



UBS Investor Day 2004

Introduction

Clive Standish, Chief Financial Officer

CFO's commitment and priorities

Transparency, availability, consistency

Maintain best-in-class risk and finance function worldwide

- continued commitment to 1st class access for investors
- handling increasing flow of accounting policy changes and regulatory challenges

Further sharpen strategic process in quest for sustainable growth

- challenge status quo without ignoring lessons of the past
- properly nurture organic growth and bolt-on acquisitions

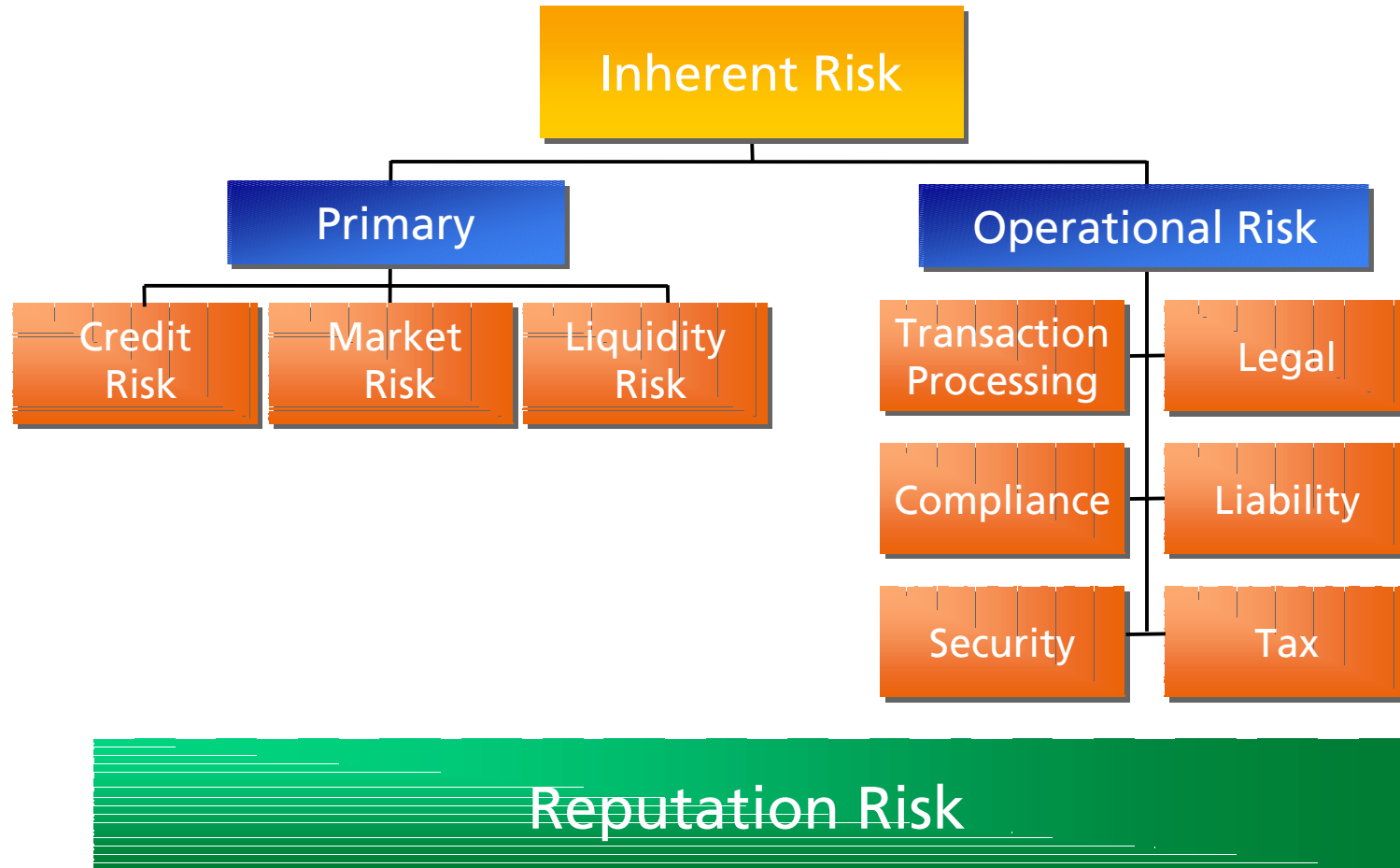
Champion the integrated business model

- across the Corporate Center and whole firm

Enhance effectiveness and efficiency of Corporate Center

- strengthen business partnering and responsiveness

Risk categories at UBS



Risk: Overriding goal

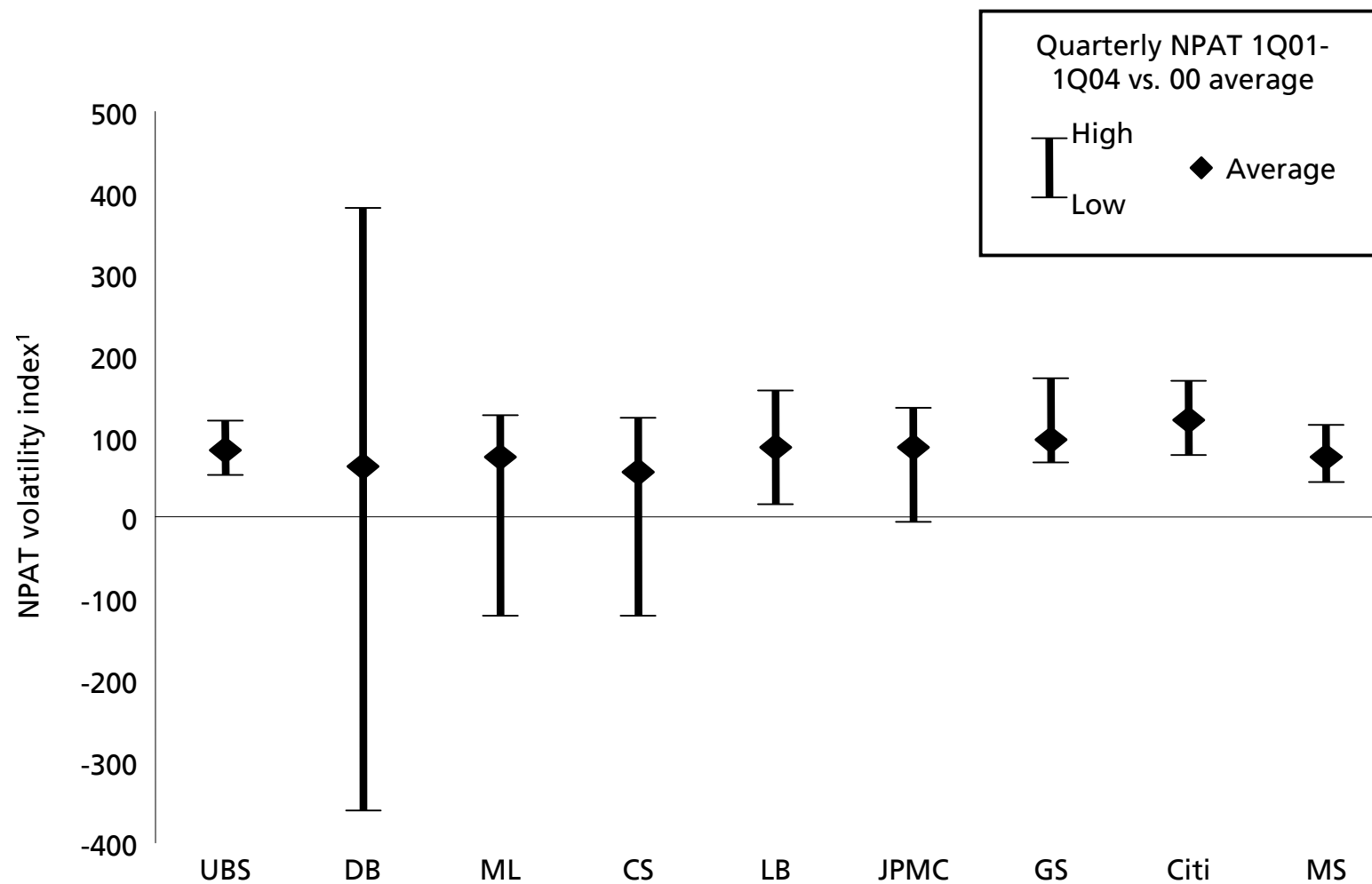
Superior earnings quality
through appropriate balance
between risk and return

- ◆ Given strength of franchise and improvement in market conditions, expect to allocate moderately higher capital resources to support business growth
- ◆ No change of risk culture or processes

UBS risk management & control principles

- ◆ Business management accountability
- ◆ Independent control
- ◆ Risk disclosure
- ◆ Earnings protection
- ◆ Reputation protection

Effectiveness in difficult markets



(1) Adjusted Net Profit after Tax indexed to average quarter 2000

DNA

- ◆ Systematic and strategic approach to risk goes back more than a decade
- ◆ Predecessor banks excluded commercial lending from their strategies and started to reduce international loan book in the early nineties
- ◆ LTCM and GED experiences after the merger reinforced our view on risk and the risk culture
- ◆ The key is first learning from mistakes and then embedding that knowledge in the culture of the firm

Strength in Execution

Policies are only as good as their implementation

Management commitment

Risk-reward accountability

Strong independent controls

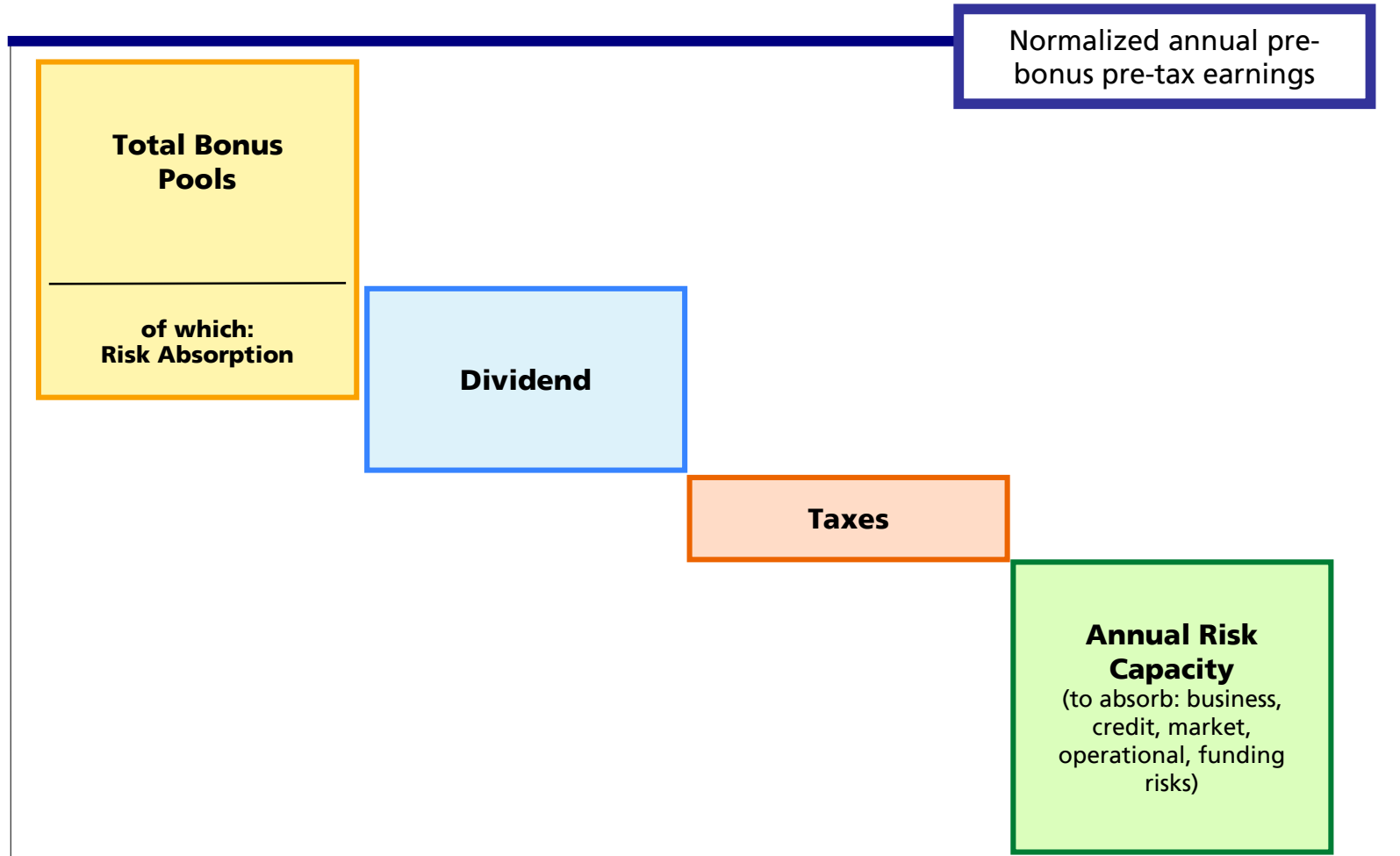
Active learning

Risk capacity

How much risk can we sensibly afford to take?

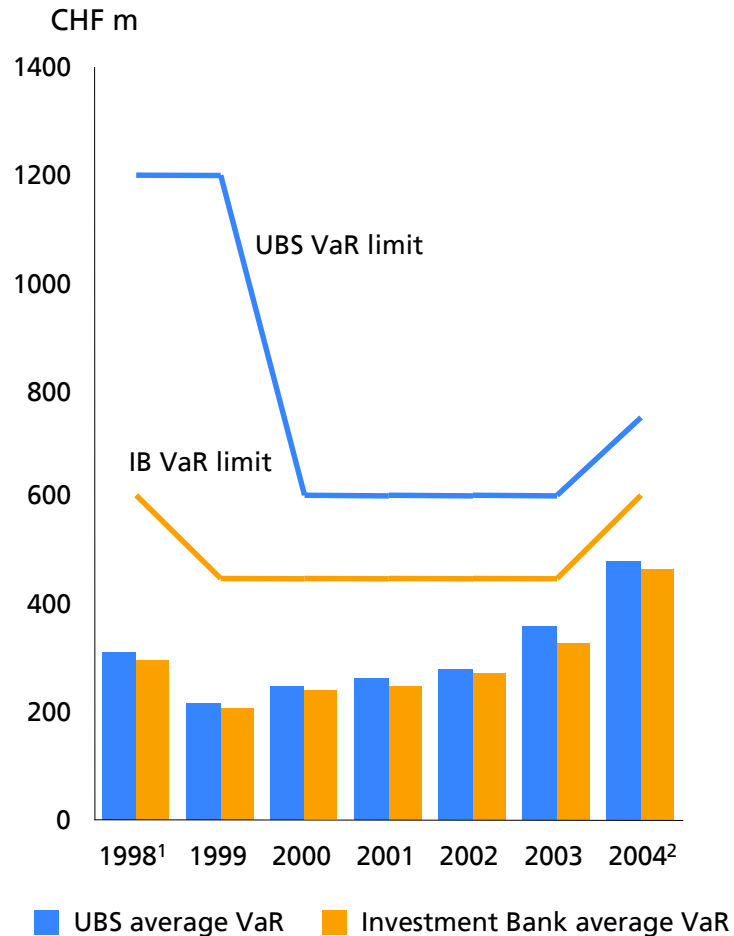
- ◆ Capital is the focus of the regulators and exists to protect depositors/creditors; our focus is also to protect the shareholder and hence we focus on potential earnings impact
- ◆ Ability for UBS's current earnings to:
 - absorb a UBS-specific, surprise loss from a market or credit event in a quarter's P&L without incurring substantial lasting reputation / valuation damage
 - absorb losses from UBS-specific events and/or general industry down-turns in a given year while maintaining ability to pay dividend at or above recent level

Risk capacity



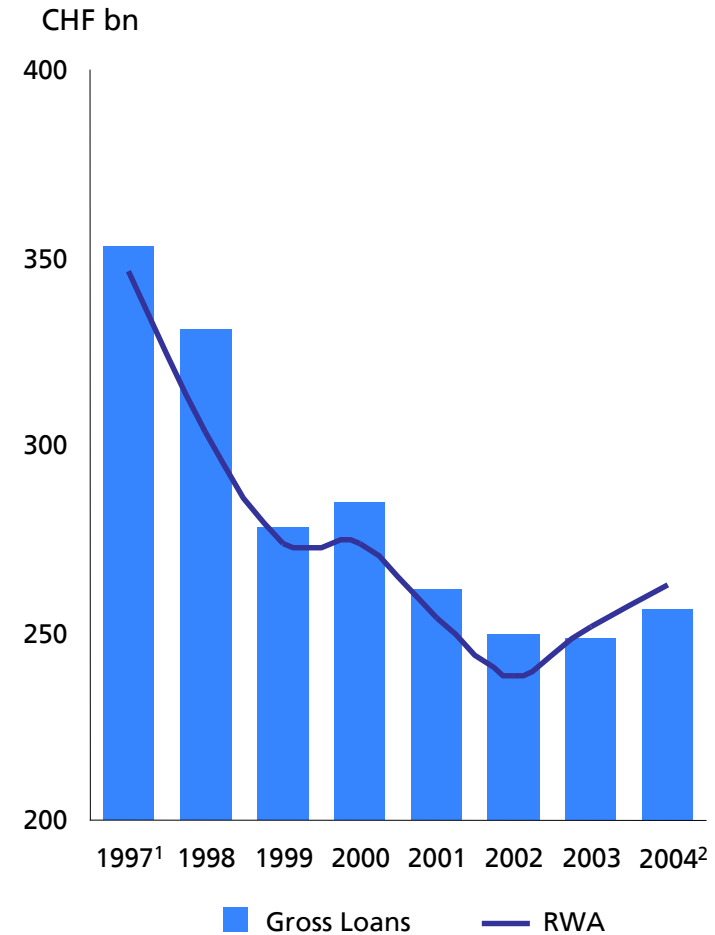
Risk appetite: how much risk do we wish to take?

Market risk



⁽¹⁾For six months ending 31.12.98 ⁽²⁾As at 31.03.04

Credit risk



⁽¹⁾Pre-merger, combined UBS and SBC ⁽²⁾As at 31.03.04

Closing thoughts

Maintain valuation as high quality stock and protect reputation

- ◆ Understand risks
- ◆ Know-Your-Customer
- ◆ Accountability
- ◆ Tail risks matter
- ◆ Diversification
- ◆ No legacies

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