

20-F New Disclosure and IAS - US GAAP Reconciliation

Agenda

- ◆ 20-F New Disclosure
- ◆ IAS / US GAAP Reconciliation
- ◆ IAS / US GAAP Comparison
- ◆ Contact Information

20-F New Disclosure



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Introduction

- ◆ In registering with the SEC, UBS has filed a Form 20-F which includes some additional disclosure materials
- ◆ This presentation is intended as a guide to the new disclosure items, but is not a comprehensive treatment
- ◆ We would recommend reading this presentation in conjunction with the complete 20-F
- ◆ Over the past few years, UBS has expanded and upgraded its disclosure extensively, resulting in the need for only limited additional disclosure in the 20-F

Summary of new disclosures

Page numbers refer to 20-F filing

<u>What</u>	<u>Page/Appendix</u>
◆ UBS Group	
– equity participation plans	F49/F77
– PCC loan portfolio	31
– Emerging Market portfolio	63-64
◆ UBS Warburg	
– operating income split by client category	25
– core / non-core operating income split	71
◆ UBS Capital	
– investment portfolio	38
– management fees	79

Equity participation plans / stock awards / stock purchase

- ◆ Equity participation plans (F77 appendix)

“ Additional disclosure for the equity participation plans required by US GAAP follows. The accrued expense for the nine months ended 30 September 1999 and year ended 31 December 1998 was CHF 354m and CHF 996m respectively. The 1998 accrual covers equity instruments issued in 1999 (generally awards are issued in the beginning of the following year). The 1999 accrual covers additional equity instrument awards and stock purchase awards issued in 1999, the Group has not yet determined the awards to be made under its plans for the full year. ”
- ◆ Further information, including additional details of stock award, stock purchase and stock option plans can be found in Note 36 (page F49) and page F77 of the appendix to Form 20-F

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PCC loan (p.31) and Emerging market portfolios (p. 63-64)

- ◆ Within UBS Private & Corporate Clients, approximately one third of the loans that were originally included in our recovery portfolio in 1997 have been worked out and removed
- ◆ The decrease in net trading income in 1998 of CHF 3,741m included approx. CHF 810 m of losses on our Emerging Markets trading portfolios.
- ◆ Emerging markets loan provisions & losses:

Countries with the largest net increase and their respective provision as of the years ended 31 December 1998 and 31 December 1997 were as follows:

(CHFm)	31 Dec 1998	31 Dec 1997
Brazil	276	55
Indonesia	168	29
South Korea	186	19



UBS Warburg

Operating income by client (p.25) / Core-non core split (p.71)

(CHFm)	9m 1999	12m 1998
Corporate clients	29%	39%
Institutional investors	66%	55%
Governments & supranationals	5%	6%
Total	100%	100%

Note: Total Operating Income before credit loss expense (CHFm):	9m 1999	12m 1998
	10,081	6,987

- ◆ For the 9 months ended 30 September 1999, UBS Warburg's operating income before credit loss expense from core businesses amounted to CHF 9,437m, with the remaining CHF 644m arising from non-core businesses



UBS Capital

Total Investments by sector (p.38)

(CHFm)	30 Sep 99	31 Dec 98	31 Dec 97
Consumer related	502	400	405
Diversified industrials	505	376	85
Transportation	391	186	61
Communications	227	208	84
Computer related	279	109	38
Energy	162	153	134
Other electronics related	38	32	49
Other manufacturing	48	53	93
Chemicals & materials	47	52	20
Industrial products & services	74	60	51
Others	166	155	60
Total	2,439	1,784	1 080

UBS Capital

Investment portfolio - aging (p.38) / management fees (p.79)

(CHFm)	30 Sep 99	31 Dec 98	31 Dec 97
Pre-1994	77	112	109
1994	193	195	161
1995	330	282	180
1996	198	183	171
1997	492	450	459
1998	593	562	-
1999	556	-	-
Total	2,439	1,784	1,080

- ◆ For the 9 months ended 30 September 1999, UBS Capital's operating income included CHF 13m of management fees paid by funds that we manage and sponsor

Additional disclosure includes ...

Page numbers refer to 20-F filing

<u>What</u>	<u>Page</u>
◆ Additional breakdown of the PCC Loan Portfolio	30-31
◆ Additional detail on property	46
◆ Additional information on country risk exposure	90-92,118-120
◆ More detailed information on NPL and credit loss allowances & provisions	93-97,117-118,120-124,F71
◆ More detailed information on interest-earning assets and average interest-bearing liabilities	111-117
◆ More details on directors' accrued pension benefits	126



Additional Disclosure includes ...

Page numbers refer to 20-F filing/appendix

What	Appendix
◆ More Information on the trading portfolio	F23
◆ More details on Financial Investments	F72-F73
◆ Pension plans	F75
◆ Post-retirement benefit plans	F76

IAS / US GAAP Reconciliation



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Introduction

- ◆ IAS and US GAAP accounting standards differ
- ◆ In registering with the SEC, UBS has provided a reconciliation of its 1998 and 9M1999 accounts under the two accounting standards

The three principal differences

- ◆ The SBC/UBS merger was treated as a Pooling of Interests under IAS and as a Purchase under US GAAP. US GAAP therefore requires the goodwill to be shown in the Balance Sheet and to be amortised
- ◆ In addition, SBC 1H1998 profits and losses are not recognised in the US GAAP Group accounts, which take up the profit only from the date of the merger
- ◆ The timing of recognition of the restructuring reserve is different under US GAAP due to differences in the criteria recognising these provisions

Reconciliation from IAS to US GAAP

Shareholders' Equity (F61 - appendix)

(CHFm)	09/30/99	12/31/98
Amounts Determined by IAS	33,298	32,395
SBC Purchase Accounting - Goodwill	20,315	21,612
Other Purchase Accounting Adjustments	(867)	(895)
Harmonisation of Accounting Policies	0	20
Restructuring Provision	361	1,948
Derivative instruments (non-trading)	809	1,052
Own Shares and Derivatives on own shares - trading	(3,737)	(3,601)
Financial Investments	112	108
Retirement Benefit Plans	2,262	1,858
Other Employee Benefits	(24)	(26)
Equity Participation Plans	(87)	(40)
Software Capitalisation	300	0
Credit loss Expense	130	0
Sub total	19,574	22,036
Tax Effect of adjustments	702	330
Total adjustments	20,276	22,366
Amounts Determined in accordance with US GAAP:	53,574	54,761



Reconciliation from IAS to US GAAP

Profit & Loss (F61 - appendix)

(CHFm)	09/30/99	12/31/98
Amounts Determined by IAS	5,179	3,030
SBC Purchase Accounting - Goodwill	(1,297)	(864)
Other Purchase Accounting Adjustments	28	(2,590)
Harmonisation of Accounting Policies	(20)	(751)
Restructuring Provision	(1,587)	(3,982)
Derivative instruments (non-trading)	(243)	(405)
Own Shares and Derivatives on own shares - trading	(126)	94
Financial Investments	28	23
Retirement Benefit Plans	404	88
Other Employee Benefits	2	(20)
Equity Participation Plans	(22)	(1)
Software Capitalisation	300	0
Credit loss Expense	130	0
Sub total	(2,403)	(8,408)
Tax Effect of adjustments	396	1,713
Total adjustments	(2,007)	(6,695)
Amounts Determined in accordance with US GAAP	3,172	(3,665)



IAS - US GAAP Comparison

Income Statement & Balance Sheet



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Consolidated Income Statement

Operating Income (F65 - appendix)

(CHFm) 9m 1999	IAS	US GAAP	Difference
Interest Income	12,939	15,593	2,654
Less: Interest Expense	8,102	13,298	5,196
Less: Credit Loss Expense	910	780	(130)
Net Interest Income less credit loss expense	3,927	1,515	(2,412)
Net Fee & Commission Income	9,250	9,250	0
Net Trading Income	6,013	8,064	2,051
Income from Disposal of Associates & subsidiaries	1,772	1,772	0
Other Income	801	829	28
Total Income	21,763	21,430	(333)



Consolidated Income Statement

Operating Expenses (F65 - appendix)

(CHFm) 9m 1999	IAS	US GAAP	Difference
Personnel	9,923	9,432	(491)
General & Administrative	3,724	4,443	719
Depreciation & Amortisation	1,290	2,472	1,182
Restructuring Costs	0	658	658
Subtotal	14,937	17,005	2,068
Operating profit/(loss) before tax & minority interests	6,826	4,425	(2,401)
Tax expense/(benefit)	1,612	1,218	(394)
Group profit/(loss)	5,214	3,207	(2,007)
Less: Minority Interests	35	35	0
Net profit/(loss)	5,179	3,172	(2,007)



Condensed Consolidated Balance Sheet

Assets (F66 - appendix)

(CHFm) 30.9.99	IAS	US GAAP	Difference
Cash & balances with central banks	2,746	2,746	0
Money market paper	63,606	63,606	0
Due from Banks	35,526	53,763	18,237
Cash collateral on securities borrowed	88,648	88,648	0
Reverse repurchase agreements	147,510	147,510	0
Trading Portfolio Assets	162,059	149,380	(12,679)
Positive replacement values	121,619	122,270	0
Loans, Net of Credit Loss Allowance	240,135	244,638	4,503
Financial Investments	6,283	2,040	4,243
Accrued income & prepaid expenses	6,809	6,809	0
Investments in associates	1,082	1,082	0
Property & Equipment	10,093	10,966	873
Intangible Assets & Goodwill	2,227	20,604	18,377
Private Equity Investments	0	2,376	2,376
Other Assets	11,781	44,377	32,596
TOTAL ASSETS	900,124	960,785	60,661

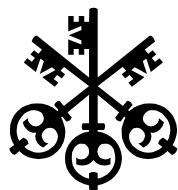


Condensed Consolidated Balance Sheet

Liabilities (F66 - appendix)

(CHFm) 30.9.99	IAS	US GAAP	Difference
Money market paper issued	67,417	67,417	0
Due to Banks	81,624	95,975	14,351
Cash collateral on securities lent	13,029	13,029	0
Repurchase agreements	147,532	145,149	2,383
Trading Portfolio liabilities	43,126	43,004	(122)
Negative replacement values	147,112	147,588	476
Due to customers	275,964	279,185	3,221
Accrued expenses & deferred income	12,075	12,075	0
Long-term debt	55,524	53,723	1,801
Other liabilities	23,053	49,696	26,643
TOTAL LIABILITIES	866,456	906,841	40,385
Minority interests	370	370	0
Total shareholders' equity	33,298	53,574	20,276
Total liabilities, minority interests & shareholders' equity	900,124	960,785	60,661

Contact information



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