

Bank of America Global Research Annual Financials CEO Conference

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Fireside chat with **Iqbal Khan**, Co-President Global Wealth Management;
Moderator: Alastair Ryan, Bank of America

Transcript. Replay is available at www.ubs.com/investors

Alastair Ryan

At this point I am delighted to be welcoming Iqbal Khan on stage to begin the conference. Iqbal is head of [Global] Wealth Management with UBS. No pressure. He recently became the sole head after his partner Tom retired. So we are talking to the person with sole responsibility for what is the core, what is the core of UBS, almost Europe's most highly rated bank even with small numbers we are talking about.

So, Iqbal I am going to jump straight into things, if I may. [inaudible]

We've had, no we had, two years of strong asset growth in wealth, supportive market conditions. I guess it rather broadly shifted around the end of February. How do we think about UBS's ability to maintain positive momentum in that new environment?

Iqbal Khan

So first of all, good morning thank you for having me here Alastair and hello everybody.

Let's step back from flows and net new fee generating assets, which is the core KPIs that we're looking at. Q1 actually was pretty strong, we saw a slowdown in Q2, which we believe, we view as an anomaly. As of this quarter we are seeing positive flows from a net new fee generating assets perspective.

Now you made the point that we had supportive markets, constructive markets and what happens when markets move? Now, we all know that we're seeing a recalibration in the markets. And we've seen that around rates and we've seen significant moves around rates. Even if you look at over three months from June to September, you take 10-year Swiss [Confederation] franc rate, which you don't expect to move as much. We go from 1.60 [edit: 1.50] to 0.4 to 1.10 again. Which is showing some significant, dramatic moves.

Equally we're seeing equities down, fixed income down. So a 60/40 portfolio in a market environment like this has not been working. Now that has an impact on investor sentiment and clients' activity. Having said

that, I do feel that looking at our franchise and our platform, our performance versus our competitors over the last three years and five years is No. 1.

If I take, the next point is, if I look at our overall platform in terms of the curated shelf that we have on managed solutions, every manager, every relevant manager wants to work with UBS. Our scale that we have globally, being present in the US and being significant in terms of scale also outside of the US and being #1 in Asia, actually makes it very attractive for managers. Now you could ask yourself why is that relevant for net new fee generating assets? It's relevant because it allows us to create differentiation for clients -- better access, cheaper access -- and allows us to perform over time better.

And I do feel all of that in one mix makes me feel confident around net new fee generating assets and our target that's out there, or our ambition better to say, of 5% of net new fee generating assets growth.

Alastair Ryan

Thank you. So I guess that's UBS. What about the clients? So it's clear you are feeling good about UBS ability to produce good product, good investments. What are clients doing? Has their risk appetite gone off the cliff? Has it slowed? And, perhaps, you have been doing this for a long time now, I'm shuddering at the first meeting I had with you, I cannot remember what I was asking. Long time, back at my previous firm. But, how do clients react in times like these?

So, how are they reacting now, and how are they reacting in times like these?

Iqbal Khan

Everything we do starts with clients. I mean our business is centered around the client. And I don't say this just as lip service. Our value chain is very much focused on how we create impact in investment portfolios of our clients. We're in the business of helping our clients do better from a financial perspective. That is fundamentally our *raison d'être*.

Having said that, to your point around how are clients reacting, whenever you see a recalibration like this in markets, you would expect clients to freeze. Equally you would expect redemptions. Now if I look at some of our more significant flagship solutions, we haven't seen redemptions. We saw a slowdown of flows in the second quarter as we saw the recalibration of the markets more significant, and also the uncertainty at a higher level.

Clients have been cautious. Because if you're stepping back and you're looking at what's happening to rates and just looking at the questions you asked and how people think about rates and net interest income potentially, a client is also thinking in that regards in terms of their investment portfolio.

So, one of the goals that we've had is making sure that clients are diversified in this environment. Going into this year, expecting some shift in terms of monetary policy, which has become quite significant and accelerated in that regards, this is a time where clients and investors are thinking about this recalibration, what it means for their portfolio.

Now, I personally believe this is an opportunity. This is an opportunity to be close to our clients and actually making sure that they are diversified and that they have an optimal portfolio going through this trough in the markets.

Alastair Ryan

Thank you. Trough in the market. I like that, it's embedded optimism. Some people around my desk think that we keep going down, but...

Iqbal Khan

I'm not surprised you picked up on that.

Alastair Ryan

I'm sure you are not running the business like that. But let's just talk through a risk lens. Obviously we're – investors are mindful that other Swiss banks have had some significant risk issues of late. Hasn't been a feature of UBS, so far. But just how do you think about running risk in your wealth business, over a cycle? And then how you responded to what's arrived this year?

Iqbal Khan

So, for us, risk management is part of how we run our business. I mean three questions we ask ourselves every day and should be asking ourselves are: Is this better for clients? Is this more differentiating for clients? No. 1. No. 2, does it in any way, or for, move the needle for us in terms of scale, profitability? And last but not least, is it best-in-class in terms of risk management and compliance?

But maybe giving you a couple of specific examples to how we manage risk. Let's go back last year, and look at us taking down risk when it comes to China and the property market, the high-yield market. Also going into taking proactive steps in reducing lending values around China tech. Which by the way, was helpful in two regards. One, zero credit losses. We are the #1 franchise in Asia, from an international wealth management perspective. We are significantly skewed towards greater China, yet zero losses from a credit portfolio perspective.

Having said that, equally we believe that our stance, which is, again, linked to our CIO value chain, which I was mentioning before in terms of platform, because what we think about is how do we get clients to content and clients to solutions in a very efficient, effective way. This was helpful also in terms of diversification of clients. Because, as you take lending values down, specifically in a market like Asia, you actually have clients redirecting investments as well. So that's one example.

Then if we think about the Ukraine invasion and the crisis that it brought with it, I think we took a very proactive, preemptive approach to managing risk. And again, from a credit perspective and wealth management, zero losses.

So we have taken a very active approach to risk management in an environment of market recalibration and uncertainty. And how clients are reacting to this environment it is extremely important that managing risk is one of the key priorities.

Now you could argue, well, you have revenue headwinds, given the environment, given where markets are trading. While you have tailwinds through net interest income on the rate side. Again, a bit of a more balanced perspective there.

You could ask, well, are you then thinking of dialing up risk? Well, we're not, actually. We are not offsetting and we're not even trying to offset revenue headwinds by increasing our risk appetite.

Alastair Ryan

That leads me to my next question. Thank you. And we hadn't actually planned that.

On operating leverage, so I guess the idle, and I've been guilty of this in the past, would say when markets are good, UBS has a nice operating leverage. And in the past there's been times where the market has settled down, and that's harder to deliver.

How do you look at that? Is it important - in the very short term - is it important to keep investing in the franchise? Or is there enough levers, that that's something that you aspire to pretty frequently?

Iqbal Khan

When you look at a business, a wealth management business, specifically, and as all of you know, there's a significant J-curve in building a business like this. So we don't manage our business on a daily basis, on a weekly basis, or a monthly basis, or on a quarterly basis, for that matter. We do need to take a long-term perspective in terms of the franchise.

And as we do that, we do try to, of course, defend investments that make sense from a three year, five year horizon perspective. Having said that, I think the gist of the question is very much are you focused on costs and is efficiency something you're looking at? Absolutely yes.

There is one element around investments and how we dial investments up and down in a specific market environment. And how we protect strategic investments to make sure that our franchise, which is very strong and specifically globally present, how do we protect that and enhance that?

Now if I look at the value chain, and the argument that I was making before, one of the things since I joined UBS, we've been very, very focused on costs and how do we de-layer the value chain, both vertically and horizontally. And why are we focusing on that? And you could argue this is an element of efficiency. Well, actually not. It's a function of effectiveness.

We're in the business of serving clients. And one of the key objectives is, if we say we start from the client, is having every process start with the client. And every interaction going from client to solution done in the most effective way. Now that, of course, has opportunities of efficiency. Even if you look at our Asian numbers. We saw trading go down in Asia and you could see how we were very disciplined around costs and how we were able to protect our cost-income ratio and profitability margin.

So, I think you can expect us to continue to focus on cost, be cost disciplined and clearly look for those efficiencies to be able to deliver our solutions, our content to our clients in the most seamless way and serve their respective needs.

Alastair Ryan

Thank you. Now, it's funny, UBS, there's such a long history. Wealth management and the investment bank I would phrase it. From your perspective, running wealth management, what do you get for your clients? What does that bring to you? And then ventures, joint ventures, partnerships like global family institutional wealth, are those working well for you as they're set up now?

Iqbal Khan

The way you phrase that question, I can already hear the cynicism around... your perspective of investment banking...

Alastair Ryan

No, I'm not a cynic...about the present, I shudder at the past. [Inaudible] my experience, before your time.

Iqbal Khan

No, thank you Alastair.

Let's step back. How are we looking at – and again, I want to build on this value chain perspective. Thinking of clients to solution. Now we could think about this, being an integrated institution like we are at UBS, we could think of this and say well, actually, wealth management can have its own shelf. It can have its own solutions; and its own technology; and its own systems, etcetera, etcetera.

Now, having said that why would you duplicate? One of the objectives has been to actually combine capital markets with our investment banking partners. Why? Because it's more efficient, but it's also more effective.

Yesterday, I was spending time with a client who is receiving direct access into the investment bank on the trading side. And if I look at the share of wallet gain over the last two years, with that respective client, we've been able to increase that share of wallet by 60%. I'm having lunch with a client today who actually did not have a relationship with us and gained a direct access relationship into our markets' expertise, which is very strong. Once again, this has become a double-digit million dollar revenue relationship.

So, I think there is elements of you don't want duplication. You want to think about efficiency and effectiveness. And equally, how do you get the right experts in that value chain to deliver differentiated outcomes for our clients? So I think that is very much the gist around how we collaborate from a one UBS perspective.

There are multiple examples around not just markets but then banking or financing and so on and so on as you go through the product suite. And we're very much looking at this horizontally on a value chain perspective and then vertically by every market.

You mentioned Global Families and Institutional Wealth. If we look at these global families and more, institutional type wealth, this has become a business which is relevant to the investment bank in as much as it is relevant to wealth management. And you almost need to be the private investment bank for such large more sophisticated, more institutional clients.

This is a business that's material for us. This is a business that has actually grown fast for UBS. Now if I look at the overall configuration of our revenues, it remains a small business. As of today, it's about 5% of our revenues. This is an opportunity for UBS, given our brand, our scale, and the unprecedented client access we have.

And just those two examples are real examples that I mentioned around clients where we've seen share of wallet increases. And I do feel that there is an opportunity in building that out and continuing to grow collectively. Again, thinking about the value chain from a client's perspective, independent of where you're getting the solution from. As long as you have high-quality, good due diligence around your shelf curation. Which is absolutely important and key.

Alastair Ryan

Thank you. That was a better answer than UBS has given in the past. And so just focusing about just on wealth management. So I was a little bit ahead of myself with Tom's retiring presently and next month you'll be in sole charge. And so, not you know "he's gone on and changing everything." That is an opportunity for you to take a different perspective, to begin looking at things rather differently.

How would you characterize what you're looking at in global wealth management from here, as sole head? Is it integration opportunities? Is it about growing? Is it about delayering? What's motivating you right now? And congratulations, by the way.

Iqbal Khan

Appreciate it Alastair. Thank you very much. Firstly, Tom and I go back quite a bit and quite a long-time in history. And he's not only been a great partner, he's been a great friend as well. Clearly I'm going to miss Tom and there's on the one hand, one has to be very respectful of the responsibility that comes with running wealth management at UBS.

And equally to your point, there is this element of excitement on where you can take a franchise that is the only truly global franchise from a wealth management perspective. Again, as I mentioned before, for some of the managers, investment managers out there, this is a big differentiator, which again, helps us with clients.

So if I think about our business more regionally, what are the priorities? US is about scale and profitability margin. That has been the case and we want to continue on that path over the next years to deliver scale and that respective expectation around profitability margin.

Asia is about capturing growth. Now, as you know, and a lot of people here listening know, that if you go back on a time series in Asia, you're going to have that trough in Asia. And then Asia bounces back and goes again to its highs and then you see a trough. As you go through the time series, you see that time and again. We believe that there is structural secular growth in Asia and we're very strongly positioned to capture that growth, with the franchise we have. I mean the difference between the second largest wealth manager in Asia, I think we're twice the size. So that clearly is scale and positioning to capture that growth opportunity as Asia rebounds.

EMEA is about gaining profitability and very much focused on profitability, as you've also seen around some of the portfolio shifts that we've made in Europe, for example. And Switzerland is all about market share and continued cost discipline.

I think that's how eye level I would sort of think about giving regional color. In terms of your specific question around running this globally, Tom and I have been running this business together. Any significant decision we ran by each other. So we very much ran it as co-heads and partners.

From that perspective, I think we've done quite a few things to actually start leveraging the global franchise. CIO is one example. CIO value chain is another example. If you think about how we brought the more managed solution side of the equation to the US and the subsequent successes we've seen with SMAs in the US, which scaled very nicely; how we've brought Wealth Way from the US actually to our more broader non-US franchise. There are a number of examples around revenues and capabilities and value chain where we've looked to gain synergies and best practices.

The next level is very much I think, an area where we can leverage this global franchise more, also from a client's perspective. Enable clients of having relationships with us globally, including in the US.

A number of our clients have relationships outside of the US, and in the US potential with another institution. That's an opportunity. We have further opportunities in scaling our alternatives business, running that on a global scale. If I think back in '19 on alternatives, we did less than \$5 billion a year. Last year we're at \$35 billion, Q1 I think we were at 9 and Q2 we did roughly gross sales of \$5 billion. So we've clearly seen quite a lot of acceleration around that. So I do feel that we can continue to build on that momentum that we've created.

Are there synergies? Is there further efficiency to be had?

I think it's more of a revenue, client and value chain play than it is a specific cost play around running a business global. And I do feel that our coverage is local, while we need to have global alignment. And we actually call it "glocal" wealth management rather than just global wealth management.

Alastair Ryan

Thank you. So, having mentioned America we've got to talk a little about that. So, Wealthfront was one idea of I think Ralph's phrase was "accelerating the business in the States." That's come to an end. And what is the growth plan in America? And there's actually questions coming through, quite-US focused on – the room is interested in.

It's a funny thing that a lot of the banks this week have been talking about balance sheet. A lot of – and UBS talked about balance sheet less because it's more of a client business than a balance sheet business, which is great. But there's capital allocation. So is America enough of the capital? Should you be putting more in there or can you do what you're doing with the business you've got I mean business of significant scale already.

Iqbal Khan

So I think you started almost partially answering the question. We are a wealth-centric business, an advisor, a client and advisor-led business particularly in the US. And you mentioned Wealthfront. So we mutually agreed to terminate that deal. Having said that, we always had an organic plan and we will continue to deliver on the organic plan that we set out to execute.

Now let's break down what we want to achieve in the US, with the objective that I mentioned before, around scale and profitability margin, or profit margin. So No. 1, clearly we're going to continue to focus on the revenue mix in the US, as we've been doing over the last couple of years.

We are underpenetrated from a banking perspective, be that on deposits and lending. While we've done a good job in bringing new products out on the liability side like our savings product; and we've done so on mortgages and SBLs, there is an opportunity around the banking side, as we've mentioned.

The second opportunity is on the broader wealth side and how do you continue to actually hire, retain, but also gain more productivity from your advisor force?

And last but not least, is very much the technology and infrastructure investment that is required to actually help scale the franchise. And I would say those are the three key priorities.

And this is – and you and I were discussing this earlier on – this is a five-year roadmap, in terms of taking this franchise in the US to the next level. And let's also look back. You were mentioning Paine-Webber, the respective integration, where this business was, and where this business is today. We're talking about a \$2 billion profit before tax business, which is the 4th largest wealth manager in the US.

So we do feel that this is an opportunity that we have where we can position for scale and continued growth from a profitability margin perspective.

Alastair Ryan

Thank you. Then Asia. Not that we don't want to talk about Europe, we always want to talk about Europe. But of the value drivers, I guess, Asia would be the other big one. China in particular considerable uncertainty - feels a long time ago already, but shared prosperity created a lot of concern that somehow UBS's clients would be on the wrong side of that.

How are you adjusting your strategy in Asia for risks in China and moderation in growth in China, the politics, versus that scale you've got and the growth potential over the next 5 or 10 years?

Iqbal Khan

Look, we remain very vigilant, as I mentioned before around risk; and I actually used an example of Asia when it comes to how we've been focusing on risk management. Having said that, we're positive on Asia in terms of it rebounding. The question is when will Asia rebound? And as Asia rebounds, we believe we're actually very well positioned around that.

Again, in terms of asset size and scale, in terms of geographical reach that we have and our solution suite, as well as our advisors that we have in Asia.

Now Asia is not just about China. It is also as much about Southeast Asia and the opportunities that Southeast Asia bring with it. As I mentioned before, we are skewed more towards Greater China, which again opens up the opportunities around how can you continue to grow and actually capture market growth, specifically in Southeast Asia, which is a focus that we have. There's significant markets in terms of wealth, in terms of activity in Asia and we will continue to see that.

Alastair Ryan

Thank you. Now there's no microphones. I've got to stare past these bright lights. Oh, there is a microphone. We're ahead.

There's a ton of questions come in here. But do feel free if you want to put up your hand and ask anything that I'm not going to ask. If it's too difficult, I won't ask it. And I can't stop you putting your hands up. I'm going to start on these questions here.

And the assertion here is that the US franchise offering is strong and narrow. How does it need to evolve for the long term? How do you differentiate yourself as the only non-US wealth manager?

Iqbal Khan

I think that's a great question.

Alastair Ryan

That was anonymous. Sorry, you could put your name across if it's a great question.

Iqbal Khan

Our offering is narrow – I'm not sure if I would see it the same way. I mean we have the highest client satisfaction in terms of the US in how clients rate our service and what we do for them on the wealth management side.

Equally we have the highest NPS score on mortgages in our US mortgage business. So I do feel as we look at the journey that UBS has gone through over the last decade in the US, this has actually been quite successful, in terms of being able to extend solutions, extend our reach and also thinking about the revenue mix.

And it is right in terms if you compare to other US peers, you would feel that there is an opportunity for UBS to continue the path of increasing the productivity of advisors. But in addition to that, actually improving the revenue mix. And the revenue mix can be improved as we've demonstrated on the alternative side, can be improved on the banking side; and can continue to be improved on the managed solutions side. And as we go through that, that will show accretion around profitability margins and should support the scale.

In terms of differentiation, within the US, the US is the largest wealth management market and functioning capital markets by far, as of today. And looking at that, and looking at our history, where we stand today with the franchise and what we have planned in terms of initiatives, be that on the advisor side, be that on the platform side and on the banking side, should position us really very well, combined with our brand as a global wealth manager, to deliver on some of our ambitions and aspirations that we have in the US.

Alastair Ryan

This isn't defined as a US question, but I'm assuming it is. And you can answer it globally if you prefer. How do you find advisors? Why would an advisor choose to work for UBS? Quite direct.

Iqbal Khan

Absolutely. Well, similar to when you're looking to acquire a client or pitch to a new client. Firstly, in a very uncertain environment that we see in the world, safety, stability, reliability and quality of service matters. As markets recalibrate, it is all about quality and reliability. And UBS stands for quality and reliability.

Has a balance sheet for all seasons, and then let's not forget the shelf. Every advisor that we've onboarded, some of the clients I know, and I spend significant time with, all confirm that our shelf is more superior than anybody else.

And where the opportunity lies. These clients and these advisors will say: "you need to increase or improve the ease of doing business at UBS." That has nothing to do with, by the way, risk or compliance. It's just the point around the value chain and the efficiency and effectiveness. And that, in my view, is the big opportunity.

We've been very successful in onboarding advisors and continue to gain clients. One of our aspirations is doubling the number of our clients and happy, profitable clients. Which of course, also comes with advisors. Now having said that, we're not focused on the number of advisors. We're very much focused on productivity and profitability and quality of our advisors.

Alastair Ryan

Thank you. Now there's a number of questions around asset allocation and alternatives. UBS has clearly been a thought leader and a market leader in the alternative space and bringing those products to wealthy clients. That's quite high margin business when it goes well.

Is that the right product now or given that rates are suddenly 4%, should people just be buying money market funds or whatever? I mean how do you think about the client portfolio when the environment is suddenly very different?

Iqbal Khan

As we think about the configuration of a client's portfolio and you think about how clients are invested, alternatives play a significant role in terms of that asset allocation. We wouldn't suggest that clients are only emphasizing alternatives. But it should be a part within the portfolio.

And then alternatives is a very broad definition.

Looking at some of the macro funds out there that have actually done quite well in this environment, compared to a 60/40 portfolio. You'd argue if you actually had had that in your portfolio this year, it actually provided you a hedge and actually better performance, again, coming from a diversification and helping clients build better investment portfolios perspective.

If we look at floating credit or real estate that is more linked to floating and indexed income and cash flows, they've done quite well as well. So, I do feel that when we think about the entire investment universe, and I would say we're not just client obsessed as an organization, we are investment obsessed and investment value chain obsessed.

So this is a conversation that we have on a regular ongoing basis around how are we differentiating ourselves or our clients in terms of them investing? How are we helping our clients diversify? How are our clients performing vis-à-vis other competitors, be that in managed solutions or be that in an advised sort of configuration at UBS?

In that regards I think it's much more about diversification than a single asset class. Having said that, alternatives play a role within the portfolio, within a sensible diversification configuration.

And I would argue that if I look at the first six months of this year, a portfolio with alternatives, again, with the right selection of alternatives – which is key – and having the right partners on the managers side to actually deliver good access to relevant solution, have actually performed better than others.

Alastair Ryan

Thank you. Four minutes. Speeding up now. This sounds like a heartfelt question. How do you reconcile abandoning Australia in wealth with your Asian aspirations?

Iqbal Khan

Not an easy one. [Inaudible].

That was a decision made before my time. But no, more seriously. For Australia, we do have a significant presence when it comes to the investment bank. But if you look at the wealth management franchise or the business in Australia, it is very much broker/dealer led and direct drive. And then you have the local more regional competitors that run the retail/investment side of the business.

For us at that point in time, there was never the real opportunity to scale that in a meaningful way, also in terms of profitability. It was very much I think a footprint portfolio decision like we've been also taking more recently when it comes to Europe.

Alastair Ryan

I think that's fair. Europe, Australia is just a bit like Europe sometimes.

Iqbal Khan

You said that.

Alastair Ryan

Sometimes. Just coming back, I guess, to the client asset allocation. I think the point's well taken on alternatives. Are the clients interested in this at this stage? So it's a bit – it kind of makes sense, but do the clients go for that or right now your typical billionaire is just saying well, I'm just taking money market fund at 4%? Which I'm sure he's fine if that's his, or her, preference, because you're managing their interest.

Is it becoming embedded in behaviors, the alternatives and structures are reversed, better than a 60/40 portfolio, or people just default back to...?

Iqbal Khan

I think you have a combination of different sort of dynamics that you would see in terms of client interaction. I think there is a strategic longer term perspective of preserving and growing wealth. And then there is the short-term knee-jerk reaction to the market environment. And in that regards, as you see recalibration, reconfiguration in the markets, you're also going to see a respective impact of that recalibration and reconfiguration in clients' portfolios.

And you could argue that shorter term, the money market allocation could, would make sense. But it very much depends on what are you going out of to get into that?

If it is cash that you've been holding in deposits, which was not that highly interest-bearing and now you're going into a more interest-bearing solution, it's a very different outcome than if you have an investment in a floating credit solution or in an index real estate solution, which actually should be yielding more than 4%. Because if it's not, then it's not worth to actually invest with a manager that's not delivering that outcome.

And then again, I think we need to differentiate between a very short-term quarterly or monthly view to a mid to long-term view. Because that is the fundamental business we're in. We're here to help our clients live better lives. Or to – differently said – to help preserve and grow their wealth, across generations.

So I can tell you already now, we would not do anything just from a knee-jerk quarterly reaction perspective to, in any way, jeopardize what our *raison d'être* is, and that is, which is helping our clients preserve and grow wealth. And help them diversify and get the right outcome for their liquidity needs, their longevity needs and their legacy perspectives.

Alastair Ryan

I think that is an appropriate point to finish on. And we're out of time as well. Iqbal, thank you very much indeed.

Iqbal Khan

Thank you. Thank you Alastair.

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Factors that may affect our performance and ability to achieve our plans, outlook and other objectives also 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) and leverage ratio denominator (LRD), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (iii) the continuing low or negative interest rate environment in Switzerland and other jurisdictions; (iv) 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 increasing geopolitical tensions, and changes to national trade policies on the financial position or creditworthiness of UBS’s clients and counterparties, as well as on client sentiment and levels of activity; (v) 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); (vi) changes in central bank policies 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, net stable funding ratio, liquidity and funding requirements, heightened operational resilience 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; (vii) UBS’s ability to successfully implement resolvability and 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, or other external developments; (viii) UBS’s ability to maintain and improve its systems and controls for complying with sanctions and for the detection and prevention of money laundering to meet evolving regulatory requirements and expectations, in particular in current geopolitical turmoil; (ix) the uncertainty arising from domestic stresses in certain major economies; (x) changes in UBS’s competitive position, including whether differences in regulatory capital and other requirements among the major financial centers adversely affect UBS’s ability to compete in certain lines of business; (xi) changes in the standards of conduct applicable to our businesses that may result from new regulations or new enforcement of existing standards, including measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (xii) 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, potentially large fines or monetary penalties, or the 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, as well as the amount of capital available for return to shareholders; (xiii) the effects on UBS’s cross-border banking business of sanctions, tax or regulatory developments and of possible changes in UBS’s policies and practices relating to this business; (xiv) 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; (xv) 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; (xvi) 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; (xvii) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xviii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, data leakage and systems failures, the risk of which is increased with cyberattack threats from nation states and while COVID-19 control measures require large portions of the staff of both UBS and its service providers to work remotely; (xix) 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; (xx) 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; (xxi) uncertainty over the scope of actions that may be required by UBS, governments and others to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and governmental standards; and (xxii) 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 US Securities and Exchange Commission (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 2021. 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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