

Wealth Management

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Key messages

We are delivering on our promises

We are well positioned to capture future growth and gain momentum

We are leveraging our industry-leading platform to meet evolving client needs

We reconfirm our medium-term targets

We are executing on our strategy

Financial improvement

- Increased pre-tax profit and gross margin in challenging markets and on significantly lower asset base
- European onshore business nearing break-even

Successful cross-border transformation

- Deferred Prosecution Agreement and US exit commitments completed – new global compliance framework in place
- Successfully managing cross-border challenges in Europe

Positioned our emerging market business to target growth

- Increased focus by creating a dedicated emerging markets business
- Organically built several Wealth Management offices over the last 12 months

Established Investment Products and Services (IPS)

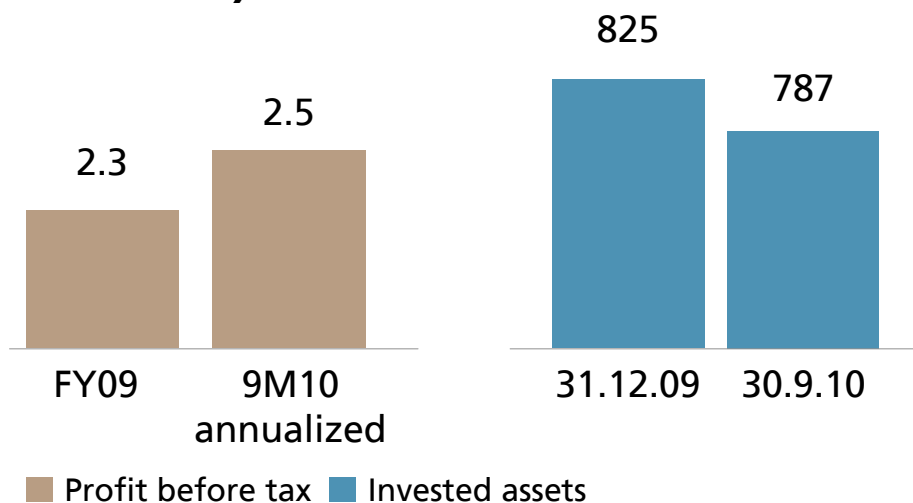
- Created an industry leading, designated Wealth Management unit that brings together product specialists from the Investment Bank and Global AM involved in product development, sales support and execution, all under a single roof

Attracted top talent

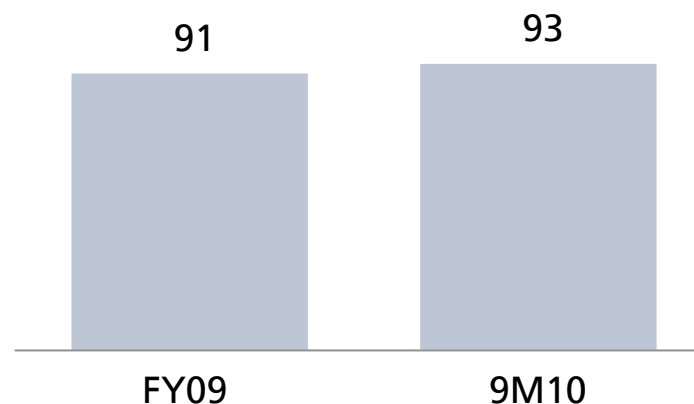
- Further strengthened our management team and structure - new talent bringing unique global expertise to the table
- Attracted additional senior client advisors across our strategic growth areas

Results show that we are on track with our plans

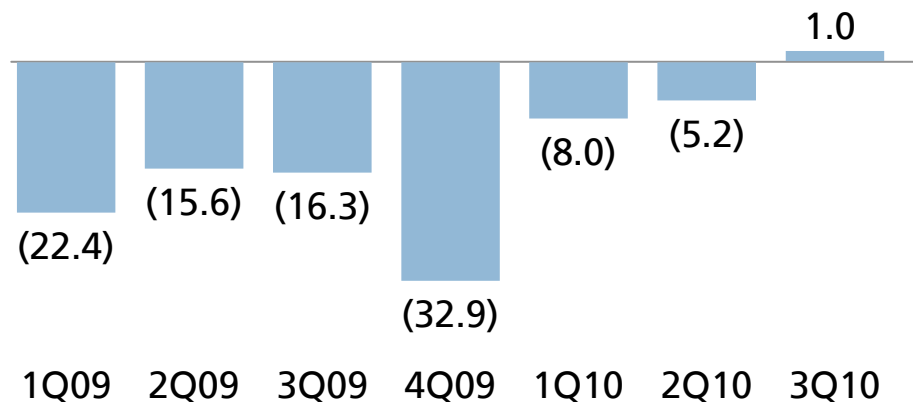
**Profit before tax and invested assets
(CHF billion)**



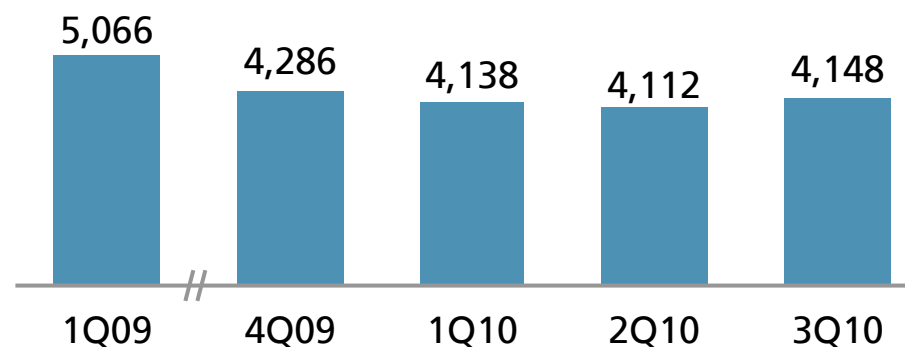
Gross margin (bps)¹



Net new money (CHF billion)

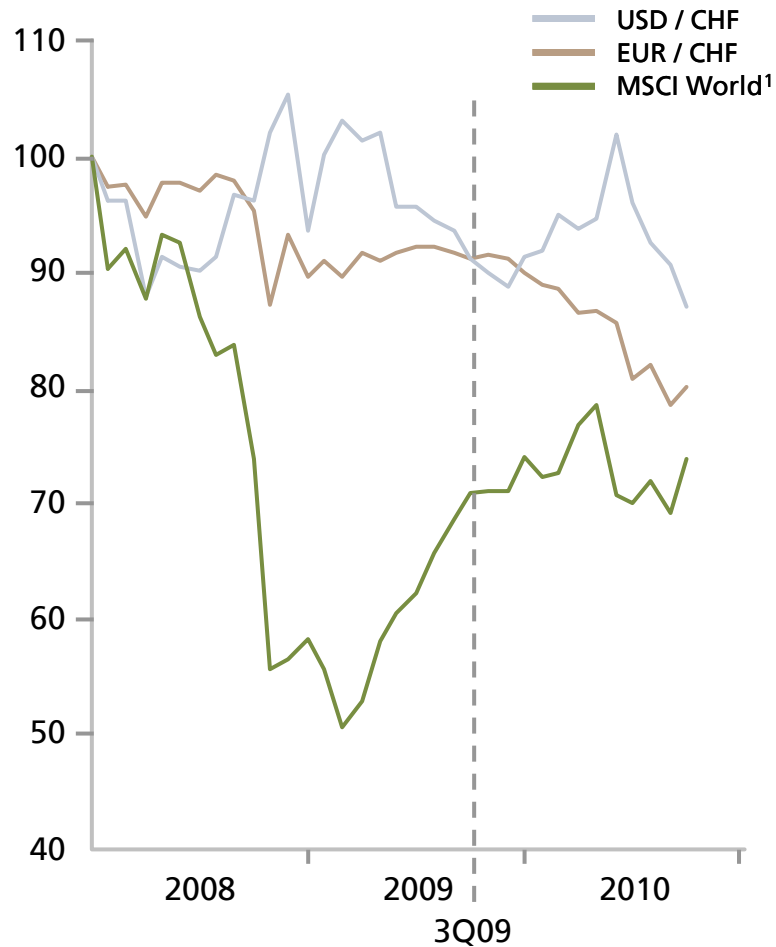


Client advisors (FTE)



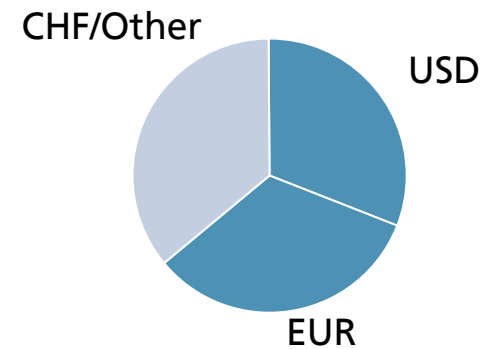
Sensitivity of our results to currencies and equity markets

FX and market development

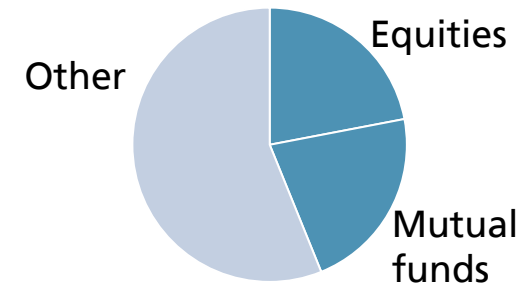


UBS Wealth Management invested assets (3Q10)

by currency



by asset class



A 5% change in EUR or USD against CHF or in equity markets impacts our annualized profit by approximately CHF 100 million

Key messages

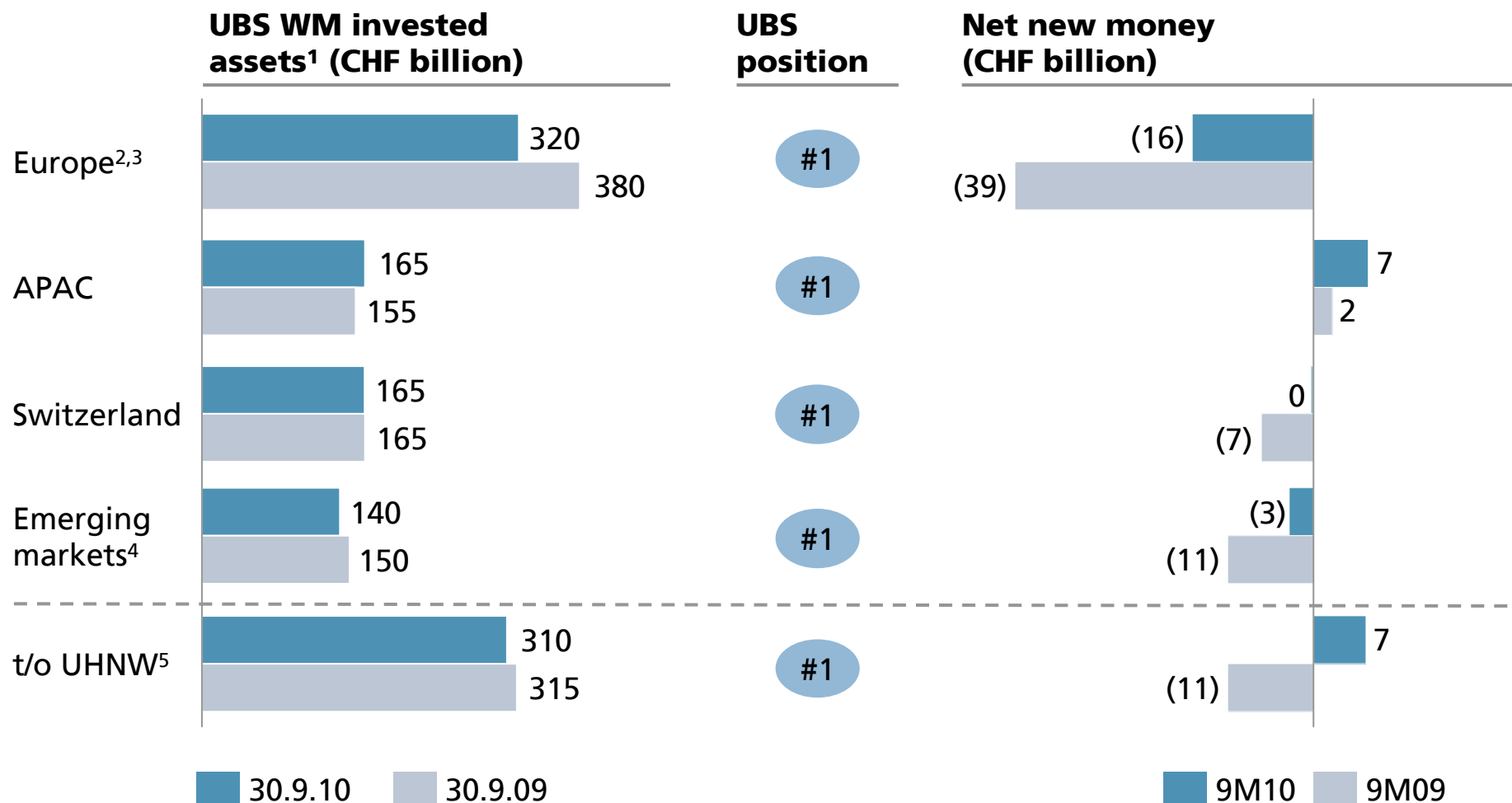
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Leading business mix



1 Due to structural changes, mainly the creation of the emerging markets business, IA Sep 2009 restated; invested assets rounded

2 Clients from neighboring countries have withdrawn over CHF 20 billion over the last twelve months. Neighboring countries refers to clients with domicile UK, Germany, France, Italy and Austria, booked in Switzerland excluding Financial Intermediaries

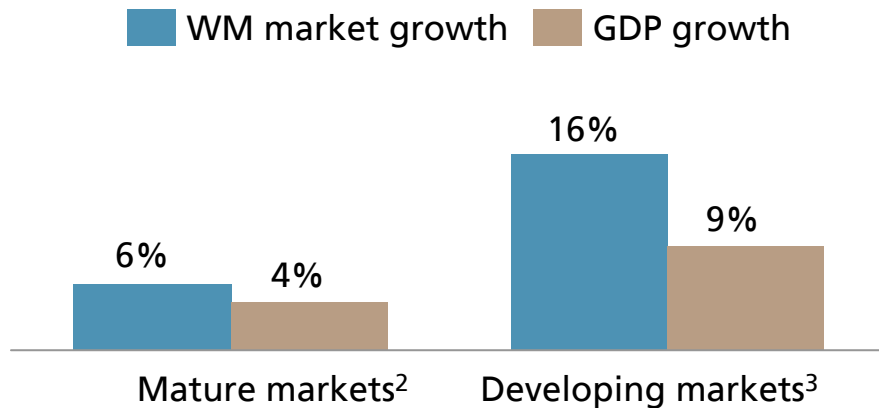
3 We believe that CHF 15-40 billion are still at risk as a result of changes in tax regulations

4 LatAm, Middle East & Africa and Central & Eastern Europe

5 UHNW clients are those with more than CHF 50 million in investable assets (whether or not booked at UBS). Excludes US

APAC – most attractive region: we are at home

WM market and GDP growth 2010-15¹

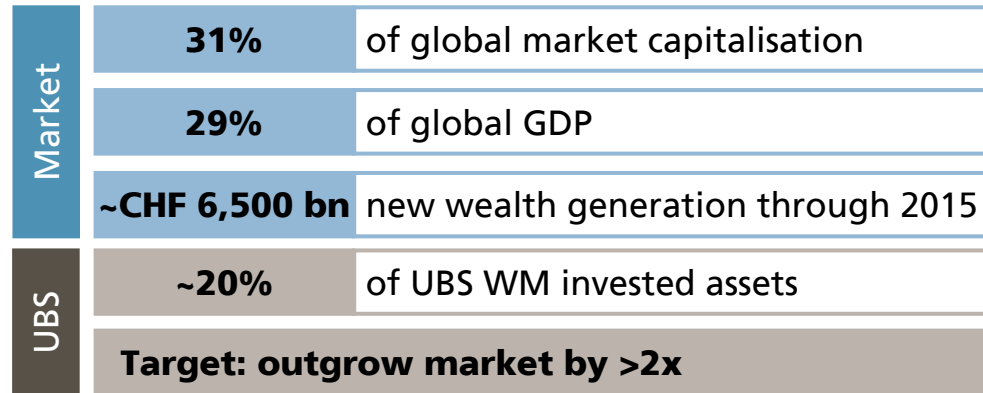


Market share

5%⁴

2%

APAC represents ...



APAC offers the most attractive growth opportunity for WM

- Integrated bank leveraged for entrepreneurs
- Strong economic growth creating wealth
- Very high share of wealth not yet managed

Leveraging our leading franchise

- Extending multi-booking center capabilities
- Generating organic growth through hiring local talent
- Capture RMB investment opportunities in HK

Emphasizing domestic market focus

- Present since 1964, market leader
- Strengthening position in Japan
- Capture growth in China

¹ IMF real GDP data

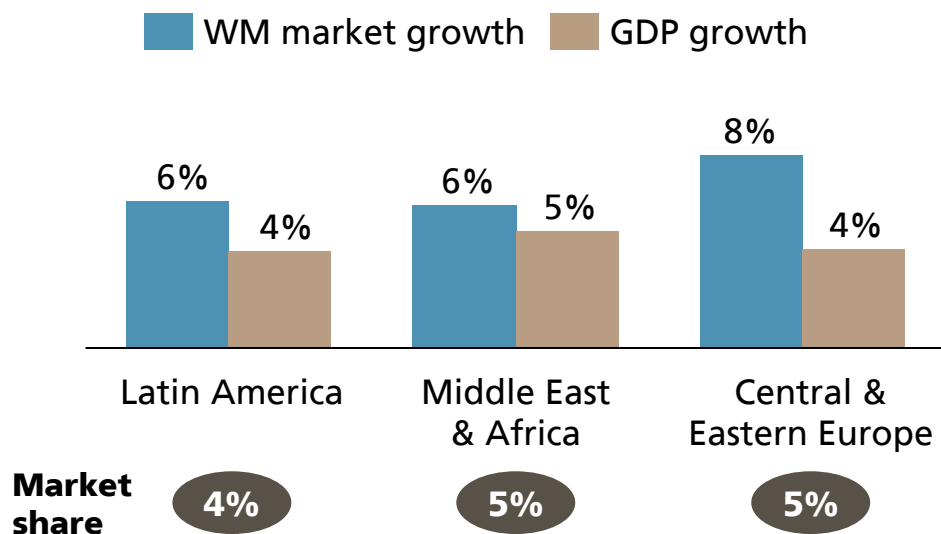
² Excluding Japan; CAGR for mature markets including Japan is 3% for WM market growth and 3% for GDP growth; mature markets include Singapore, Hong Kong, Taiwan, South Korea, Australia and New Zealand

³ Developing markets include China, India, Indonesia, Thailand, Malaysia, Philippines, and all other APAC non mature markets

⁴ Market share for mature markets including Japan is 3%

Emerging markets – the opportunity

WM market and GDP growth 2010-15



Emerging markets represent ...

Market	10%	of global market capitalisation
	14%	of global GDP
	~CHF 1,100 bn	new wealth generation through 2015
UBS	~20%	of UBS WM invested assets
	Target: outgrow market by 1.5x	

A leading position in emerging markets

- Leading wealth management franchise, poised for growth
- Significant hires of key professionals in all regions

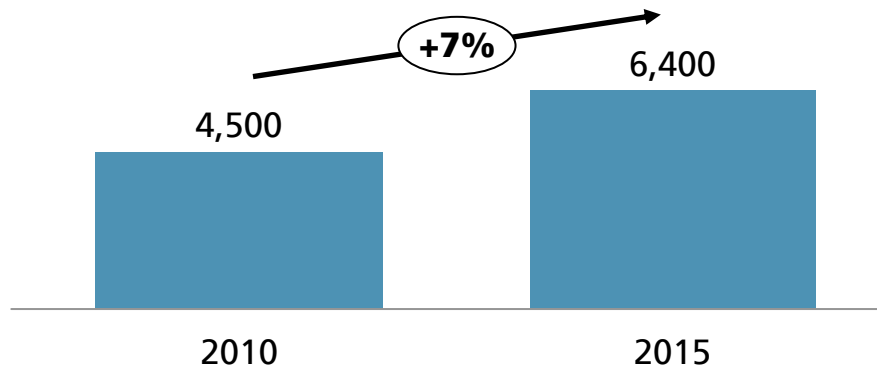
We are executing our strategy

- Dedicated emerging markets business
- Organic build-up of several WM offices in past 12 months
 - Launched new offices in Saudi Arabia and Peru
 - Enhanced presences in Mexico and Uruguay
 - Russia and Colombia in progress
- Link Investimentos acquisition in Brazil
- Local content products, services and client solutions

UHNW – an unrivaled franchise

WM market 2010-15

(CHF billion)



Market share

7%

Segment UHNW represents ...

Market	~ 25%	of global millionaires' wealth
Market	~CHF 1,900 bn	new wealth generation through 2015
UBS	~40%	of UBS WM invested assets
UBS	Target: outgrow market by 1.5x	

Leading position in fastest-growing business

- Integrated coverage with privileged access to Investment Bank and Global AM, trading around the clock
- Over 500 client advisors covering every major market

Tailored product and service offering

- Institutional-like coverage via exclusive UHNW client teams offering full range of UBS services
- Global Family Office as a joint venture with our Investment Bank with direct access to Global AM
- World-class reporting capabilities, family office platform, Corporate Advisory Group and Philanthropy

We leverage our leading position to accelerate growth

Key messages

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The wealth management industry today

Challenges for WM industry

More demanding clients

- Client confidence levels low post crisis
- Elevated risk aversion in volatile capital markets
- Increasing demand for multi-shoring solutions
- Focus on investment performance

Regulatory changes

- Tightening cross-border regulation
- Stricter rules on suitability and pricing disclosure
- Increasing capital requirements

Ongoing challenging markets

- Volatile global capital markets
- Low interest rate environment

Competition for talent

- Increased competition for experienced client advisors and investment managers

UBS unique position

We serve clients wherever they choose to bank with us



Our compliance framework and our ability to adapt quickly to regulatory changes clearly differentiate us



We bundle competencies across UBS to identify investment opportunities in all market conditions

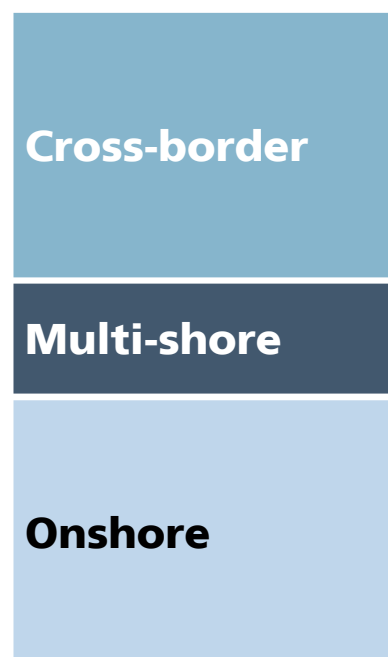


Client advisors are attracted by our commitment to wealth management and our leading business platform



Increasing client demand for global service delivery

Old



Different client behavior through changes in regulatory environment

New



Shift of client needs towards...

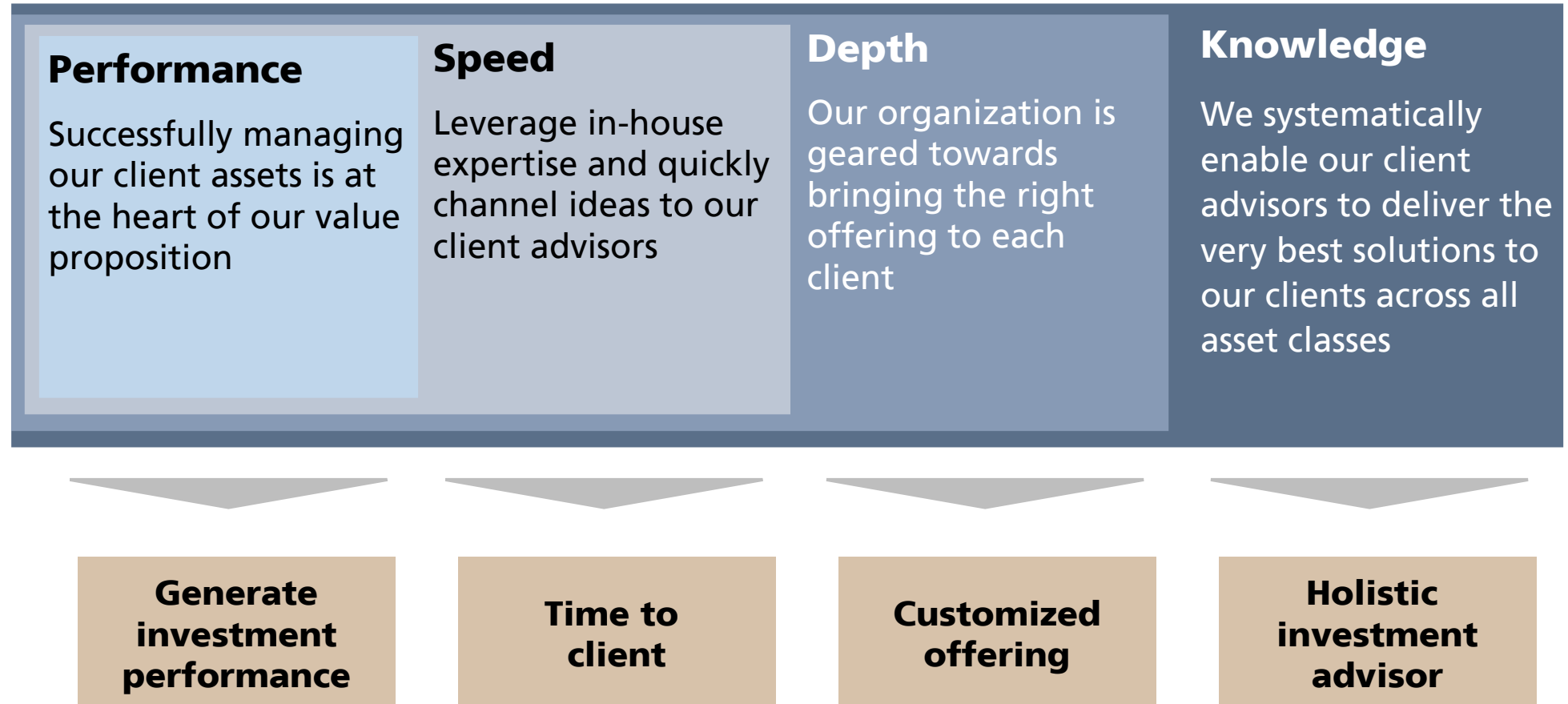
- Global reach and service delivery
- Robust legal framework
- Highly qualified and knowledgeable client advisors
- Investment performance
- Sophisticated investment opportunities
- Compliance with enhanced regulatory standards

UBS acting from a position of strength

- Early expansion in major onshore markets and strong multiple-booking capabilities
- Extended offering to address changing client needs
- Leading risk management and compliance framework

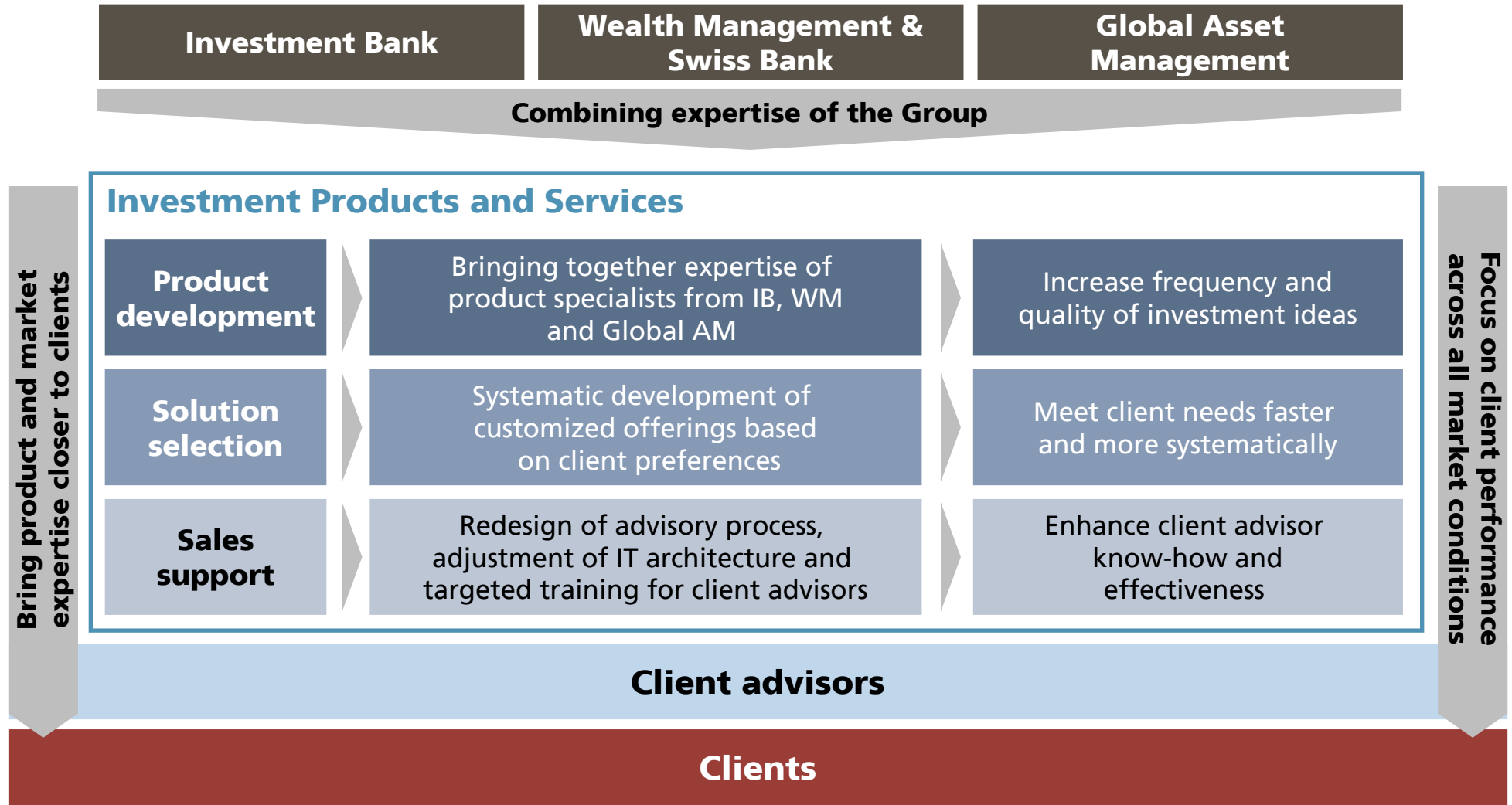
The foundations of our client service platform

Shifted emphasis from asset gathering to managing wealth



Investment Products and Services (IPS)

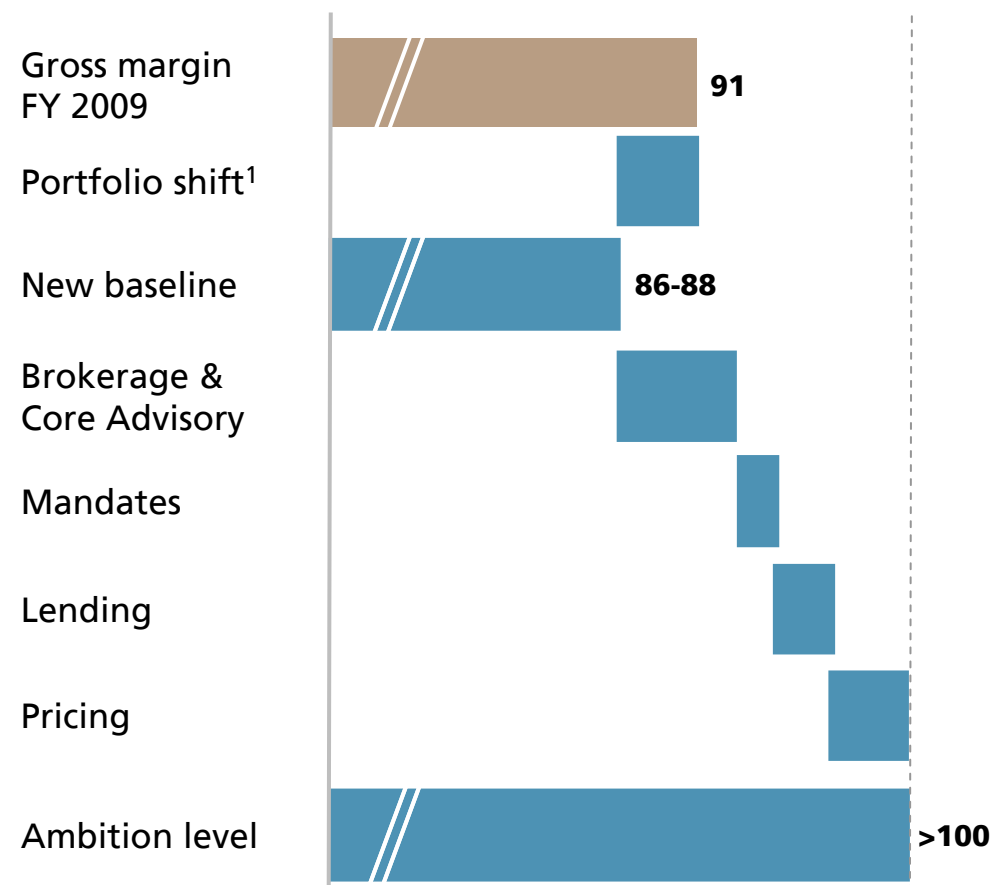
Making the best of UBS available to our clients faster



Providing holistic investment solutions to clients will increase client loyalty and improve margins

IPS will enable our client advisors to provide the right content to our clients and generate substantial incremental revenues

Medium-term gross margin target (bps)



- Regain client trust by improving investment performance in all market conditions
- Substantially increase the number of investment ideas and services to clients increasing our share of wallet
- Ensure investment content competes internally and externally
- Client-specific service differentiation
- Client-appropriate pricing

Industry-leading business platform for client advisors...

...making UBS Wealth Management highly attractive for top talent

Business platform to support client advisors		
Offering	Research & technology	Training & development
<ul style="list-style-type: none">• Performing product shelf• Active pre-selection of products• Daily investment ideas across all asset classes• Targeted offering derived from client profile	<ul style="list-style-type: none">• Global access to research and specialist teams across all asset classes• Tailored client advisor workbench• Around the clock execution capability	<ul style="list-style-type: none">• Broad range of learning opportunities with UBS Business University• Talent management emphasis across the firm• Global career opportunities

- Global, integrated firm with wealth management at its heart
- Ongoing improvement of leading business platform and training offerings
- Strong performance culture

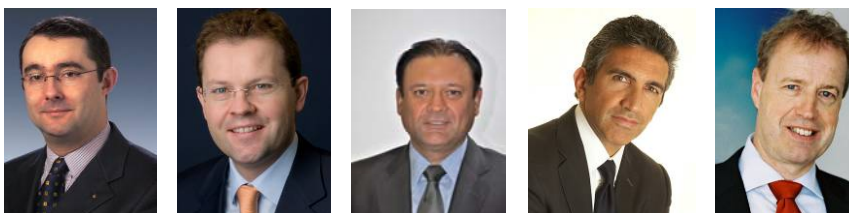
We have a strong management team in place

A diverse management team...

...across functions



...across skills



...across cultures



We continue to broaden skills across our organization

- Strategic management hires with strong expertise and proven track record
- Selectively hired ~130 experienced and highly qualified senior staff across our organization
- Attracted around 300 quality client advisors at all levels

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Key enablers to achieve our targets

We are reconfirming our medium-term targets, because...

... we can grow revenues with positive operational leverage

... we have access to growth through our unique client base and global footprint

... we were an early mover, successfully developing our onshore business and establishing multi-booking centers

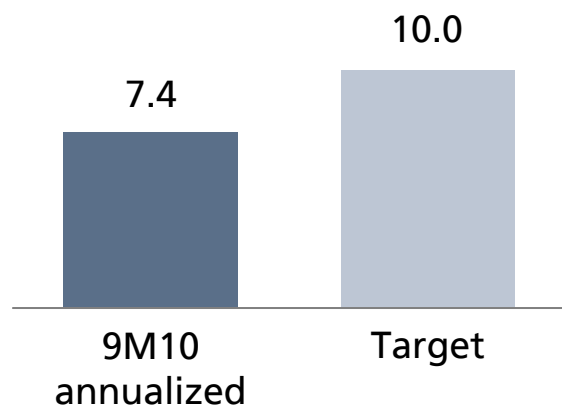
... we are attracting top quality industry professionals again

... we will differentiate ourselves through our investment performance

We reconfirm our medium-term targets

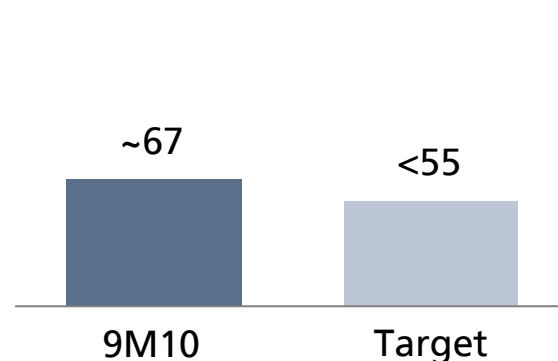
Operating income

CHF billion



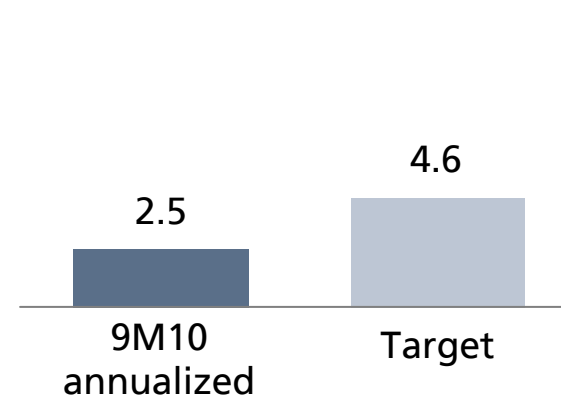
Cost / income ratio

%



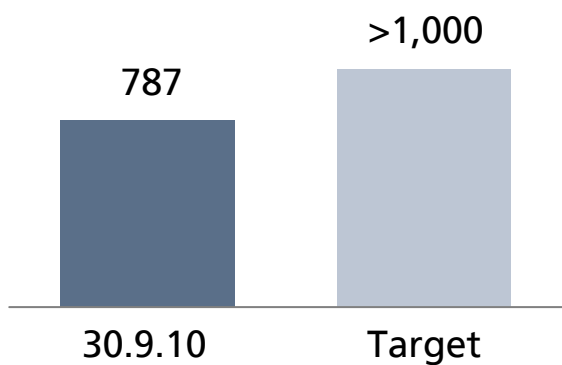
Profit before tax

CHF billion



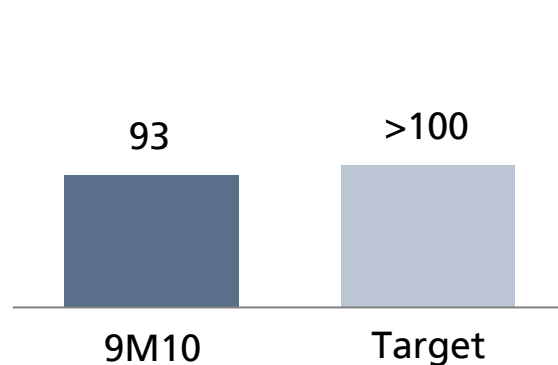
Invested assets

CHF billion



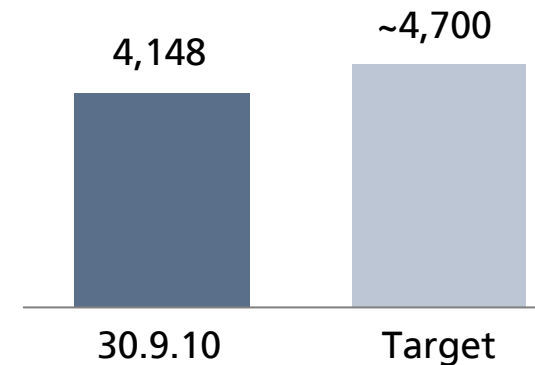
Gross margin

bps



Client advisors

FTE



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