



Wealth Management & Swiss Bank

Jürg Zeltner, CEO Wealth Management
Franco Morra, CEO UBS Switzerland

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SECTION 1

Wealth Management

Key messages

1. Wealth Management undergoing stabilization and repositioning
2. Wealth Management is a strong franchise and well positioned to capture future growth
3. Optimized strong cross-border/onshore footprint by focusing on growth markets and Ultra High Net Worth clients
4. Successful strategy execution resulting in significant revenue and net profit increase

Financial results and issues tackled

WM&SB financial results

YTD 3Q09

IA (CHF billion) **982**

Operating income (CHF million) **8,621**

Gross margin
Int. clients (bps) **86**

Operating expenses (CHF million) **5,820**

PBT (CHF million) **2,801**

NNM (CHF billion) **(56.6)**

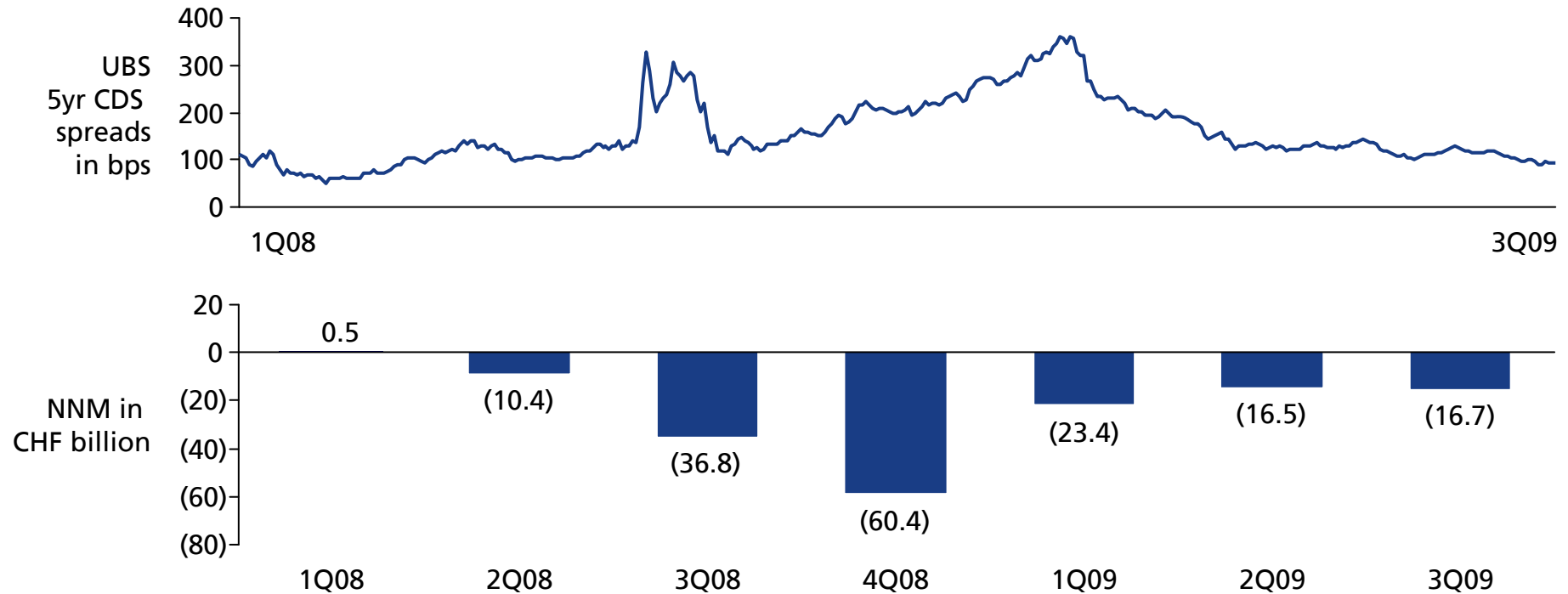
Improvements

- ◆ Risk management
 - US exit and DPA on track, stepped-up capabilities to serve US clients via SEC registered entities
 - Strong policy and principles for cross-border businesses in place
- ◆ Increase efficiency
 - Target costs down by CHF ~900 million (11%) for 2010 versus 2008 (thereof CHF ~450 million in 2009)
- ◆ KPI adjustments
 - Focus on top-line and profitable growth, as well as net new money

Challenges

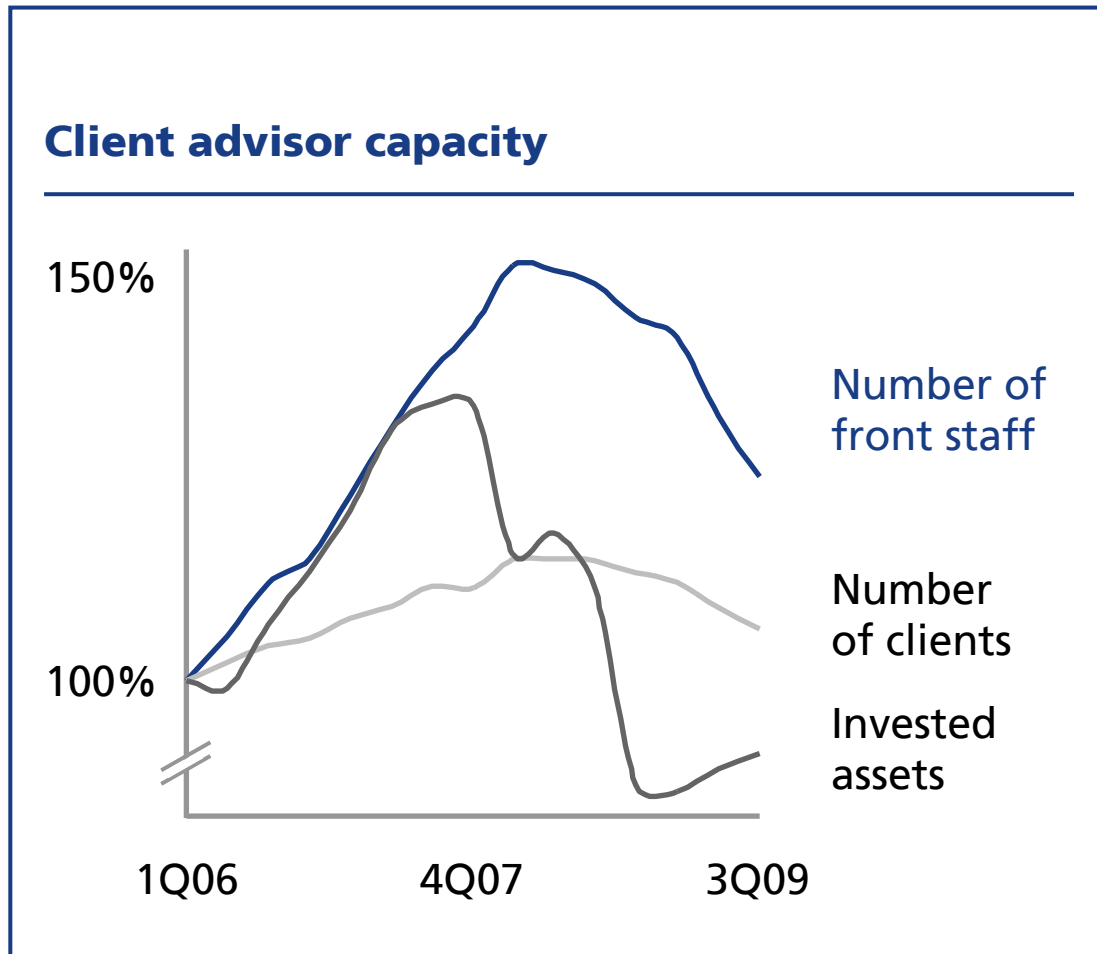
- ◆ Net new money outflows
- ◆ Client advisor attrition
- ◆ Margin pressure

WM&SB net outflows well below worst levels in 2008



- ◆ Counterparty and reputation concerns
- ◆ Diversification
- ◆ Deleveraging
- ◆ Consumption
- ◆ Headline losses
- ◆ Client advisor morale
- ◆ Client advisor attrition
- ◆ Special cases (e.g. US exit)
- ◆ Tax amnesties

Adjusted client advisor capacity



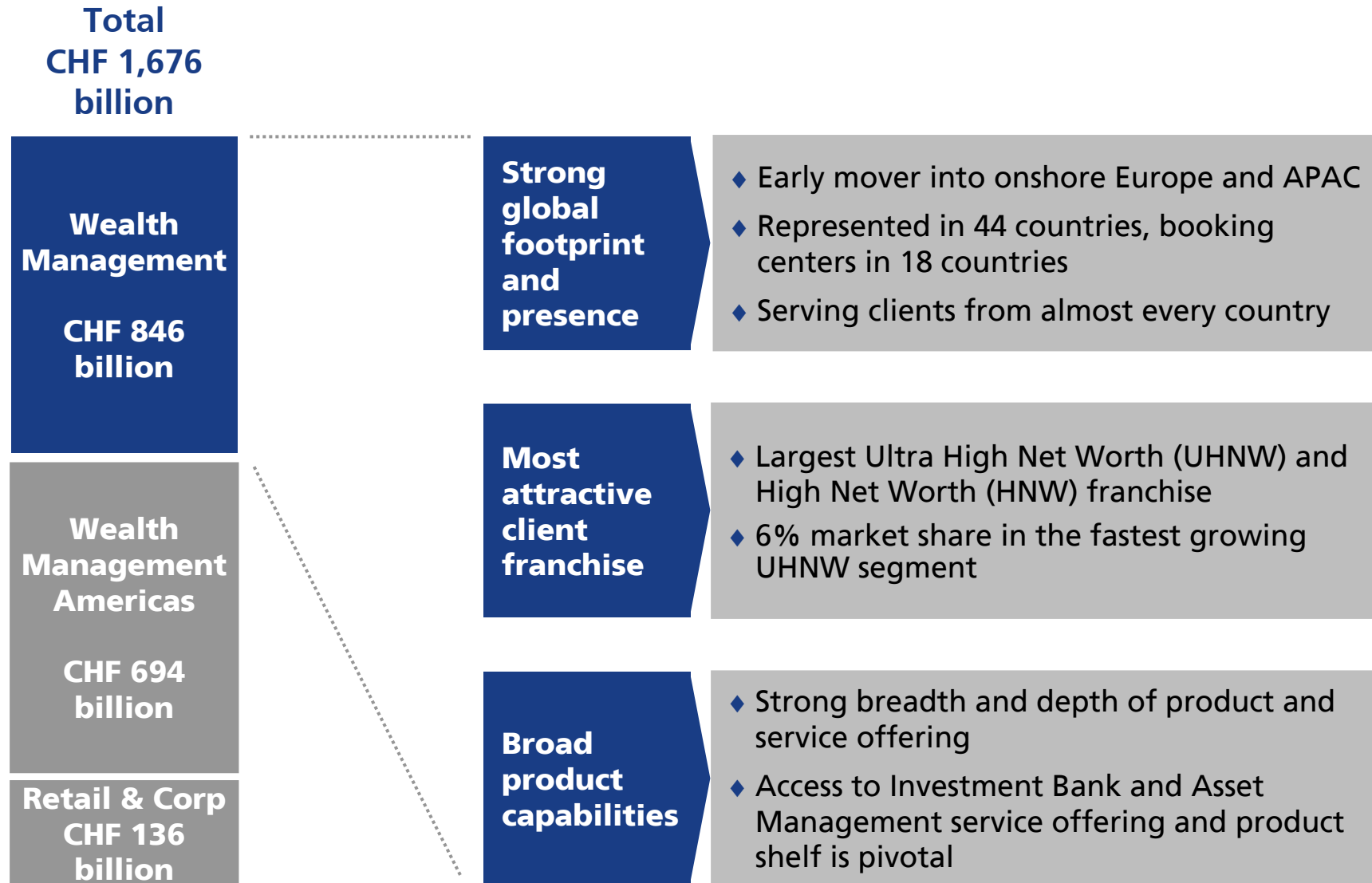
- ◆ Had to adjust capacity as asset base and revenues have decreased significantly since peak
- ◆ We increased client advisor efficiency¹ by 25 percent
- ◆ We expect a lag-effect because departed client advisors will work intensively for our competitors in the coming months
- ◆ However, we started hiring

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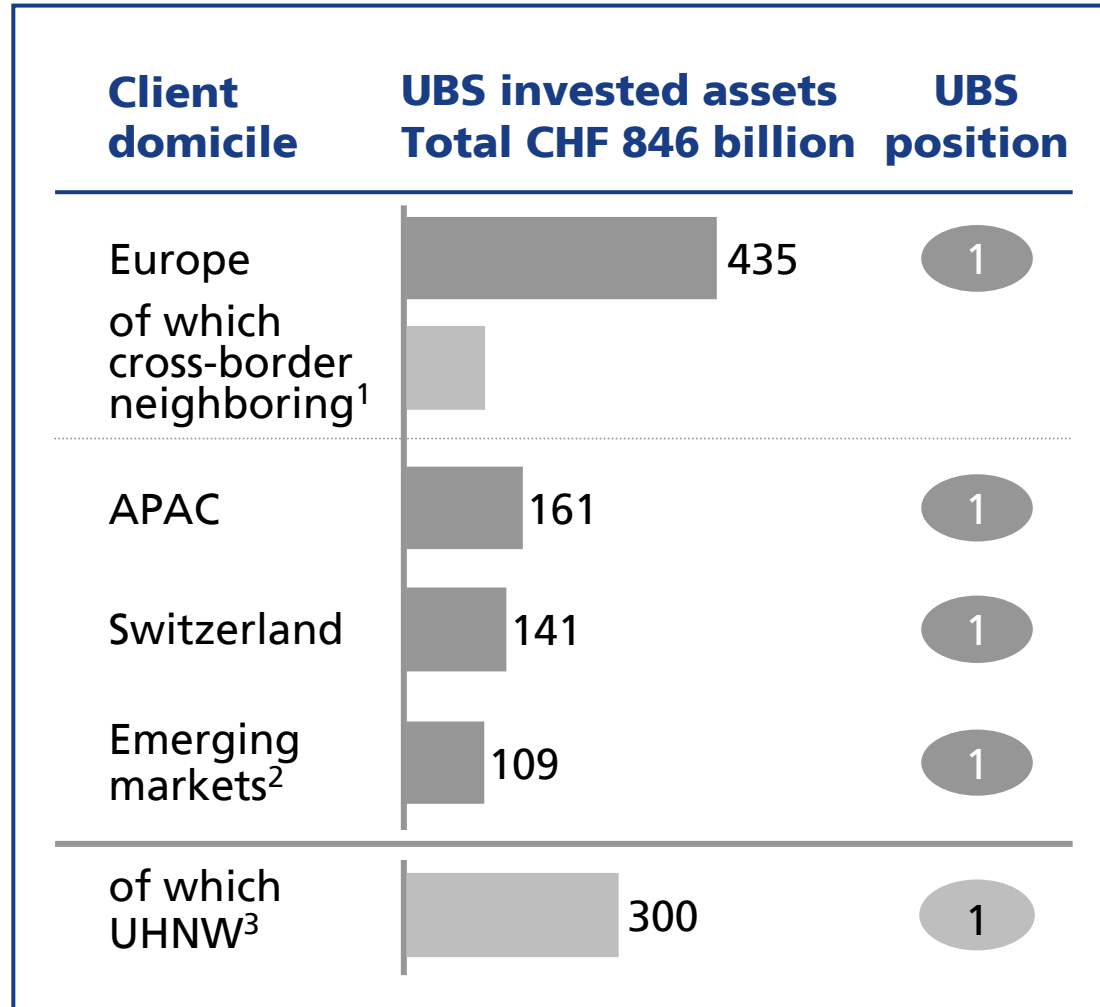
World-leading franchise

Invested assets 3Q09



Balanced business mix

3Q09



- ◆ Attractive balance of onshore and cross-border business
- ◆ The largest pan-European onshore wealth manager
- ◆ Strong presence in APAC and emerging markets
- ◆ More than one-third of total assets in UHNW



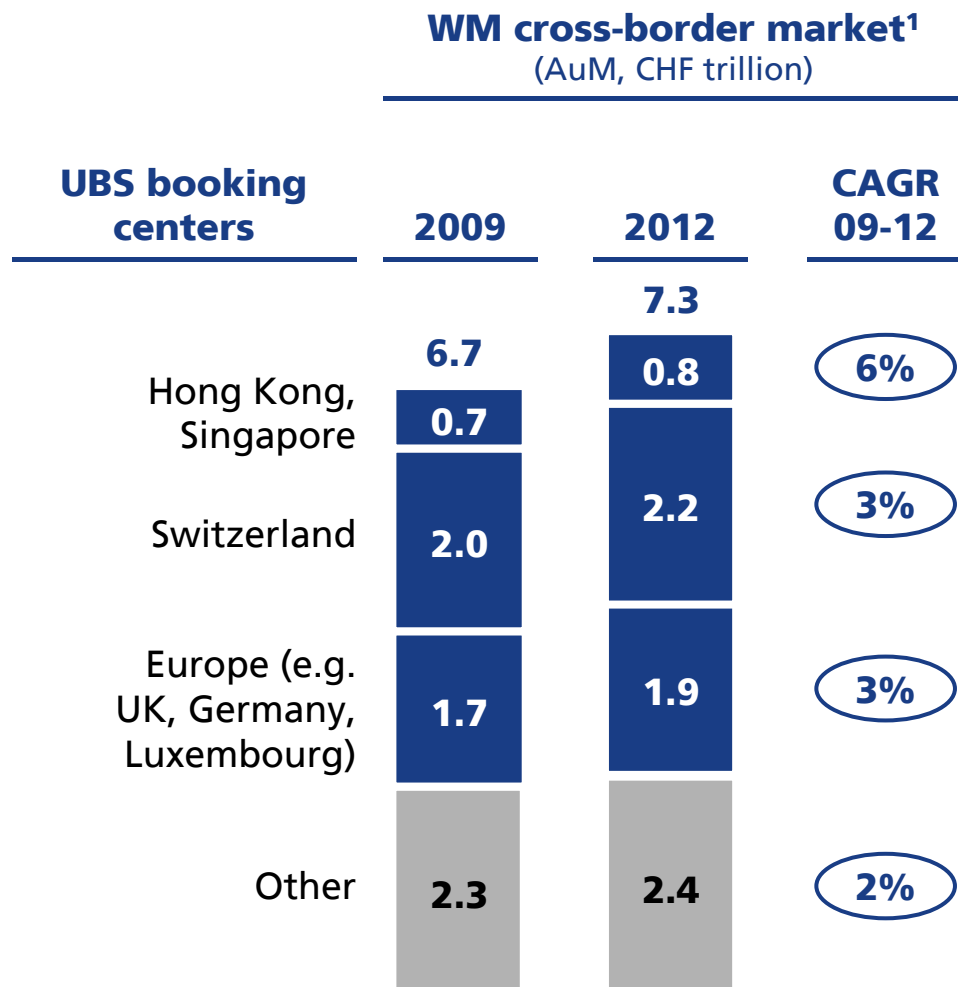
¹ Neighboring countries and UK; excluding Financial Intermediaries (FIM)

² LatAm, Middle East, Central and Eastern Europe

³ UHNW more than CHF 50m (booked or potential)

Strong position in attractive cross-border centers

 Strong UBS presence



Market trends and our positioning

Market trends

- ◆ There is a persistent client need for cross-border business due to
 - political and currency stability
 - product and service offering
 - access to global capital markets
 - client privacy
- ◆ Expected growth of ~4% p.a. medium-term
- ◆ Highest growth rates in Hong Kong and Singapore
- ◆ Switzerland and Europe will retain attractive absolute growth

Our position

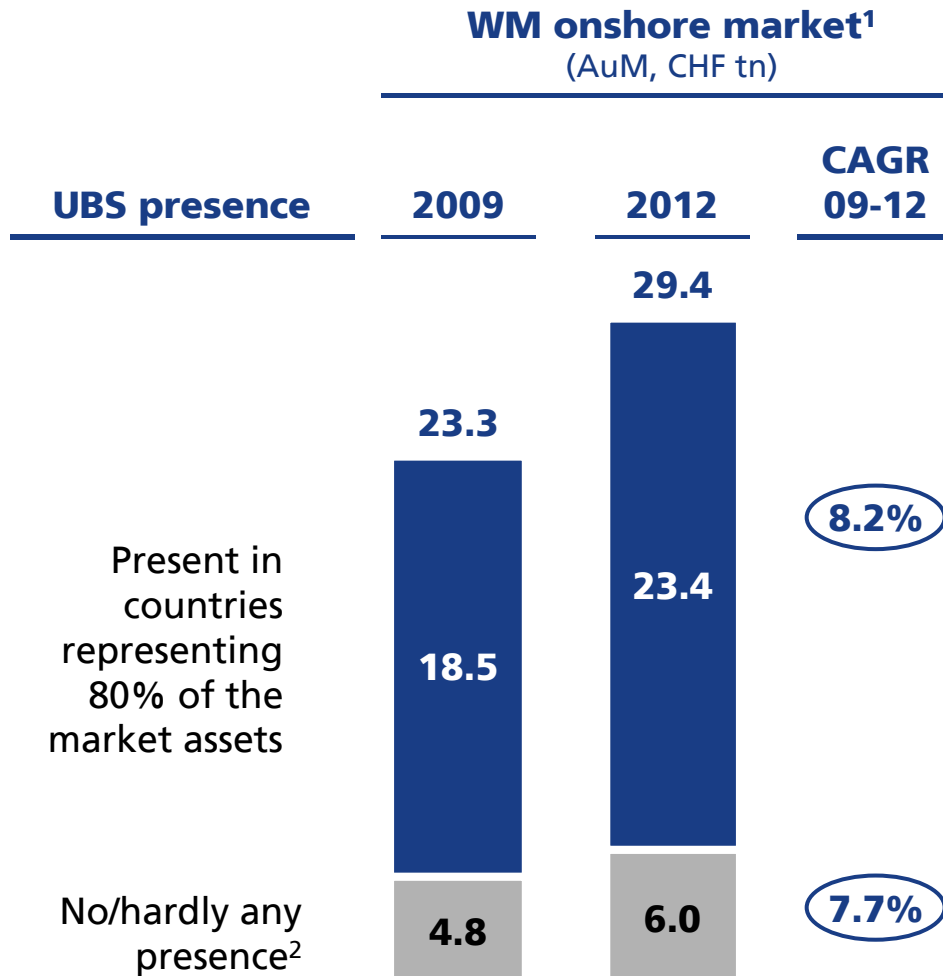
- ◆ Leader in APAC
- ◆ Will benefit from the strong position of our booking centers in APAC, Switzerland, the UK and other European booking countries



¹ Excluding North America
Source: UBS estimates based on market research and public data

Way ahead in onshore build-out

 Strong UBS presence



Market trends and our positioning

Market trends

- ◆ Onshore business represents vast majority of global wealth management assets
- ◆ Onshore assets are expected to grow more than twice as fast as cross-border assets

Our position

- ◆ Strong position in most onshore markets
 - Market position in top 5: Switzerland, Germany, France, UK, Australia, Hong Kong and Singapore
 - Market position in top 10: Italy, Austria, Belgium, Netherlands, Spain, Japan, Taiwan



¹ Excluding North America

² E.g. South Korea, Israel, Brazil, United Arab Emirates and Sweden

Source: UBS estimates based on market research and public data

Key messages

1. Wealth Management undergoing stabilization and repositioning
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Cornerstones of Wealth Management strategy

Transform the **cross-border** business based on market potential and regulatory environment

- ◆ Continue to grow in Switzerland, Hong Kong, Singapore and the UK, focusing on emerging markets
- ◆ Protect business and manage for profit

Increase and strengthen geographical footprint by capturing growth opportunities from **onshore** business

- ◆ Further invest in APAC to accelerate growth
- ◆ Focused growth in Europe
- ◆ Manage all markets for profitability

Strengthen market leadership in **Switzerland onshore** through sustainable differentiated approach

- ◆ Segment-specific approach
- ◆ Leverage Swiss Bank

Further expand our leading position in the **UHNW** segment by building on the integrated bank's strong capabilities

- ◆ Improved UHNW offering and delivery
- ◆ Family Office/'institutional' business initiative across divisions
- ◆ Systematic client development
- ◆ Selective hiring

Rigorous focus on **performance and execution**

- ◆ Focus on revenues
- ◆ Regain position as cost leader in the industry

Transform and expand our cross-border business

Manage **Europe** for profitability by

- ◆ further transforming international business in Switzerland with a differentiated approach
- ◆ reallocate people according to market opportunities

Grow **emerging markets** by

- ◆ growing existing top position in key markets in Saudi Arabia, United Arab Emirates, Kuwait and Egypt
- ◆ gaining market share in Brazil and Mexico
- ◆ expanding market leadership in Russia and Central Europe
- ◆ compensating for cross-border asset losses from traditional European countries

Focus on **APAC** to further strengthen our position by

- ◆ strengthening and expanding Hong Kong and Singapore
- ◆ leveraging excellent franchise to capture early recovery in APAC – growth engine also in crisis

Expand onshore position and manage for profitability

Manage **Europe** for profitability by

- ◆ focusing efforts on the largest markets Germany and UK with largest profit opportunities
- ◆ managing profitable growth in other markets, while compensating for cross-border losses with strong onshore presence

Focus on **APAC** to further strengthen our position by

- ◆ expanding Hong Kong and Singapore
- ◆ accelerating organic growth in Japan and continue long-term investment in China
- ◆ managing profitable growth in other markets (Taiwan, Australia)

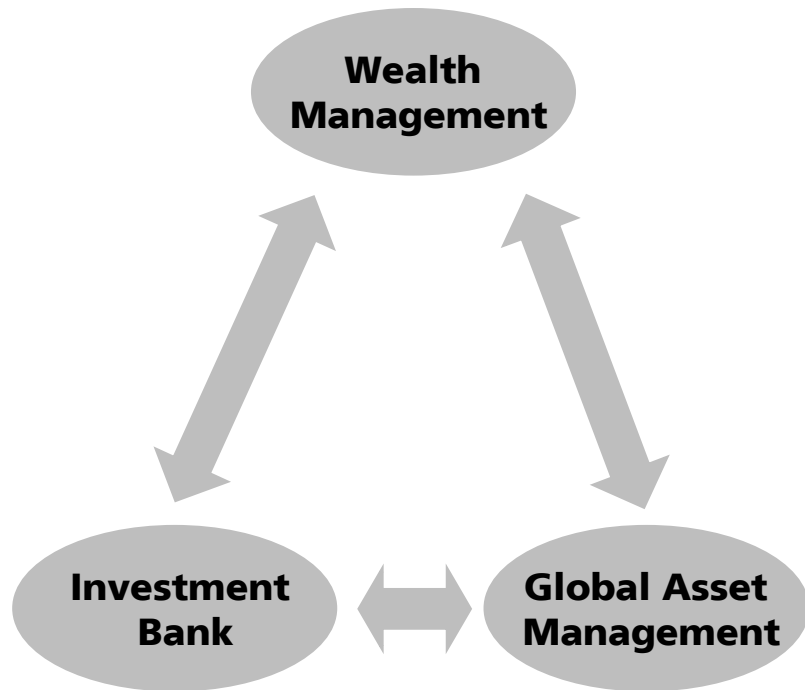
Regain market share through differentiation in **Switzerland** by

- ◆ growing in clearly defined sub-segments e.g. entrepreneurs and executives
- ◆ increasing penetration of banking products and developing wealth management clients through client transformation
- ◆ implementing cross-divisional client coverage and execution

Clients first

reputation	integration	execution
Before ...		New ...
◆ "Everything, everywhere"		◆ Differentiated strategy, tailored towards market potential and client needs
◆ Expansion driven by marginal opportunities		◆ Selective expansion driven by profit potential and strategic fit
◆ Focus on asset growth only		◆ Focus on revenue and profitability in addition to net new money
◆ UHNW managed as segment		◆ UHNW with full profit and loss responsibility and direct access to Investment Bank and Asset Management
◆ Aggressive hiring including lateral hires		◆ Selective hiring of industry professionals with a proven track record
◆ Empowered organization		◆ Managed for efficiency and effectiveness within stricter framework

Clients benefit from the integrated approach

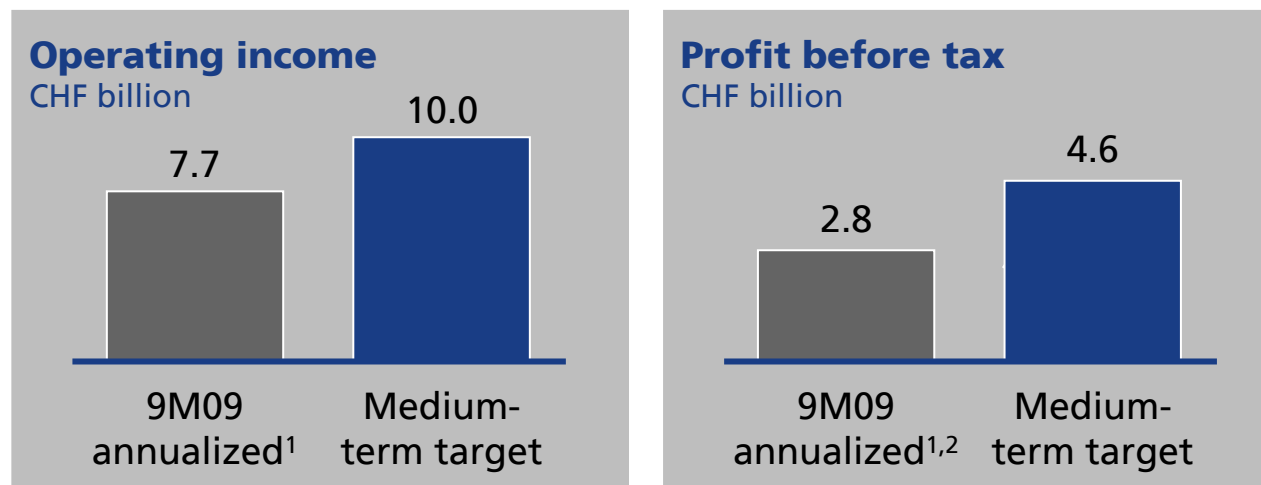


	Topics	Examples
Front-end Revenue synergies	◆ Integrated client coverage	◆ Joint UHNW coverage ◆ Liquidity events (IPO, M&A)
	◆ Product innovation	◆ Equity Investor platform ◆ Research-based Advice (RbA)
	◆ Use of WM distribution channel	◆ UBS IB structured products ◆ UBS GIAM investment funds ◆ Equity, FI, FX order flow
Back-end Cost synergies	◆ Integration of overlapping functions	◆ Macro research ◆ Single-stock research ◆ Single hedge fund research and sourcing
	◆ Shared services and joint locations	◆ IT platform ◆ HR, Finance ◆ Joint buildings (e.g. Milan, Frankfurt)

Key messages

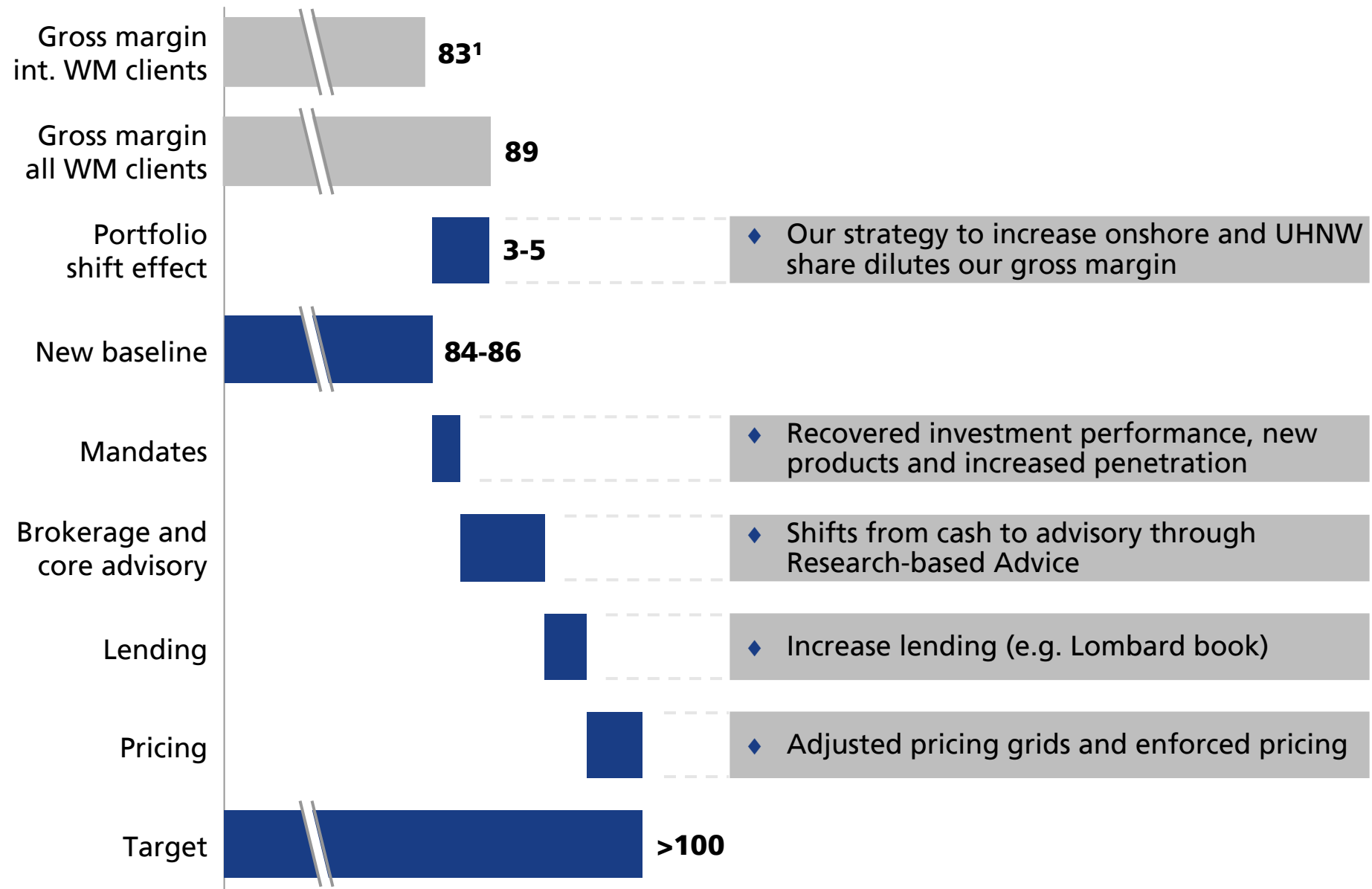
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Very attractive economics in the years to come



	9M09	Medium-term target
Invested assets CHF billion	849	>1,000
Net new money CHF billion	(54)	+5% p.a. on IA
Gross margin bps	89	>100
Cost/income ratio In %	64	<55
Client advisors FTE	4,460	~4,700

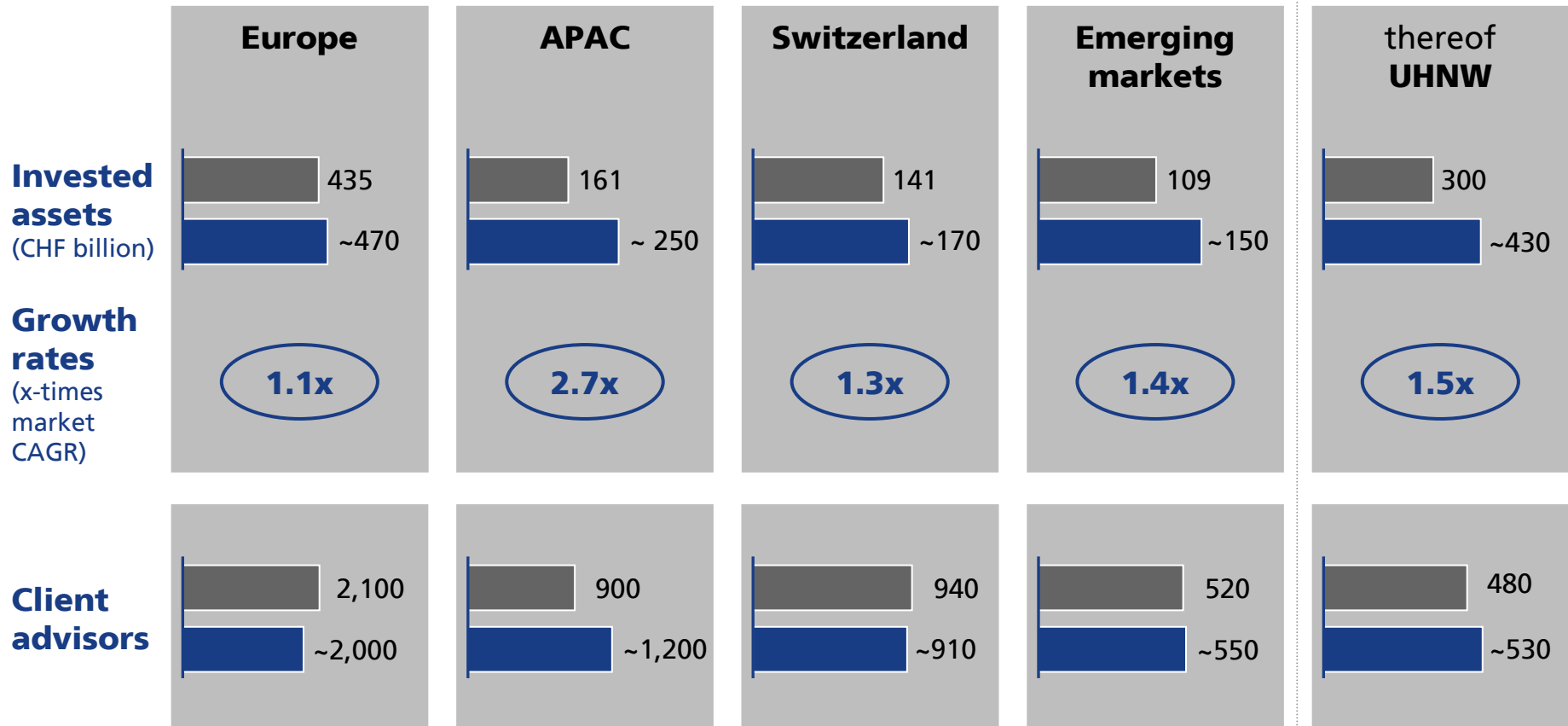
Rebuild gross margin



Expand market share

UBS invested assets by client domicile

■ 3Q09
■ Medium-term target



Key takeaways

1. Strong and leading business globally

2. Well positioned in key growth areas with an integrated firm approach

3. Positive net new money growth will take time

4. Highly attractive pre-tax profit margin target of above 45%

SECTION 2

UBS Switzerland - Focus on Retail & Corporate Banking

Key messages

1. UBS as the number one franchise in Switzerland is very well positioned to capitalize on its integrated bank capabilities

2. In Retail & Corporate we have a clear strategy to regain market share
- In Retail, we expect to grow through tailored life-cycle offerings and sales force effectiveness
 - In Corporate, we will further penetrate our strong client base by leveraging the product & service capabilities of our integrated bank

3. Our medium-term target for Retail & Corporate is to grow revenues at 2x market growth and generate an additional PbT of CHF 0.5 billion

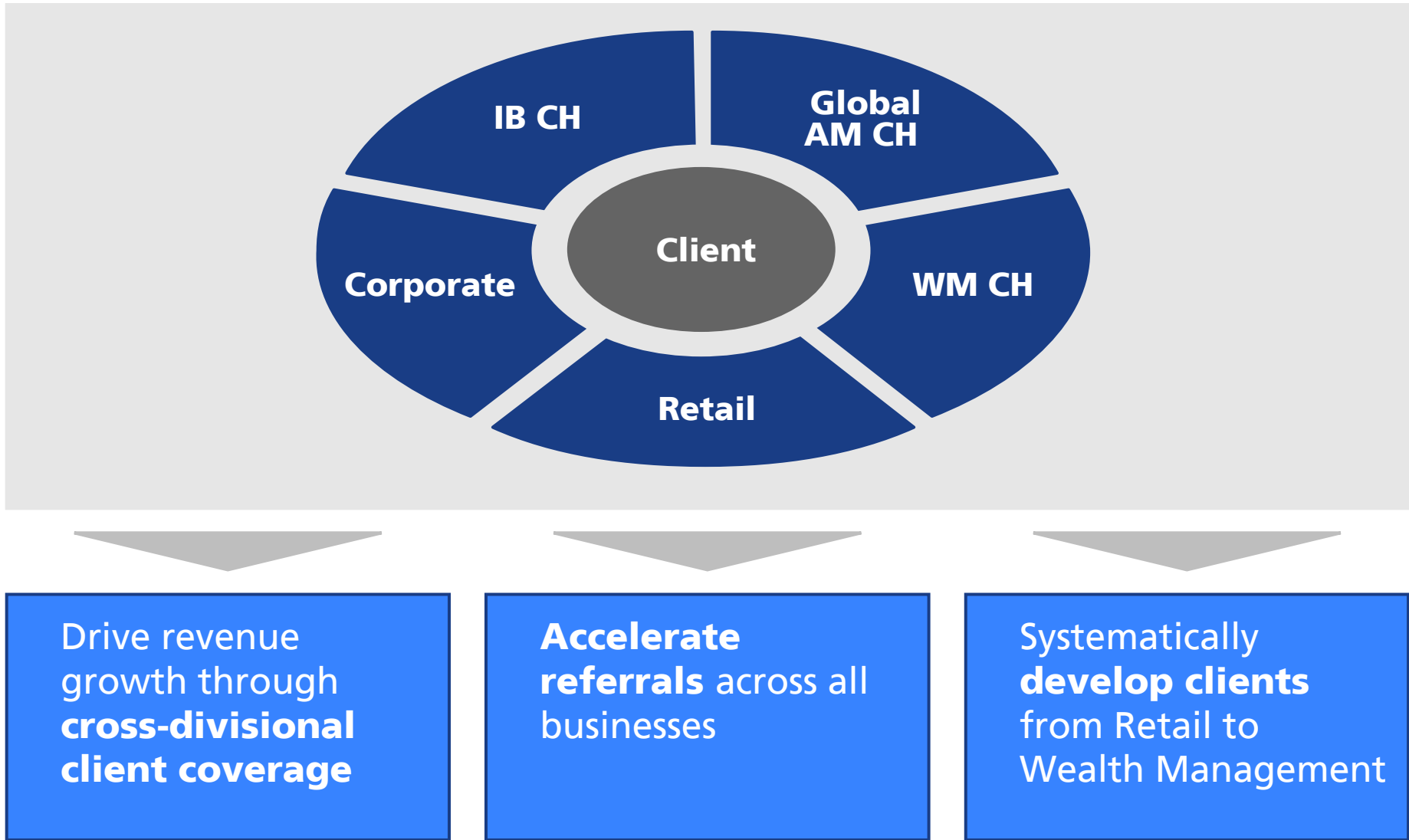
Full commitment to Switzerland

UBS Switzerland				
Swiss Bank			IB CH	Global AM CH
Retail	Corporate	WM CH		
Every third household	Every second corporation	Every third wealthy individual	No. 1 Investment Bank	No. 1 in mutual funds & inst. asset mgmt

Focus of this presentation

One integrated management team
Stronger focus on sales effectiveness & execution
Continuous efficiency improvement

Fully integrating the five businesses is a top priority



Key messages

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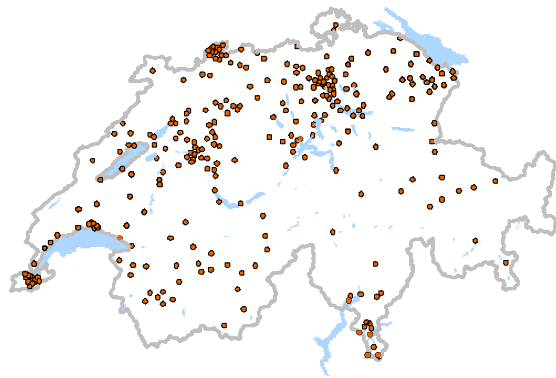
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In Retail, strong footprint and client base

Strong footprint



- ◆ 300 branches
- ◆ Reaching 80% of population

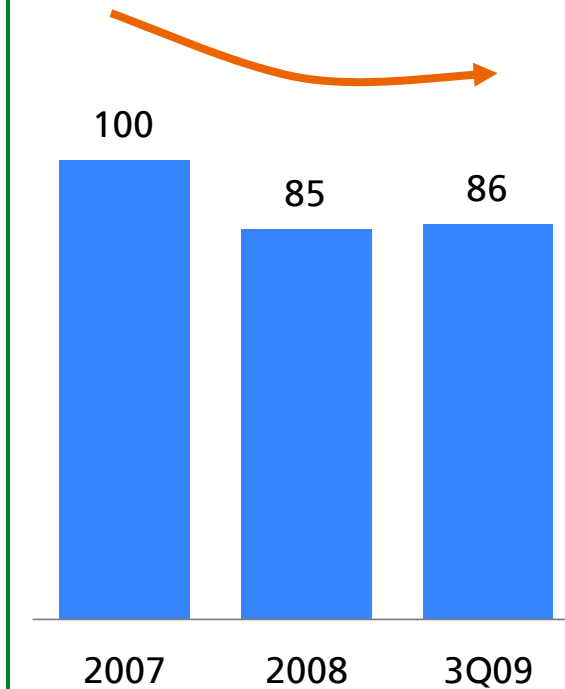
Strong client base

- ◆ Every third household
- ◆ Almost 1/3 of credit card turnover
- ◆ Every fourth CHF invested in a mutual fund
- ◆ Every fifth mortgage
- ◆ Every sixth CHF in a client account / deposit





Stabilized business volume¹

Retail¹

(Indexed)



Regain market share with target client groups

Target clients	Students	Young professionals	Families	Pre-retirees
				
Main advisory needs	<ul style="list-style-type: none"> ◆ Savings plan ◆ Easy & flexible access to account & payments 	<ul style="list-style-type: none"> ◆ Savings plan ◆ Easy & flexible access to account & payments 	<ul style="list-style-type: none"> ◆ Savings plan ◆ Financing own home ◆ Security for partner & family 	<ul style="list-style-type: none"> ◆ Financing own home ◆ Security for partner & family ◆ Retirement planning
UBS offering	UBS Campus	UBS Young Professional	UBS Family	UBS Comfort
All-in-one offering of basic products by life stage				
Tailored advice by life stage				
Loyalty program				

Significant cross-selling opportunity along life-cycle

Cross-selling opportunity

Product penetration in % of all clients (accounts)¹



45% of Retail clients have only 1 or 2 products with UBS

Tailored life-cycle offering

UBS Comfort

UBS Family

UBS Young Professional

UBS Campus

Client benefits

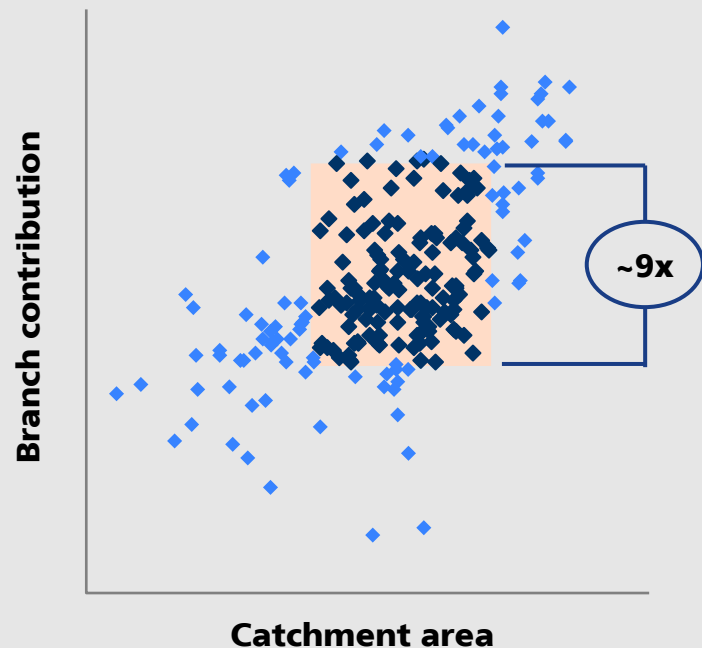
- ◆ Needs-driven
- ◆ Convenience
- ◆ Package price

UBS benefits

- ◆ Client loyalty
- ◆ Product usage
- ◆ Client profitability

Drive branch productivity through sales force effectiveness

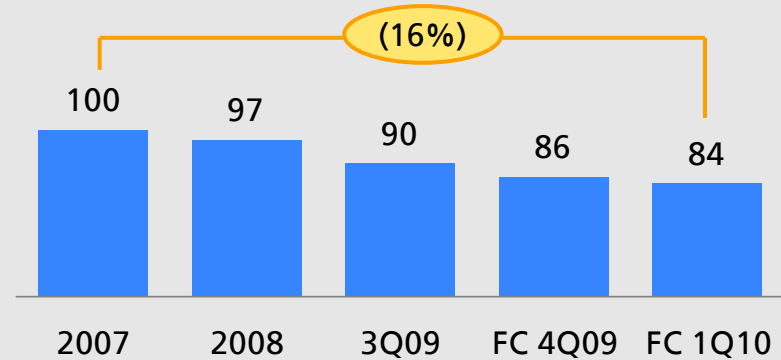
High variance in productivity across branches



1 Adapt frontline capacity to reach benchmark levels

Headcount reduction

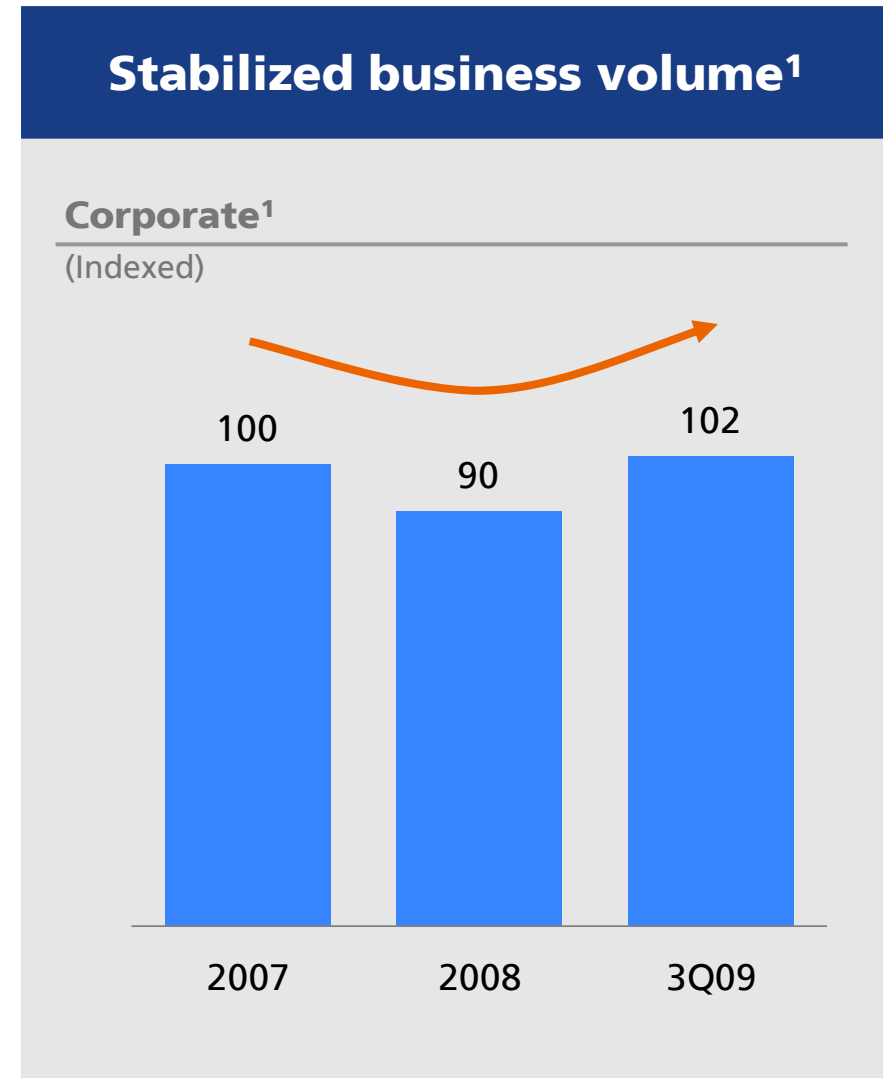
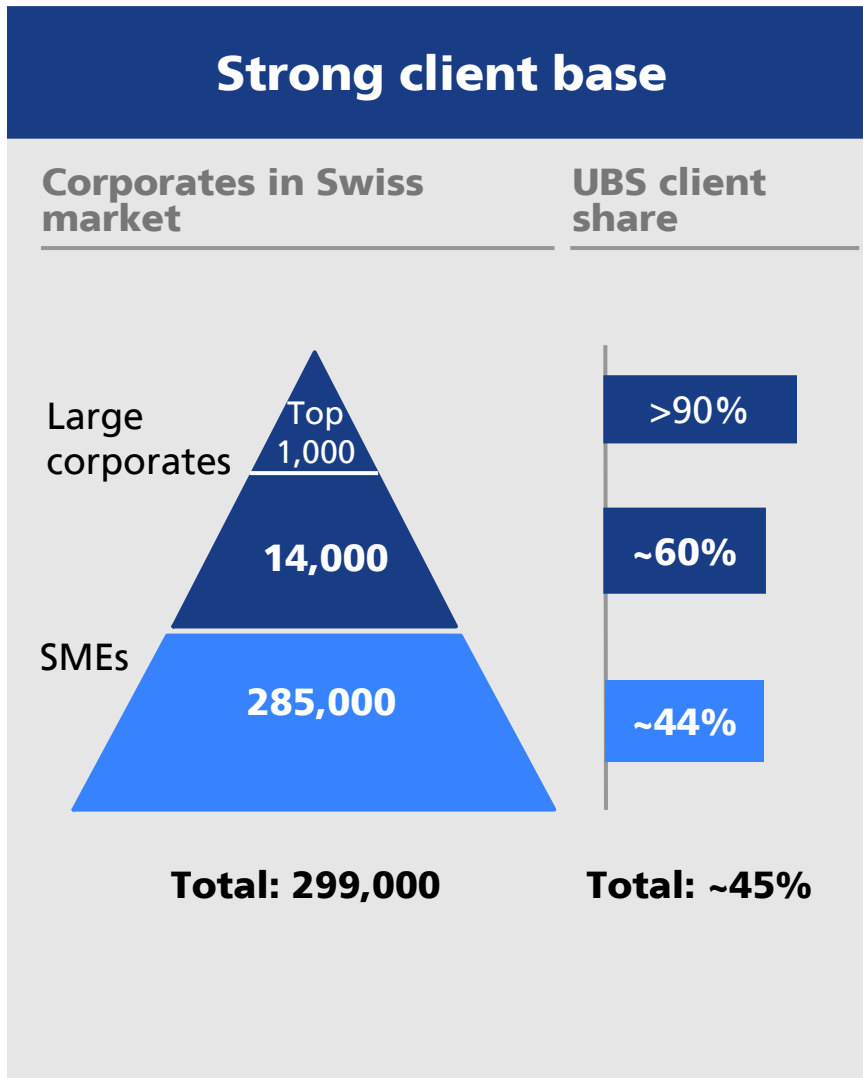
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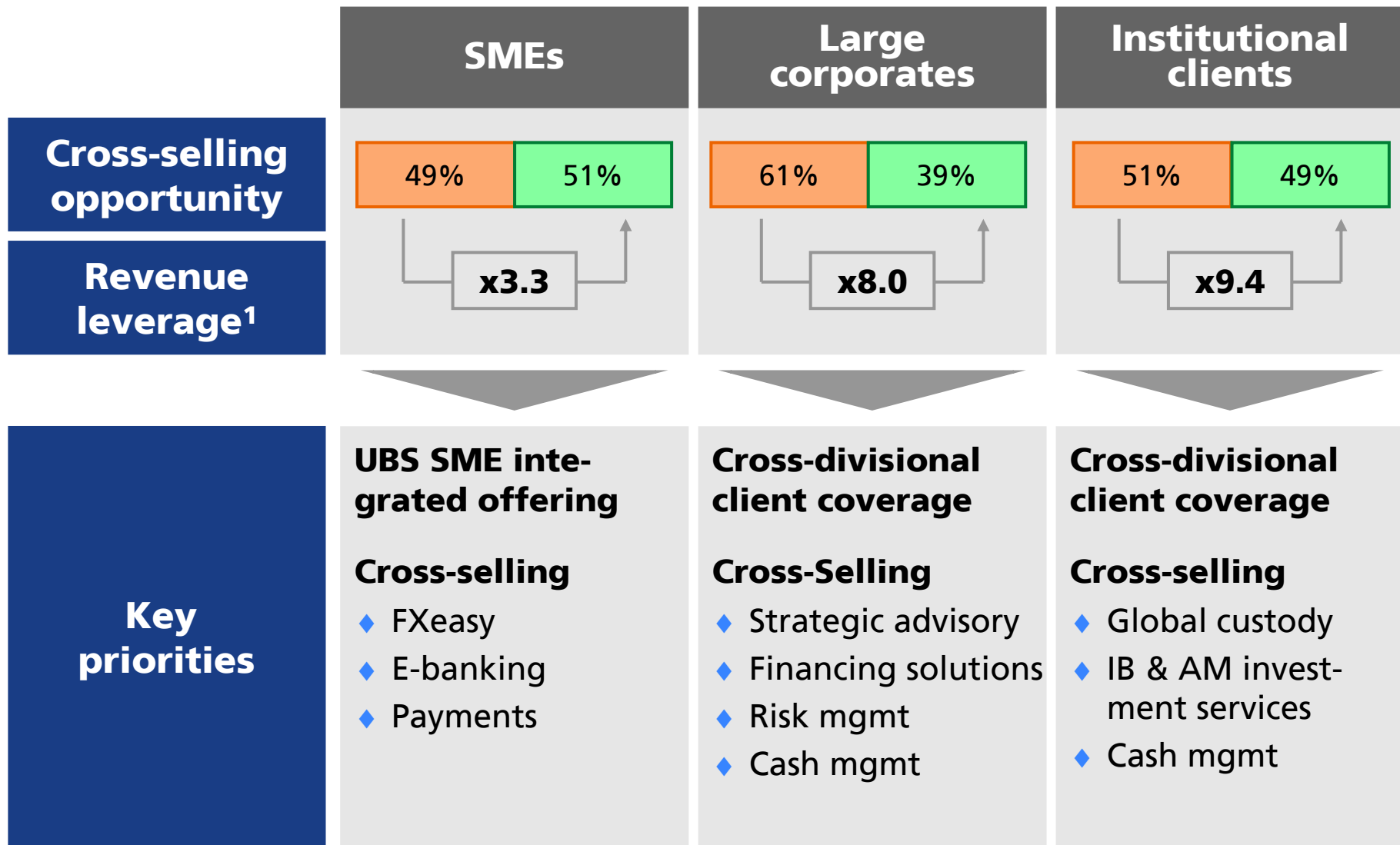
2 Systematically increase branch productivity

- ◆ Leverage branch management best practices
- ◆ Talent development for branch managers

In Corporate, strong client access and stabilized business



Cross-selling of integrated bank capabilities



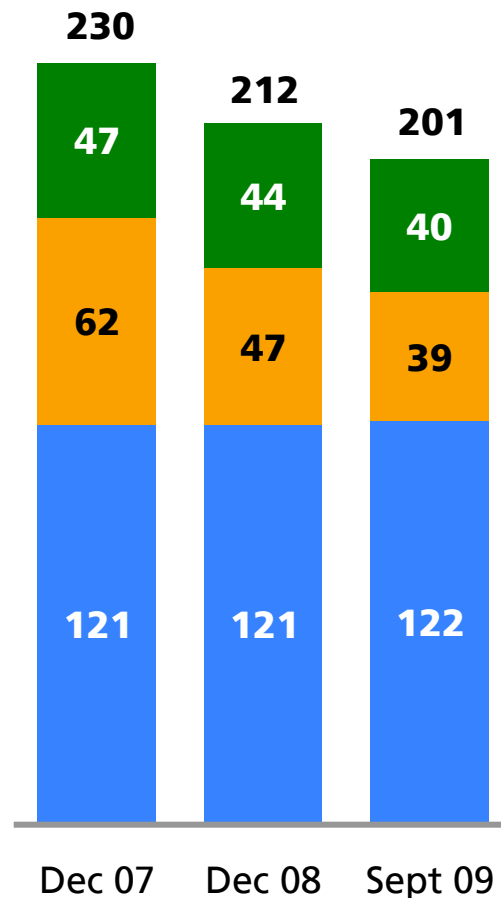
■ Clients with 3 or fewer products

■ Clients with 4 or more products

Diligent management of the WM&SB lending portfolio

WM&SB lending portfolio¹

(CHF billion, gross)



Corporate lending²

- ◆ More than 40% with supplementary collateral
- ◆ Well diversified book, e.g. SME share above 40%
- ◆ >50% of unsecured lending with investment grade, despite slight decrease in line with expectations

Lombard loans

- ◆ Well diversified book
- ◆ Reduction primarily due to market correction

Residential mortgages

- ◆ Focus on single family home segment in Switzerland
- ◆ Well diversified book

¹ Figures for 2007 and 2008 are re-stated pro forma for WM&SB and differ from WM&BB disclosure in annual reports

² Figures for corporate lending include loans secured by commercial/industrial property, lending to banks as well as unsecured loans to corporates, public sector and privates

Key messages

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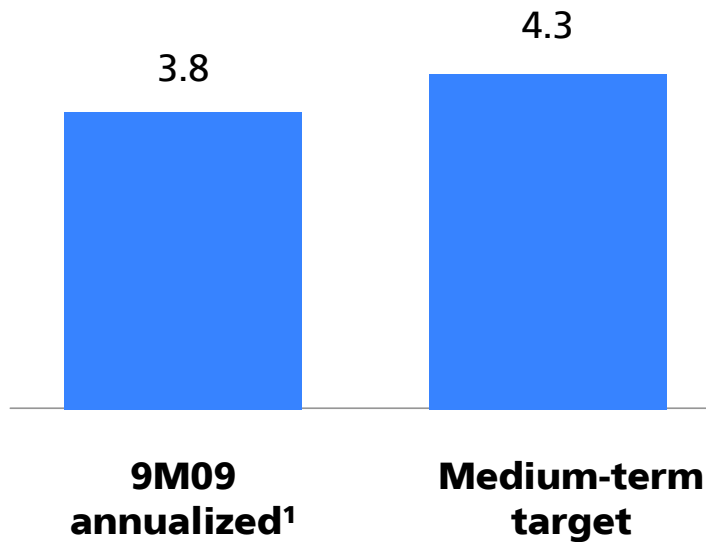
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PbT target increase of CHF 0.5 billion in Retail & Corporate

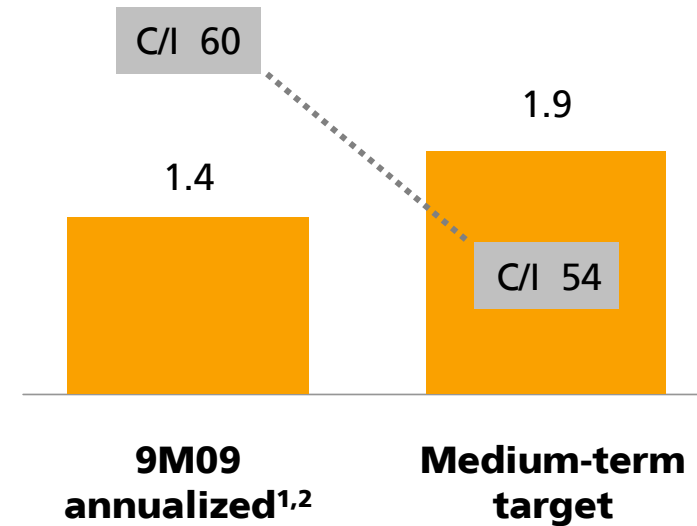
Operating income

(CHF billion)



Profit before tax

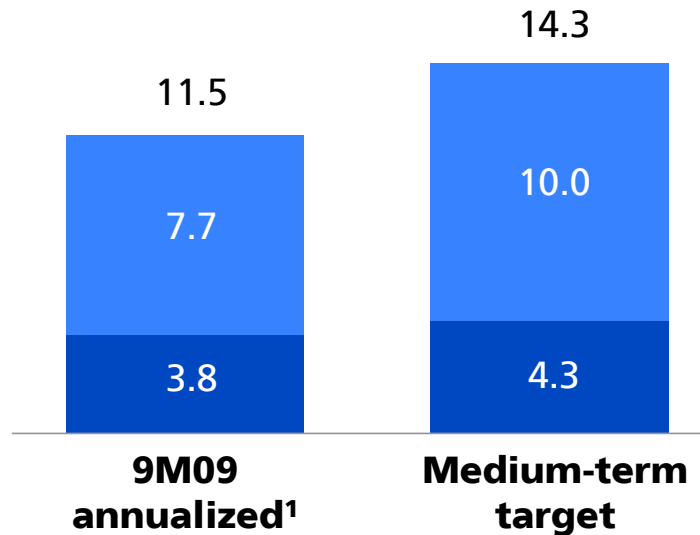
(CHF billion)



Wrap-up: WM&SB medium-term targets

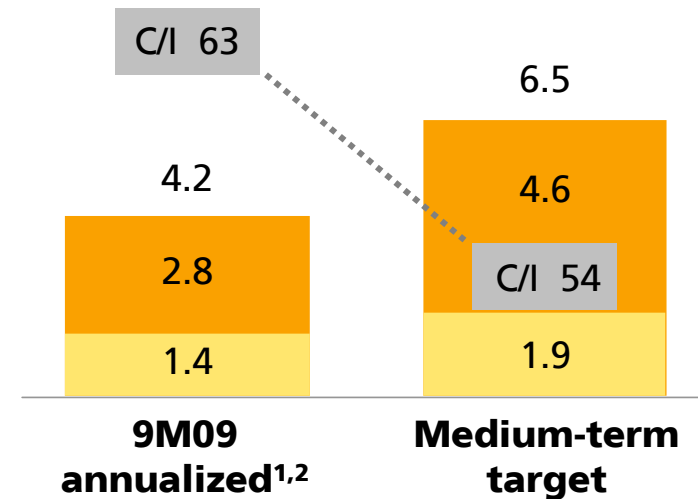
Operating income

(CHF billion)



Profit before tax

(CHF billion)



- Wealth Management
- Retail & Corporate



1 Annualized figures do not constitute estimates of the actual full-year results. Pro forma / preliminary estimates, based on new reporting structure effective 1.1.2010.
 2 Excluding restructuring costs

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