

# Sergio P. Ermotti

*Chairman & CEO UBS Group Europe, Middle East and Africa*

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# Cautionary statement regarding forward-looking statements

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This presentation contains statements that constitute “forward-looking statements,” including but not limited to management’s outlook for UBS’s financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development. While these forward-looking statements represent UBS’s judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations. Additional information about those factors is set forth in documents furnished or filed by UBS with the US Securities and Exchange Commission, including UBS’s financial report for second quarter 2011 and UBS’s Annual Report on Form 20-F for the year ended 31 December 2010. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

# Key messages

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UBS is well positioned for the challenges ahead

We seek to leverage UBS's capabilities across business divisions and enhance our ability to deliver exceptional value to clients

# Regulatory change will transform our industry

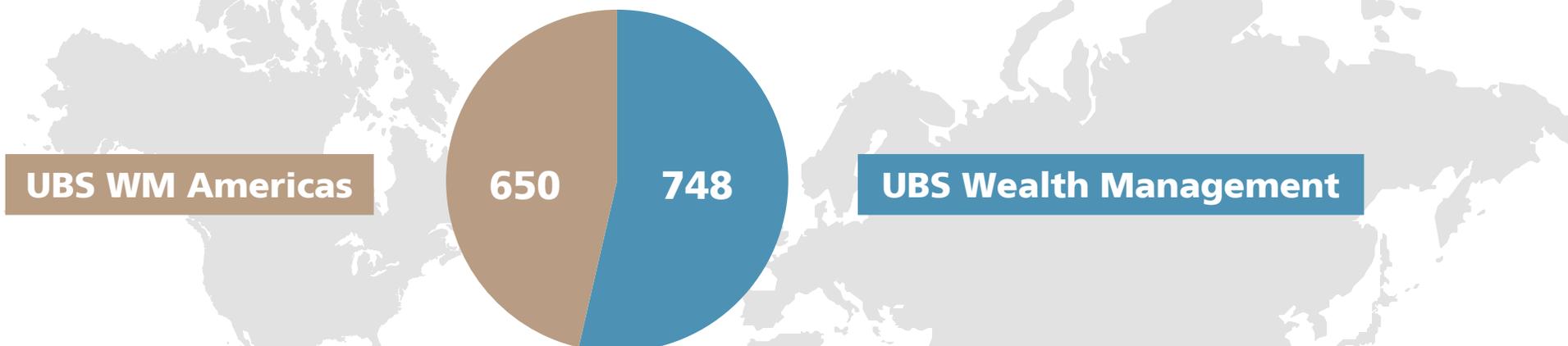
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1. Capital and liquidity requirements (Basel 3, Swiss regulation)
2. SIFIs, recovery and resolution plans (Too Big to Fail)
3. Market structural changes (e.g., OTC derivatives clearing and execution)
4. Overall regulatory environment
5. Governance and compensation
6. Taxes and levies on financial institutions

# WM businesses – recovered and ready for growth

Management has steered the businesses well in turbulent conditions

Invested assets 30.6.11  
CHF 1,398 billion



## WM + WMA

	1H09	1H10	1H11
Pre-tax profit (CHF million)	1,093 <sup>1</sup> ↑	1,469 <sup>1</sup> ↑	1,570
Net new money (CHF billion)	(27.6) ↑	(22.9) ↑	22.9
Advisors	12,683 ↓	10,872	↑ 11,065

- Total profits up; WMA executing according to plan with a clear turnaround in profit
- Significant NNM inflows in UHNW, Asia Pacific, emerging markets and the US
- Improved retention rates; continued to hire selectively

# Wealth management – well positioned for a new environment

## 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**

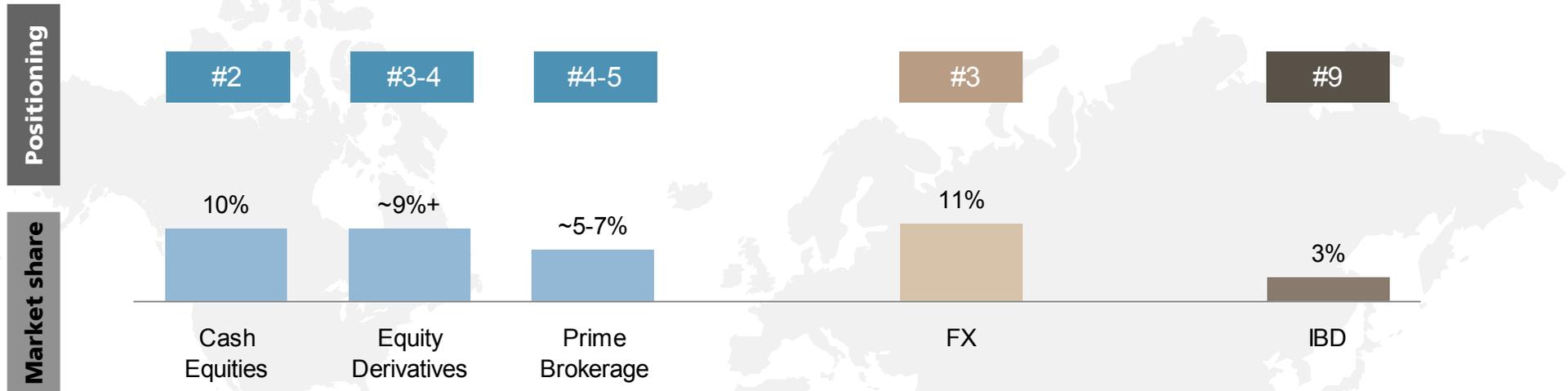


**Client advisors are attracted by our commitment to wealth management and our leading business platform**



# Investment Bank – strong global capital market capabilities

We support our institutional and private clients through every stage of value creation globally



Note: Cash Equities (1Q11 data), Equity Derivatives (2010 data), Prime Brokerage (2010 data), FX (1H11 data), IBD (1H11 data)  
 Source: Dealogic, Euromoney, leading private surveys

No.1 Pan-European Equity House  
 (11th consecutive year #1)  
*Thomson Reuters – Extel Survey, 2004-2011*

Asia-Pacific Equity House of the Year  
*IFR – Review of the Year, 2005-2010*

Top 3 Overall FX Market Share  
*(Euromoney – FX Poll, 2005-2011)*

No.1 Dealer: Gold Spot and Options, Silver Spot and Forwards  
*Risk & Energy Risk - Commodity Rankings 2011*

Best M&A House, Asia  
*Euromoney – Awards for Excellence, 2011*

Best M&A House, Switzerland  
*Euromoney – Awards for Excellence, 2011*

# Global AM – focused approach for each distribution channel

## Institutional

- Largest institutional asset manager in **Switzerland**
- Established player in the largest institutional markets in **Europe, the Americas and APAC**
- Leading QFII in **China**<sup>1</sup>
- Major **sovereign** asset manager
- Breadth of investment **capabilities** in mainstream and non-traditional asset classes
- **Diversifying** into family offices (Switzerland) and second tier clients (APAC)
- Building out **advisory** solutions business (Europe and Americas)

## Third party wholesale

- Strong player with 25% market share in the **Swiss** fund business<sup>2</sup>
- Established presence in core **European** markets (Germany, France, UK, Italy). Diversified client franchise across advisory and discretionary channels
- Intensified initiative to become a leading fund provider in Europe and Middle East
- Top 5 position in **Japan**<sup>3</sup> among foreign managers. Small but fast-growing distribution partner business in **Asia**
- Announced distribution alliance with ANZ in **Australia** alongside ING IM Australia acquisition

## UBS Wealth Management

- **Preferred provider** of core and passive capabilities in an open architecture environment
- Through **IPS**, successfully established close cooperation and strong relationships with other UBS divisions
- Provider of **innovative** products (Global AM is among the market leaders in assets gathered in newly-launched funds<sup>4</sup>)
- Joint initiative with **WMA** to distribute funds of hedge funds
- Good cooperation with WM in **Pan-Asia** fund distribution

1 Global AM market analysis

2 Based on Lipper data as at June 2011

3 FundmarkDL

4 Based on Lipper data 1H11

# Retail & Corporate – leading player in domestic market

## Business description

### The leading bank for retail, corporate and institutional clients in Switzerland

- Retail clients up to CHF 250k (AuM)
- SMEs, mid-sized, multinational, institutional, and bank clients
- Infrastructure provider for other UBS CH units (e.g. branches, products, systems for WM CH)

## Industry characteristics

### The business is inherently stable

- High share of recurring revenues (~75%)
- Stable businesses, e.g. average duration of fixed-term mortgages > 6 years, renewal rate > 80%

### Significant impact of exogenous factors

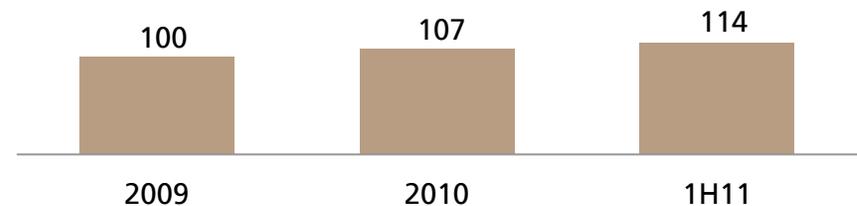
- Yield-curve main driver for margin on deposits
- Significant dependency on FX rates and client activity levels
- Overall economic environment biggest driver for credit losses

## Current focus / achievements

### Focus on profitable growth through share of wallet increase, integrated bank approach & cost discipline

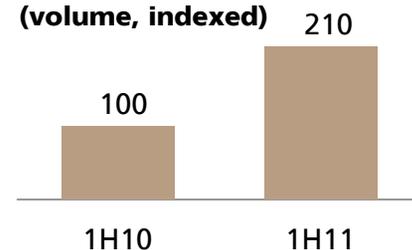
- Costs under control
- Increased margins on newly originated mortgages

Margin on net new mortgages (indexed)

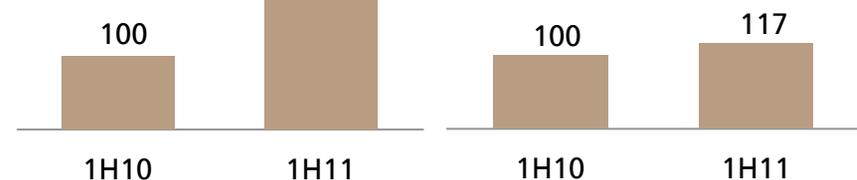


- Leverage of integrated bank model through cross-selling, referrals and client development shifts as well as infrastructure synergies (e.g. 1/3 of retail branches double as CIC / WM locations)

R&C referrals (volume, indexed)



Client development volume (Retail to WM, indexed)

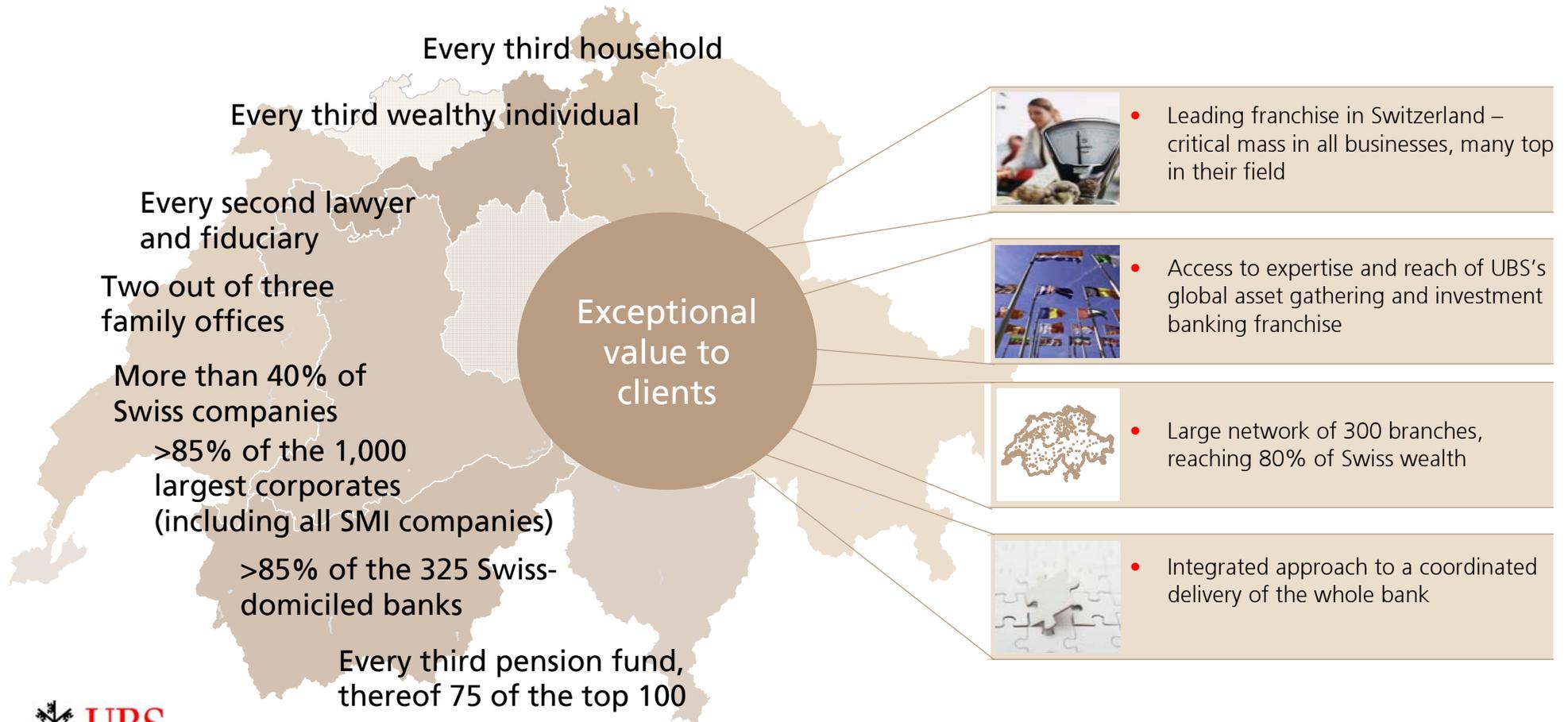


- Credit losses at historically low levels (but likely to rise if unfavorable FX environment continues)

# UBS in Switzerland - delivering value added services

More than **23.000 people** to provide excellent services, 300 branches at your disposal

UBS Switzerland				
Swiss Bank			Investment Bank Switzerland	Global AM Switzerland
Private Clients	Wealth Management Switzerland	Corporate & Institutional Clients		



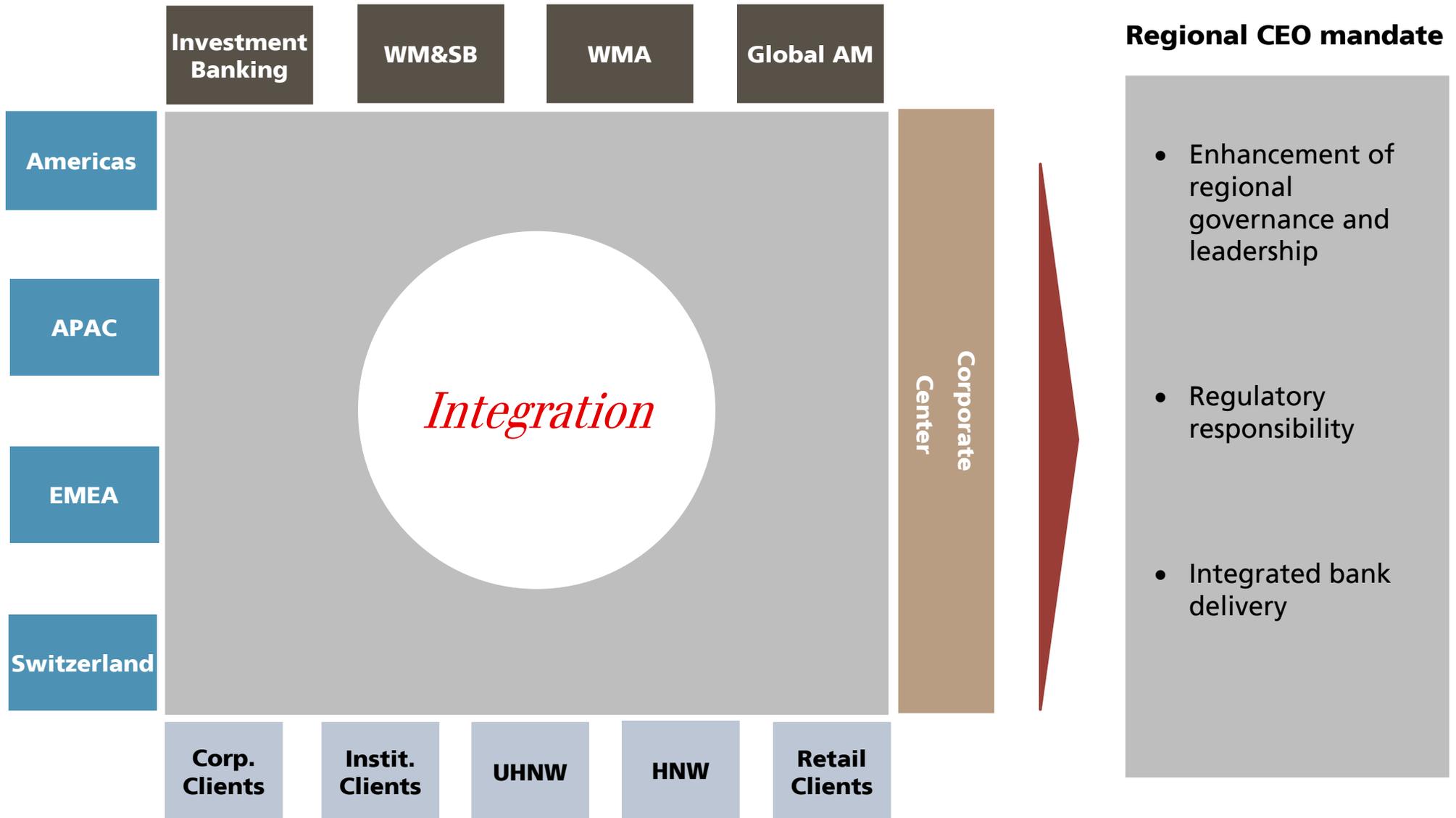
# Key messages

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# The regional overlay to our divisional structure

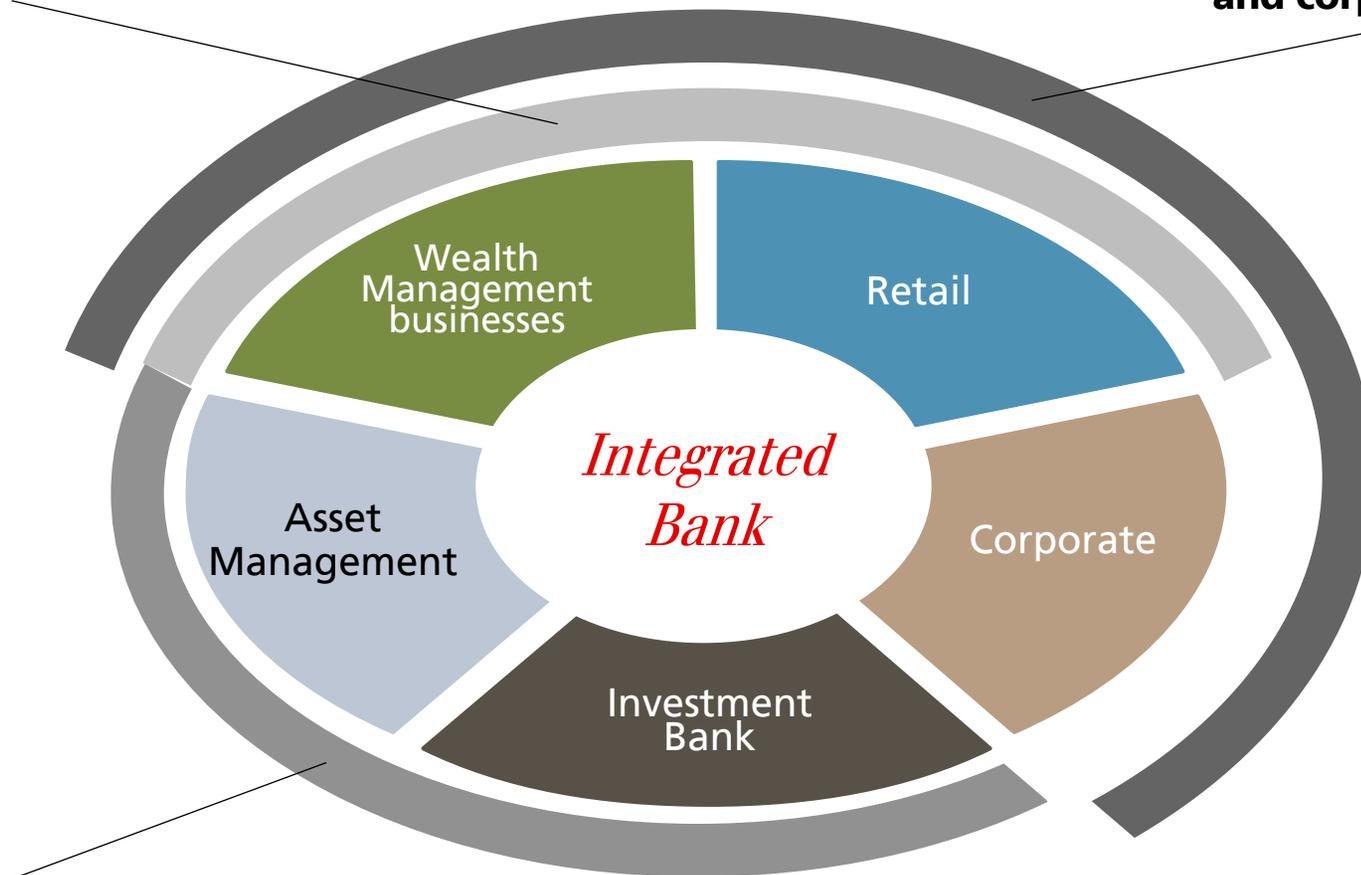


# A leading franchise through our Integrated Bank approach

## Integration as key differentiator

**Access to client development**

**Holistic coverage of private and corporate needs**



**Access to global expertise**

# Opportunities for the Integrated Bank



**Increase share of client wallet**



**Encourage client and deal referrals**



**Increase product cross-selling and in-house execution**



**Shared services & infrastructure**



**Funding & capital**

Integration is at the heart of UBS's strategy

The benefits to our clients are clear: an enhanced client experience & satisfaction

Integration also makes us more efficient and competitive as an organization

# Integrated Bank in action

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## Client focused and delivering the best of the firm through our integrated bank platform

### WM referral to IB resulted in significant "One Bank" revenues

- WM Corporate Advisory Group (CAG) referred a sell-side opportunity to IBD sector specialists
- IBD/CAG won and executed sale mandate jointly
- Strategic Equities Solutions Group involved in financing and FICC in FX hedging
- Sales proceeds placed with WM resulting in a new client and NNM inflow

### Strong client relationships and collaboration clear testament to the integrated approach

- WM's longstanding relationship with a family office client paved the way for IB to be the provider of a major financing solution
- IB involvement included Prime Brokerage, Strategic Equity Solutions providing collateralised lending and IBD performing due diligence
- WM also served as sole custodian for the collateral

### Prime example of successful collaboration between Global AM and the IB

- Global AM Institutional team worked closely with the IB's Equity Derivatives Sales Team
- Together, the businesses were able to offer an enhanced range of commodities products and portfolio structuring options
- Successfully completed swap transaction
- Opened the door for further IB business with the client

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