325	3,206	3	3	1,294	1,294	4,757	3,490	9,379	7,994
Italy	2,006	755	156	156	791	791	2,778	2,244	5,730	3,946
Spain	77	77	39	39	3,344[8]	3,344	1,233	434	4,693	3,895
Austria	1,280	1,111	22	22	417	417	126	126	1,844	1,675
Ireland[6]	0	0	0	0	533	533	786	786	1,319	1,319
Belgium	334	328	0	0	247	247	115	115	696	689
Portugal	27	27	3	3	29	29	138	42	198	101
Greece	23	23	0	0	61	61	44	7	128	90
Other[7]									192	192

- The majority of our net exposure relates to counterparty risk from derivatives and securities financing (27%) and trading inventory (37%) which are carried at fair market value

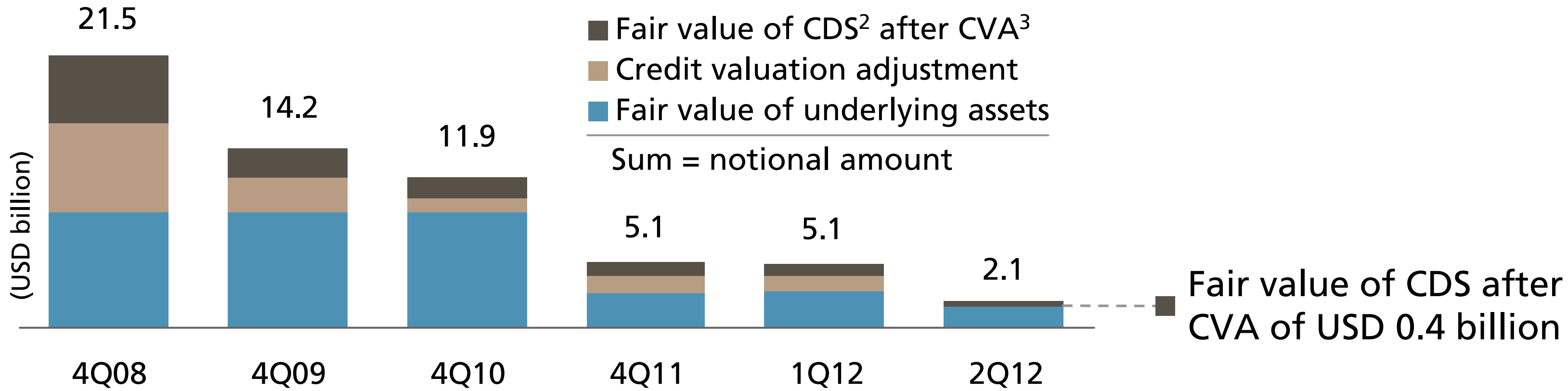
1 By at least one of the major rating agencies. Refer to pages 54 and 55 of UBS's 2Q12 report for more information
2 Includes central governments, agencies and central banks
3 Includes corporates, insurance companies and funds
4 Banking products: includes loans, unfunded commitments and guarantees. Traded products: after master netting agreements and net of collateral. Trading inventory: net long per issuer
5 Not deducted from the "Net" exposures are total allowances and provisions of CHF 25 million (of which: Austria CHF 14 million and France CHF 8 million)
6 The majority of the Ireland exposures relates to funds and foreign bank subsidiaries
7 Includes Andorra, Cyprus, Estonia, Malta, Monaco, Montenegro, San Marino, Slovakia and Slovenia. Split by counterparty type not disclosed
8 The majority of the banking products exposure shown to Spanish banks relates to secured facilities that are collateralized by non-European sovereign debt securities

Exposures to student loan auction rate securities & monoline insurers

Student loan auction rate securities (SL ARS)



Exposure to monoline insurers – negative basis trades[1]



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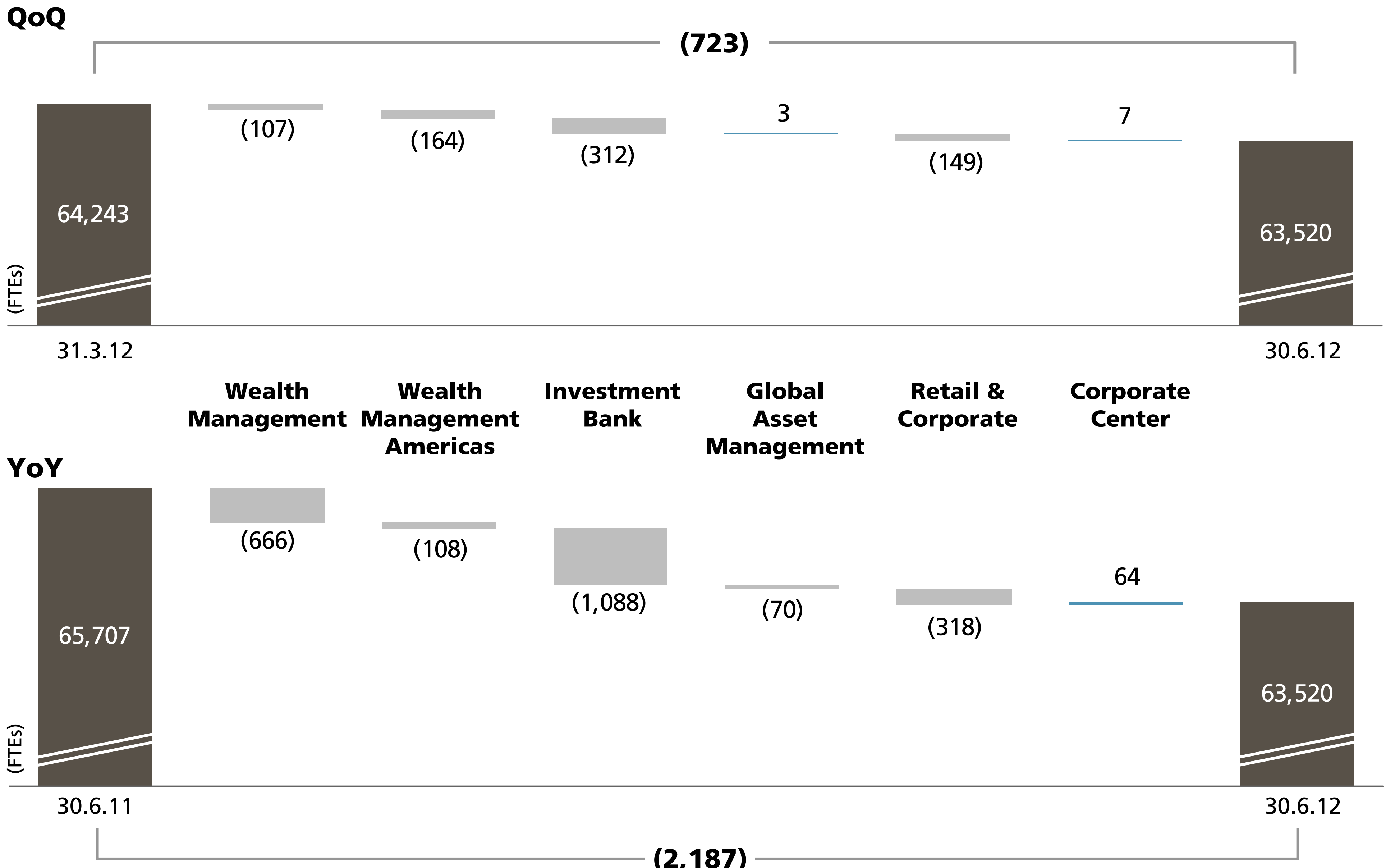
1 Excludes the benefit of credit protection purchased from unrelated third parties. In addition, UBS held direct derivative exposure to monoline insurers of USD 591 million after CVA of USD 381 million on 30.6.12

2 Credit default swaps

3 Credit valuation adjustments

Headcount



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