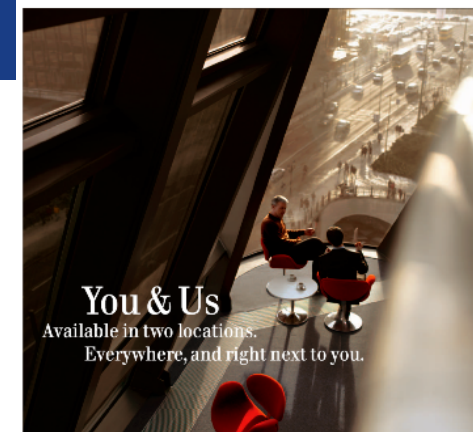


UBS Product Day – Zurich Balance Sheet, RWA & Capital Management

Clive Standish, Chief Financial Officer



June 1, 2006

Table of contents

- SECTION 1 **Key Messages**
- SECTION 2 **Balance Sheet**
- SECTION 3 **Risk-Weighted Assets (RWA)**
- SECTION 4 **Capital Management**

Key messages

- ◆ Large but uniquely liquid balance sheet
- ◆ Rating/funding advantage reflect unique business model/treasury discipline
- ◆ Modest RWA reflects risk profile and high liquidity
- ◆ Strong RWA growth mirrors targeted business growth
- ◆ Soundly capitalized at total capital and especially Tier 1 capital level
- ◆ Business mix and risk profile drives high and growing RoE
- ◆ Capital management balances growth dynamics with pay-out capacity
 - high RoE provides strong capital generation to satisfy multiple demands
- ◆ Basel II impact expected to be modest given large credit gains, especially on highly secured and collateralized portfolios, offsetting new operational risk underpinning

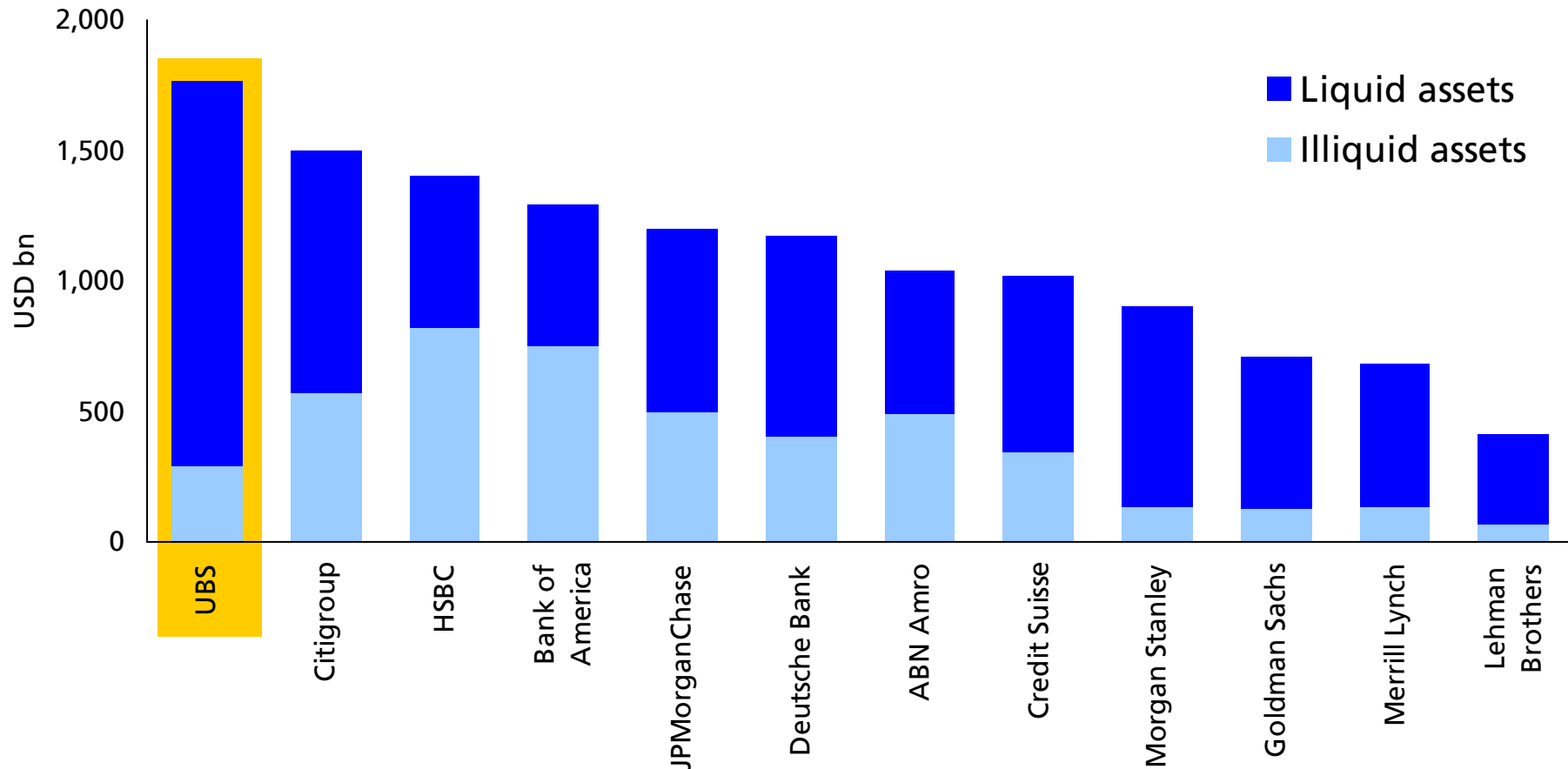
SECTION 2

Balance Sheet

Large but uniquely liquid balance sheet

Balance sheet size is not a target...

Liquid and illiquid assets as of December 2005 (US GAAP)



...rather a consequence of profitable business growth

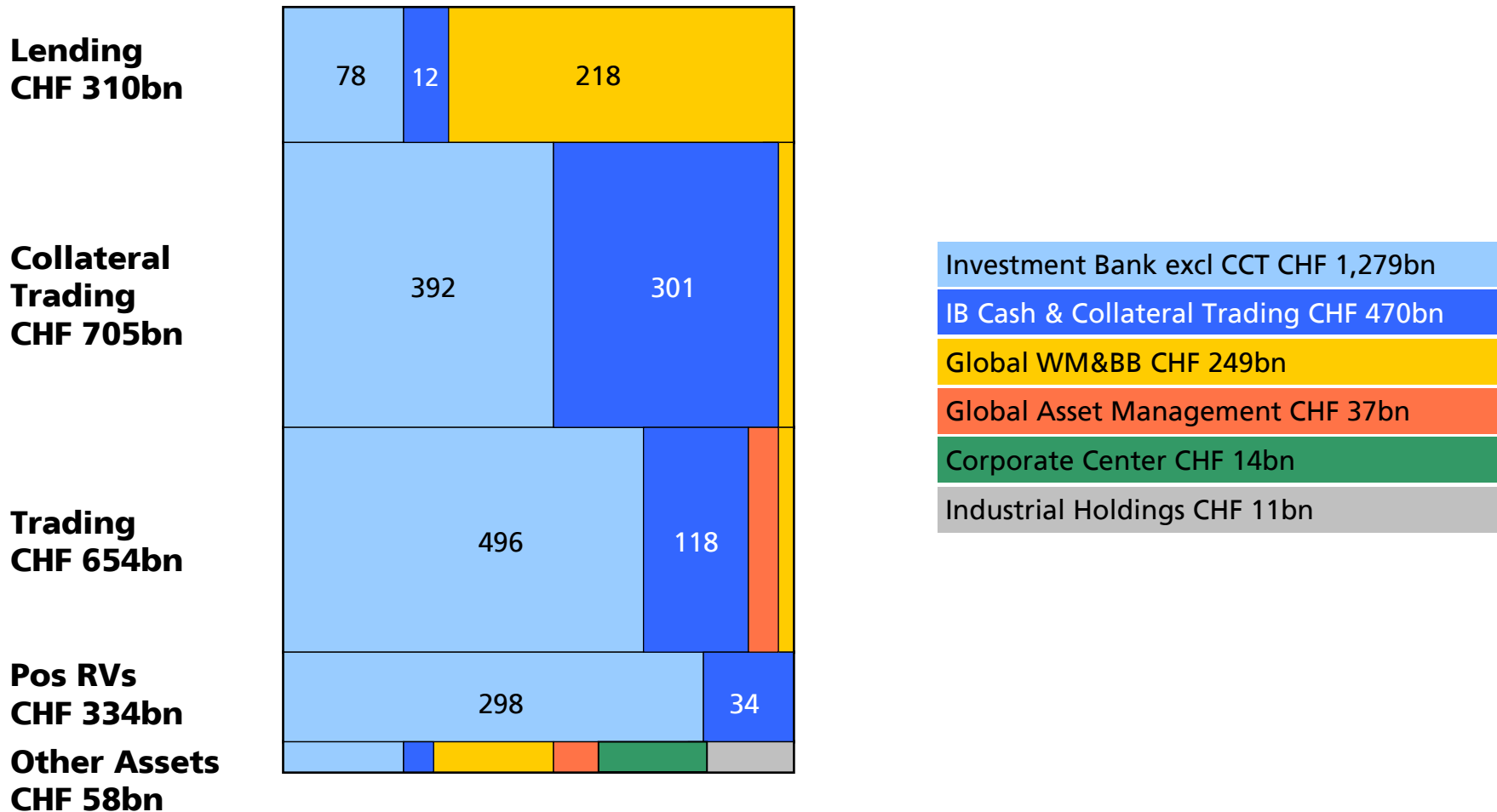
Source: Corporate Reporting



Asset decomposition

Group assets dominated by the IB (85%)...

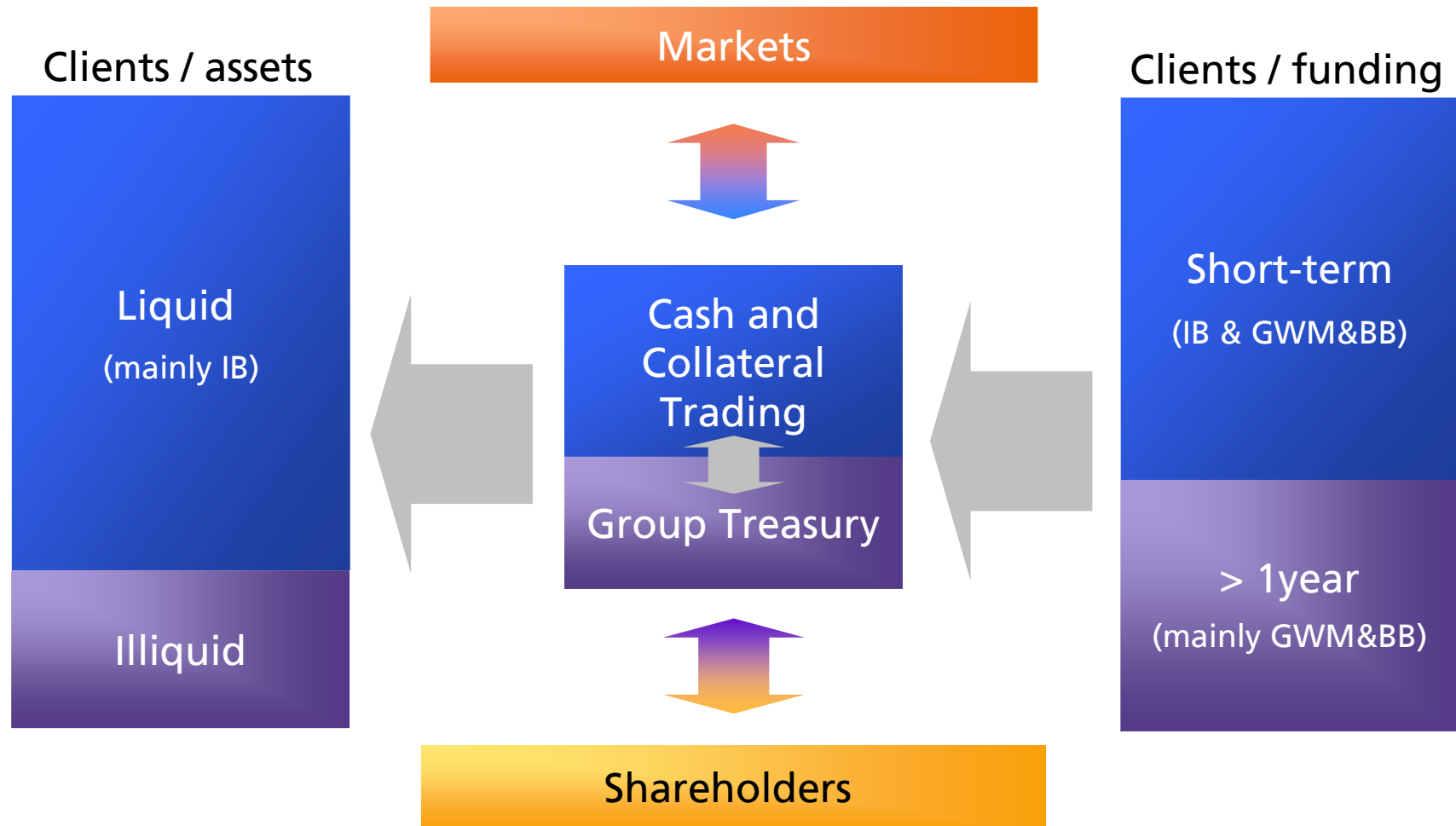
B/S by category and Business Group as of December 2005 (CHF bn)



...consistent with high liquidity of balance sheet

Flow of funds – disciplined, integrated business model

Long-established central treasury model reduces risks...



...nets all flows and delivers substantial funding advantage

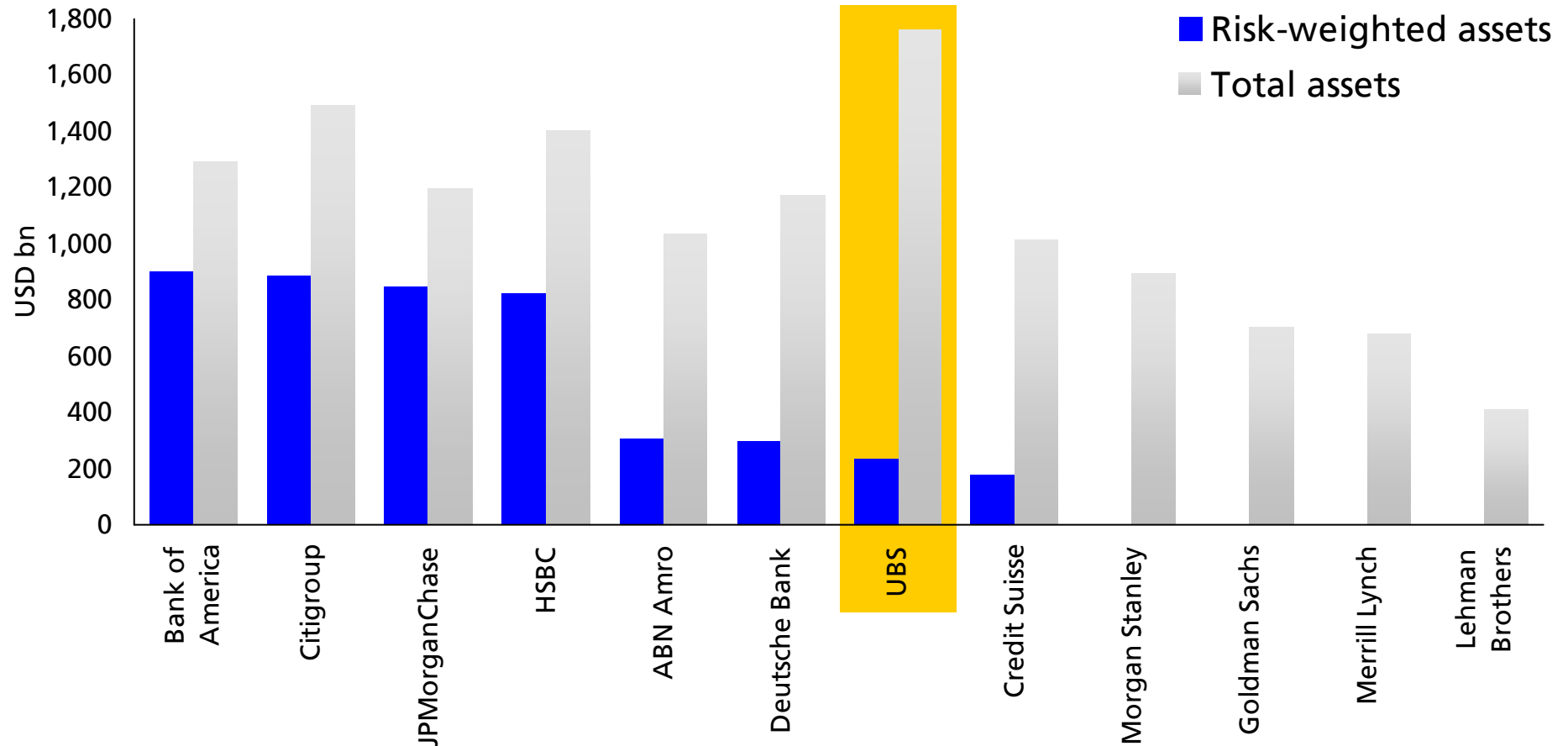
SECTION 3

Risk-Weighted Assets (RWA)

RWA – peer comparison

Modest RWA level...

RWA and total assets as of December 2005 (US GAAP)



...reflects risk profile and highly liquid balance sheet

Source: Corporate Reporting



Risk-weighted assets

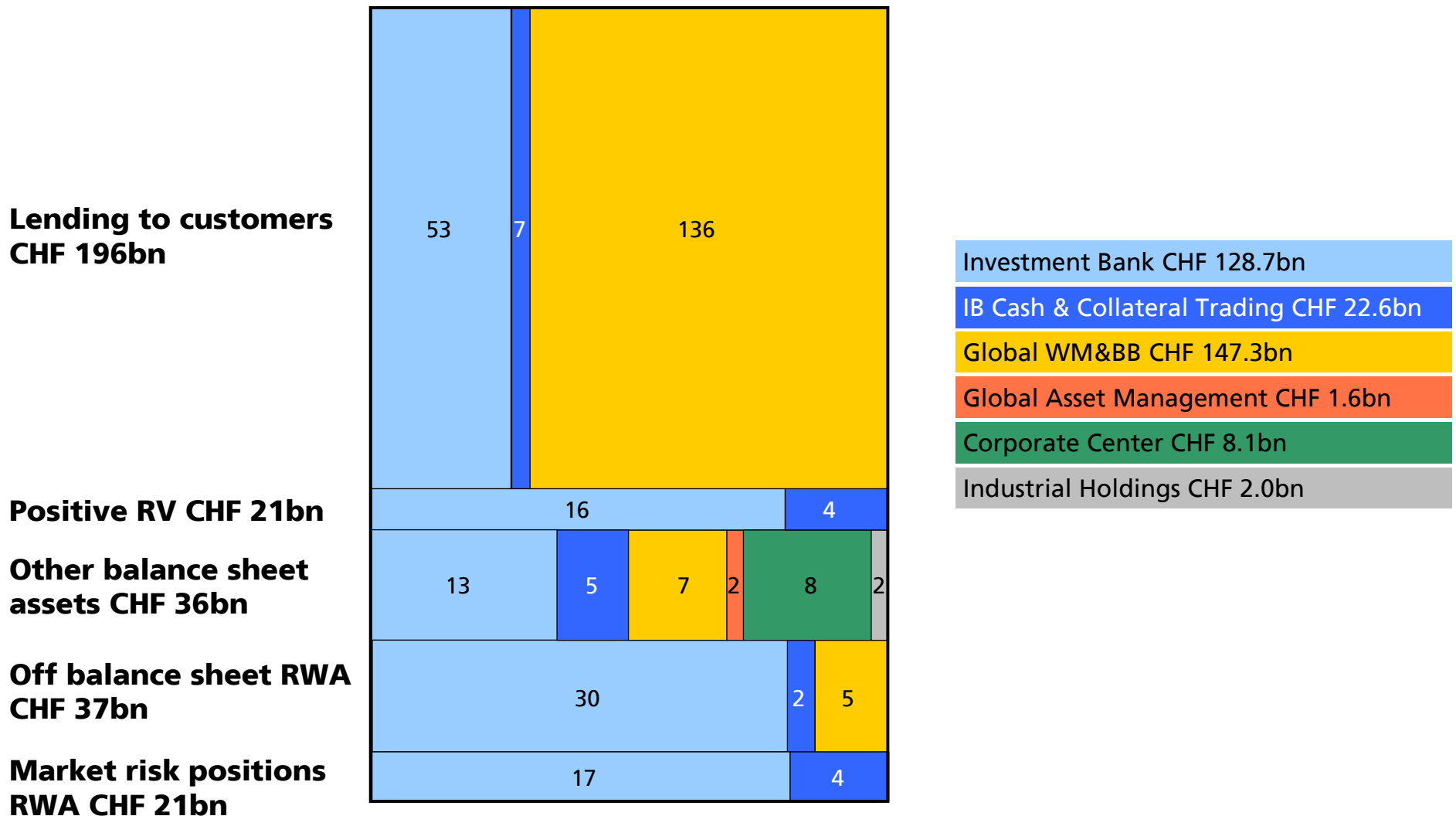
Note 28: Capital Adequacy

CHF billion @ 31.12.2005	Exposure	Risk-weighted assets	Average risk-weightings
Due from Banks and other collateralized lendings	665.9	7.0	1%
Net positions in securities	8.1	6.8	85%
Positive replacement values	87.0	20.5	24%
Net loans and other collateralized lendings	540.1	196.1	36%
Accrued income and prepaid expenses	9.1	4.8	53%
Property and equipment	8.0	8.0	100%
Other assets	13.3	9.1	69%
Total on-balance sheet	1,331.3	252.4	19%
Contingent liabilities	16.6	7.5	45%
Irrevocable commitments	73.2	18.5	25%
Forward and swap contracts	22,365.4	10.7	-
Purchased options	1,629.3	0.3	-
Total off-balance sheet	24,084.5	37.0	-
Market risk positions		21.0	
Total risk-weighted assets		310.4	

RWA decomposition

Balanced RWA mix between IB and GWM&BB

B/S by category and Business Group as of December 2005 (CHF bn)

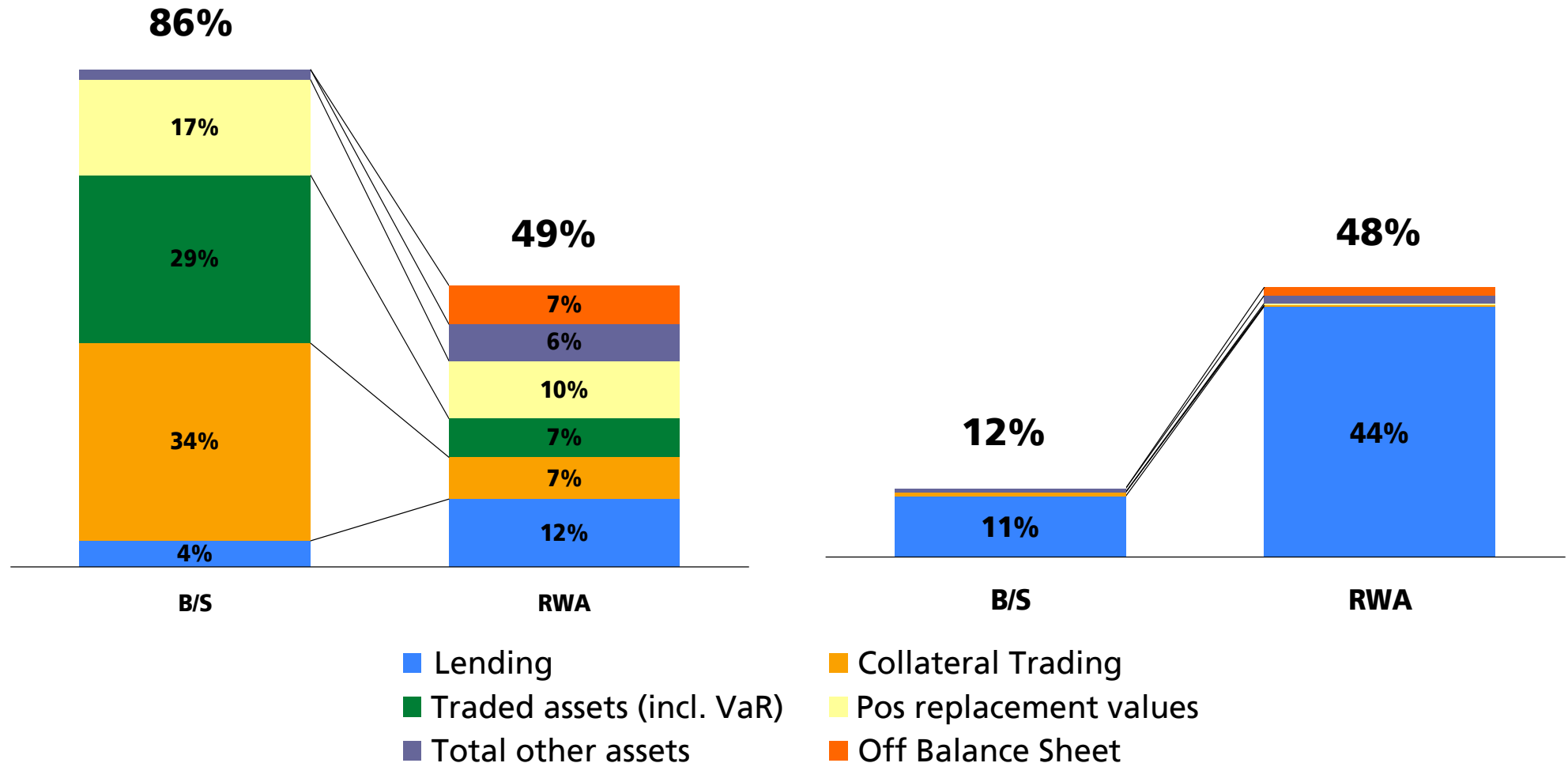


Decomposition of B/S and RWA by Business Group

Highly liquid assets translate into low RWA

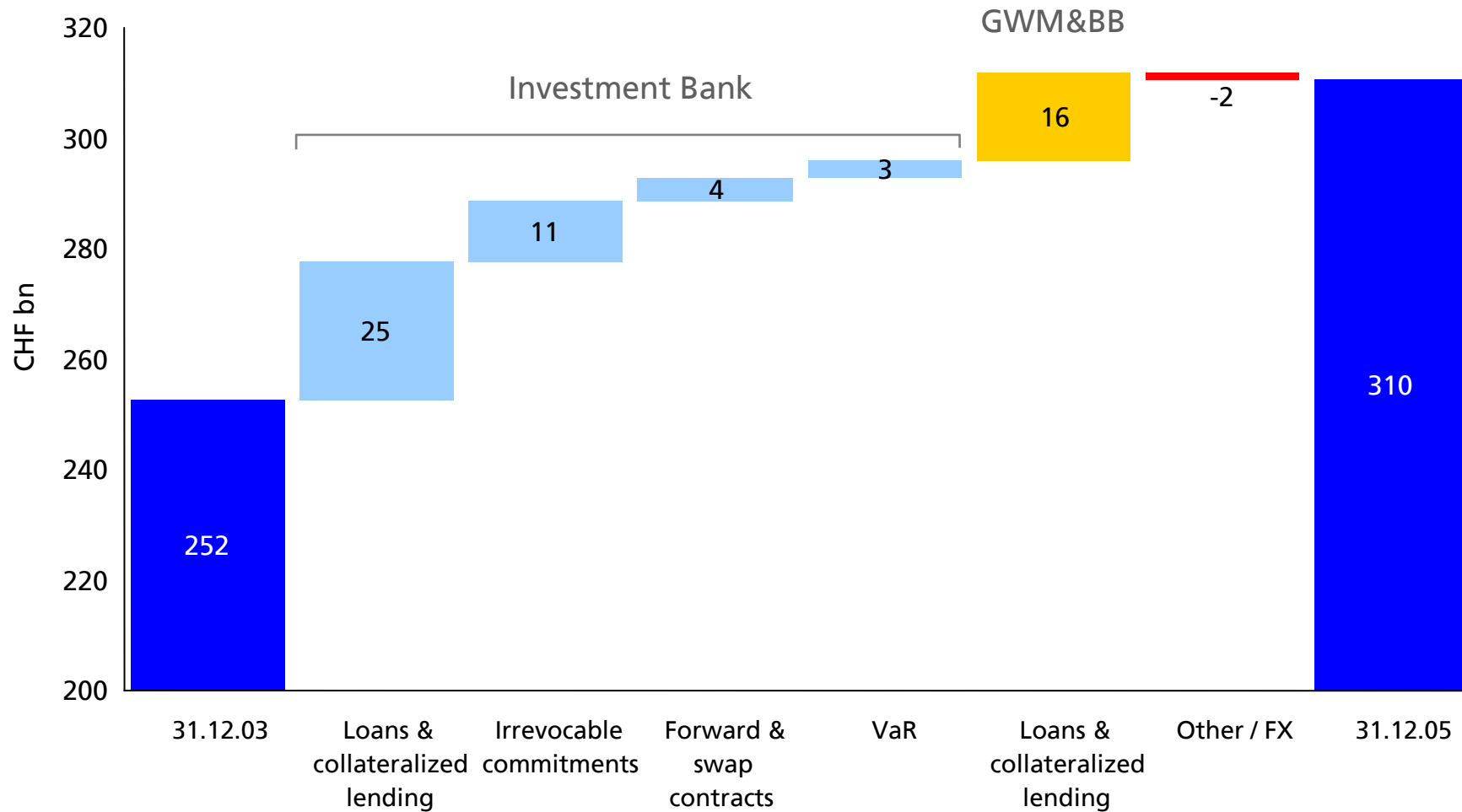
**Investment Bank
(Dec 05)**

**Global WM&BB
(Dec 05)**



RWA growth over last 2 years

Main RWA growth drivers are the targeted GWM&BB...



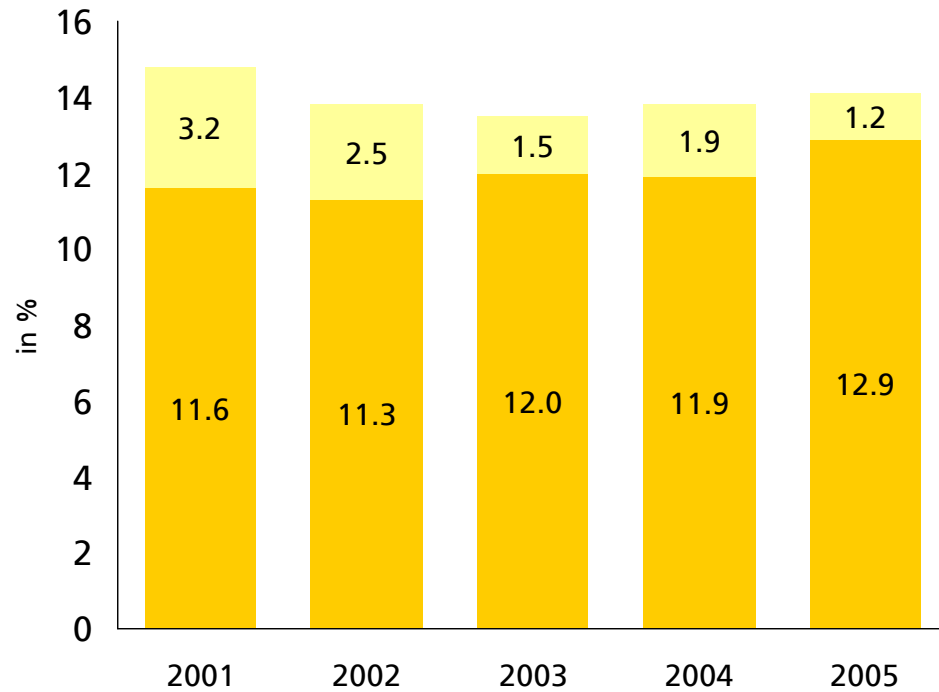
...and IB strategic initiatives in our core businesses

SECTION 4

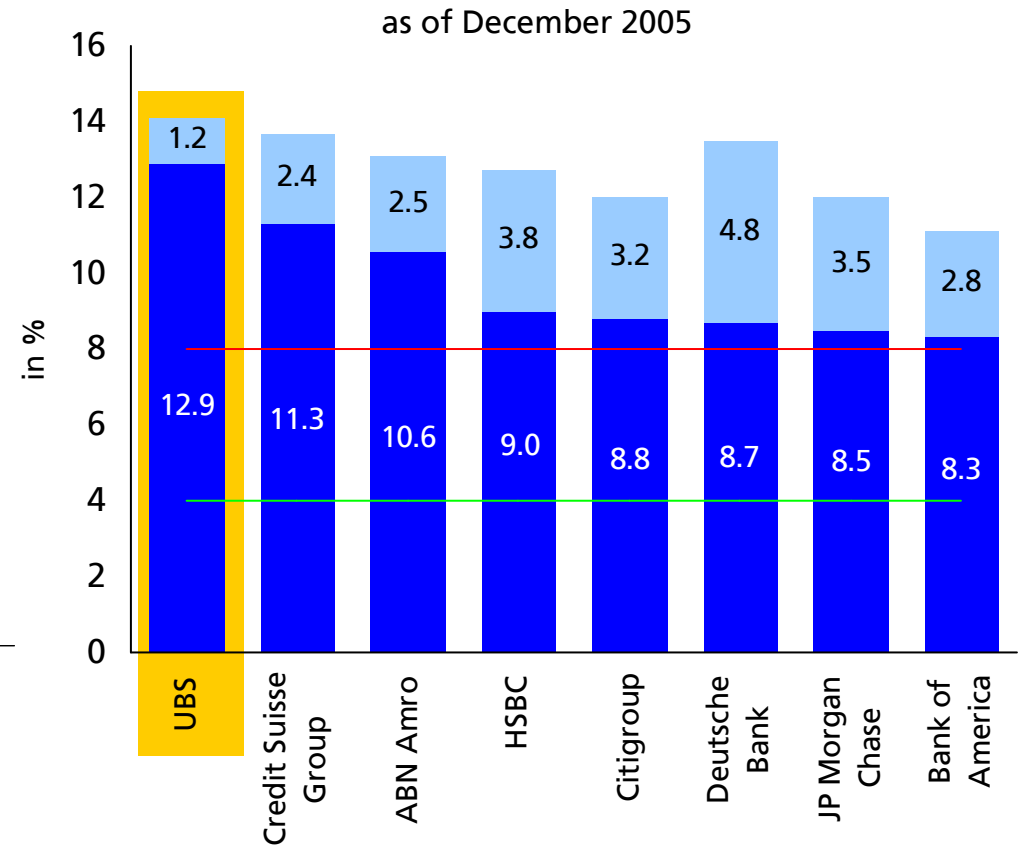
Capital Management

Core capital strength – peer comparison

Soundly capitalised at total capital and especially Tier 1 level...



■ Tier 1 Ratio ■ Tier 2+3 Ratio



■ Tier 1 Ratio ■ Tier 2+3 Ratio
 — Required Tier 1 minimum — Required BIS minimum

...but 2005 level inflated by SBC WM sale proceeds

Source: Corporate Reporting



Eligible capital

Goodwill represents significant adjustment to eligible tier 1 capital ...

Eligible Capital (CHF bn) as of December 2005		→	Capital Ratios
		/ RWA	
Tier 1 before goodwill deductions	51.1		
Less goodwill *	(11.2)		
Tier 1 Capital	39.9	→	12.9%
<i>thereof hybrid</i>	5.0		
Tier 2 Capital	7.2		
Deductions	(3.3)		
<i>thereof Julius Baer</i>	(2.2)		
<i>thereof Bank of China</i>	(0.7)		
Total Group Capital	43.9	→	14.1%

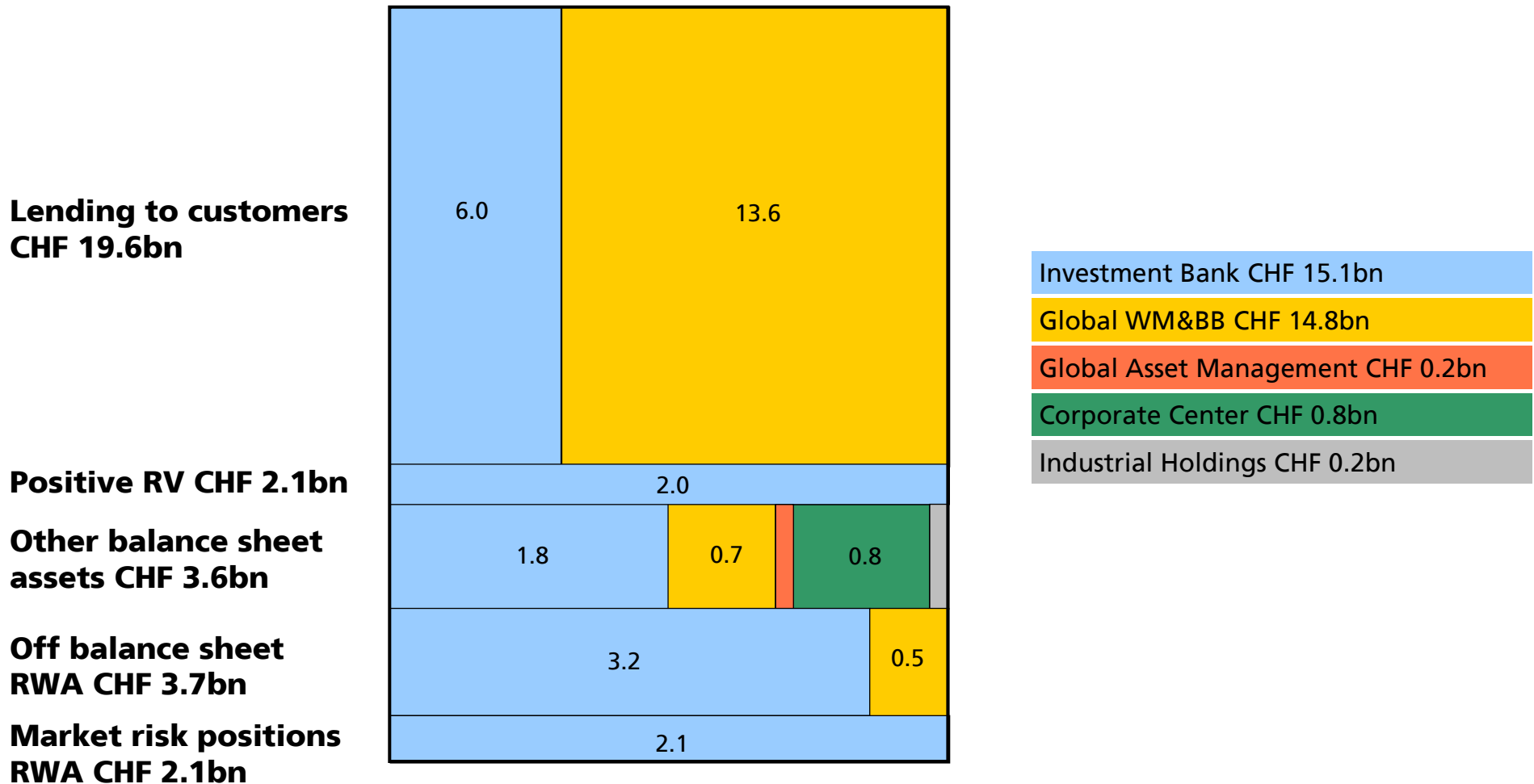
*Cap Ad GAAP

... while financial holdings reduce total capital

Decomposition of required capital @ 10% Tier 1 level

High IB focus on capital consumption and returns per BU...

B/S by category and Business Group as of December 2005 (CHF bn)

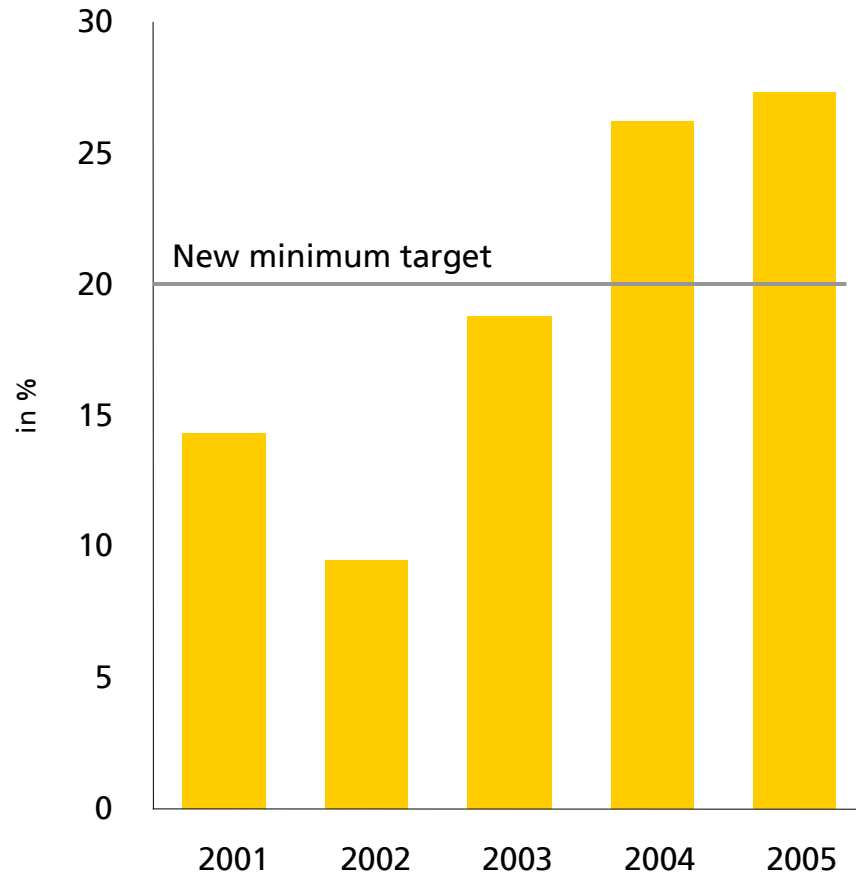


...with material new business/transaction proposals
subject to reg cap consumption and return analysis
as one decision factor

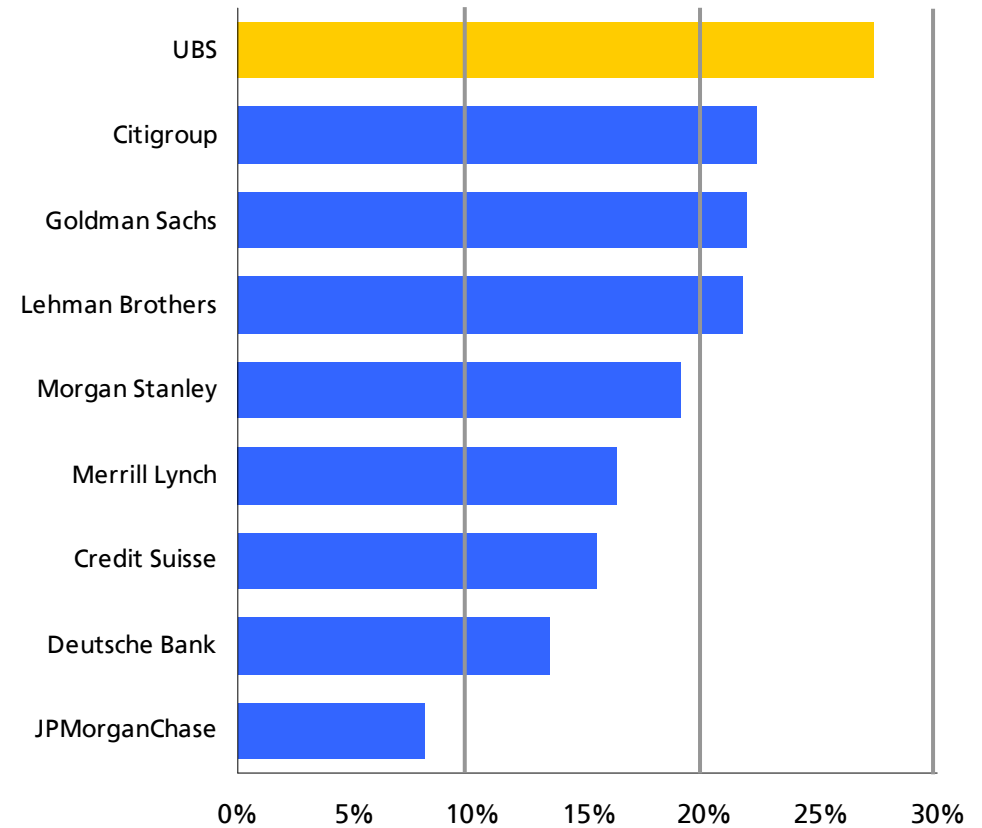
Return on equity (RoE)

Business mix and risk profile drives high and growing ROE

UBS RoE¹



Peer RoE's @ 2005



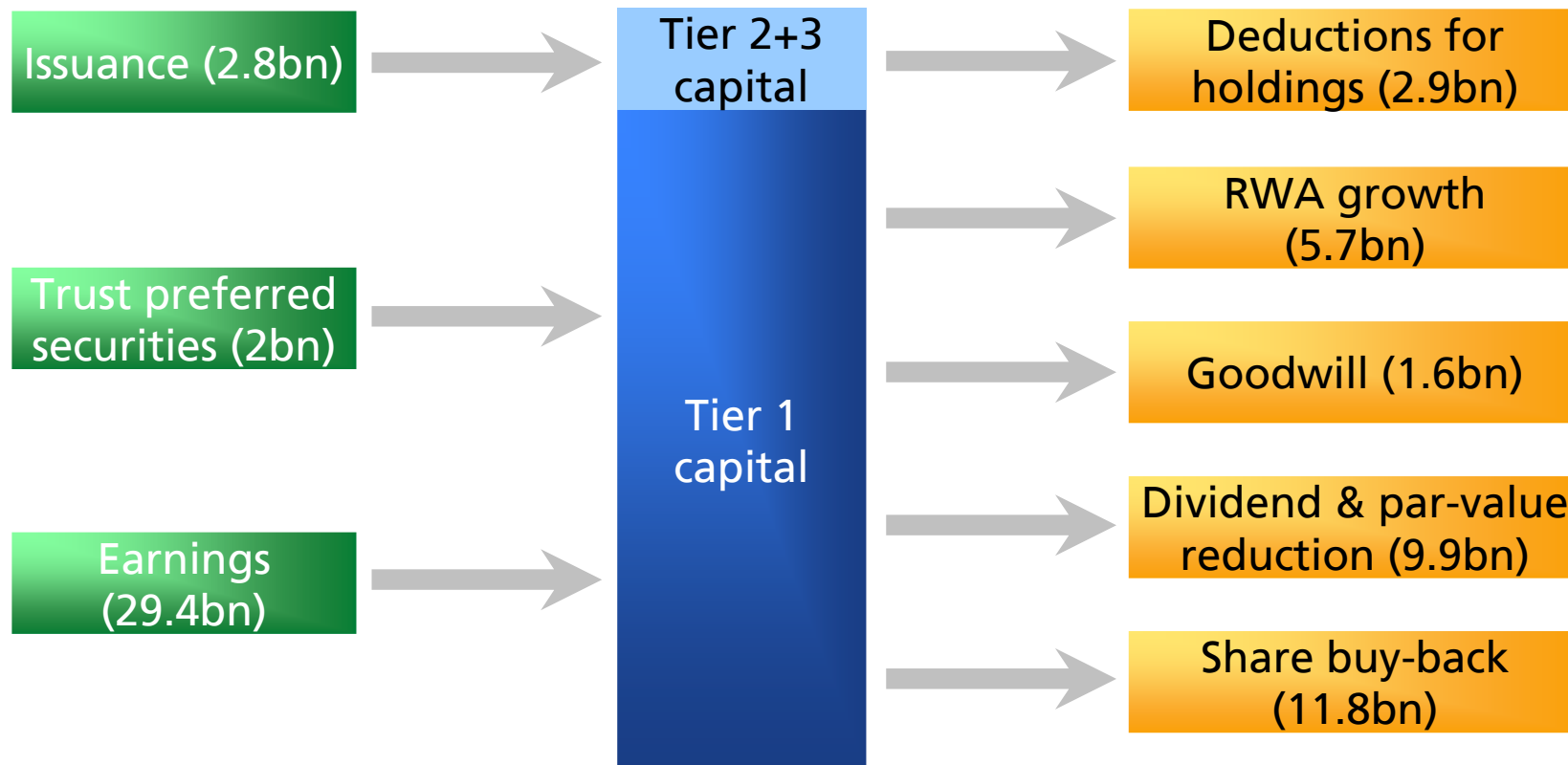
¹ Net profit attributable to UBS shareholders from continuing operations excluding the amortization of goodwill / average equity attributable to UBS shareholders less accrued distributions

Source: Corporate Reporting

Capital management discipline

High RoE supports rapid organic growth and targeted add-on acquisitions...

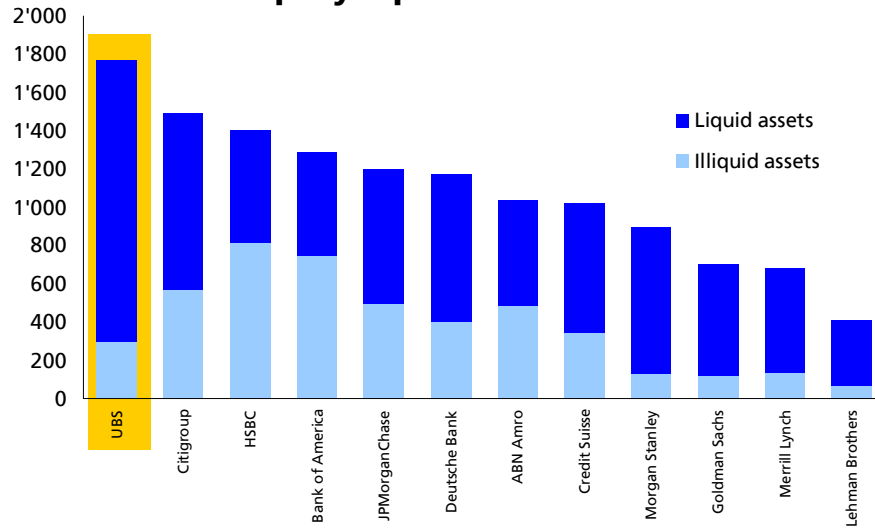
Cumulative flows over last 3 years (2003 – 2005)



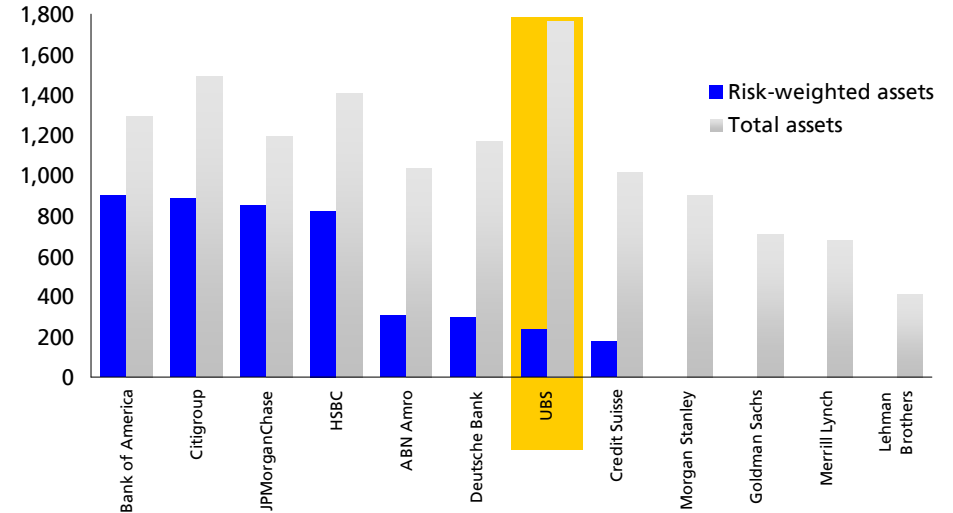
...while simultaneously increasing dividends and buying back substantial shares

Executive summary

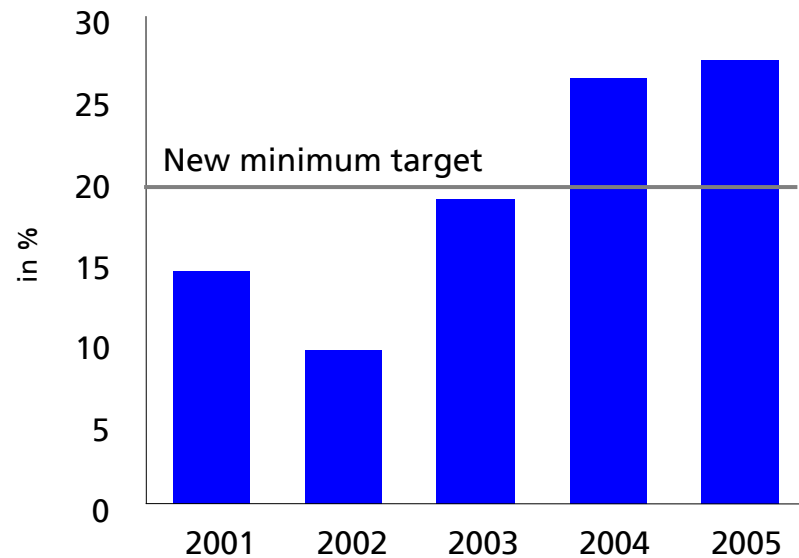
Uniquely liquid Balance Sheet



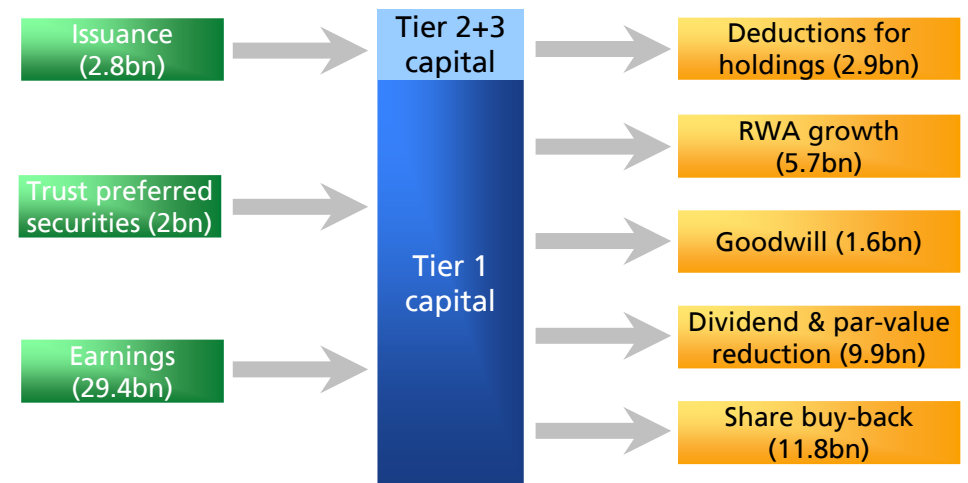
Modest RWA



High and growing RoE



Capital Management



Questions.....

