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UBS Investors' Day Private Banking

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14 December 1999

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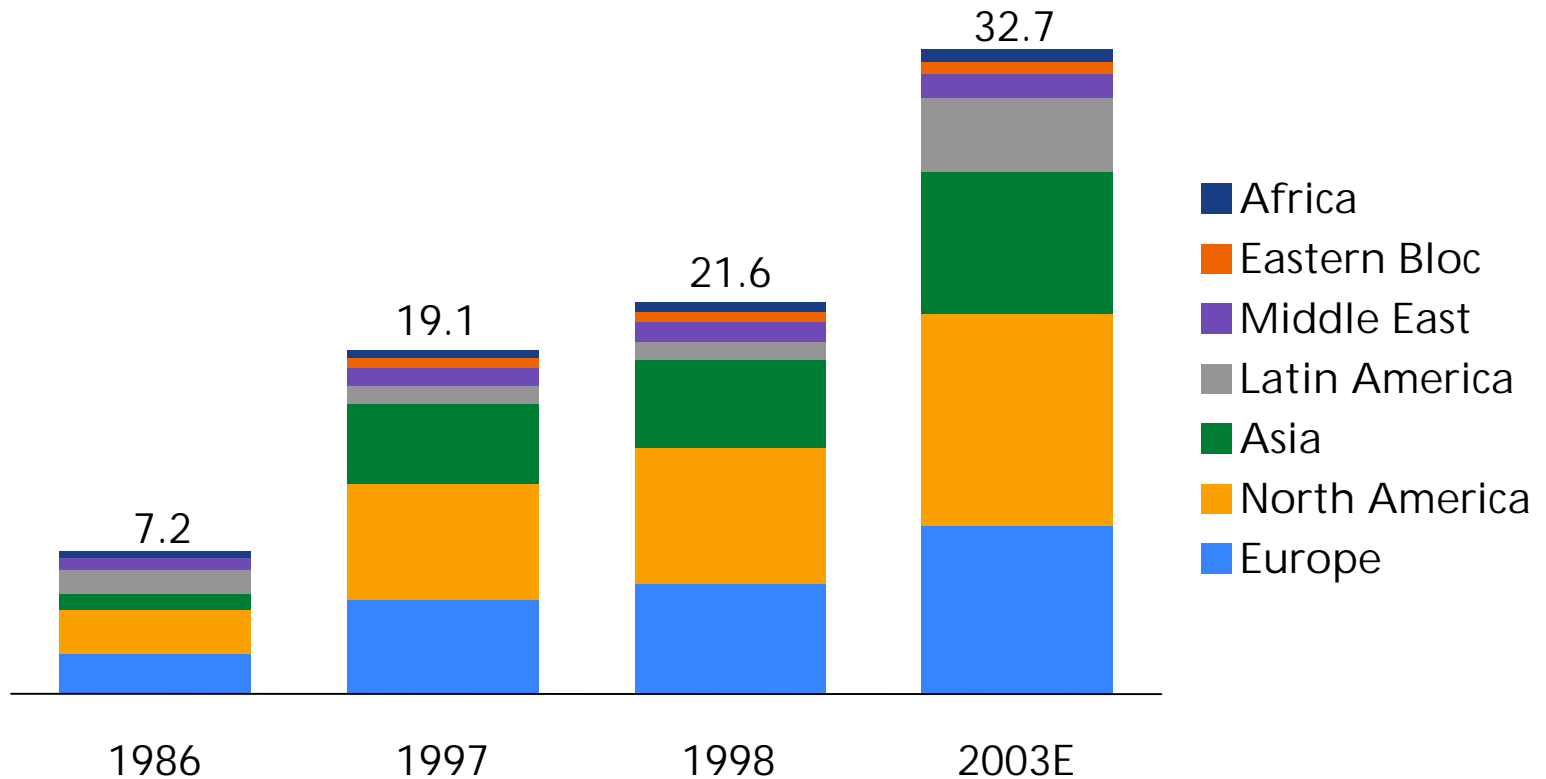


Industry Trends

SECTION 1

Potential for the Private Banking Industry

Strong growth forecast in HNWI wealth (USD trillion)



Source: World Wealth Report 1999, Merrill Lynch/Gemini Consulting

Industry Attractiveness and Competitive Pressure

◆ Industry attractiveness

- HNWI financial asset wealth forecast to grow at 9% p.a.
- low capital requirements and stable revenues
- low proprietary product differentiation

◆ Competitive pressure

- Insurers
AIG, Zurich, Allianz
- Stockbrokers
Schwab, E*Trade
- Retail Banks
Citigroup
- Consultants
KPMG
- Investment Banks
Merrill Lynch, Goldman Sachs
- Intermediaries
Yahoo!, Financial Times

Changing Client Profile

- ◆ New wealth growing faster than inherited wealth
 - entrepreneurs, executives and professionals
- ◆ More active and less risk averse
- ◆ Well educated and IT-literate
- ◆ Global and mobile
- ◆ Growing demand for
 - superior investment performance
 - innovative and sophisticated products and services
 - quality up-to-date information followed up with strong advice
 - increased availability and multiple access points

New Technologies

- ◆ No more proprietary information channels
 - information liquidity and transparency
 - comparison shopping
- ◆ New market mechanisms
 - pull strategies outperform push strategies
 - tailored assembly of specialized services
 - distribution costs approaching zero
- ◆ Data-mining techniques
 - let the clients segment themselves
 - personalization and intimacy

Opportunities for the Private Banking Industry

- ◆ Advice is the key sustainable differentiating factor
- ◆ Life-cycle view
- ◆ Share-of-wallet
- ◆ Intimacy and customization - know your clients' needs
 - frequent client interaction on multiple channels
 - increased client experience
- ◆ Client retention and exploitation of client revenue potential
 - ability to sell complementary products and services
- ◆ Lower overall costs of delivery



Positioning

SECTION 2

UBS Private Banking Profile

- ◆ 80 Private Banking locations worldwide
- ◆ 8,773 employees
 - professional skills, strong knowledge of culture, language skills and customers' traditions
- ◆ Close personal and long-standing client relationships
- ◆ CHF 642 billion assets under management
- ◆ Targeted client groups
- ◆ Structure aligned to markets

Note: Numbers as of 30 September 1999



Strategy

SECTION 3

UBS - the Premier Global Private Bank

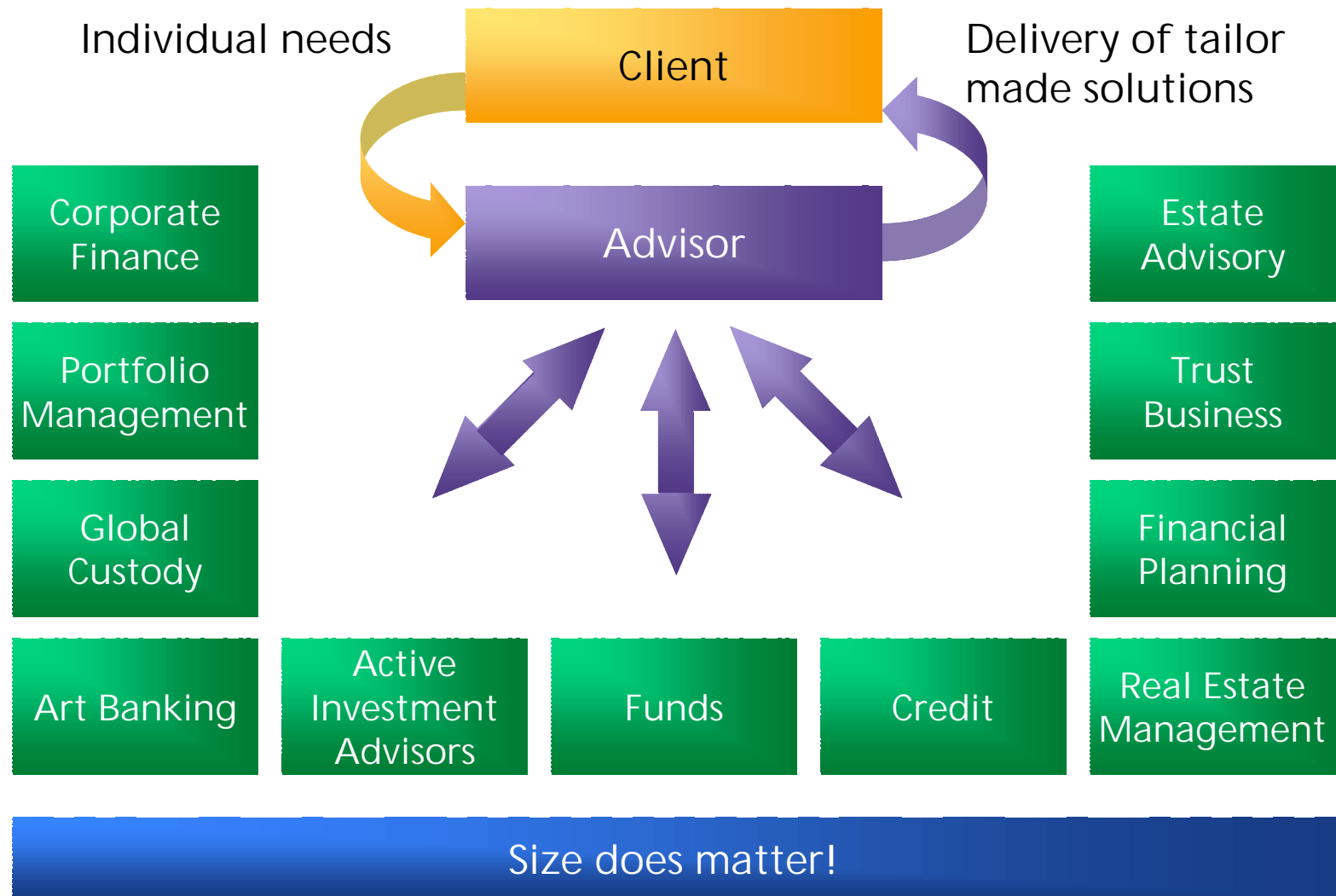
UBS Private Banking is

- ◆ the **integrated provider** of a broad portfolio of financial products and services.....
- ◆ to **wealthy clients**, and the financial intermediaries advising them.....
- ◆ **worldwide**.....
- ◆ covering the **whole life cycle** and
- ◆ through succession planning, the **generational change**

UBS Private Banking Strategy

- ◆ Focus on wealthy clients with individualized requirements across broad product range and through entire life cycle
- ◆ Defend position in Swiss private banking with Swiss and international clients
- ◆ Build domestic private banking businesses outside of Switzerland
- ◆ Diversification of investment styles

Integrated Wealth Management



Private Banking with Swiss and International Clients

- ◆ World's leading wealth management company
- ◆ Clear, market-oriented organization, that meets clients' country- and region-specific requirements
- ◆ Stable revenue producer
- ◆ Continuous strategic developments in traditional and new markets such as Central Europe and Asia
- ◆ Further expansion in London, Monaco, Luxembourg, New York and Singapore
- ◆ Emphasis on
 - client retention
 - next generation of clients
 - systematic approach to new business segments

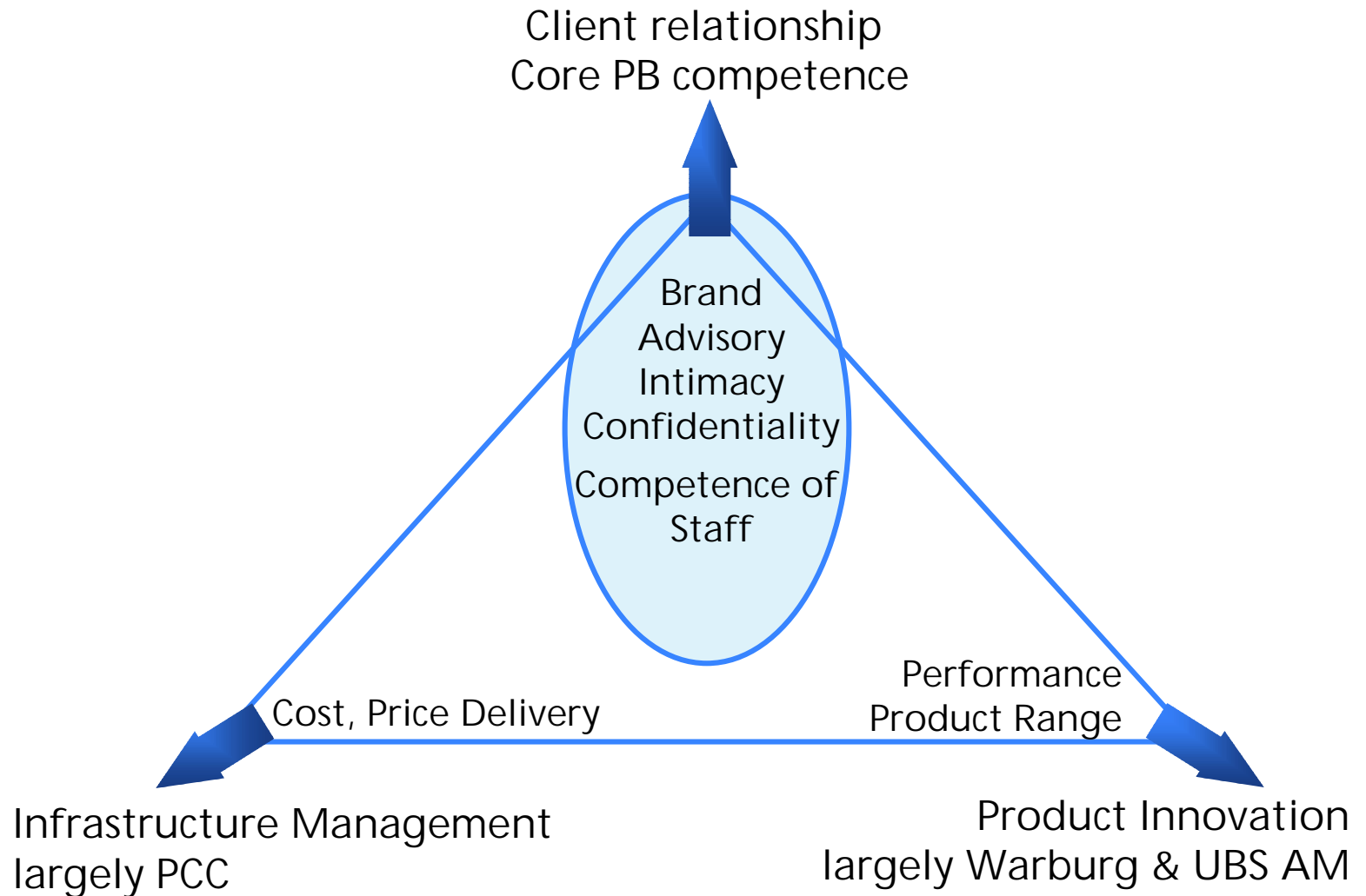
Domestic Private Banking outside Switzerland

- ◆ Global market share of UBS Private Banking is about 2%
- ◆ Two-thirds of global Private Banking assets are held onshore
- ◆ Development of onshore Private Banking markets
 - tap previously inaccessible money
 - tap money flowing back from offshore centers
- ◆ Onshore environments highly suitable for our business model
 - high-tax environments conducive to providing high-value and high-price products and services
 - the importance of traditional tax havens will be reduced

Domestic Private Banking outside Switzerland (ctd.)

- ◆ Integrated wealth management approach
- ◆ Portfolio strategies
- ◆ Segmentation based on client needs
 - Entrepreneurs
 - Professionals
 - HNWI / Families
 - Intermediaries / External Asset Managers
- ◆ Focus on large economies
(e.g. UK, Germany, France, Italy, Spain, US, Japan)
- ◆ Opportunistic approach in smaller economies
(e.g. Canada, Australia, Taiwan)

Key Success Factors ...



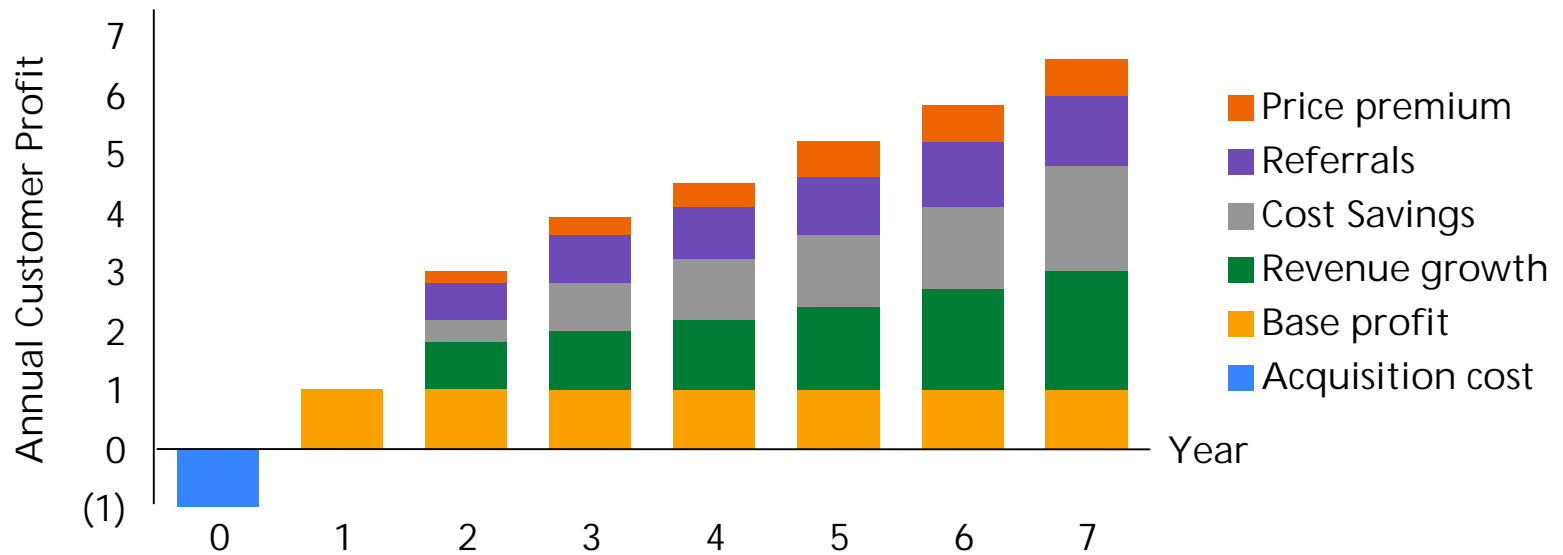
Sources: Treacy & Wieserma

... are aligned with our Business Model

	Product innovation	Client Relationship	Infrastructure Management
Economics	Early market entry allows for premium price and large market share: speed is key	High cost of client acquisition makes it imperative to gain large share of wallet: economies of scope are key	Low unit costs are achieved through high volume: economies of scale are key
Culture	Employee centre; coddling the creative "stars"	Highly service oriented; "client comes first"	Cost focused; stress on standardization; predictability; efficiency
Competition	Battle for talent; low barriers to entry; many small players thrive	Battle for scope; consolidation through a few big players; threat of fragmentation (EAMs)	Battle for scale; rapid consolidation; a few big players dominate

Source: Hagel & Singer

Client Relationship Pays off over Time



Source: Reichheld '96

- ◆ Acquisition costs: are 8 to 10 times higher than retention costs in service industries
- ◆ Revenue growth: share of wallet increases over time
- ◆ Cost savings: clients become more familiar with the Bank's processes
- ◆ Referrals: reduces acquisition costs
- ◆ Price premium: less need for "order winners"



Business Initiatives

SECTION 4

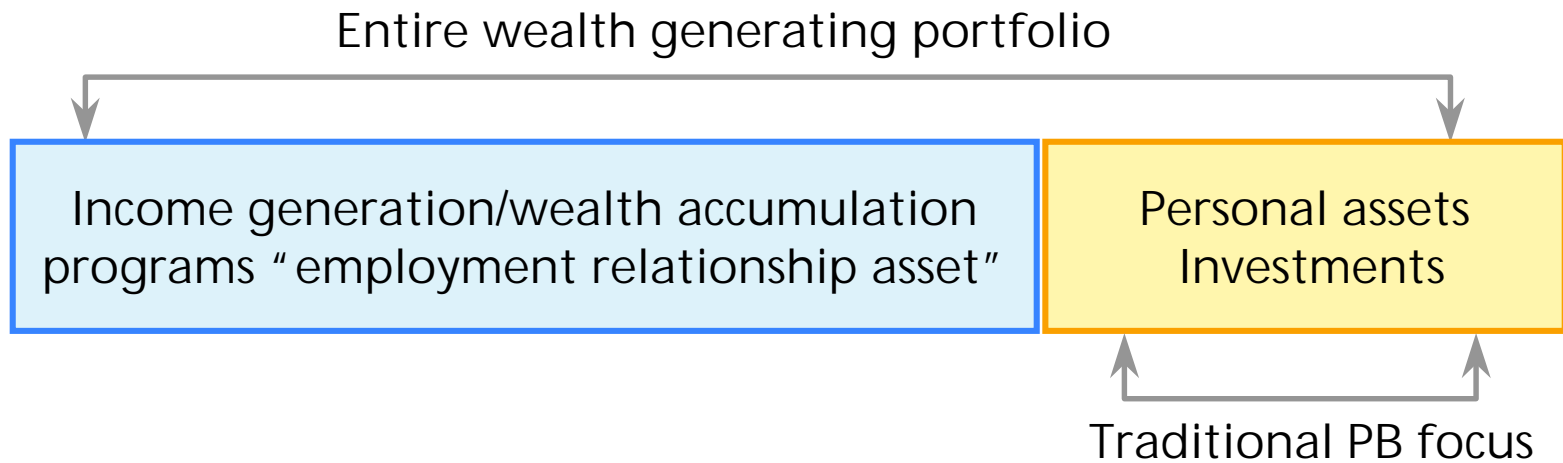
Value Enhancing Business Initiatives

- ◆ Style diversification, e.g. acquisition of GAM
- ◆ Segment specific advisory groups
 - Global Executives Group
 - Corporate Advisory Group
 - Real Estate Advisory Group
 - Sports and Entertainment Advisory Group
- ◆ e-services in Private Banking
- ◆ Projects to grow our Investment Funds business: Fund Gate

Acquisition of Global Asset Management

- ◆ Global, diversified asset management group
- ◆ Multi-manager selection increasing availability of different investment styles to Private Banking clients
- ◆ CHF 21 billion assets under management
- ◆ 500 employees
- ◆ 170 mutual funds and unit trusts
- ◆ Operations in Europe, North America, Asia and Middle East
- ◆ High reputation and good performance track record
- ◆ Acquisition expected to close by the end of Q1 2000

Global Executive Group

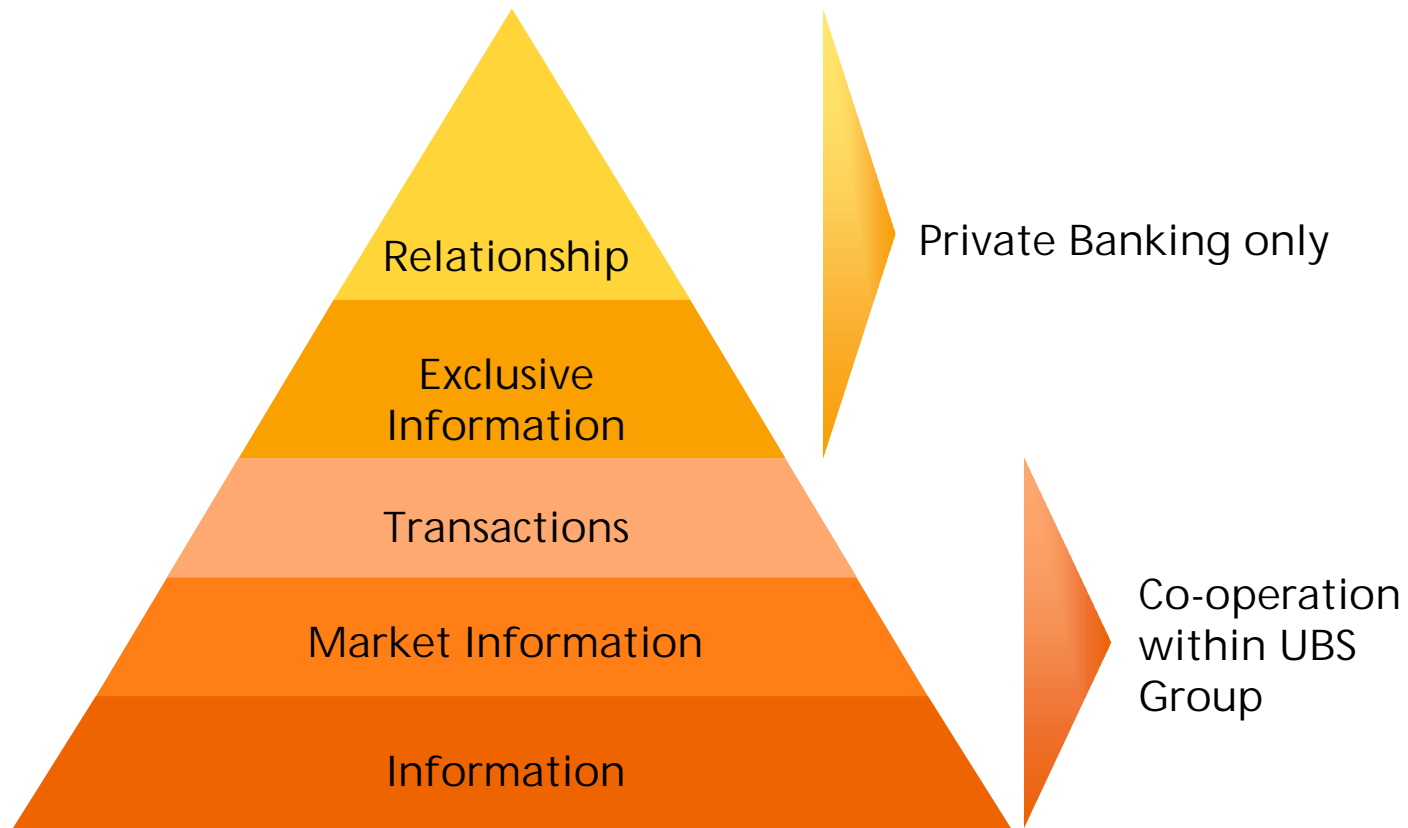


Value to the client:

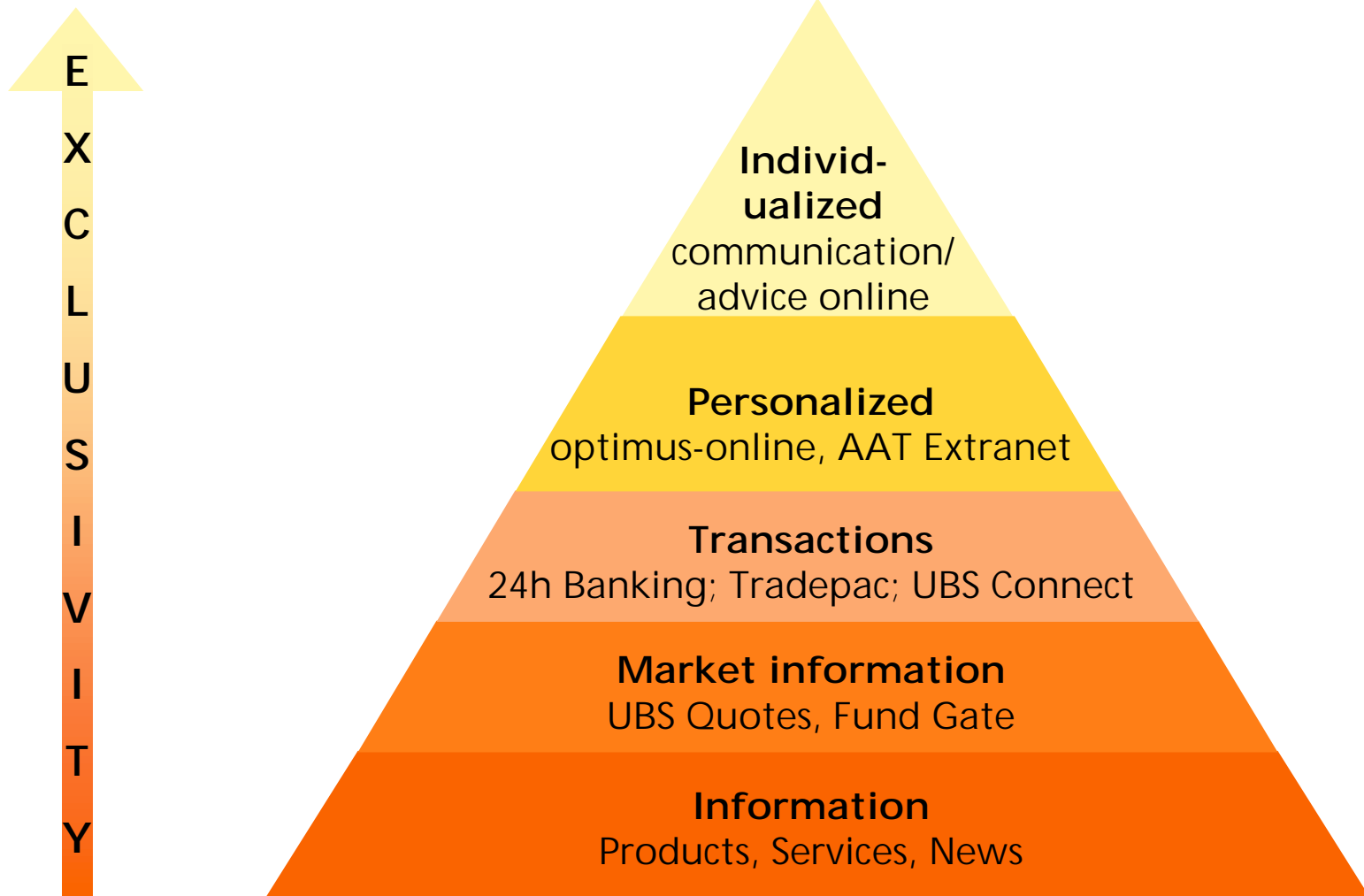
- ◆ Wealth management (financial planning, tax, estate management)
- ◆ Tailored risk/reward patterns linked to personal objectives
- ◆ ESOP life cycle management including derivatives and risk management
- ◆ Provide global reach and service

e-services in Private Banking


The Internet as an additional information and communication channel - focused on the individual needs of our Private Banking clients around the globe.



Range of Products and Services on the Web



Fund Gate - Web Database for UBS Funds

- ◆ Key data
 - ◆ Fund prices
 - ◆ Performance data
 - ◆ Performance charts
 - ◆ Structures
 - ◆ Distributions
 - ◆ Publications
 - ◆ Customized fund information
- 
- ◆ Daily updates
 - ◆ Historical data
 - ◆ Tailor-made queries

Conclusion

SECTION 5

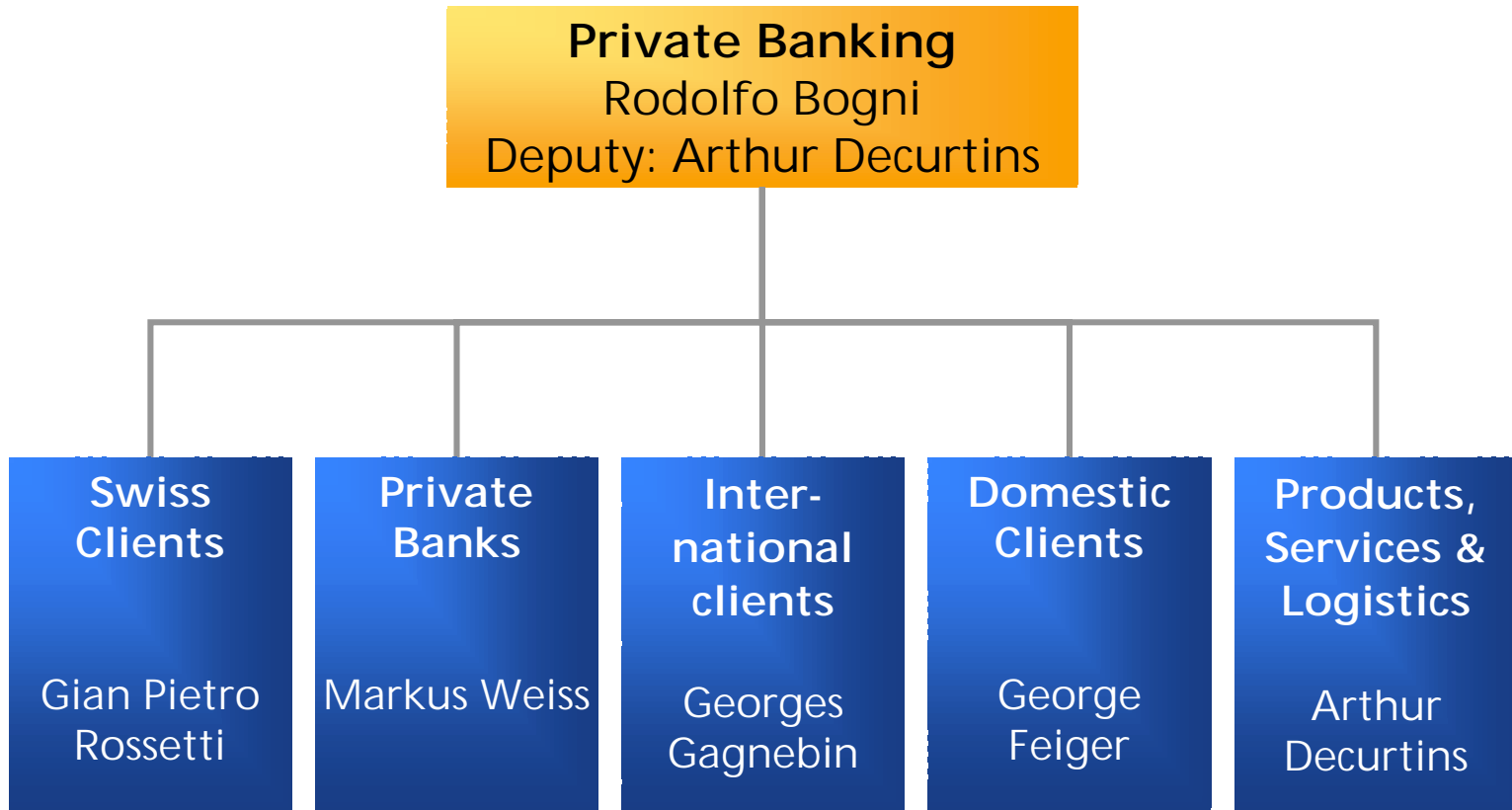
Conclusion

- ◆ Strength of our existing client franchise
- ◆ Positioned for growth in domestic and international Private Banking
- ◆ Clear focus on identified target segments
- ◆ Substantial investments to enable future growth
- ◆ Expansion by organic growth and by selective acquisitions
- ◆ UBS Private Banking is an integral part of UBS Group

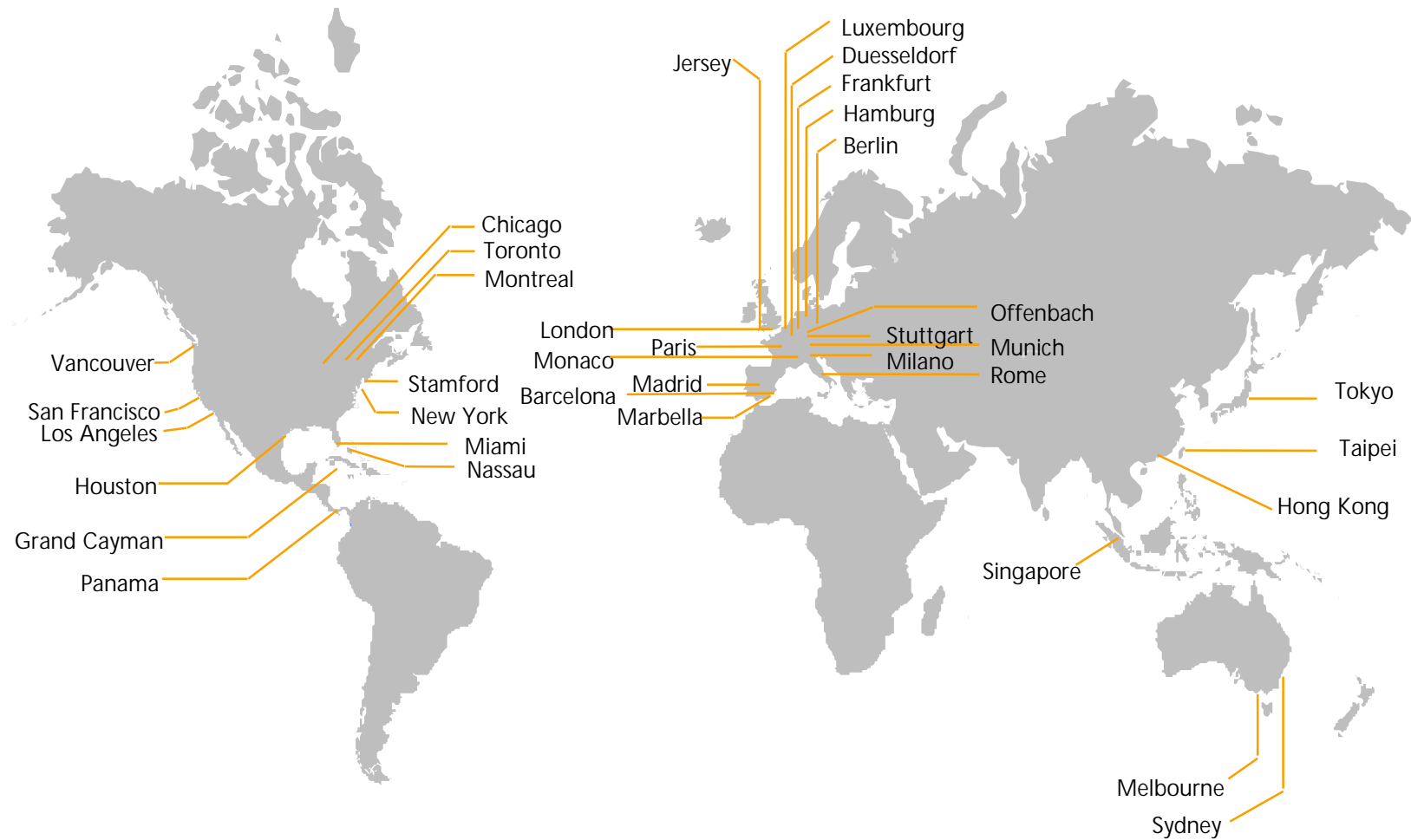


Appendix

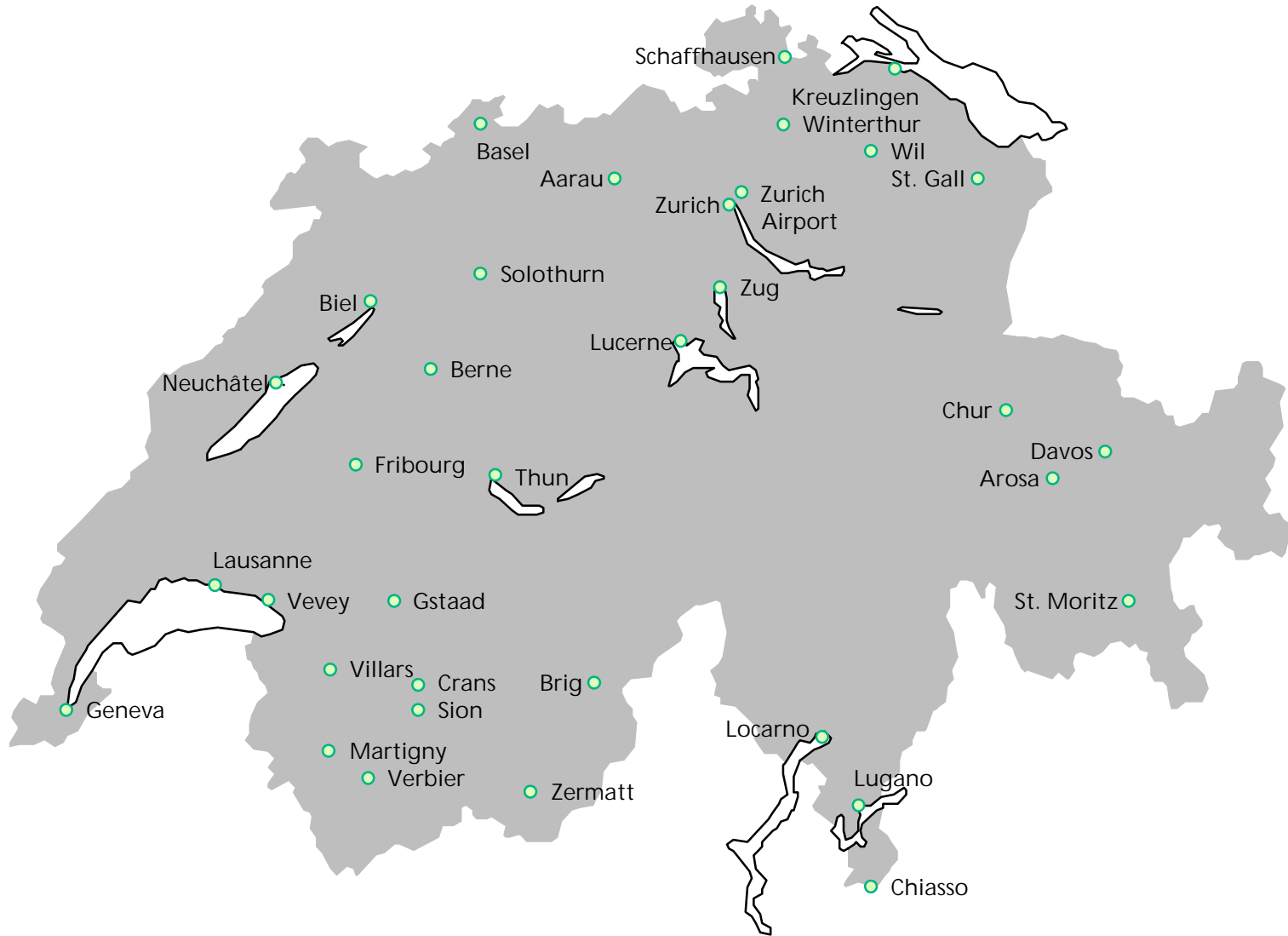
Private Banking Structure



International Private Banking Locations



Swiss Private Banking Locations



Domestic and International Expansion

Organic

- ◆ Chicago (1999)
- ◆ Stuttgart (1999, new branch of SMH in Germany)
- ◆ Rome, Bologna (1999), Milan (1996)
- ◆ Paris (1999)
- ◆ Madrid, Barcelona, Marbella (1999)
- ◆ UBS Trust & Banking Japan (1998)

Acquisitions

- ◆ Global Asset Management (subject to closing in 2000)
 - ◆ Bank of America (Europe, Asia, 1999)
- Pre-merger
- ◆ Schröder, Münchmeyer-Hengst (Germany, 1997)
 - ◆ Standard Chartered (Asia 1997)
 - ◆ Chase Manhattan (U.S.A., 1996)
 - ◆ Potter Warburg (Australia, 1995)

Private Banking: Comparative Results

- ◆ Negative impacts in 3Q'99 from lower level of client activity and substantial expansion of domestic PB
- ◆ Acquisition of GAM will add investment opportunities
- ◆ Formed Global Executive Group, Sports and Entertainment Advisory Group and Entrepreneur Advisory Teams in 1999
- ◆ Increase in headcount '99 mainly attributable to the expansion in domestic PB

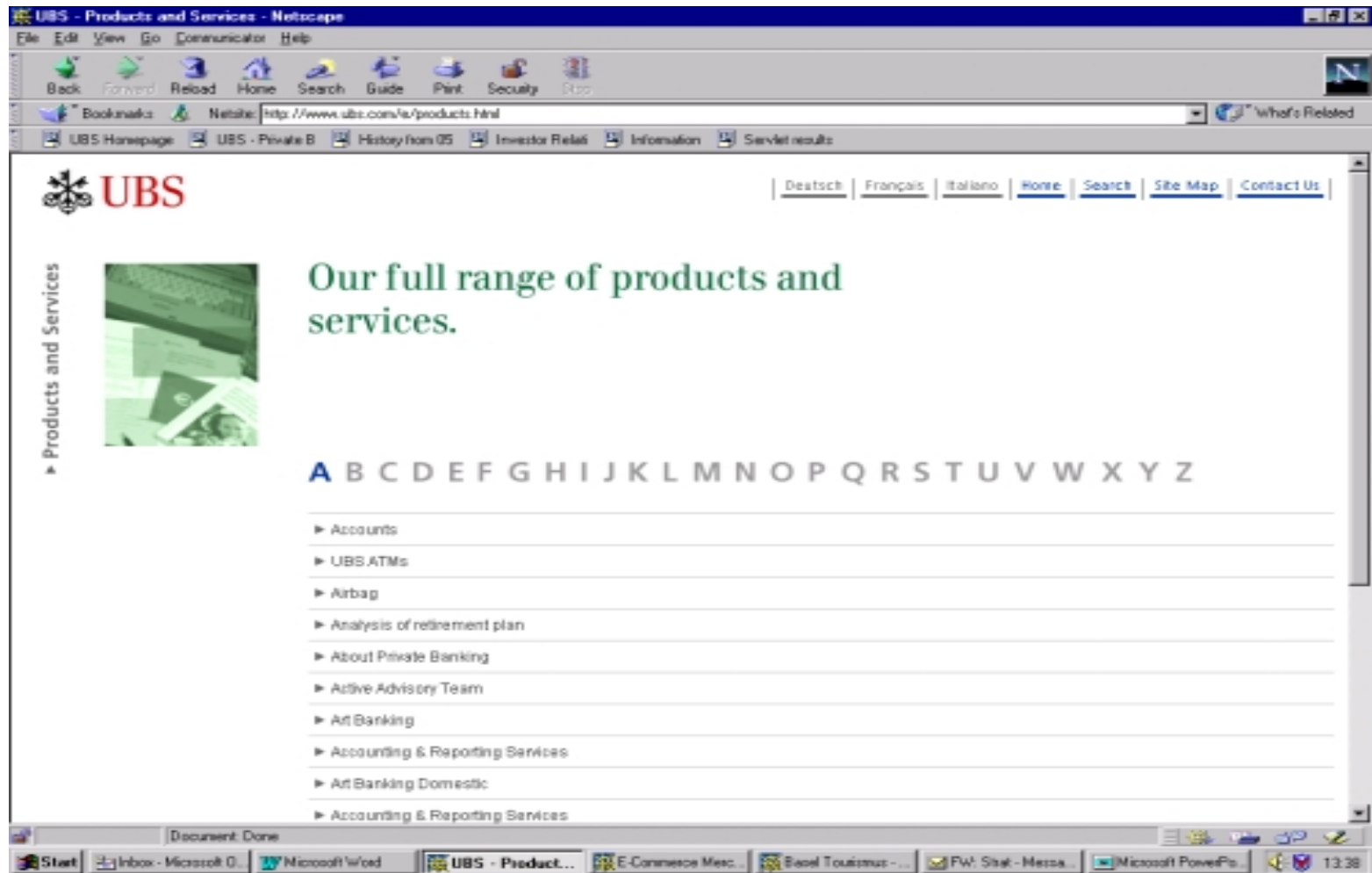
CHFm	9M99	9M98 ¹⁾	1998 ¹⁾
Operating Income	4,413	4,865	5,871
Operating expenses	2,390	2,209	2,736
Net profit before tax	2,023	2,656	3,135
AuM (CHFbn)	642	587	607
discretionary (%)	24	25	25
Operating income (% of avg AuM)	93bp	108bp	97bp
Cost/income ratio (%)	54	45	47
Net Profit before tax (% of avg AuM)	42bp	59bp	52bp
Headcount (#)	8,773	7,571	7,634

Notes:

(1) Adjusted for pre-tax divestment gains of 1'058mn, related operating income of CHF 268mn and operating expenses of CHF 125mn.

Information

<http://www.ubs.com/e/products.html>



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Private Banking

Exclusive Information

<https://www.ubs.com/e/pb/optimus.html>

The screenshot shows a Netscape browser window displaying the UBS Private Banking Optimus website. The browser's address bar shows the URL <https://www.ubs.com/e/pb/optimus.html>. The website features the UBS logo and a navigation menu on the left with items like 'About optimus-online', 'Daily Headlines', 'Business Calendar', 'Weekly Research', 'Investment Strategy', 'optimus magazine', 'Contact / Feedback', 'Locations', and 'Homepage of UBS Private Banking'. The main content area includes a 'Welcome to optimus-online.' message, a 'Quotes' link, and a 'Telebanking' link. On the right, there are sections for 'Indices' with two line charts (SMI OHNE DIV. - KORB and D. J. INDEX IND), 'Daily Headlines / December 01, 1999, 10.00 GMT', and news sections for 'Economics', 'Fixed Income', 'Equities', and 'Equity News'. The browser's taskbar at the bottom shows several open applications, including Microsoft Word and Microsoft PowerPoint.

Relationship

<https://www.ubs.com/e/pb/optimus/opticontact.html>

The screenshot shows a Netscape browser window with the title "UBS - Private Banking - Optimus - Contact / Feedback - Netscape". The address bar displays the URL "https://www.ubs.com/e/pb/optimus/opticontact.html". The browser's menu bar includes "File", "Edit", "View", "Go", "Communicator", and "Help". The toolbar contains icons for "Back", "Forward", "Reload", "Home", "Search", "Guide", "Print", "Security", and "Stop". The bookmarks bar shows "UBS Homepage", "UBS - Private B...", "History from 05", "Investor Relat...", "Information", and "Servlet results".

The main content area features the UBS logo and a navigation menu for "optimus-online" with the following items:

- About optimus-online
- Daily Headlines
- Business Calendar
- Weekly Research
- Investment Strategy
- optimus magazine
- Contact / Feedback**
- Locations
- UBS Private Banking

The main heading reads "optimus-online. What can we do for you?". Below this is a dropdown menu labeled "What area is your request about:" with "General enquiries" selected. A note states: "Please fill in your detailed address. The shaded fields are mandatory. Thank you." The form fields are as follows:

- Firstname:
- Surname:
- Company:
- Address:
- Postal code:
- Town:
- Country:

The browser's status bar shows "Document Done". The Windows taskbar at the bottom includes the Start button and several open applications: "Inbox - Microsoft O...", "Microsoft Word", "UBS - Private ...", "E-Connectio Merc...", "Excel Touristus...", "FW: Stat - Messa...", and "Microsoft PowerPo...". The system clock shows "13:48".

Fund Gate - since October 1999 on internet

http://www.ubs.com/fundgate

UBS

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Welcome to Fund Gate.

Please read here to be informed of sales restrictions and important specific legal and regulatory information on UBS investment funds.

Category: Asset allocation funds
Domicile: all
Currency: all

Please select category, domicile, and currency and press the Ok-button to obtain a selection of UBS funds.

Direct search (Term, securities number, ISIN no., Telekurs symbol):

Please enter a search criteria and press the Ok-button to obtain a selection of UBS funds.

Number of search results: 33

Fund name	Securities no.	ISIN no.	Date	Currency	Price
UBS (CH) Strategy Fund - Balanced (CHF)	279212	CH0002792122	30/11/1999	CHF	169.52
UBS (CH) Strategy Fund - Balanced (EUR)	47454	CH0000474541	30/11/1999	EUR	94.03
UBS (CH) Strategy Fund - Balanced (USD)	279218	CH0002792189	30/11/1999	USD	111.01
UBS (CH) Strategy Fund - Yield (CHF)	279211	CH0002792114	30/11/1999	CHF	131.68
UBS (CH) Strategy Fund - Yield (EUR)	47453	CH0000474533	30/11/1999	EUR	72.28
UBS (CH) Strategy Fund - Yield (USD)	279217	CH0002792171	30/11/1999	USD	91.74
UBS (Lu) Strategy Fund - Balanced (CHF) A	239656	LU0049785107	30/11/1999	CHF	1421.97
UBS (Lu) Strategy Fund - Balanced (CHF) B	239657	LU0049785289	30/11/1999	CHF	1559.42
UBS (Lu) Strategy Fund - Balanced (EUR) A	239649	LU0049785262	30/11/1999	EUR	1468.46
UBS (Lu) Strategy Fund - Balanced (EUR) B	239655	LU0049785446	30/11/1999	EUR	1707.59

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