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UBS Investors Day  
Private & Corporate Clients

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14 December 1999

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# Positioning

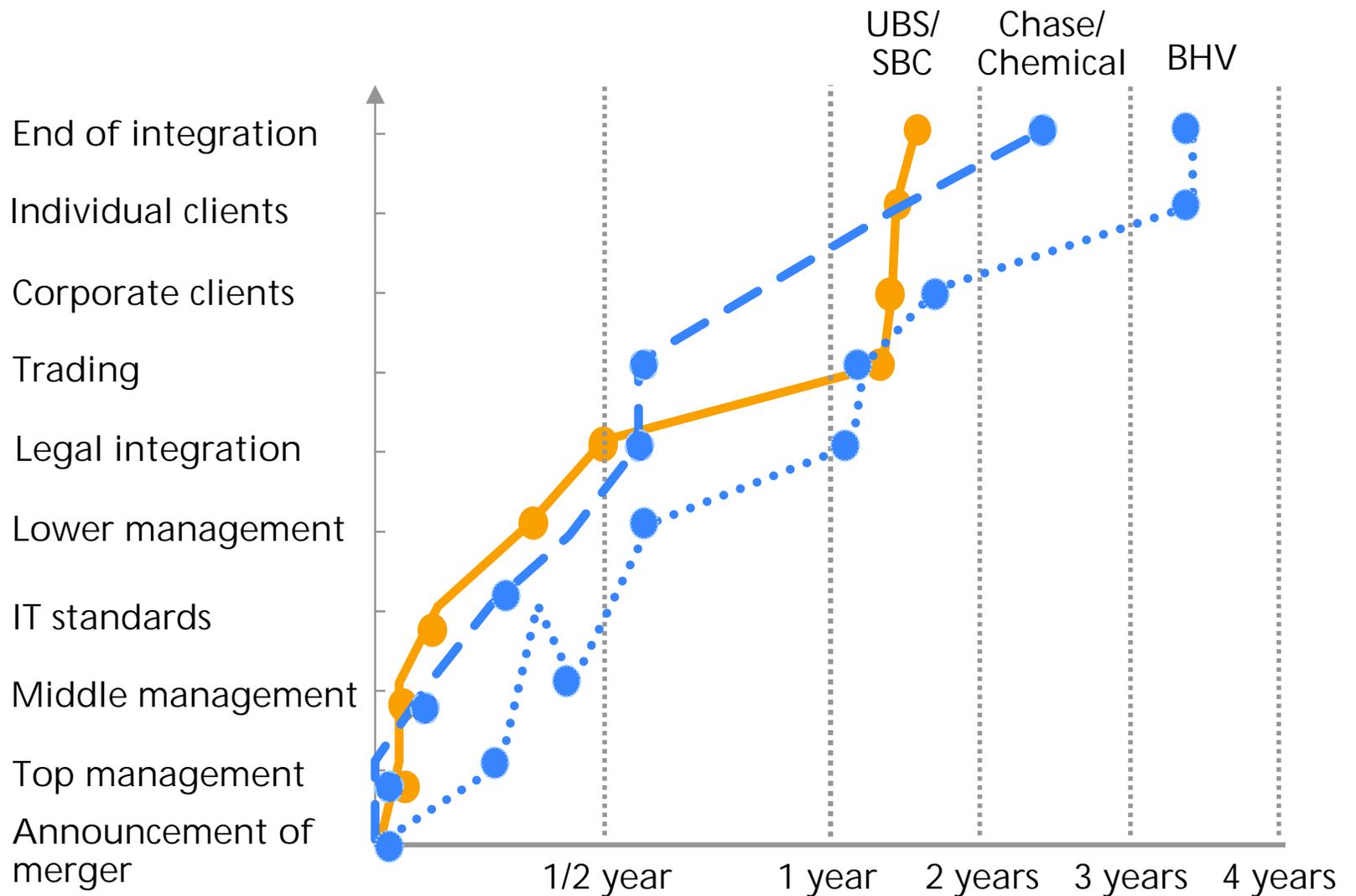
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## SECTION 1

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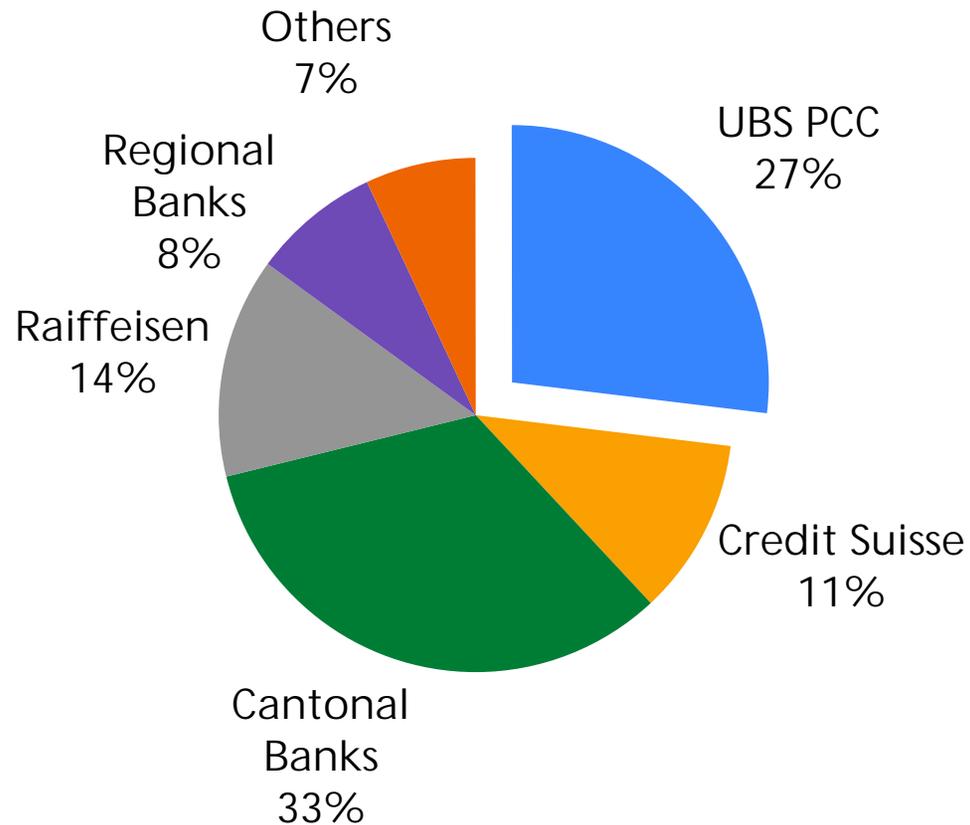
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# UBS has set a new International Benchmark...



(Source: Mc Kinsey)

## ... resulting in a Leading Swiss Market Position



- ◆ Based on a nationwide survey of core relationships: UBS Swiss Research 1999

# Broad Client Base

Significant potential

## Individual Clients

- ◆ Private Clients 3,000,000
- ◆ Investment Clients 1,000,000

## Corporate Clients

- ◆ Top Corporates 170
- ◆ Large Corporates 10,000
- ◆ Small & Medium Businesses 180,000

## Banks

- ◆ Banks 1,800

# Strong Affluent Client Segment

## High growth potential

### Revenue Contribution

- ◆ Contributes almost 40% of PCC's income

### Assets under Management, Loan portfolio

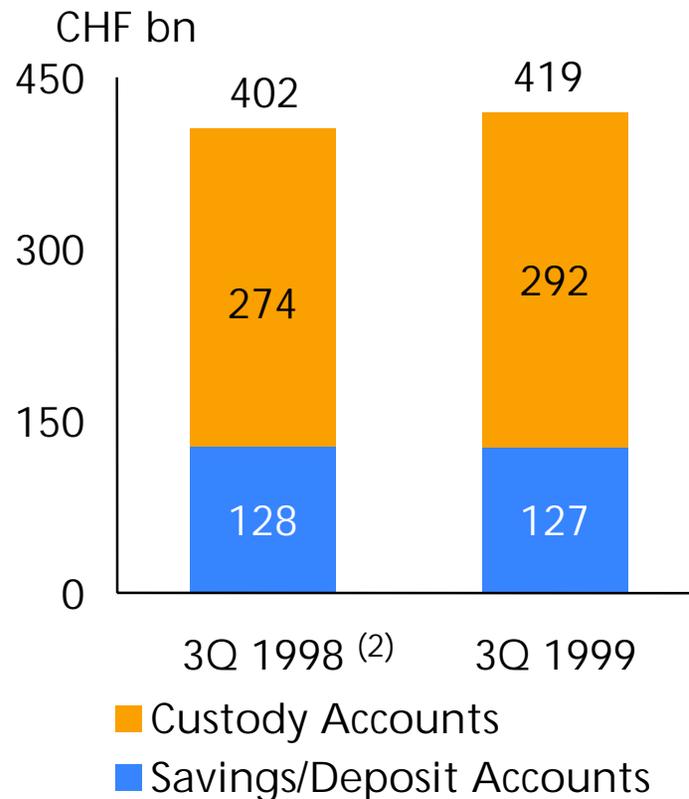
- ◆ Approximately 30% of Assets under Management and loan portfolio - mainly mortgages

### Client Relationship

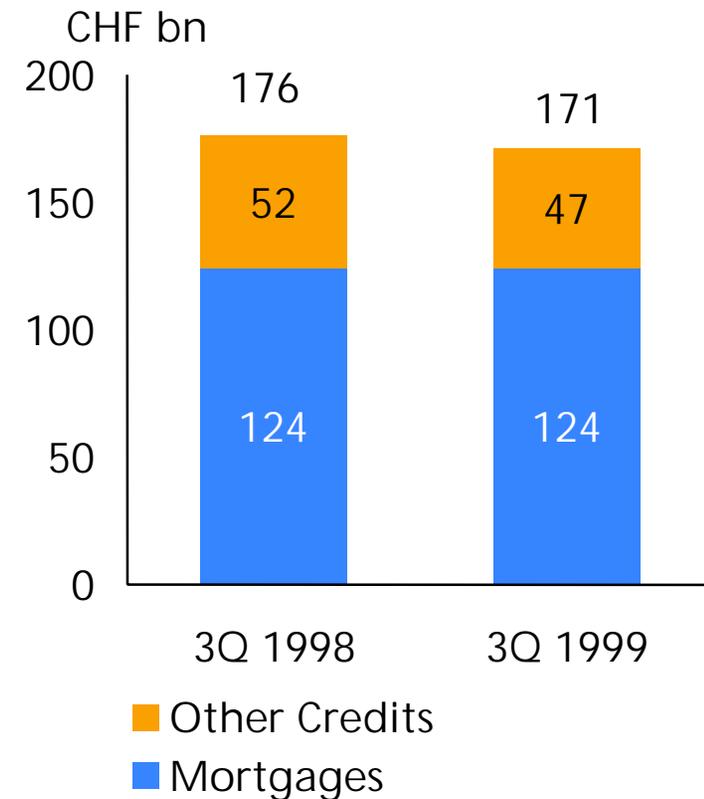
- ◆ Personal client advisors
- ◆ Structured advisory approach
- ◆ Full seamless multichannel offering
- ◆ Life-cycle oriented approach

# Development of AuM and Loan Portfolio

## Assets under Management<sup>(1)</sup>



## Loan Portfolio



Notes:

1 Banks are not included

2 Adjusted for business shifts

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# Asset Quality

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(CHF billion)	3Q 99	3Q 98	%
Total loans (gross)	171.4	176.1	(3)
Allowances & Provisions	11.1	12.2	(9)
NPLs	11.8	14.1	(16)
NPLs / total loans (%)	6.9	8.0	

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# Business Environment

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## SECTION 2

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# Key Industry Drivers

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# Opportunities

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- ◆ Increased share-of-wallet across all client segments
- ◆ Significant affluent market segment
- ◆ Increasing acceptance of alternative distribution channels
- ◆ Cost saving potential
- ◆ Critical mass permitting efficient investments in new technologies

# Key Risks

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- ◆ Substitution of higher margin transaction business by discount brokerage
- ◆ Increased competition through new entrants
- ◆ Potential loss of clients due to enforcement of risk-adjusted pricing
- ◆ Concentration risk in Swiss loan market



# Strategy

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## SECTION 3

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# Mission

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Further develop the most profitable  
bank serving private, business and  
corporate clients in Switzerland

# Strategy (1)

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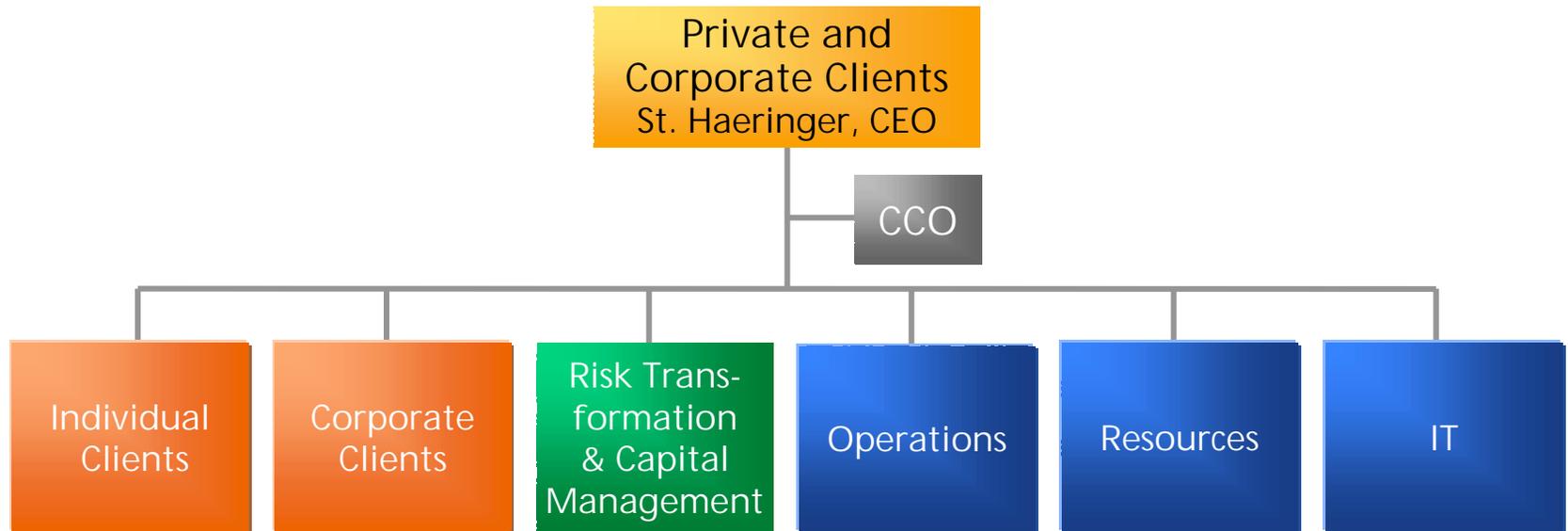
- ◆ Standardize products and processes and create additional value for clients requiring individualized services by providing integrated financial solutions
- ◆ Enhance alternative distribution channels and further develop our leading position in multi-channel distribution in Switzerland
- ◆ Enhance contribution of the lower-end segment

## Strategy (2)

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- ◆ Achieve business excellence through the enhancement of customer service quality
- ◆ Develop competitive infrastructure and logistics by optimizing efficiency, quality of service and security
- ◆ Create a performance-oriented culture while providing an optimal working environment to attract and retain high caliber staff

# New Organisation Structure



Focus on origination through dedicated "Front" Business Areas



Optimize capital utilization and loan portfolio



Enhance risk decisions independent of portfolio management and business



Comprehensive logistics areas realizing synergies in providing services to other divisions in Switzerland

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# Initiatives

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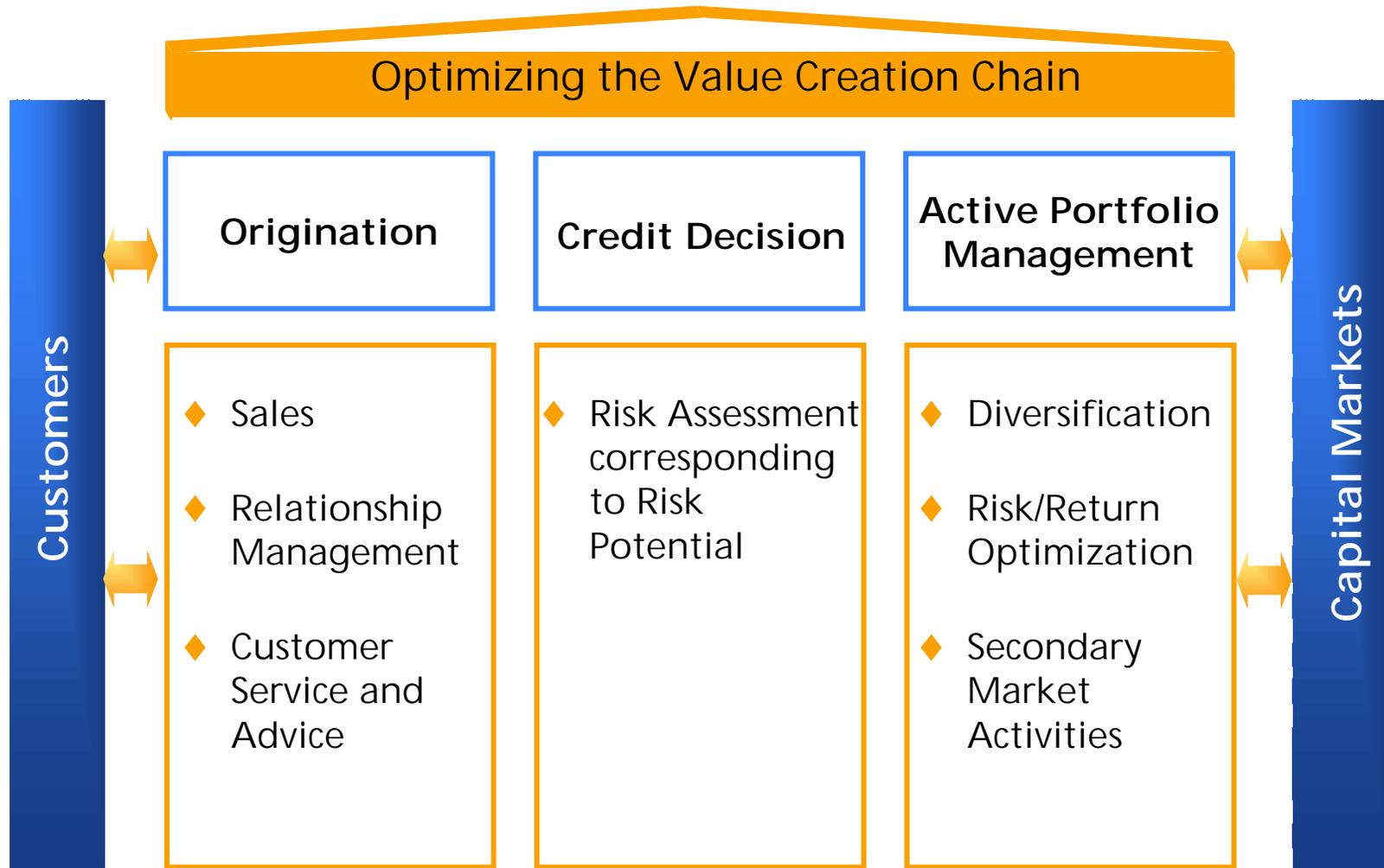
## SECTION 4

### A New Lending Business Model

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# New Lending Business Model



# Initiatives

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## SECTION 4

### B Strategic Projects

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# Clearly Defined Strategic Projects ...

## Pricing/Distribution

- ◆ Risk-adjusted pricing
- ◆ New pricing scheme for Investment Clients
- ◆ Value-based pricing of Retail Products
- ◆ Differentiated pricing (e.g. by distribution channels)
- ◆ Expanding UBS 24h-Banking
- ◆ Merging dual locations
- ◆ Resizing branch network
- ◆ Database marketing

## Cost Centers

- ◆ Increasing efficiency of processes
- ◆ Concentrating support and operational functions
- ◆ Increasing productivity in IT

## Projects

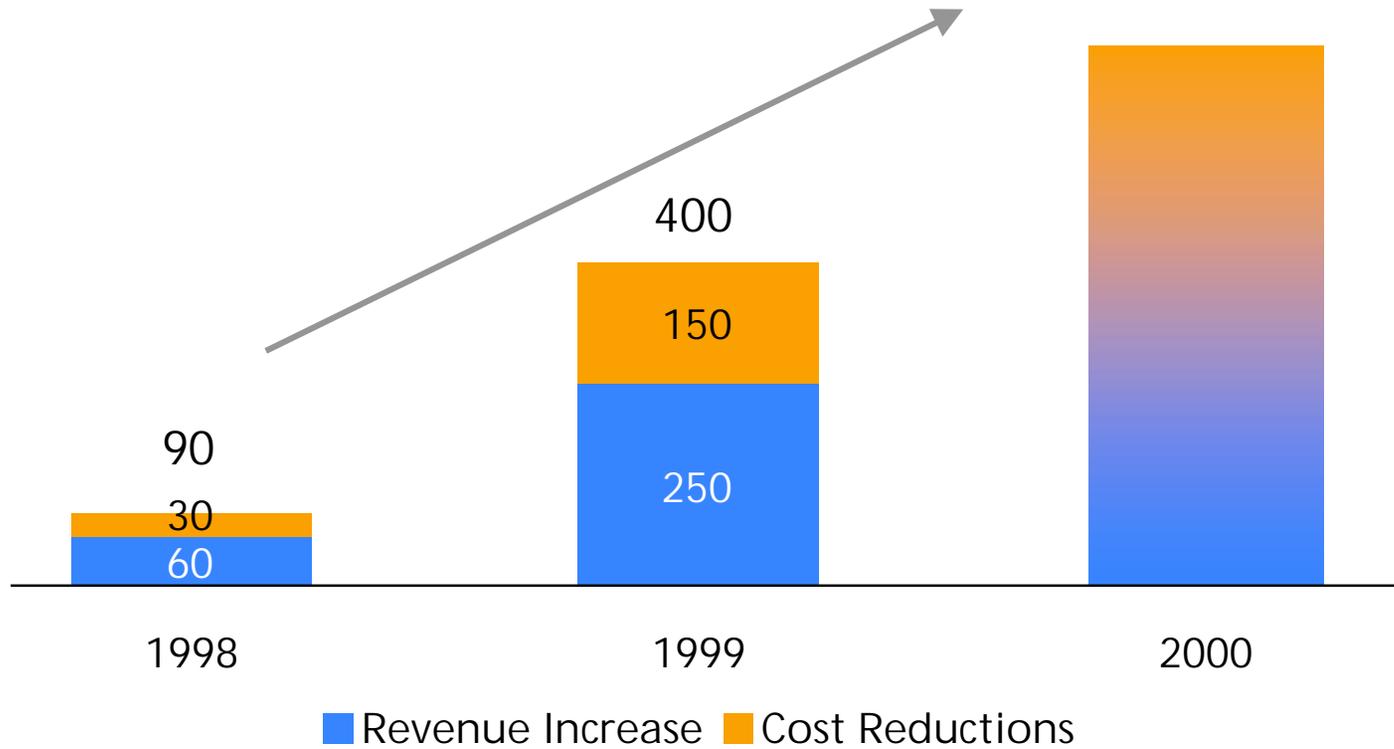
- ◆ Optimizing value contribution through prioritization of resources

## Products/Processes

- ◆ Developing high margin businesses
- ◆ Reducing the Recovery Portfolio

## ... resulting in a Significant Net Profit Increase

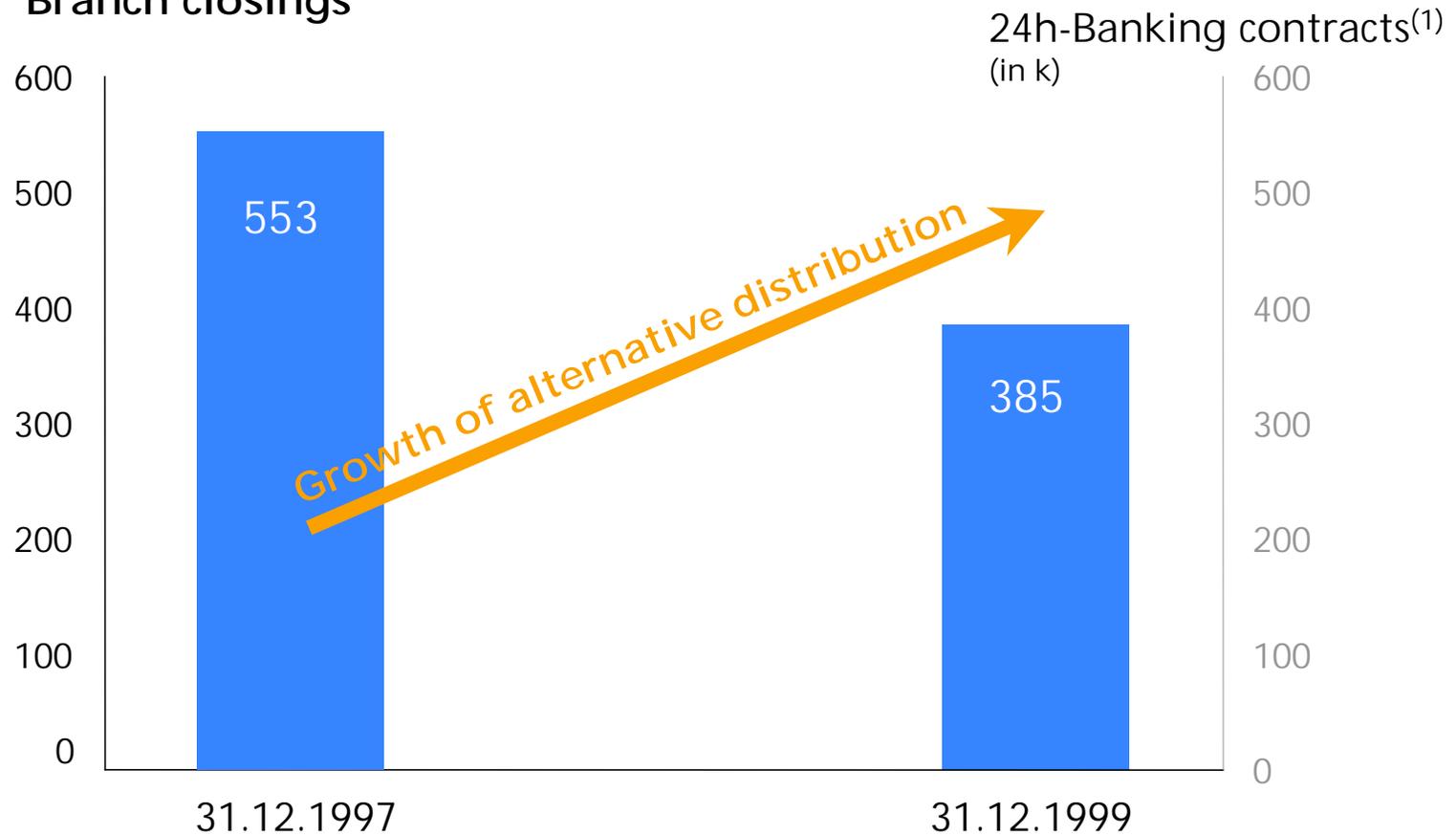
(in CHF million pa before tax, cumulative)



# Realizing Synergies

While increasing client convenience

## Branch closings



Notes:

1 Including Internet/Videotex, Phonebanking

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# Initiatives

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## SECTION 4

### C 24h-Banking

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# Comprehensive Multichannel Range of Services

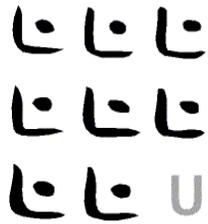


**Telebanking**  
including Videotex  
and Internet



**UBS Phonebanking**

24h-Banking



**UBS Machines**



**UBS Business Offices**

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# Significant Growth Potential for Telebanking

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- ◆ 30% of Swiss population <sup>(1)</sup> are Internet users
- ◆ 45% are expected to be Internet users by 2000
- ◆ Fastest growth in the CHF 250'000+ client segment
- ◆ 50% of Internet purchases are made by credit card
- ◆ 37% of Swiss population <sup>(1)</sup> own a mobile phone
- ◆ 50% are expected to be mobile phone owners by 2000

Notes:

1 Sampled population aged 14 - 79

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# Innovations Introduced on 1 October 1999

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Switzerland's most user-friendly Internet banking solution

"UBS Tradepac", the professional product for investment clients:

- ◆ Online links to six stock exchanges (SWX, UK, IT, NASDAQ, NYSE, AMEX)
- ◆ Stock trading
- ◆ UBS Quotes: Real-time SWX prices
- ◆ UBS Quicken: based upon the world's leading software for personal financial planning and portfolio management

...resulting in increased convenience and competitive  
brokerage commissions

# Telebanking: Investing for the Future

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## Investment

- ◆ Over the next few years, PCC is to invest more than CHF 40 million per year

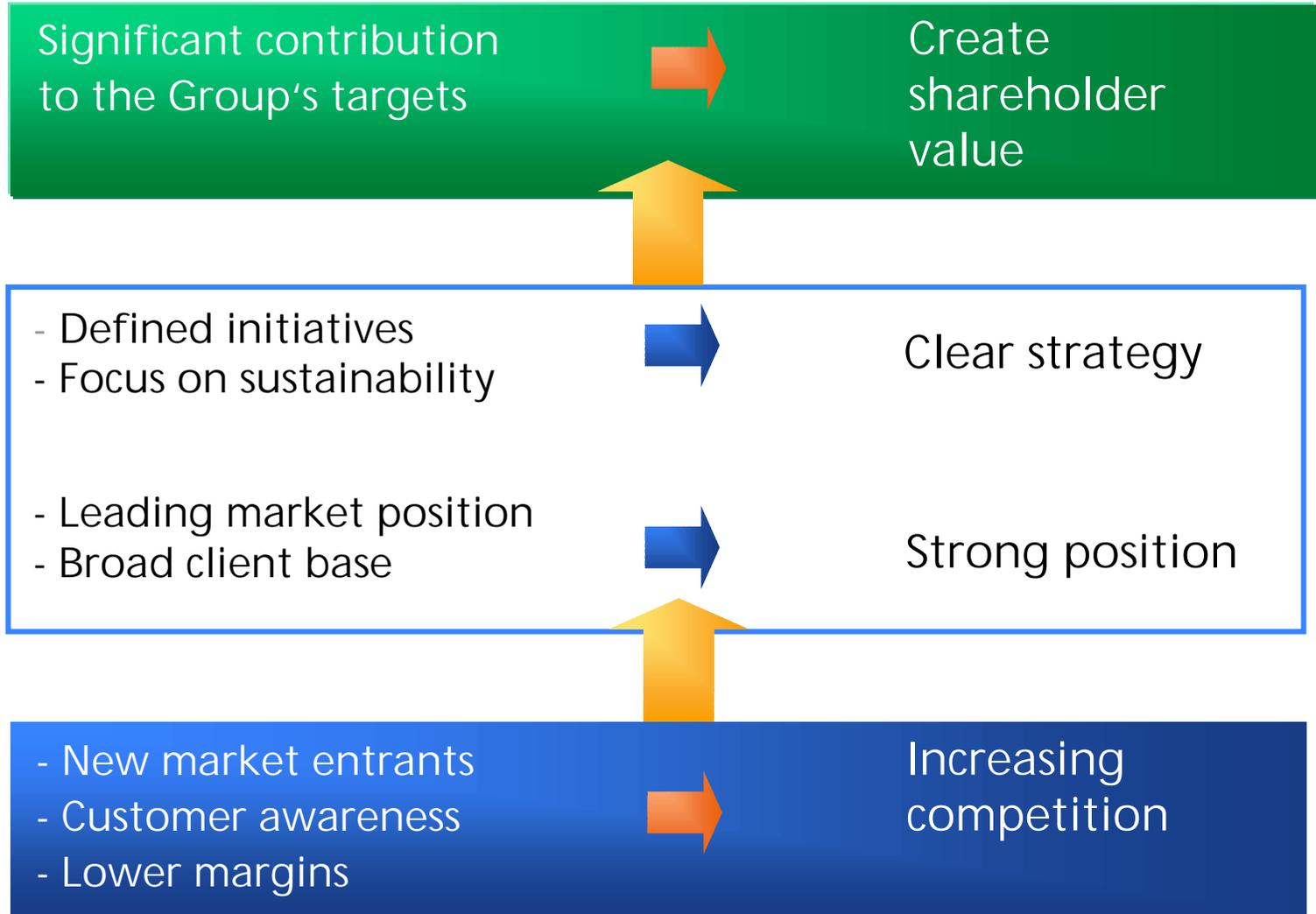
## Cost reductions

- ◆ Automation of order processing for payment services and brokerage

## Revenue increase

- ◆ Client acquisition and new money from existing clients

# Conclusion





# Appendix

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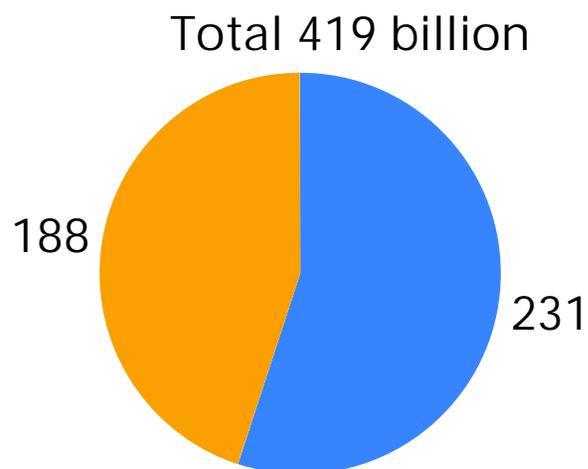
## Significant Increase in Profit

(in CHF million)	9M99	9M98	%
Total Net Income	4,611	4,361	6%
Total Costs	3,770	3,626	4%
<b>Net Profit before Tax</b>	<b>841</b>	<b>735</b>	<b>14%</b>
Cost/Income Ratio	69%	71%	

# Assets under Management<sup>(1)</sup>

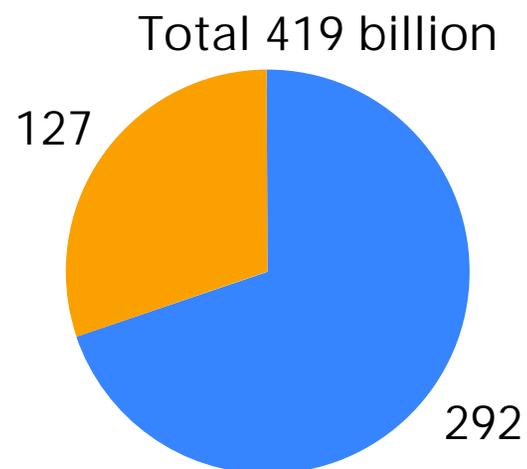
(in CHF billion)

By Segment



■ Individual Clients  
■ Corporate Clients

By Asset Category



■ Custody Accounts  
■ Savings/Deposit Accounts

Notes:

1 Banks are not included

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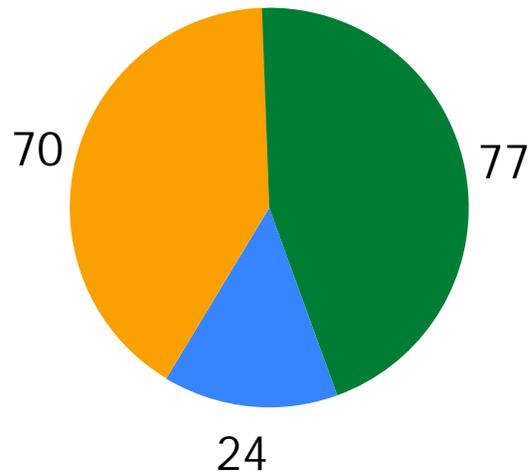
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# Loan Portfolio

(in CHF billion)

By Segment

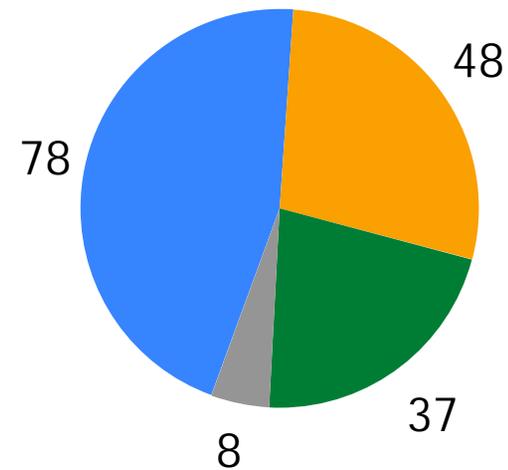
Total 171 billion



- Corporate Clients
- Individual Clients
- Recovery

By Loan Category

Total 171 billion



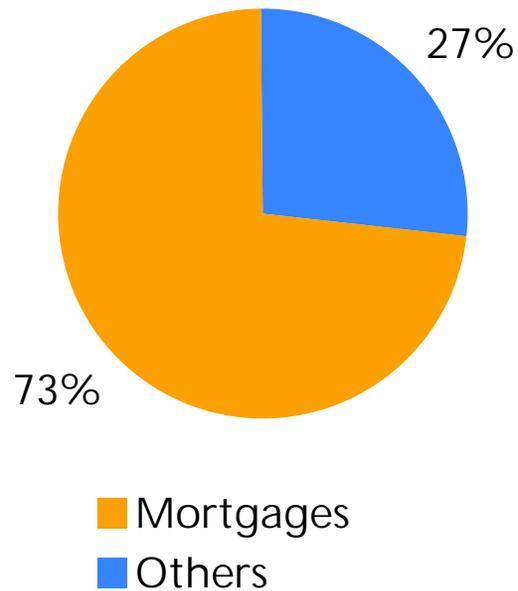
- Fixed Rate Mortgages
- Other Credits
- Other Mortgages
- Portfolio Mortgages

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# Residential Real Estate Accounts

## Loan Portfolio



## Mortgages Portfolio

