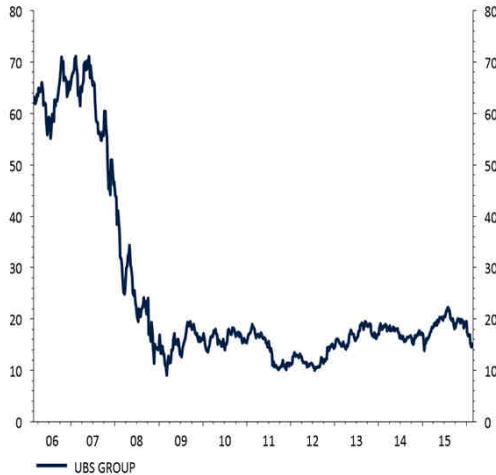


**Stock Information**

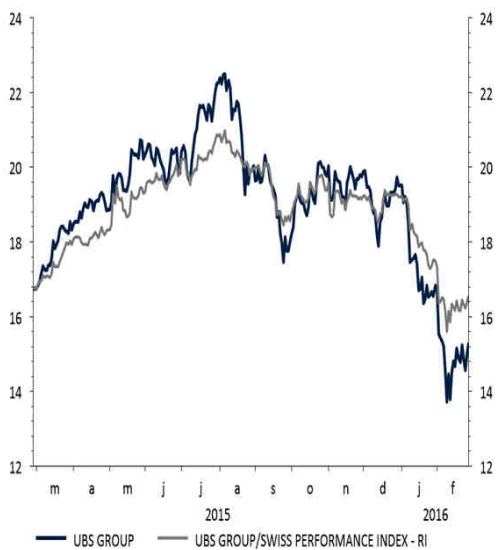
Price	03.06.2016	CHF	19.9
Market Capitalization		CHF (mn)	76'315
Average Daily Volume (last 3 months, 000s)			NA
52 weeks High / Low			22.5 / 19.25
ISIN			CH0024899483
Bloomberg Code			UBSN VX

**10 years performance (weekly data)**



Graphic IAM - Source Thomson Reuters

**1 year relative performance**



**Stock absolute and relative performance**

In %	Absolute	Relative *
1 month	0.0	-3.5
3 months	0.0	-2.8
YTD	0.0	-7.2
2015	23.6	10.6
2014	-1.4	-4.1

\*relative to SPI

**Description**

UBS is the first largest wealth manager in the world, the largest Swiss retail bank, one of the bulge bracket investment banks, and a global asset manager. UBS deploys activities across Europe, the Americas, and Asia. The 2007/2008 credit crunch ended 10 years of success. UBS was hit by significant losses due to its DRCM hedge fund. Particularly exposed to US subprime markets, UBS reported one of the largest write-downs of the sector and lost CHF 5.2 bn in 2007 and 19.7 bn in 2008. In February 2008, an EGM approved a recapitalization of 13bn (issuance of convertible notes to the Government of Singapore Investment Corporation and an investor from the Middle East). In April 2008 AGM approved a second recap of 15bn. In November 2008, an EGM approved the SNB rescue plan: transfer of 60bn toxic assets in a fund funded by UBS for 6bn. In 2011, UBS appointed a new CEO, Sergio Ermotti.

**Investment Case**

The impact of the credit crisis required UBS to manage costs, resources and capacity very actively. The firm reduces headcounts and the capital base has been reinforced. UBS struggles to restructure the investment bank. UBS has introduced a new framework that attributes equity capital to individual business units, taking into account the various natures of risks. All businesses are supposed to produce sufficient returns to fund their own growth, by cooperating across the firm, but without relying on capital cross-subsidies (wealth management not to support IB activities). On the wealth management side which is UBS main profit contributor, difficulties come from regulatory side and change in swiss tax law. UBS reduces its investments bank to put it at the service of the wealth management division.

**Per Share (CHF)**

	2013	2014	2015	2016e	2017e
Earnings	0.84	0.93	1.68	1.14	1.53
Variation		11%	81%	-32%	34%
Earnings (IBES)	0.84	0.93	1.68	1.14	1.53
P/E	12.70	16.8	15.1	12.3	10.5
Dividend	0.25	0.75	0.85	0.70	0.85
Payout ratio	30%	81%	51%	61%	56%
Dividend yield	1.3%	3.8%	4.3%	3.5%	4.3%

**Strengths**

- Global leader in growing wealth management.
- European onshore wealth initiative to outweigh the gradual decline of offshore wealth management.

**Weaknesses**

- Most hit bank by the credit crunch - weak positioning in investment banking.
- Restructuration issues.
- Reputational issues - departure of relationship managers.

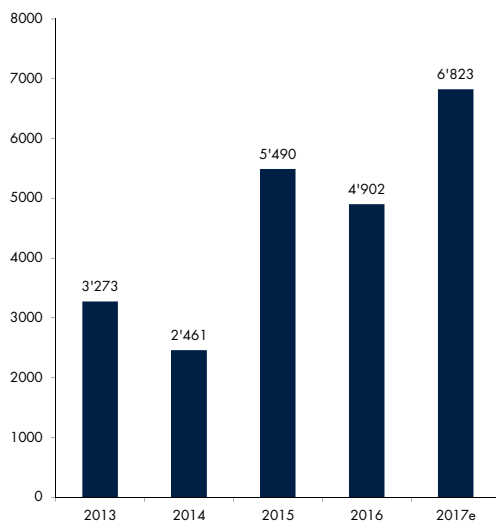
**Opportunities**

- Recovery story - more encouraging signs to restore the bank franchise.

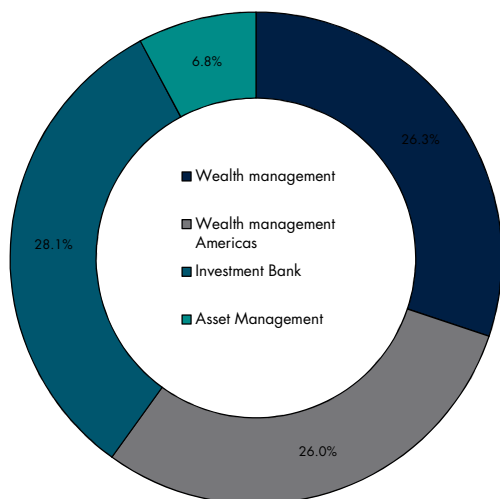
**Threats**

- Further deterioration of low quality credit assets.
- Further decline in net new money due to reputational issues.
- Regulatory capital requirement.

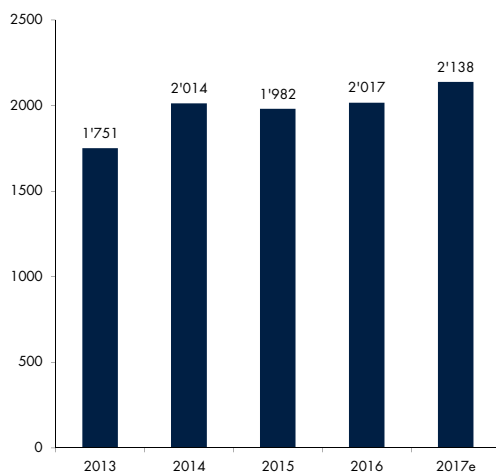
### Pretax profit evolution



### Profit before tax by segment



### Wealth management AUM



### Key Figures (mn CHF)

	2013	2014	2015	2016	2017e
Net interest income	5'786	6'555	6'732	6'902	7'087
Fees & Commissions	16'287	17'076	17'140	17'154	18'082
Trading income	5'130	3'842	5'742	4'559	4'750
Other income	580	632	1'107	700	714
<b>Total Income</b>	<b>27'783</b>	<b>28'105</b>	<b>30'721</b>	<b>29'315</b>	<b>30'632</b>
Variation		1.2%	9.3%	-4.58%	4.49%
Staff costs	-15'182	-15'280	-15'981	-15'480	-15'163
General & administrative	-8'380	-9'387	-8'107	-7'410	-7'153
<b>Total operating costs</b>	<b>-24'461</b>	<b>-25'567</b>	<b>-25'115</b>	<b>-23'927</b>	<b>-23'359</b>
Variation		4.5%	-1.8%	-4.73%	-2.37%
Depreciation	-899	-900	-1'027	-1'038	-1'043
Amortization intangible assets	0.00	0.00	0.00	0.00	0.00
Amortization goodwill	0.00	0.00	0.00	0.00	0.00
Provisions	-50	-78	-117	-487	-451
<b>Pre-tax profit</b>	<b>3'273</b>	<b>2'461</b>	<b>5'490</b>	<b>4'902</b>	<b>6'823</b>
Variation		n/a	-24.8%	-10.71%	39.19%
Taxes	110	1'180	898	-627	-1'092
Tax rate %	-3	-48	-16	13	16
Minority interests	-209.00	-174.00	-183.00	-80.00	-70.00
<b>Shareholders' net profit</b>	<b>3'174</b>	<b>3'467</b>	<b>6'205</b>	<b>4'194</b>	<b>5'661</b>
Total Assets	1'013'354	1'062'478	942'819	954'605	999'171

### Revenues by Division in % 2016E

Wealth Management	26.30%
Wealth Management Americas	26.00%
Investment Bank	28.10%
Asset Management	6.80%
Retail and corporate Bank	12.80%

### Performance Ratios

	2013	2014	2015	2016	2017e
<b>Group</b>					
Tier 1 ratio	12.8	13	14.5	14.3	14
Gross margin	88.0	85.0	86.0	84.0	85

### Asset under management

Wealth management	886	987	947	950	1'007
Wealth management Americas	865	1'027	1035	1'067	1'131
<b>Total AUM wealth management</b>	<b>1'751</b>	<b>2'014</b>	<b>1'982</b>	<b>2'017</b>	<b>2'138</b>
Asset management	583	664	650	646	681
Net new money wealth management	35.9	34.4	22.8	20	38
Net new money Americas	17.6	9.6	21.3	31.0	32.0

### Principal competitors

Name	Mkt Cap	P/E13	Div Yield	Price	Perf YTD
UBS	76'315	NA	2.5	19.9	0%
CREDIT SUISSE GROUP N	25'505	9.4	5.4	13.0	-37%
DEUTSCHE BANK	20'798	6.8	0.0	15.1	-33%
BARCLAYS	30'381	8.8	3.6	179.7	-16%
CITIGROUP	133'216	8.3	0.4	45.4	-12%

### Shareholders

Free Float	100%
Principal shareholders	
Govt of Singapore	6.4%
UBS	3.7%
Norges Bank	3.3%

### Management

Axel Weber, Chairman  
Sergio Ermotti, CEO