



UBS Investor Update

Asia Pacific

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President Asia Pacific

26 October 2018



Cautionary statement regarding forward-looking statements

This presentation contains statements that constitute “forward-looking statements,” including but not limited to management’s outlook for UBS’s financial performance and statements relating to the anticipated effect of transactions and strategic 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 from UBS’s expectations. These factors include, but are not limited to: (i) the degree to which UBS is successful in the ongoing execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA), including to counteract regulatory-driven increases, leverage ratio denominator, liquidity coverage ratio and other financial resources, and the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (ii) continuing low or negative interest rate environment, developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, and currency exchange rates, and the effects of economic conditions, market developments, and geopolitical tensions on the financial position or creditworthiness of UBS’s clients and counterparties as well as on client sentiment and levels of activity; (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 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, to 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; (vi) uncertainty as to the extent to which the Swiss Financial Market Supervisory Authority (FINMA) will confirm limited reductions of gone concern requirements due to measures to reduce resolvability risk; (vii) the uncertainty arising from the timing and nature of the UK exit from the EU and the potential need to make changes in UBS’s legal structure and operations as a result of it; (viii) changes in UBS’s competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS’s ability to compete in certain lines of business; (ix) changes in the standards of conduct applicable to our businesses that may result from new regulation or new enforcement of existing standards, including recently enacted and proposed measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (x) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses or loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of our RWA; (xi) the effects on UBS’s cross-border banking business of tax or regulatory developments and of possible changes in UBS’s policies and practices relating to this business; (xii) UBS’s ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xiii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters, including from changes to US taxation under the Tax Cuts and Jobs Act; (xiv) UBS’s ability to implement new technologies and business methods, including digital services and technologies and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xv) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xvi) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, and systems failures; (xvii) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS’s operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xviii) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS’s ability to maintain its stated capital return objective; and (xix) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. 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 2017. 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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Key messages



Asia Pacific is a key growth driver for all divisions and the Group overall



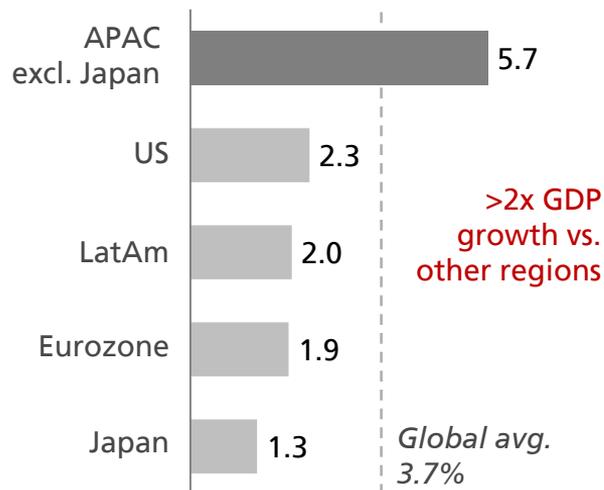
We have a strong competitive advantage due to our award-winning capabilities, scale, long established presence and brand recognition



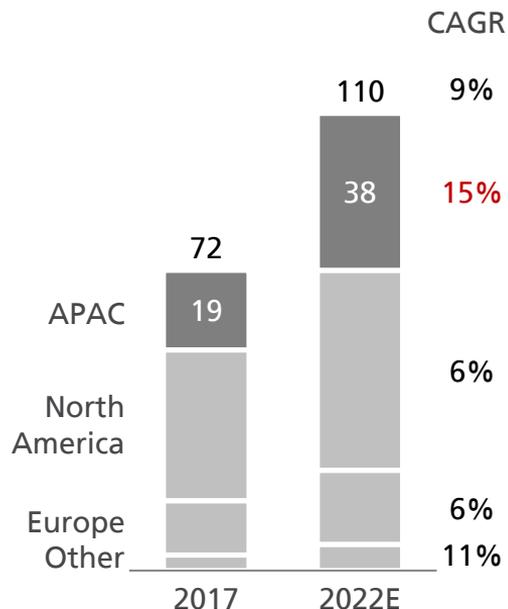
We will accelerate contribution to the Group while continuing investment in our technology, talent and onshore China

APAC presents substantial growth opportunities

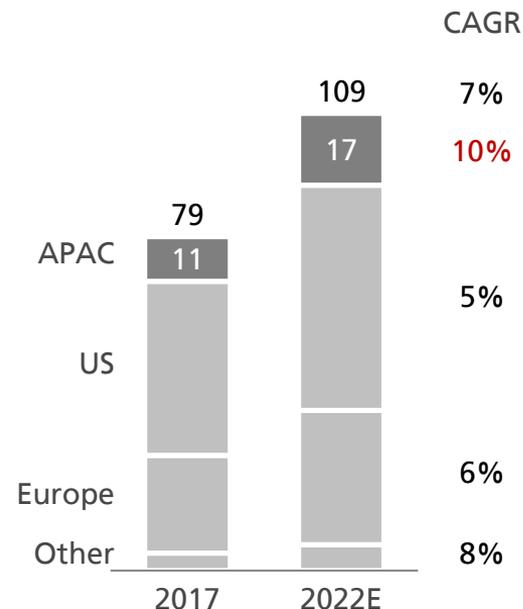
GDP¹
2019E YoY % growth



Global Investable Wealth²

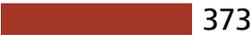


Global AM Industry AuM³



Global peers' franchise in the region

UBS ranks amongst top three Western bank by revenues in APAC, excluding those with retail operations

	APAC revenues ¹ FY17	% of global	APAC business offering / ranking ² 2017	WM IA ³	AM IA ⁴	Equities	CCS	Research
 UBS	 4.7	16%	 373	 159	#1	#5	#2	
UK peer					#7-9	>#10	NR	
US peer				NA	#7-9	#7	#4	
US peer					#4-6	#3	#6	
US peer				NA	#3	#2	NR	
US peer				NA	#2	#1	#1	
EU peer					#7-9	#8	#6	
EU peer					#10-12	>#10	NR	
CH peer				NA	#4-6	#4	#4	

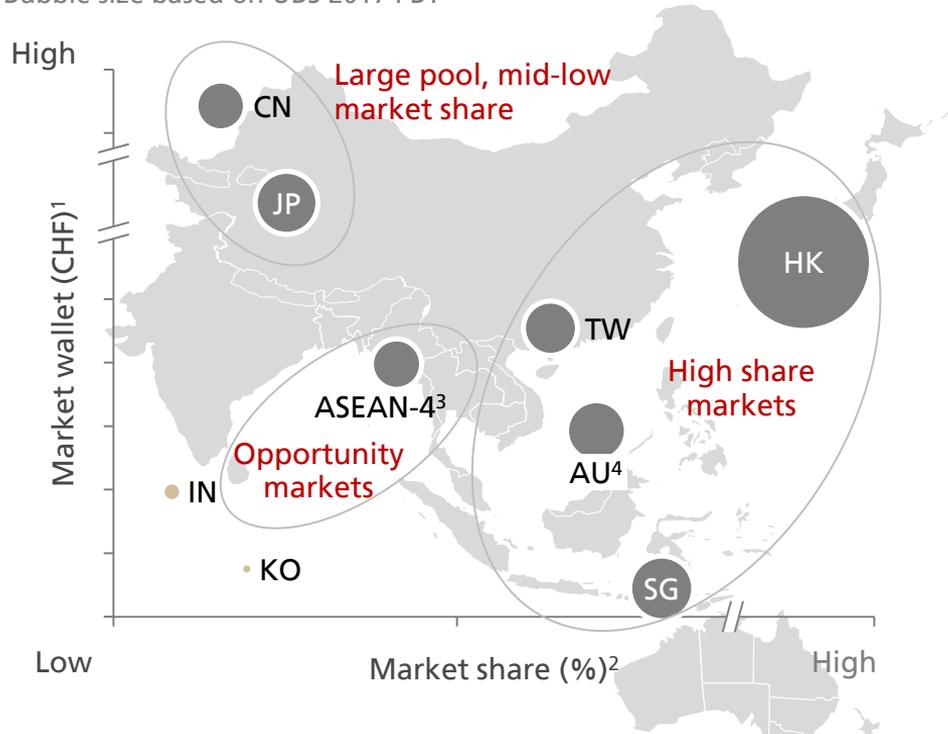
Numbers in CHFbn and adjusted unless otherwise indicated; refer to slide 14 for details on adjusted numbers and FX rates in this presentation; CCS: Corporate Client Solutions. 1 APAC revenues are based on geographic location view; 2 Ranking among international players. Dealogic data is Core IB only (ECM, DCM, M&A), and excludes domestic China. Research Institutional Investor ranking for Asia only; 3 WM IA excludes China onshore; 4 AM IA excludes minority-owned JVs; Sources: Company disclosure, Asian Private Banker, AsianInvestor, Coalition Investment Bank League Table, Dealogic, Institutional Investor



Well-positioned and diversified across markets

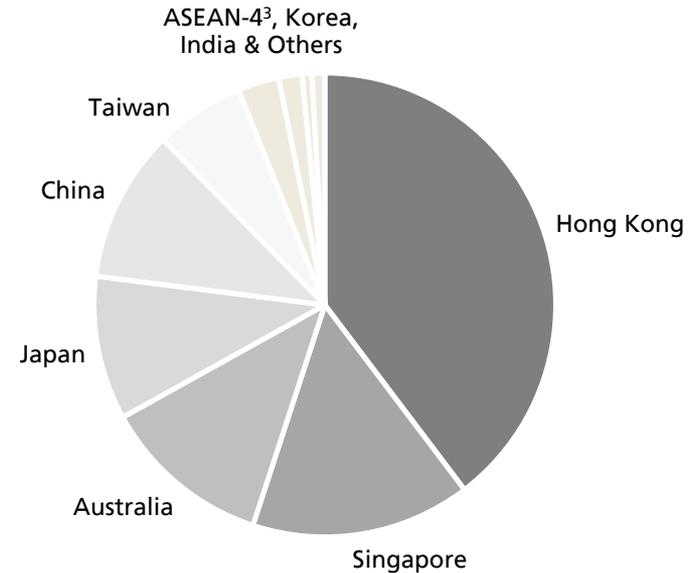
UBS vs wallet opportunities for all businesses combined

Bubble size based on UBS 2017 PBT



Pan-Asia business footprint, by operating income

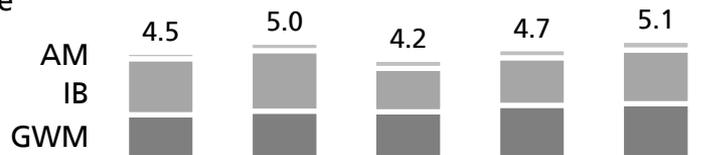
3Q18 LTM⁵



1 Market wallet includes cross-border managed wealth revenues; 2 UBS revenues used for calculation of market share have been adjusted to be like-for-like with market wallet; 3 ASEAN-4 includes Malaysia, Thailand, Indonesia and Philippines; 4 Excluding WM wallet. Sources: IMF, Dealogic, McLagan, Coalition, Cerrulli; UBS estimates; 5 Last 12 months

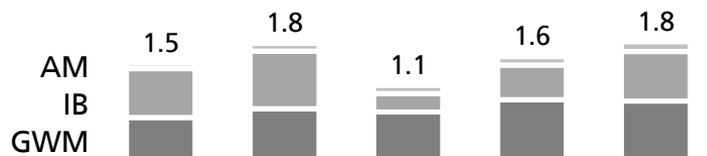
Significant and growing contribution to Group

Operating income



Consistent revenue growth across all divisions since China adjustment in 2015-2016

Profit before tax



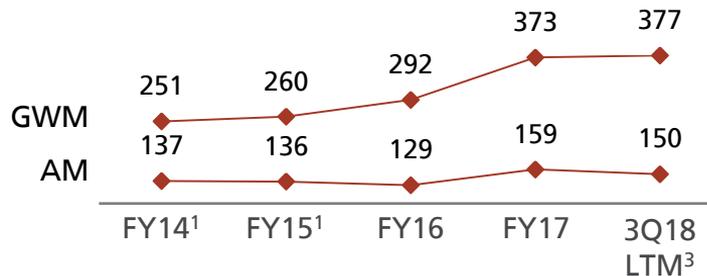
APAC contributed 21%² of the Group's PBT in 9M18, up from 19%² in 9M17

Cost/income %



GWM is expected to represent a greater share of APAC PBT with growth ambition of >15% p.a. by 2021

Invested assets



Operating leverage despite investments in talent, especially in GWM, technology and overall strengthening of capabilities across divisions

Capital efficient growth with APAC RWA at ~10% of Group as at 9M18



Numbers in CHFbn unless indicated; refer to slide 14 for details on adjusted numbers and FX rates in this presentation; 1 FY14 and FY15 figures are adjusted and excludes WM Australia domestic business which was exited in 2Q16; 2 Excluding Corporate Center and other globally managed items; 3 Last 12 months, 30.9.18 for invested assets

Clear initiatives to expand existing leadership in APAC



Product / Capabilities

- › Continue China onshore build-out across GWM, AM, IB – platform, licenses
- › Capture growth opportunities in South East Asia across all businesses
- › In process to increase UBS Securities stake to 51% in China - first bank to apply
- › Continue focus on mandates, lending and e-banking in GWM



Client / Distribution

- › Capture intra-region cross border flows; as well as inter-region connectivity
- › One Bank delivery (e.g. GWM-CCS collaboration in South East Asia, APAC cross-divisional top client initiatives, client segment initiatives)
- › Pursue B2B white-labeling / innovative distribution models with domestic traditional incumbents and technology players for further GWM growth



Technology & Platform

- › Build Wealth Management Platform organically, while also engaging with leading tech companies to accelerate innovation and identify cost efficiency opportunities



Risk & Control

- › Ongoing focus on risk management and compliance
- › Monitor conduct risk and strengthen local entity / location governance as regulatory expectations are rising

Innovation and reforms driving APAC growth opportunity

Structural growth opportunity intact, in light of trade war

- › While trade tensions have impacted growth, China is deploying fiscal & monetary options
- › Structural reform remains a key focus across the region
- › Trade-flow disruption to support ASEAN opportunities, where we are well positioned

1

Resilient and **diversified footprint** that can capture value across the region

China's Financial Services reform could change the landscape of global finance

- › Financial market opening at the core of China foreign policy, e.g. Bond Connect, London-Shanghai Stock Connect
- › Meaningful reform programs across key financial segments underpin convergence with global standards
- › Onshore reform also supports the outbound opportunity as Chinese investors increasingly look to diversify holdings

2

Strong fundamentals in China, where we have built a **leading platform on- and off-shore**

Global leaders in innovation

- › Strong connections into North Asia key to grasp the global digital opportunity
- › Asia R&D on track to exceed Europe and US combined by 2020
- › Region increasingly crucial to innovation in many industries (e.g. Technology, Healthcare, Chemicals, Robotics)

3

Well placed to engage with key technology companies and **seize client and platform opportunities globally**

Best platform in China amongst foreign peers

Capturing growth in IB and AM while continuing to invest for the long-term in GWM

 Primary China entities	IB UBS Securities / UBS Futures Ltd. Fully licensed comprehensive IB with selected WM offering	GWM UBS China Ltd. WM business, anchored by Beijing branch	AM UBS-SDIC¹ UBS-AM WFOEs² Fully-licensed AM JV Strategic AM entities
✓ Key current capabilities	<ul style="list-style-type: none"> ✓ Securities brokerage ✓ Rates and Credit trading ✓ Onshore structured products ✓ Underwriting, advisory ✓ Stock connect, China Interbank Bond Market trading ✓ Onshore mutual fund / hedge fund distribution 	<ul style="list-style-type: none"> ✓ FX execution, settlement and clearing ✓ RMB deposit taking & bank loans ✓ Onshore mutual fund / hedge fund distribution ✓ Onshore insurance distributions <div style="border: 1px dashed red; padding: 5px; text-align: center; color: red; font-weight: bold;"> Received Sep 2018 </div>	<ul style="list-style-type: none"> ✓ Onshore mutual funds ✓ Onshore private funds (traditional, alternative) ✓ Institutional mandates ✓ Offshore funds (QDII) <ul style="list-style-type: none"> ✓ Onshore private funds (traditional) ✓ Offshore funds (QDLP)
+ In-progress (medium-term)	<ul style="list-style-type: none"> + Onshore alternatives / PE + Domestic mandates 	<ul style="list-style-type: none"> + Domestic mandates + International funds & structured products + Onshore structured products + Shanghai branch application 	

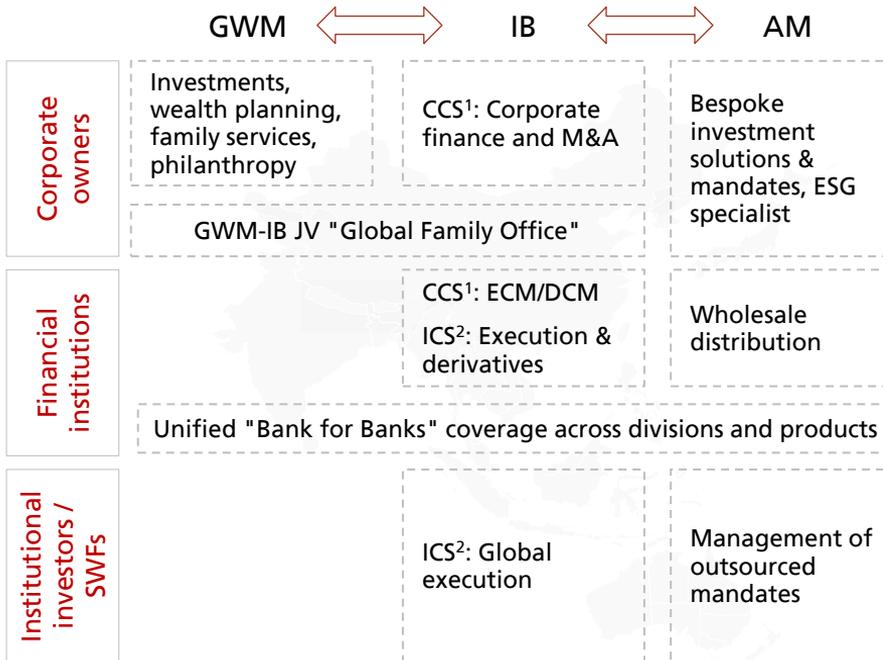


¹ State Development & Investment Corporation. UBS-SDIC is a joint venture between UBS (49%) and SDIC Trust and Investment Co. Ltd. (51%) established in 2005; ² Wholly Foreign Owned Entity

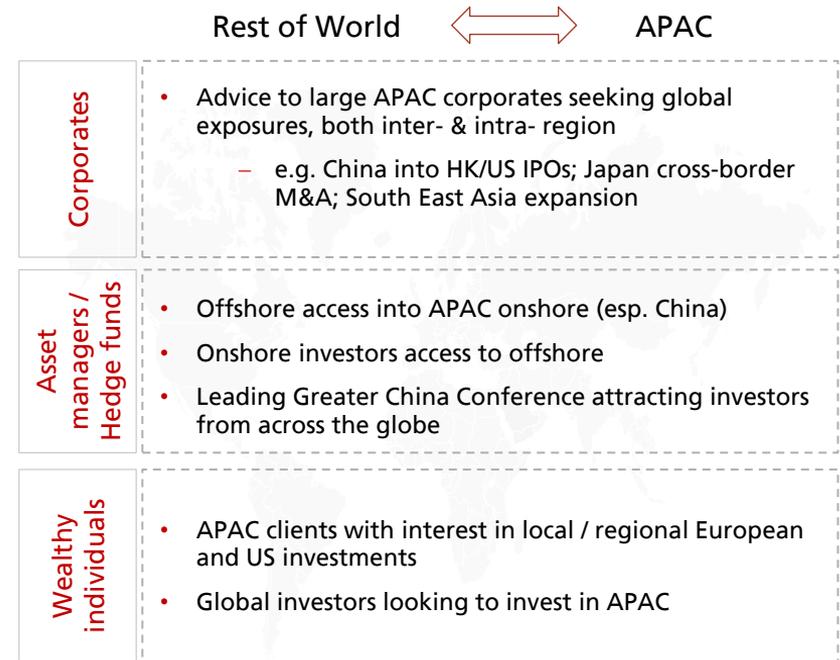
One Bank delivery to meet sophisticated client needs

Compelling value proposition and why we are a leading bank for UHNW

Leading integrated core capabilities



Globally connected footprint



Key messages



Asia Pacific is a key growth driver for all divisions and the Group overall



We have a strong competitive advantage due to our award-winning capabilities, scale, long established presence and brand recognition



We will accelerate contribution to the Group while continuing investment in our technology, talent and onshore China

Appendix

Credentials demonstrate strength in the region

Global Wealth Management

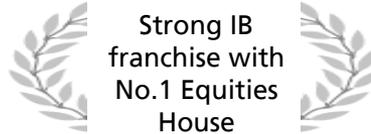


No.1
Private
Bank

Strong position in Greater China and South East Asia
Established onshore Japan and Taiwan; developing onshore China
Hubs in HK/SG

- › #1 Wealth Manager
- › Servicing 3 out of every 5 billionaires in the region

Investment Bank



Strong IB
franchise with
No.1 Equities
House

Leading Equities and FX businesses
A top Corporate Client solutions franchise with integrated onshore and offshore China platform
Presence in all of UBS's 13 APAC markets

- › Pan-Asia #1 leading Equities house
- › Top 3 position in FX in APAC
- › Market leading Research franchise in APAC, and #1 global firm in China with leading A-share coverage
- › Leading position in Australia across IB businesses

Asset Management



No.1
European
Asset
Manager¹

Well-positioned foreign player
Hubs in key locations HK/SG, with onshore presence in Australia, China, Japan, Korea, Taiwan

- › #1 Foreign asset manager in China
- › Largest regional European player¹
- › Leading ESG solutions and offerings

Important information related to this presentation

Use of adjusted numbers

Adjusted results are a non-GAAP financial measure as defined by SEC regulations. Refer to pages 9-11 of the 3Q18 report which is available in the section "Quarterly reporting" at www.ubs.com/investors for an overview of adjusted numbers.

If applicable for a given adjusted KPI (i.e., adjusted return on tangible equity), adjustment items are calculated on an after-tax basis by applying an indicative tax rate. Refer to page 18 of the 3Q18 report for more information.

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 3Q18 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.

Rounding

Numbers presented throughout this presentation may not add up precisely to the totals provided in the tables and text. Starting in 2018, percentages, absolute and percent changes, and adjusted results are calculated on the basis of unrounded figures, with the exception of movement information provided in text that can be derived from figures displayed in the tables, which is calculated on a rounded basis. For prior periods, these values are calculated on the basis of rounded figures displayed in the tables and text.

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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