

Capital Management

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Group Treasurer

Key messages

UBS is well capitalized and maintains high flexibility with regards to its capital usage

- ◆ Stable and strong internal capital creation
- ◆ Consistent record of returning excess capital to shareholders

UBS has a comprehensive capital management process

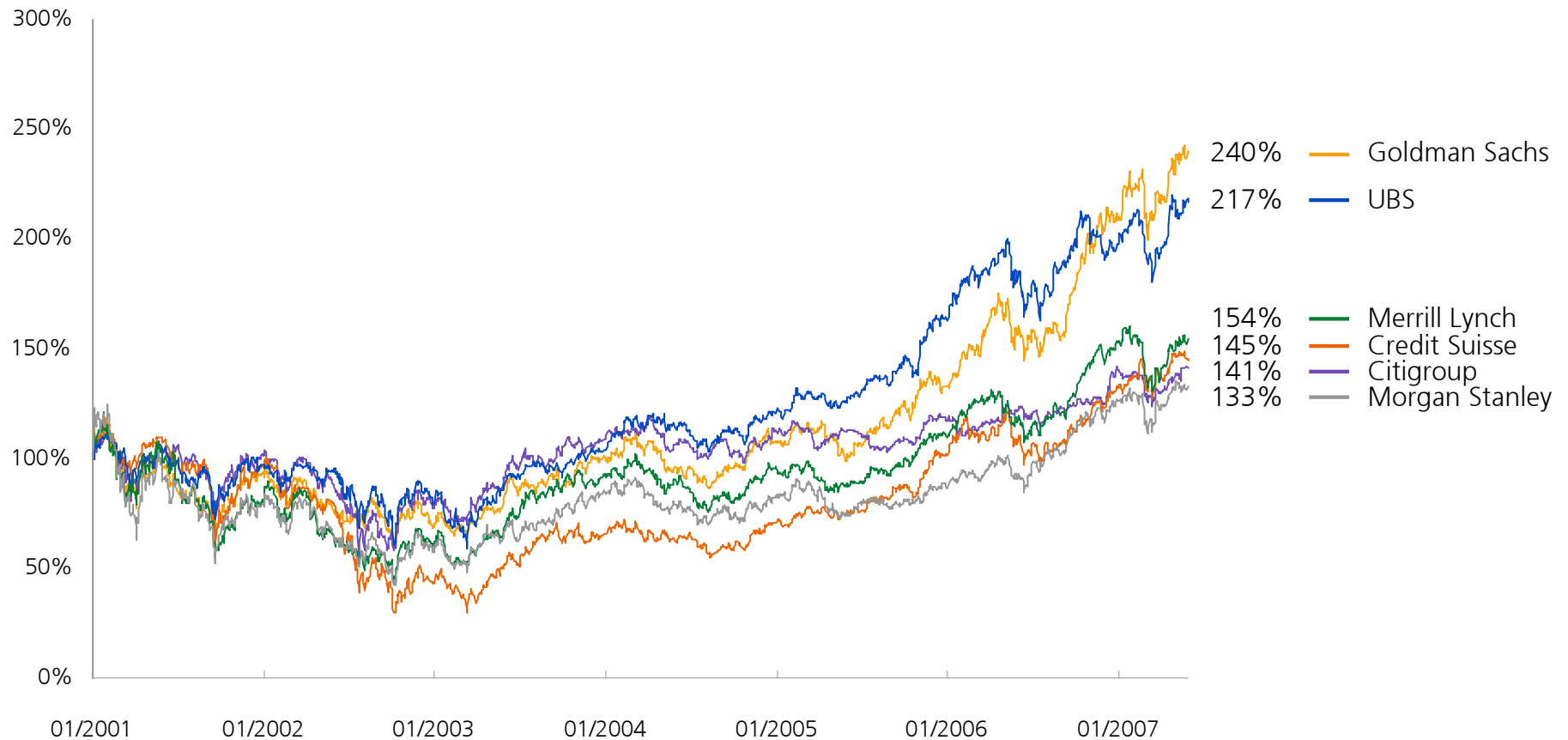
- ◆ Balancing growth with payout capacity
- ◆ Active capital buffer management

Group Treasury's remit of managing the group's financial resources includes capital management

Value creation over last 6 years

Total shareholder return

As of 29 May 2007



Source: Bloomberg

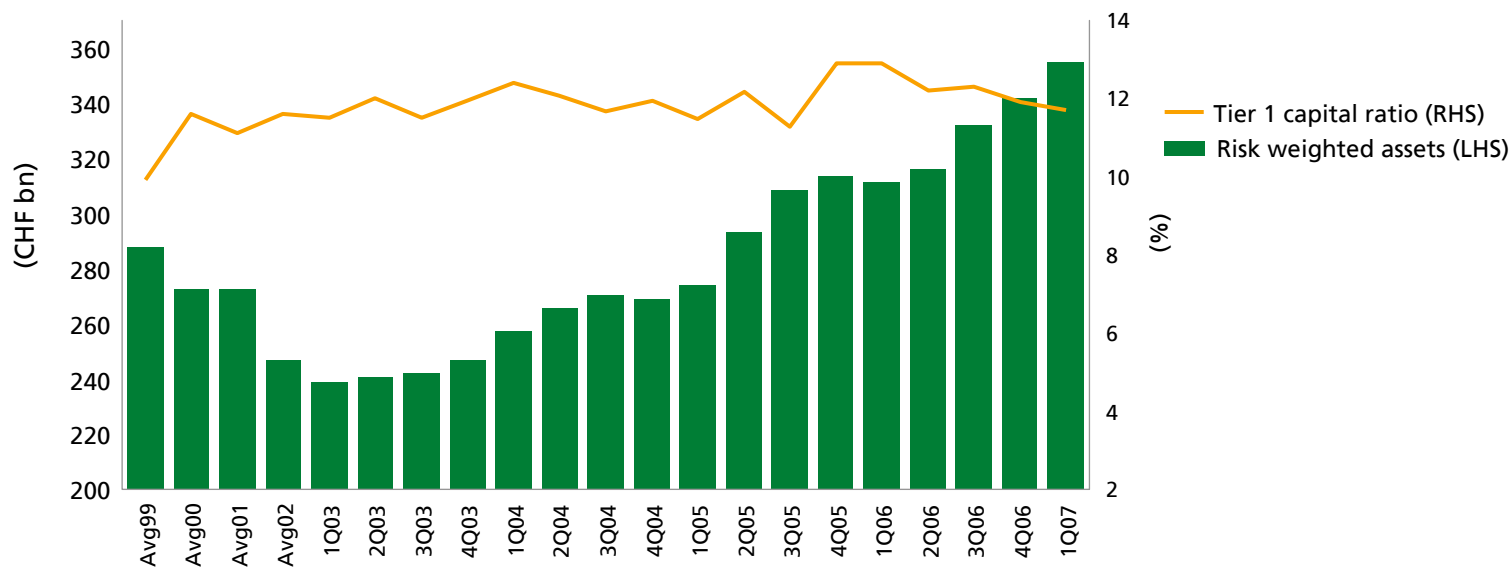


SECTION 1

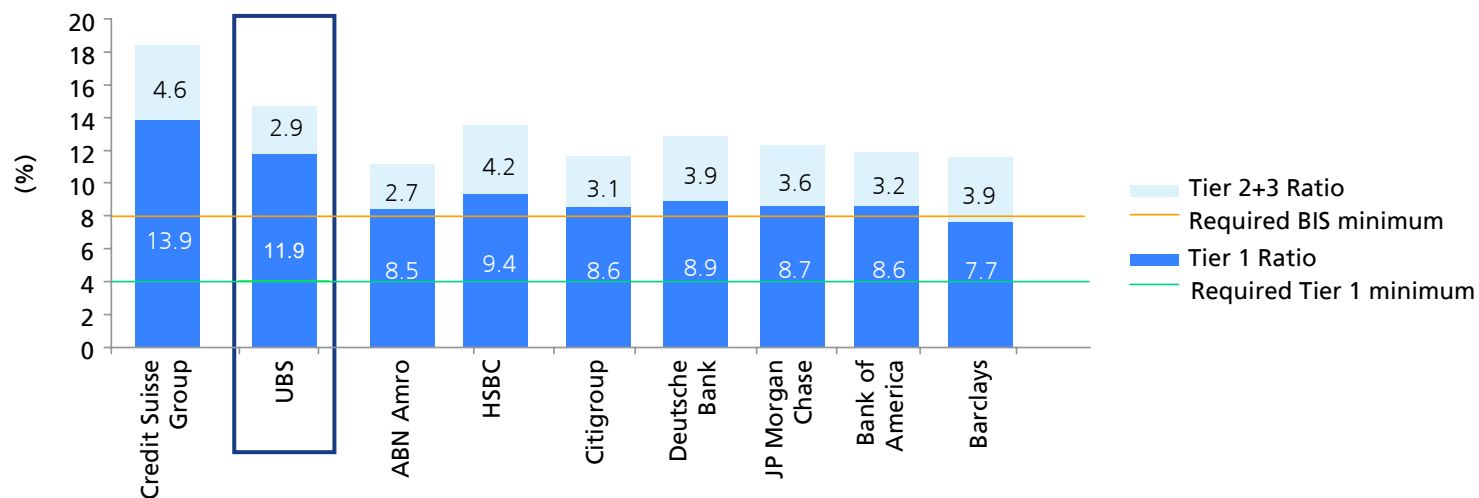
Creating and Using Capital at UBS

Consistently sound capitalization

RWA development



Peer comparison – year end 2006



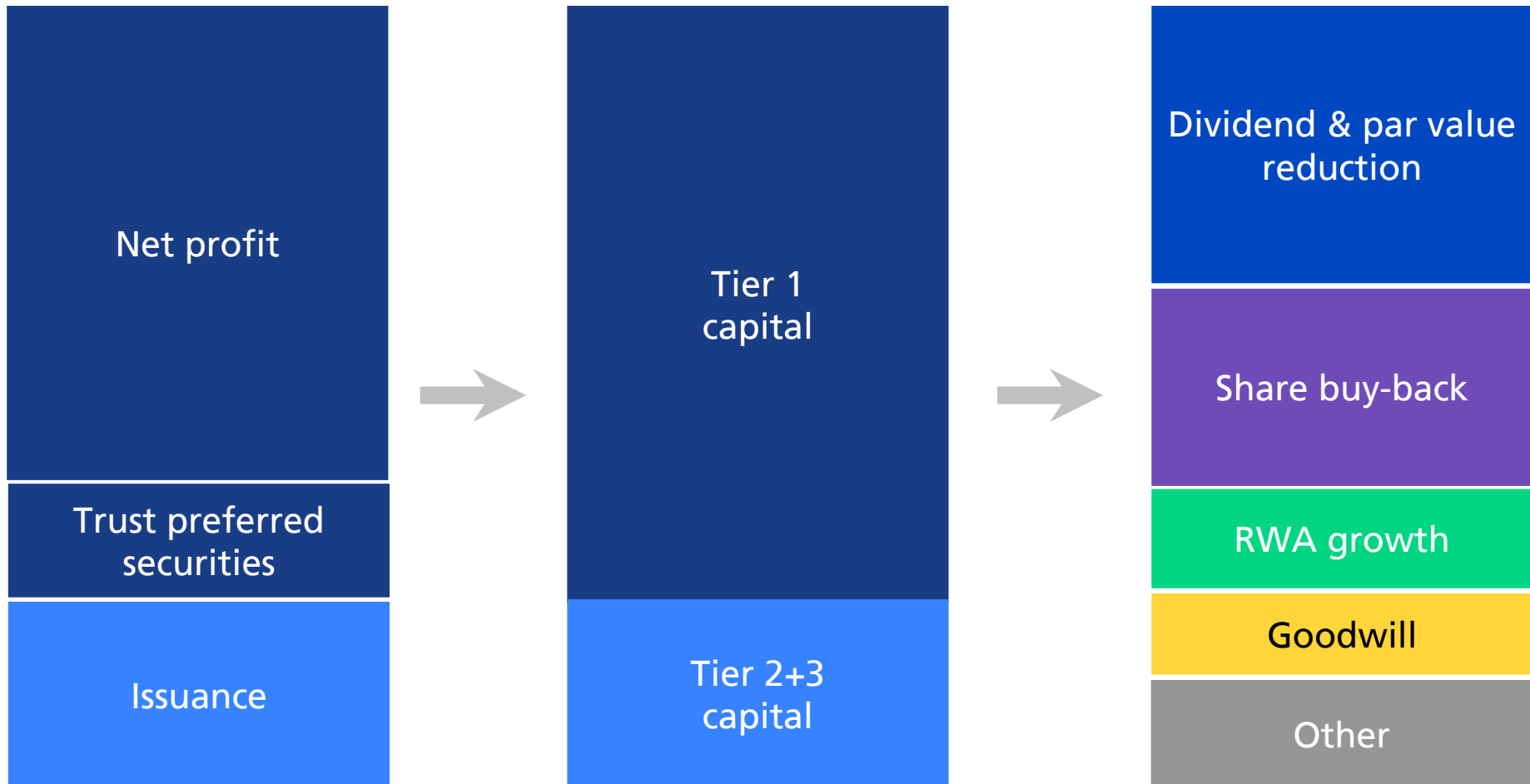
Source: annual reports



Sources and uses of capital ¹

Strong internal capital creation and ...

Period 2001 – 2006

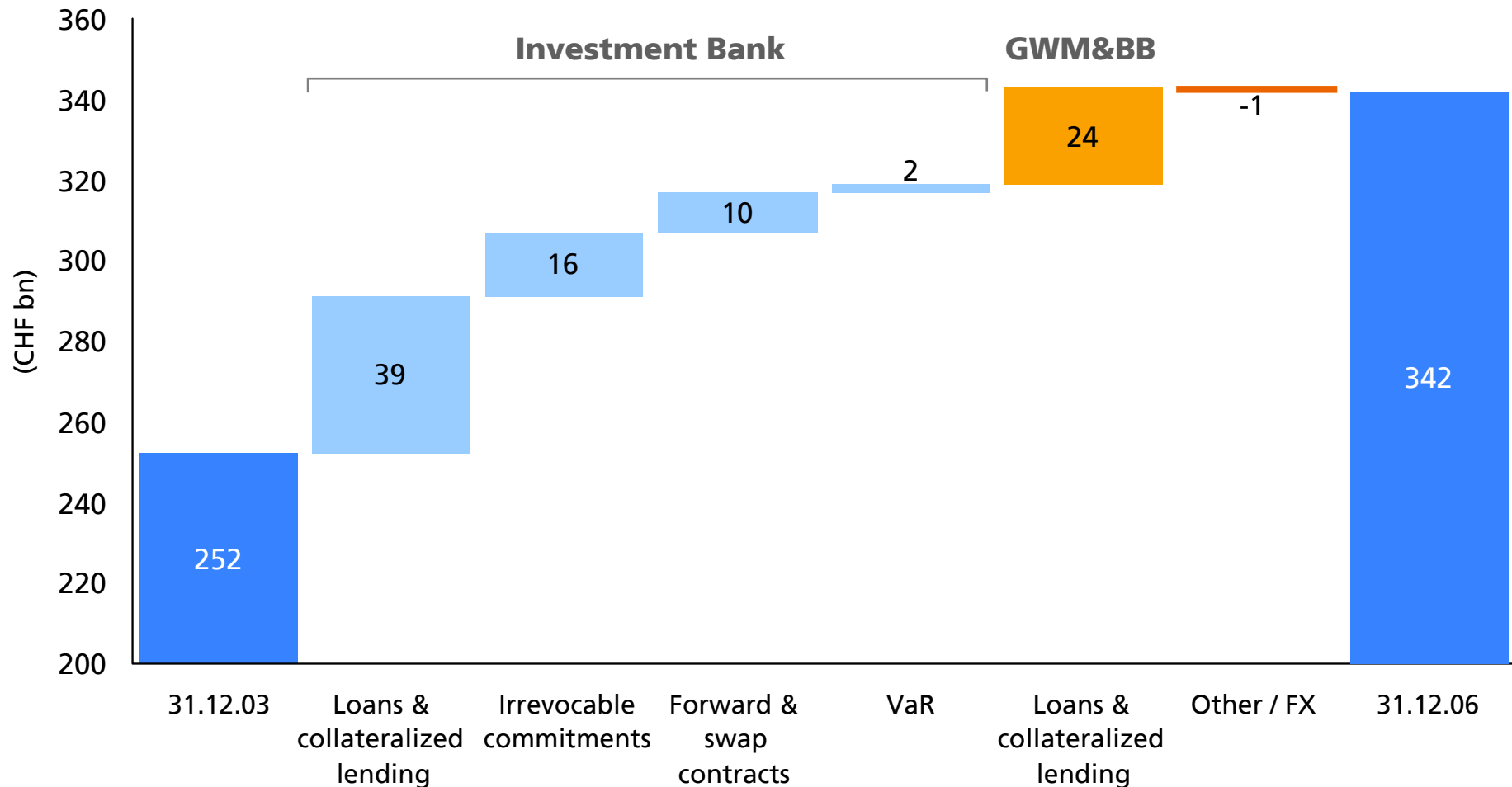


¹ Diagram is to scale

... shareholder payouts

RWA growth 2004 - 2006

Strategic initiatives in our core businesses...



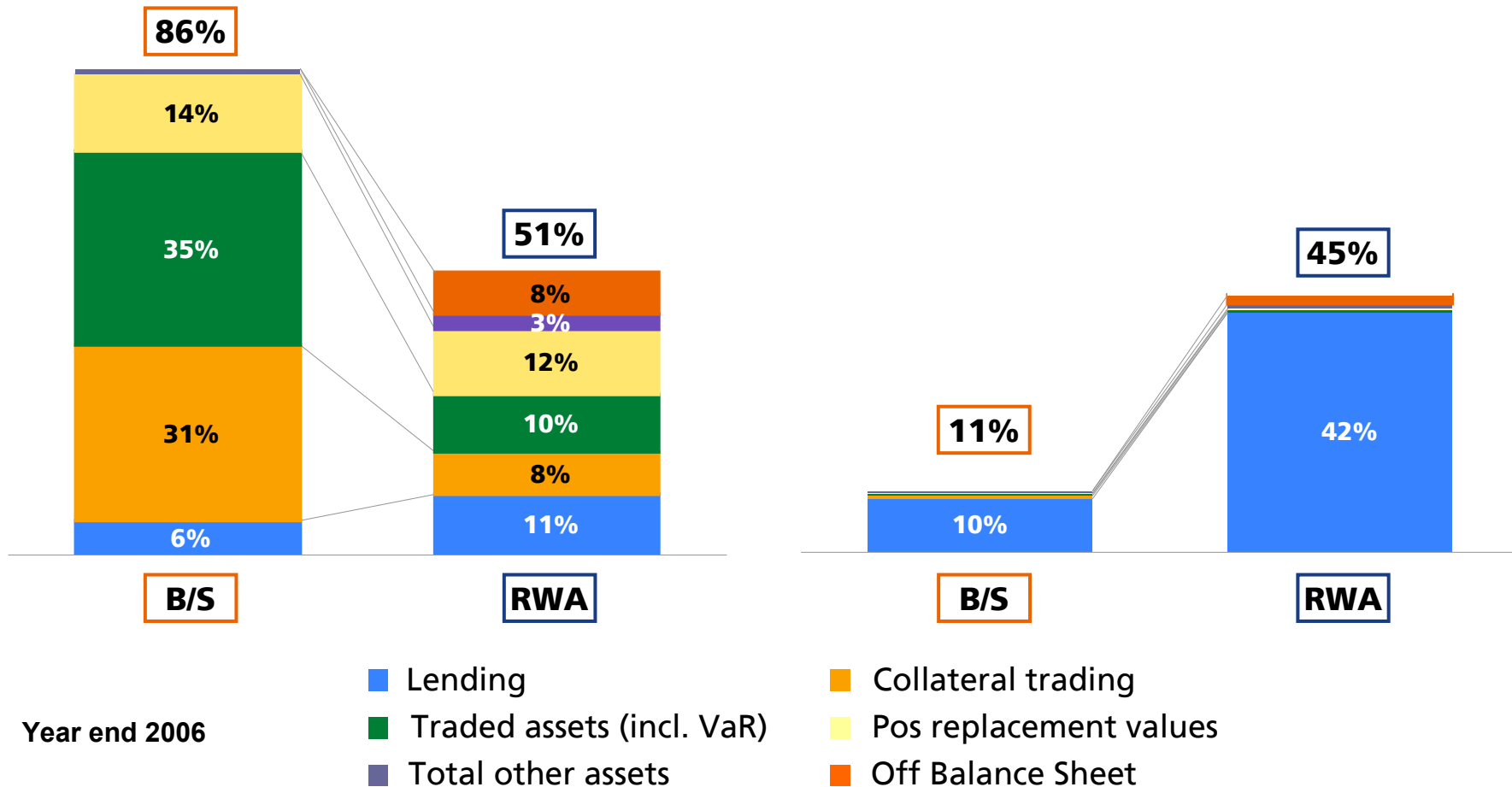
...drive RWA growth

Decomposition of B/S and RWA by Business Group

RWA – evenly split between IB and GWM&BB, and...

Investment Bank

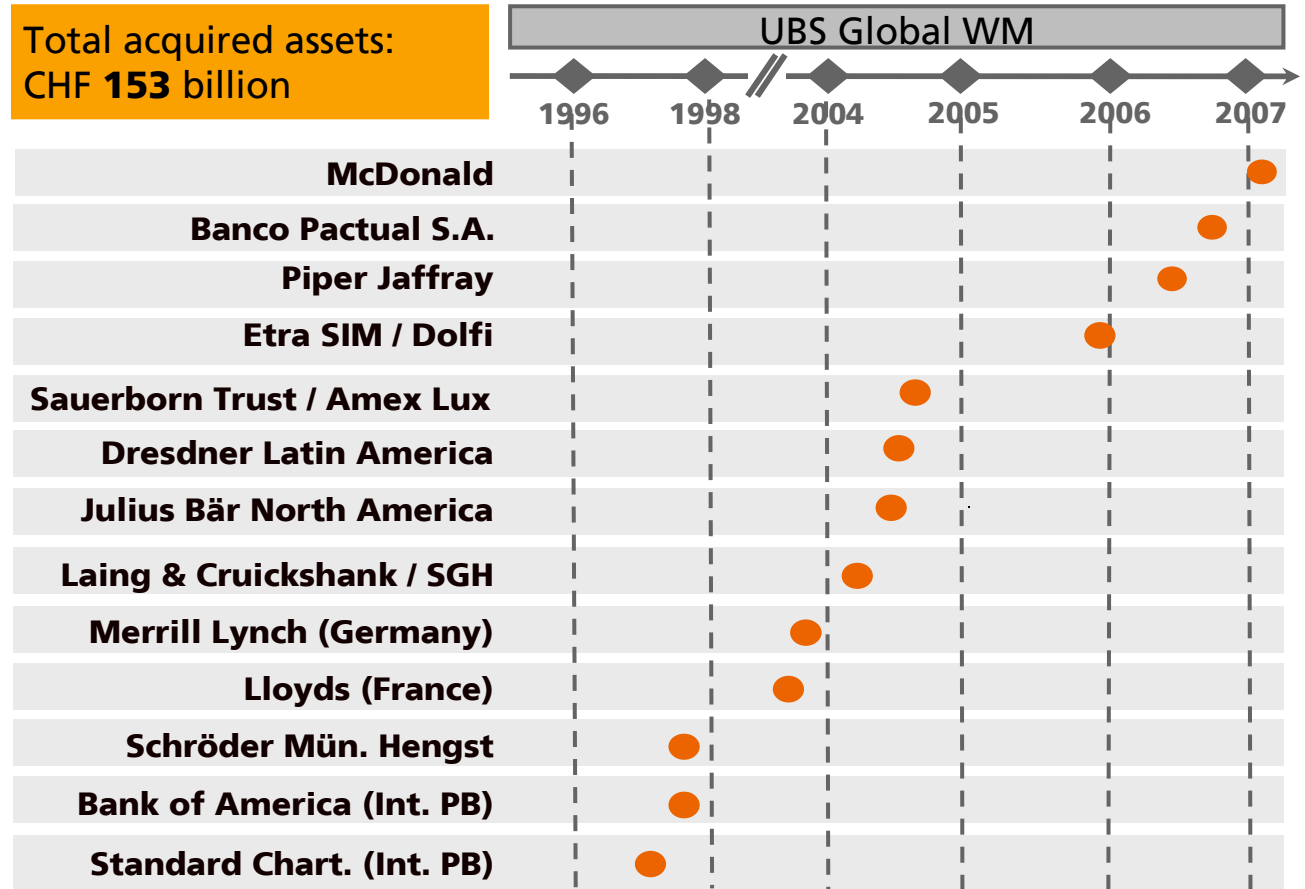
Global WM&BB



...small compared to the size of the Balance Sheet

Note: The residual B/S (3%) and RWA (4%) positions are from Global AM and Corporate Center

Growth through add-on acquisitions

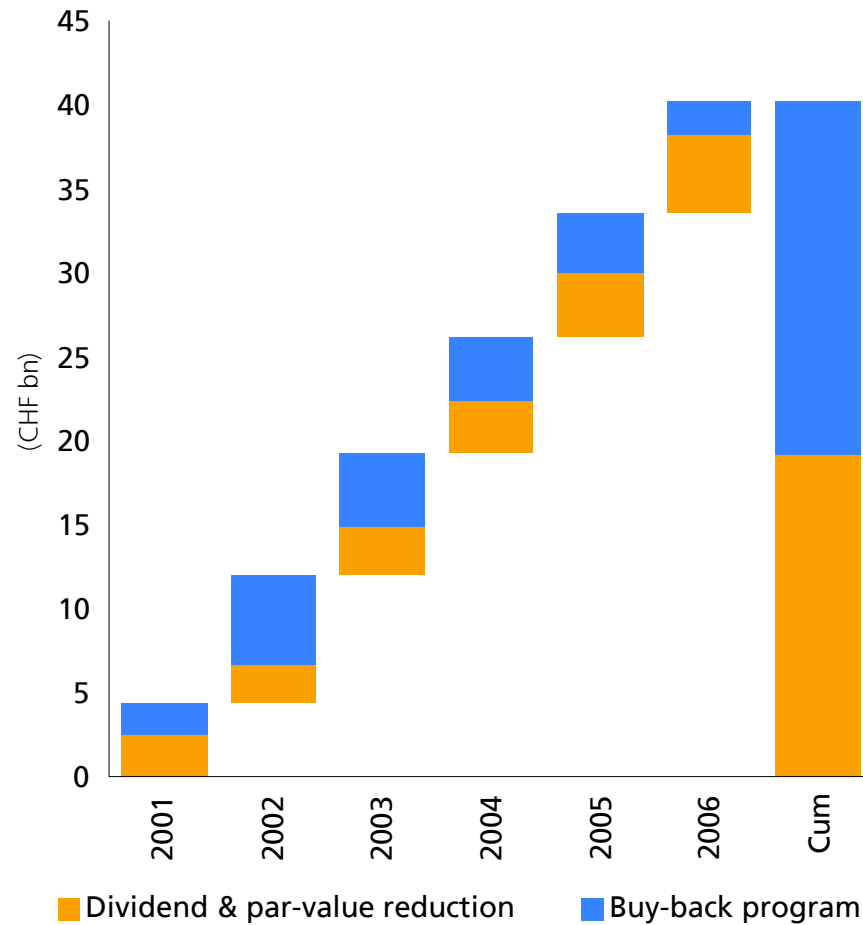


SECTION 2

Returns to Shareholders

Return of excess capital

Return to shareholders



Cancelled 23% of outstanding shares

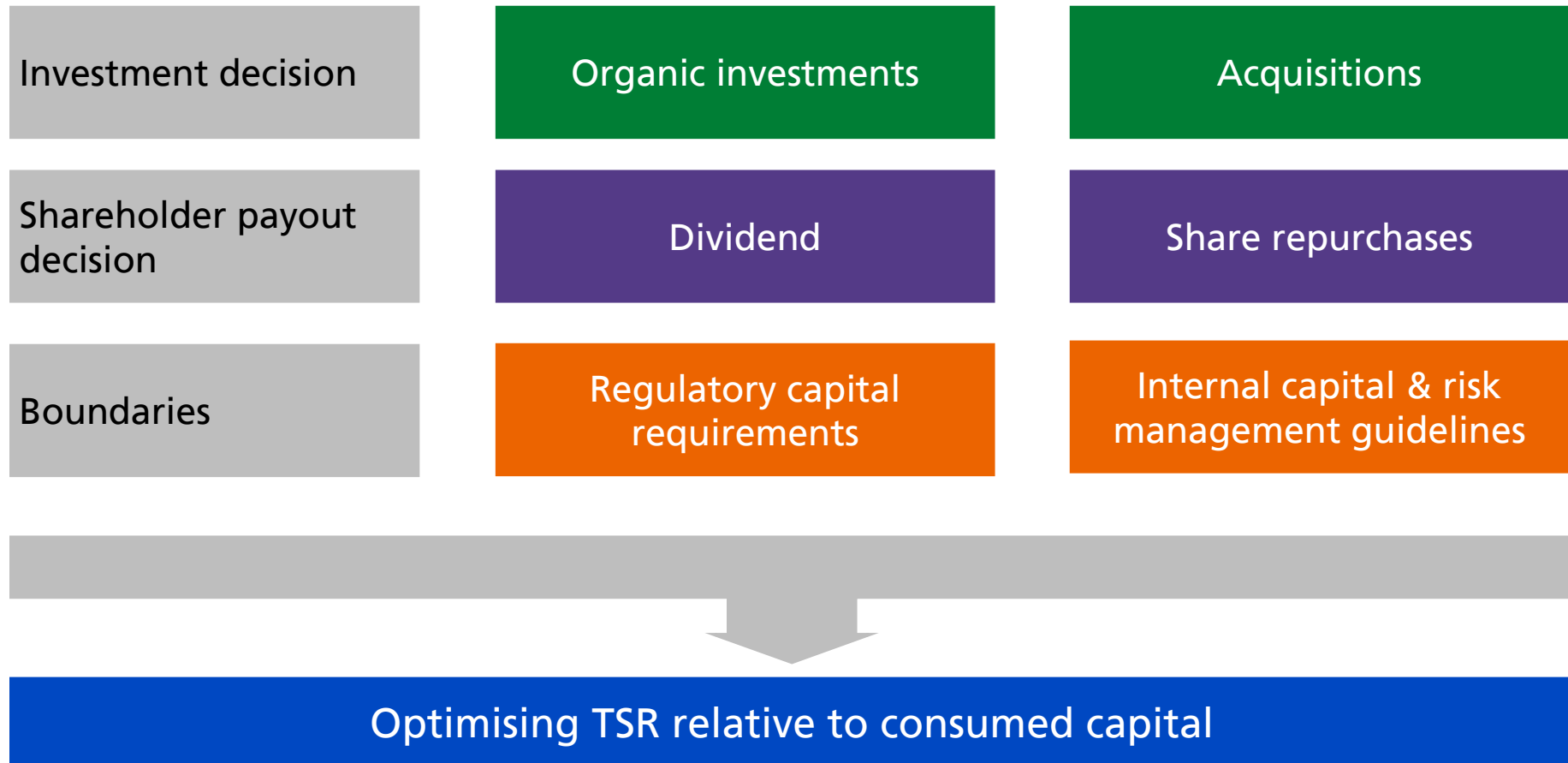
High dividend payout ratio

SECTION 3

Active Capital Management at UBS

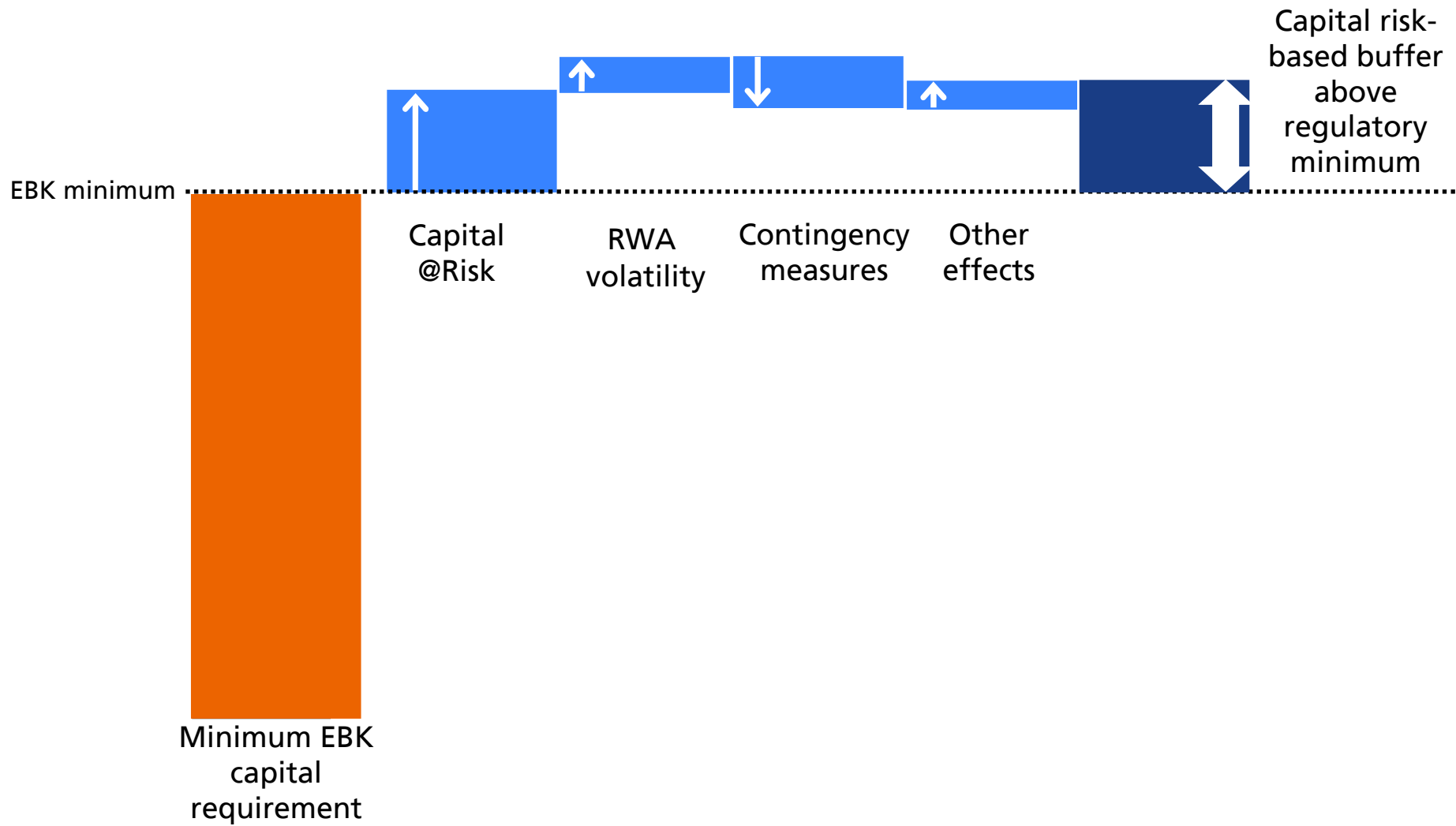
Building blocks of capital management and allocation

Investment opportunities are assessed within capital and risk boundaries...



...in terms of their prospective short- and long-term profitability

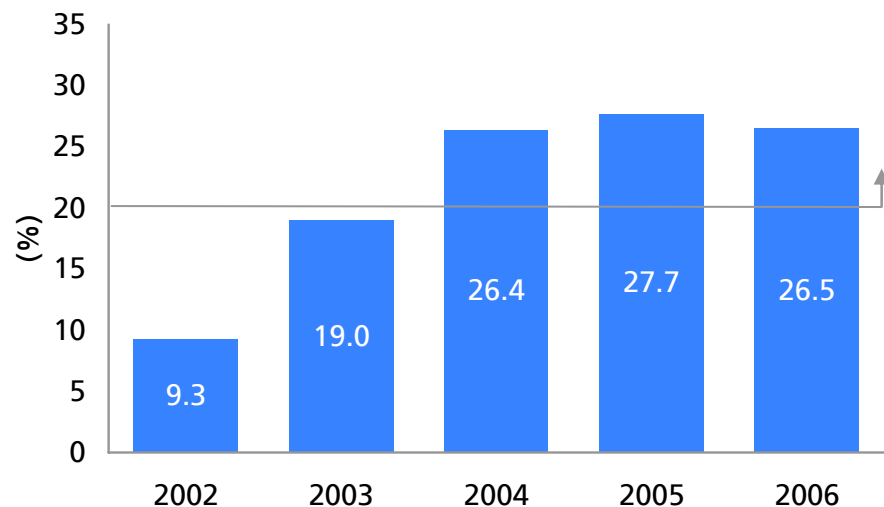
Capital risk-based buffer¹



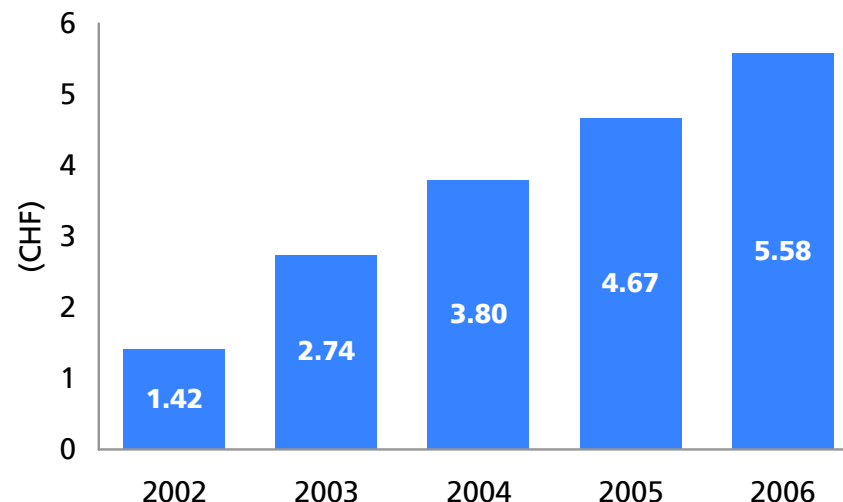
¹ Diagram not to scale

Creating value

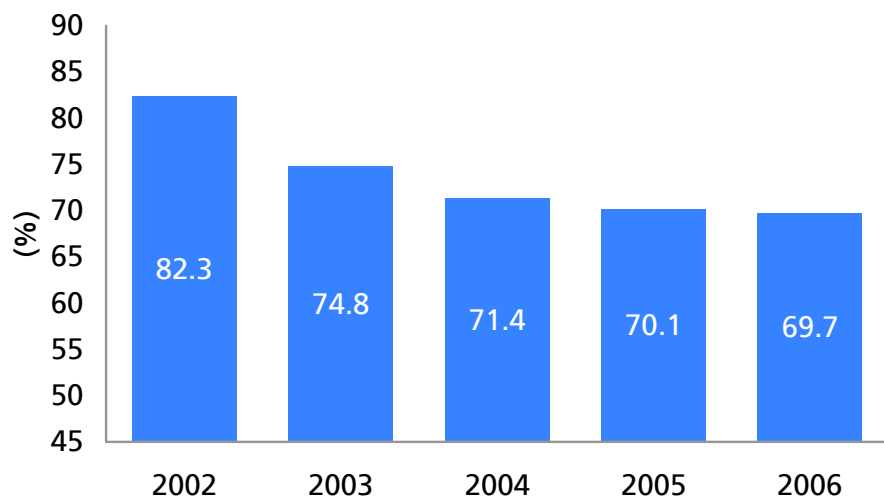
RoE³



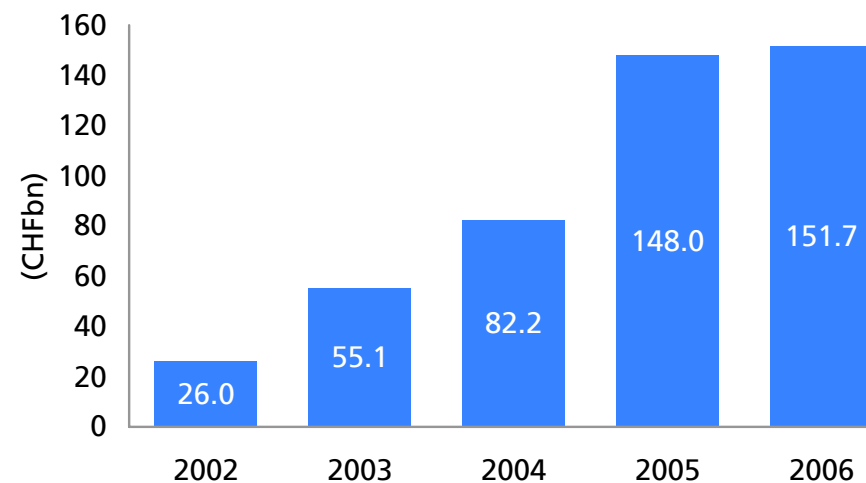
Diluted EPS⁴



Cost / income²



NNM¹



1 Financial Businesses only, from continuing operations

2 Financial Businesses only. Total operating expenses less the amortization of goodwill / total operating income less credit loss expense or recovery

3 Net profit attributable to UBS shareholders from continuing operations before the amortization of goodwill / average equity attributable to UBS shareholders less assumed distributions (estimated as applicable)

4 Net profit attributable to UBS shareholders for diluted EPS from continuing operations before the amortization of goodwill / weighted average shares outstanding for diluted EPS



Basel II highlights

Slight decrease in tier 1 ratio, driven by reduction in eligible capital

Shift of RWA from Global WM&BB to IB

Significantly improved disclosure standards

Alignment of regulatory frameworks

Summary

UBS has created significant total shareholder return, through:

Strong and stable internal capital creation

Maintaining high flexibility to support our growth agenda

A comprehensive, fully integrated capital planning process

Questions...

