



# UBS Wealth Management Americas: Strategy and execution plan

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# UBS Group 1Q10 highlights

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## Profitable in all business divisions...

Pre-tax profit CHF 2.8 billion

Net profit CHF 2.2 billion, diluted EPS CHF 0.58

Return on equity 21.0%

Good IB results with significant FICC contribution and limited additional risk utilization

Improved performance in WM&SB with higher WM gross margins

Substantial reduction in net new money outflows

Invested assets increased in all asset-gathering business divisions

Tier 1 capital ratio 16.0% and core tier 1 capital ratio 12.5%

FINMA leverage ratio 4.1%

We are compliant with FINMA's new liquidity requirements

Stable balance sheet and risk-weighted assets

**...on track with our plan to meet medium term goals**

## WMA key actions to date

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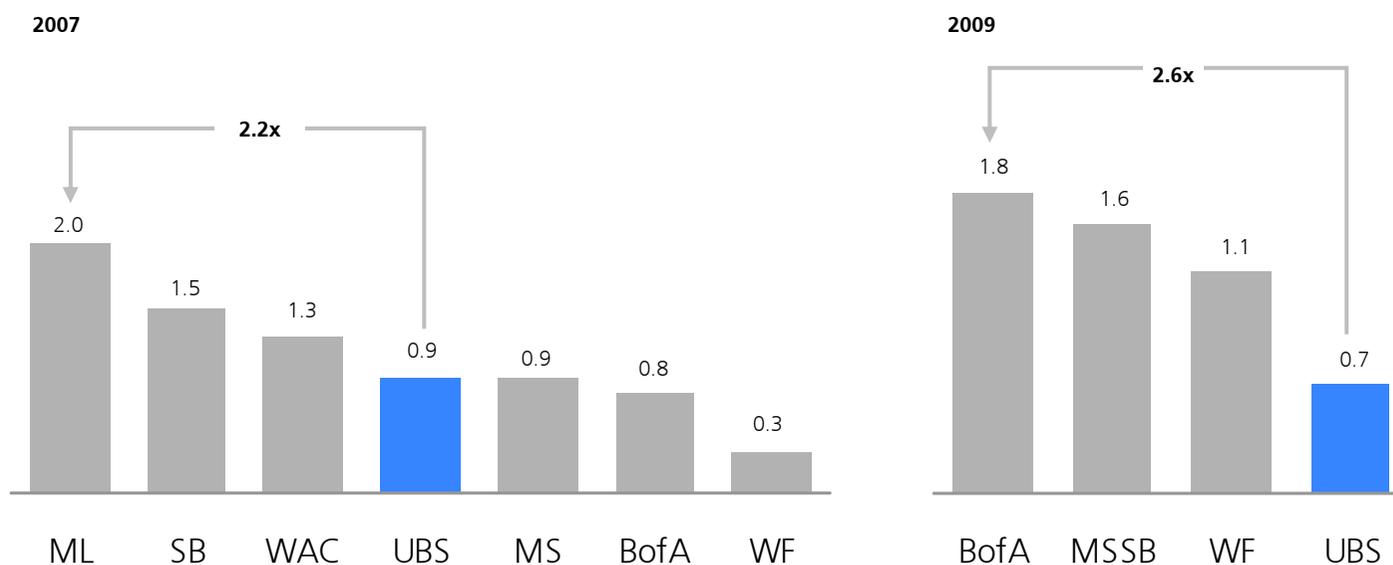


**Confirming our medium-term pre-tax profit target of CHF 1 billion**

# US wealth management industry today

The competitive landscape has changed dramatically over the last three years

Pre and post crisis IA of major players (CHF trn, 2007 – 2009)

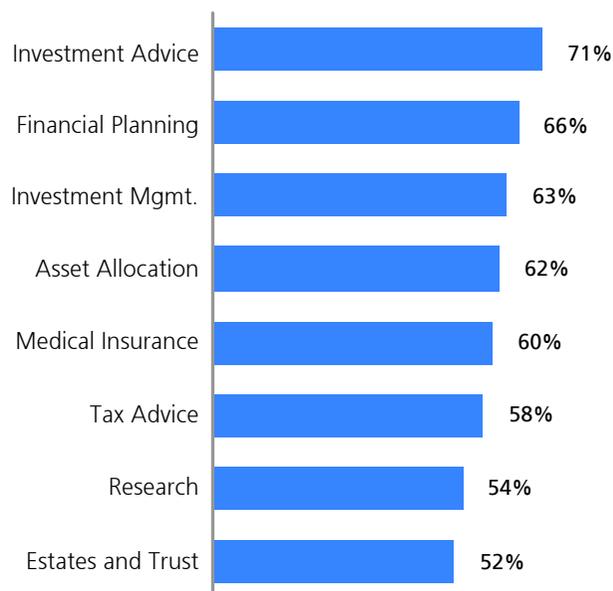


Source: Company Reports, US figures for competitors converted to CHF at 1.13 CHF/USD for 2007 and 1.04 CHF/USD for 2009; UBS figures as reported

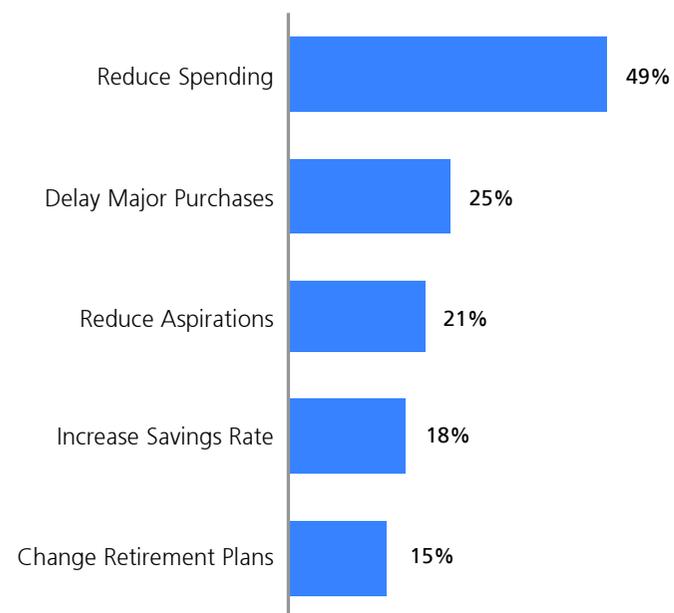
# Clients have prioritized advice...

## Considerable financial losses have impacted client needs and behavior

### Most critical client needs



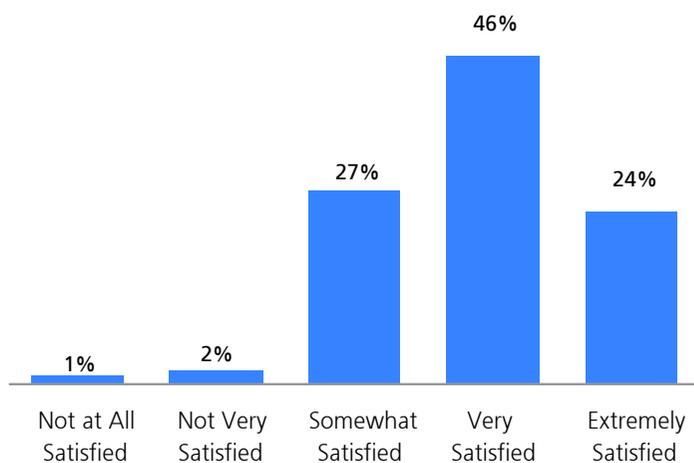
### Changes in client behavior



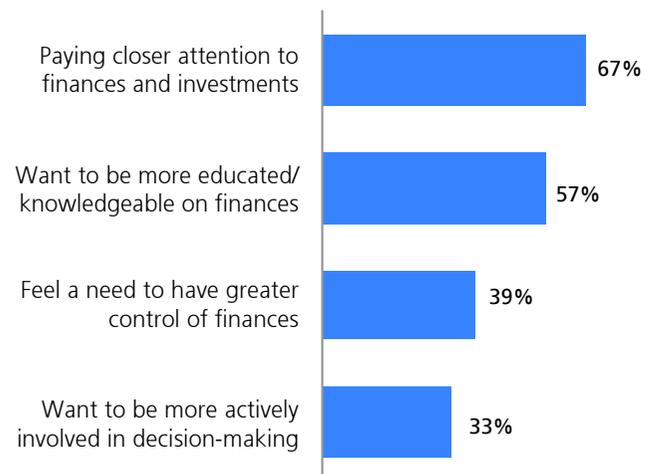
# ...from their financial advisors

## Clients trust their advisors but want to become more engaged in the investment process

Client satisfaction with primary advisor

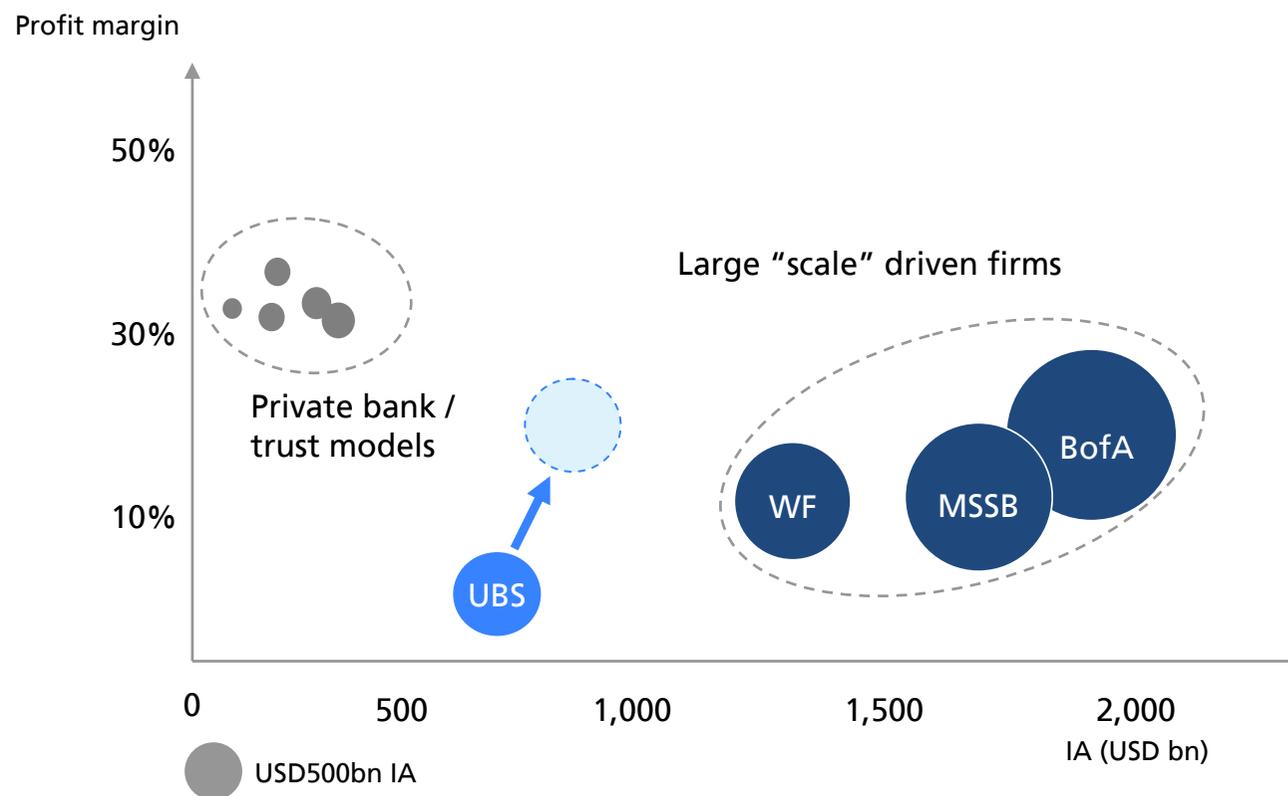


Increase in client engagement



# UBS's opportunity

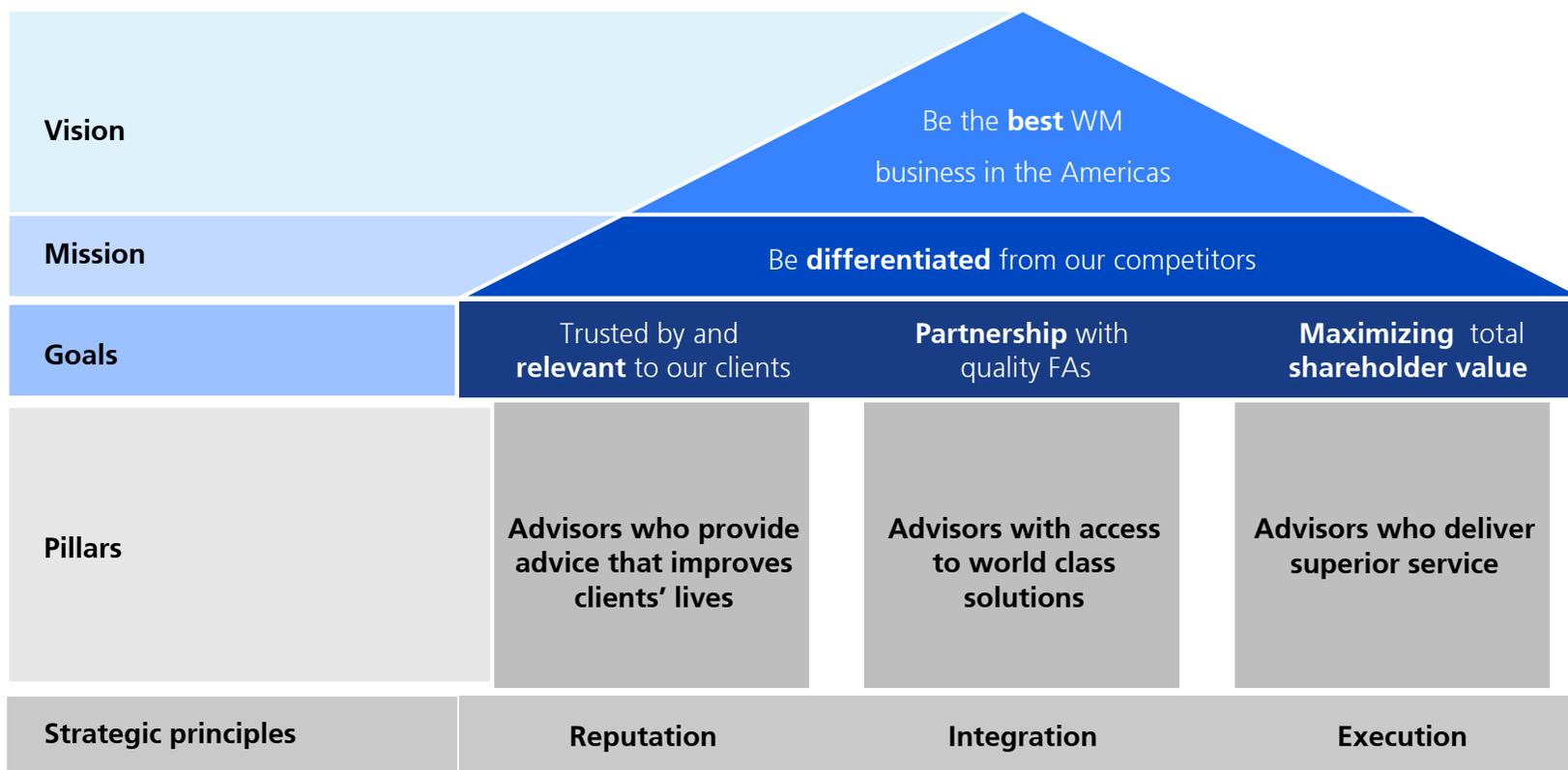
**Size and agility will enable WMA to chart a new course combining the advantages of both large and boutique firms**



Source: Company Reports, US figures converted to CHF at a 1.059 CHF to USD rate

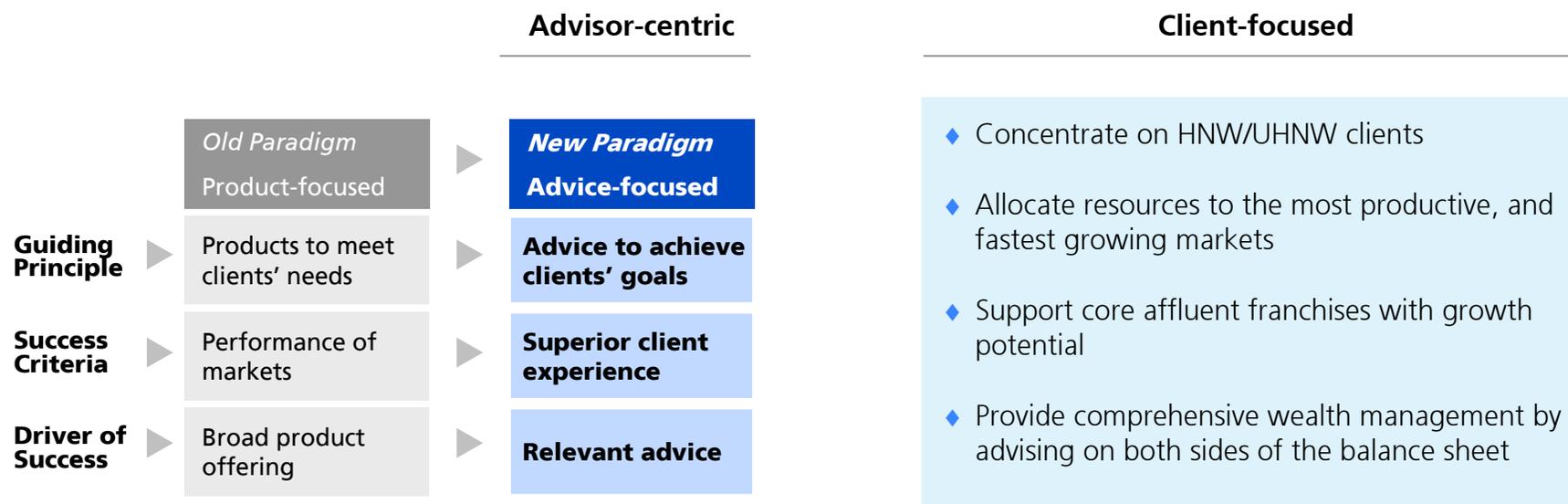
# UBS strategy: client-focused and advisor-centric

## Transforming Wealth Management Americas into a CHF 1 billion pre-tax profit business



# UBS strategy in action

## Focusing on advice

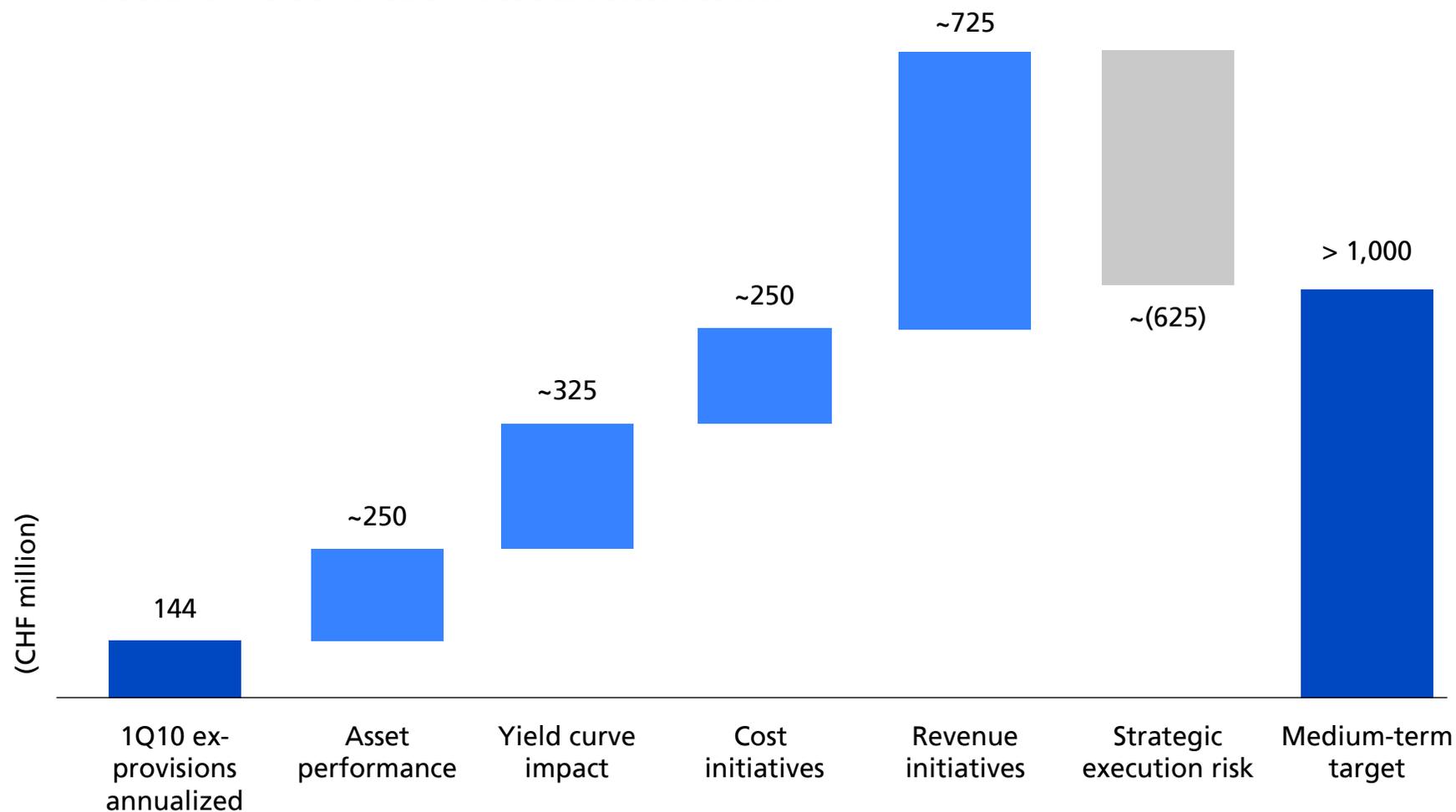


# Cost and revenue initiatives

	Initiative	Description
Cost	Human Resources	<ul style="list-style-type: none"> <li>♦ organizational redesign</li> <li>♦ de-layering/span of control</li> </ul>
	Real Estate	<ul style="list-style-type: none"> <li>♦ rationalize/re-stack</li> <li>♦ renegotiate</li> </ul>
	Operational Efficiencies	<ul style="list-style-type: none"> <li>♦ re-engineering</li> <li>♦ outsourcing</li> </ul>
Revenue	Productivity	<ul style="list-style-type: none"> <li>♦ increase FA assets and revenue</li> <li>♦ improve NNM</li> </ul>
	Advisor Mix	<ul style="list-style-type: none"> <li>♦ increase retention</li> <li>♦ recruit target advisors</li> </ul>
	Solutions	<ul style="list-style-type: none"> <li>♦ mortgages, securities-based lending</li> <li>♦ AI, annuities, life insurance</li> </ul>

# Achieving CHF 1 billion in pre-tax

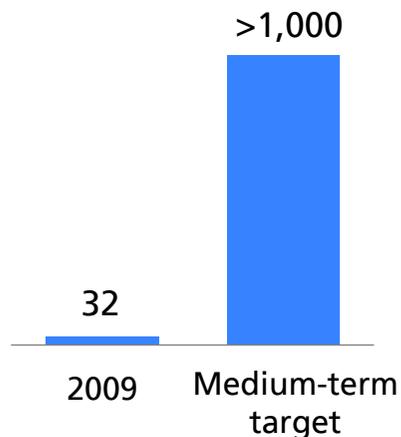
**A more favorable environment...**



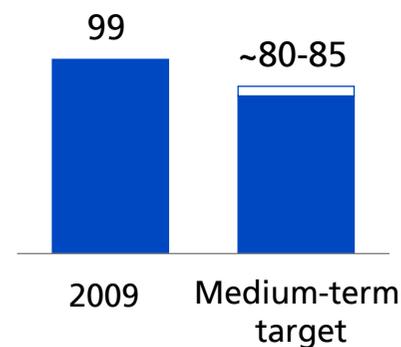
**...and focused initiative execution**

# Medium-term targets for WMA strategy

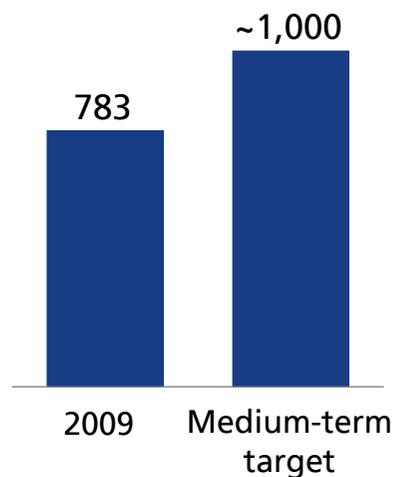
Profit before tax (CHFm)



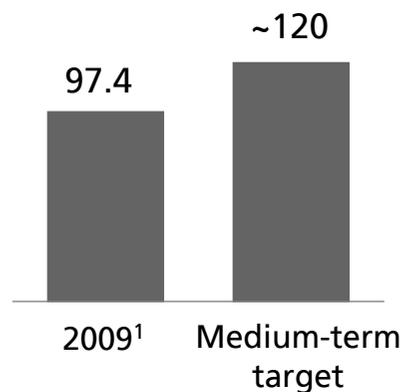
Cost/income ratio (%)



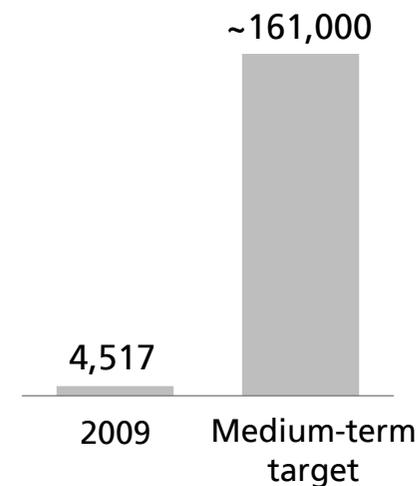
Revenue/FA (CHFk)



Invested assets/FA (CHFm)



Pre-tax/FA (CHF)



# WMA 1Q10 vs. 1Q09 (USD)

## Stabilizing the business under new management

		1Q09	1Q10	1Q10 vs. 1Q09
Financials	Invested Assets (USD bn)	590	680	↗
	Revenues (USD m)	1,215	1,285	↗
	Pre-tax (USD m)	(30)	14	↗
Headcount	Non-FAs (external view)	11,851	9,800	↘
	Financial Advisors	8,760	6,867	↘
	% of FAs > USD 250k Production <sup>1</sup>	57%	74%	↗
	FA attrition <sup>2</sup> > USD 250k	24.1%	8.8%	↘
	FA attrition <sup>2</sup> > USD 1m	31.7%	6.1%	↘
FA Productivity	Invested Assets / FA (USD m)	67.4	99.0	↗
	Annualized Revenue / FA (USD k)	559	736	↗
NNM	WMUS NNM from same-store <sup>3</sup> FAs (USD bn)	(5.0)	0.5	↗



1 WMUS  
 2 Quarterly annualized  
 3 FAs that have been with UBS for 12 months or more

# Conclusion

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**The success of our strategy relies on the UBS WMA culture and a commitment to execution**

## Culture

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- ◆ Strong adherence to the UBS values
- ◆ Client-focused and advisor-centric
- ◆ Committed to excellence
- ◆ Tough competitors and good people

## Execution

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- ◆ Rebuild the *reputation* of UBS WMA
- ◆ *Integrate* the resources of UBS Group
- ◆ Leverage WMA's intellectual capital
- ◆ Drive *execution* and accountability