



UBS Investor Update

Executing our strategy

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Group CEO

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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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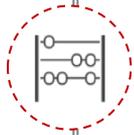
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Key messages



Winning strategy and business model



Driving cost and capital efficient growth



Managing UBS for long-term value creation

Executing with discipline to deliver sustainable growth and attractive capital returns

Uniquely positioned with leading franchises

Working in partnership to grow and deliver attractive returns



Global Wealth Management

World's leading and only truly global wealth manager; #1 in global UHNW



Personal & Corporate Banking

Cornerstone of Swiss universal bank; #1 in an attractive market



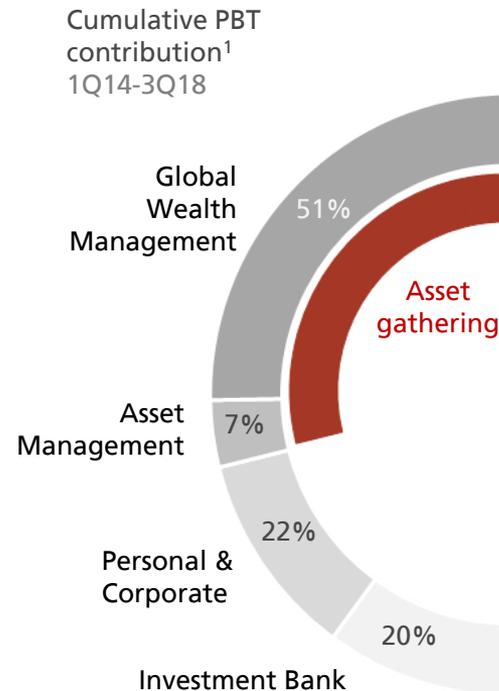
Asset Management

>800bn invested assets and well positioned in key growth areas



Investment Bank

Top-5 globally in areas of focus; capital-light model with attractive risk-adjusted returns



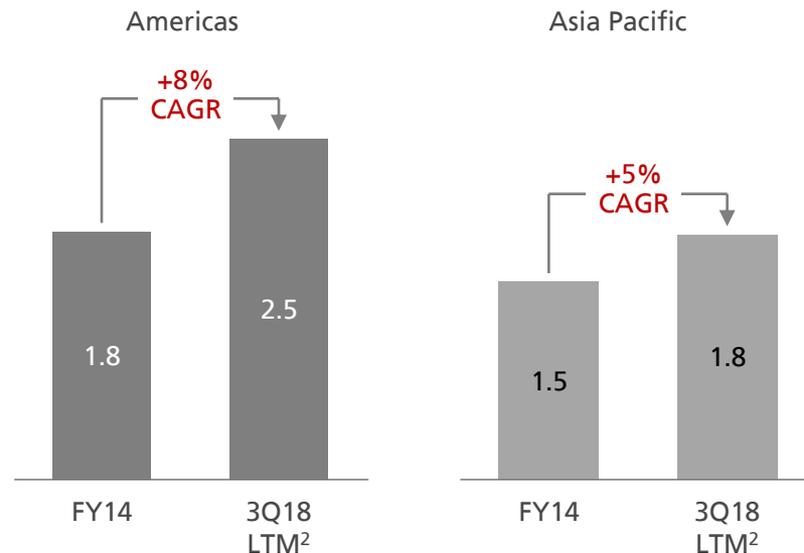
Well positioned in the largest and fastest-growing markets

Geographic diversification strengthens the sustainability of our earnings over the cycle

Cumulative pre-tax profit contribution¹
1Q14-3Q18



Pre-tax profit

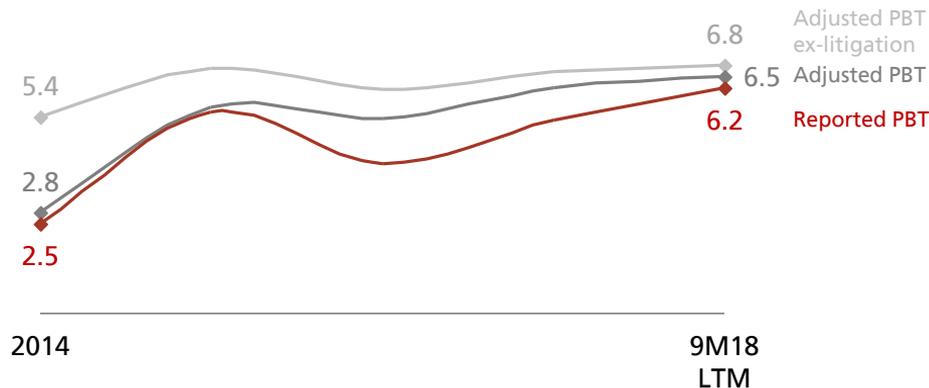


Numbers in CHFbn and adjusted unless otherwise indicated; refer to slide 16 for details on adjusted numbers and FX rates in this presentation;
1 Excluding Corporate Center and region "Global", refer to slide 21 of the UBS 3Q18 results presentation for details on regional numbers;
2 Last 12 months

What we have achieved since 2014

UBS is more profitable, stronger and fit for the future

 More profitable



18bn

Cumulative net profits
1Q14-3Q18

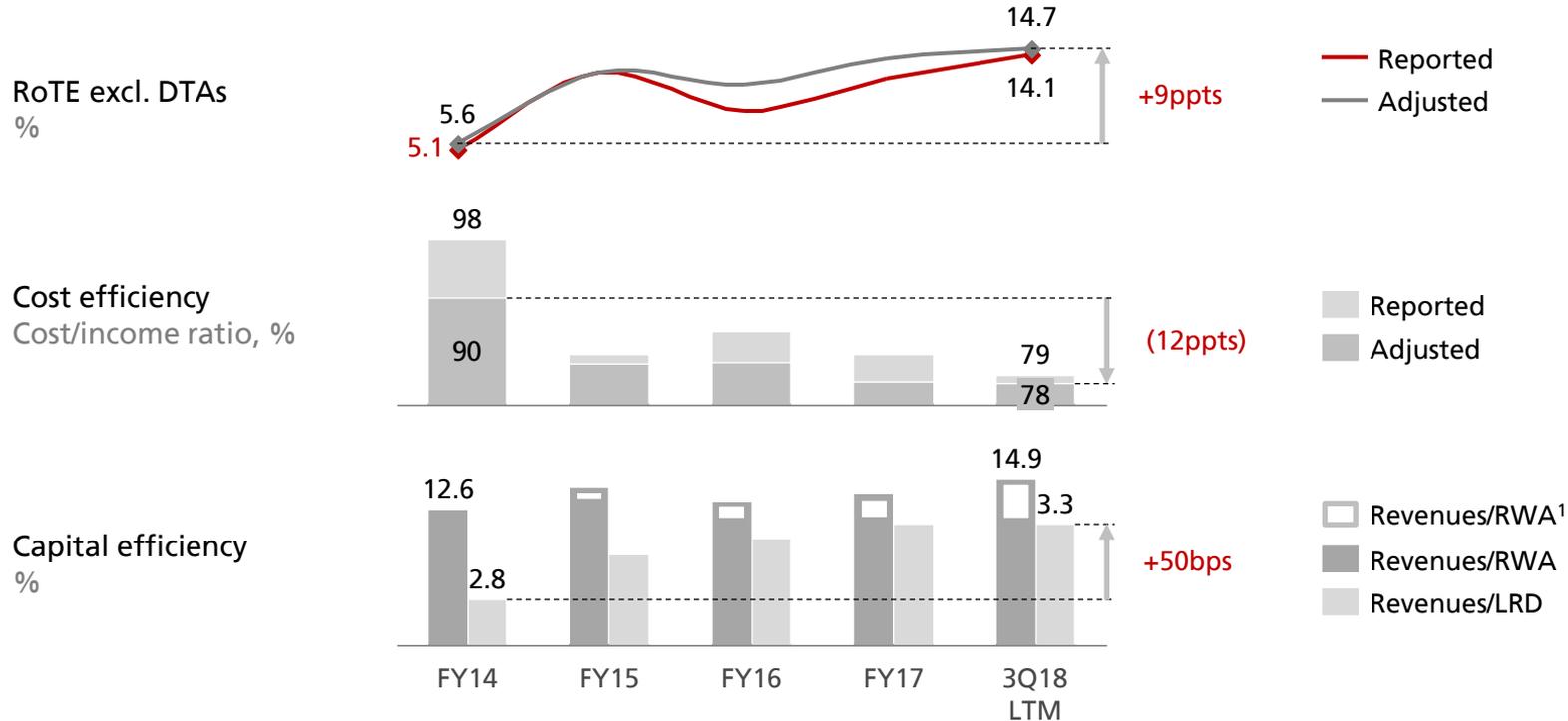
 Stronger

- › CET1 ratio 13.5%, CET1 leverage ratio 3.8%, tier 1 leverage ratio 5.0%
- › 51bn increase in TLAC
- › Spent 1.5bn to improve resilience and transform legal entity structure
- › Spent 8.7bn to address legacy litigation issues

80bn

TLAC 30.9.18

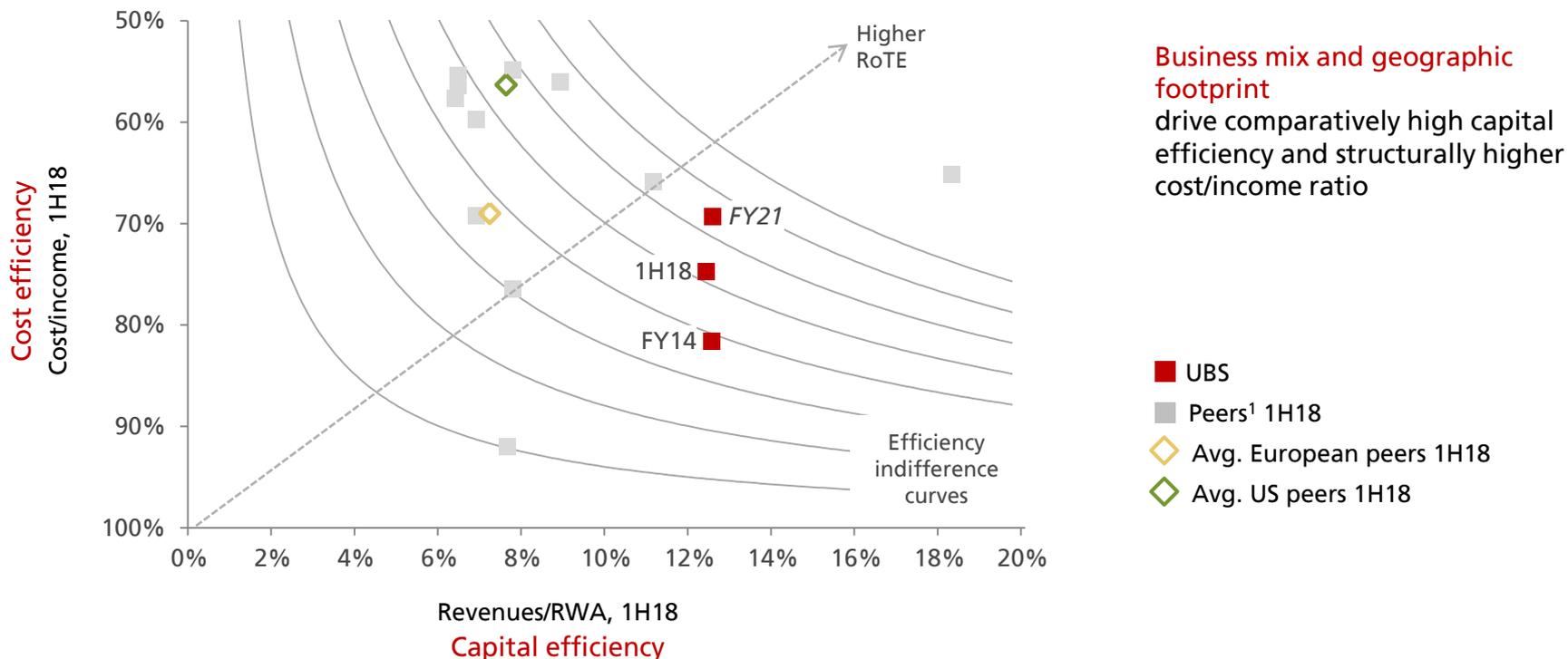
Increased returns through cost and capital efficiency



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 16 for details on adjusted numbers, Basel III numbers and FX rates in this presentation; 1 Like-for-like - excludes currency impact, changes in operational risk, methodology, policies and model updates

Balancing cost and capital efficiency to drive returns

Focused on sustainable performance



Adjusted for one-offs including litigation; not adjusted for restructuring costs; 1 Bank of America, Barclays, BNP Paribas, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Julius Baer, Morgan Stanley and Standard Chartered

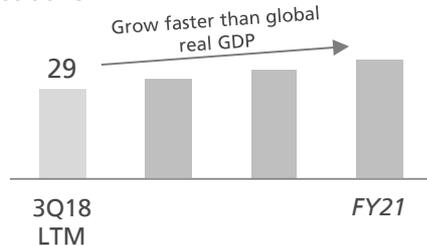
Why we are confident we can deliver stronger growth

Cost discipline and leveraging technology to drive returns

Revenue growth

- › Grow faster than global real GDP growth
- › Unlock GWM potential
- › Deliver faster growth across other business divisions

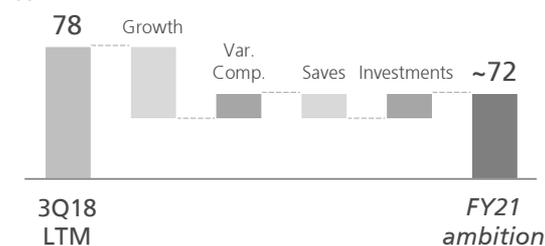
Group revenues
Illustrative



Cost efficiency

- › Direct costs excluding variable compensation to stay broadly flat
- › Reduce reported Corporate Center costs by 800m
- › Maintain investment in technology

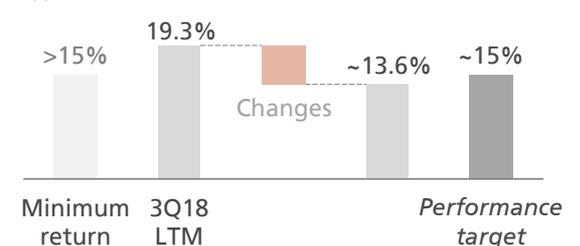
Cost/income ratio
%



Capital efficiency

- › Revised equity allocation framework from 1Q19
- › Investment Bank return target raised on like-for-like basis

IB RoAE after allocation changes
%



Global Wealth Management

Stronger together, sharing knowledge and leveraging scale



The only truly global wealth manager with leading position in the fastest-growing and most attractive markets



Ultra High Net Worth market leader

Our target

10-15%

PBT growth FY19-FY21¹

New growth opportunities in US GFO and UHNW



Broadening access to best solutions and services for clients



Reducing barriers to collaboration



250m cost synergies identified to be reinvested into business growth initiatives



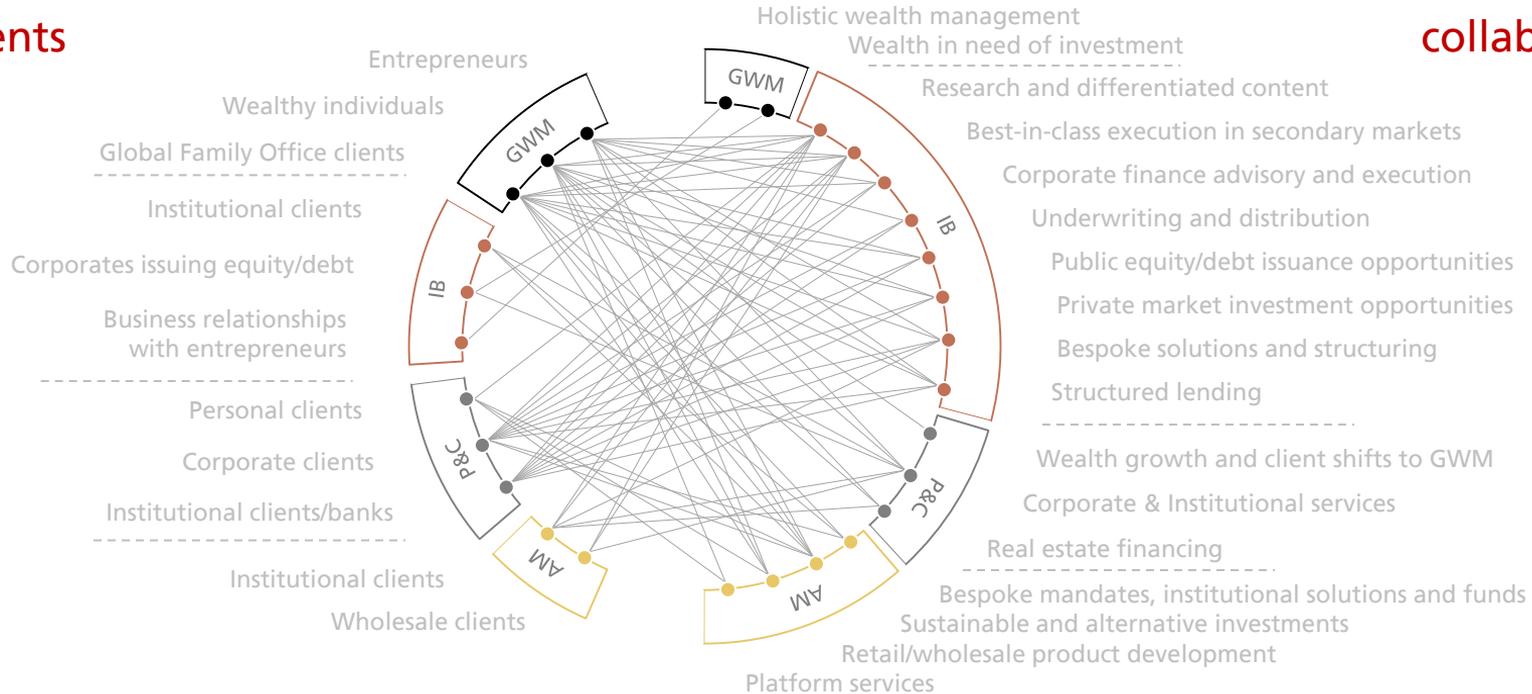
Numbers in CHF and adjusted unless otherwise indicated; refer to slide 16 for details on adjusted numbers and FX rates in this presentation;
1 Per annum over the cycle

Working in partnership

Delivering the whole firm to our clients

Our clients

Areas of collaboration

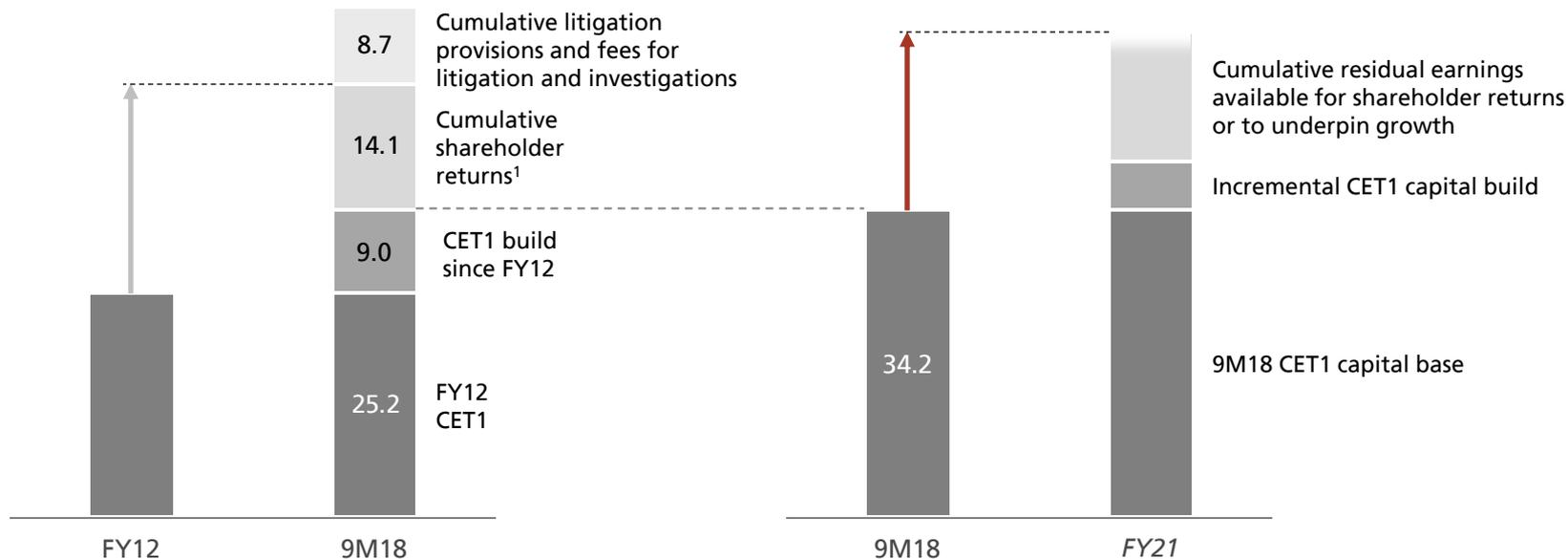


Even stronger capital generation

Expecting to generate capital at a significantly higher rate

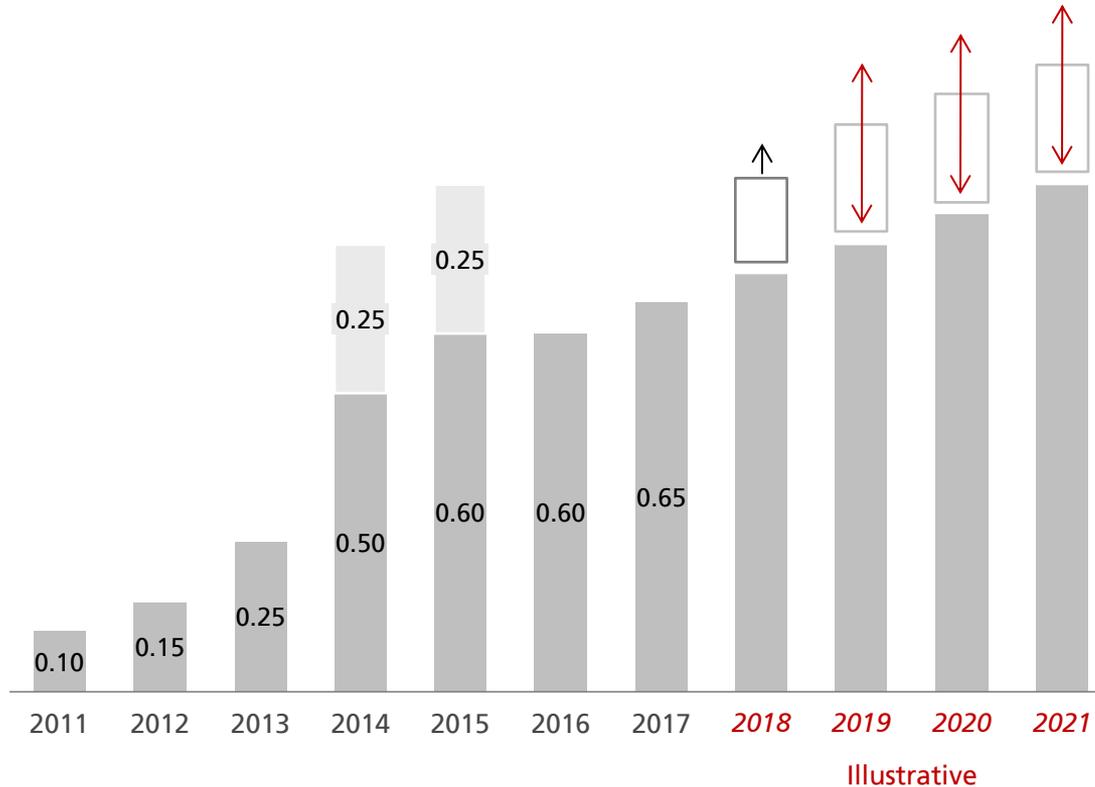
~23bn capital generated over the last 6 years

Expect to accelerate capital generation



Numbers in CHFbn unless otherwise indicated; refer to slide 16 for details on adjusted numbers and FX rates in this presentation;
1 Includes 9M18 dividend accruals and 650m share buybacks for 9M18

Delivering attractive capital returns



Committed to our capital returns policy:

- › Target dividend per share growth of mid-to-high single digit percent per annum
- › Return excess capital after dividend accruals, likely in the form of buy-backs, after considering our outlook

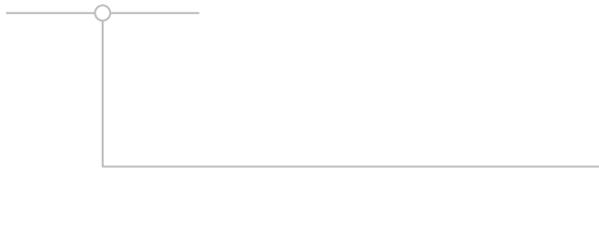
- Ordinary dividend¹
- Special dividend¹
- 2018 Share buy-back target¹
- Future share buy-back¹

CET1 capital is our binding constraint

Closer alignment of our external return targets with our equity attribution framework

Our 2021 ambition¹

~17%
RoCET1



- 1 Simpler and more transparent
 - 2 Consistent with our equity attribution framework
 - 3 Aligned with how we manage shareholder returns
- › Driver for our regulatory ratios and subsequent **ability to return capital**
 - › Primary **driver for increasing book value** going forward

UBS – three keys



Pillars

The foundation for everything we do.

Capital strength

Efficiency and effectiveness

Risk management

Principles

What we stand for as a firm.

Client focus

Excellence

Sustainable performance

Behaviors

What we stand for individually.

Integrity

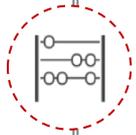
Collaboration

Challenge

Key messages



Winning strategy and business model



Driving cost and capital efficient growth



Managing UBS for long-term value creation

Executing with discipline to deliver sustainable growth and attractive capital returns

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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