



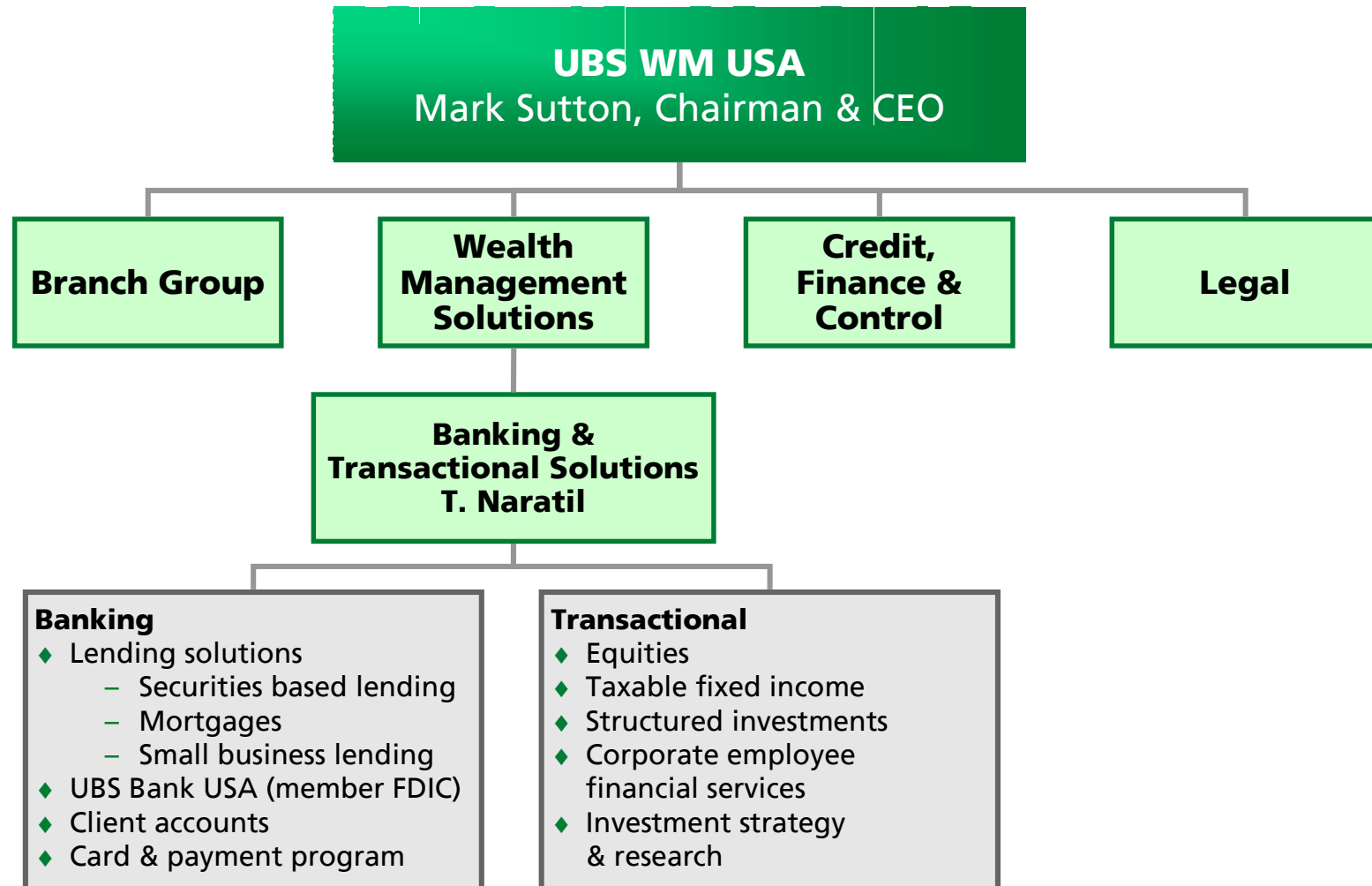
# Product Day 2005 WM USA & Bank USA

Stamford, 12<sup>th</sup> May 2005  
Tom Naratil, Executive Vice  
President, WM USA

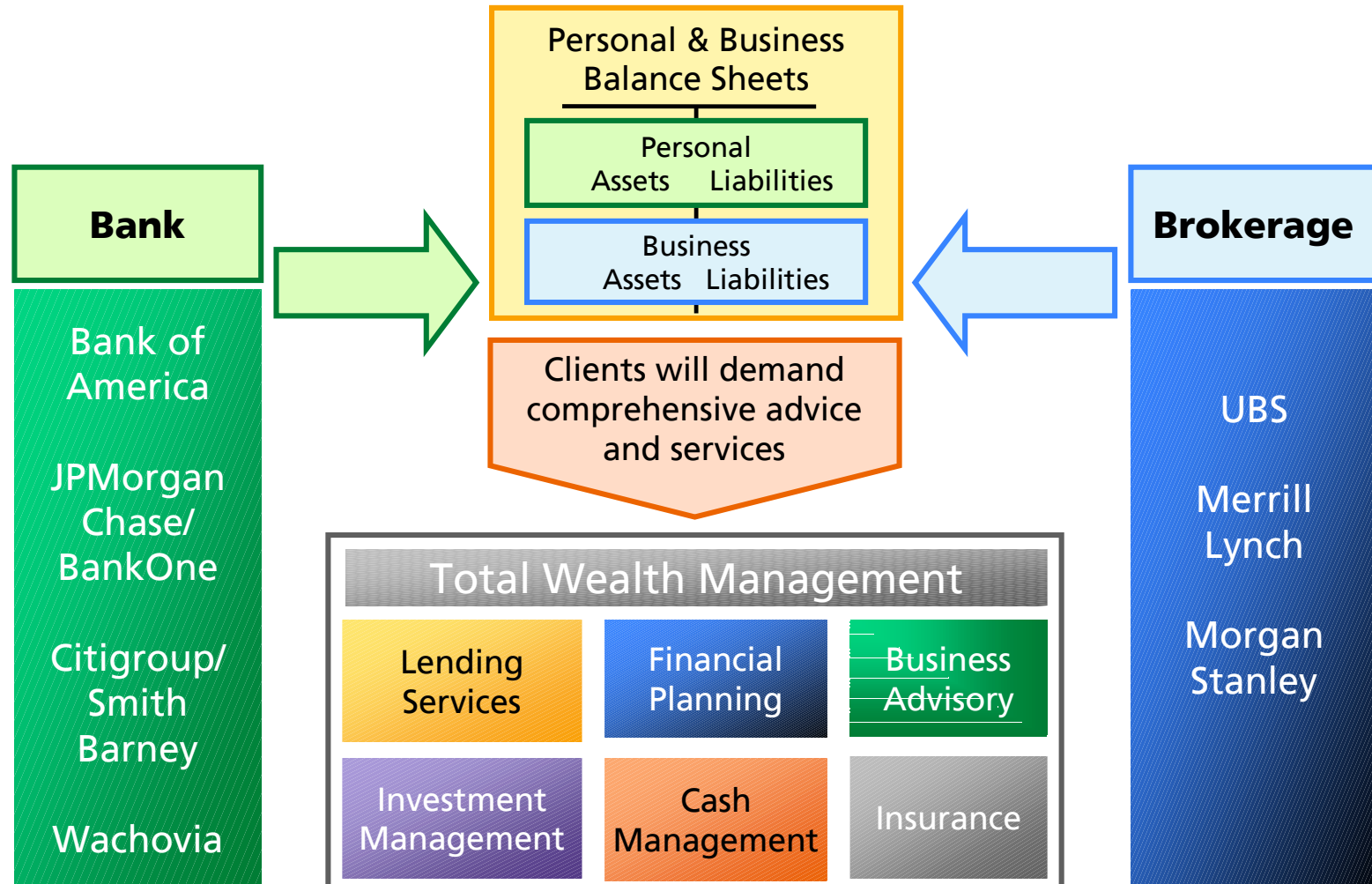


You & Us

# UBS Wealth Management USA



# Convergence in the U.S. financial services industry

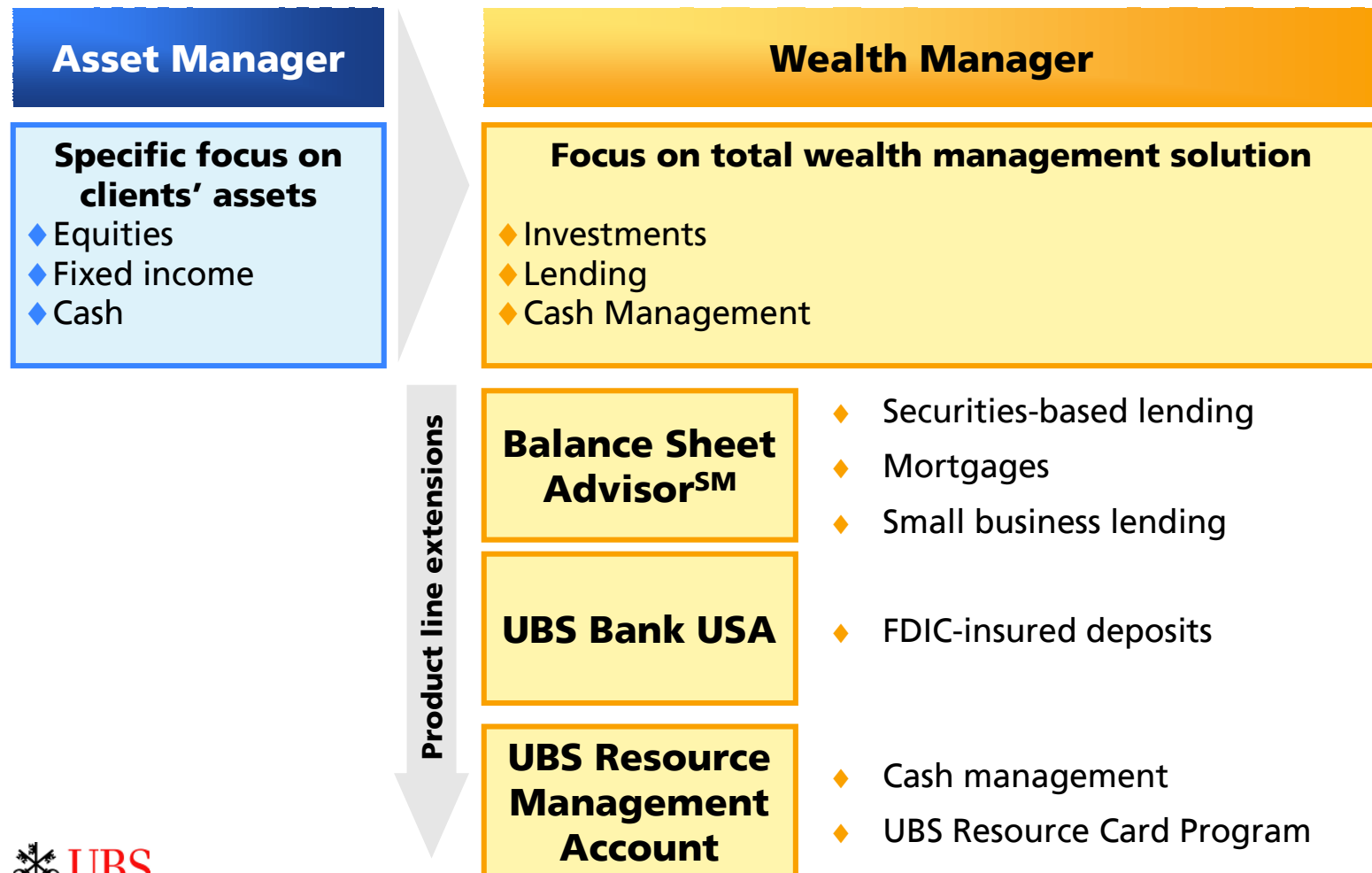


...towards a holistic wealth management solution



# Transition to wealth management

**By providing a total wealth management solution, WM USA will retain & attract clients and increase client share of wallet at a higher rate than our competitors**



# Lending strategy - Balance Sheet Advisor<sup>SM</sup>

**Our Financial Advisors, in conjunction with local lending specialists, provide our clients with advice-driven lending solutions**

## Key components

Securities-based Lending

- ◆ Premier Credit Line
- ◆ Prime Credit Line
- ◆ Letters of Credit

UBS Mortgage LLC

- ◆ Fixed Rate Mortgages
- ◆ Adjustable Rate Mortgages
- ◆ Premier Securities Backed Mortgage
- ◆ Home Equity Products

Small Business Lending

- ◆ Internal Loan Portfolio (second half of 2005)
- ◆ Referral Network



# UBS Bank USA – vision to reality

## Strategy

- ◆ WM USA strategic agenda
- ◆ Type of charter
- ◆ Balance sheet / capital optimization
- ◆ Pricing

## Design

- ◆ Systems design
- ◆ Business operations processes

## Execute

- ◆ Joint effort including Systems, Operations, Legal, Treasury, Risk and Investor Relations

## Communicate

- ◆ Internal education
- ◆ External notification and education to clients

## Implement

- ◆ Facilitates our Financial Advisors' transition to Balance Sheet Advisors<sup>SM</sup> providing a total wealth management solution for clients
- ◆ Enhances our collateralized lending platform and allows us to offer FDIC-insured deposits to our clients
- ◆ Improves margins and profitability of WM USA

# UBS Bank USA - the integrated model

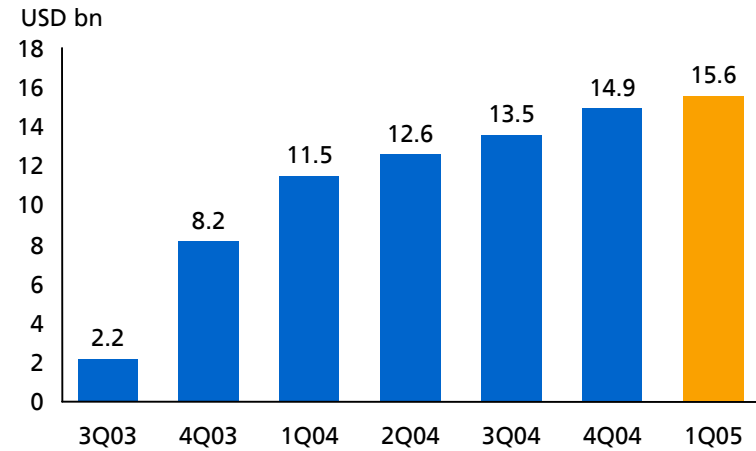
**In building UBS Bank USA, WM USA leveraged the centers of excellence throughout UBS**



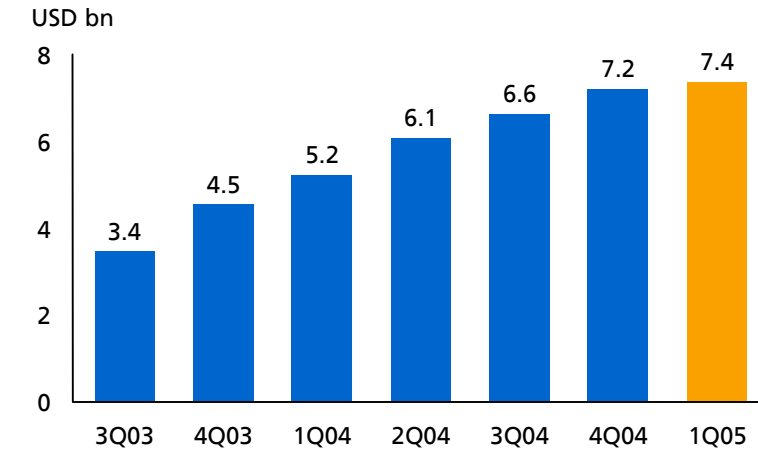
WM USA leveraged the advantages of our integrated business model to achieve the best and most efficient solutions when building UBS Bank USA

# UBS Bank USA - key performance indicators

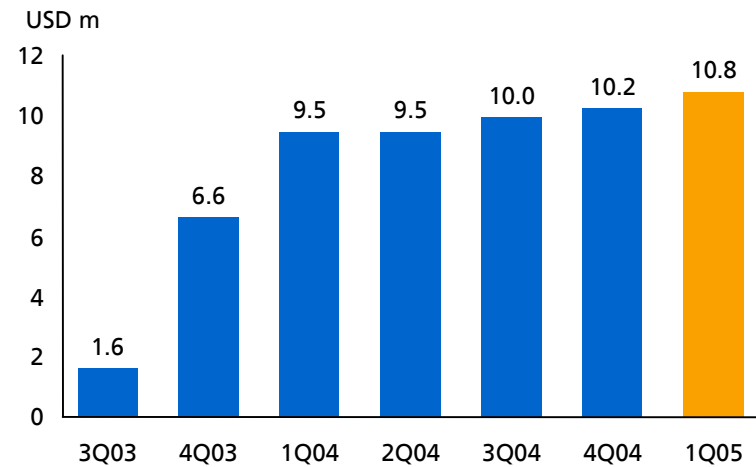
## Deposits



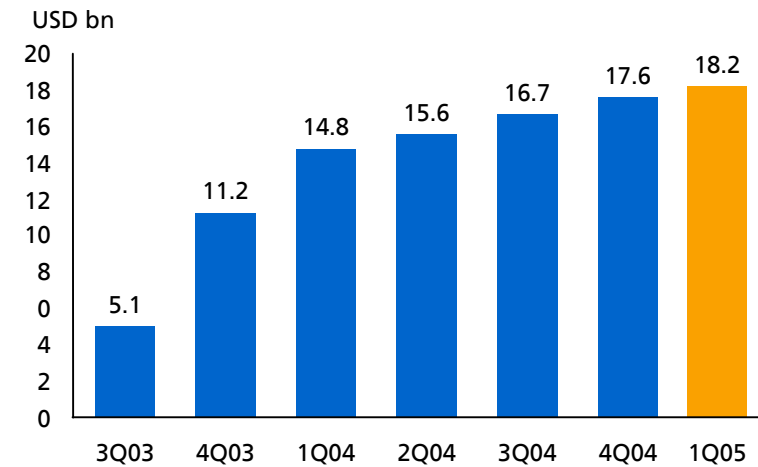
## Non-purpose loans



## Investment Portfolio (USD m)



## Assets



Note: USD 3.4 b in credit lines were booked at UBS Bank USA on 15 September 2003





# New and unique dual-card program

**UBS has selected American Express, Juniper Bank and Visa to provide a dual-card program with consolidated UBS rewards to WM USA clients**

## UBS Resource Card Program

**Access to delayed debit card, credit card and ATM services through Resource Management Account<sup>®</sup> (RMA<sup>®</sup>)**

- ◆ **UBS-branded American Express card**
- ◆ **UBS-branded Visa Signature credit card**

**Point accumulation for both cards in a single UBS Rewards program**

Provides significant revenue streams at low cost / income ratio

- ◆ Revenue streams
  - Interchange revenue
  - Royalty payments
  - Renewal payments
  - Profit-sharing
  - Marketing payments



# WM USA - Earnings quality is improving

**Shift in our business model / strategy is reflected in the composition of our earnings**



Note: The percentages represent Operating Income before acquisition costs



# Leveraging the UBS integrated business model

## Unique advantage to better prepare and react more quickly to industry changes

### Haircut engine

Support from **Wealth Management & Business Banking and Credit Risk Control**

- ◆ Best practices in risk management applied to WM USA's lending business

### LOAD application

Support from **Wealth Management & Business Banking and Credit Risk Control**

- ◆ Standardize efficiency for Premier Credit Line origination

### CREATE

Support from **Wealth Management & Business Banking, Credit Risk Control and Investment Bank**

- ◆ Standardize credit request, credit analysis and credit risk management for small business loans

### Card program design

Support from **Wealth Management & Business Banking & Group Branding**

- ◆ Brand image
- ◆ Card design reflects consistency to UBS clients globally
- ◆ Share expertise and experience in card banking



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