



Half Year 1999 Results

24 August 1999



Marcel Ospel

Chief Executive Officer

Our message:

UBS has delivered!

- ◆ We have successfully executed the merger,
- ◆ Retained our client franchise,
- ◆ Created the strategic platform from which to build our business

The UBS vision

December 1997

- ◆ Create a premier global financial institution
- ◆ Attain global leadership in international divisions
- ◆ Develop leading-edge Swiss platform
- ◆ Create substantial shareholder value

June 1999

- ◆ A global, integrated, investment services firm
- ◆ Private Banking, Institutional Asset Management and Investment Banking are all ranked in the top five in their respective industry sector
- ◆ The leading bank in Switzerland
- ◆ We are now positioned to accelerate growth and create substantial shareholder value

Fastest bank merger ever

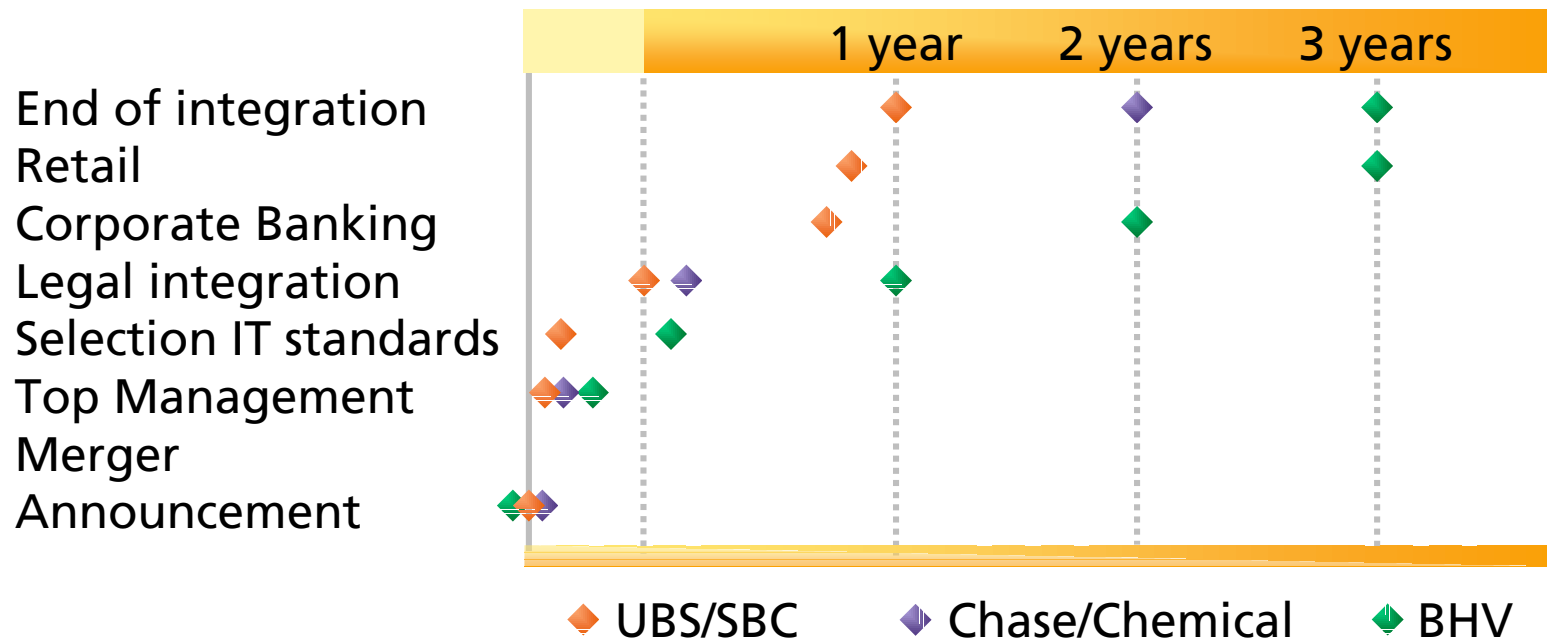
Successful integration within one year sets new industry standard

Outside Switzerland

Year-end 1998

Inside Switzerland

Mid-1999



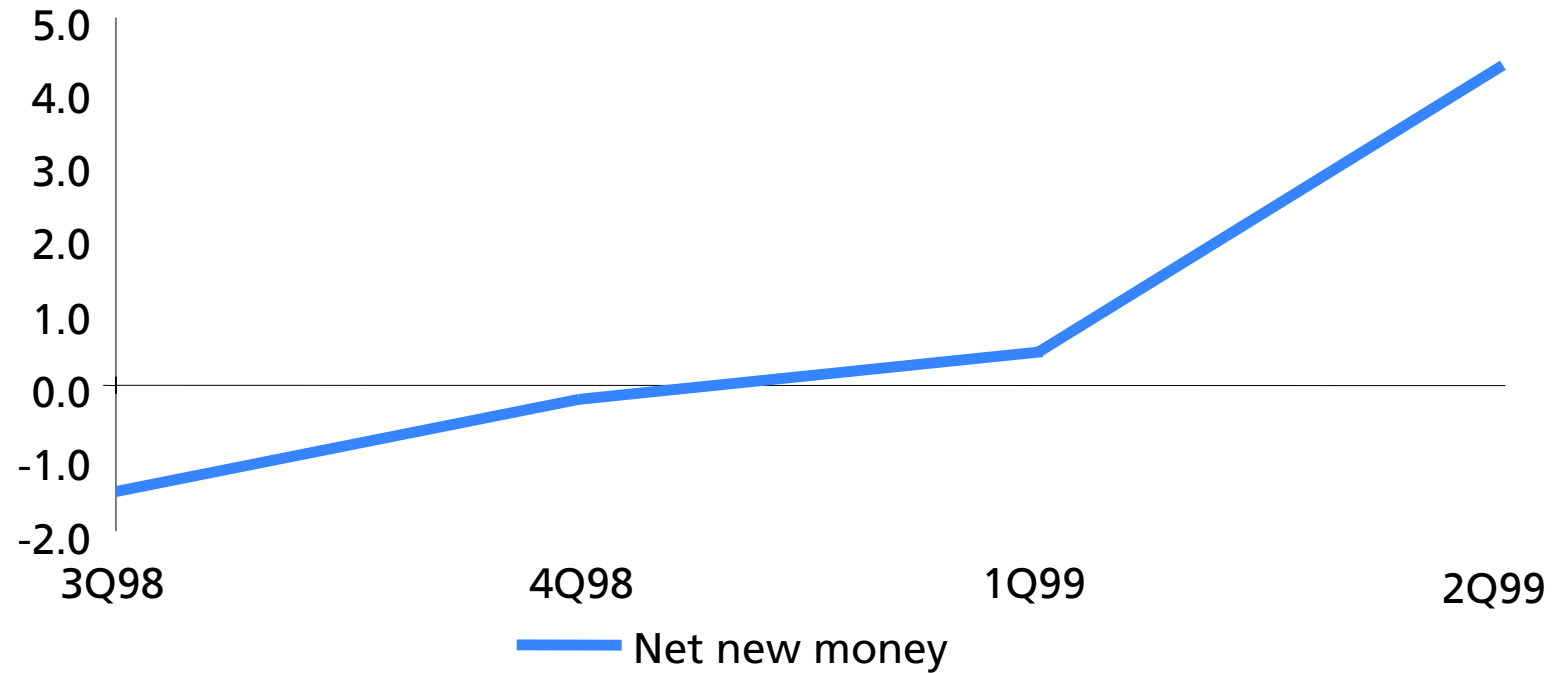
Integration in Switzerland: Facts and figures

Client master accounts transferred	2.5 million
Dual branch locations merged as of end of July 1999	130
Staff trained to handle new products, processes and IT applications	23,000
ATM and PC workstations (re)installed	56,000
Infrastructure moves	26,000

Client franchise intact

Trend in net new money in Private Banking

CHF bn



Positioning

UBS is ...



... a global, integrated,
investment services firm, and...

... the leading bank in Switzerland



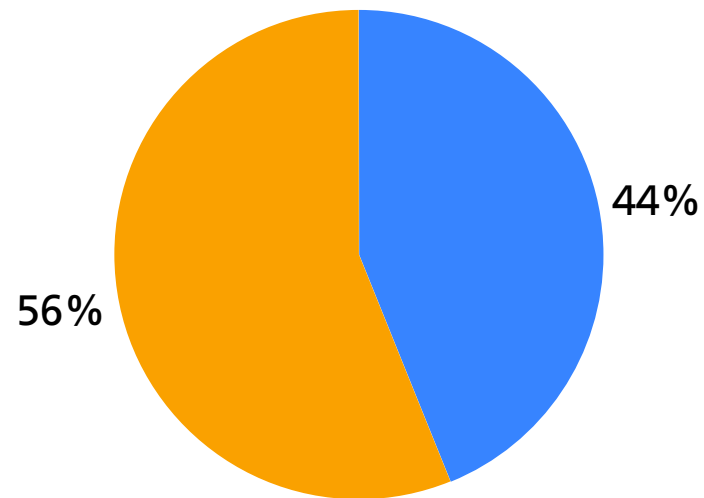
UBS e-banking: Corporate and institutional clients

- ◆ Research distribution via Internet to 5,000 key clients
- ◆ Only active European Commercial Paper Web site
- ◆ Leader in on-line trading products in Switzerland
- ◆ Electronic dealing and automated execution via Swisskey, and Key FX

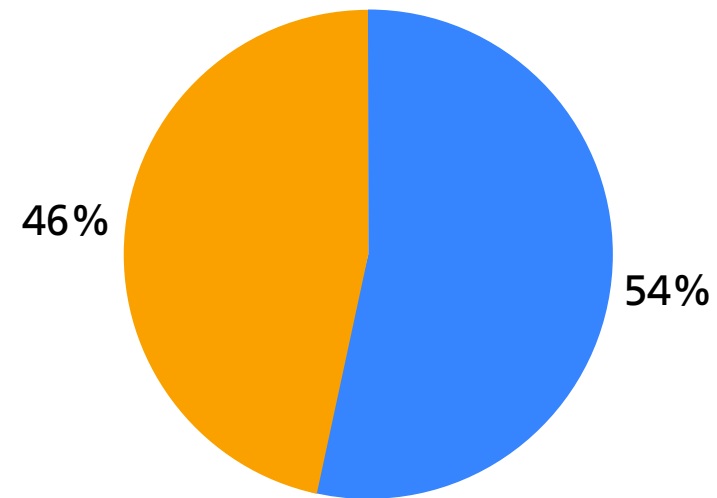
UBS e-banking: UBS in the Swiss market

As of 31 December 1998

Telebanking¹⁾ contracts



Telebanking¹⁾ payment transactions



■ UBS ■ Other Swiss Banks

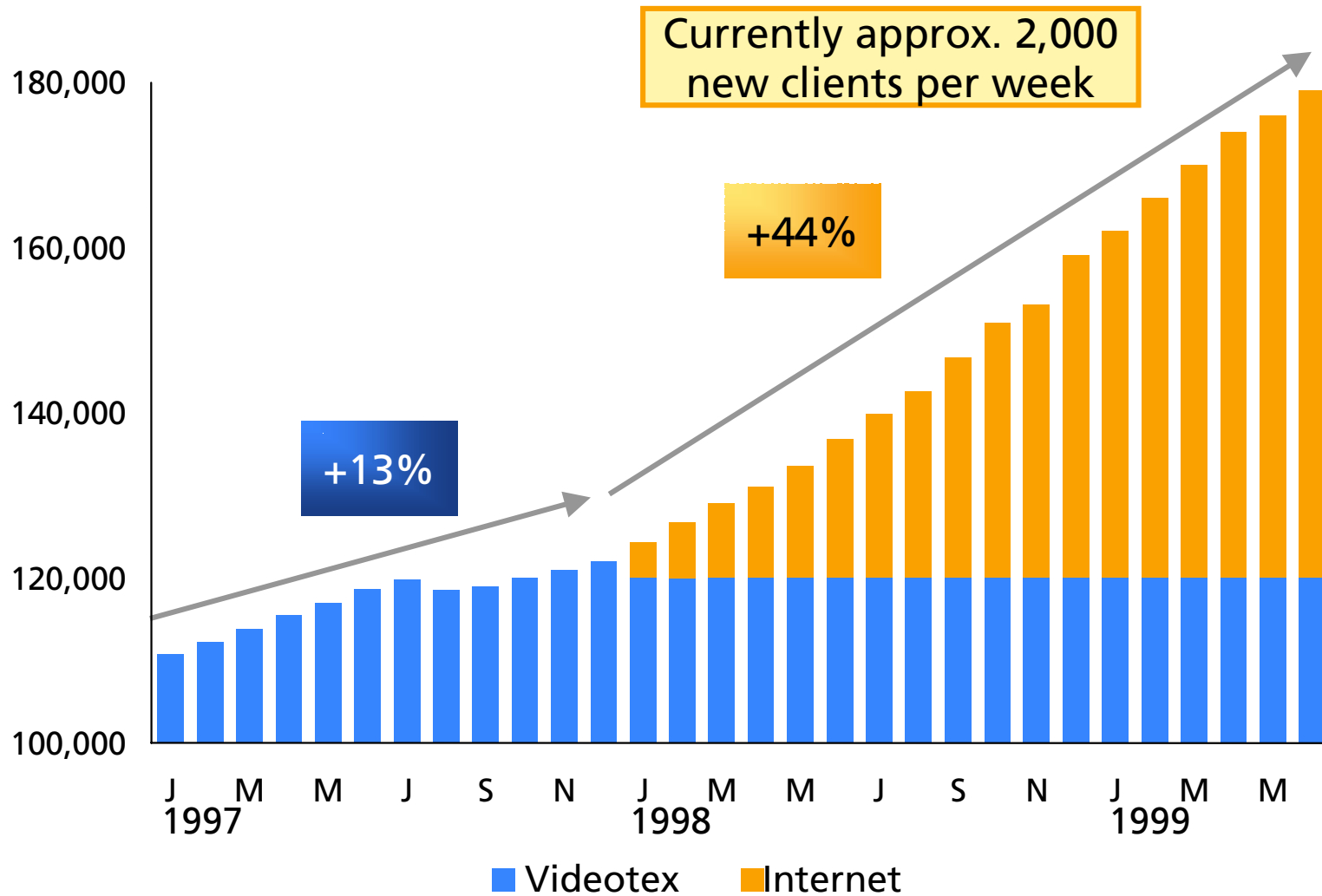
Note:

1) Videotex (PC dial-in) and Internet



UBS e-Banking: Individual clients

Internet Banking and Videotex



Half-year 1999 group headline results

- ◆ Net profit after taxes and minorities increased 13% to CHF 3,962mn
- ◆ Annualised Return on Equity increased to 21.1%
- ◆ Diluted EPS grew to CHF 18.84
- ◆ Cost/income Ratio improved to 63.0%
- ◆ AuM increased 5.9% to CHF 1,665bn
- ◆ Since 31 December 1998, UBS Group headcount flat (+ 0.1% to 48,066)
- ◆ BIS tier 1 ratio at 9.6%

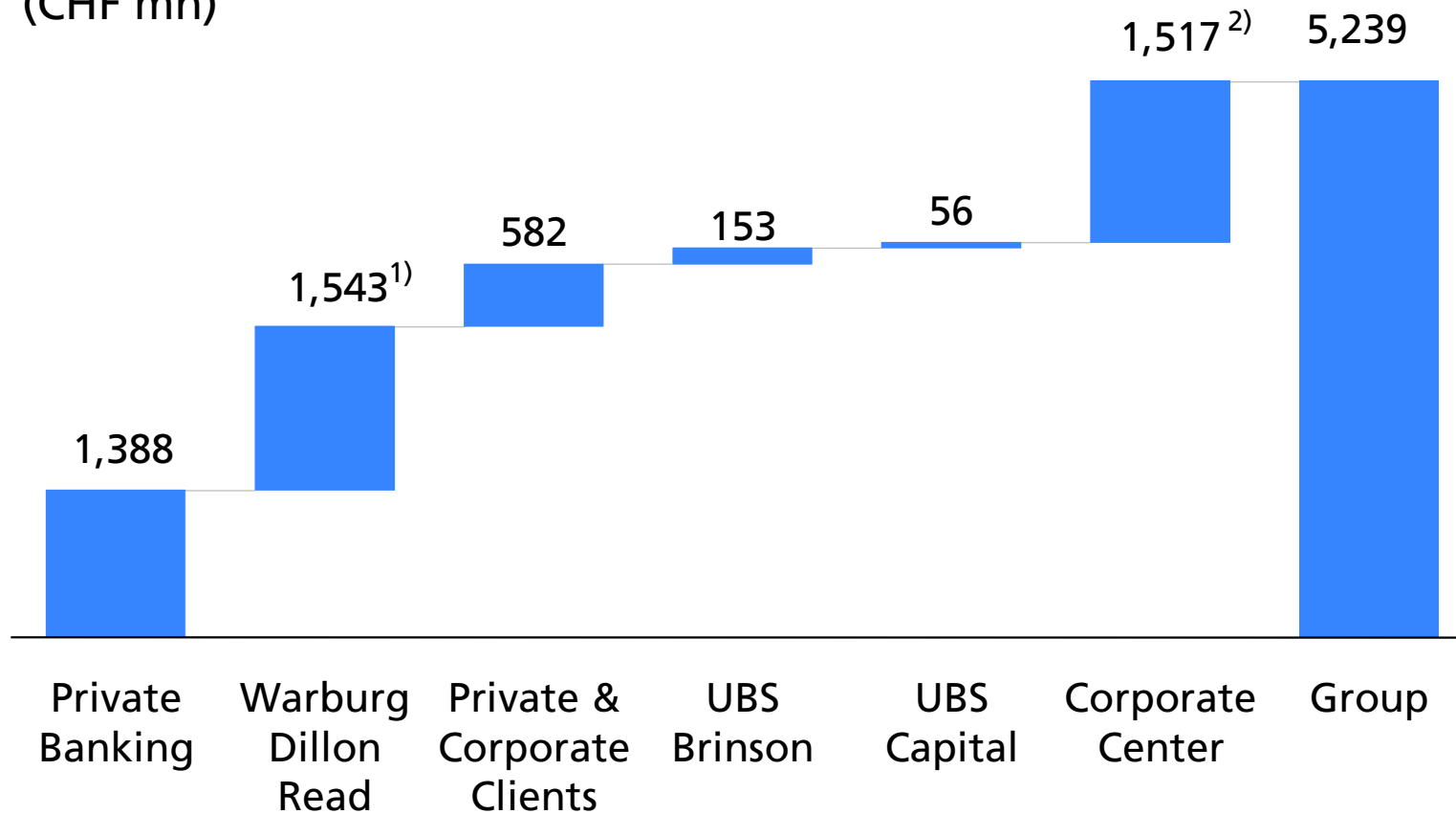
Financial highlights 1H1999

(CHF bn)	1H1999	1H1998	98/99 Δ%	1998
Operating income	15.2	14.5	5%	22.3
Operating expenses	10.0	9.9	1%	18.3
Group profit before tax	5.2	4.6	14%	4.1
Net profit	4.0	3.5	13%	3.0

UBS segment reporting

1H1999 pre-tax profit

(CHF mn)



Notes:

1) Incl. CHF 0.2bn gain on sale of international Global Trade Finance operations

2) Incl. CHF 1.6bn gain from divestment of Swiss Life / Rentenanstalt and Julius Baer



Luqman Arnold

Chief Financial Officer

Financial highlights 1H1999

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Group profit before tax	5.2	4.6	14%	4.1
Net profit	4.0	3.5	13%	3.0

Material divestment gains (pre-tax)

1H1998	(CHF mn)	1H1999	(CHF mn)
◆ BSI+Adler	1,058	◆ Swiss Life/ Rentenanstalt	1,490
		◆ Julius Baer	110
		◆ International Global Trade Finance	200

Net profit after tax adjusted for divestments¹⁾

+ 13%

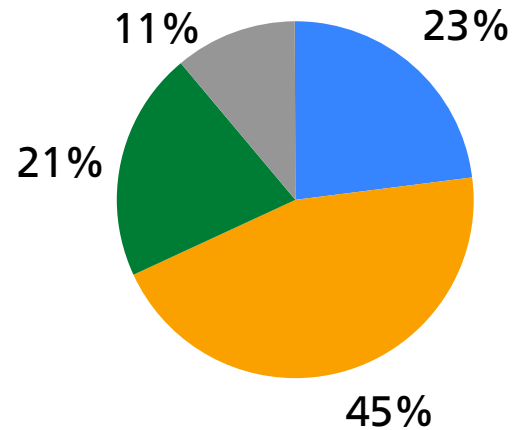
Note

1) Adjusted for gains on major divestments and all related operating income and expenses and associated taxes

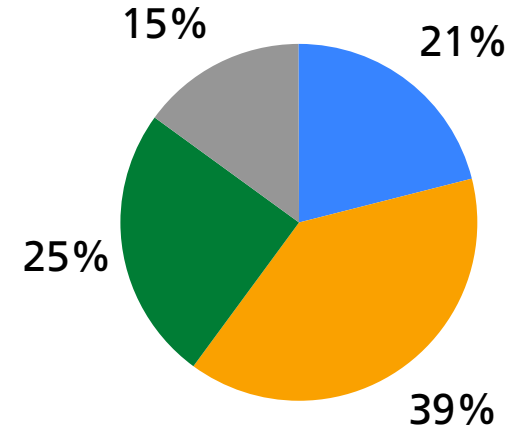
Composition of operating income

1H1998 vs. 1H1999 pre-tax operating income¹⁾

1H1998



1H1999



■ Interest ■ Fee and Commission ■ Trading ■ Other

- ◆ Net trading income comprises predominantly:
 - (1) Net trading result of Warburg Dillon Read, and
 - (2) Asset and liability management in Corporate Center
- ◆ The Warburg Dillon Read trading result is largely client-related

Note

1) Before credit loss expense

Asset quality

- ◆ Group gross loans reduced CHF 14 bn to CHF 317 bn

- ◆ NPLs covered 103.5%

- ◆ Country risk allowances and provisions maintained at year end 98 level

- ◆ Exposure to Latin American countries reduced by CHF 1.2bn

(CHF bn)	1H1999	1H1998	Δ%
Total loans (gross)	317	331	(4.2)
Allowances & Provisions ¹⁾	14.5	15.0	(3.3)
NPLs	14.0	15.7	(10.8)
NPLs/Total loans	4.4%	4.7%	
Provisions/NPLs	103.5%	95.3%	

Note:

1) CHF 1,475 mn of which relates to country risk provisions (year-end 1998: CHF 1,450 mn)

Restructuring provision usage

(CHF mn)	Restr. Prov. 1H1999	Total usage 31.12.1998
Private Banking	59	147
Warburg Dillon Read	305	2,382
Private and Corporate Clients	475	717
UBS Brinson	6	18
UBS Capital	2	2
Corporate Centre	291	761
Group Total	1,138	4,027
Group total 1998		4,027
<i>Total usage to-date</i>		<i>5,165</i>
<i>Total provision</i>		<i>7,000</i>
Future utilisation		1,835

Y2K quantitative progress assessment for UBS ¹⁾

As at 30 June 1999; in %

Phase	Organization plans					Current status				
	12.98	3.99	4.99	5.99	6.99	12.98	3.99	4.99	5.99	6.99
Developing a strategic approach	100					100				
Creating organizational awareness	100					100				
Assessing actions and developing detailed plans	99					98	100			
Renovating systems, applications and equipment	95	99	99	100		87	96	98	99	100
Validating renovation through testing	88	96	98	99	100	68	85	89	95	99
Implementing tested, compliant systems	79	92	96	98	100	61	79	85	92	97

Note:

1) Mission critical systems

Private Banking

- ◆ 8.6% AuM growth despite difficult conditions
- ◆ IT platform integrated
- ◆ Successful expansion of domestic Private Banking business outside Switzerland
- ◆ Stronger private banking platform in major financial centers

(CHF mn)	1H1999	1H1998	Δ%
Operating income	2,904	4,300 ¹⁾	-
Operating expenses	1,516	1,564 ¹⁾	-
Pre-tax profit	1,388	2,736 ¹⁾	-
Adjusted pre-tax profit	1,388	1,539 ²⁾	(9.8)
Cost/income ratio	52%	48% ²⁾	

	30.6.99	31.12.98	Δ%
AuM (CHF bn)	659	607	8.6
Headcount	8,256	7,634	8

Notes:

1) Including pre-tax divestment gains of CHF 1,058mn and related operating income of CHF 260 mn and operating expenses of CHF 121mn

2) Adjusted for the disposal-related items set out in 1)

Private Banking adjusted for divestments

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- ◆ IT platform integrated

- ◆ Successful expansion of domestic Private Banking business outside Switzerland

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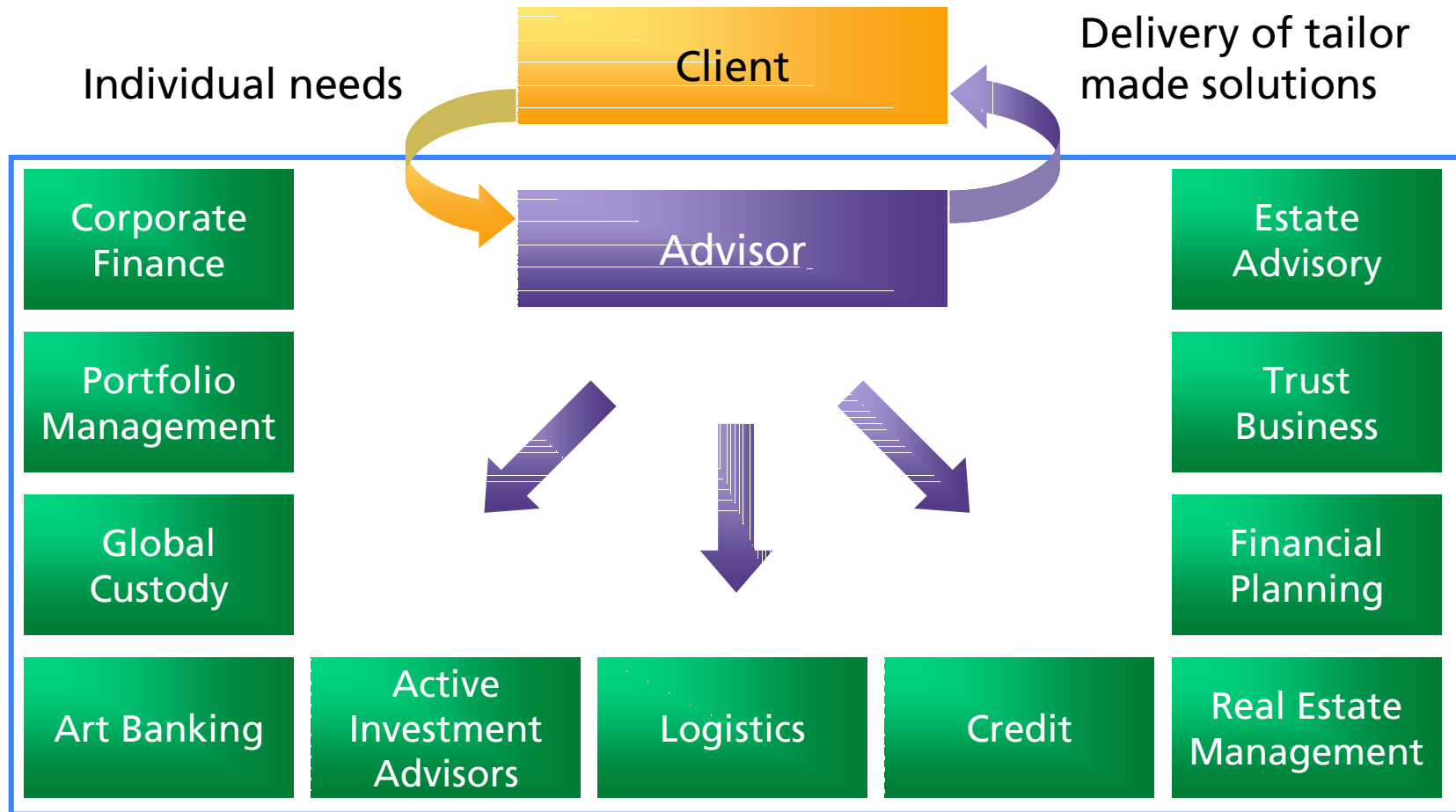
(CHF mn)	1H1999	1H1998 ¹⁾	Δ%
Operating income	2,904	2,982	(2.6)
Operating expenses	1,516	1,443	5.1
Adjusted pre-tax profit	1,388	1,539	(9.8)
Cost/income ratio	52%	48%	

	30.6.99	31.12.98	Δ%
AuM (CHF bn)	659	607	8.6
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Notes:

1) Adjusted for pre-tax divestment gains of CHF 1,058mn, related operating income of CHF 260 mn and operating expenses of CHF 121mn

Private Banking: Does size matter?



Size does matter!

Warburg Dillon Read

- ◆ Pre-tax profit +37% (excl. GTF pre-tax disposal gain of CHF 200mn +19%)

- ◆ Avg. Reg. Equity used of CHF 10.8bn

- ◆ Operating expenses+14%, with non-personnel costs down 12%

- ◆ Cost control initiatives launched

(CHF mn)	1H1999	1H1998	Δ%
Operating income	6,929	5,847	18.5
Operating expenses	5,386	4,719	14.1
Pre-tax profit	1,543 ¹⁾	1,128	36.8
Cost/income ratio	76% ¹⁾	78%	

(CHF mn)	30.6.99	31.12.98	Δ%
VaR utilisation (avg)	220	294	(25.2)
Reg. Equity used (avg)	10,750	13,300	(19.2)
Headcount	13,148	13,794	(5)

Note

1) Adjusted for GTF, pre-tax profit would be CHF 1,343, and a cost/income ratio of 78%

Warburg Dillon Read: Major awards



Euromoney Selected awards for excellence

Best international equity underwriter
Best Eurobond trading firm
Best firm for equity linked
Best corporate bond firm
Best securities firm - Eurozone
Best bank (UBS) - Switzerland
Best securities firm - UK
Highly commended for best foreign securities firm - US
Best equity brokerage - Asia
Best foreign securities firm - Australia



Corporate Finance Magazine Awards for excellence

Investment bank of the year
Equity-linked house of the year

Euromoney Poll of polls

No.1 underwriting
No.1 trading
No.1 advisory

Private and Corporate Clients

- ◆ Pre-tax profit +24%
- ◆ Merger on track
 - 2.5 million clients transferred to single IT platform
 - 130 of planned 150 branches closed
- ◆ AuM +2% despite difficult conditions
- ◆ Leader in electronic banking

(CHF mn)	1H1999	1H1998 ¹⁾	Δ%
Operating income	3,046	2,859	6.5
Operating expenses	2,464	2,391	3.1
Pre-tax profit	582	468	24.4
Cost/income ratio	68%	71%	

	30.6.99	31.12.98	Δ%
AuM (CHF bn)	443	434	2.1
Headcount	24,186	24,043	1

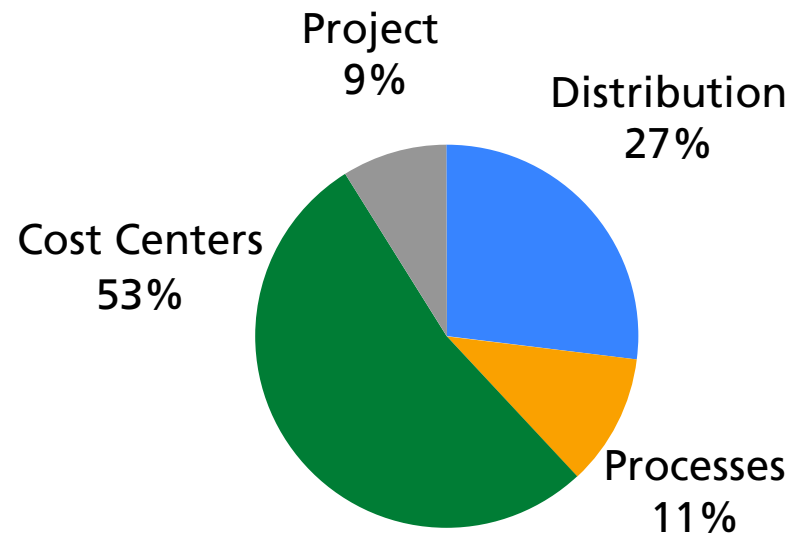
Notes:

1) First-half 1998 figures restated to reflect interdivisional client transfers

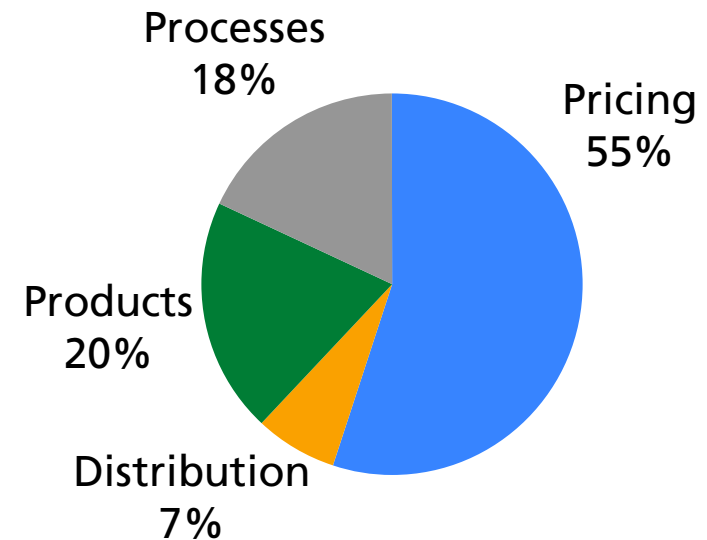
Private and Corporate Clients: Strategic projects

Realising merger synergies and pricing measures

Cost reduction



Revenue increase



... with realisation on track and rigorously controlled

UBS Brinson

- ◆ After challenging first-quarter some recovery in the second
- ◆ AuM +6% growth
- ◆ New business at Brinson BA in line with expectations
- ◆ Phillips & Drew's performance improved

(CHF mn)	1H1999	1H1998	Δ%
Operating income	541	618	(12.5)
Operating expenses	388	389	(0.3)
Pre-tax profit	153	229	(33.2)
Cost/income ratio	72%	63%	

(CHF bn)	30.6.99	31.12.98	Δ%
AuM	563	531	6.0
Institutional assets	376	360	4.4
Investment funds	187	171	9.4
Headcount	1,507	1,497	1

UBS Capital

- ◆ Fewer divestment opportunities
- ◆ New investments of CHF 600 mn
- ◆ Unrealised gains increased by CHF 200 mn
- ◆ Costs remained stable
- ◆ New offices in Sydney and Seoul

(CHF mn)	1H1999	1H1998	Δ%
Operating income	119	339	(64.9)
Operating expenses	63	63	-
Pre-tax profit	56	276	(79.7)
Cost/income ratio	53%	19%	

(CHF mn)	30.6.99	31.12.98	Δ%
Book value	2,400	1,800	33.3
Market value	3,500	2,700	29.6
Unrealised gains	1,100	900	22.2
Headcount	111	122	(9)

Positioning

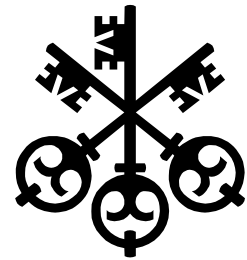
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UBS