



# Bank of America Merrill Lynch 2013 Banking & Financial Services Conference

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# Cautionary statement regarding forward-looking statements

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This presentation contains statements that constitute "forward-looking statements", including statements relating to UBS's financial performance and to the anticipated effect of strategic initiatives on UBS's business and future development. Factors that could cause actual developments and results to differ materially from UBS's expectations and objectives include, but are not limited to: whether UBS will be successful in effecting its announced plans to transform its Investment Bank, its efficiency initiatives and its planned reductions in Basel III risk-weighted assets; whether its efforts to implement these changes will have the effects anticipated; developments in the markets in which UBS operates or to which it is exposed, and the effect of economic conditions and market developments on UBS and its clients and counterparties; changes in financial legislation and regulation that may impose more stringent capital, liquidity or tax requirements, additional levies or constraints on remuneration; uncertainty as to when and to what degree FINMA will approve reductions to the temporary add-on to UBS's operational risk-related RWA effective from the fourth quarter of 2013 or approve a limited reduction of capital requirements due to measures to reduce resolvability risk; possible changes to the legal entity structure or booking model of UBS Group in response to enacted, proposed or future legal and regulatory requirements; the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, regulatory investigations and contractual claims; the effect on UBS's cross-border banking business of tax or regulatory developments; the occurrence of operational failures; and factors affecting UBS's competitive position, including its ability to retain and attract the employees necessary to manage, support and control its businesses. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2012. 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.

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# UBS – A unique value proposition

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**UBS's compelling business mix, financial and capital strength and its capacity for returns is unique amongst global banks**

UBS has clear strategic direction and a strong track record on execution

Our unrivaled wealth management franchise is at the center of our strategy

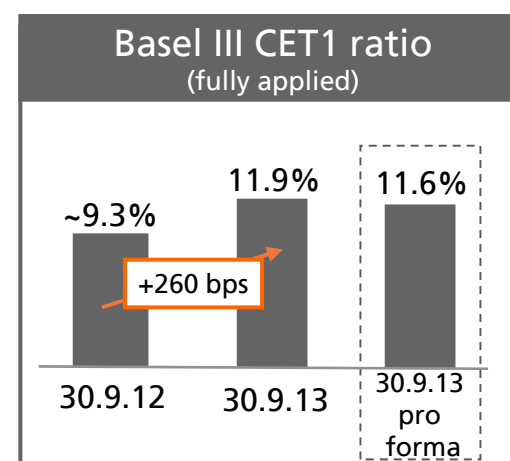
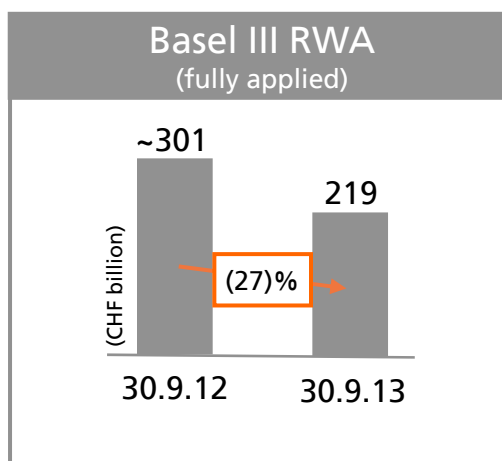
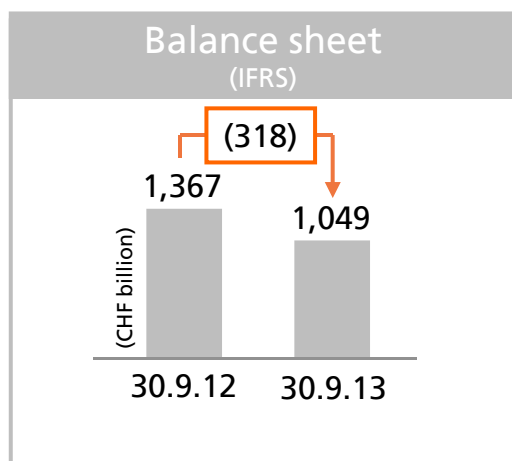
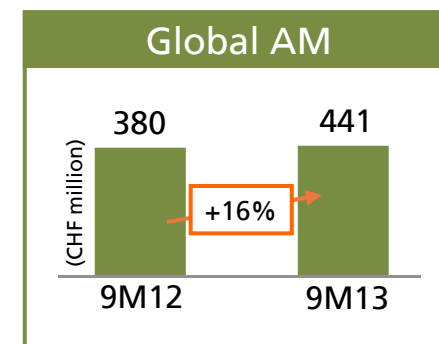
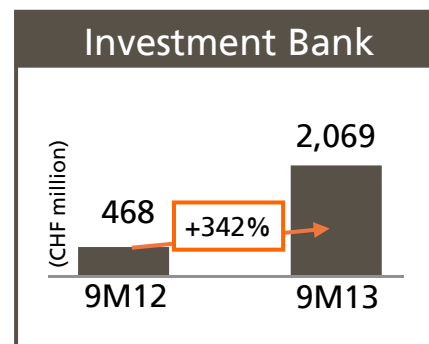
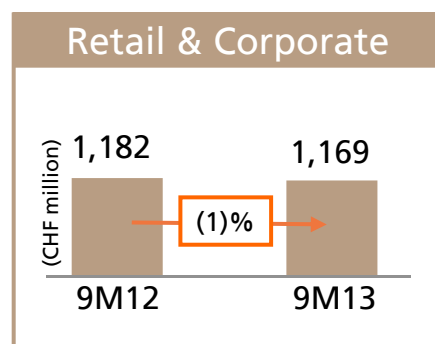
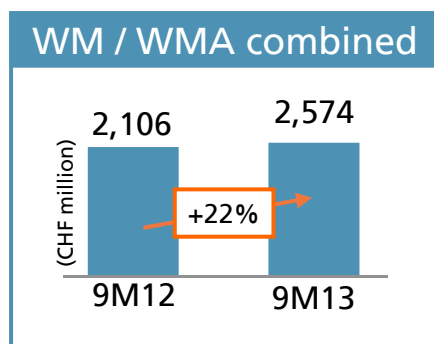
Wealth Management Americas turnaround is complete, now we're focused on growth

UBS is a unique franchise with compelling growth prospects, strong capital and an attractive capital return policy

# Successfully executing our strategy

## Strong performance in a challenging environment

### Pre-tax profit (adjusted)



4Q13 operational risk RWA add-on and SNB StabFund option exercise<sup>1</sup>

**Capital strength is a clear competitive advantage for UBS**



**UBS**

Refer to slide 9 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

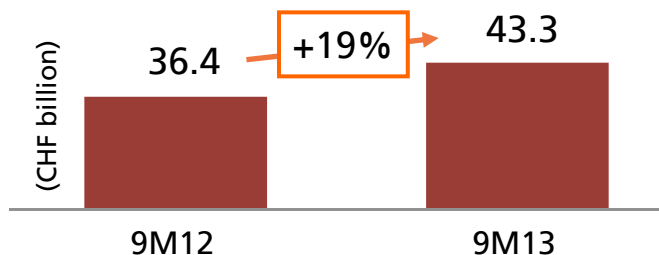
<sup>1</sup> Reflecting the operational risk RWA add-on effective 1 October 2013 and the expected effect of the exercise of UBS's option to acquire the SNB StabFund's equity

# Unrivaled wealth management businesses

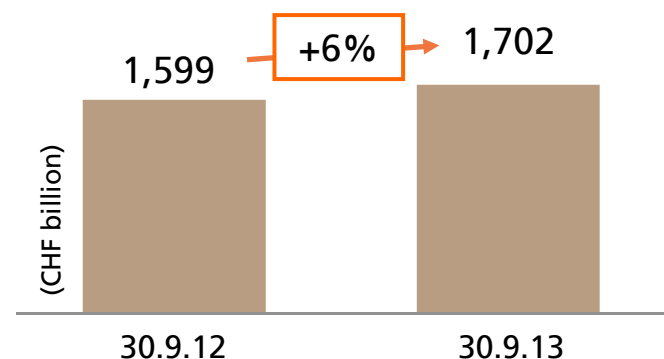
UBS is the largest and fastest growing large-scale wealth manager in the world<sup>1</sup>...

## Our wealth management businesses

### Net new money (WM + WMA)



### Invested assets (WM + WMA)



## Wealth Management

- “Best Global Private Bank” and “Best Performing Private Bank”<sup>2</sup>
- #1 Europe, APAC, Emerging Markets, Switzerland and UHNW segment by invested assets
- Over 4,000 advisors in 40+ countries

## Wealth Management Americas

- Nearly USD 1 million revenue per FA<sup>3</sup>
- ~7,000 advisors in 320+ branches
- High levels of FA satisfaction
- Historically low FA attrition

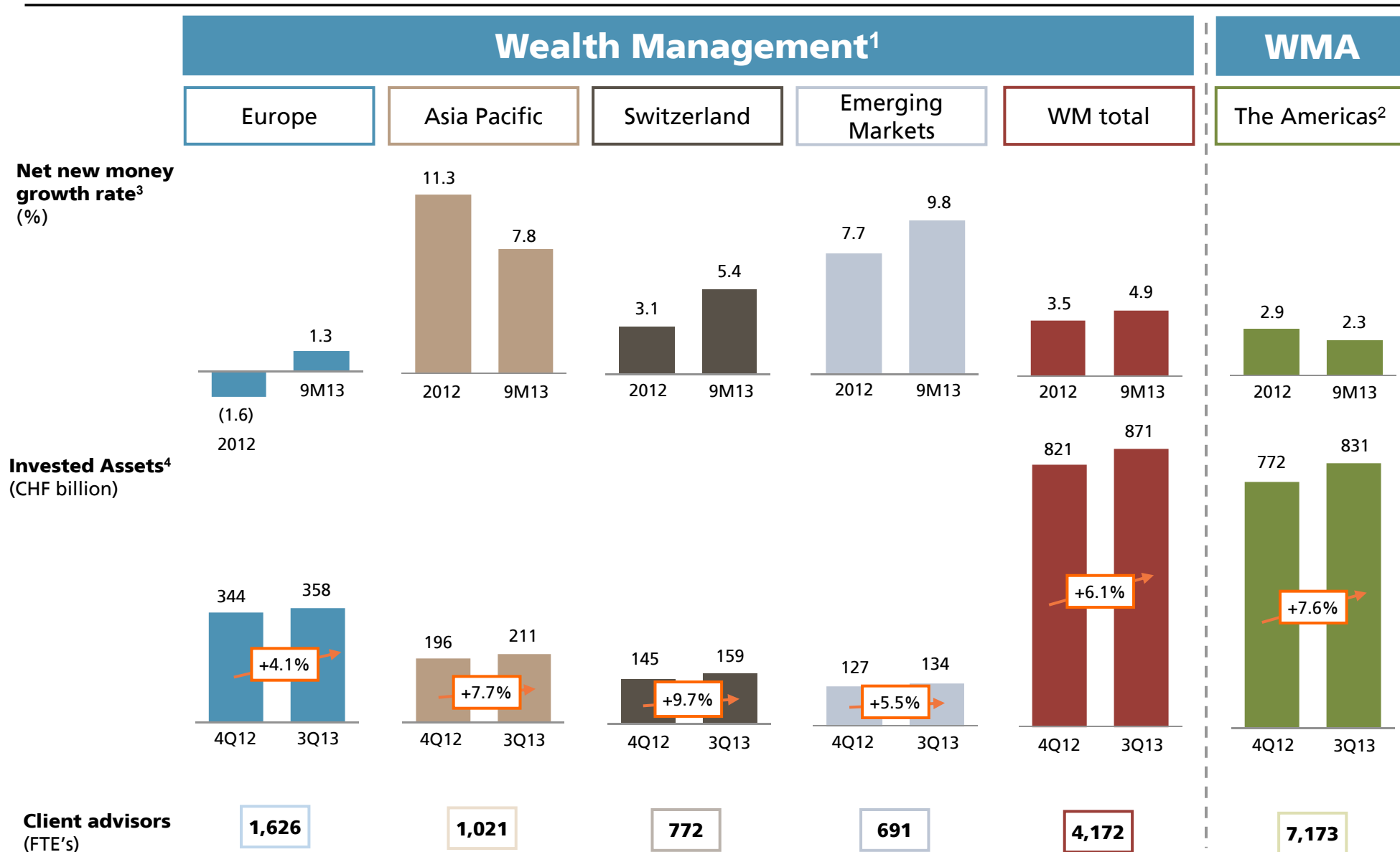
**...and the world's leading HNW and UHNW wealth manager**



UBS

<sup>1</sup> Scorpio Partnership Private Banking Benchmark 2013 - banks with assets under management of >USD 1 trillion; <sup>2</sup> 2013 Global Private Banking Awards; <sup>3</sup> Annualized

# Global footprint in wealth management

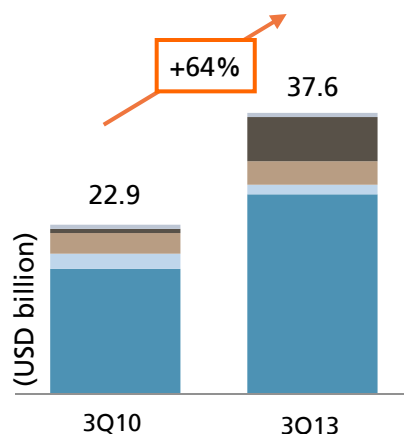


1 Europe, Asia Pacific, Switzerland and Emerging Markets based on the Wealth Management business area structure, and excluding minor functions with 71 client advisors, and CHF 9 billion of invested assets, and CHF 0.3 billion of NNM outflows which are mainly attributable to the employee share and option plan service provided to corporate clients and their employees; 2 The Americas is based on the Wealth Management Americas business division; 3 net new money growth rate for 9M13 is annualized; 4 Period ending balances

# Wealth Management Americas – Pillars of Growth

## Banking and lending

### Lending balances<sup>1</sup>



- Credit lines (HNW / UHNW clients)
- Credit lines (other)
- Mortgages
- Margin Loans
- Other

- Mortgage balances of USD 5.9 billion as of 30.9.13, more than 9x 30.9.10 balance
- Credit line balance with HNW and UHNW clients of USD 26.8 billion as of 30.9.13, up 59% since 30.9.10

## Financial advisor transformation

### Transactor / broker

- Buy / sell single-securities

### Investment strategist

- Buy / sell single-securities along with fee-based / managed solutions

### Portfolio manager

- Focus on fee-based / managed solutions
- Offers other financial solutions such as lending, insurance, trusts & philanthropy

### Wealth manager

- Leads with planning (financial; estate)
- Fee-based / managed solutions
- Systematically provides other financial solutions (lending, insurance, trust)

## Cross collaboration / delivering the firm

### Wealth Management

- Trust & estate planning
- Cash flow planning
- Precious metals capabilities
- OTC solutions (Swaps, Forwards, Options)

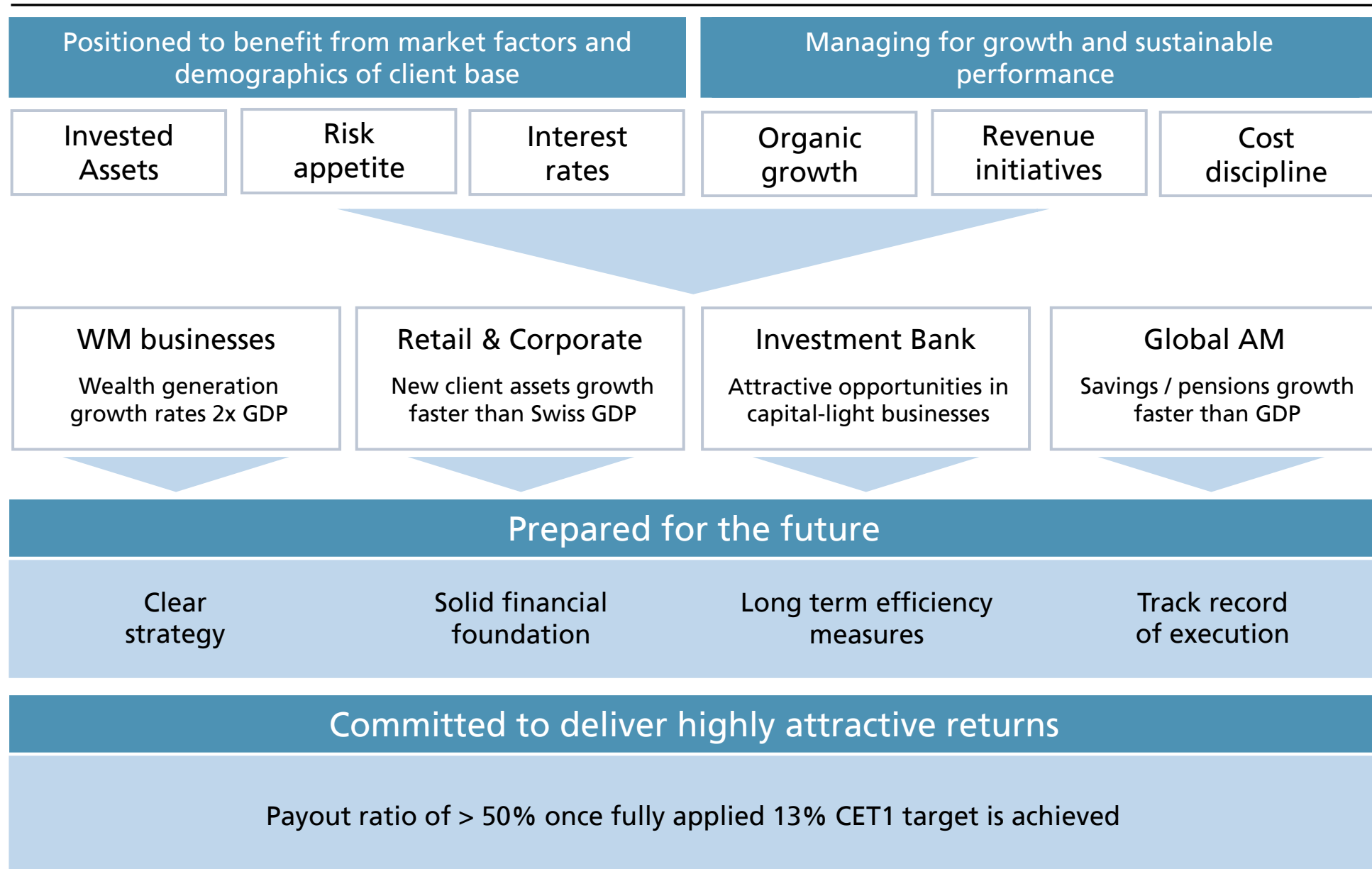
### Corporate Services

- Employee stock ownership plans and reinvestment accounts
- Institutional consulting
- Corporate cash management

### IB and Global AM

- Corporate & structured lending
- Block trades
- Mergers & Acquisitions
- IPOs

# An unrivaled franchise with compelling growth prospects





# UBS – A unique value proposition

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# Important information related to numbers shown in this presentation

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## Use of adjusted numbers

Unless otherwise indicated, “adjusted” figures exclude each of the following items, to the extent applicable, on a Group and business division level:

- Own credit loss on financial liabilities designated at fair value for the Group of CHF 147 million in 3Q13 (CHF 138 million gain in 2Q13, CHF 863 million loss in 3Q12)
- Gains on sales of real estate of CHF 207 million in 3Q13 for the Group (CHF 19 million gain in 2Q13, CHF 1 million gain in 3Q12)
- Net restructuring charges of CHF 188 million for the Group in 3Q13 (net charges of CHF 140 million in 2Q13, net releases of CHF 22 million in 3Q12)
- Impairment of goodwill and other non-financial assets of CHF 3,064 million for the Group in 3Q12

Refer to page 13 of the 3Q13 financial report for an overview of adjusted numbers.

## Basel III RWA, Basel III capital and Basel III liquidity ratios

Basel III numbers in the presentation are BIS Basel III numbers unless otherwise stated. In addition, systemically relevant banks (SRB) in Switzerland (currently UBS and Credit Suisse) are required to comply with specific Swiss SRB rules. Our fully applied and phase-in Swiss SRB Basel III capital components and our respective BIS Basel III capital components have the same basis of calculation, except for differences relating to the amortization of deferred contingent capital plan instruments (representing high-trigger loss-absorbing capital) and the recognition of a portion of the unrealized gains on financial investments available-for-sale (representing other tier 2 capital under BIS Basel III).

Basel III risk-weighted assets in the presentation are calculated on the basis of Basel III fully applied unless otherwise stated.

From 1Q13 Basel III requirements apply. All Basel III numbers prior to 1Q13 are on a pro-forma basis. Some of the models applied when calculating pro-forma information required regulatory approval and included estimates (discussed with our primary regulator) of the effect of these new capital charges. These estimates were refined with prospective effect during 2013, as models and associated systems were enhanced.

The pro-forma information in 3Q13 is a voluntary disclosure as the exercise of the SNB StabFund option is expected to occur only in the fourth quarter and the temporary operational risk RWA add-on imposed by FINMA will be effective only starting in the fourth quarter. Such disclosures are non-GAAP financial measures as defined by SEC regulations. We nevertheless include this information on the basis of the expected effect they will have on our fourth quarter RWA and capital ratios.

Refer to the “Capital Management” section in the 3Q13 financial report for more information.

## Currency translation

Monthly income statement items of foreign operations with a functional currency other than Swiss francs are translated with month-end rates into Swiss francs. Refer to “Note 20 Currency translation rates” in the 3Q13 financial report for more information.