



UBS Investor Day 2004

Fixed Income, Rates & Currencies

Michael Hutchins, Global Head of FIRC

Diversified group of businesses

Fixed Income, Rates & Currencies

Fixed Income

Rates

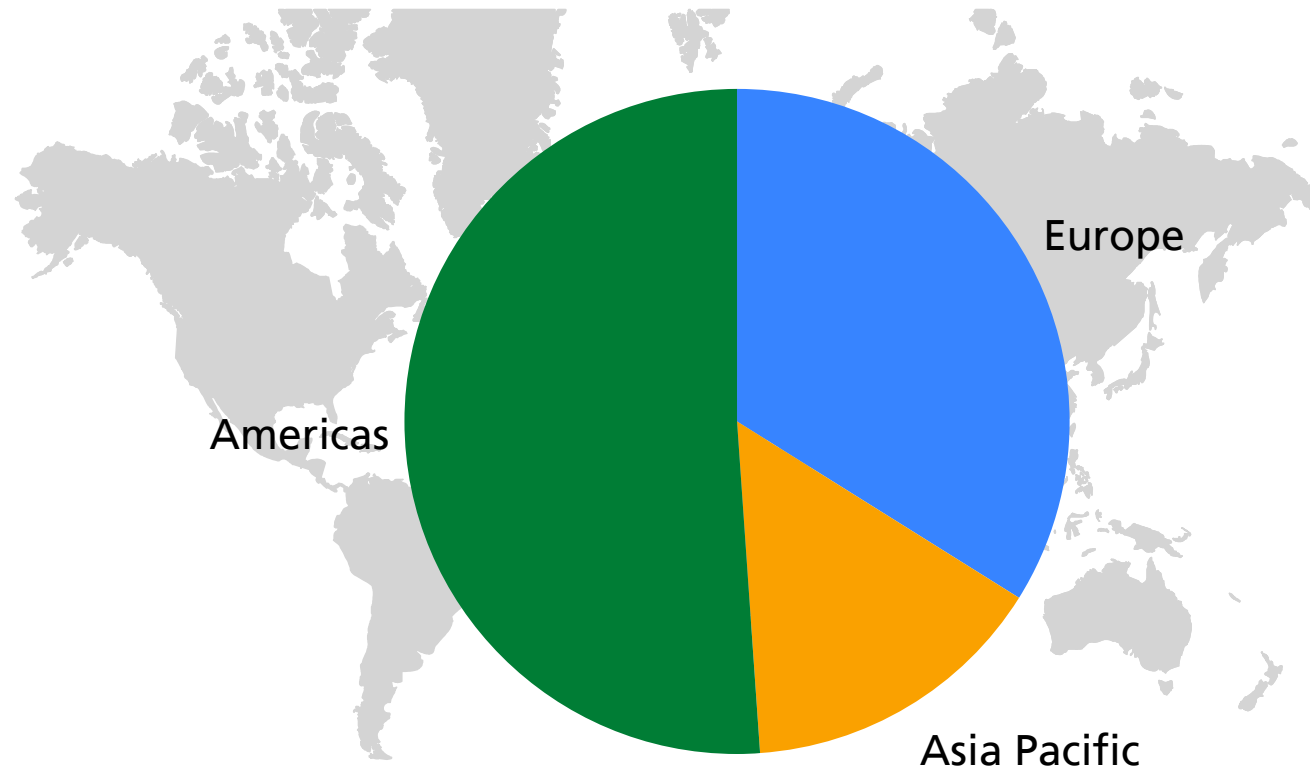
FX, Cash &
Collateral Trading

Principal Finance
& Commercial Real
Estate



Regional revenue

Estimated breakdown of the broadly defined Fixed Income market revenues by geography in 2003

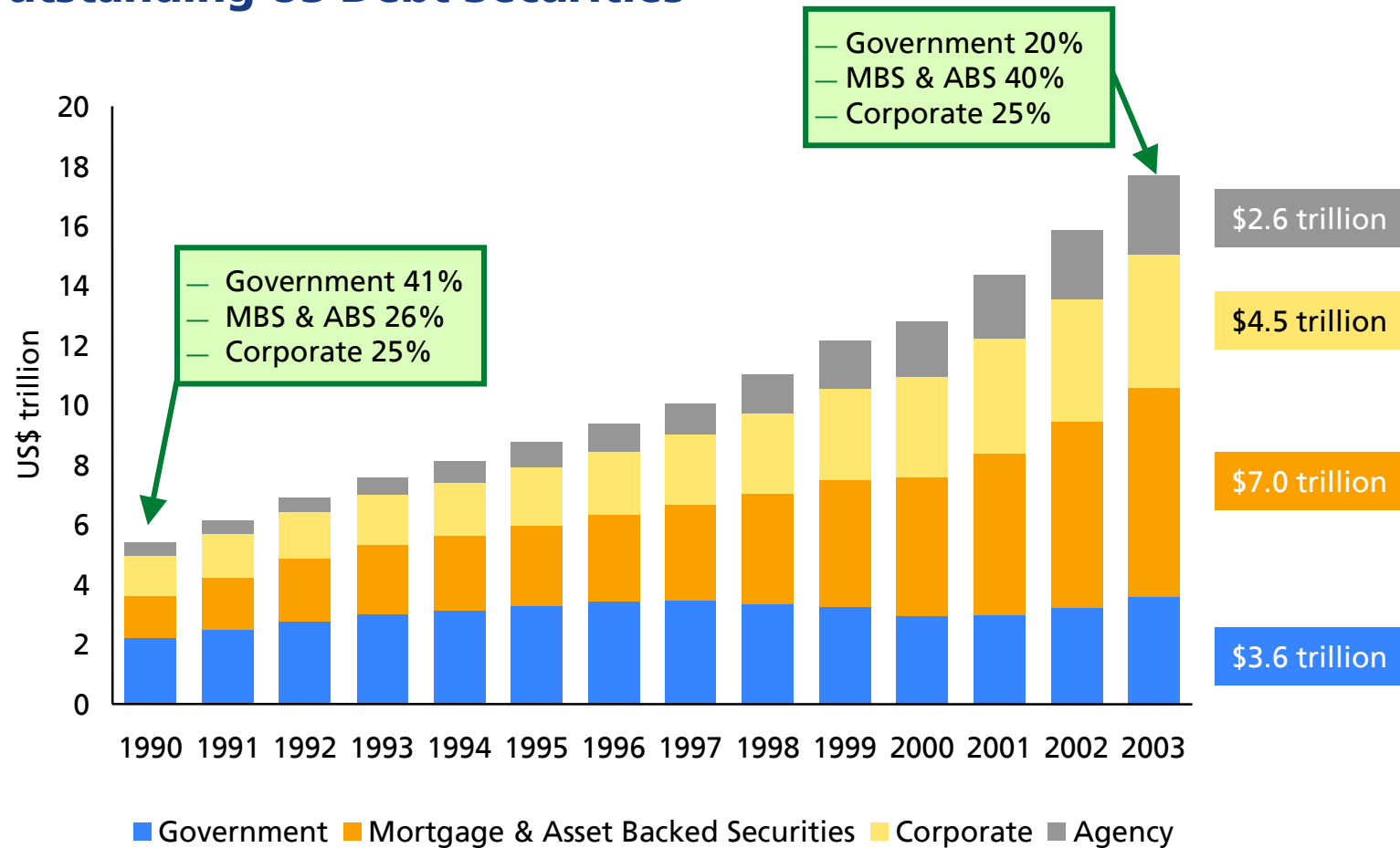


Source: © Mercer Oliver Wyman



Growth & changing mix in the US securities market

Outstanding US Debt Securities



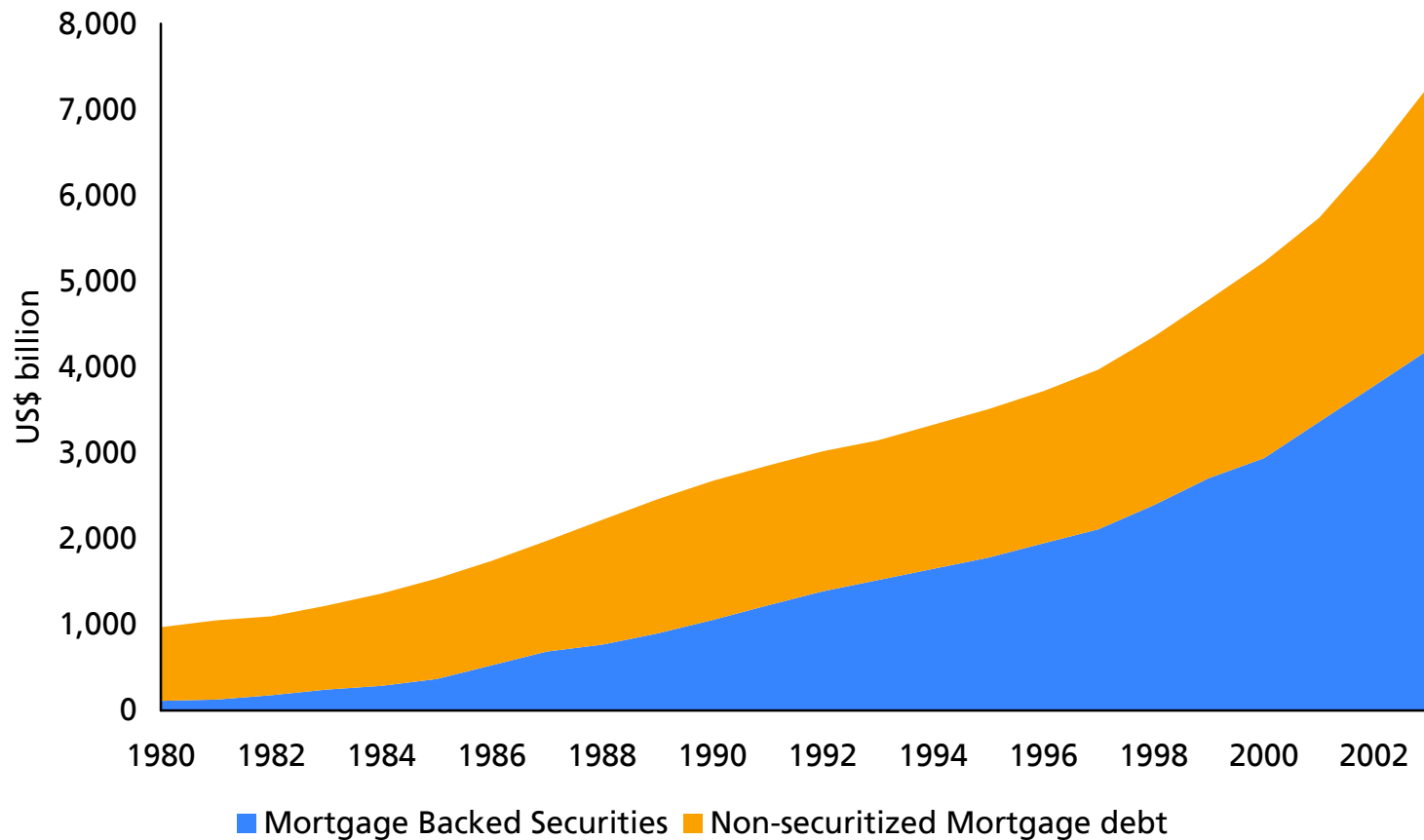
Source: BMA

Note: Excludes Municipals and Money Markets



Growth in the US Mortgage market

US single family mortgage debt outstanding

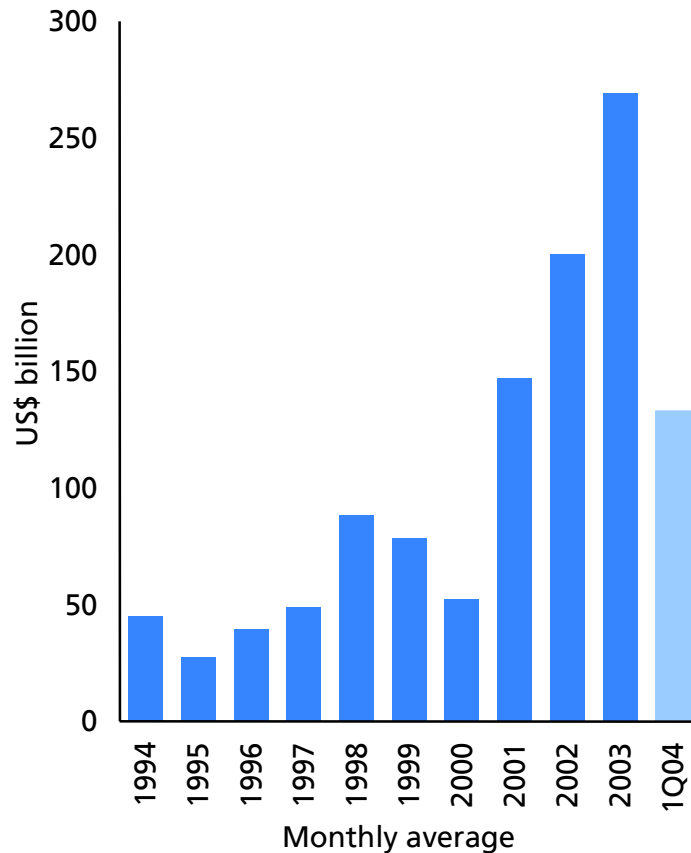


Source: Inside MBS & ABS

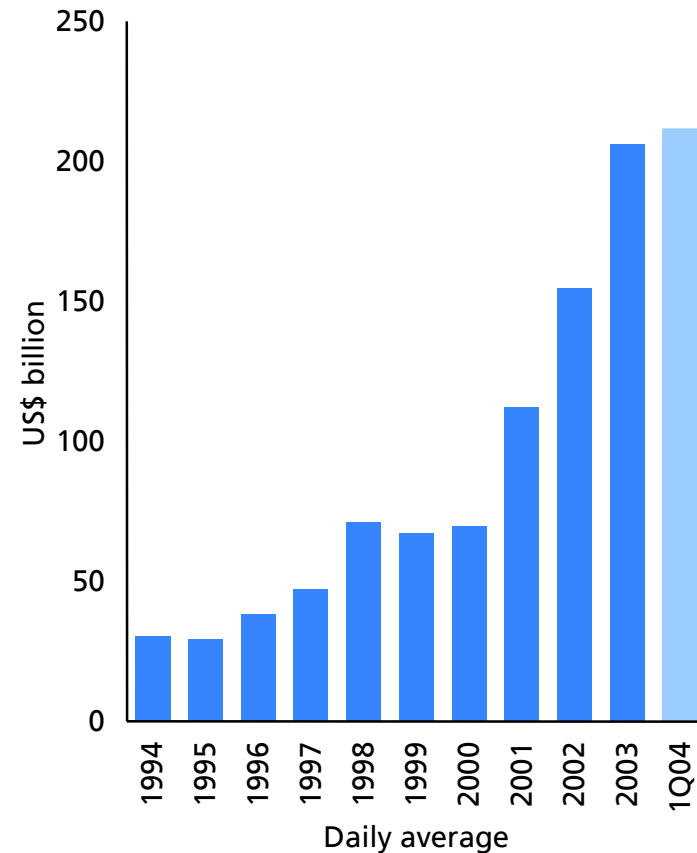


Growth in the Mortgage Backed Securities market

Mortgage Backed Securities issuance



Mortgage Backed Securities trading volumes



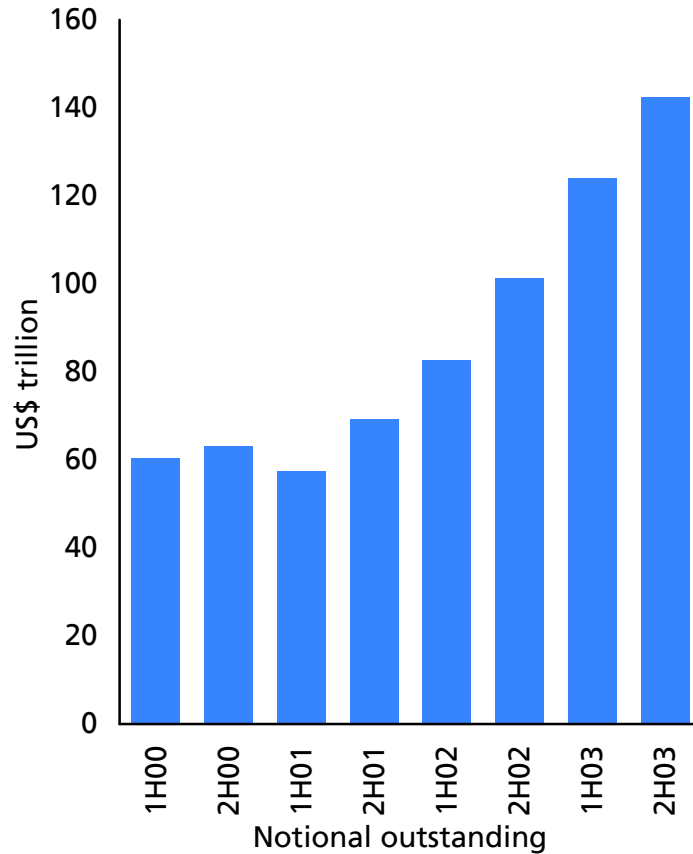
Source: Inside MBS & ABS, BMA

Note: As of January 2001, issuance includes private label jumbo and Alt-A and certain mortgage related ABS

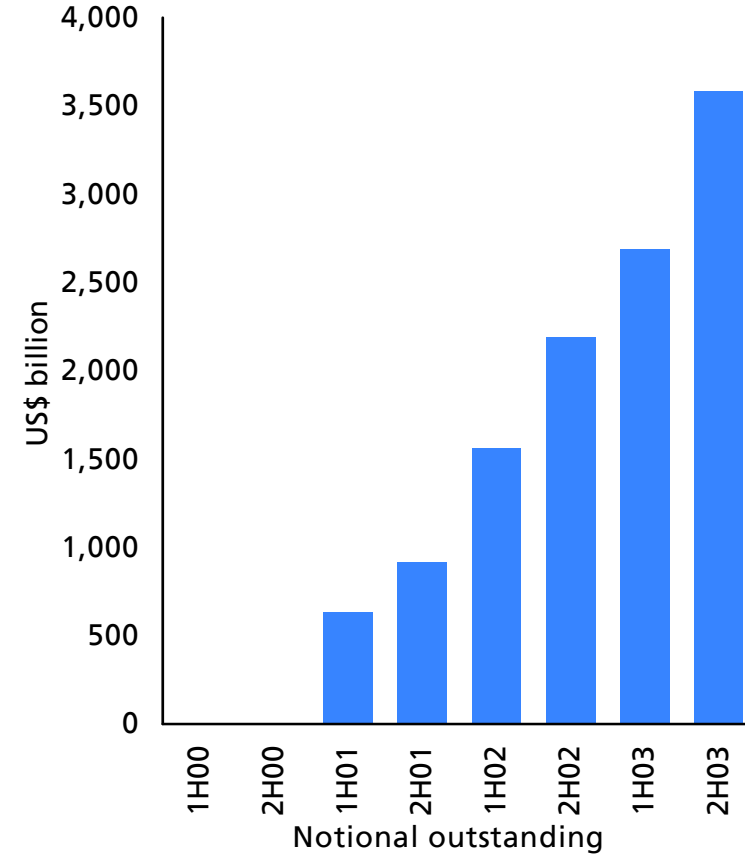


Growth in the derivatives market

Interest rate & cross-currency derivatives



Credit default swaps



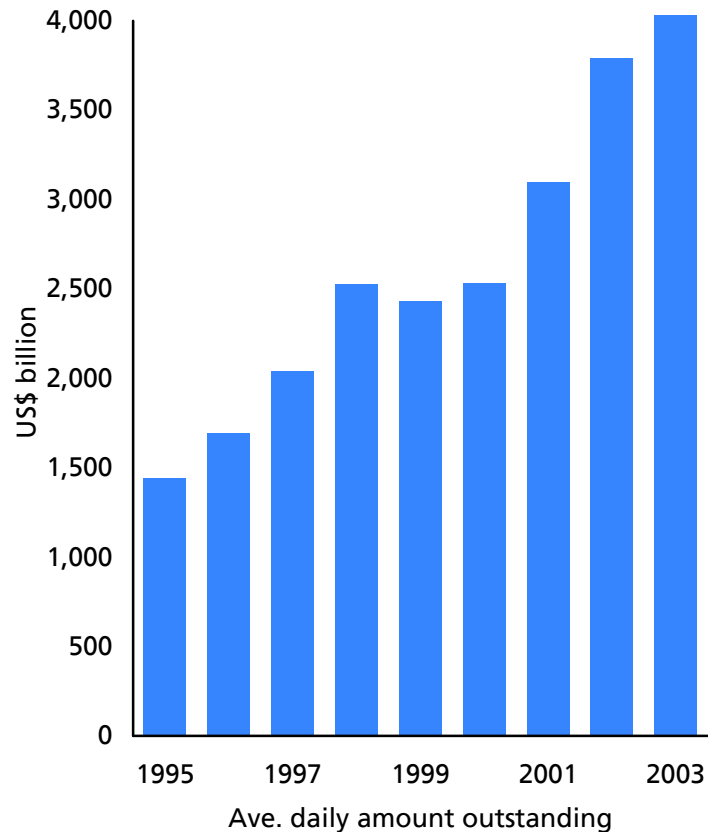
Source: ISDA



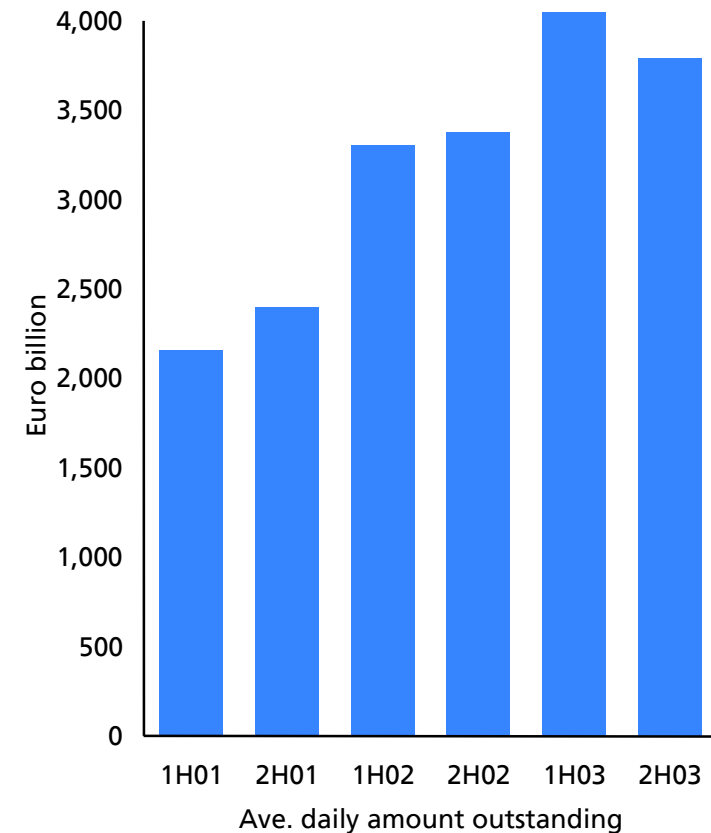
Growth in the Repo market

Repurchase & reverse repurchase agreements

US



Europe



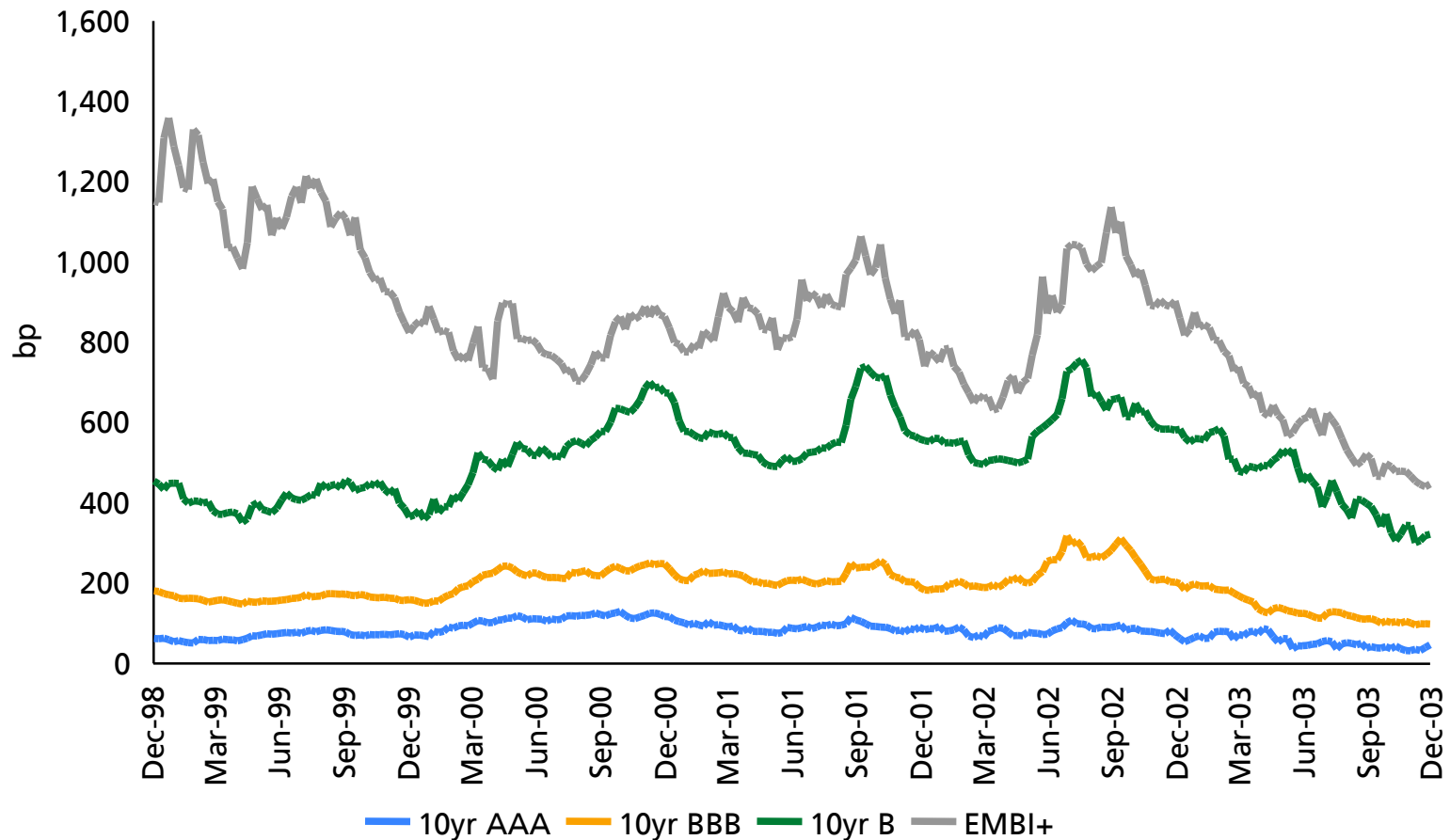
Source: BMA, ISMA

Note: Note: As of Dec 31, 2003 – beginning Jul 31, 2001 corporate securities are included in the US data



Credit markets

Selected US credit spreads

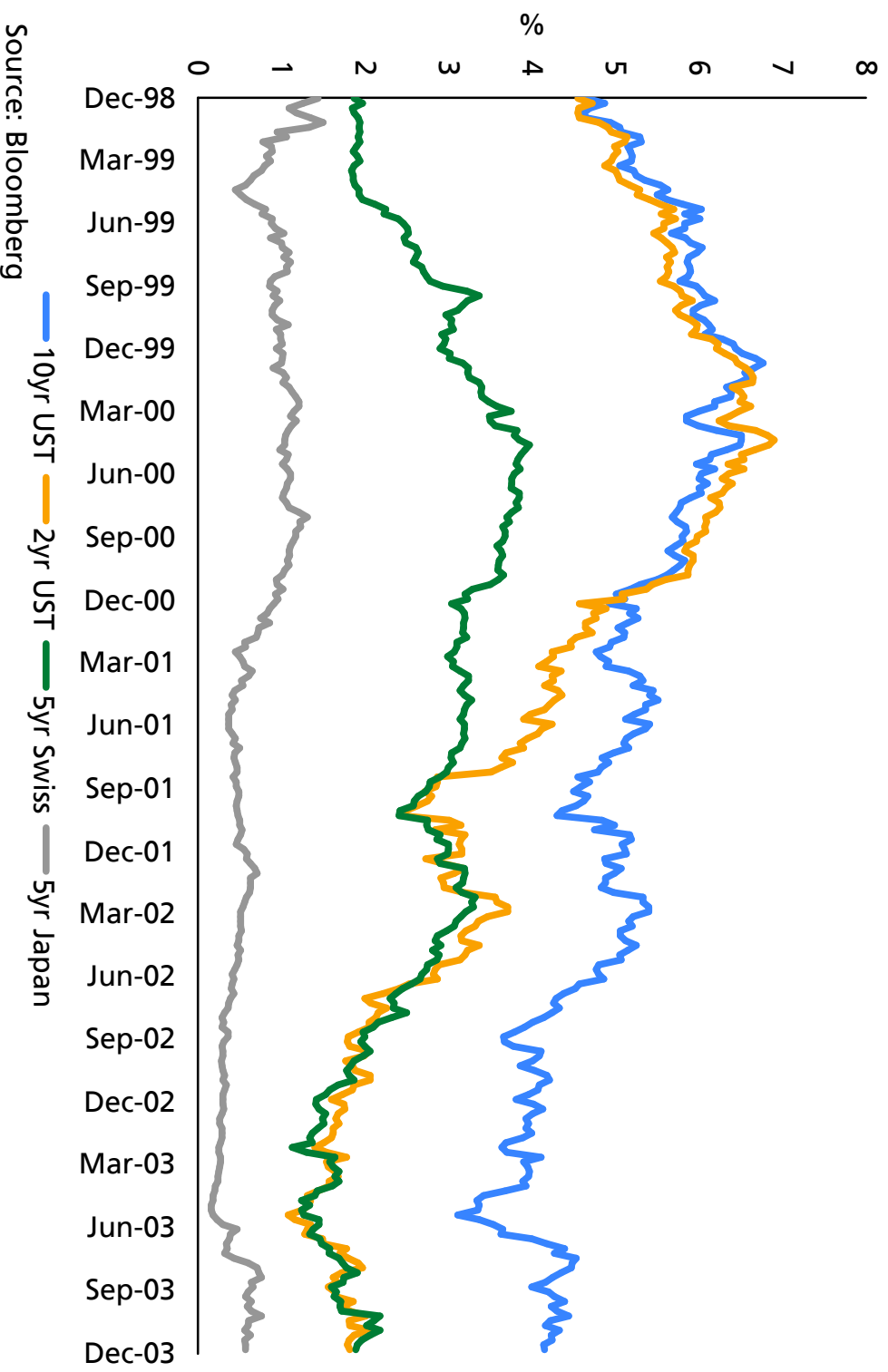


Source: 10yr AAA, BBB & B corporate spread data from UBS Credit Research. EMBI+ is the JPMorgan emerging markets index.



Interest rates markets

Selected cash interest rates

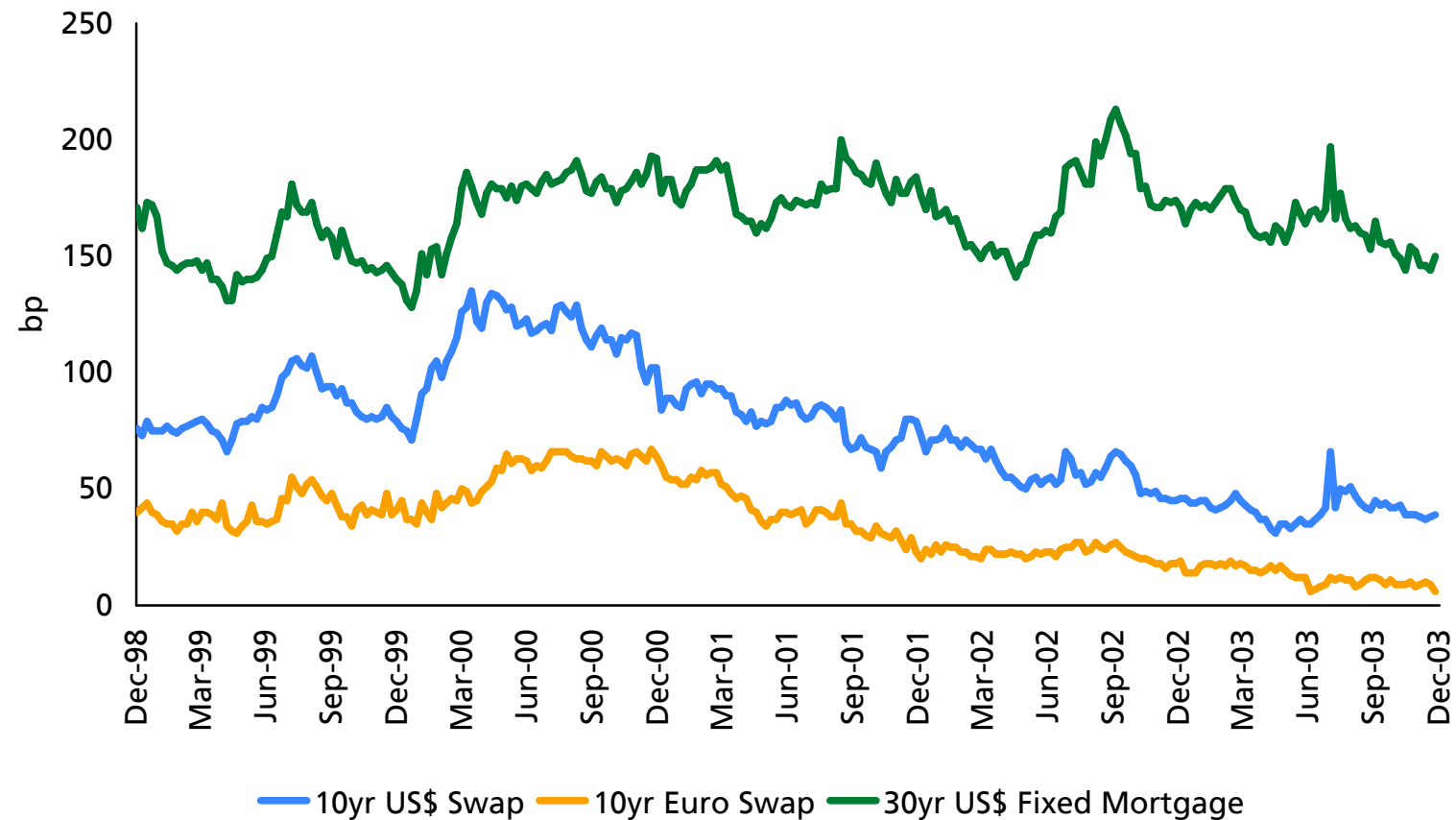


Source: Bloomberg



Mortgage and interest rates derivatives markets

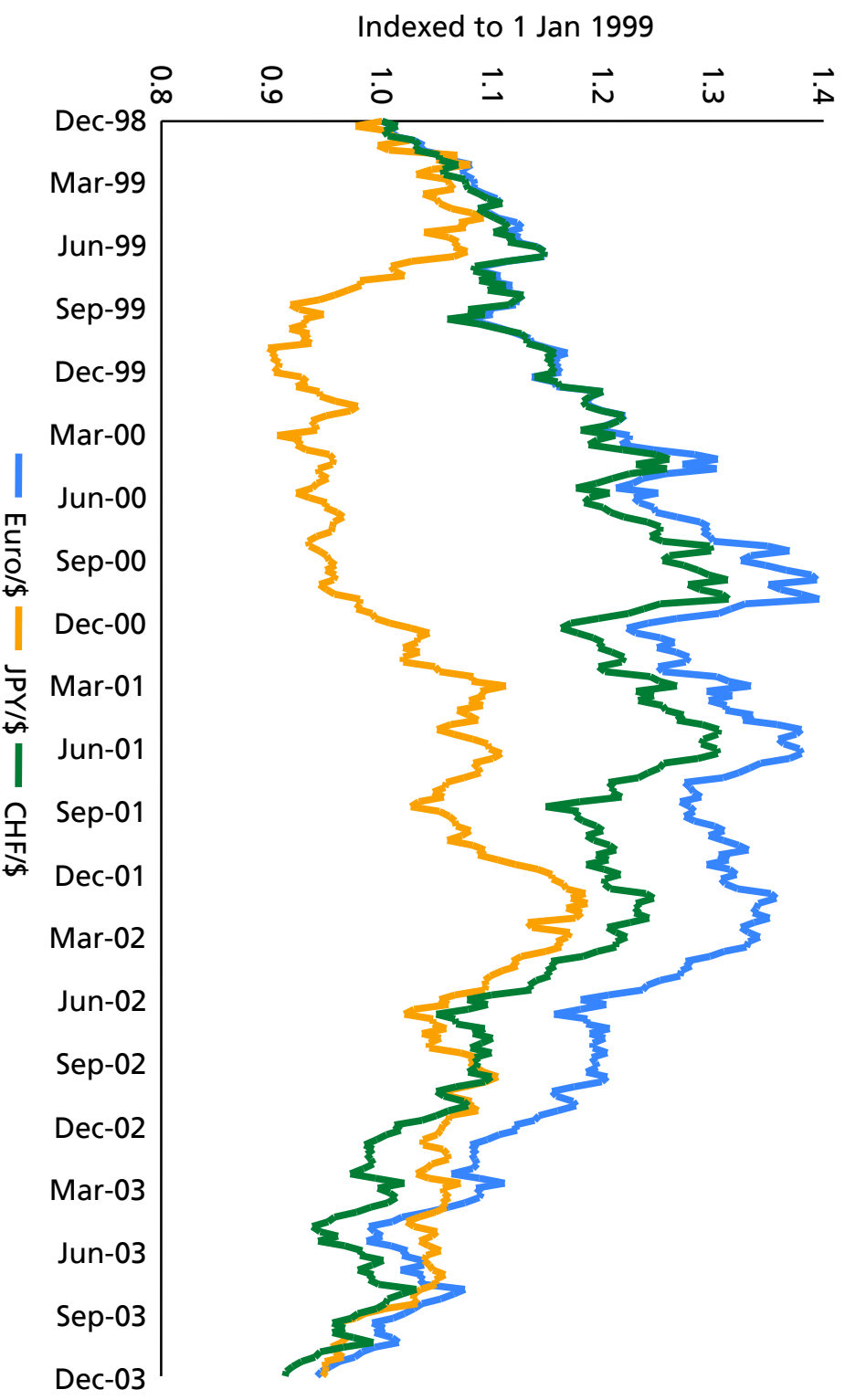
Selected spreads



Source: US\$ and Euro Swap spreads from Bloomberg. US\$ Mortgage spreads per UBS Mortgage Research.

Currency markets

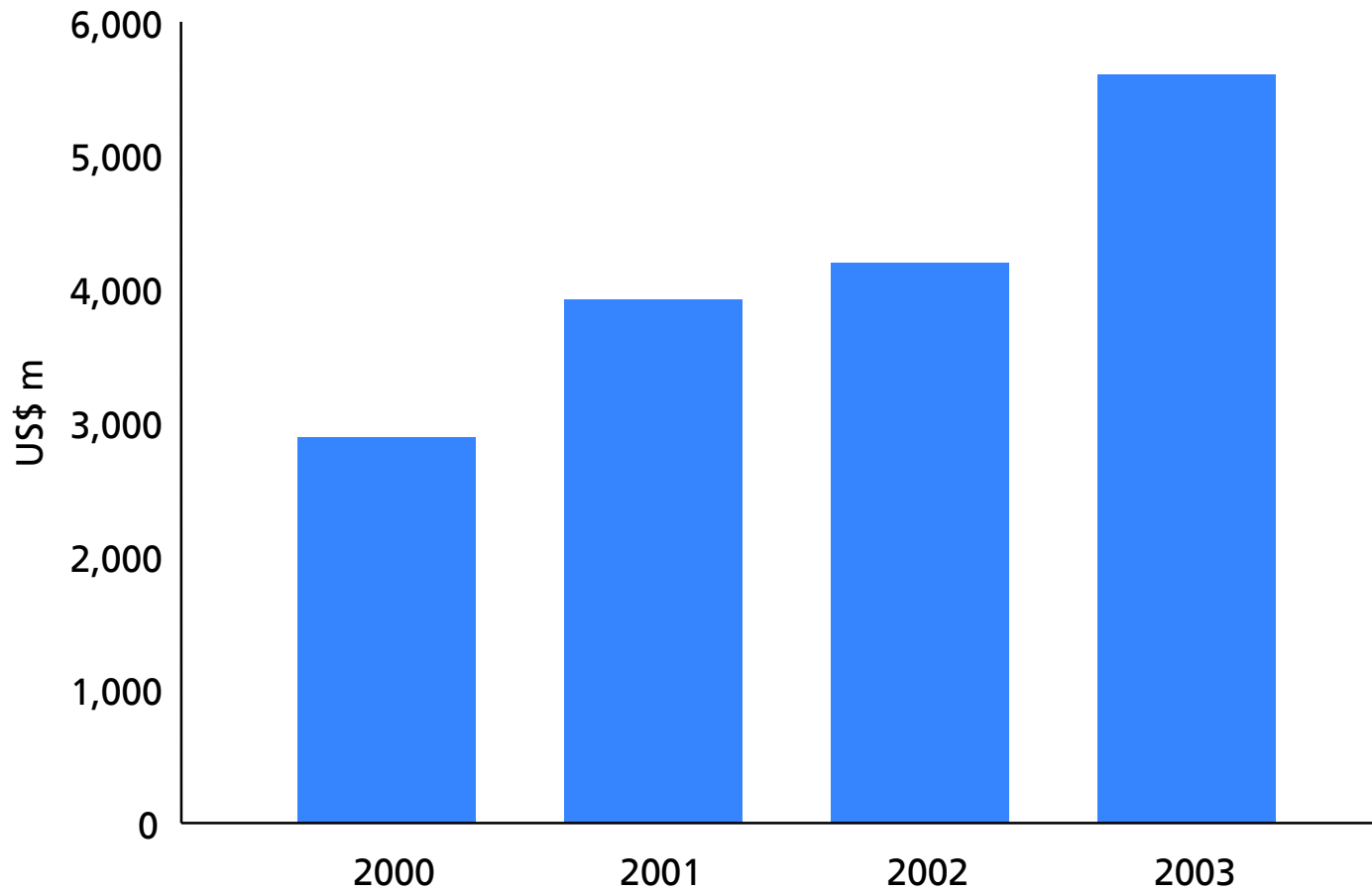
Selected currency exchange rates



Source: Bloomberg



FIRC revenue growth

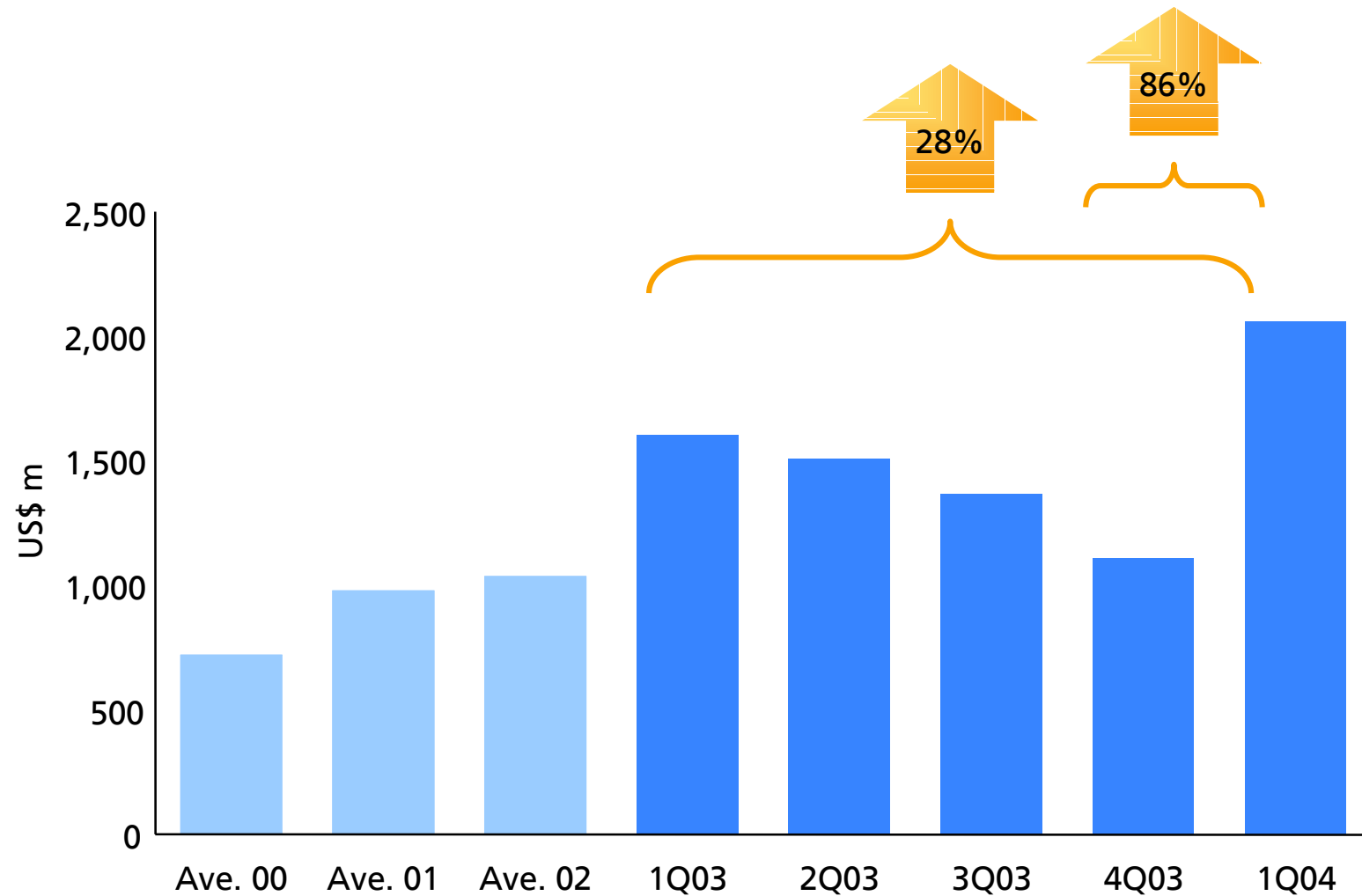


Source: UBS

Note: Includes non-core book and excludes credit losses



Quarterly FIRC revenue

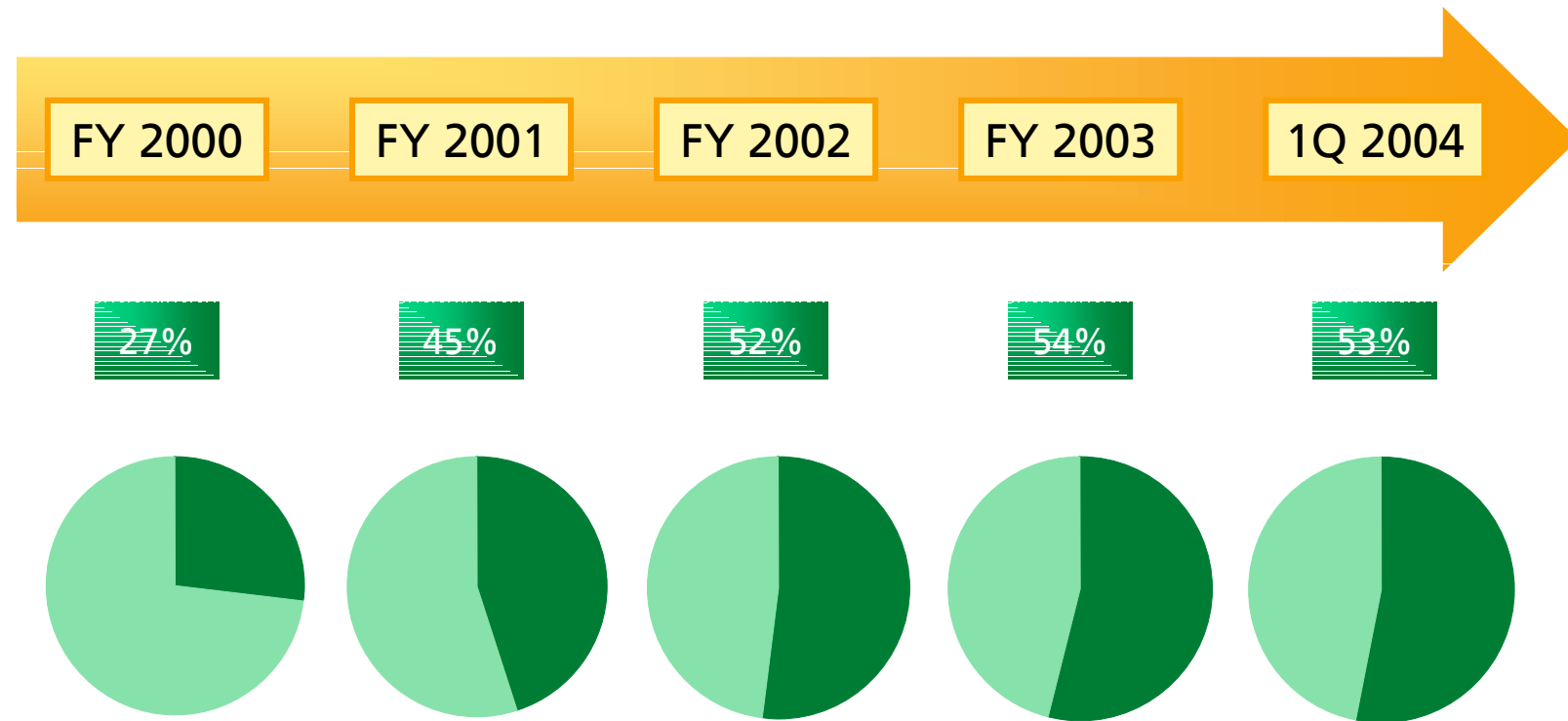


Source: UBS



FIRC has become a significant component of....

...UBS Investment Bank revenue

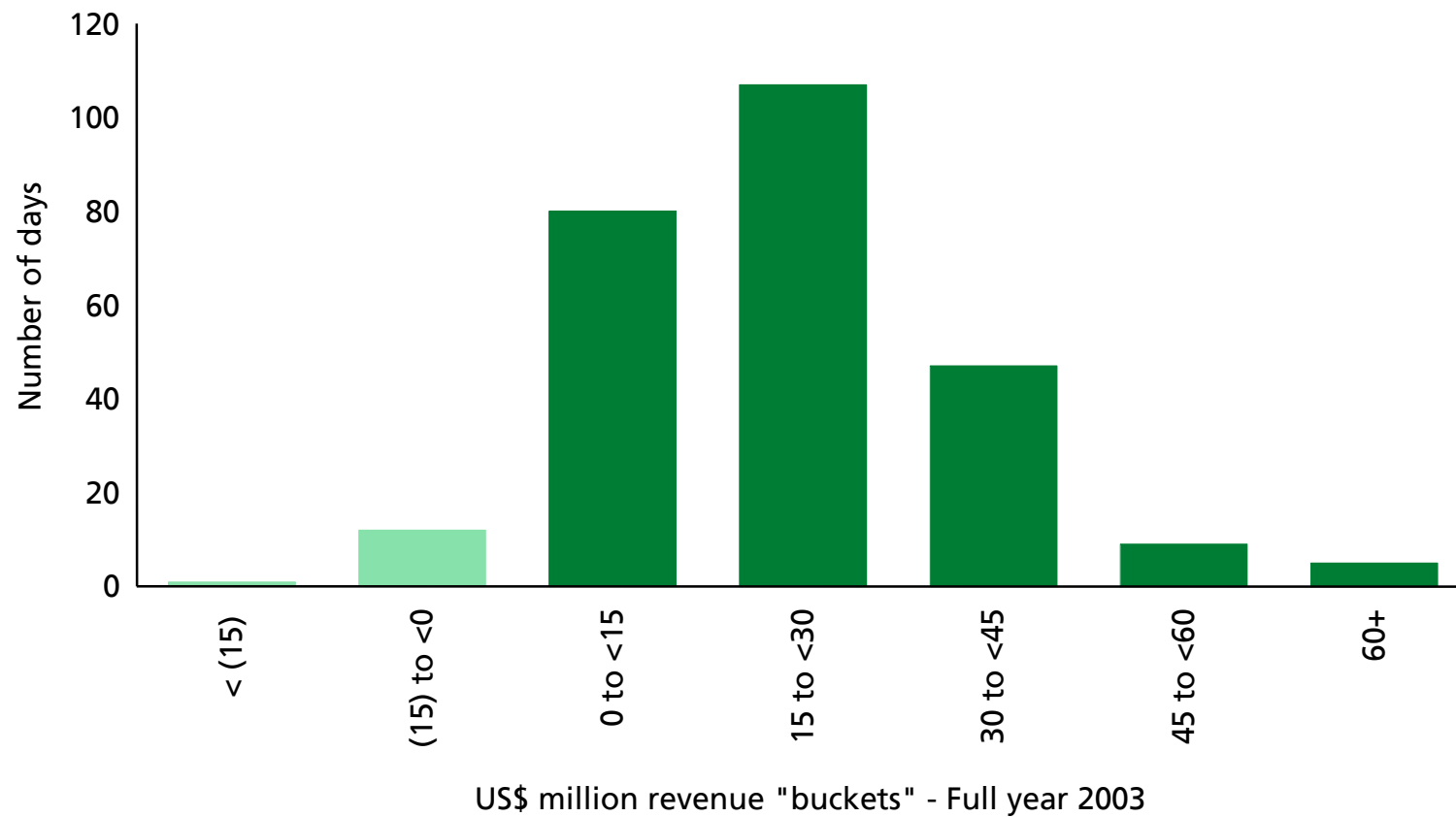


Source: UBS financial statements.

Note: Income defined as operating income before adjusted expected credit loss

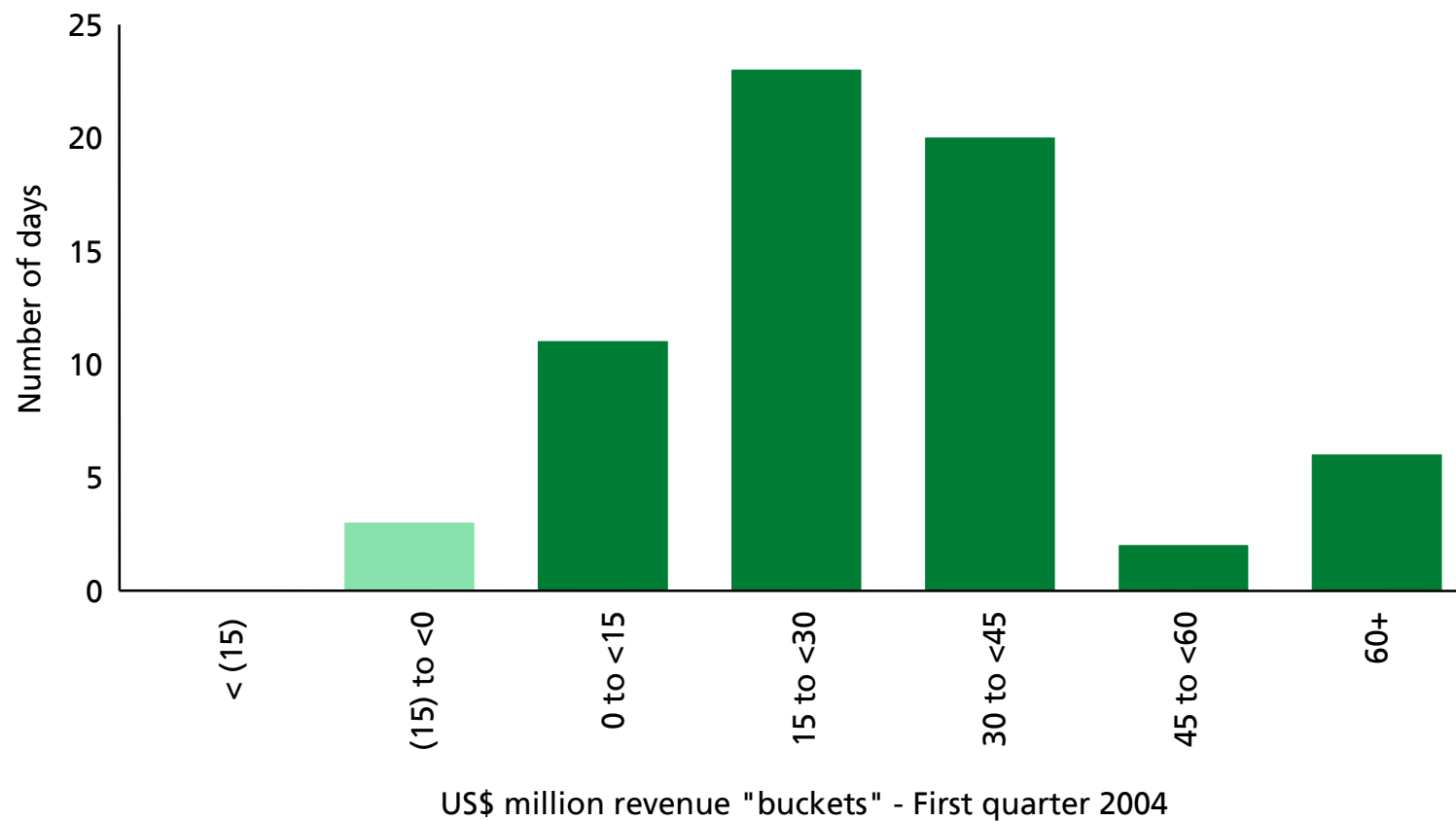


Distribution of daily FIRC revenue



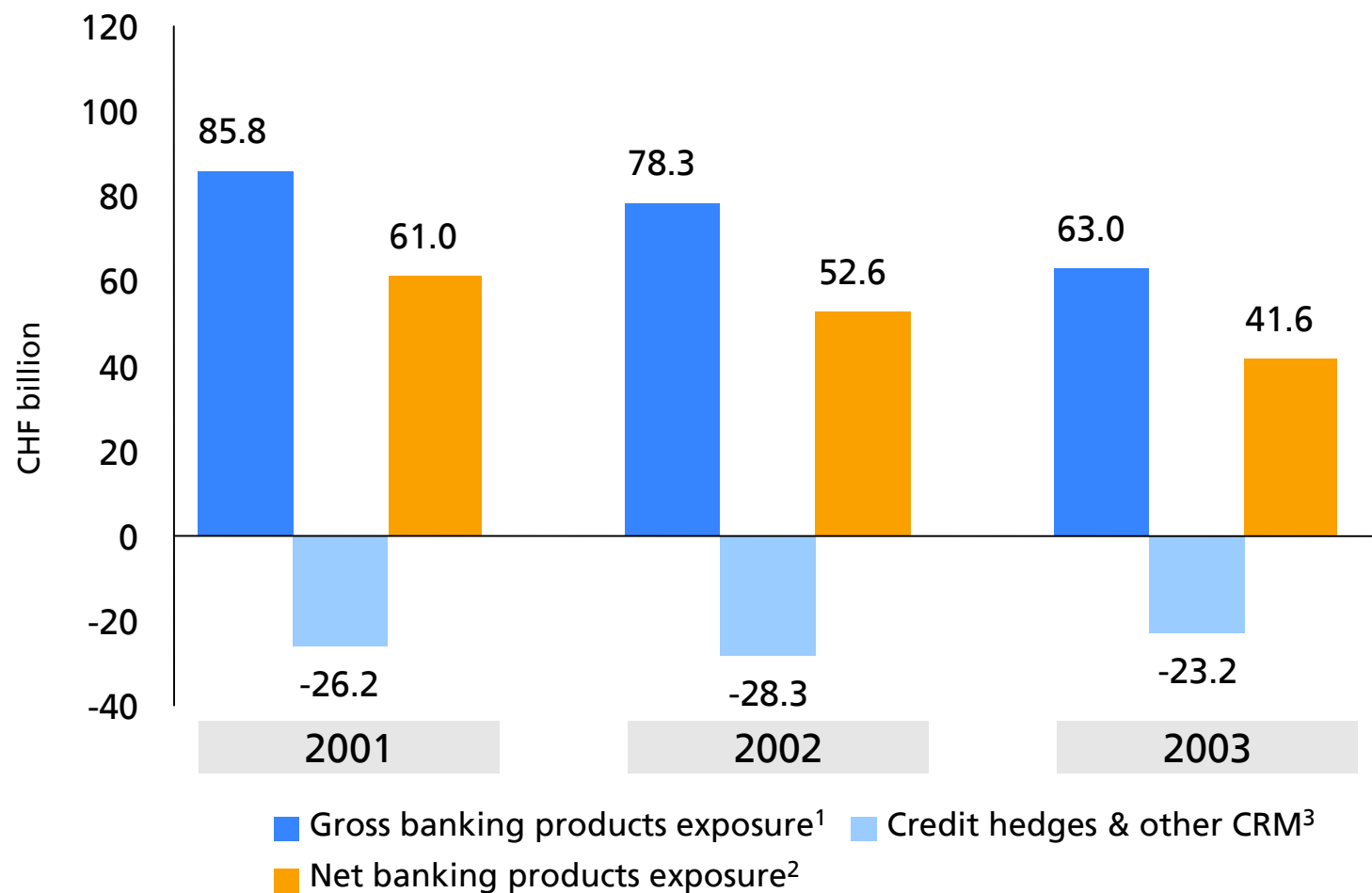
Source: UBS-IB Financial Control. The figures exclude adjustments for CDS hedging our credit exposures and other PSR adjustments.

Distribution of daily FIRC revenue



Source: UBS-IB Financial Control. The figures exclude adjustments for CDS hedging our credit exposures and other PSR adjustments.

Credit risk management within UBS-IB



Source: UBS



Notes:

- 1 Gross exposure excludes money market deposits and cash collateral deposits
- 2 Bars can not be totalled as net exposure is set to zero in case of over-hedging
- 3 CRM = Credit Risk Mitigants include cash collateral and unfunded risk participations

Diversified group of businesses

Fixed Income, Rates & Currencies

Fixed Income

Rates

FX, Cash &
Collateral Trading

Principal Finance
& Commercial Real
Estate





● Principal trading locations




Fixed Income


Fixed Income, Rates & Currencies			
Fixed Income	Rates	FX, Cash & Collateral Trading	Principal Finance & Commercial Real Estate
Debt Capital Markets	Investment Grade		Emerging Markets
Global Syndicated Finance	Credit Derivatives		High Yield
Credit Exposure Management	Distressed Debt		Loan Trading


 Financial Institutions Bond house, *IFR 2003*

 Swiss Franc Bond house, *IFR 2003*

 Asian Bond house, *IFR 2003*

 Global Emerging Markets Bond house, *IFR 2003*

 US Fixed Income Sales & Trading, *Institutional Investor 2003*

 Best Support in Secondary Market, *Euroweek 2004*

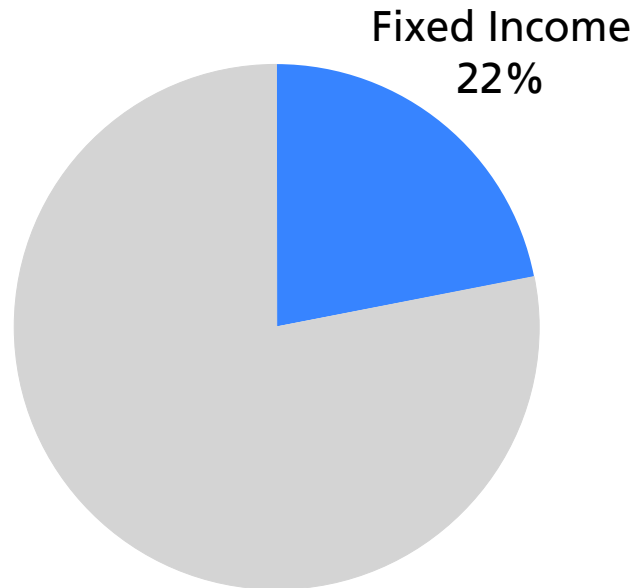
Note: The above illustrates selected business lines but is not all inclusive



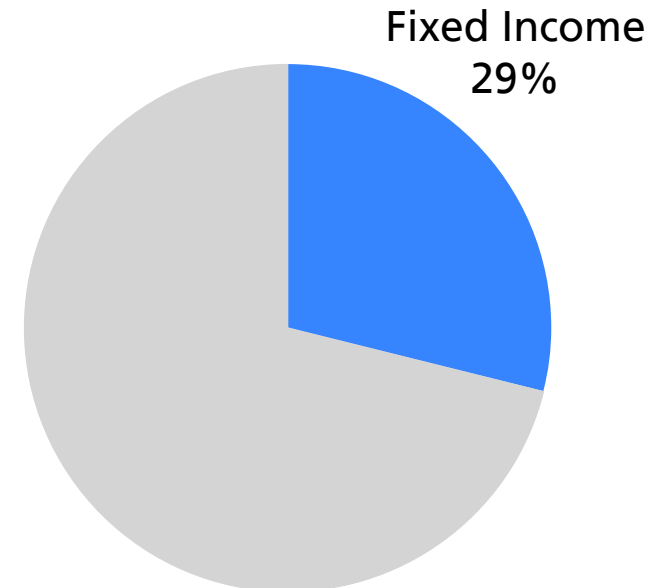
Fixed Income



FY 2003 revenue



1Q 2004 revenue



Source: UBS



Rates

Fixed Income, Rates & Currencies

Fixed Income

Rates

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Rates Derivatives

Residential Mortgages

Government Bonds

Energy Trading

Asset Backed
Securities

Credit Exposure
Management



Overall MBS Trading,
Bondweek 2003



Euro/US\$ Cross-Currency
Swaps, *Risk 2003*



In 4 categories for MBS
Research, *Institutional
Investor 2003*



European Government
Bond strategy, *Extel 2003*

Rates

Fixed Income, Rates & Currencies

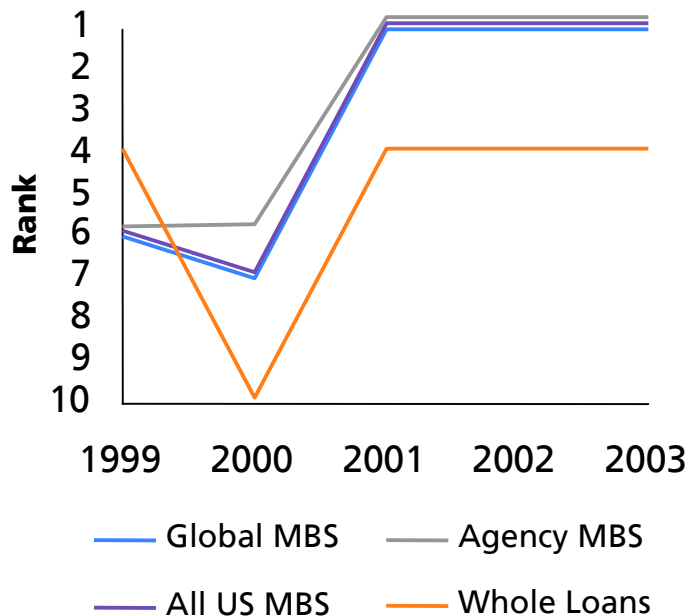
Fixed Income

Rates

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Mortgages league table position 1999–2003



Source: Thomson Financial



1Q 2004 Mortgages league tables

Global MBS	Mkt Share
1. UBS	12.9%
2. Lehman Brothers	10.3%
3. Bear Stearns	9.8%

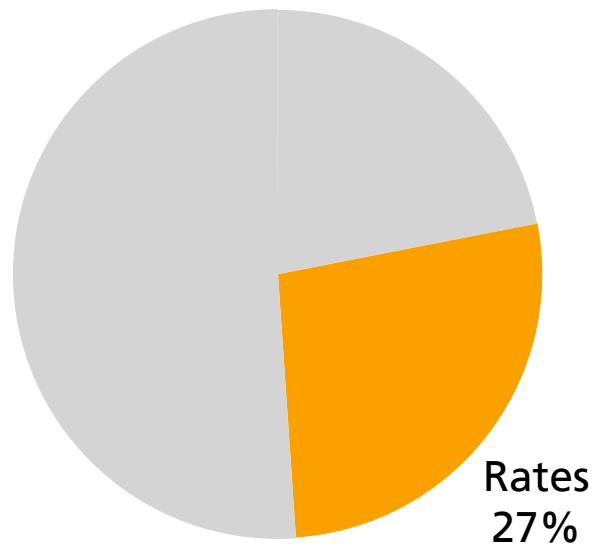
All US MBS	Mkt Share
1. UBS	15.8%
2. Lehman Brothers	11.2%
3. Bear Stearns	11.0%

Whole Loans	Mkt Share
1. UBS	19.1%
2. Bear Stearns	17.7%
3. Bank of America	12.1%

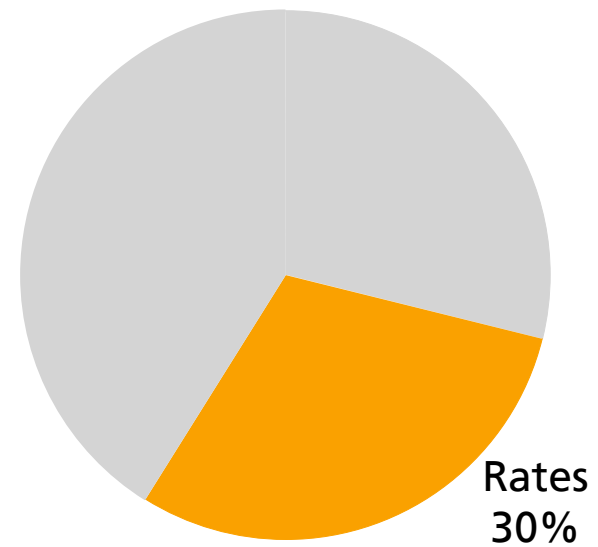
Rates



FY 2003 revenue



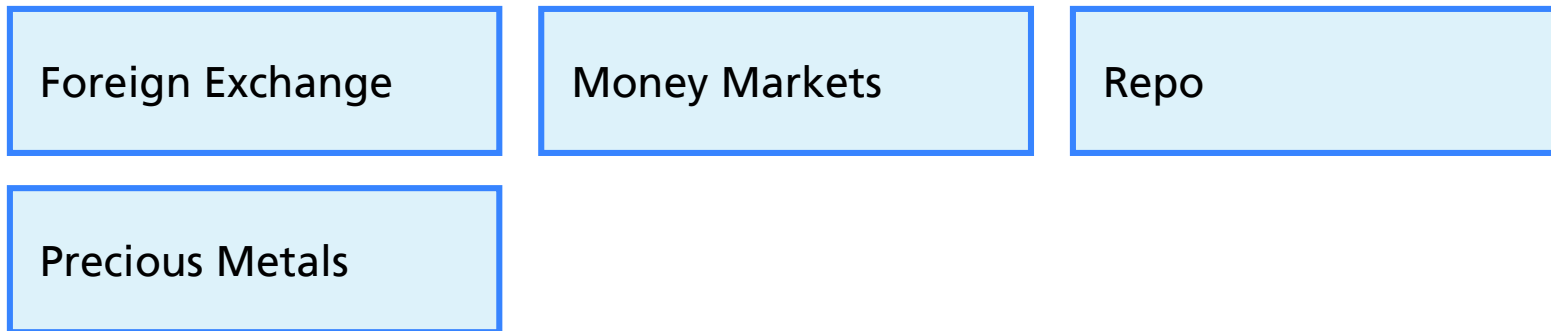
1Q 2004 revenue




Source: UBS





FX, Cash & Collateral Trading




 World's Best FX house,
Euromoney 2003

 FX House of the Year,
The Banker 2002 & 2003

 Best Bank Electronic FX,
Euromoney.com 2003

 FX Bank, *FX Week 2003*

 FX Derivatives & Repo,
Risk 2003

 Bank for Repo,
Institutional Investor 2003

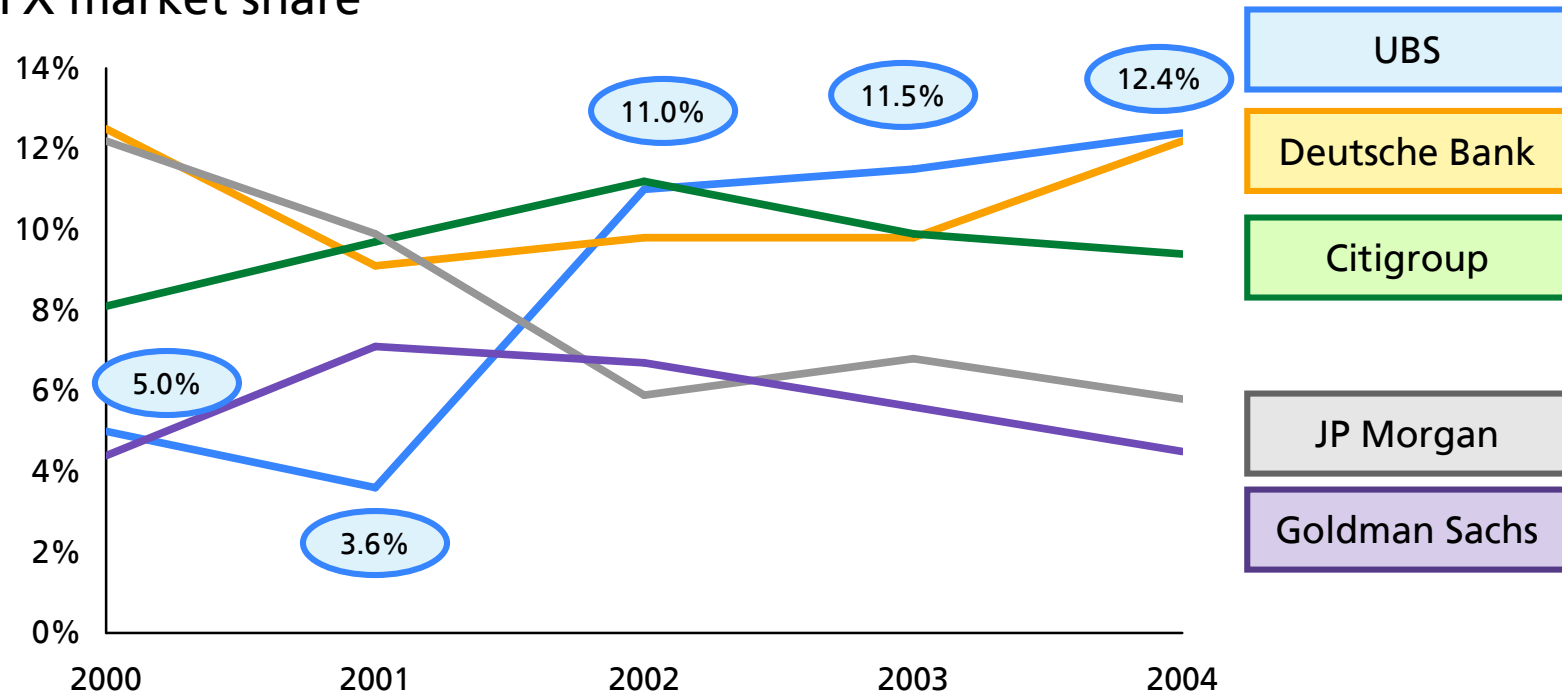
Note: The above illustrates selected business lines but is not all inclusive



FX, Cash & Collateral Trading



FX market share



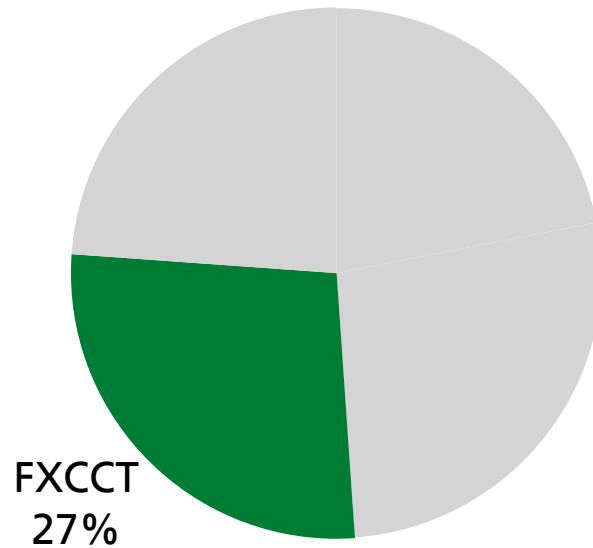
Source: Euromoney



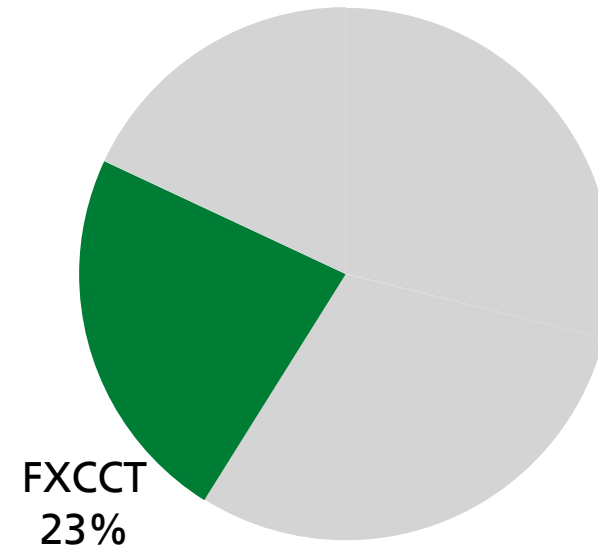
FX, Cash & Collateral Trading



FY 2003 revenue



1Q 2004 revenue



Source: UBS

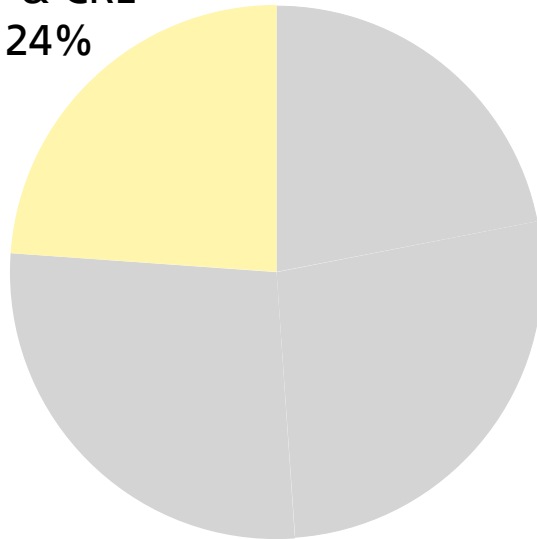


Principal Finance & Commercial Real Estate



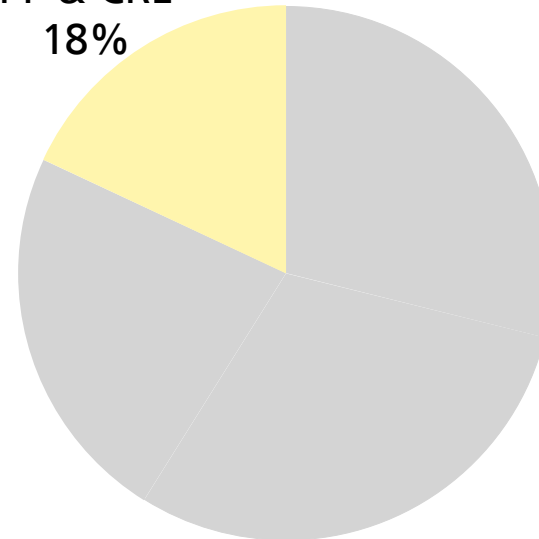
FY 2003 revenue

PF & CRE
24%



1Q 2004 revenue

PF & CRE
18%



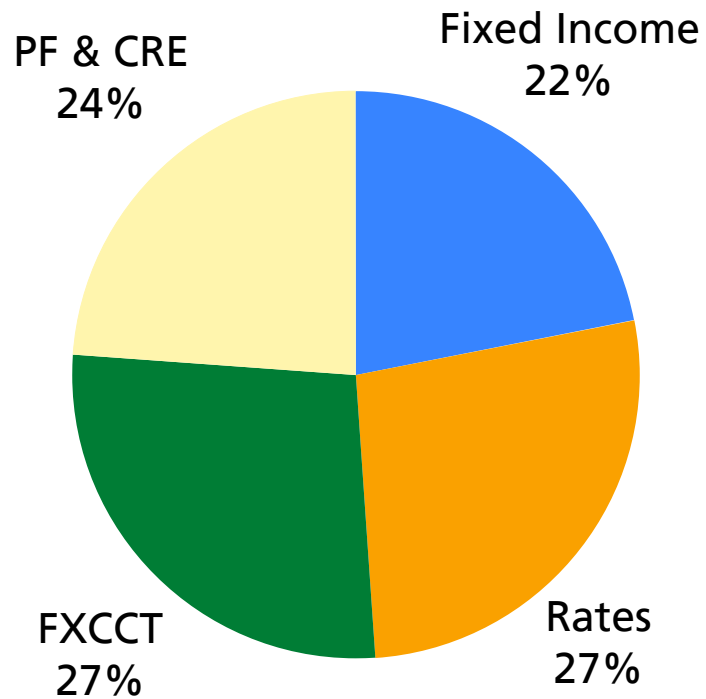
Source: UBS



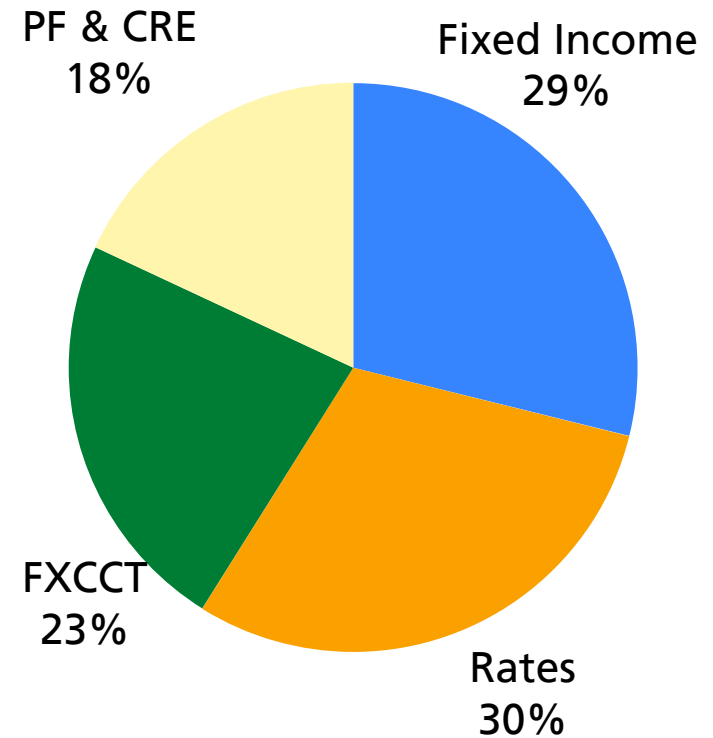
Diversification of revenue

Fixed Income, Rates & Currencies

FY 2003 revenue



1Q 2004 revenue



Source: UBS



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