



Financial Services Group

# UBS Fourth Quarter Results 2000

Marcel Ospel, Luqman Arnold  
22 February 2001

# Caution regarding forward-looking statements

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This presentation contains statements that constitute “forward-looking statements”, including, without limitation, statements relating to the implementation of strategic initiatives, including the implementation of our European wealth management strategy and the implementation of a new business model for Private Equity, and other statements relating to our future business development and economic performance.

While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, (1) general market, macro-economic, governmental and regulatory trends, (2) movements in local and international securities markets, currency exchange rates and interest rates, (3) competitive pressures, (4) technological developments, (5) changes in the financial position or creditworthiness of our customers, obligors and counterparties, (6) legislative developments and (7) other key factors that we have indicated could adversely affect our business and financial performance which are contained in our past and future filings and reports, including those with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC. UBS is not under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.



Marcel Ospel

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## Continued strong profitability (adjusted)

<b>(CHFm)</b>	<b>2000</b>	<b>1999</b>	<b>Δ%</b>
Operating income	36,402	26,587	37
Operating expenses	25,763	20,534	25
Net profit before tax	10,639	6,053	76
Net profit	8,132	4,665	74



# Our commitment: 14 December 1999

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Continuity of strategy

Improved communication

New brand architecture

e-services initiatives

New financial targets policy

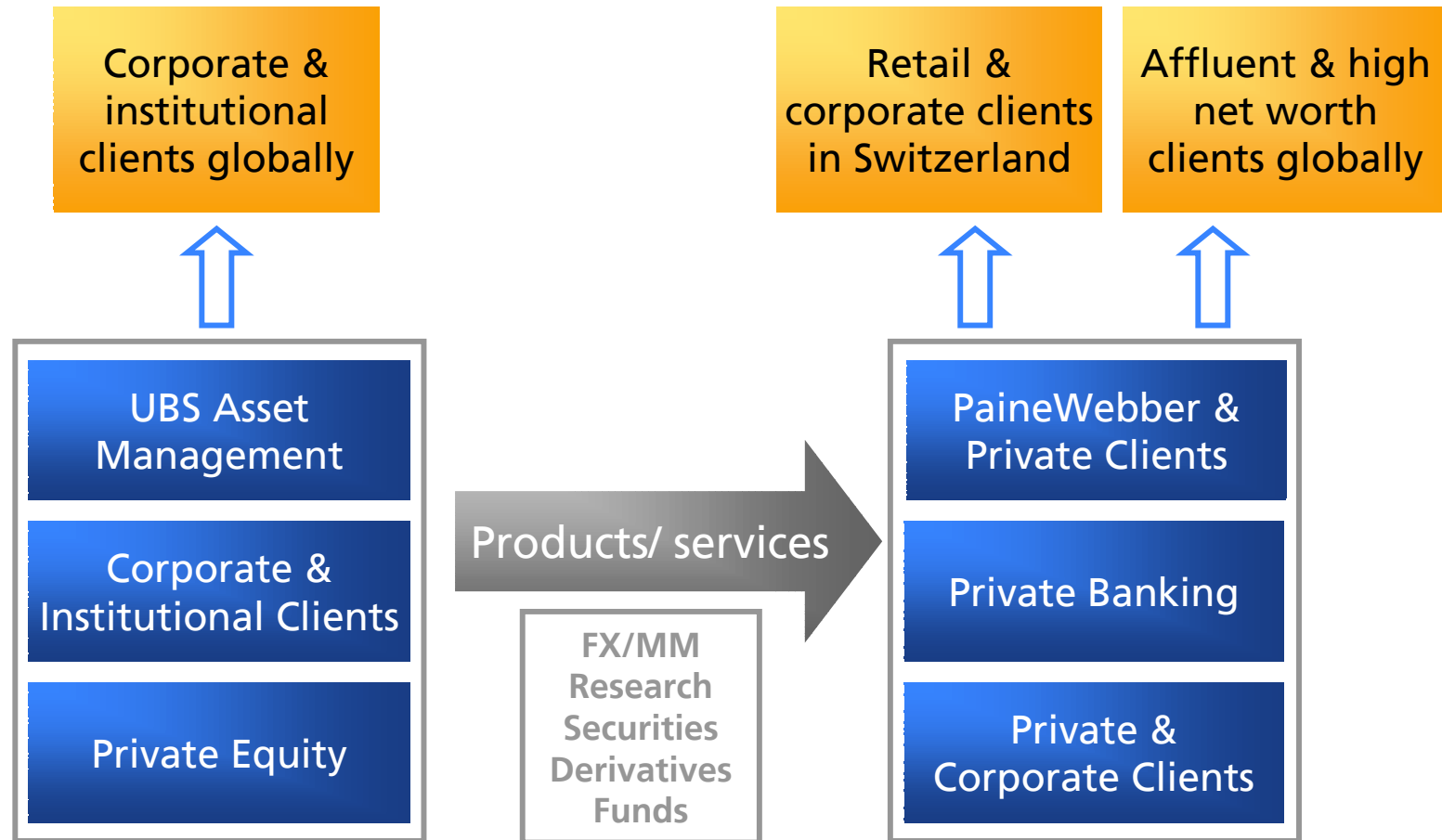
Cost control

SEC registration

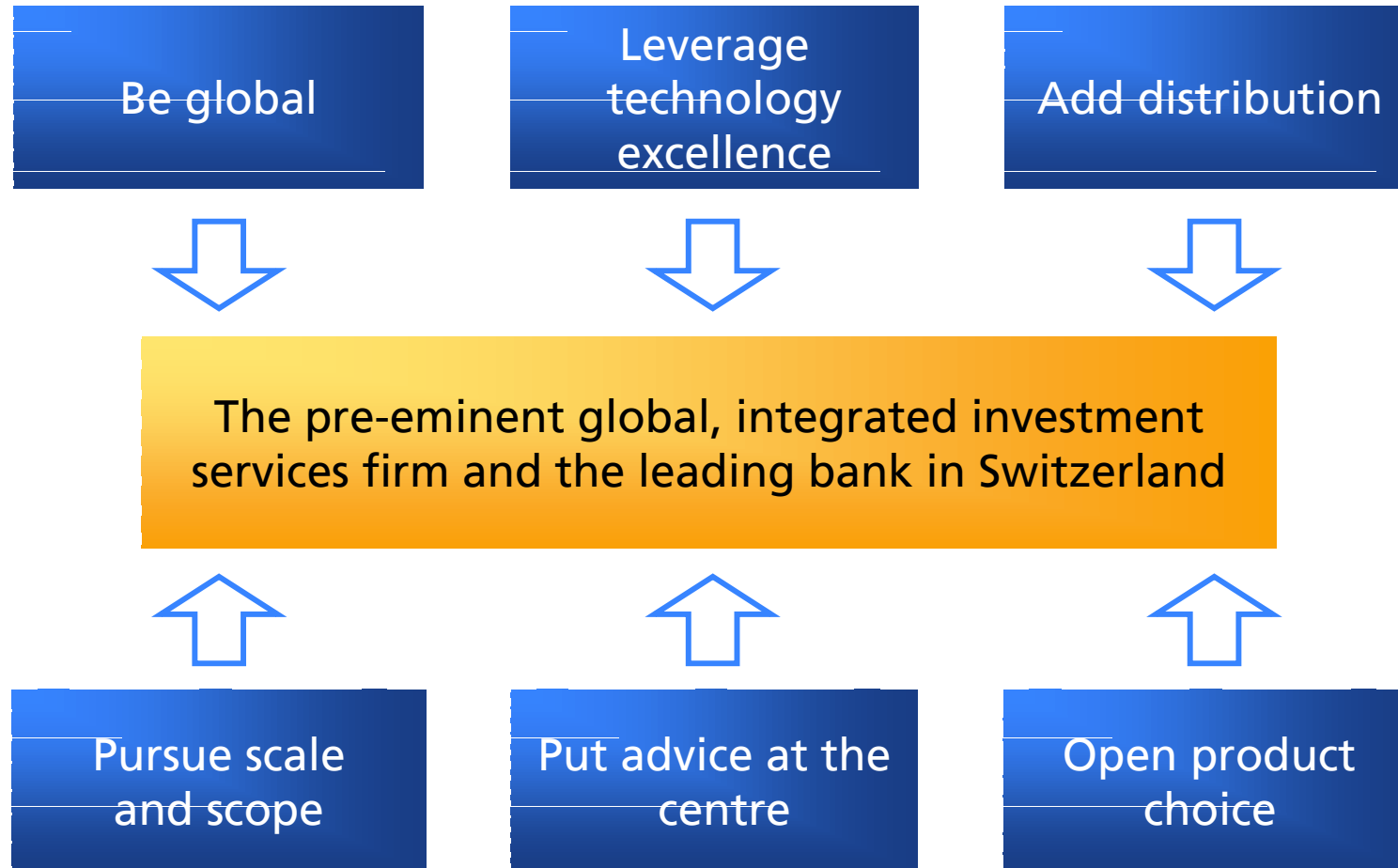
Share cancellation



# Integrated client service model

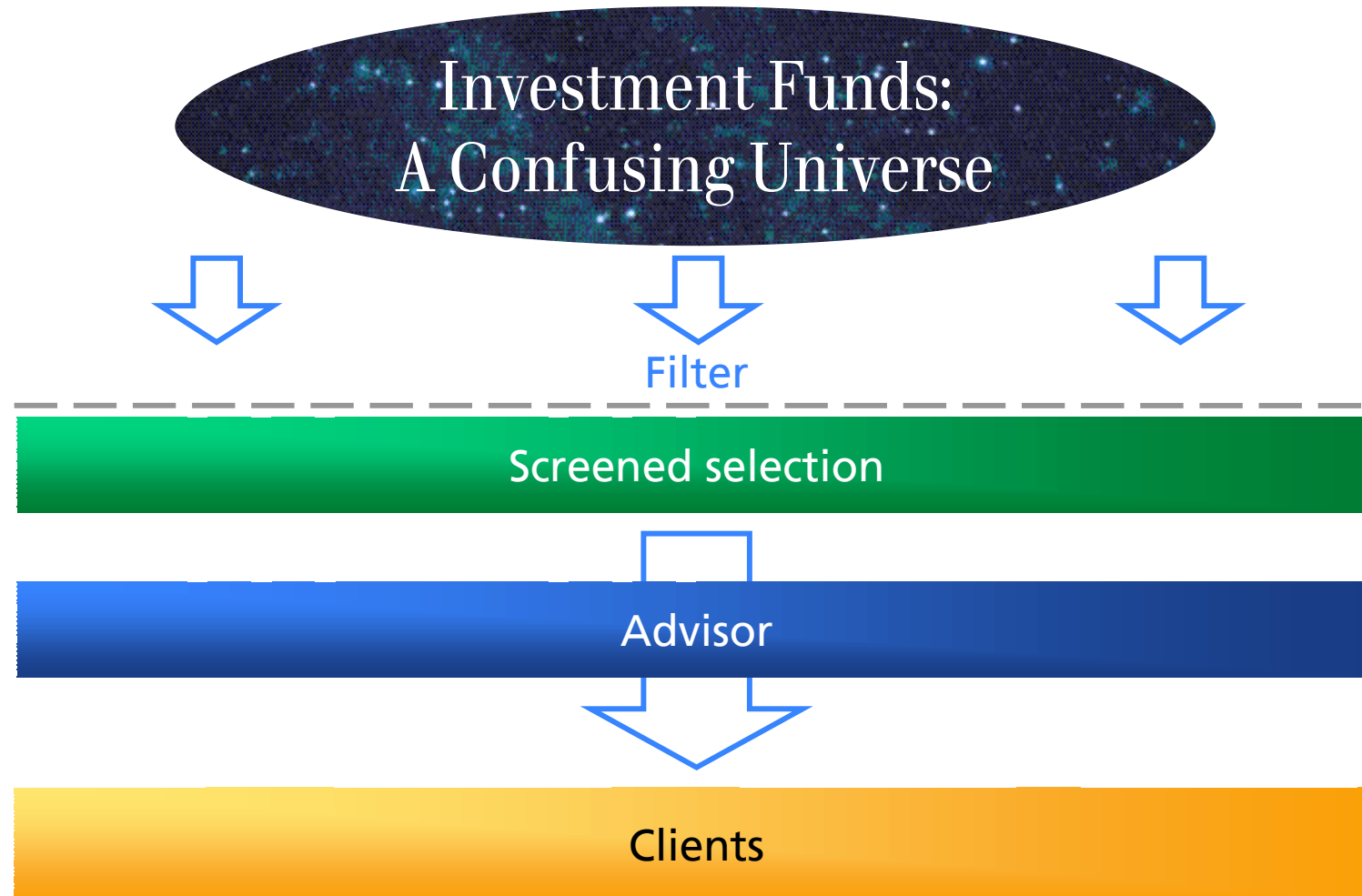


# Key Group strategies



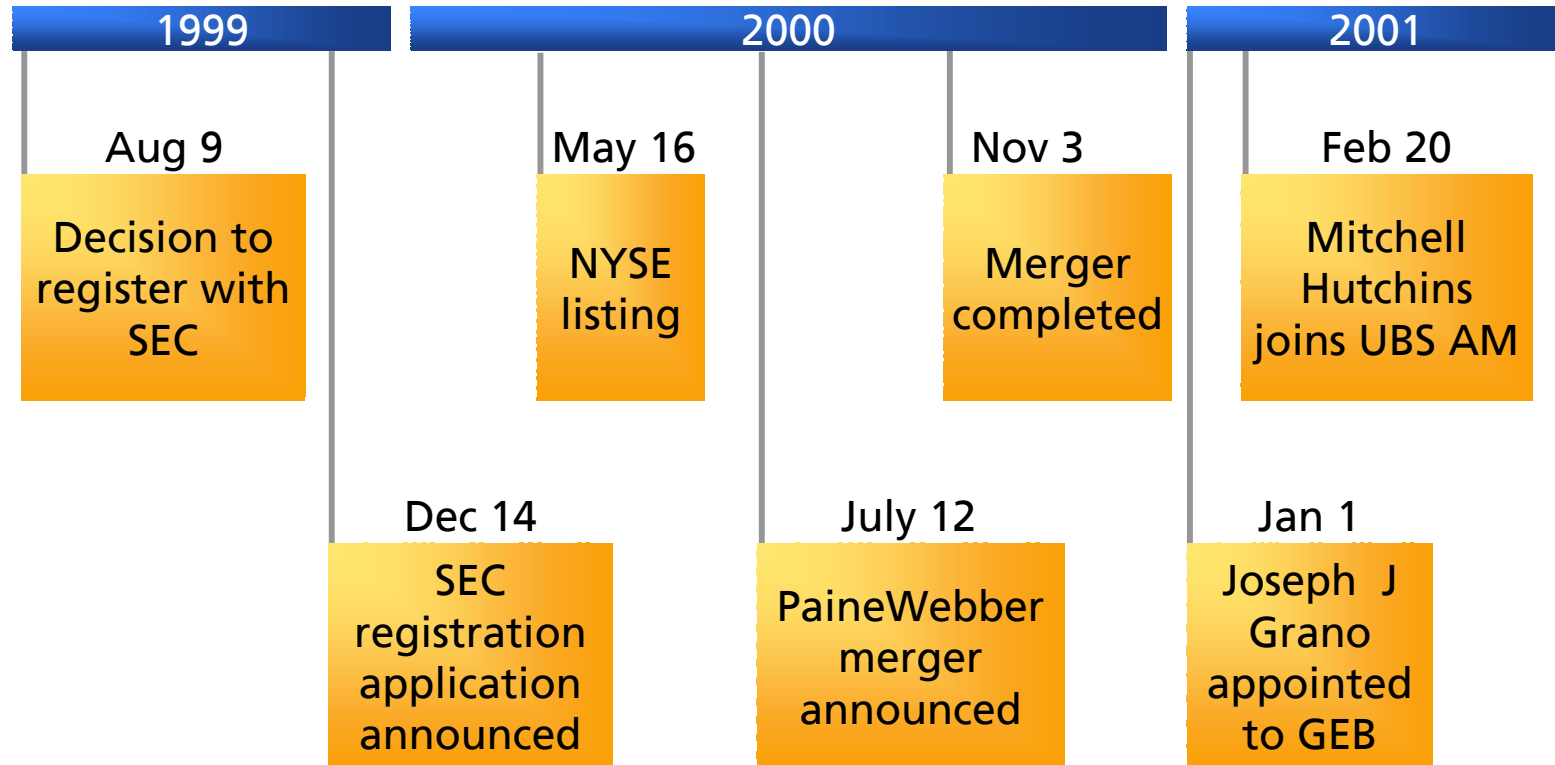
# Open product choice

## UBS Fund Solutions





# SEC registration and beyond



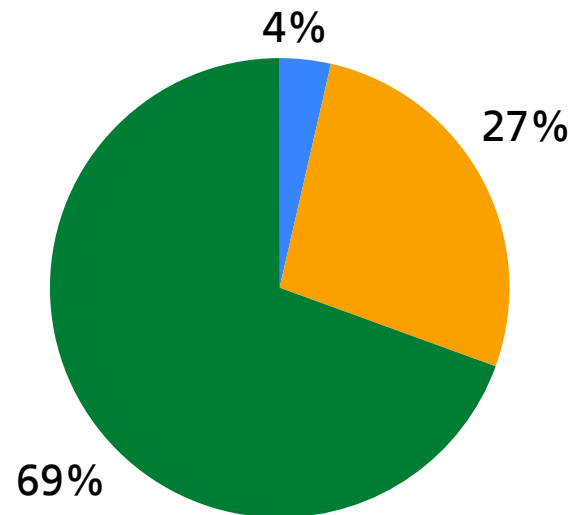
**98% of PaineWebber staff offered employment letters have accepted**



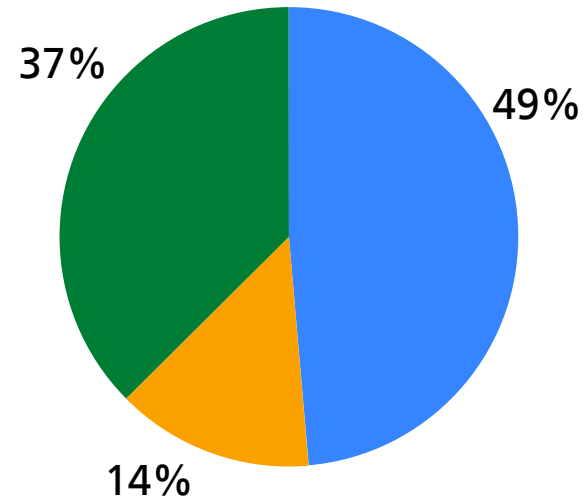
# Global distribution

## Assets by client domicile<sup>(1)</sup>

### UBS



### UBS and PaineWebber



SOURCE: UBS Group analysis

NOTE:

1 High Net Worth and affluent clients only

■ Europe & rest of world

■ Switzerland

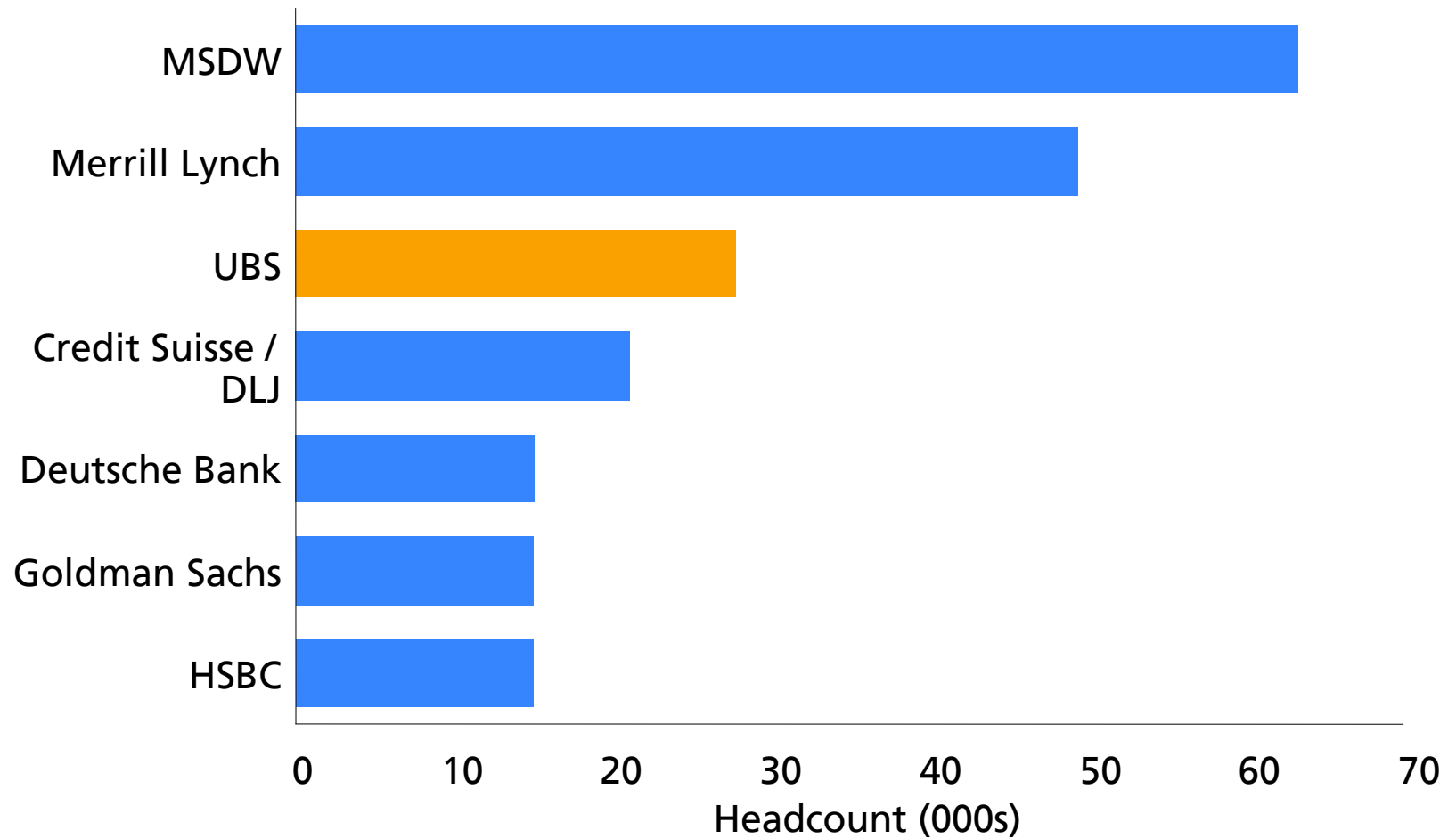
■ USA



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# US platform

## Number of US employees



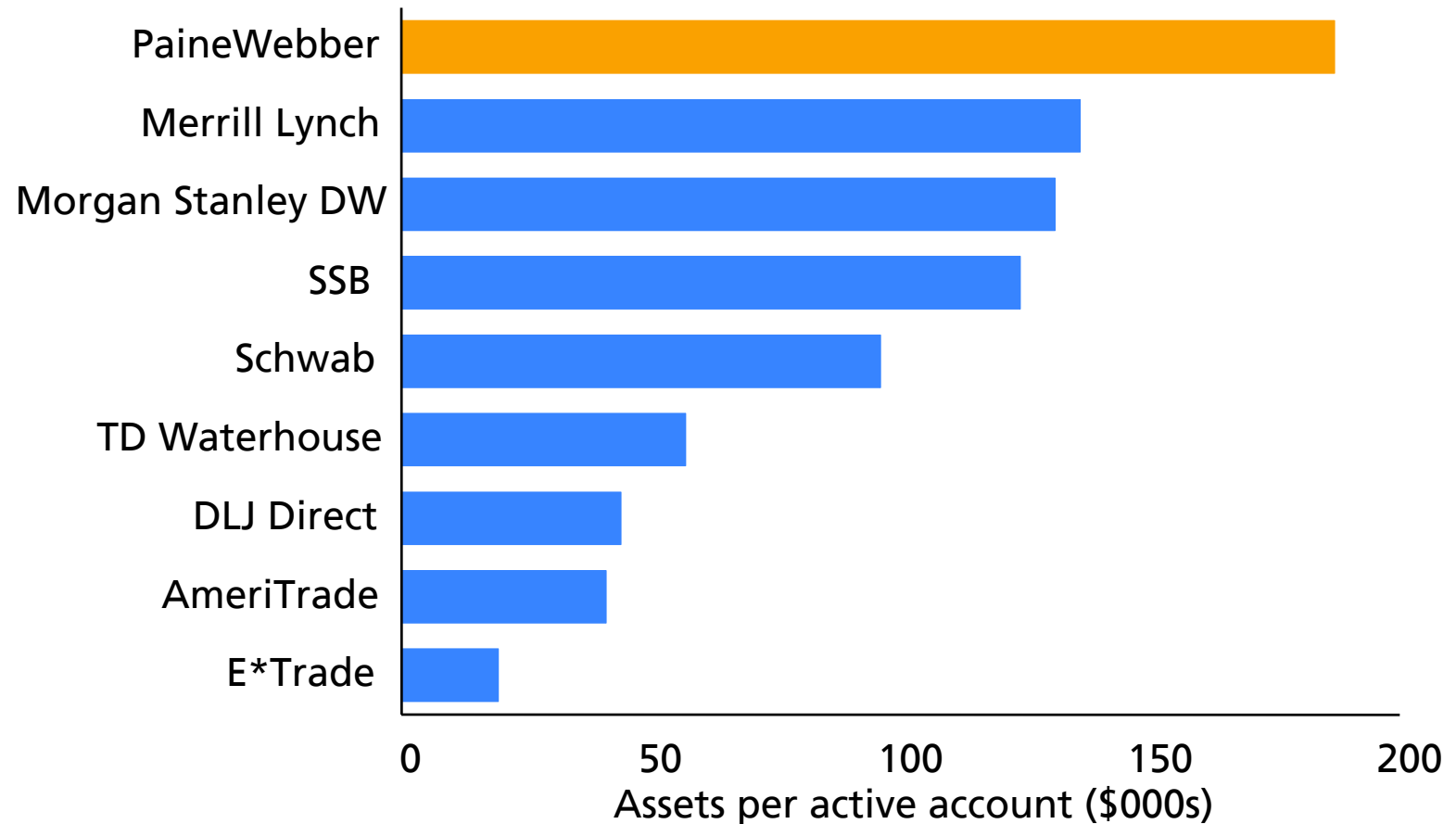
Source: Financial reports / Company data



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# Financial advisor to the affluent

## Average retail account size



Source: Goldman Sachs research report, 14th February 2000



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# PaineWebber - a transforming merger

## THE POWER OF PARTNERSHIP

O'Connor & Associates

Technology and trading excellence

Brinson Partners

Transforming Institutional Asset Management

S.G. Warburg

Client franchise and focus

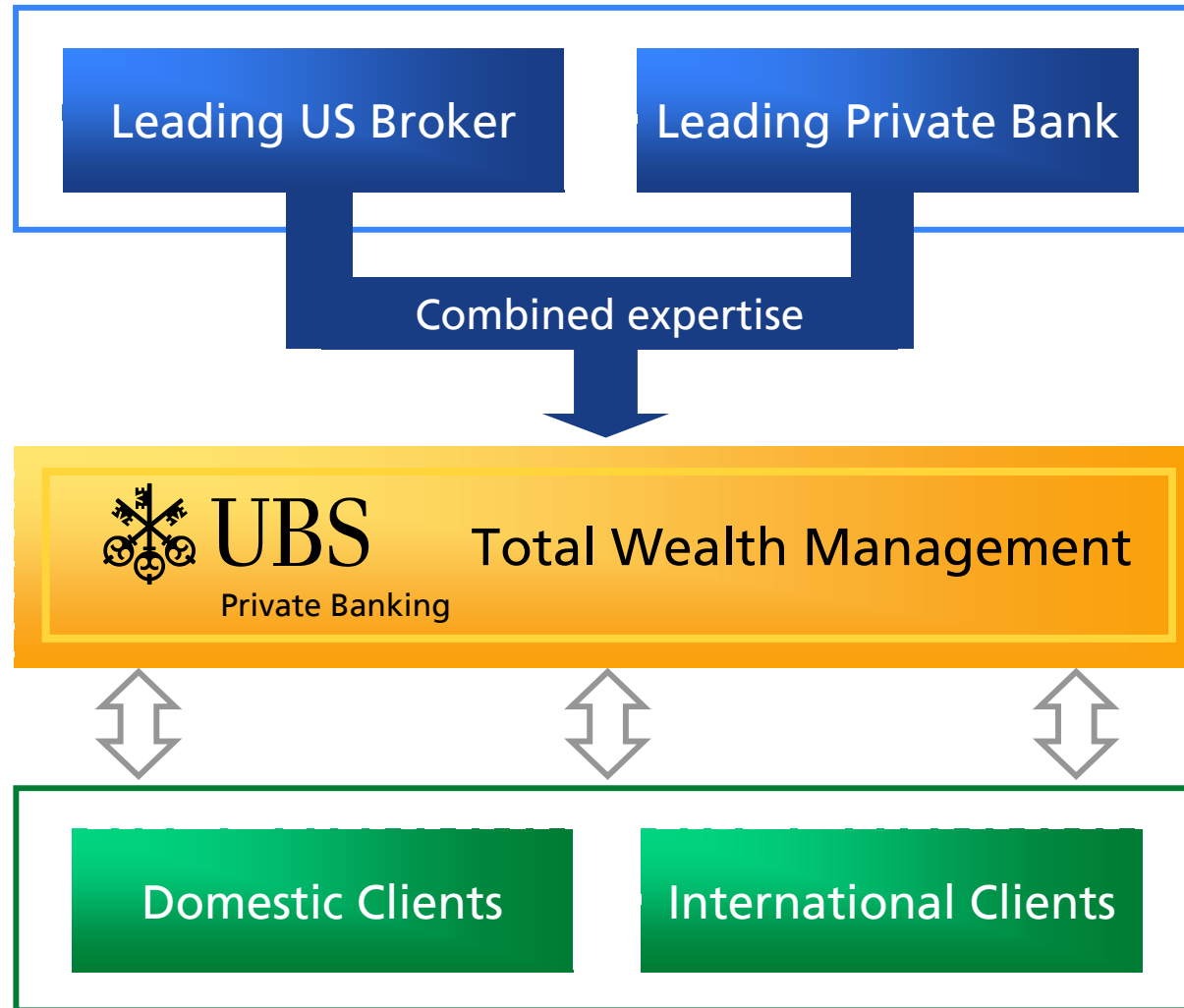
**PaineWebber**

Private client powerhouse

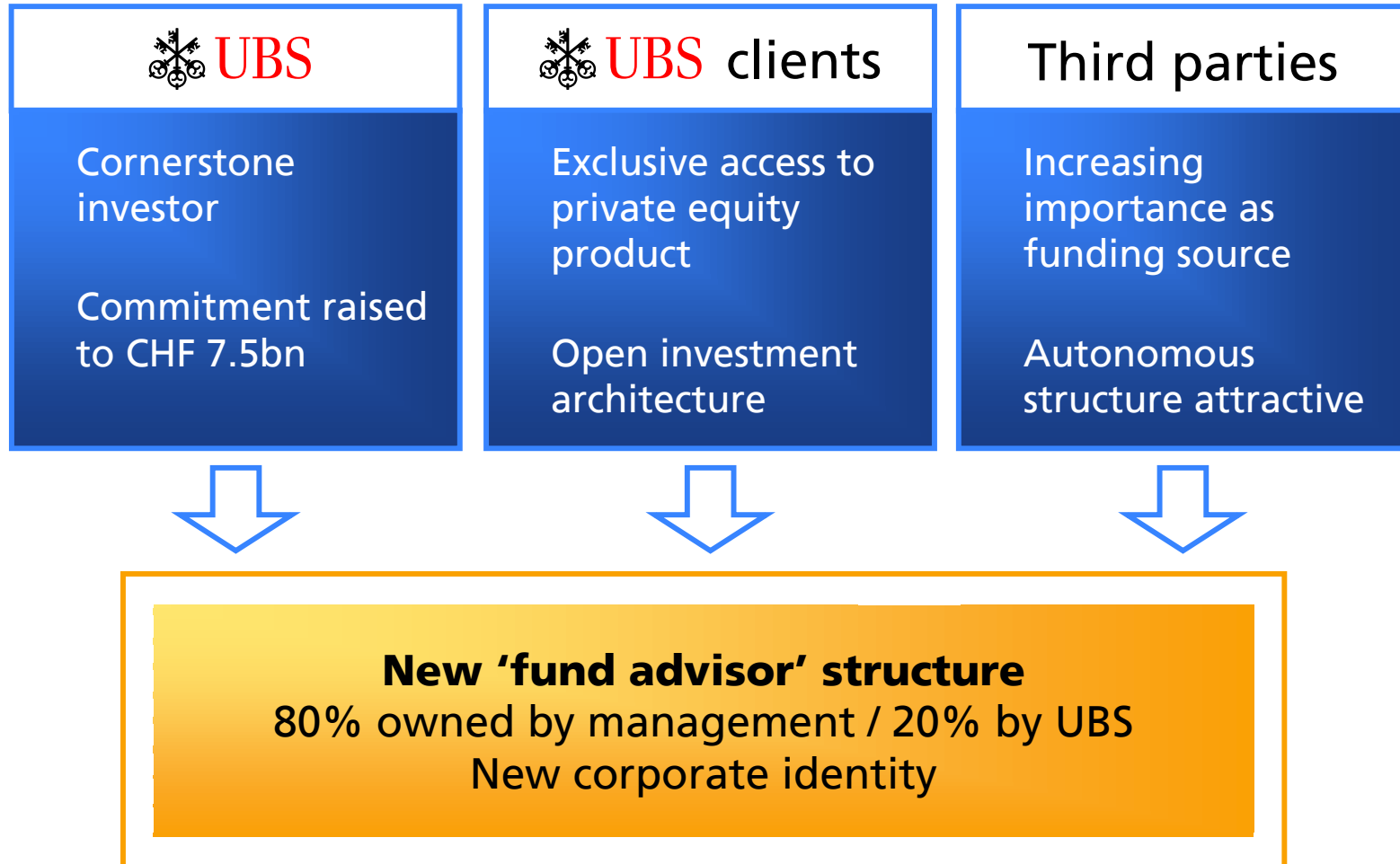
## THE VALUE OF DIVERSITY



# Combining the best of two approaches



# Private equity: a new business model



# Our commitment: 2001

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Continuity of strategy

Realise value of PaineWebber merger throughout UBS

Further open architecture

Consistently deliver on financial targets

Secure benefits of improved investment performance

Best-in-class disclosure and transparency

Strengthen corporate culture and brand





Luqman Arnold

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## Continued strong profitability (reported)

<b>(CHFm)</b>	<b>4Q00</b>	<b>4Q99</b>	<b>Δ%</b>
Operating income	9,300	6,789	37
Operating expenses	7,364	5,540	33
Net profit before tax	1,936	1,249	55
Net profit	1,449	1,069	36



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## Significant financial events - 1999 & 2000

<b>(CHFm)</b>	<b>Pre Tax</b>
4Q00: PaineWebber Integration Costs	(290)
4Q00: US Global Settlement Contributions	50
2Q00: US Global Settlement Provision	(200)
4Q99: US Global Settlement Provision	(154)
4Q99: Pension Fund Accounting Credit	456
4Q99: SBC / UBS Restructuring Provision	(300)
4Q99: LTCM Capital Gain	12
3Q99: LTCM Capital Gain	26
2Q99: Swiss Life / Rentenanstalt	1,490
2Q99: International Global Trade Finance	200
1Q99: Julius Baer Registered Shares	110



# Estimated PaineWebber impact

<b>Adjustments (pre-tax)</b>	<b>(CHFm)</b>
SFE: PaineWebber integration	(290)
Goodwill amortization	(138)
Funding costs	(132)
PaineWebber operating performance <sup>1</sup>	98
PaineWebber retention payments	(117)
C&IC retention payments & other costs	(62)
<b>Total</b>	<b>(641)</b>

Notes:

1 Before retention payments

## Continued strong profitability (adjusted)

### With PaineWebber

(CHFm)	4Q00	4Q99	4Q00 vs4Q99
Operating income	9,300	6,777	37%
Operating expenses	7,124	5,542	29%
Pre-tax profit	2,176	1,235	76%
Net profit	1,634	1,059	54%

### Without PaineWebber

(CHFm)	4Q00	4Q99	4Q00 vs4Q99
Operating income	8,207	6,777	21%
Operating expenses	5,680	5,542	2%
Pre-tax profit	2,527	1,235	105%
Net profit	1,905	1,059	80%



## Continued strong profitability (adjusted)

### With PaineWebber

(CHFm)	4Q00	3Q00	4Q00 vs3Q00
Operating income	9,300	8,545	9%
Operating expenses	7,124	5,842	22%
Pre-tax profit	2,176	2,703	(19%)
Net profit	1,634	2,075	(21%)

### Without PaineWebber

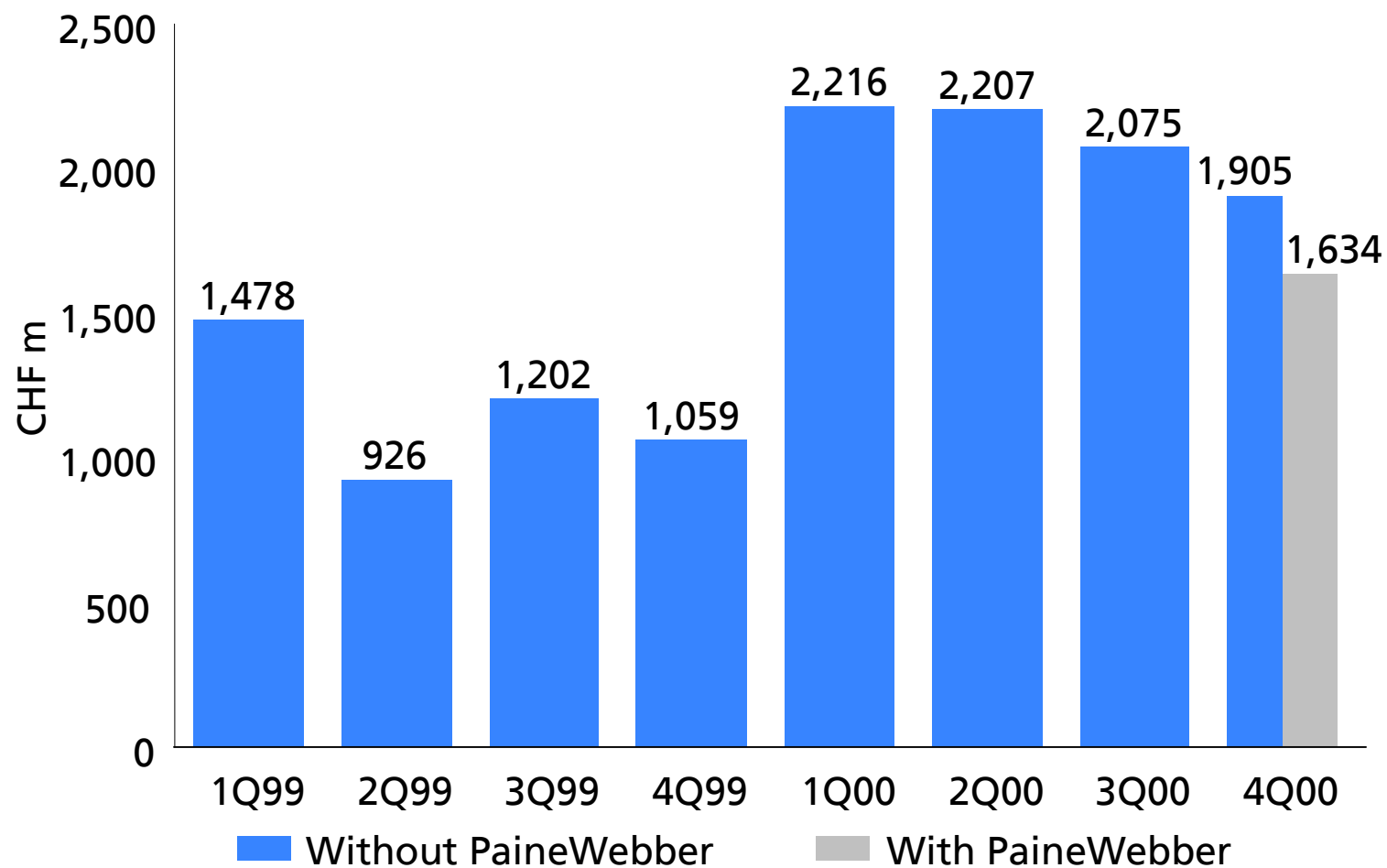
(CHFm)	4Q00	3Q00	4Q00 vs3Q00
Operating income	8,207	8,545	(4%)
Operating expenses	5,680	5,842	(3%)
Pre-tax profit	2,527	2,703	(7%)
Net profit	1,905	2,075	(8%)



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# Net profit after tax (adjusted)

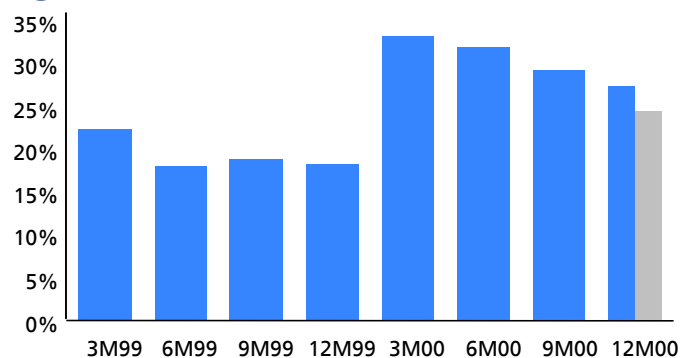


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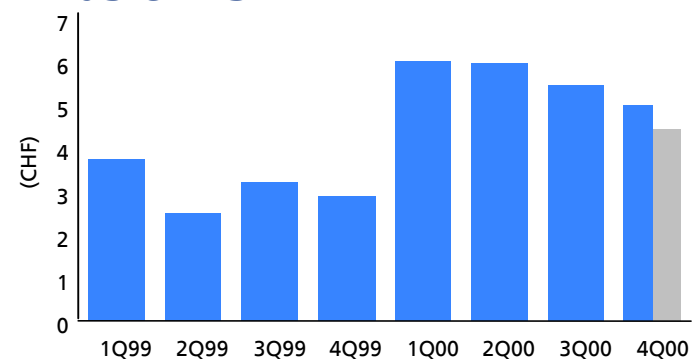


# Performance against targets

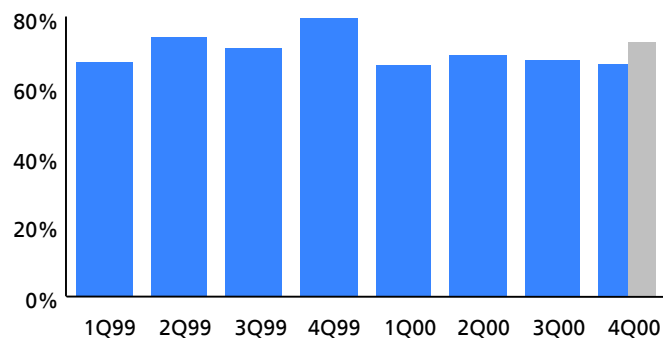
## ROE <sup>1</sup>



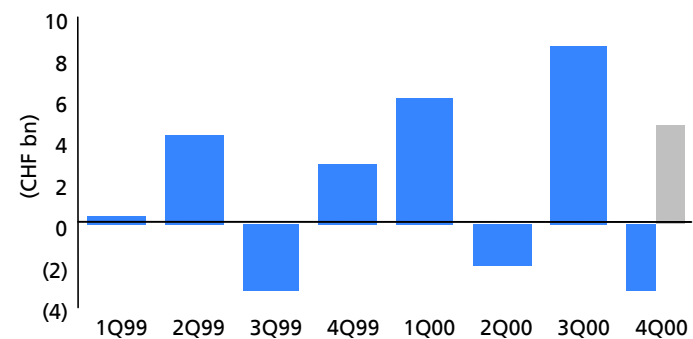
## Basic EPS <sup>2</sup>



## Cost / Income <sup>2</sup>



## Net New Money <sup>3</sup>



### NOTES:

- 1 Annualized, before goodwill amortization and adjusted for significant financial events
- 2 Before goodwill amortization and adjusted for significant financial events
- 3 Private Banking, Private Clients and PaineWebber from 3 November 2000

■ Without PaineWebber  
■ With PaineWebber



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# Assets under Management

<b>(CHFbn)</b>	<b>PB</b>	<b>PCC</b>	<b>IAM<sup>1</sup></b>	<b>IF/G</b>	<b>PW<sup>2</sup></b>	<b>PC</b>	<b>Total</b>
Total opening	707	440	528	227	890	44	2,636
Net new money <sup>3</sup>	(1)	(1)	(5)	3	8	(3)	
Performance & currency	(25)	1	(27)	(11)	(104)	(8)	
<b>Total closing</b>	<b>681</b>	<b>440</b>	<b>496</b>	<b>219</b>	<b>794</b>	<b>33</b>	<b>2,469</b>

NOTES:

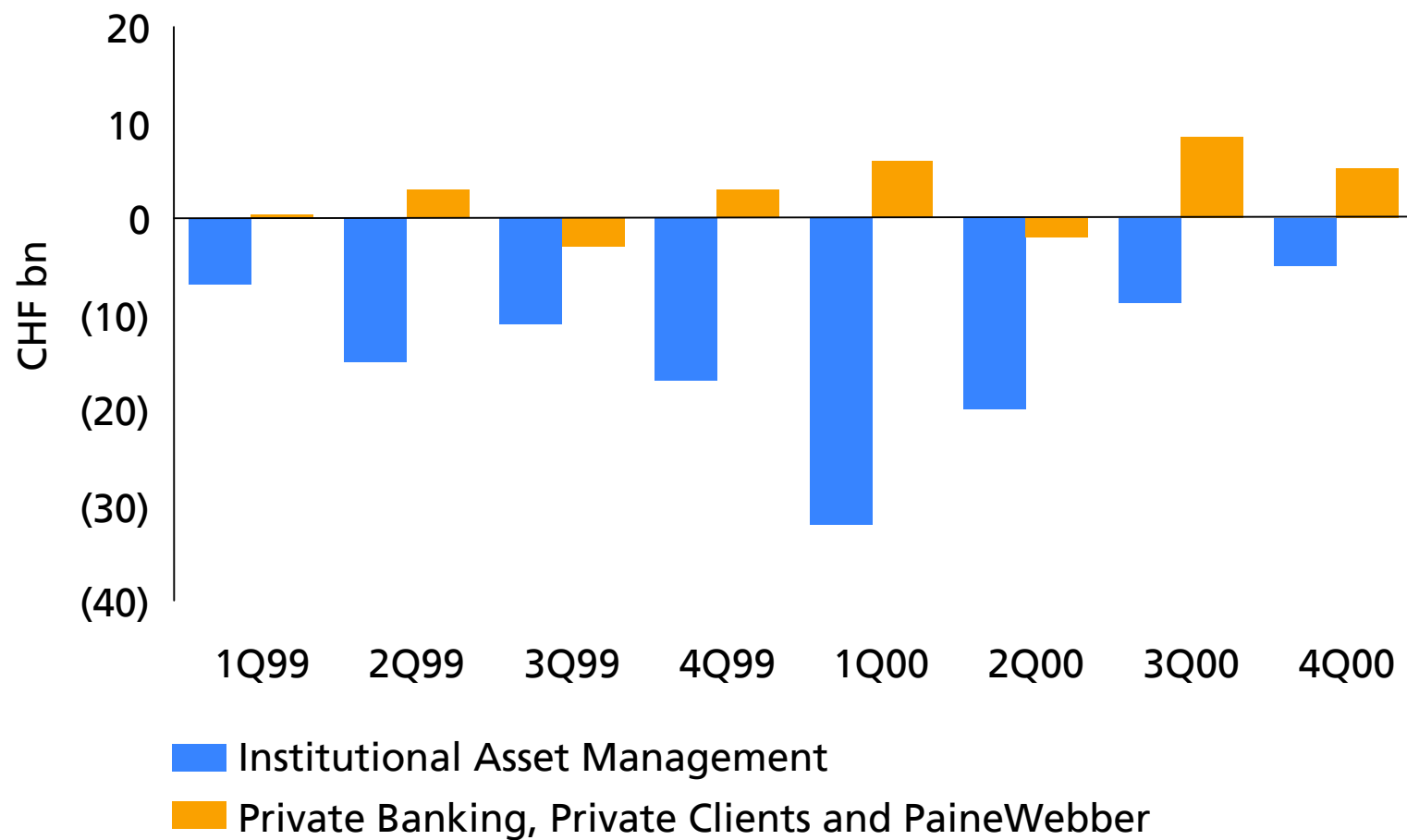
- 1 Including non-institutional assets also included here in IF/GAM business unit
- 2 Starting balance: 3 November 2000
- 3 Excludes interest & dividend income



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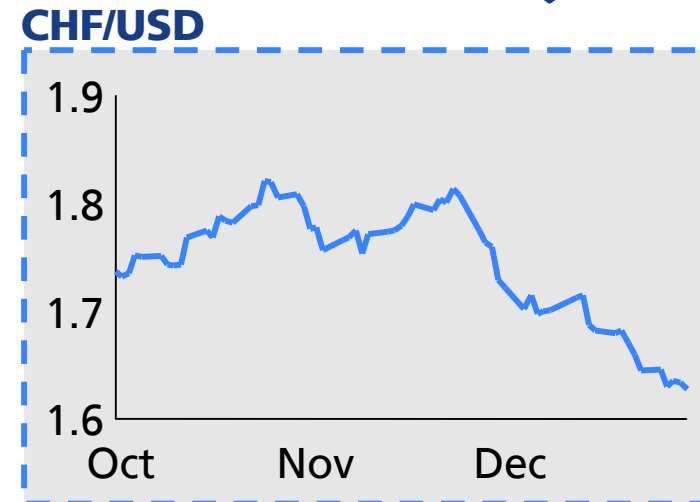
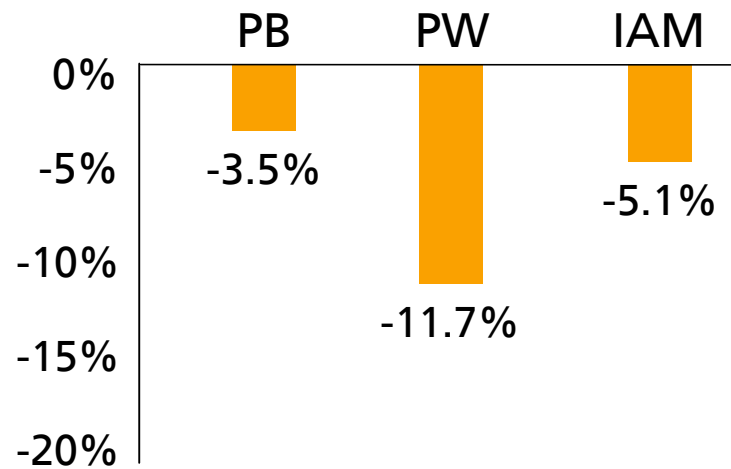
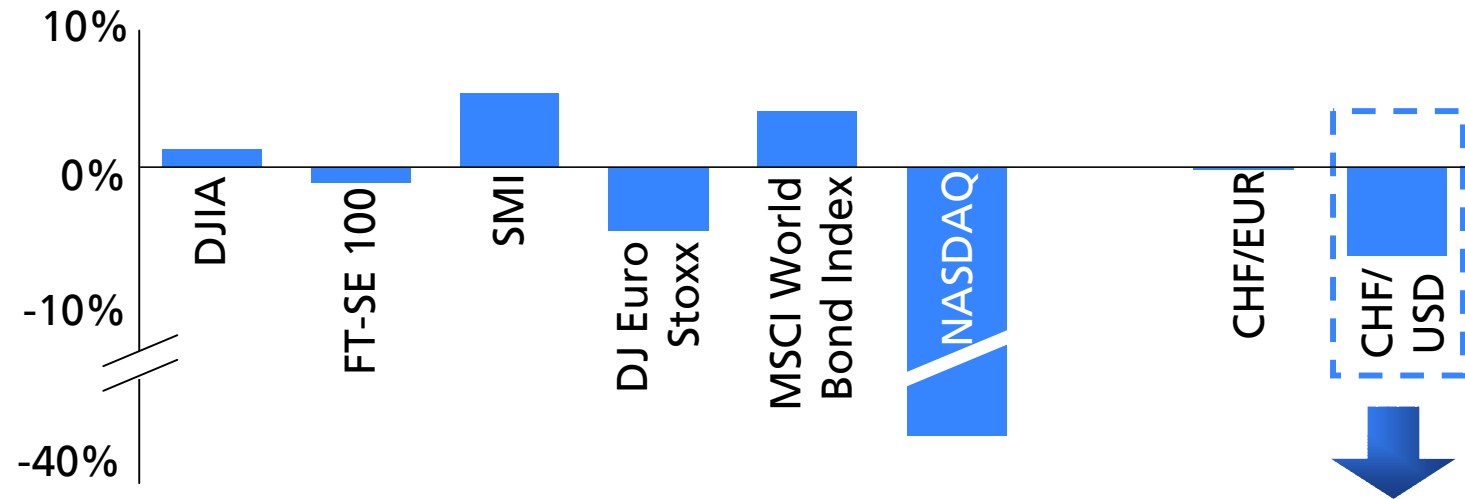
# Net New Money (including PaineWebber)



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# Market & UBS investment performance: 4Q00



## Total operating income (adjusted)

<b>(CHFm)</b>	<b>4Q00</b>	<b>4Q99</b>	<b>Δ%</b>
Net interest income	1,973	1,743	13
Credit loss expense	(95)	(46)	106
Net interest income after credit loss expense	1,878	1,697	11
Net fee and commission income	5,003	3,357	49
Net trading income	1,916	1,162	65
Net gain from disposals	60	49	22
Other income	443	512 <sup>1</sup>	(13)
<b>Total operating income</b>	<b>9,300</b>	<b>6,777</b>	<b>37</b>

NOTE:

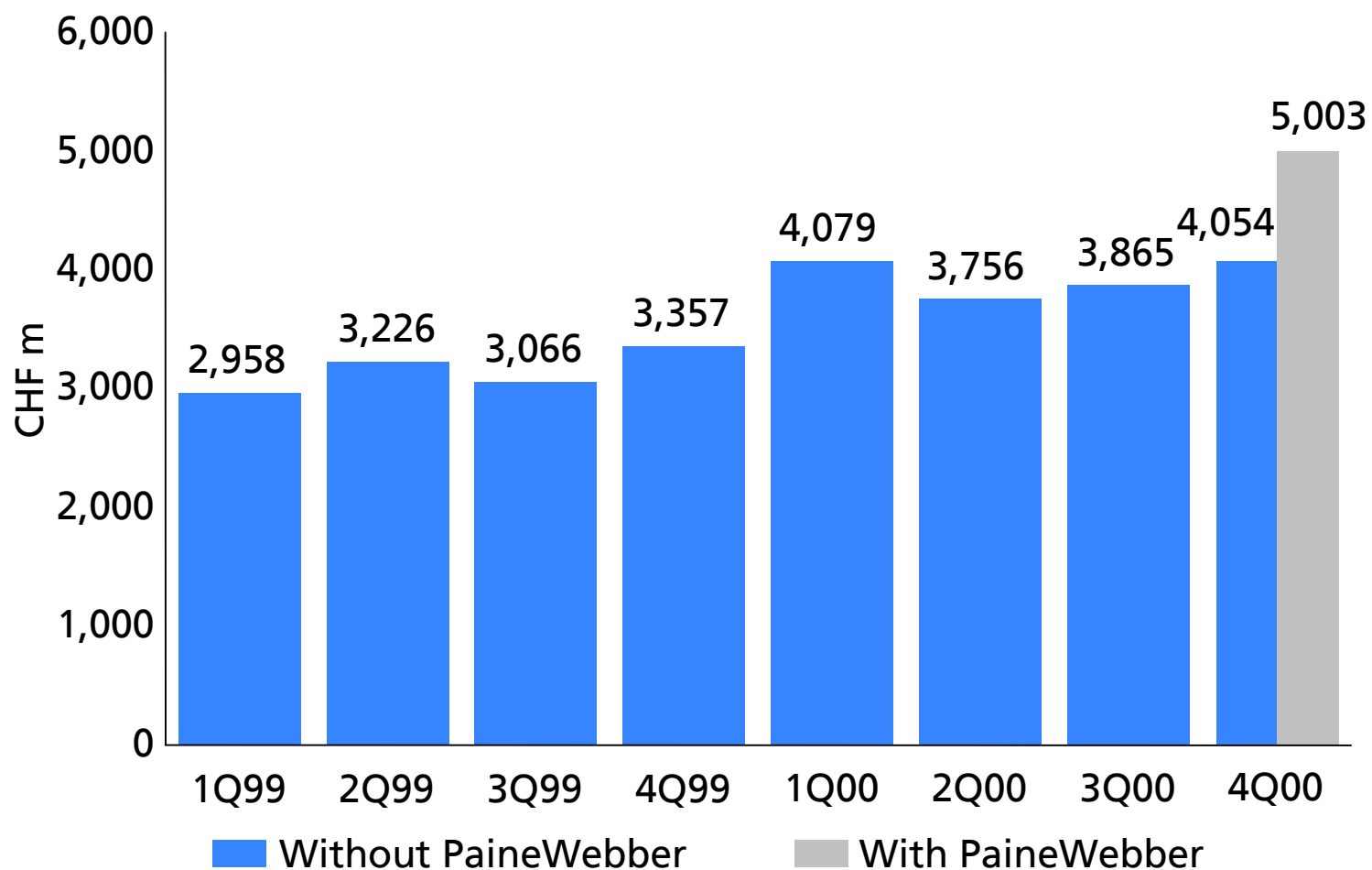
1 Adjusted for LTCM gain of CHF 12m



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# Rising fee and commission income



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## Total operating expenses (adjusted)

<b>(CHFm)</b>	<b>4Q00</b>	<b>4Q99</b>	<b>Δ%</b>
Personnel	4,306 <sup>1</sup>	3,110 <sup>4</sup>	38
General and administrative	2,045 <sup>2</sup>	1,865 <sup>5</sup>	10
Depreciation	507 <sup>3</sup>	479	6
Goodwill amortization	266	88	202
<b>Total expenses</b>	<b>7,124</b>	<b>5,542</b>	<b>29</b>

NOTE:

- 1 Excluding CHF 118m PaineWebber integration costs
- 2 Excluding CHF 93m PaineWebber integration costs and CHF 50m US Global Settlement refund
- 3 Excluding CHF 79m Paine Webber integration costs
- 4 Excluding CHF 456m Pension Fund Accounting Credit
- 5 Excluding CHF 300m SBC / UBS restructuring provision and CHF 154m US Global Settlement provision



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## PaineWebber integration costs

(CHF m)	C&IC	e-services	CC	Total	US\$
General & Admin.	13	80		93	55
Personnel	86		32	118	70
Depreciation	7	72		79	47
<b>Total</b>	<b>106</b>	<b>152</b>	<b>32</b>	<b>290</b>	<b>172</b>

**Additionally, US\$ 259m have been accounted for as PaineWebber liabilities**



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# Asset quality

<b>(CHFm)</b>	<b>31.12.00</b>	<b>30.9.00</b>	<b>Δ%</b>
Total loans (gross)	287,140	282,370	1.7
Impaired loans <sup>1</sup>	18,494	19,630	(5.8)
Non-performing loans	10,452	11,129	(6.1)
Impaired loans in % of gross loans	6.4	7.0	
NPL's in % of gross loans	3.6	3.9	
Allowances as % of impaired loans	52.4	55.9	
Allowances as % of NPL's	65.5	64.3	

NOTE:

<sup>1</sup> Loans with high probability that they will suffer partial or full loss, includes non-performing loans

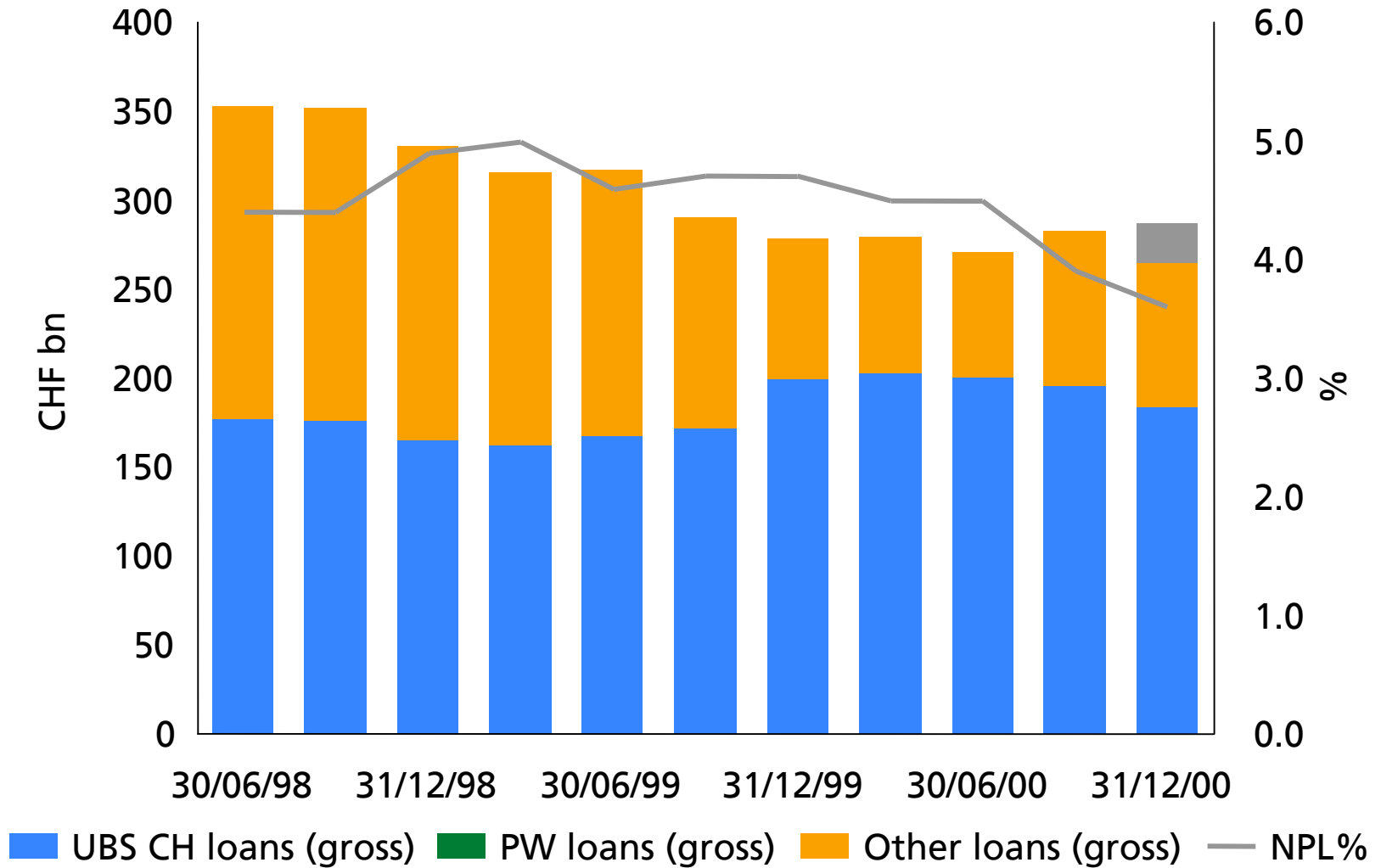


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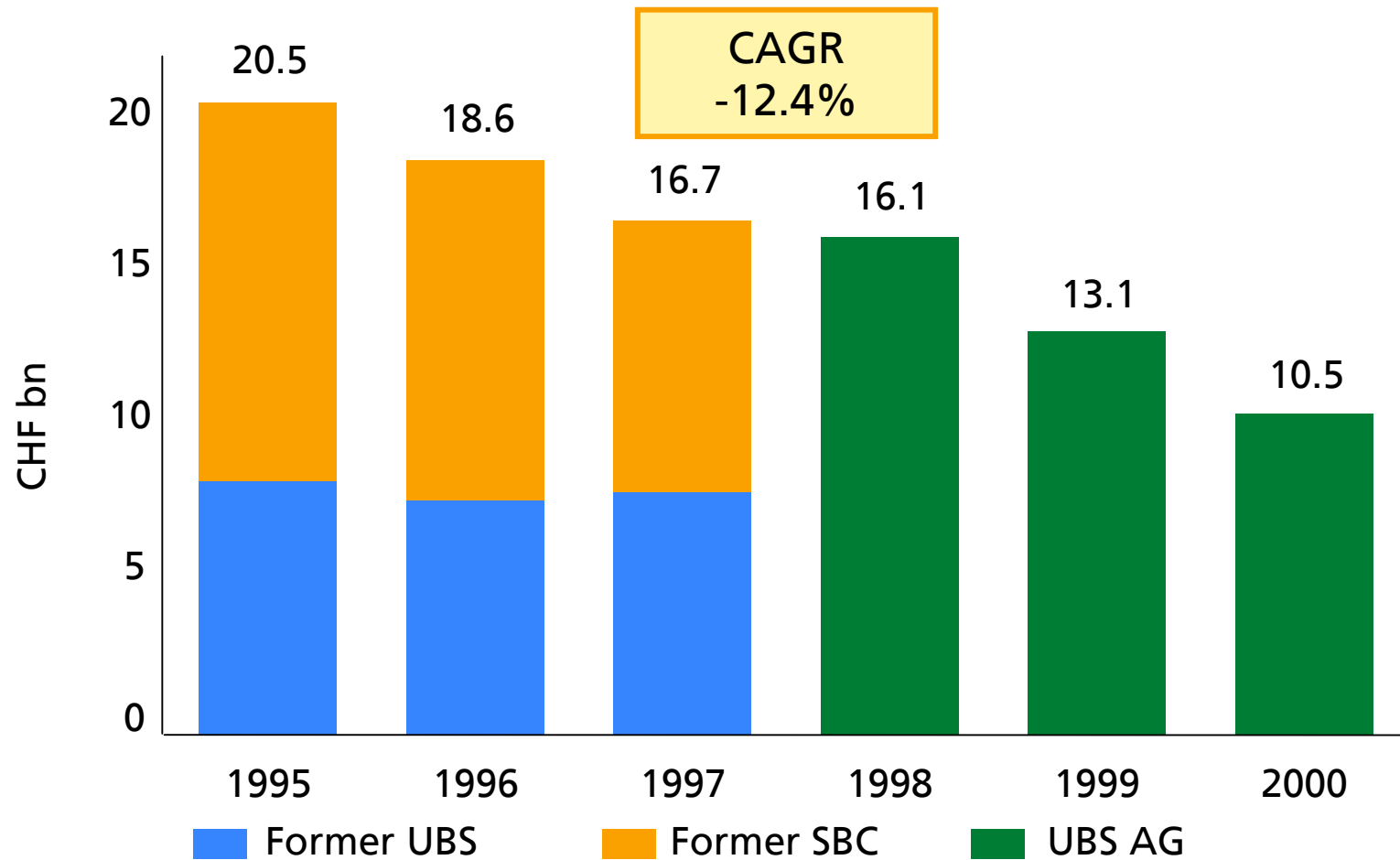




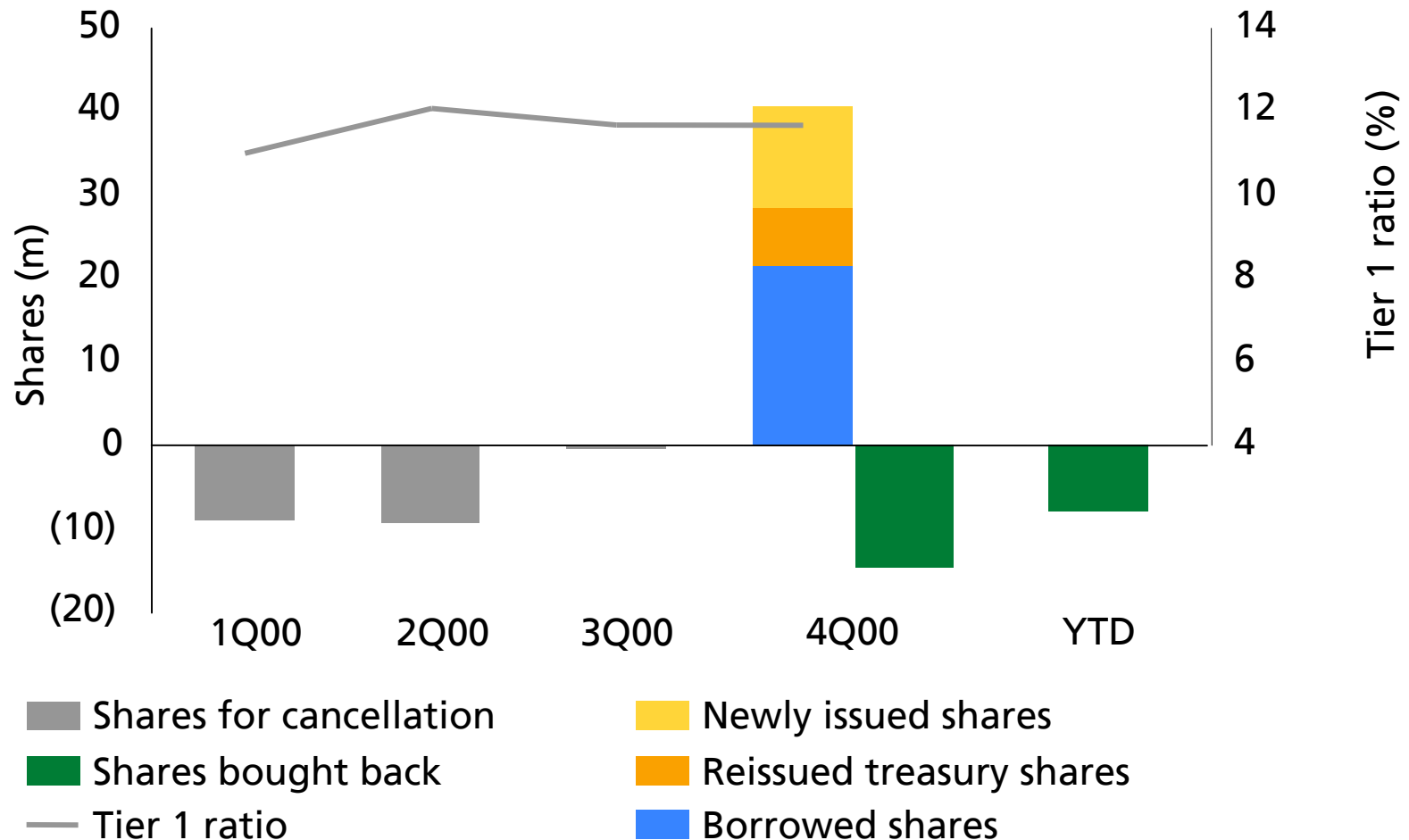
# Asset quality development



# Strong reduction of Non-Performing Loans



# Share buyback and Tier 1 ratio



# 2001 capital management plans

## **New second trading line buy-back program**

Available from	5 March 2001
Available until	5 March 2002
Maximum value	CHF 5 billion
In % of total market capitalisation <sup>1</sup>	4.5%

Notes:

1 As of 31 December 2000: CHF 112.67 bn

## **Share split and distribution by par value reduction, 18.07.01**

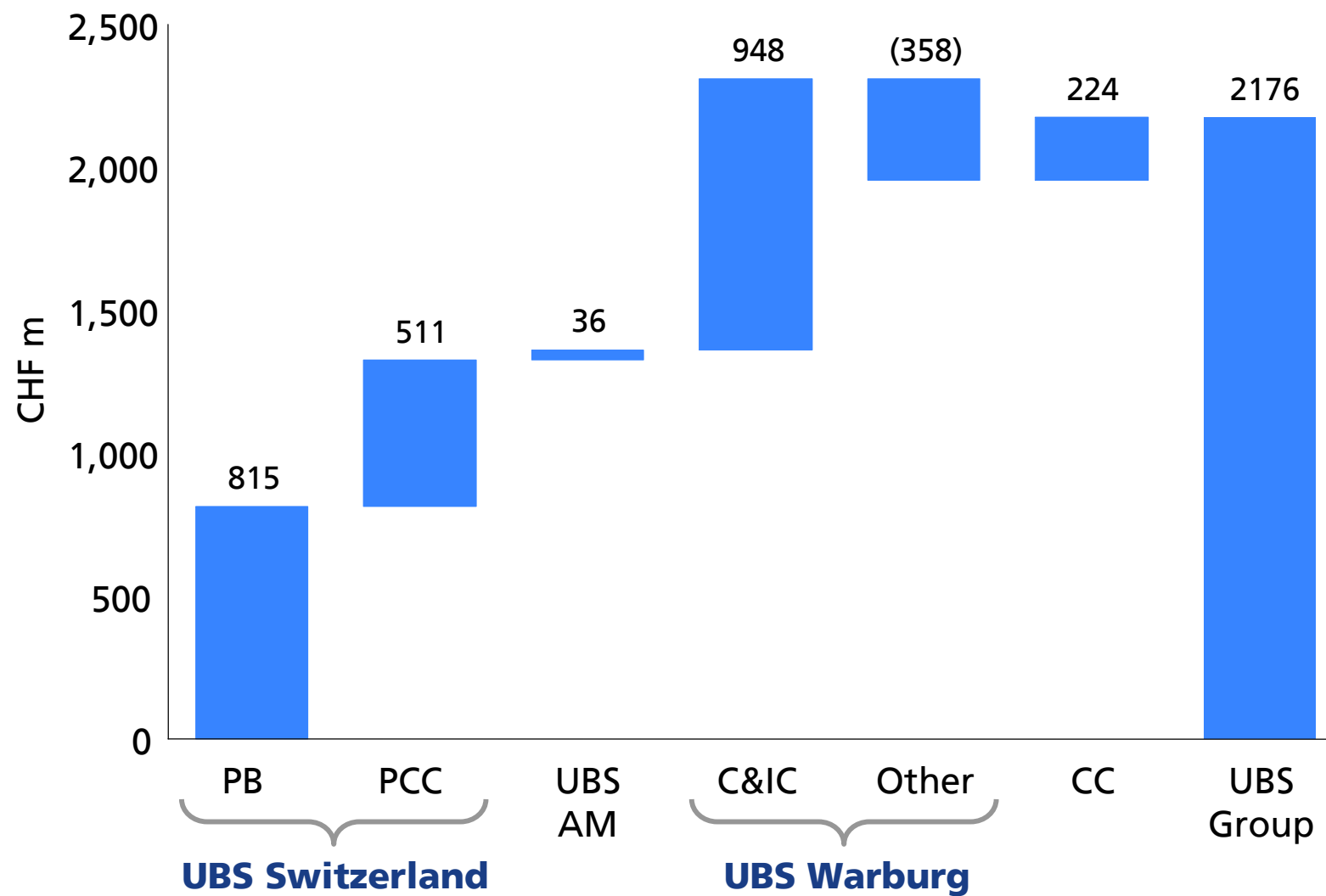
Par value today	CHF 10.00
Tax efficient distribution paid as a par value reduction	CHF 1.60
New par value	CHF 8.40
Stock split	1 : 3
<b>New par value after distribution and split</b>	<b>CHF 2.80</b>



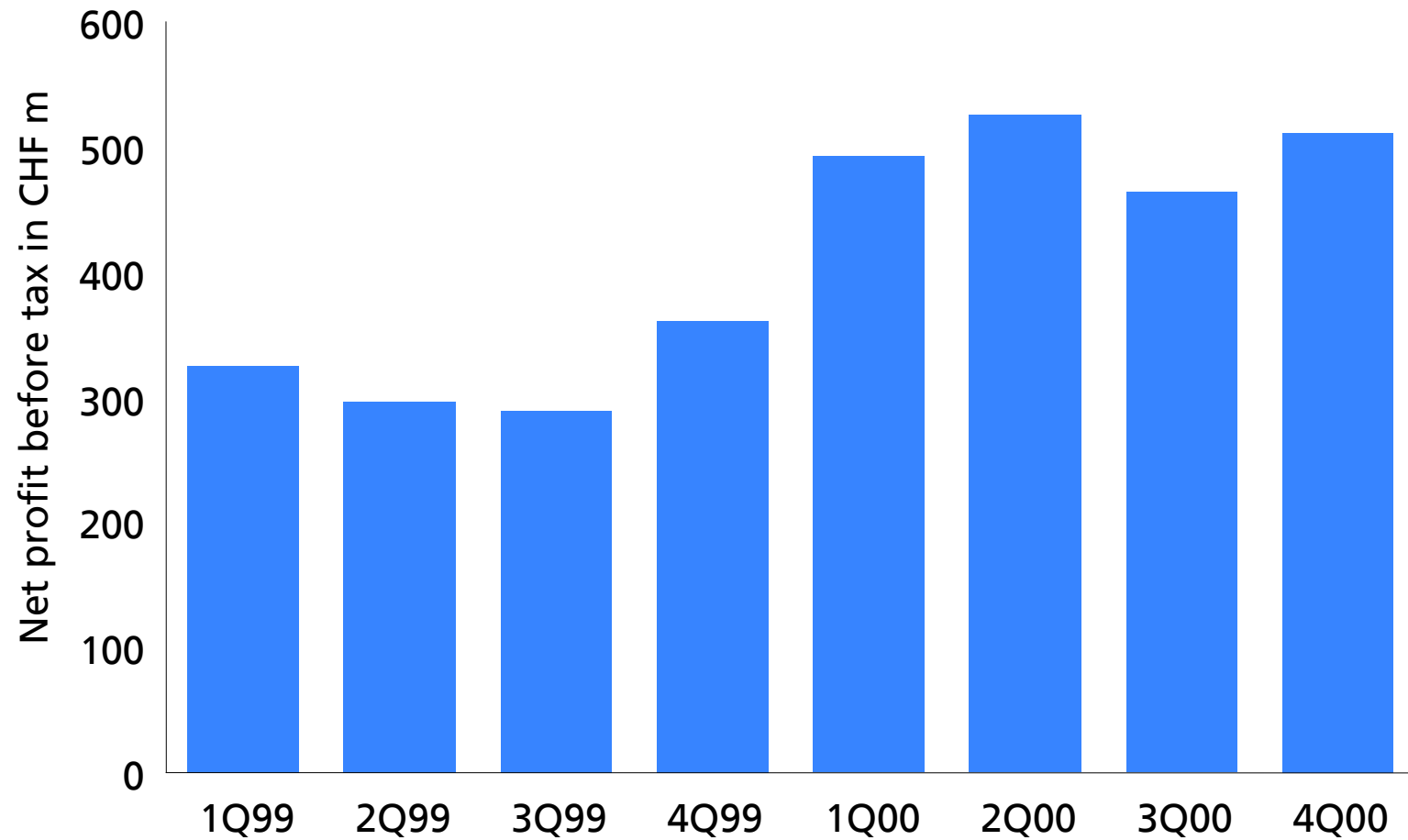
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## 4Q2000 net profit before tax (adjusted)



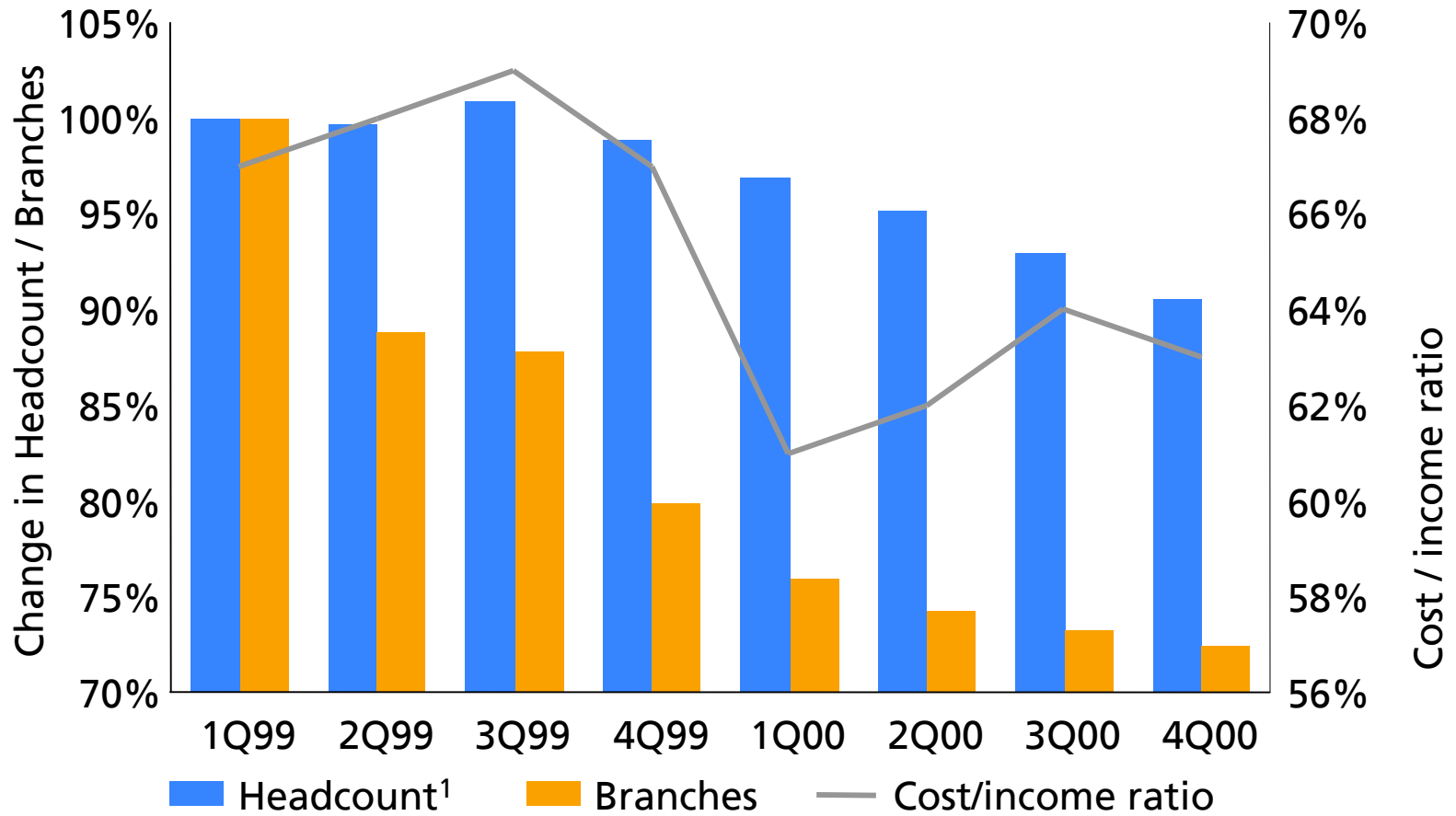
# New levels of profitability



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# Cost base development



NOTE:

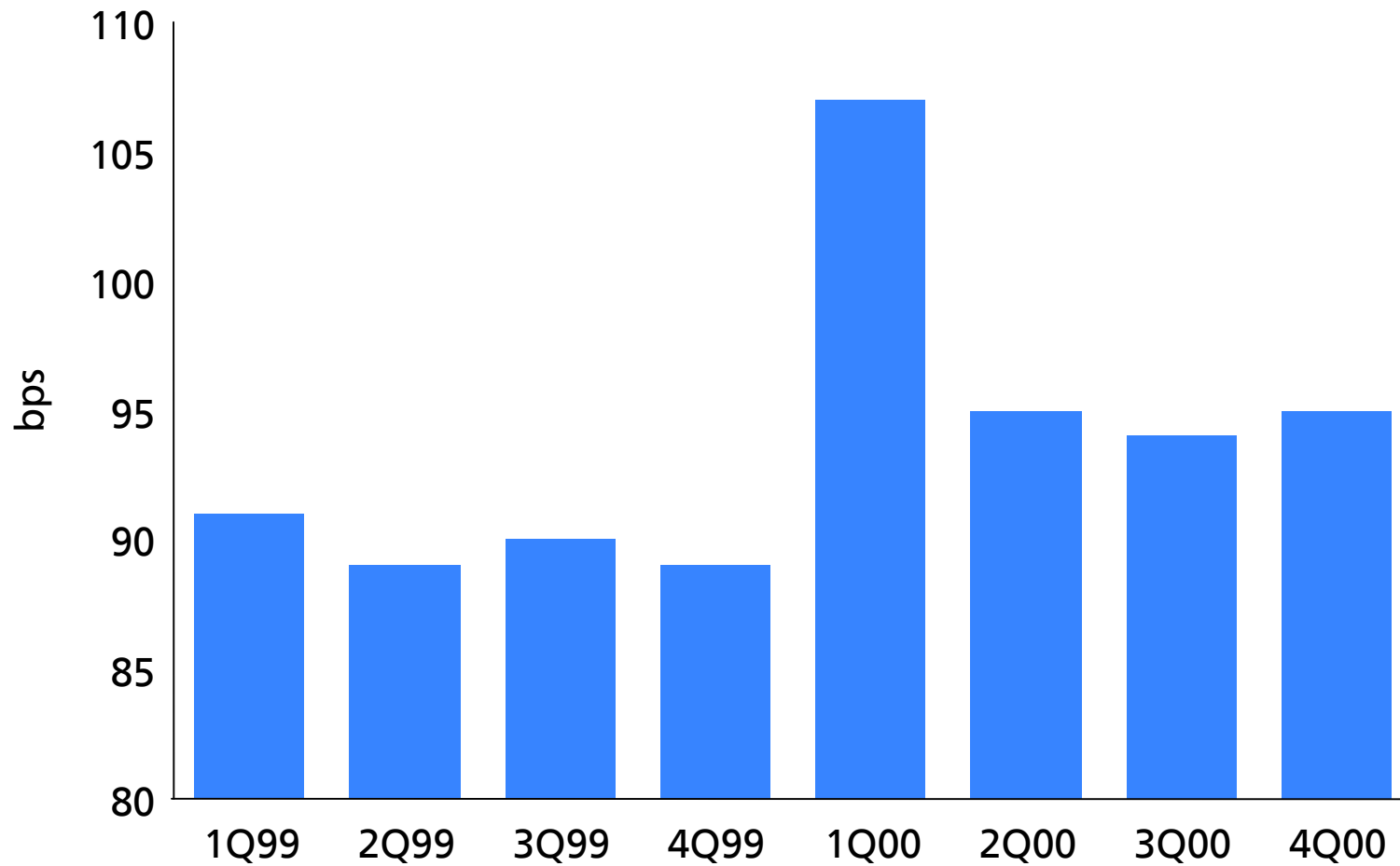
1 Includes 405 transferred Trade Finance headcount



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# New levels of gross margin



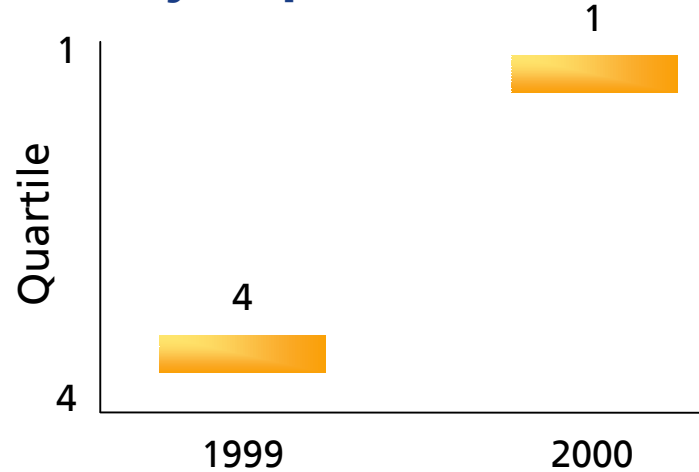
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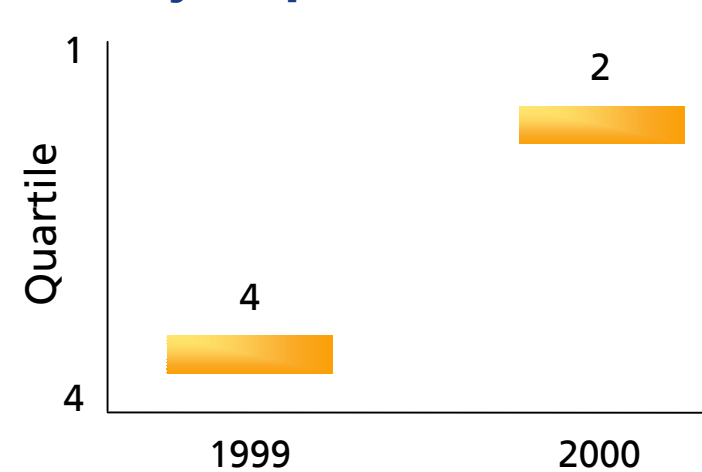


# Relative investment performance

**P&D 1-year performance**



**P&D 3-year performance**



**CAPS SURVEY**  
 Top performing UK  
 fund manager in 2000



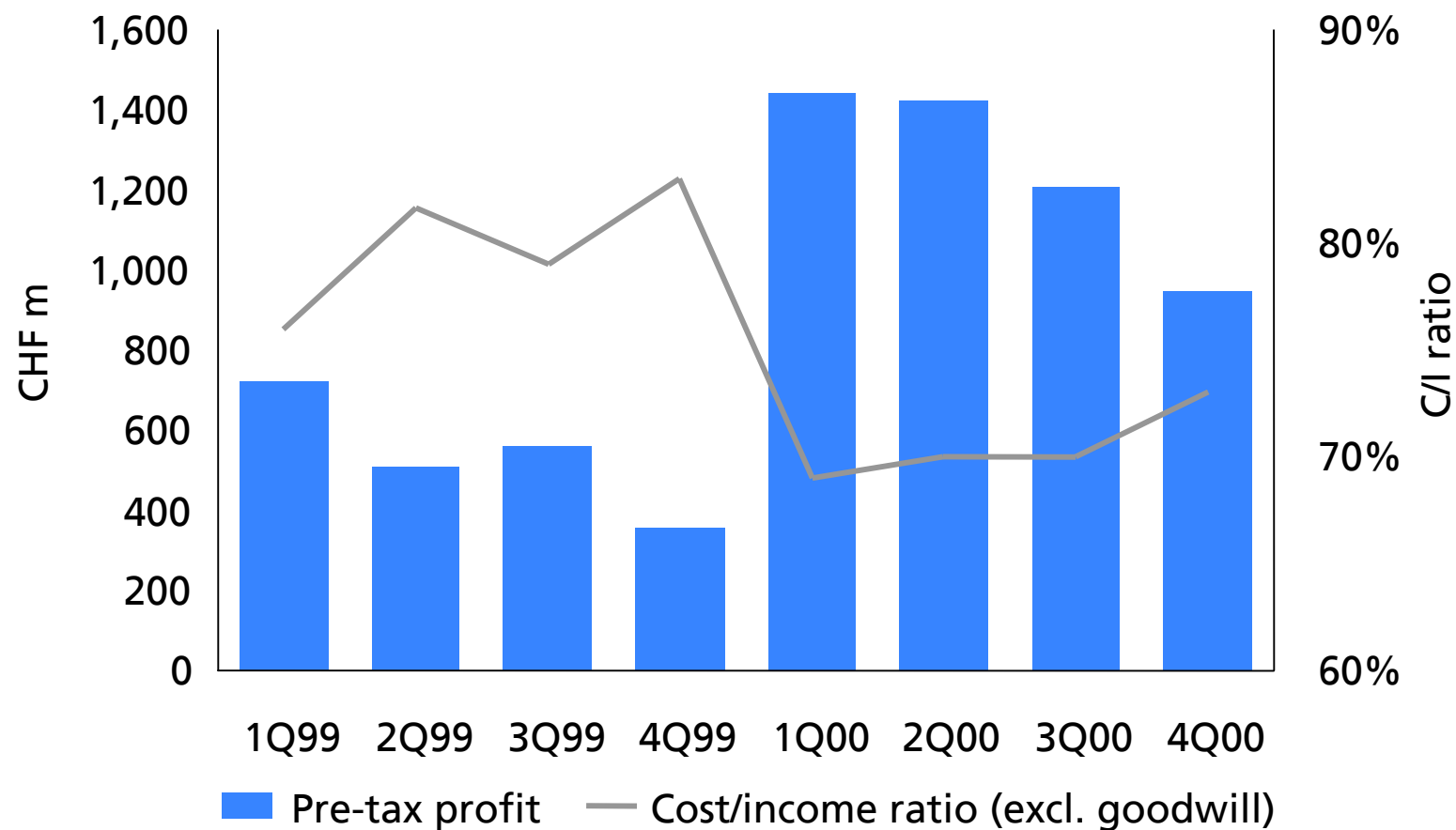
Outperforming  
 average fund  
 manager by 10%



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# C&IC: Record levels of profitability (adjusted)<sup>1</sup>



Notes:

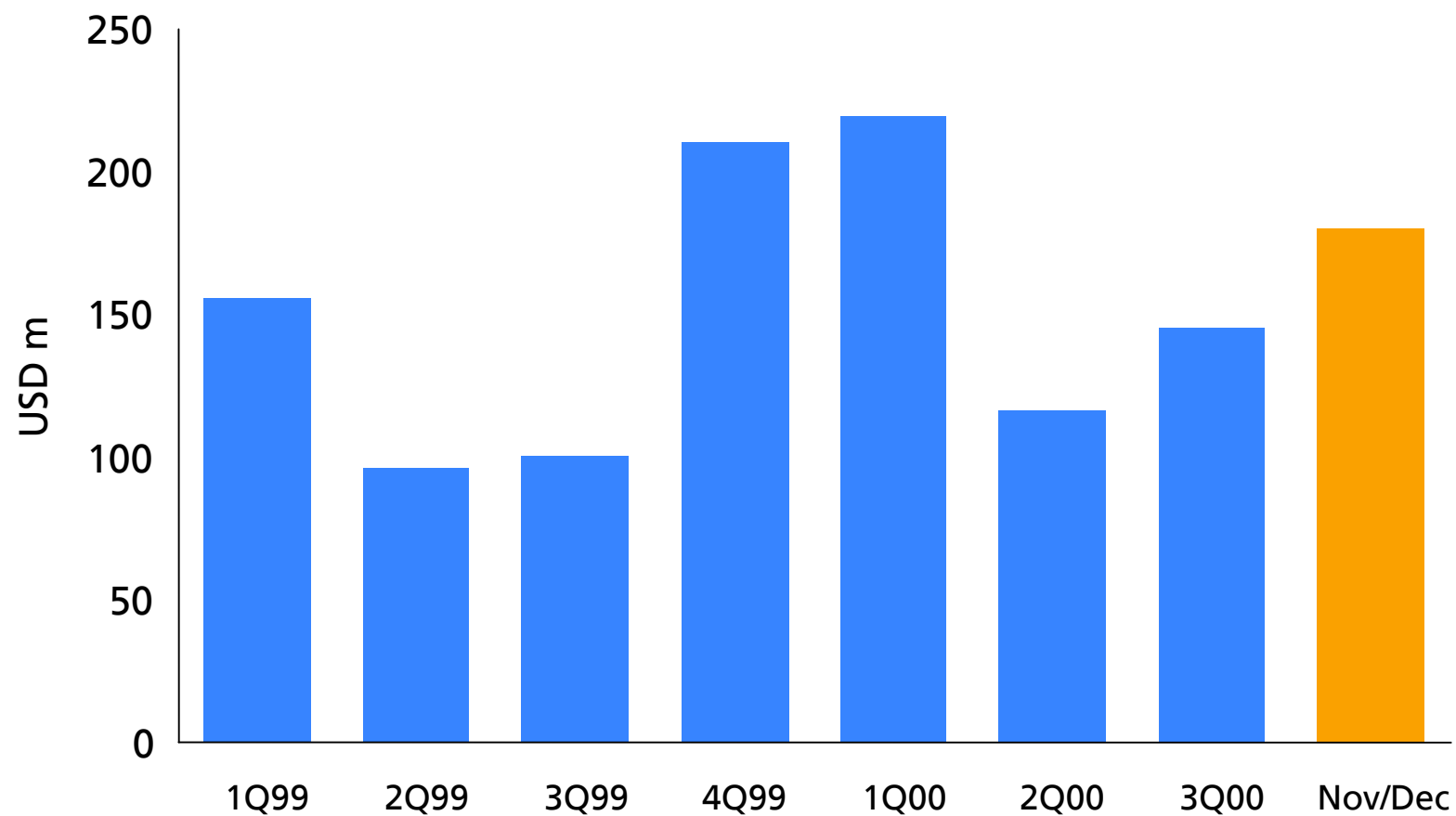
1 4Q2000 adjusted for CHF106m PaineWebber restructuring costs



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# PaineWebber - daily net new money <sup>1</sup>



Note:

1 Includes dividend and interest income



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# UBS Fourth Quarter Results 2000

Marcel Ospel, Luqman Arnold  
22 February 2001

# Appendix: Business Unit Results

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# Private & Corporate Clients

<b>(CHFm)</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q99</b>	<b>4Q00 vs4Q99</b>	<b>4Q00 vs3Q00</b>
Operating income	1,684	1,609	1,532	10%	5%
Operating expenses	1173	1,145	1,171	0%	2%
Pre-tax profit	511	464	361	42%	10%
Cost / income ratio <sup>1</sup>	63%	64%	67%		

<b>KPI's</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q00 vs3Q00</b>
AuM (CHFbn)	440	440	0%
Net new money	(1.3)	1.3	
NPL ratio (%)	5.0%	5.6%	
Headcount	21,100	21,767	(3%)

NOTE:

<sup>1</sup> Pre-goodwill & credit loss expense



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# Private Banking

<b>(CHFm)</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q99</b>	<b>4Q00 vs4Q99</b>	<b>4Q00 vs3Q00</b>
Operating income	1,635	1,619	1,422	15%	1%
Operating expenses	820	732	752	9%	12%
Pre-tax profit	815	887	670	22%	(8%)
Cost / income ratio <sup>1</sup>	49%	44%	52%		

<b>KPI's</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q00 vs3Q00</b>
AuM (CHFbn)	681	707	(4)
Net new money	(0.7)	0.5	-
Gross margin (bps)	95	94	1%
Headcount	7,685	7,654	0%

NOTE:

<sup>1</sup> Pre-goodwill & credit loss expense



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# Institutional Asset Management

<b>(CHFm)</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q99</b>	<b>4Q00 vs4Q99</b>	<b>4Q00 vs3Q00</b>
Operating income	327	336	285	15%	(3%)
Operating expenses	296	278	191	55%	6%
Pre-tax profit	31	58	94	(67%)	(47%)
Cost / income ratio <sup>1</sup>	77%	70%	56%		

<b>KPI's</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q00 vs3Q00</b>
AuM (CHFbn)	496	528	(6%)
Institutional AuM	300	326	(8%)
Net new money	(4.9)	(9.1)	46%
Gross margin (bps)	36	35	3%
Headcount	1,728	1,725	0%

NOTE:

<sup>1</sup> Pre-goodwill & credit loss expense



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# Investment Funds/GAM

<b>(CHFm)</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q99</b>	<b>4Q00 vs4Q99</b>	<b>4Q00 vs3Q00</b>
Operating income	161	157	71	127%	3%
Operating expenses	156	131	32	388%	19%
Pre-tax profit	5	26	39	(87%)	(81%)
Cost / income ratio <sup>1</sup>	84%	68%	45%		

<b>KPI's</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q00 vs3Q00</b>
AuM (CHFbn)	219	227	(4%)
Net new money	2.8	0.2	
Gross margin (bps)	37	37	0%
Headcount	1,132	1,086	4%

NOTE:

<sup>1</sup> Pre-goodwill & credit loss expense



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# Corporate & Institutional Clients

<b>(CHFm)</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q99</b>	<b>04Q00 vs4Q99</b>	<b>4Q00 vs3Q00</b>
Operating income	3,728	4,266	2,672	40%	(13%)
Operating expenses	2,780 <sup>1</sup>	3,056	2,317	20%	(9%)
Pre-tax profit	948	1,210	355	167%	(22%)
Cost / income ratio <sup>2</sup>	72%	70%	83%		

<b>KPI's</b>	<b>3Q00</b>	<b>2Q00</b>	<b>3Q00 vs2Q00</b>
Compensation ratio	45%	51%	
NPL ratio	3.4%	2.1%	
Average VaR (CHFm)	216	238	(9%)
Headcount	15,262	13,268	15%

NOTE:

1 Adjusted for CHF 106m PaineWebber integration costs

2 Pre-goodwill & credit loss expense



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# UBS Capital

<b>(CHFm)</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q99</b>	<b>4Q00 vs4Q99</b>	<b>4Q00 vs3Q00</b>
Operating income	138	79	61	126%	75%
Operating expenses	82	33	43	91%	148%
Pre-tax profit	56	46	18	211%	22%

<b>KPI's</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q00 vs3Q00</b>
Book value (CHF bn)	5.5	4.5	22%
Market value (CHF bn)	6.9		
Headcount	129	117	10%

<b>KPI's</b>	<b>2H00</b>	<b>1H00</b>	<b>31.12 vs30.06</b>
Value Creation (CHF bn)	0.2	0.4	(50%)



## e-services

<b>(CHFm)</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q99</b>	<b>4Q00 vs4Q99</b>	<b>4Q00 vs3Q00</b>
Operating income	4	(5)	0		
Operating expenses <sup>1</sup>	94	68	34	176%	38%
Pre-tax profit	(90)	(73)	(34)	(165%)	(23%)

<b>KPI's</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q00 vs3Q00</b>
Headcount	410	384	7%

Notes:

1 Adjusted for PaineWebber restructuring costs of CHF 152m



Financial Services Group

# US Private Clients <sup>1</sup>

<b>(CHFm)</b>	<b>4Q00</b>
Operating income	1,225
Operating expenses	1,244
Pre-tax profit	(19)
Cost / income ratio <sup>3</sup>	101
Cost / income ratio adj. <sup>4</sup>	92

<b>KPI's</b>	<b>4Q00</b>
Client assets (CHF bn)	794
Net new money <sup>2</sup>	8.3
Gross margin (bps)	86
Recurring fees (CHF m)	430

<b>KPI's</b>	<b>31.12</b>
Financial advisors	8,871
Headcount	21,490

NOTE:

- 1 Merger with PaineWebber was closed 3 November 2000. Results included from that date
- 2 From 3 November 2000 to year-end
- 3 Pre-goodwill & credit loss expense
- 4 Pre-goodwill and pre-retention payments



# International Private Clients

<b>(CHFm)</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q99</b>	<b>4Q00 vs4Q99</b>	<b>4Q00 vs3Q00</b>
Operating income	80	69	57	40%	16%
Operating expenses	115	116	148	(22%)	(1%)
Pre-tax profit	(35)	(47)	(91)	62%	26%

<b>KPI's</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q00 vs3Q00</b>
AuM (CHFbn)	33	44	(25%)
Net new money	(2.5)	8.1	
Gross margin (bps)	84	69	22%
Headcount	1,154	1,177	(2%)



# Corporate Center

<b>(CHFm)</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q99</b>	<b>4Q00 vs4Q99</b>	<b>4Q00 vs3Q00</b>
Operating income	284	41	405	(30%)	593%
Credit loss (expected - actual)	166	374	272	(39%)	(56%)
Operating expenses	226 <sup>1</sup>	283	854	(74%)	(20%)
Pre-tax profit	224	123	(177)		(70%)

<b>KPI's</b>	<b>4Q00</b>	<b>3Q00</b>	<b>4Q00 vs3Q00</b>
Headcount	986	921	7%

**NOTE:**

- 1 Adjusted for PaineWebber restructuring costs of CHF 32m and US Global Settlement contribution of CHF 50m
- 2 Pre-goodwill & credit loss expense

