



# Bank of America Merrill Lynch Financials Conference 2019

Sergio P. Ermotti  
Group Chief Executive Officer

September 24, 2019



# Important information

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**Forward Looking Statements:** This presentation contains statements that constitute “forward-looking statements”, including but not limited to performance targets, expectations and ambitions, as well as management’s outlook for UBS’s financial performance and statements relating to the anticipated effect of transactions and strategic or business 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. For a discussion of the risks and uncertainties that may affect UBS’s future results please refer to the “Risk Factors” and other sections of UBS’s most recent Annual Report on Form 20-F, quarterly reports and other information furnished to or filed with the US Securities and Exchange Commission on Form 6-K, and the cautionary statement on the last page of this presentation. 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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**Basel III RWA, LRD and capital:** Basel III numbers are based on the BIS Basel III framework, as applicable for Swiss Systemically relevant banks (SRB). Numbers in the presentation are based on the revised Swiss SRB rules as of 1.1.20 that became effective on 1.7.16, unless otherwise stated. Basel III risk-weighted assets in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20 unless otherwise stated. Our RWA under BIS Basel III are the same as under Swiss SRB Basel III. Leverage ratio and leverage ratio denominator in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20, unless otherwise stated. Refer to the “Capital management” section in the 2Q19 report for more information.

Currency translation of monthly income statement items of operations with a functional currency other than the US dollar are translated with month-end rates into US dollar.

**Definitions:** “Earnings per share” refers to diluted earnings per share. “Litigation” refers to net additions/releases to provisions for litigation regulatory and similar matters reflected in the income statement for the relevant period. “Net profit” refers to net profit attributable to shareholders.

**Rounding:** Numbers presented throughout this presentation may not add up precisely to the totals provided in the tables and text. Percentages, percent changes, and adjusted results are calculated on the basis of unrounded figures. Information on absolute changes between reporting periods, which is provided in text that can be derived from figures displayed in the tables, is calculated on a rounded basis.

**Tables:** Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Percentage changes are presented as a mathematical calculation of the change between periods.

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# UBS at a glance

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## Outstanding client franchises

- › Clients are at the center of everything we do
- › Unique position as the only truly global wealth manager
- › Leading universal bank in Switzerland with focused Investment Bank and Asset Management franchises
- › Strong brand and global reach

## Managing for growth and efficiency

- › Positioning businesses for growth
- › Investing while remaining disciplined on costs
- › Optimizing for evolving operating environment
- › Developing leading digital capabilities to improve efficiency and client experience

## Balance sheet strength for all seasons

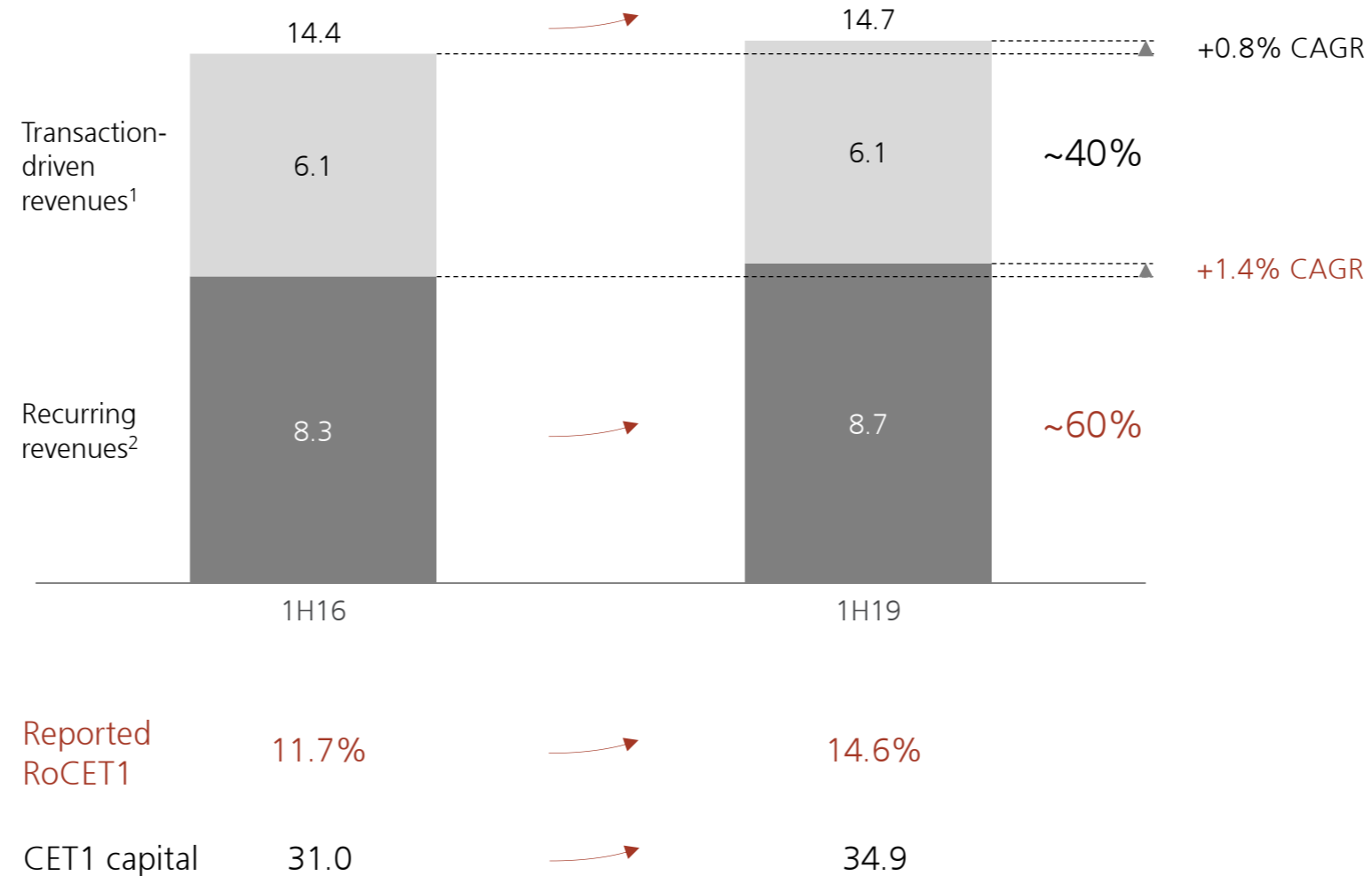
- › Disciplined resource usage; focus on sustainable growth
- › Prudent deployment of risk with a focus on stress resilience
- › Return excess capital to shareholders

Leading to  
strong financial  
performance

# Delivering high quality revenue growth and returns

Underpinned by disciplined resource management and risk control

## Operating income



# Clients entrusting us with their assets have supported our growth

Record GWM invested assets of 2.5trn; 90bn in net inflows since 2016; invested asset CAGR of 8%

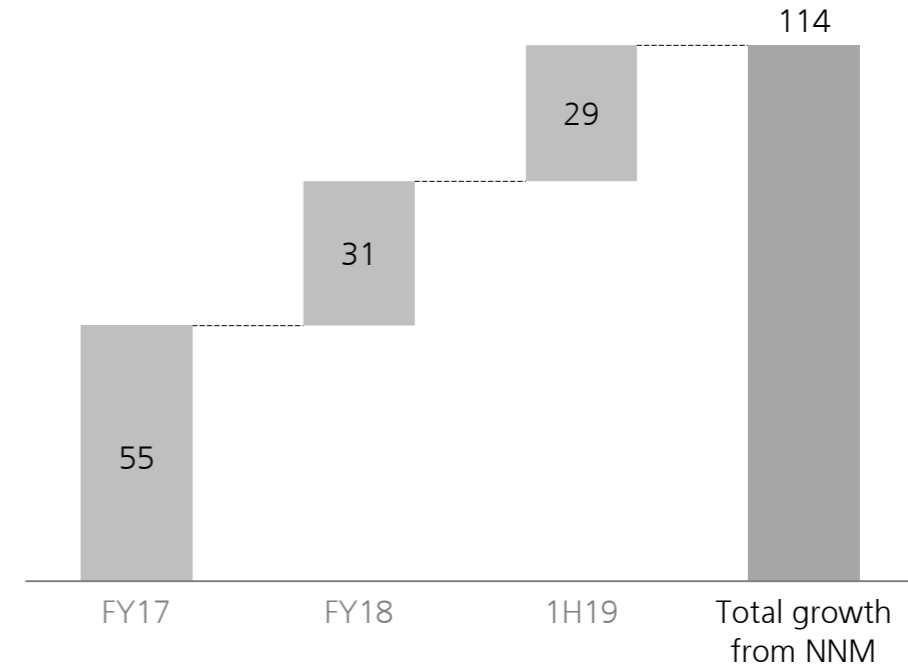
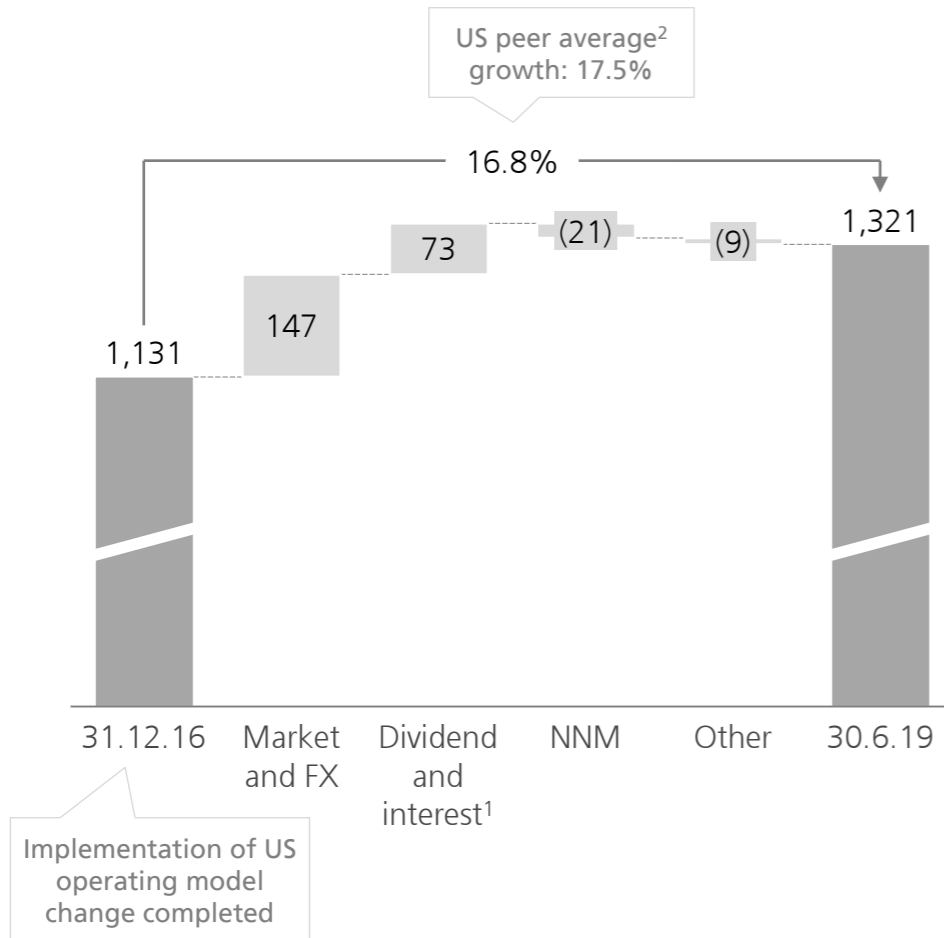
Americas



APAC, EMEA, and Switzerland

Invested asset growth in line with US peers

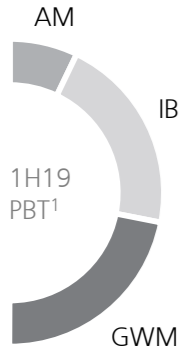
Net new money CAGR of 4.6%  
Total invested asset growth of 21.1%



Numbers in USDbn unless otherwise indicated; excludes minor function with 3bn of invested assets as of 30.6.19 and 3bn of net new money outflows over the period shown. <sup>1</sup> Relates to former WMA only, for the remainder of the Americas region, dividend and interest income is included in the "Market and FX" category; <sup>2</sup> Bank of America, Morgan Stanley and Wells Fargo. Excluding loans and leases

# Strong growth prospects in APAC

#1 wealth manager and leading IB franchise



>400bn

GWM APAC  
invested assets,  
>70% above the #2²



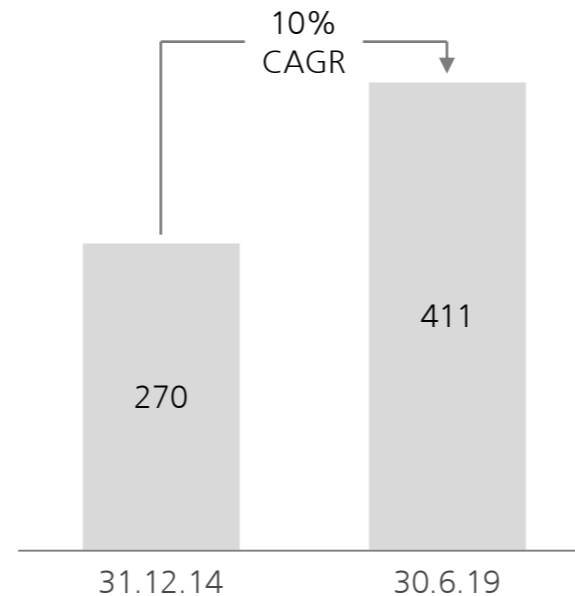
Named best IB in China, Hong Kong and Singapore³



#1 Foreign Asset Manager  
in China⁴

## Strong invested assets growth

GWM APAC  
invested assets



## Well positioned to capture future growth



Leading foreign wealth, asset management and IB franchises in China



Extending our lead with entrepreneurs through collaboration



Launched strategic partnership with SuMi Trust

# Making progress on our strategic initiatives

Management actions to capitalize on structural growth opportunities

Selected strategic levers

- GWM**
  - › Strengthen GFO & UHNW, esp. in Americas
  - › Increase mandate penetration
  - › Drive lending and deposit growth
- P&C**
  - › Sustain strong business growth
  - › Enhance digital lead
  - › Increase market share with entrepreneurs
- AM**
  - › Capture wholesale opportunity
  - › Grow indexed, sustainable and impact investing
  - › Extend presence in key APAC growth markets
- IB**
  - › Strengthen Advisory and Execution
  - › Build a digital Investment Bank
  - › Enhance and leverage leading research platform

## Spotlight on Global Family Office Group (GFO)

Institutional coverage for most sophisticated clients yields significant revenue uptick



### Clients

- › Most sophisticated, institutional-like GWM clients
- › High trading activity, seeking a strategic dialogue
- › Requiring coverage across countries and booking centers



### Set-up

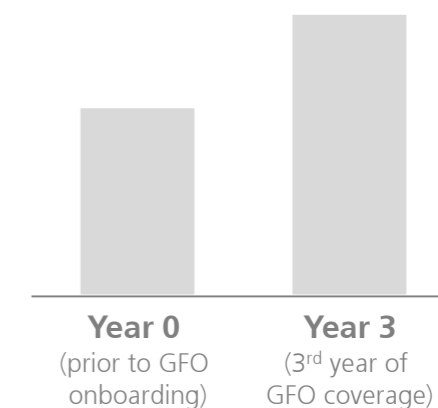
- › A global joint venture between GWM and IB
- › Dedicated institutional specialists coverage
- › Rolled out in 8 hubs across EMEA, APAC and the US



### Offering

- › Full suite of UBS offering across GWM, IB and AM
- › Bespoke investment and financing solutions
- › Corporate solutions (i.e., M&A, equity/debt capital markets)

~15% revenue CAGR<sup>1</sup> following GFO onboarding



~20% overall GFO revenue growth per annum since 2014, including new clients

Sustaining disciplined investment in growth, self-funded with structural cost reductions

# Leveraging scale and technology to deliver for clients

Superior client experience to enhance and differentiate our business

## Global Wealth Management



Euromoney Private Banking and Wealth Management Survey

#1 Private Banking Services overall  
#1 Technology

*Continuous investment in innovation paying off*

*Technology to drive operating leverage*

A leading ETF provider in Europe

#2 European indexed player



#1 European ESG ETFs

Fully comprehensive platform offering

## Asset Management



## Personal & Corporate Banking

Leveraging innovation into GWM

State of the art mortgage distribution platform (UBS Atrium)

Strong growth in Digital Corporate Bank

*Leader in Swiss digital banking*

*Transforming to a digital investment bank*



Successful in the most electronified markets: FX and cash equities

Market leader in alternative data (Evidence Lab) contributing to #1 positions in Extel<sup>1</sup> and II<sup>2</sup> surveys

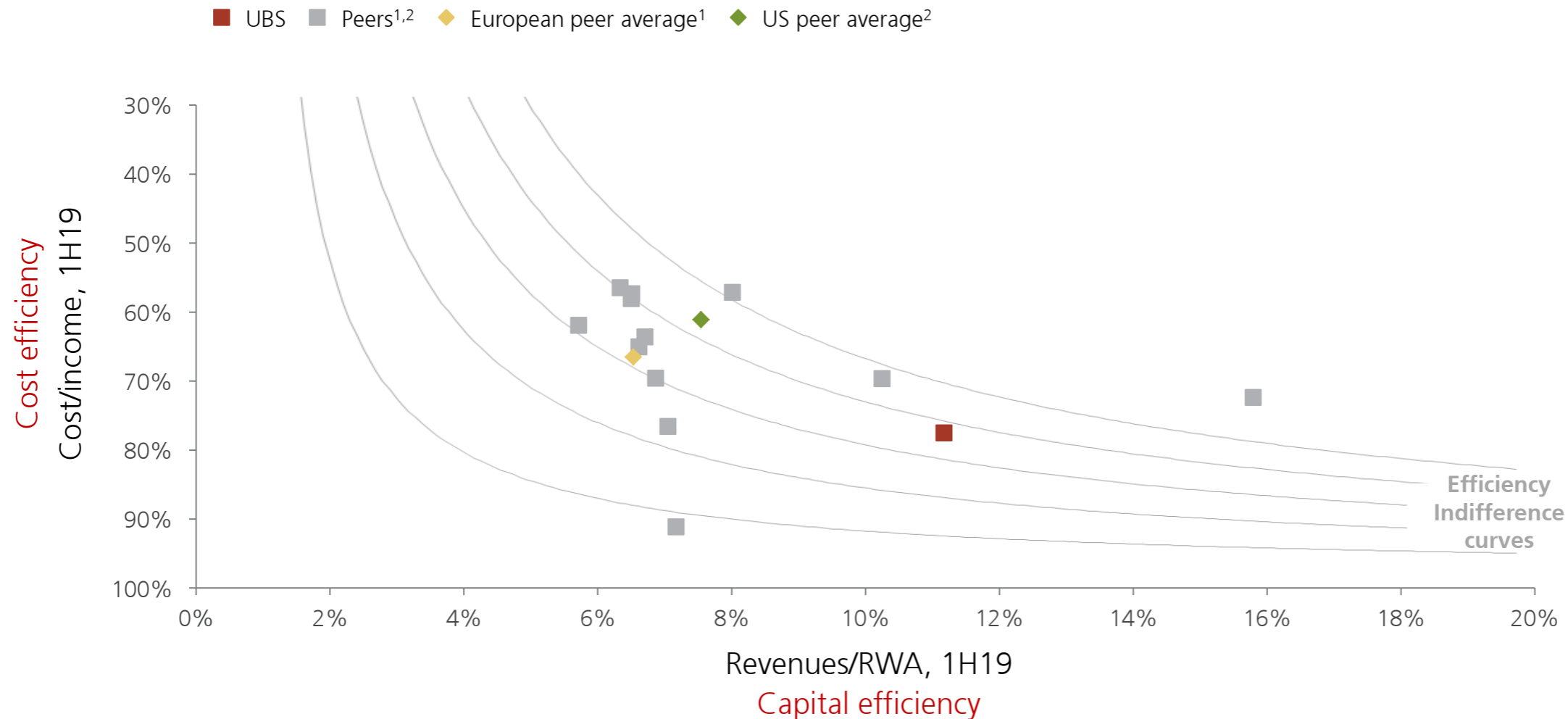


## Investment Bank



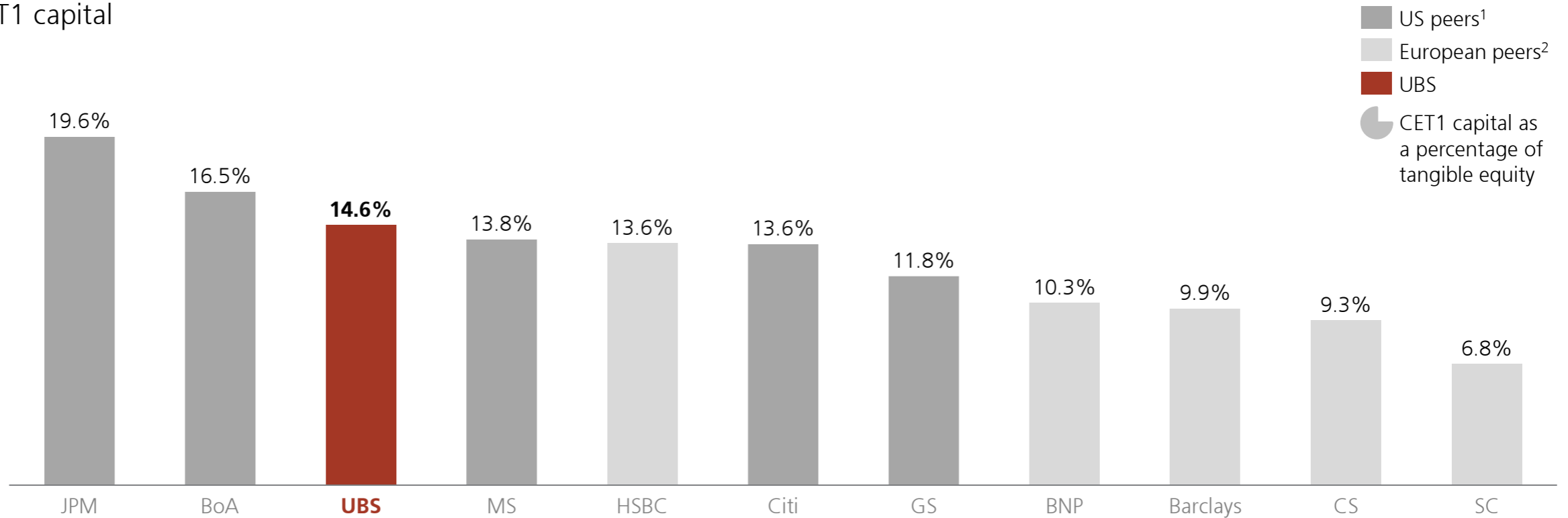
# Balancing revenue, cost and capital efficiency

Business mix and geographic footprint drive comparatively high capital efficiency and structurally higher cost/income ratio



# Delivering returns in line with global peers

Return on CET1 capital  
1H19 annualized



US peers<sup>1</sup>  
 European peers<sup>2</sup>  
 UBS  
 CET1 capital as a percentage of tangible equity

as of 30.6.19

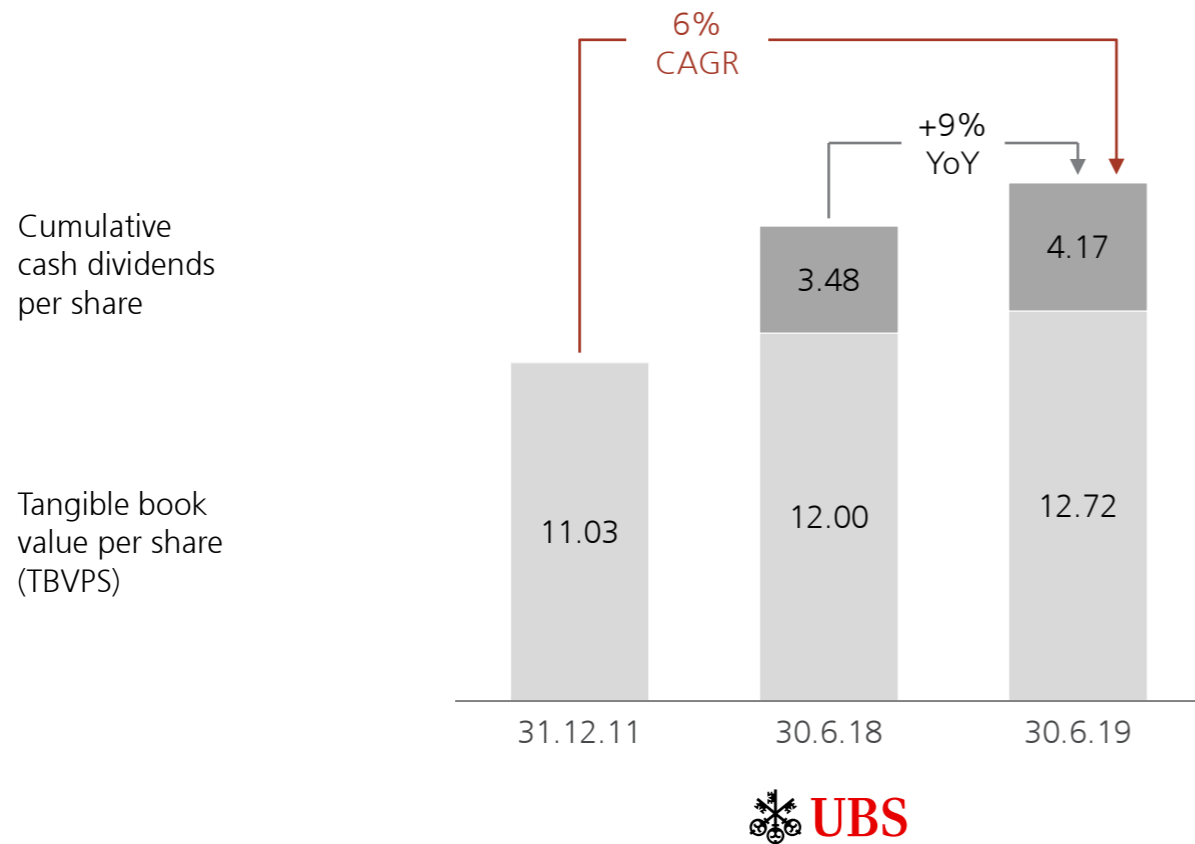
	JPM	BoA	<b>UBS</b>	MS	HSBC	Citi	GS	BNP	Barclays	CS	SC
CET1 capital	189	171	<b>35<sup>5</sup></b>	64	127	141	76	80	43	36	37
Tangible equity <sup>3</sup>	190	177	<b>47</b>	64	167	153	76	82	47	39	40
RoTE <sup>4</sup>	19.6%	16.1%	<b>10.8%</b>	13.8%	11.2%	11.9%	11.7%	9.9%	9.4%	8.7%	6.5%



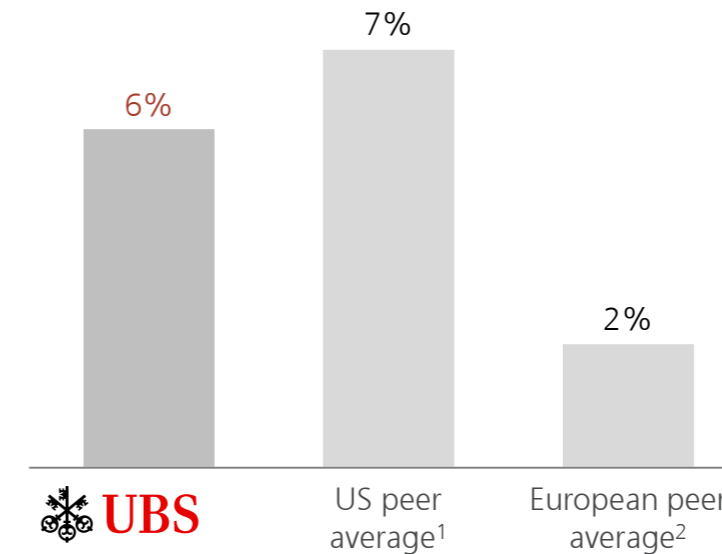
Figures in USDbn for UBS and in local currency for peers. Data based on peer reporting. **1** Bank of America, Citi, Goldman Sachs, JPMorgan, Morgan Stanley; **2** Barclays, BNP, Credit Suisse, HSBC, Standard Chartered; (Deutsche Bank not shown due to negative returns in 1H19); **3** Tangible equity attributable to shareholders; **4** 1H19 annualized return on tangible equity attributable to shareholders; **5** The comparatively large difference between UBS's tangible equity and CET1 capital as of 30.6.19 mainly reflects the fact that UBS's tangible equity includes tax loss deferred tax assets (6.2bn) that are not included in CET1 capital; other deduction items include compensation-related components (1.8bn), unrealized gains from cash flow hedges (1.3bn) and dividend accruals.

# Growing book value while distributing capital

TBVPS growth with dividends well ahead of European peers and close to US peers

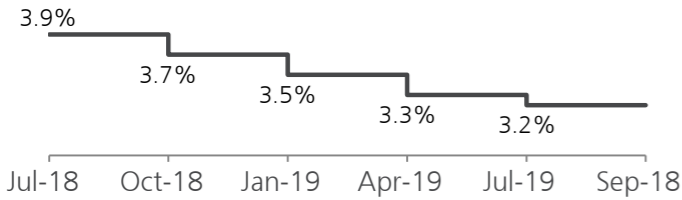


TBVPS + dividends CAGR  
Average, 2011-2Q19



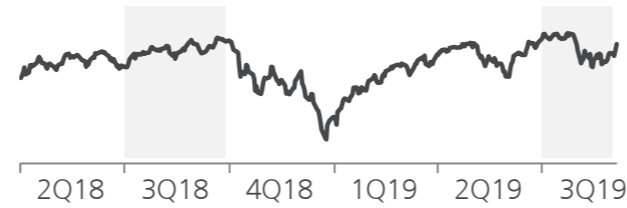
# Market context

## 2019 IMF real GDP growth forecast



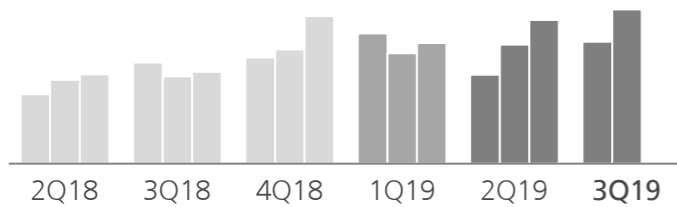
## Equity markets

MSCI World

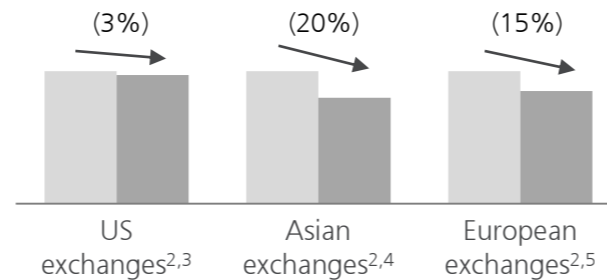


## Geopolitical uncertainty

Global economic policy uncertainty index<sup>1</sup>

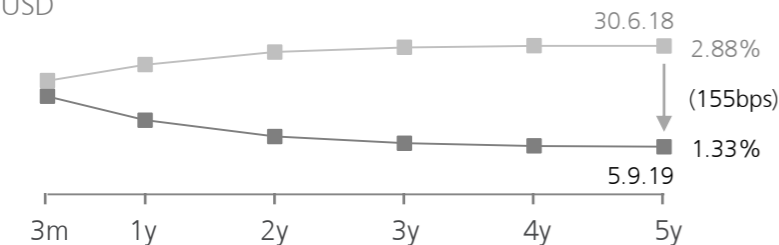


## Average daily volumes



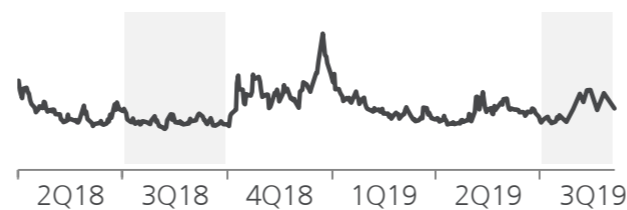
## Yield curves

USD



## Realized volatility

S&P 500 1-month realized volatility



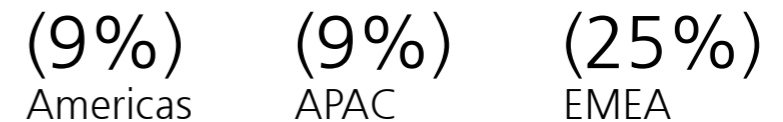
› Continued strength in **equity markets** despite macro and geopolitical tensions

› Significant drop in USD **interest rates**; EUR and CHF rates also down

› **Low volatility** across asset classes

## Investment banking fee pools<sup>2,6</sup>

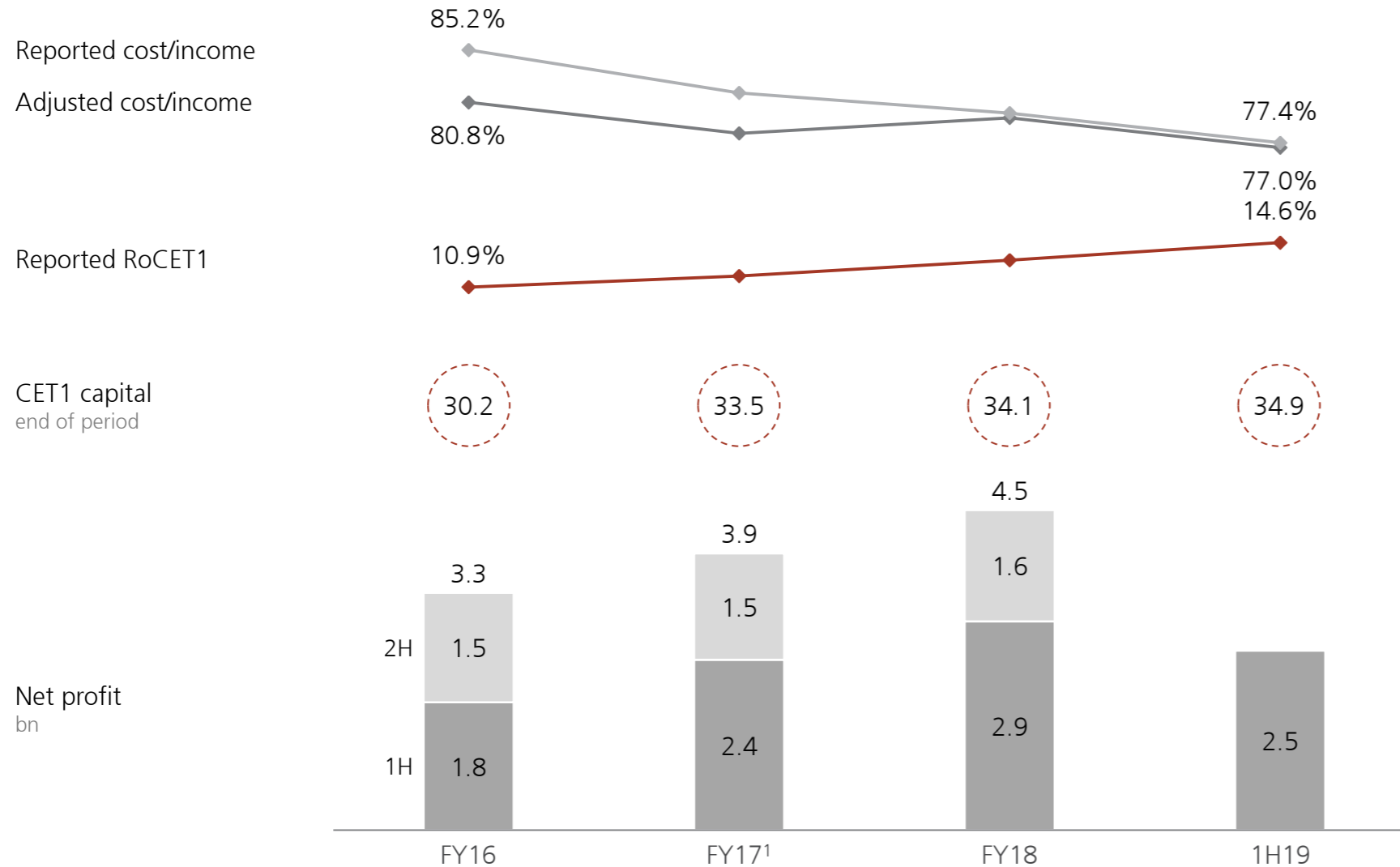
M&A, ECM and DCM including LCM



YoY comparisons are end-August YTD. **1** Higher index levels reflect higher levels of geopolitical uncertainty. Source: [www.policyuncertainty.com](http://www.policyuncertainty.com). Monthly; **2** YTD to August (except for Hong Kong exchange securities, which is YTD to July); **3** NYSE, Nasdaq and CBOE US Equities; **4** Hong Kong exchange securities, Singapore exchange securities, Tokyo stock exchange equity and Shenzhen and Shanghai/Hong Kong Stock Connect; **5** Bolsas y Mercados Espanoles, Deutsche Börse, Euronext, Flow Traders and London Stock Exchange cash equities; **6** Dealogic

# Focused on improving financial returns

Improving efficiency and delivering higher returns on increasing CET1 capital



## Medium-term returns



### Upside potential

- > Constructive sentiment
- > Constructive markets
- > Rising interest rates
- > Benign credit environment lasts



### Downside risks

- > Weak markets
- > Lower interest rates
- > Adverse credit environments
- > Idiosyncratic events

# Key messages

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- › Outstanding global client franchises underpinned by strong balance sheet, people and culture
- › Positioning businesses for growth, with a portfolio of strategic initiatives
- › Digital is central to delivering innovation for clients and efficiency for our businesses' success
- › Committed to taking sustainable considerations into account and finding innovative solutions for clients
- › Focus on improvements in efficiency to redeploy towards growth initiatives and respond to evolving operating environment
- › Capital strength enables us to invest for growth and withstand tougher environments
- › Attractive capital return profile through sustainable dividend and growing buybacks



Executing with discipline to deliver sustainable growth and medium-term shareholder value

# Cautionary statement regarding forward-looking statements

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(iii) changes in the availability of capital and funding, including any changes in UBS’s credit spreads and ratings, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the European Union and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, liquidity and funding requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS’s business activities; (v) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, proposals in Switzerland and other jurisdictions for mandatory structural reform of banks or systemically important institutions or to other external developments, and the extent to which such changes will have the intended effects; 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