

# UBS Wealth Management

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November 17, 2011

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Annualized figures for the first nine months of 2011 contained in this presentation do not constitute estimates of the actual 2011 full-year results.

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# Key messages

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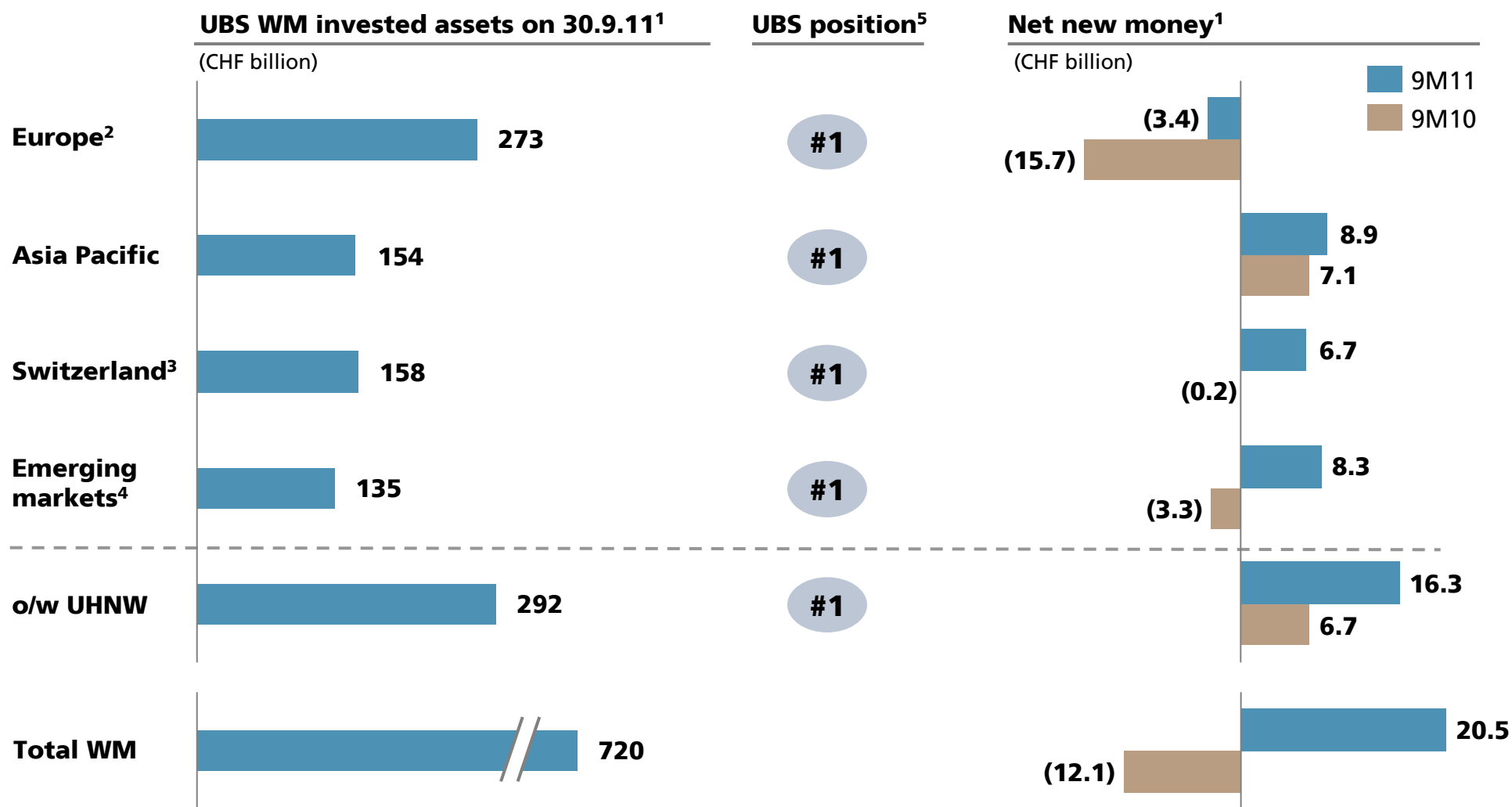
We have delivered stronger profits in a difficult environment

We are putting Investment Management & Advisory at the heart of our business

We are strongly positioned to grow

We aspire to higher profitability

# Wealth Management—unique global client base



1 Invested assets and net new money based on client domicile. Invested assets and net new money for "Swiss wealth management" and "International wealth management" as shown in UBS's quarterly report are based on an organizational view

2 Includes Western Europe and all other countries not covered elsewhere. We believe that CHF 12-30 billion are still at risk as a result of changes in tax regulation for clients domiciled in Western Europe

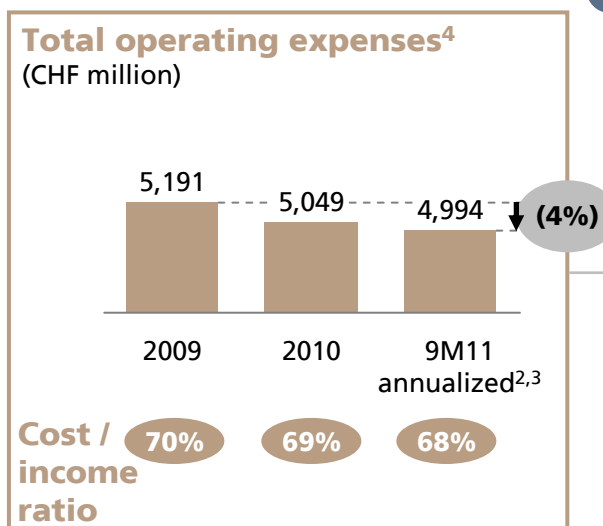
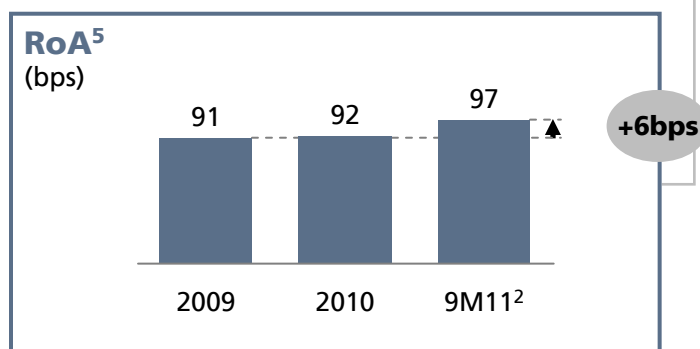
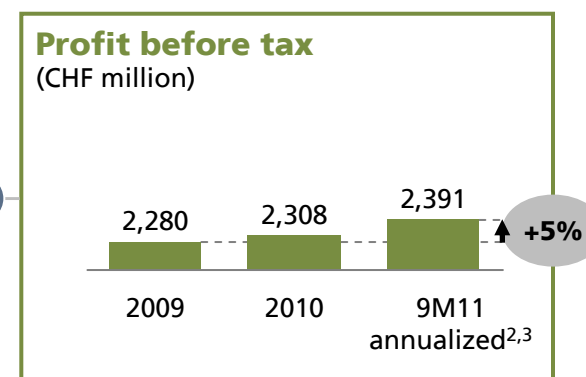
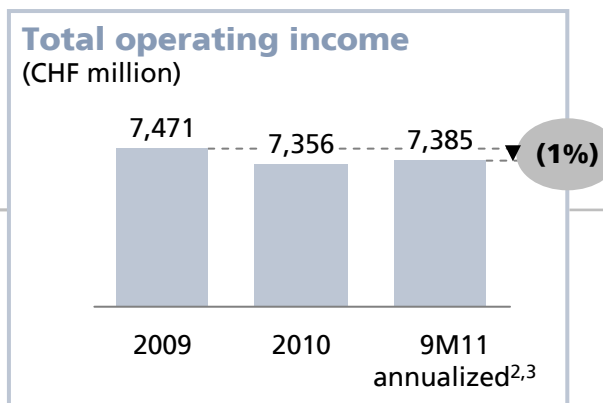
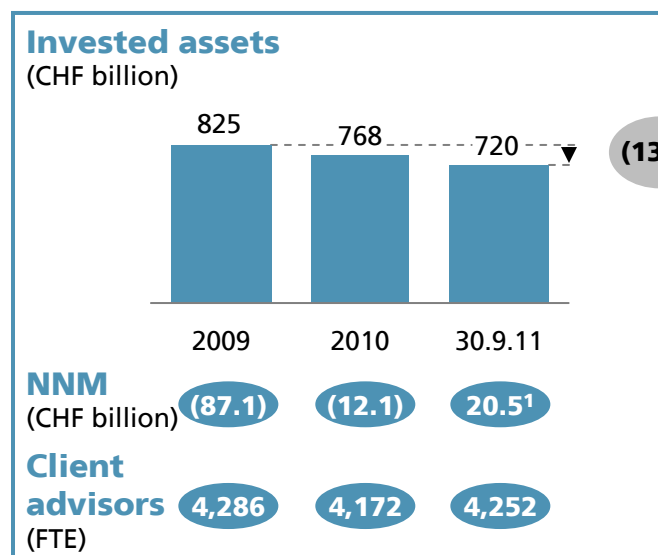
3 Net new money and invested assets for certain clients domiciled in Switzerland but served by businesses such as Financial Intermediaries or Global Family Office are reported under "International wealth management" in UBS's quarterly report

4 Latin America, Middle East & Africa and Central & Eastern Europe & Turkey

5 UBS internal analysis



# Wealth Management performance



1 YTD 9M11

2 Excluding gain on the sale of the strategic investment portfolio (CHF 433 million)



3 YTD 9M11 annualized for total operating income, total operating expenses and profit before tax

4 Includes restructuring costs; restructuring costs are not annualized



5 Excluding negative valuation adjustments on a property fund

# Performance against WM peers

## RoA change vs. previous period<sup>1,3</sup>

Rank	FY09 vs. FY08	1H11 vs. 2H10
1	Peer A	 UBS
2	Peer B	Peer A
3	Peer C	Peer F
4	Peer D	Peer B
5	Peer E	Peer E
	⋮	
11	 UBS	

## Cost / income ratio<sup>2,3</sup>

Rank	FY09	1H11
1	Peer A	 UBS
2	Peer G	Peer G
3	Peer B	Peer E
4	Peer E	Peer A
5	Peer C	Peer C
6	 UBS	



1 Delta RoA of period shown vs. RoA of preceding period; RoA calculated based on reported total operating income and average invested assets of respective period

2 Cost / income ratio of period shown

3 Peers: Barclays, Crédit Agricole, Credit Suisse, EFG International, HSBC, JPMorgan, Julius Bär, RBS, Sarasin, Société Générale and Vontobel, WM definition can vary from peer to peer

Source: UBS internal analysis, certain peers adjusted based on available information

# Achievements 2009 to date

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	<b>Key enablers</b>	<b>Achievements</b>
✓	Positive <b>operational leverage</b>	<ul style="list-style-type: none"><li>• RoA increase by 6 bps</li><li>• Cost / income ratio improved by 2 ppt to 68% 9M11</li></ul>
✓	<b>Access to growth</b> through unique client base and global footprint	<ul style="list-style-type: none"><li>• Sustainable NNM turnaround</li><li>• APAC with positive NNM in each year</li><li>• &gt;70% of NNM from UHNW in 2011</li></ul>
✓	Early mover in developing <b>onshore business</b> and establishing multi-booking centers	<ul style="list-style-type: none"><li>• Profitability improvement in Europe</li><li>• Selective build-up of onshore presences</li></ul>
✓	Employer of choice for <b>top quality industry professionals</b> again	<ul style="list-style-type: none"><li>• After capacity adjustment in 2010 hiring of ~400 client advisors since 3Q10 mainly in Emerging Markets and APAC</li></ul>
~	Differentiation through our <b>investment performance</b>	<ul style="list-style-type: none"><li>• Implementation in progress under difficult market conditions</li></ul>

# Key messages

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We have delivered stronger profits in a difficult environment

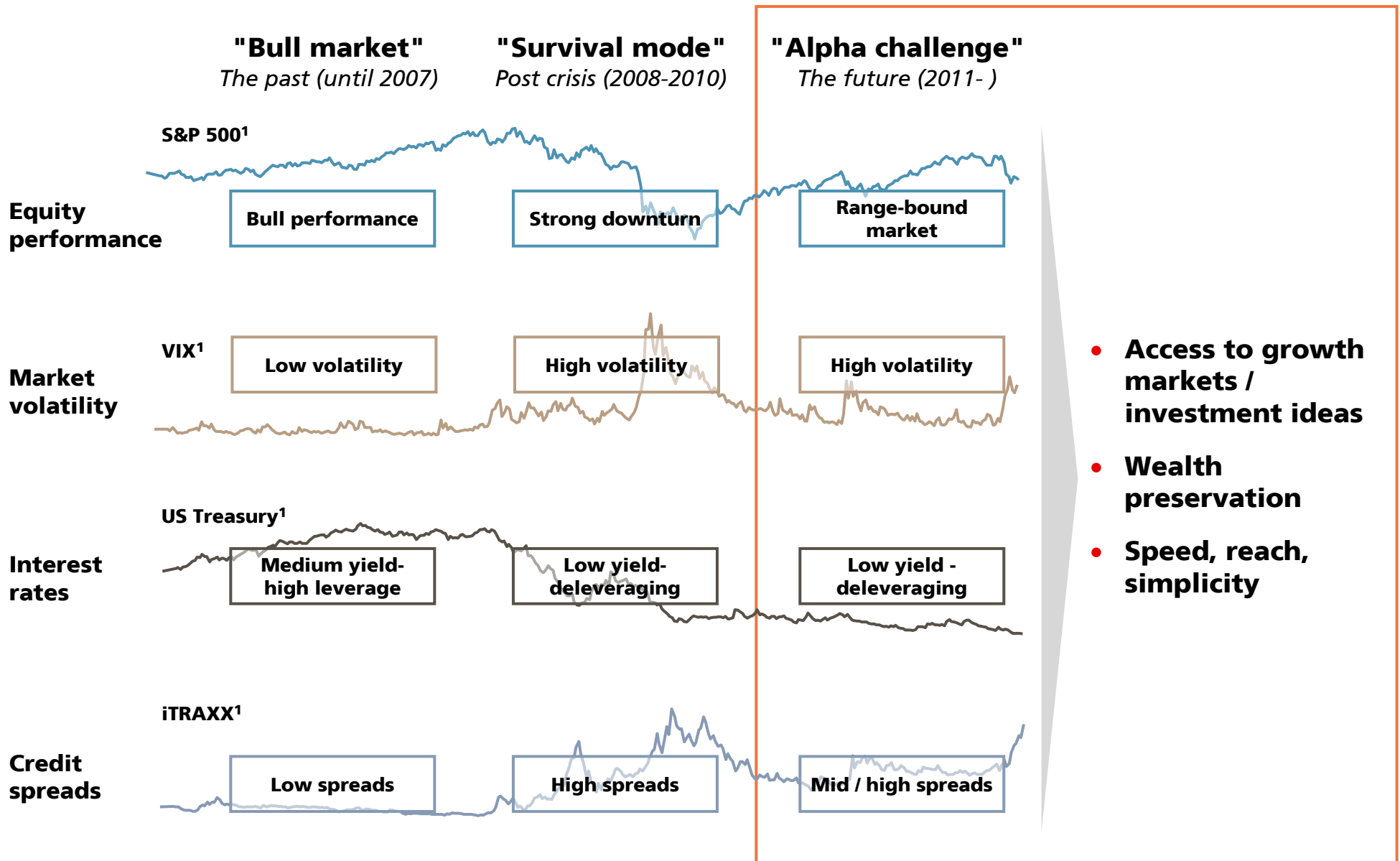
We are putting Investment Management & Advisory at the heart of our business

We are strongly positioned to grow

We aspire to higher profitability



# The new investor challenge



# Investment Management and Advisory – key components

## Vast, deep understanding of markets

- Top-tier equity research
- Leading economic and fixed income research
- Market insight and corporate access

## Top-tier investment insight

- One house view
- Local market insights
- Fast and focused communication to CAs



## Leading investment management capabilities

- Timely implementation of investment ideas
- Full flexibility in degree of client involvement in investment decisions

## High quality product shelf

- UBS and third party
- Bespoke products
- Performance throughout market cycle

# Chief Investment Officer driving the new investment process

## CIO contribution

### Investment expertise



- Integration of **internal and external** expertise
  - Investment Bank and Global Asset Management
  - WM Research and regional CIOs
  - External investment professionals
- Development of **Investment Strategy**

### House View



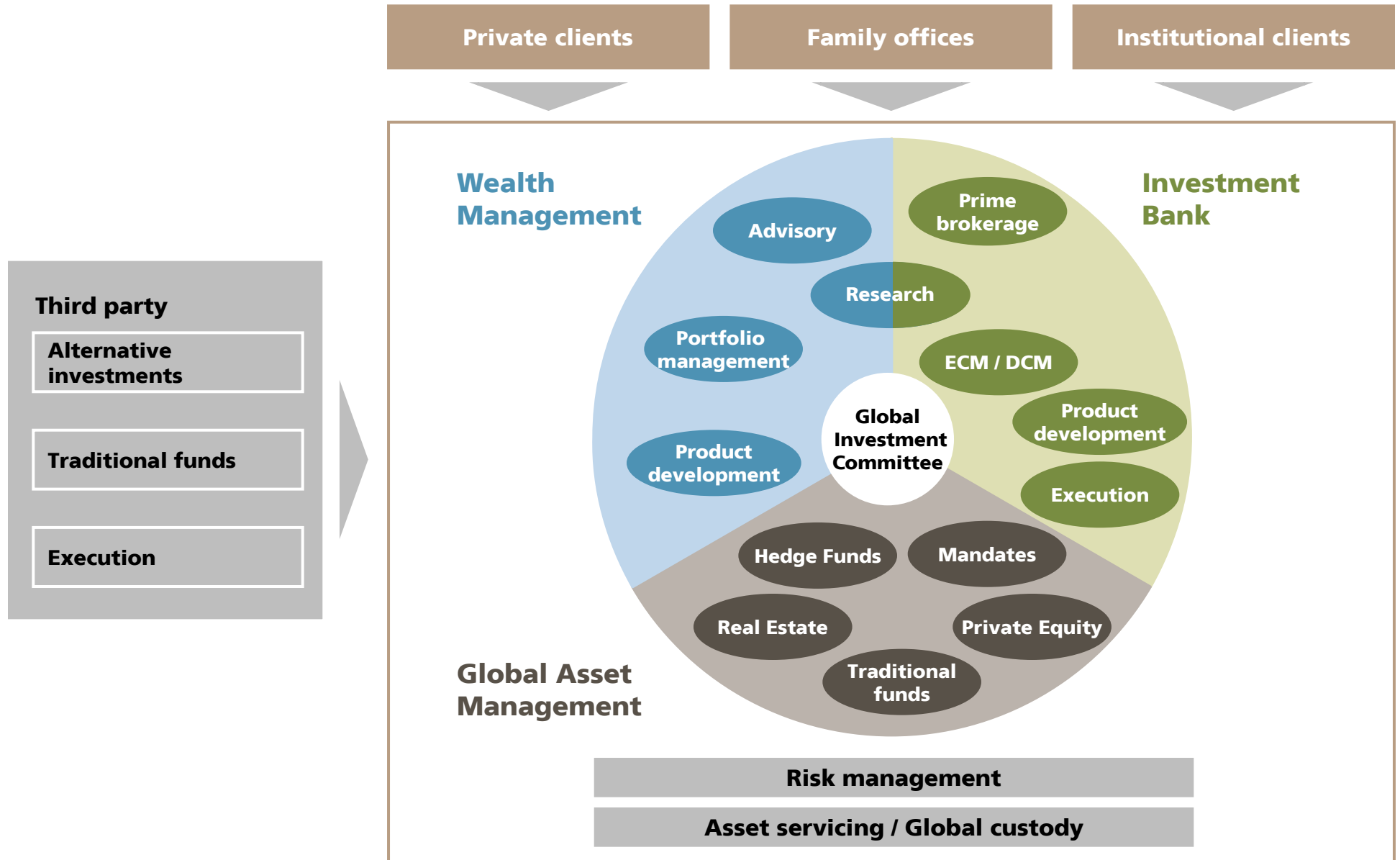
- **Chairing Global Investment Committee** involving top investment professionals from **entire firm**
- **Decision-making** and formulating of **UBS House View**
  - Asset allocation
  - Investment themes

### Communication and implementation



- Fast and crisp communication of **UBS House View to advisors** and clients
- **Locally customized** and **suitable** advisory packages providing actionable investment guidance for clients
- **Ad-hoc communication** in case of market events / turmoil

# Investment Management and Advisory

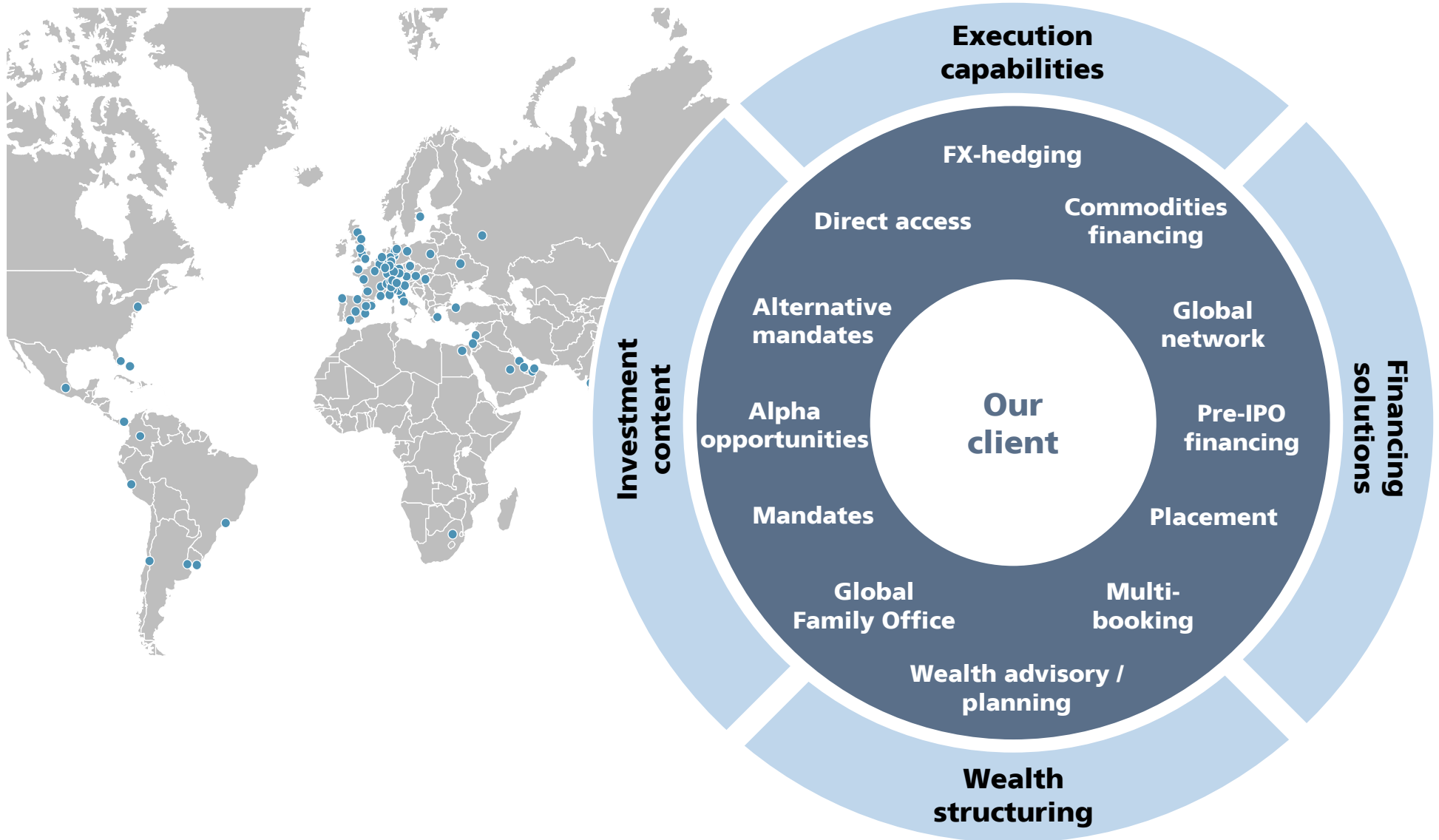


# Investment Banking – a prerequisite for Wealth Management

Need for IB product  
 Low Mid High

		Investment Bank products													
		Equities				FICC							IBD		
		Prop	Equity derivatives	Cash equities	Prime brokerage	Commodities	Emerging markets	Other macro / Prop	FX	Rates	Corporate lending	Credit solutions	Flow credit	M&A	ECM
Wealth Management needs	Research		Low	High		Low	Low		Low	Low		Low		Low	Low
	Exclusive investment opportunities				High									High	High
	Product development		High			Low	Low		Low	Low	Low	Low			
	Institutional-like coverage (e.g. family offices)		High	High	High	High	High		High	High	Low	Low	Low	Low	Low
	Execution / risk		High	High		High	High		High	High		Low	High		
	Advisory and corp. finance													High	High

# UBS Wealth Management—the clients' choice



# Key messages

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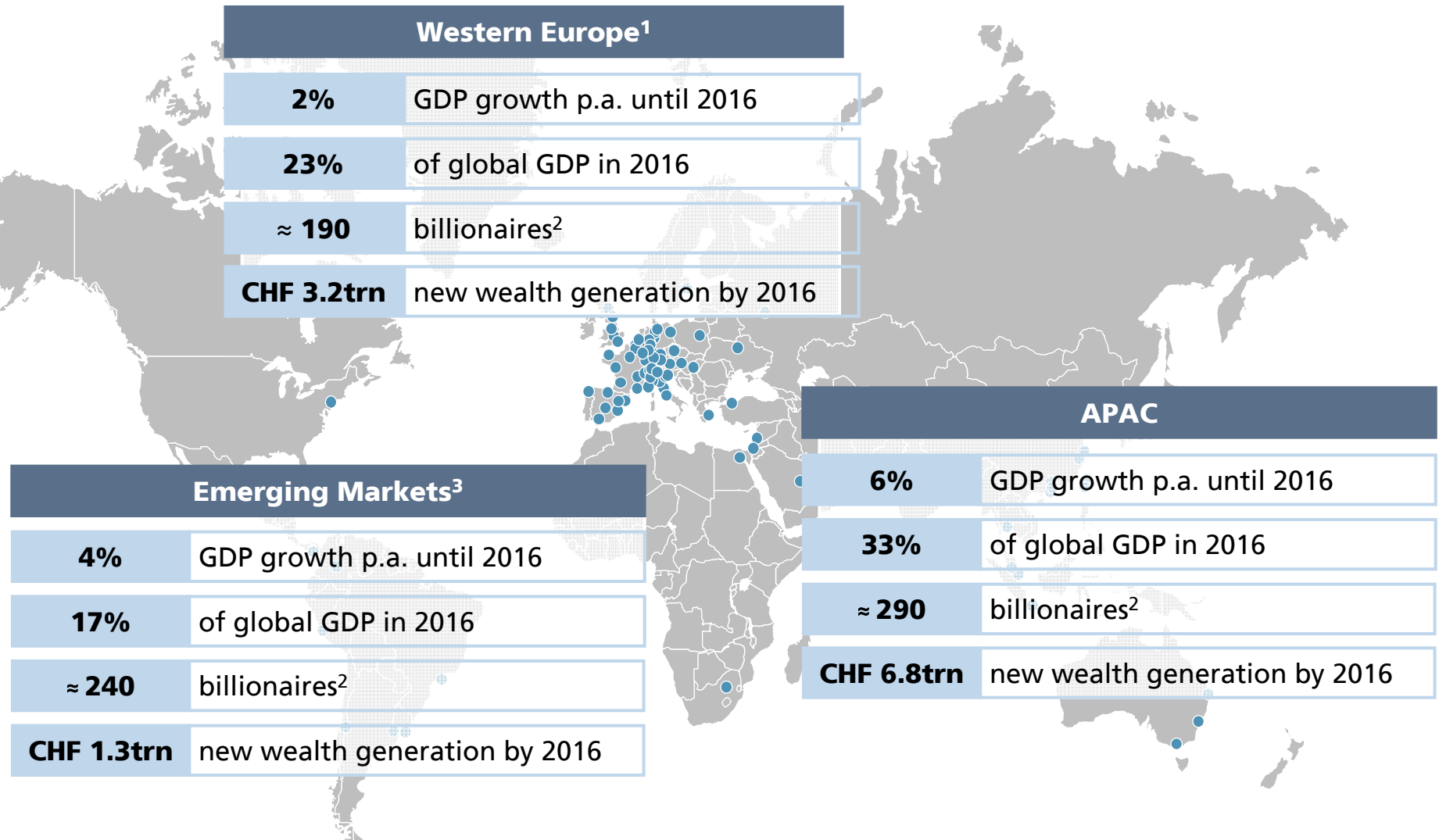
We have delivered stronger profits in a difficult environment

We are putting Investment Management & Advisory at the heart of our business

We are strongly positioned to grow

We aspire to higher profitability

# Well positioned in the most attractive markets



1 Including Switzerland

2 USD billionaires

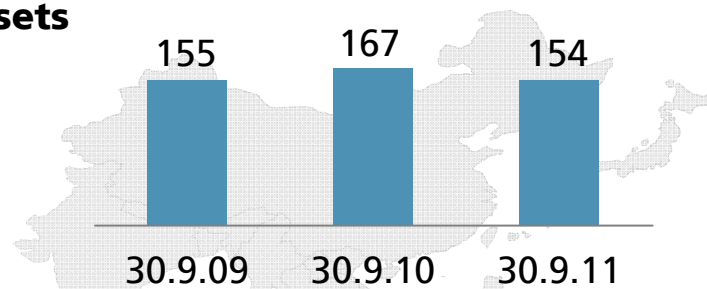
3 Latin America, Middle East & Africa and Central & Eastern Europe & Turkey

Sources: IMF WEO Database Sept. 2011, Forbes List 2011

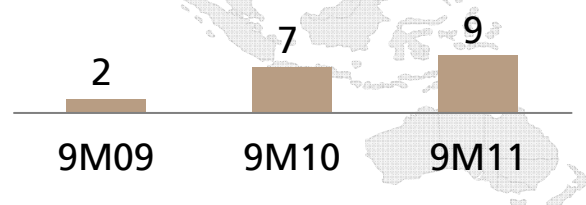


# APAC – our strongest growth market

## Invested assets (CHF billion)



## Net new money (CHF billion)



## Strong UBS franchise

18 WM offices in **7 countries**

"**Best Global Private Bank**" (Asiamoney 2011)

## Strong local Investment Bank footprint<sup>1</sup>:

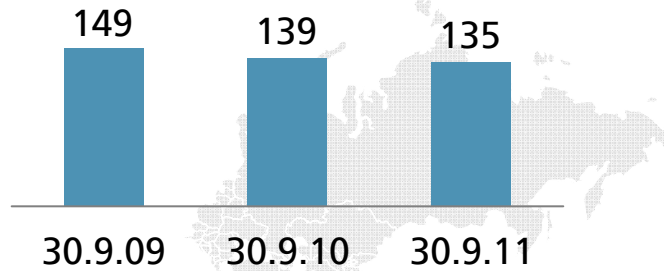
- Top 2 position in IBD in Asia Pacific
- Top 3 position in Equities in HK/SG
- "Best Equity Bank in Asia" (Global Finance)

## Strategic focus

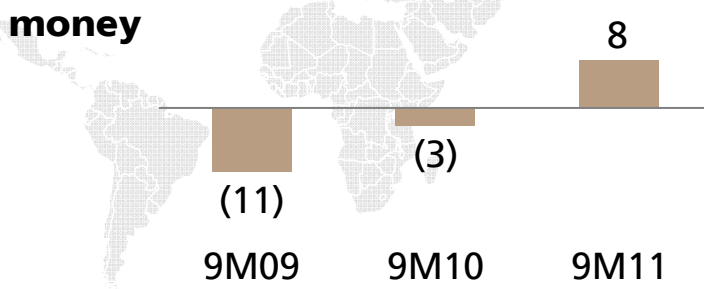
- **Hub strategy** out of financial centers **Singapore** and **Hong Kong**
- **Selective onshore** market presences (e.g. Japan, Taiwan)
- **Long-term investments** in India and China
- Tight collaboration with **IBD, IB Research and IB execution platform**

# Emerging markets<sup>1</sup> – leading franchise with growth potential

## Invested assets (CHF billion)



## Net new money (CHF billion)



## Strong UBS franchise

WM present in **more than 20 countries**

## Growing Investment Bank capabilities:

- "Best M&A Bank in Middle East" (Global Finance)
- "Top 2 overall Emerging Market Deal of the Year" (Euroweek)

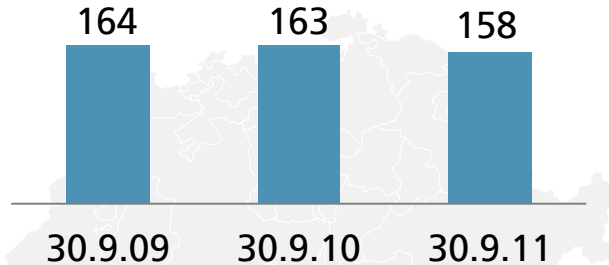
## Strategic focus

- **Six priority markets**
- **Selective** build-up of **local onshore presences** (e.g. Brazil, Mexico, Israel)
- Cross-border business mainly out of **US, UK and Switzerland**
- **UHNW focus** due to prevalence of **entrepreneurs**
- Tight coordination with **Investment Bank** for **market coverage** and **local market insights**
- Opportunities for **growth through acquisitions**

# Switzerland – strengthen #1 position

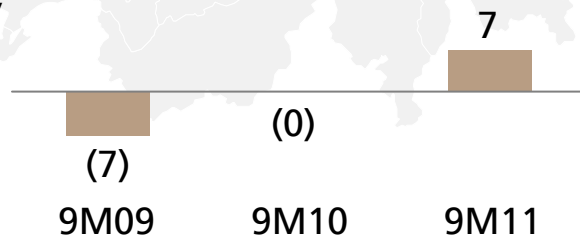
## Invested assets

(CHF billion)



## Net new money

(CHF billion)



## Strong UBS franchise

~100 WM offices in Switzerland

"Best Private Bank for UHNW clients"  
(Euromoney 2011)

Market **leading** position for **UBS Global Asset Management**

"Best M&A House in Switzerland"  
(Euromoney)

## Strategic focus

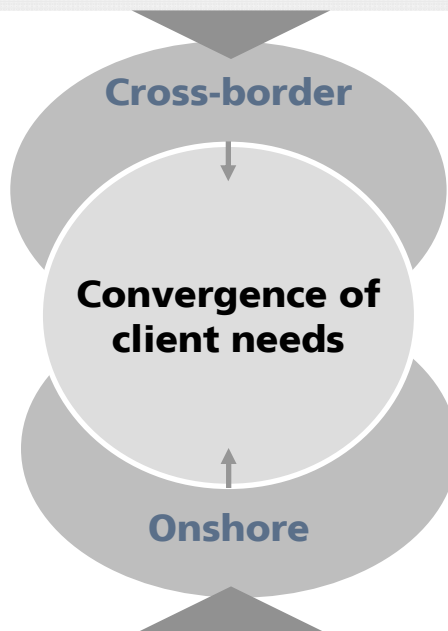
- Full **integration** across all businesses (Retail and Corporate, Asset Management, Investment Bank)
- **Strong referrals** from Swiss Corporate and Retail client base
- **Strong regional integration** with Corporate and Retail leveraging **joint platform** and **distribution network**

# Europe—the rules are changing

## Fiscal transparency

- Increased international **pressure on banking secrecy jurisdictions**

OECD art 26  
Aut. inf. exchange  
Abolition  
EUSD  
Tax amnesties  
FATCA



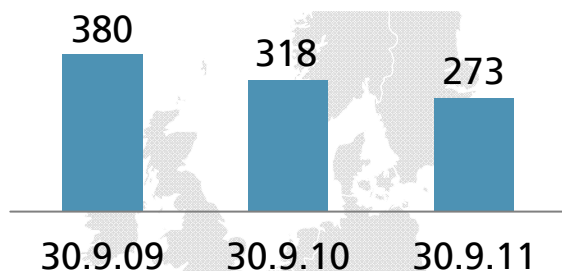
## Investor protection

- Increased **regulatory requirements** and **complexity** (high entry barriers)
- Comprehensive **Pan-European market access**

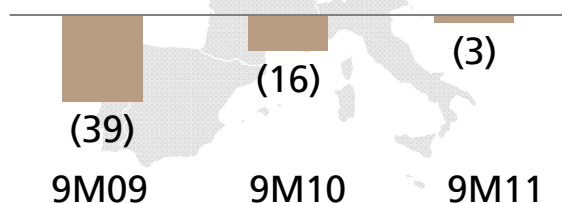
MiFID  
UCITS IV  
AIFMD  
EU passport

# Europe – our largest franchise

## Invested assets (CHF billion)



## Net new money (CHF billion)



## Strong UBS franchise

- "**Best Private Bank in Europe**" (The Banker, Global Private Banking Awards 2011)
- "**Best Private Bank for UHNW in Western Europe**" (Euromoney 2011)

**Global Asset Management:** strong position in mutual fund business

**Investment Bank<sup>1</sup>:** top 5 in IBD in UK and Germany

## Strategic focus

- **Combined market coverage – gain market share again**
  - Strong **onshore franchise** (10 countries, focus on UK, Germany and Italy)
  - International business mainly served out of major financial centers **Switzerland, UK and Luxembourg**
- Tight **profitability management** (e.g. hub strategy for IT/Operations, product shelf, platform)

# Key messages

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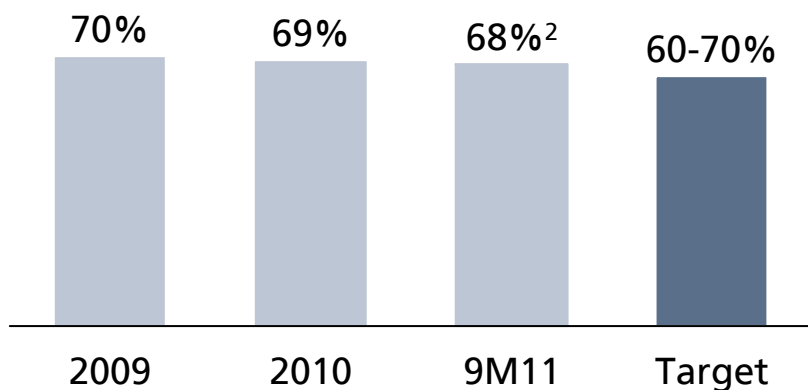
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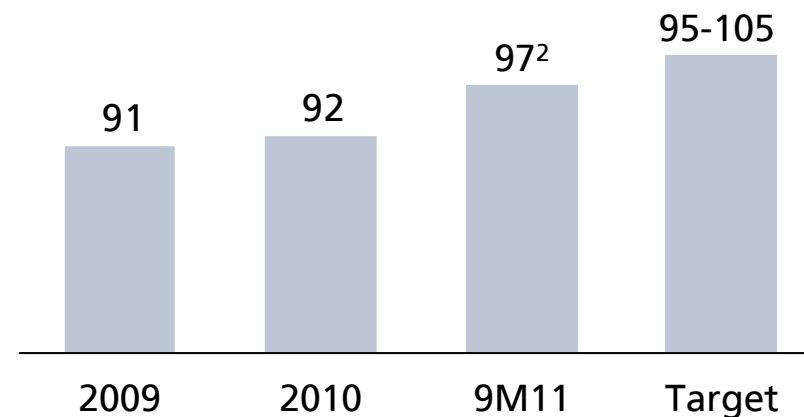
# UBS Wealth Management performance and targets<sup>1</sup>

## Cost / income ratio



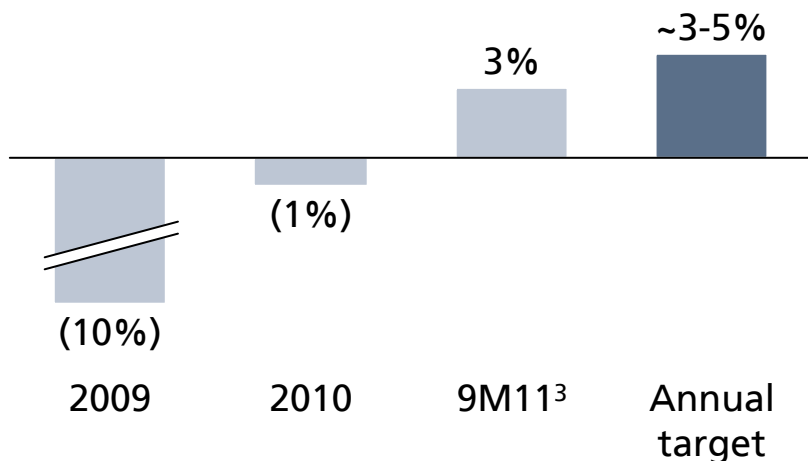
## Gross margin<sup>4</sup>

(bps)



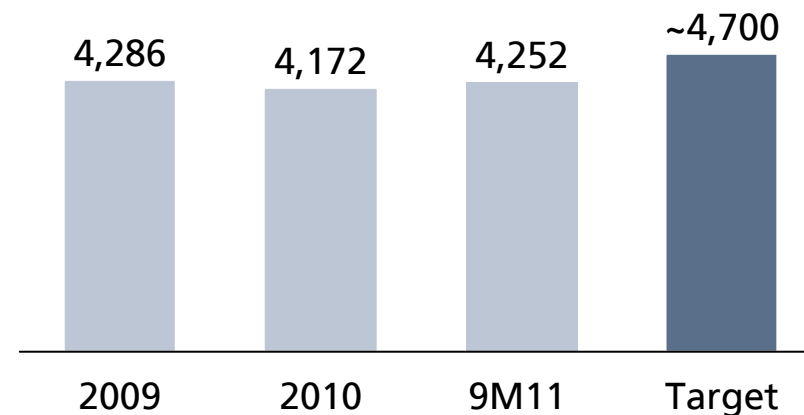
## Net new money growth

(% p.a. of invested assets)



## Client advisors

(FTE)



<sup>1</sup> Annual performance ranges for 2012 through 2016, excluding future significant non-recurring items, if any

<sup>2</sup> Excluding gain on sale of strategic investment portfolio

<sup>3</sup> Net new money as reported for 9M11 – not annualized

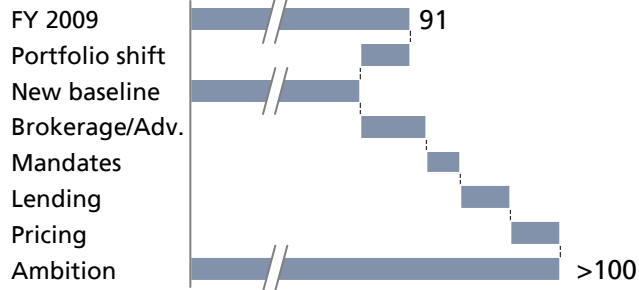
<sup>4</sup> Excluding negative valuation adjustments on a property fund

# Key levers to reach our targets<sup>1</sup>

## Our challenges

### Revenue increase

#### Gross margin (bps)

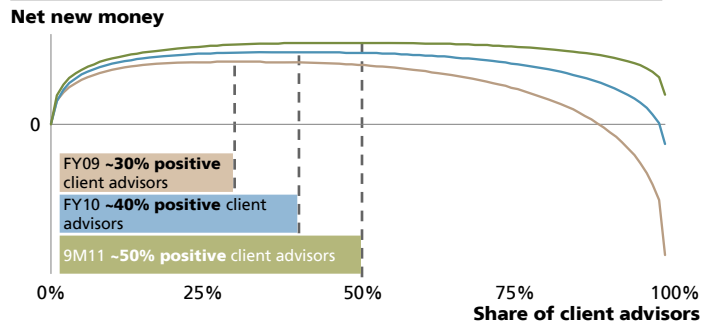


## Our key levers

- Sales and advisory process
- Pricing and discount management
- Product shelf performing throughout market cycle
- Access to Investment Bank

### Net new money growth

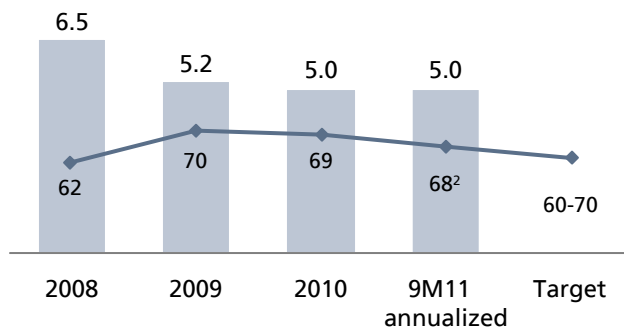
#### Cumulative net new money by client advisors



- Growth without compromising on profitability
- High quality client advisors
- Local presence in Emerging Markets
- Referrals

### Efficiency

#### Operating expenses (CHF billion) and C/I ratio (%)



- Leverage of UBS Group / Corporate Center
- Synergies through optimized market and hub organization in Europe

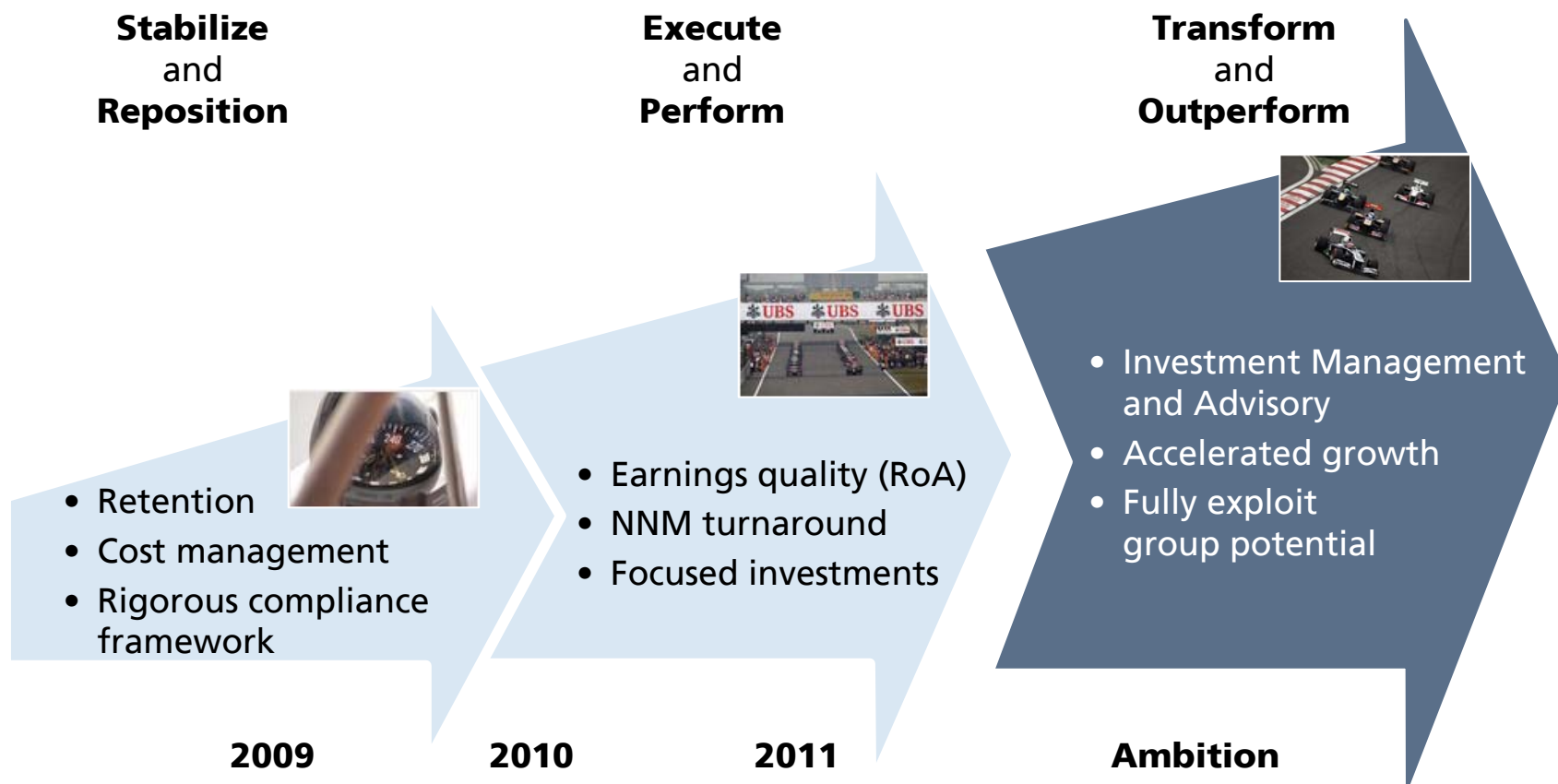


<sup>1</sup> Annual performance ranges for 2012 through 2016; excluding future significant non-recurring items, if any

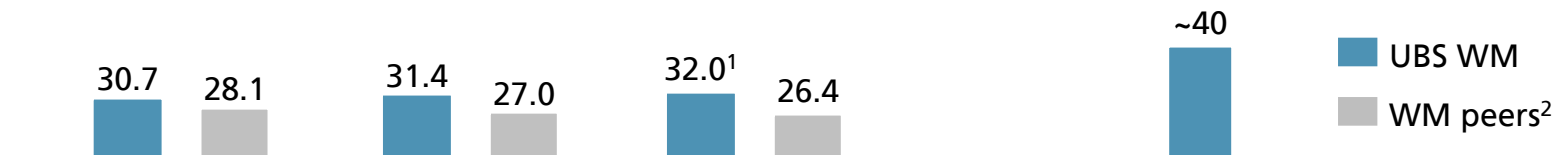
<sup>2</sup> Excluding gain on sale of strategic investment portfolio



# Pursuing our successful trajectory



**Profit margin**  
(Pre-tax profit in % of Income)



<sup>1</sup> Excluding gain on sale of strategic investment portfolio, based on 9M11 for UBS WM and 1H11 for peers

<sup>2</sup> Invested asset weighted average includes Barclays, Crédit Agricole, Credit Suisse, EFG International, HSBC, Julius Bär, RBS, Sarasin, Société Générale, Vontobel

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