



# Bank of America Merrill Lynch Financials Conference

**Kirt Gardner**  
*Group Chief Financial Officer*

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# Cautionary statement regarding forward-looking statements

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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, and leverage ratio denominator, liquidity coverage ratio and other financial resources, and the degree to which UBS is successful in implementing changes to its wealth management 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 may impose, or result in, more stringent 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 would have on UBS’s business activities; (v) 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; (vi) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements, including changes in legal structure and reporting required to implement US enhanced prudential standards, completing the implementation of a service company model, 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; (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; (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, including methodology, assumptions and stress scenarios, 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 2016. 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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# UBS – 10 years since the crisis

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**Transformed our business model early with a stable strategy since 2011**

**Unique and leading global wealth management franchise**

**Compelling growth and synergies across our businesses**

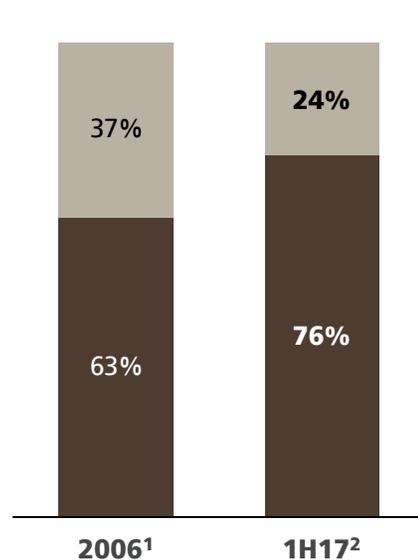
**Highly cash-generative**

# Successful execution of our strategy

Early and decisive action; strategic clarity and stability

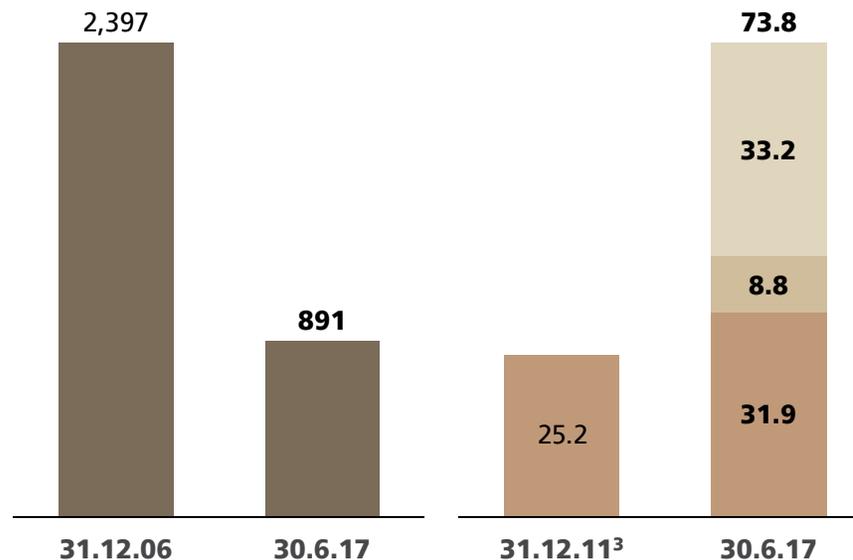
## De-risked business model

PBT contribution



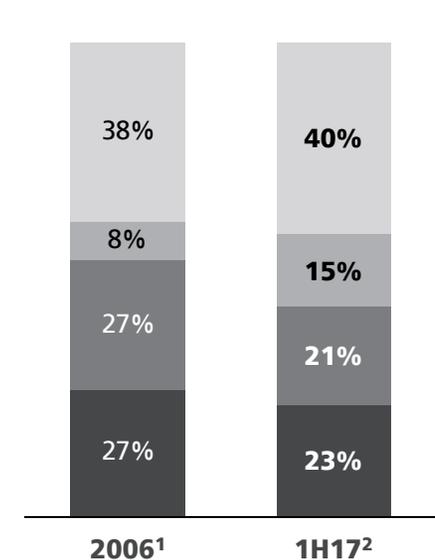
## De-risked balance sheet and increased capital

CHF bn



## Diversified geographically

Revenue contribution



IB  
WM, WMA, P&C and AM

Total assets

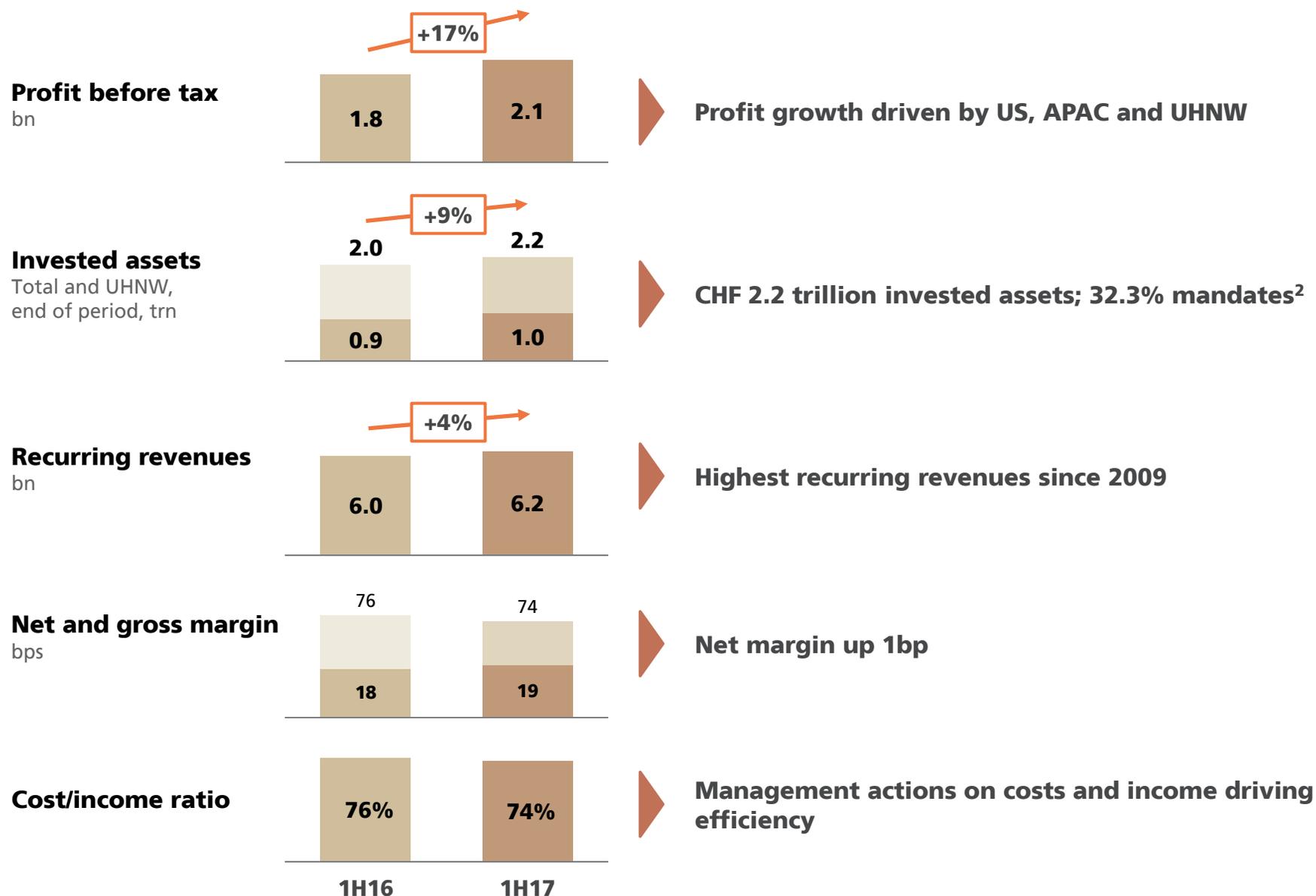
Gone-concern capital  
AT1 capital  
CET1 capital

Americas  
APAC  
EMEA (excl. Switzerland)  
Switzerland



Adjusted numbers unless otherwise indicated, refer to slide 9 for details about adjusted numbers, Basel III numbers and FX rates in this presentation  
1 Reported; 2 Adjusted, excluding Corporate Center and items managed globally; 3 Pro-forma Basel III

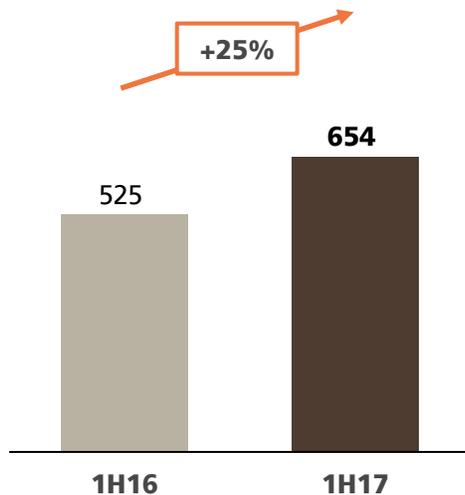
# Global WM<sup>1</sup> – Very strong 1H17



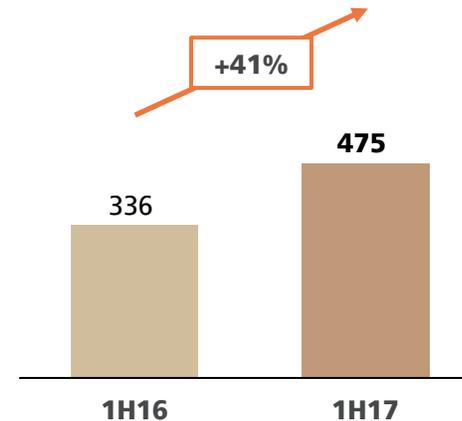
# Global WM – Unique strategic growth drivers

Double digit growth in our key strategic business areas

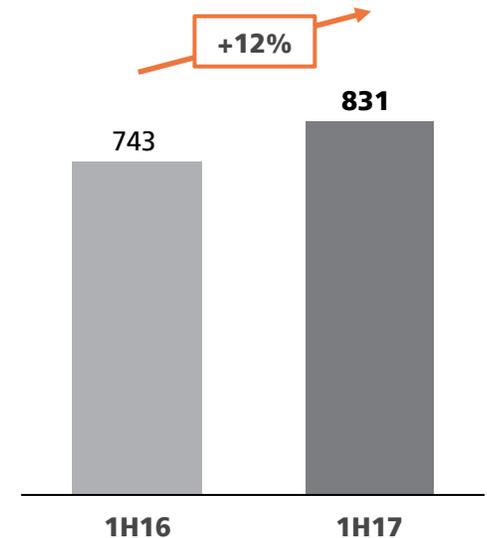
**Americas<sup>1</sup>**  
PBT, USD m



**APAC**  
PBT, CHF m

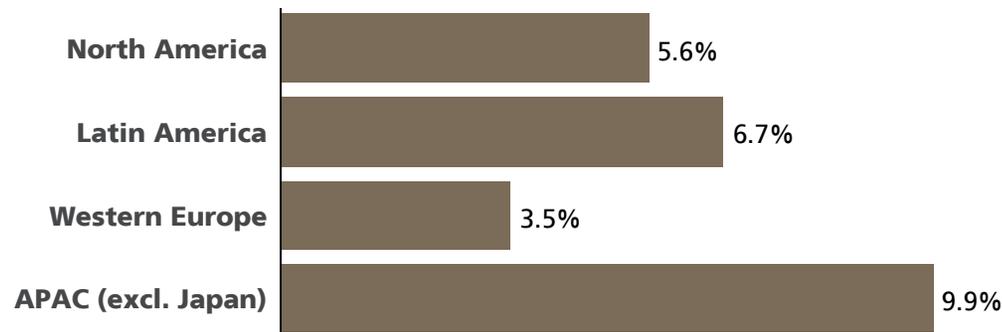


**UHNW<sup>2</sup>**  
PBT, CHF m



Well positioned for further private wealth growth

2016-2021E projected CAGR<sup>3</sup>



Global private wealth expected to grow by 6.0%



Numbers adjusted unless otherwise indicated; refer to slide 9 for details on adjusted numbers, Basel III numbers and FX rates in this presentation  
 1 Represents WMA; 2 Ultra-high net worth for WM and WMA combined. WM: clients with >50m investable assets, WMA: clients with >USD 10m invested assets with UBS; 3 BCG World Wealth Report 2016

# Continued evolution in the landscape for financials

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## Major trends create exciting opportunities for UBS



### **Geopolitical, macroeconomic and regulatory landscape**

- Divergent interest rate environments
- Geopolitical uncertainty impacting client sentiment
- Historically low volatility across all asset classes
- Regulatory tightening nearing completion; potential for softening in the U.S.



### **Wealth management**

- Increased financial transparency
- Globalization of wealthy clients
- Attractive industry growth at 2x global GDP
- Evolving client demographics: more women, younger, more sustainability-focused

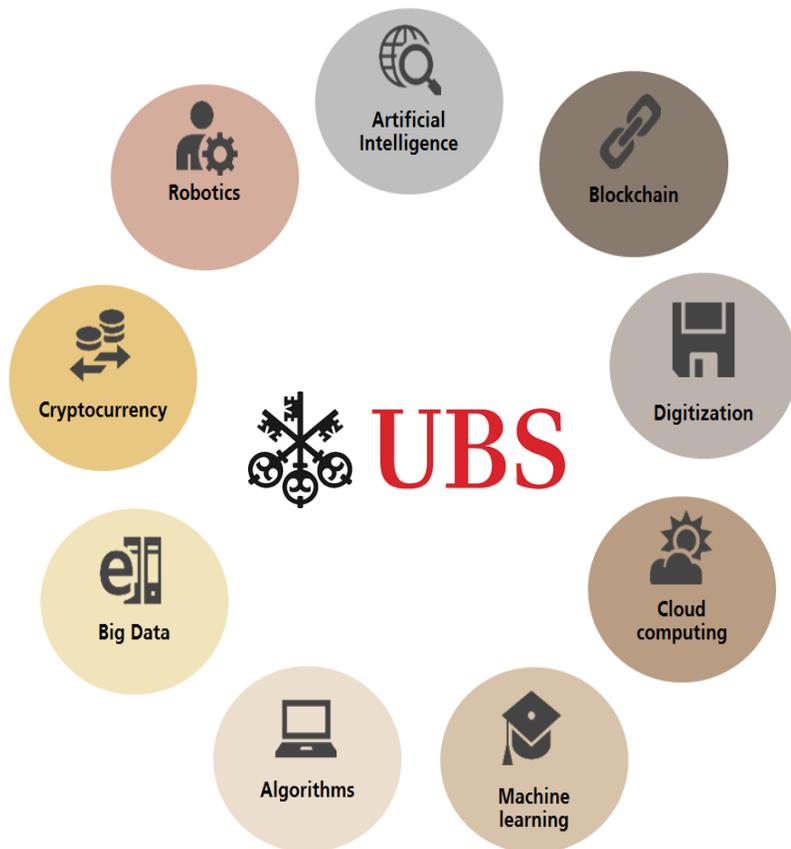


### **Technological developments**

- Automation: straight-through processing, robotics, artificial intelligence
- Un-bundling: modularization to blockchain
- Cloud and connectivity: cloud computing and security
- Data: data management, -analytics and -commerce
- Experience: anything, anytime, anywhere through digital channels

# Banking is technology

Technology driving enablement, efficiency and enriching the client experience

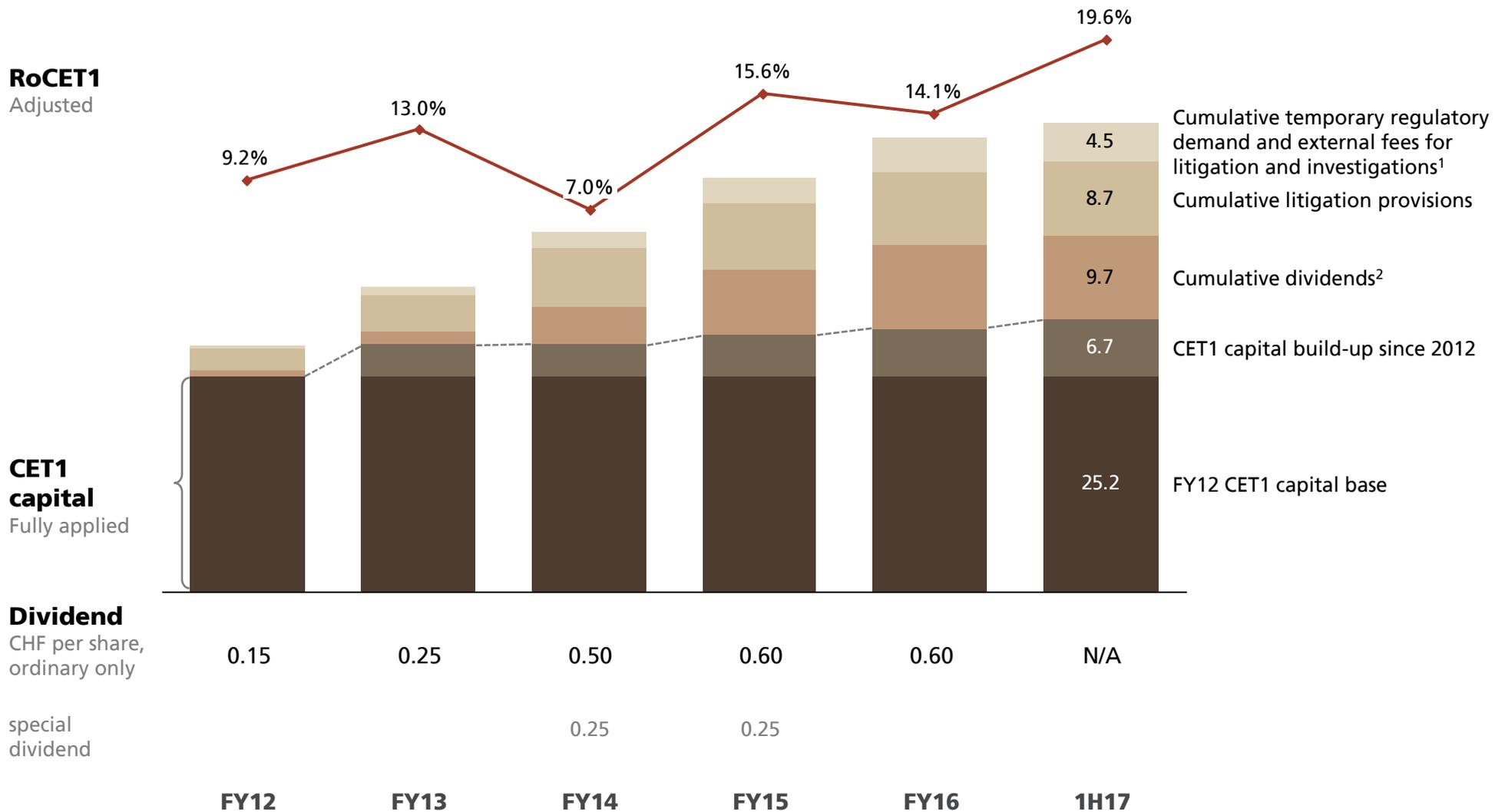


## Our key tech investments

- |   |  |
|---|--|
| <b>Wealth Management</b>                | <ul style="list-style-type: none"><li>• 1WM platform</li><li>• Premium digital client interaction</li><li>• SmartWealth, Taiwan mass-affluent</li></ul>                              |
| <b>Wealth Management Americas</b>       | <ul style="list-style-type: none"><li>• Aladdin for risk and portfolio analysis</li><li>• Advisor Technology Research &amp; Innovation lab (with SigFig)</li><li>• UBS Neo</li></ul> |
| <b>Personal &amp; Corporate Banking</b> | <ul style="list-style-type: none"><li>• End-to-end digital client journeys for basic banking, financing and investments</li><li>• Multi-channel distribution</li></ul>               |
| <b>Asset Management</b>                 | <ul style="list-style-type: none"><li>• Digital client servicing</li><li>• Improved investment capabilities</li><li>• Modernize data infrastructure</li></ul>                        |
| <b>Investment Bank</b>                  | <ul style="list-style-type: none"><li>• Client, content and distribution</li><li>• Electronic trading</li><li>• UBS Neo</li></ul>  |
| <b>Corporate Center</b>                 | <ul style="list-style-type: none"><li>• Automation</li><li>• Data and content management with real-time analytics</li></ul>  |

# Strong capital generation throughout transformation

>16 billion of capital generation and dividends despite litigation and regulatory costs



Figures in CHF billion; refer to slide 9 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 Temporary regulatory program costs not available for 2012, as these costs were not separately tracked until 2013; 2 Excludes any dividend accruals for 2017

# Important information related to this presentation

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## **Use of adjusted numbers**

Adjusted results are a non-GAAP financial measure as defined by SEC regulations. Refer to pages 7-12 of the 2Q17 report which is available in the section "Quarterly reporting" at [www.ubs.com/investors](http://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 15 of the 2Q17 report for more information.

## **Basel III RWA, Basel III capital and Basel III liquidity ratios**

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 framework that became effective on 1 July 2016, unless otherwise stated.

Basel III risk-weighted assets in this presentation are calculated on the basis of Basel III fully applied 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 fully applied Swiss SRB rules, unless otherwise stated. Refer to the "Capital management" section in the 2Q17 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. Percentages, percent changes and absolute variances are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages, percent changes and absolute variances that would be derived based on figures that are not rounded.

## **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.

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