



Investor Day 2005 Asia Pacific

New York, 13th May 2005

Rory Tapner, Chairman & CEO
UBS Asia Pacific



UBS position in Asia Pacific - 1 January 2000

A strong base, but notable gaps

Strengths

- ◆ #1 in Asian Equities (ex-Japan)
- ◆ #1 in Australia across Investment Banking and Equities
- ◆ #1 in WM in Asia (ex-Japan)
- ◆ Top 5 in Asian IBD (by fees)
- ◆ Australia as dominant revenue generating country
- ◆ Equities as dominant revenue generating business
- ◆ Consistency of footprint post Asian crisis

Weaknesses

- ◆ Underweight in Japan Equities revenues, weak in Equity Research
- ◆ Low Japanese IBD and FIRC revenues vs. international leaders
- ◆ Loss making WM and Global AM businesses in Japan
- ◆ Underweight in regional FIRC revenues
- ◆ Insignificant revenues from China across all businesses
- ◆ Regional support functions co-located with businesses
- ◆ Limited footprint in certain markets, e.g. China, India

Key accomplishments since 2000 in APAC

Regional

- ◆ 2004 USD revenue >40% higher than previous record in 2000
- ◆ 2000-2004 USD revenue growth: FIRC >80%; WM >90%; Global AM >140%
- ◆ Unique multi-year leadership in pan-Asian Equities
- ◆ Regional support functions hubbed into Singapore to lower costs

Japan

- ◆ Competitive Equities position with domestic houses
- ◆ #2 for Japanese Equity Research (Institutional Investor, 2004)
- ◆ FIRC strengthened significantly
- ◆ WM domestic start-up in 2004 under WM APAC ownership
- ◆ 2003 onwards: profitability re-established in Global AM

China

- ◆ July 2003: First ever QFII licence granted to UBS – and the largest
- ◆ September 2004: Beijing bank branch established for FIRC and WM
- ◆ March 2005: Derivatives licence granted by CBRC
- ◆ March 2005: Chinese Fund Management JV with SDIC approved (first to own 49%)
- ◆ Substantial revenue contributor in 2004 and growing fast

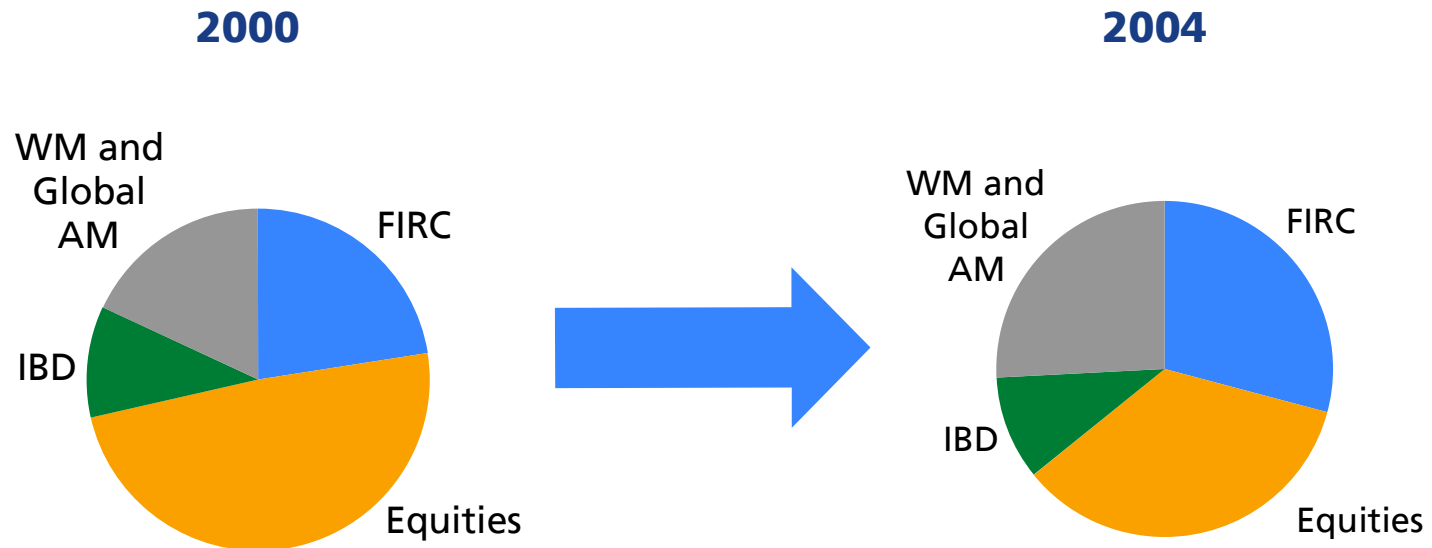
Australia

- ◆ #1 position in Investment Banking and Equities maintained
- ◆ FIRC and WM strengthened significantly



Re-balancing of portfolio in APAC, 2000 vs 2004

Revenue by business



Better balance – FIRC, WM and Global AM have increased their weighting

Position today – UBS credentials in Asia Pacific

A leading firm in our chosen businesses

#1 in Wealth Management

#1 in Equities (consistently, and including Japan)

Consistently top 3 in IBD (ECM, DCM, M&A)

A leading and fast growing FIRC business

A fast growing AM business with new markets to enter



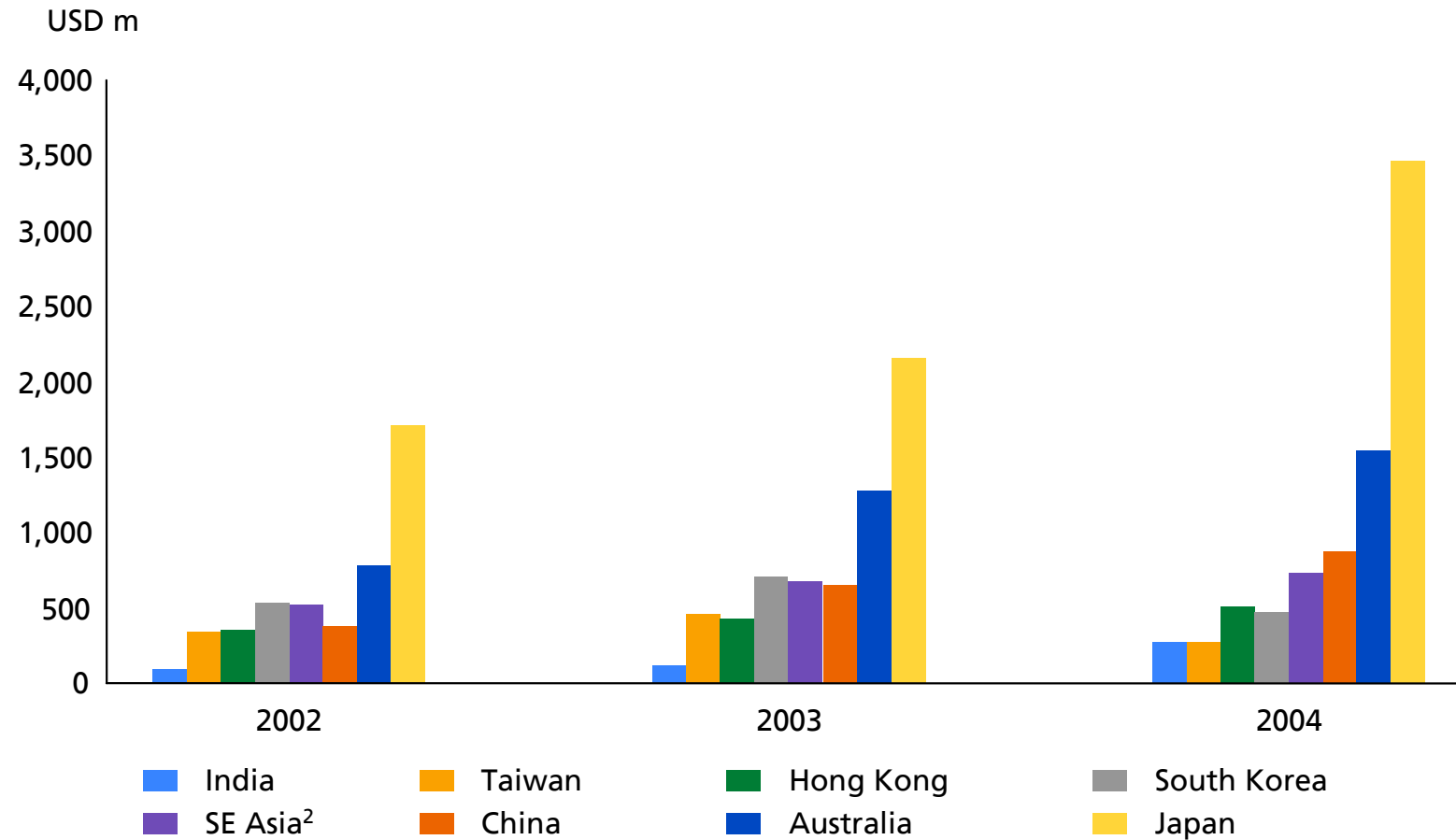
Regional footprint

Multi-local presence

- ◆ 19 locations in 13 countries/territories
- ◆ Regional hubs are Tokyo, Hong Kong, Singapore and Sydney
- ◆ Consistent local presence throughout the cycle
- ◆ Significant support for global businesses provided from Singapore, Sydney and India
- ◆ Complex regulatory environment across multiple jurisdictions



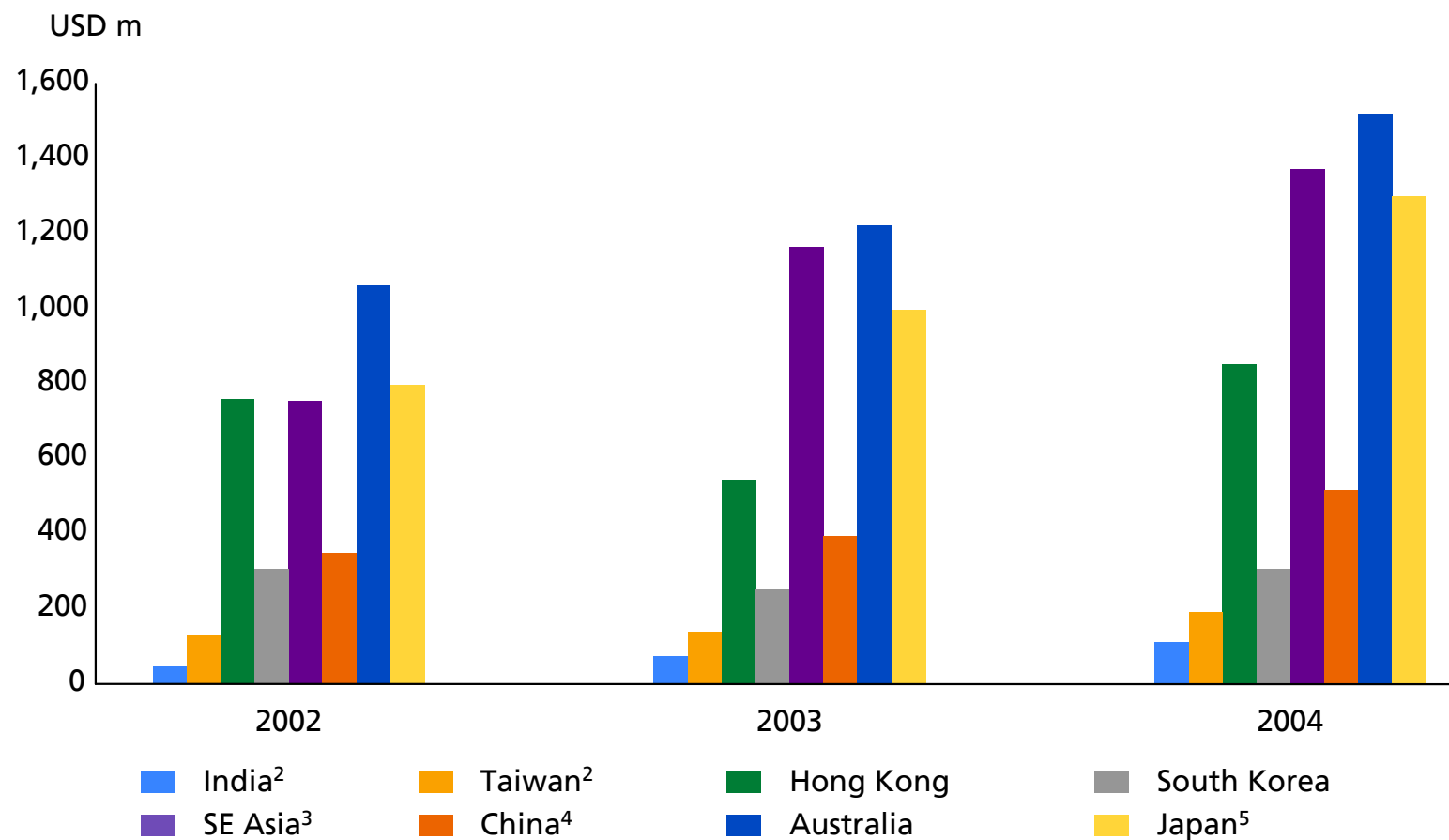
Investment Banking Fees¹ – Asia Pacific 2002/2004



1 Source: Freeman

2 Singapore, Philippines, Malaysia, Thailand, Indonesia

Equities Commissions¹ – Asia Pacific 2002/2004



1 Source: UBS estimates

2 Foreign only

3 Singapore, Philippines, Malaysia, Thailand, Indonesia

4 Equities commissions generated from Shanghai and Shenzhen stock exchanges - exclude shares listed abroad (H shares)

5 Institutional only



There's more to life than China

- ◆ IB fee pool plus secondary equities data accentuate the immediate-term importance of Australia, Japan and South East Asia
- ◆ If debt, asset management and wealth management were included, the importance of Japan, Singapore, South East Asia, Australia and Taiwan, relative to China would increase
- ◆ The (relatively) open markets of South East Asia increase the overall importance of these markets
- ◆ India fee pool has small base but huge growth
- ◆ Getting Japan right is critical now. Getting China right is critical for the longer term BUT the groundwork needs to be laid now
- ◆ Too great a focus on China and India to the peril of existing business
- ◆ Short/medium term winners will be those with a diverse product offering across the whole region - especially Japan

Relative positioning of Asia Pacific vs RoW

Asia Pacific is 25 - 35% of the world

	GDP ¹ 2004		Equity market value ²	HNWI wealth pool ³
	Nominal	PPP	as at Dec 2004	2003
Asia Pacific	24%	36%	26%	23%
EMEA	39%	33%	28%	35%
North America	32%	23%	45%	30%
Latin America	5%	8%	1%	13%
Total	100%	100%	100%	100%

◆ Regional population of 3.5 billion versus World 6.4 bn

- China 1.3 bn, India 1.1 bn, Indonesia 242m, Japan 127m
- Compares with USA 295m, EU 456m

◆ Based on long term trends, financial services markets in Asia Pacific will continue to become a larger percentage of the global total

1 Source: Group Policy/IMF

2 Source: FIBV

3 Source: ML Cap Gemini World Wealth Report 2004

Characteristics of the region

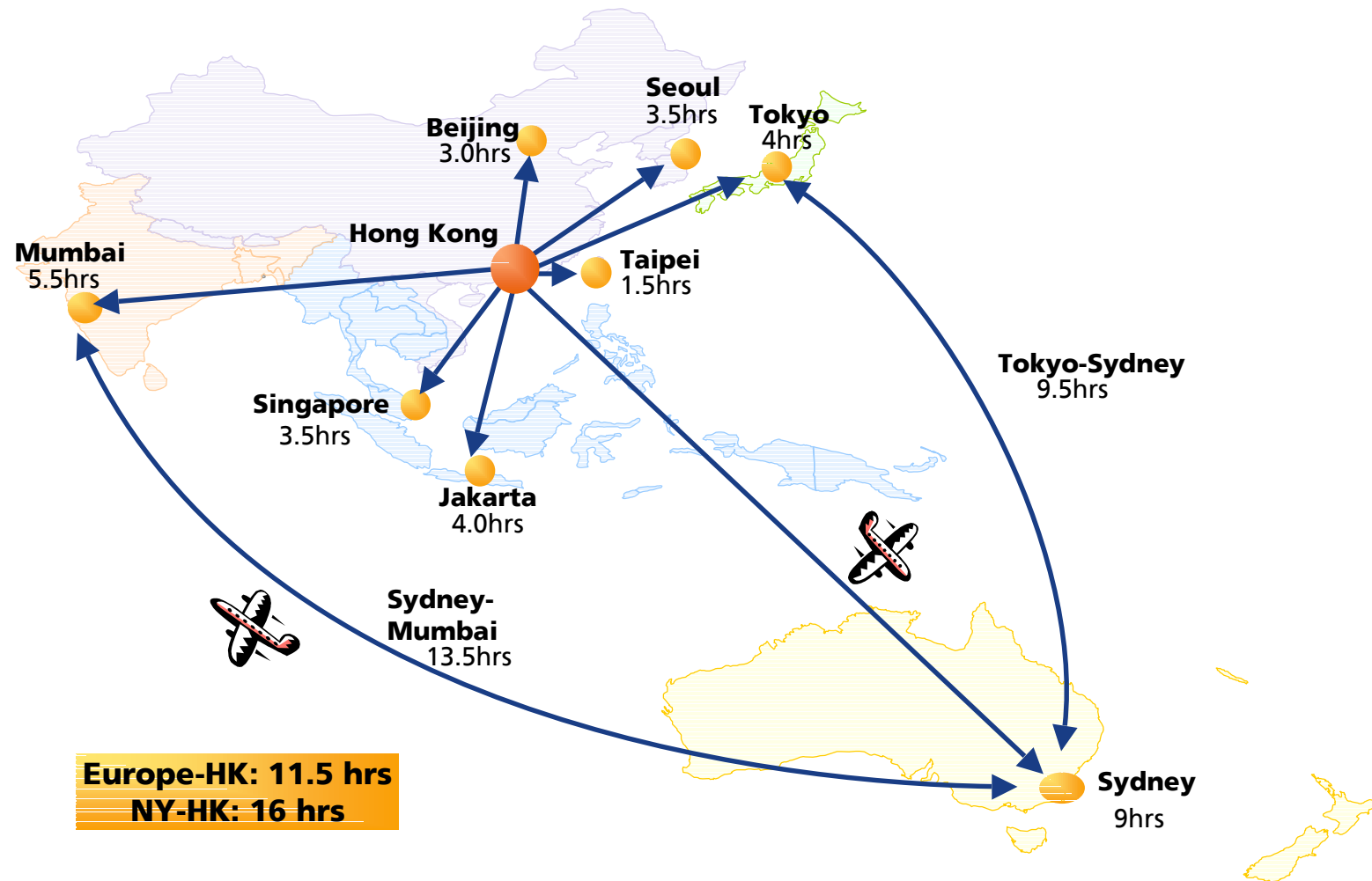


However,

- ◆ **To democracies from autocracies in two decades**
- ◆ **Low correlation with other emerging markets regions in recent years**

Asia Pacific is geographically vast

4 or 5 distinct sub-regions - each diverse in itself



China and India – the emerging giants

China

- ◆ Population of 1.3 billion
- ◆ 23 provinces (plus HK & Macau)
- ◆ Mainly Buddhist / Taoist
- ◆ “People’s Republic” since 1949
- ◆ Economic reforms begun in 1978
- ◆ Demographics: old and will shrink
- ◆ 1 party state
- ◆ 91% literacy rate
- ◆ Language barrier with outside
- ◆ Growth from manufacturing
- ◆ Simmering Taiwan tension
- ◆ Annual GDP growth 9%+ since 1990

India

- ◆ Population of 1.1 billion
- ◆ 29 states
- ◆ Mainly Hindu
- ◆ Independence from Britain in 1947
- ◆ Economic reforms begun in 1991
- ◆ Demographics: young and growing
- ◆ Democracy – but very complex
- ◆ 60% literacy rate
- ◆ Widespread English usage
- ◆ Growth from services (eg IT)
- ◆ Simmering Pakistan tension
- ◆ Annual GDP growth 6%+ since 1990

Industry trends

A number of factors will influence our success

Competition is intense

Wealth Management is competing against bank branch networks of “mega” banks, e.g. HSBC, Citigroup

China has potential for shocks, not just growth

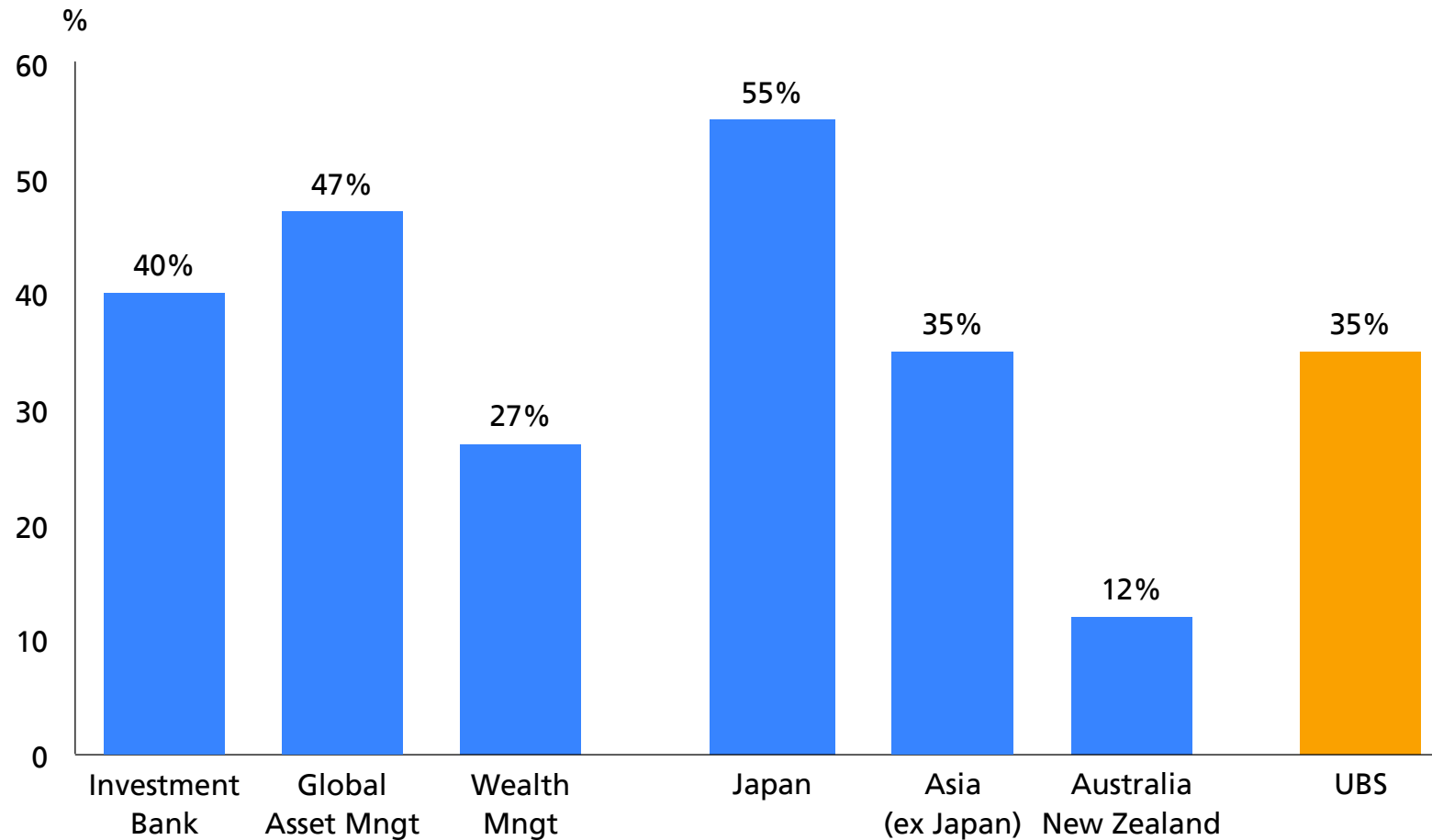
Ever tougher (and still diverse) regulatory environment

Shortage of suitable acquisition targets or JV partners

Offshoring into Asia Pacific will continue

UBS revenue sourced from Asia Pacific

2004 vs 2003 – growth across all businesses and sub-regions



1 Based on internal management accounting USD figures



The integrated model in Asia Pacific

Environment

- ◆ Many shared clients - e.g. family owned companies
- ◆ Relatively small organisation, but spread out

Strengths

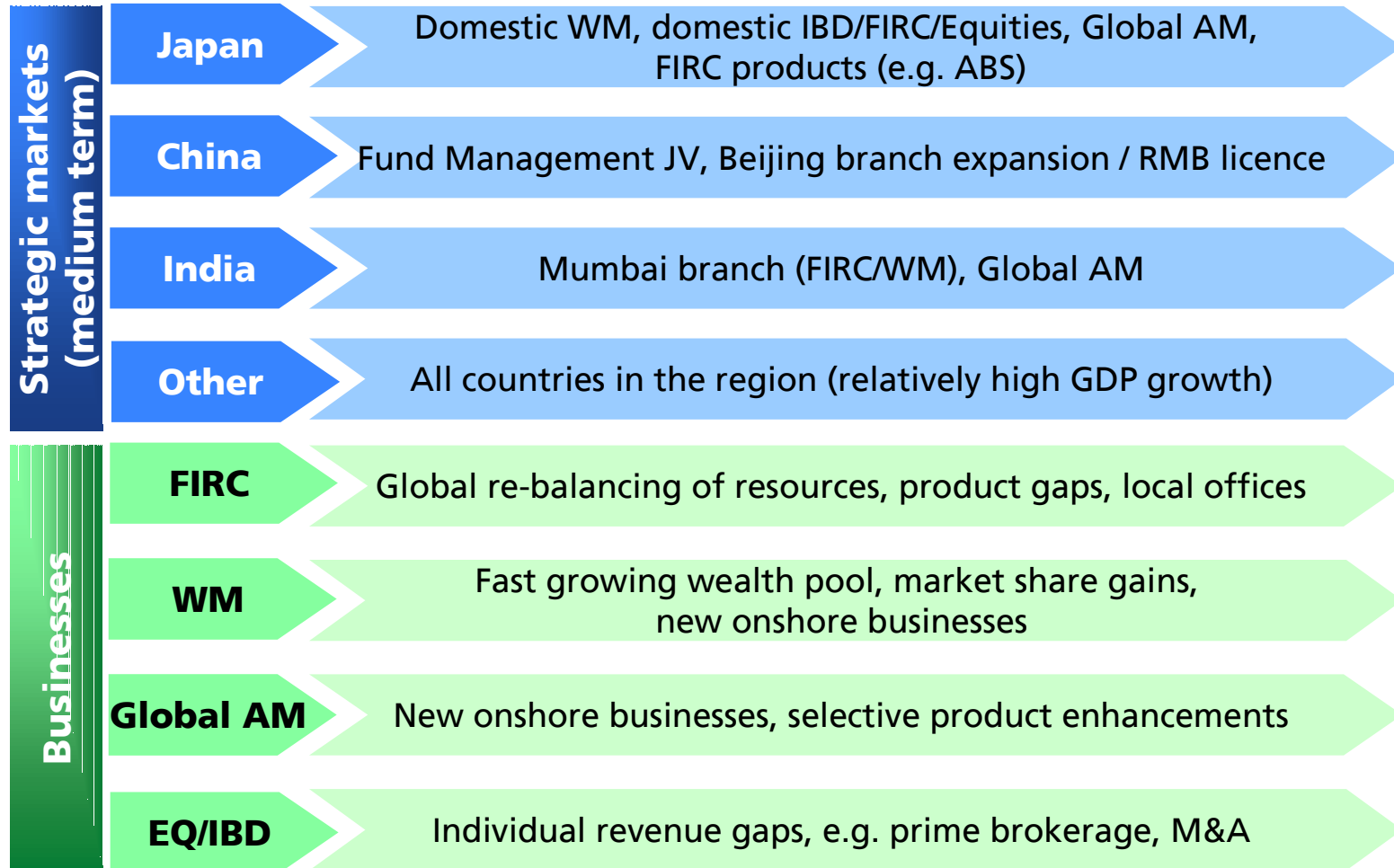
- ◆ Group-wide management committees
- ◆ Consistent cross-business HR policies
- ◆ High level of shared services
- ◆ Co-ordinated country strategies

Some recent examples

- ◆ Shared costs of sponsorship and community affairs
- ◆ Cross-business management succession planning
- ◆ IB Logistics support for WM Japan domestic build
- ◆ Beijing bank branch business case: FIRC and WM

Opportunities for further growth

There are many growth opportunities in APAC both by markets and by businesses



Goal 2010

Our strategic vision for Asia Pacific

Asia Pacific contributes 15-20% of UBS Group revenues

Extend #1 lead in WM and Equities, maintain top 3 in IBD, plus achieve consistent top 3 position in FIRC businesses

Continue to build China to become 1st or 2nd largest revenue contributor of countries in Asia Pacific

Grow meaningful domestic WM businesses in Taiwan, Japan, China, India and examine Korea

Global AM to examine entry into new markets in Korea and India, and move to top 5 in established markets

Build offshoring hubs

How do we get there?

Multiple streams

Organic growth to fill gaps, including selective strategic hires

Acquisitions where available and suitable

Joint ventures where necessary

Focus on regulatory and operational risk mitigation

Enhance the integrated model – client share of wallet

Pilot new ideas



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