

Second quarter 2019 results



July 23, 2019

Important information

Forward Looking Statements: This presentation contains statements that constitute "forward-looking statements", including but not limited to performance targets, expectations and ambitions, as well as management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic or business initiatives on UBS's business and future development. While these forward-looking statements represent UBS's judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially. For a discussion of the risks and uncertainties that may affect UBS's future results please refer to the "Risk Factors" and other sections of UBS's most recent Annual Report on Form 20-F, quarterly reports and other information furnished to or filed with the US Securities and Exchange Commission on Form 6-K, and the cautionary statement on the last page of this presentation. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Non-GAAP Financial Measures: In addition to reporting results in accordance with International Financial Reporting Standards (IFRS), UBS reports adjusted results that exclude items that management believes are not representative of the underlying performance of its businesses. Such adjusted results are non-GAAP financial measures as defined by US Securities and Exchange Commission (SEC) regulations and may be Alternative Performance Measures as defined under the guidelines published by the European Securities Market Authority (ESMA). Please refer to pages 7-10 of UBS's Quarterly Report for the second quarter of 2019 and to its most recent Annual Report for a reconciliation of adjusted performance measures to reported results under IFRS and for definitions of adjusted performance measures and other alternative performance measures.

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Available Information: UBS's Annual Report, Quarterly Reports, SEC filings on Form 20-F and Form 6-K, as well as investor presentations and other financial information are available at www.ubs.com/investors. UBS's Annual Report on Form 20-F, quarterly reports and other information furnished to or filed with the US Securities and Exchange Commission on Form 6-K are also available at the SEC's website: www.sec.gov

Basel III RWA, LRD and capital: Basel III numbers are based on the BIS Basel III framework, as applicable for Swiss Systemically relevant banks (SRB). Numbers in the presentation are based on the revised Swiss SRB rules as of 1.1.20 that became effective on 1.7.16, unless otherwise stated. Basel III risk-weighted assets in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20 unless otherwise stated. Our RWA under BIS Basel III are the same as under Swiss SRB Basel III. Leverage ratio and leverage ratio denominator in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20, unless otherwise stated. Refer to the "Capital management" section in the 2Q19 report for more information.

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

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


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

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

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2Q19 net profit of USD 1.4bn, RoCET1 16.0%


Highest 2Q net profit since 2010

 **1,759m**
Group PBT, +3% YoY

 **0.37**
EPS, +2% YoY

 **16.0%**
RoCET1

 **76.5%**
cost/income ratio

 **13.3%** CET1 capital ratio
3.8% CET1 leverage ratio
5.5% tier 1 leverage ratio

Global Wealth Management

- › **PBT 874m**, adjusted 886m
- › Record profits in the Americas
- › Record invested assets at 2,486bn
- › Recurring net fee income +4% QoQ
- › Record mandate penetration 34.4%

Personal & Corporate Banking

- › **PBT 390m**, adjusted 392m
- › +11% adj. PBT growth in CHF YoY
- › 4.4% NNBV¹

Asset Management

- › **PBT 124m**, adjusted 135m
- › +10% adjusted PBT growth YoY
- › +33m net management fees QoQ

Investment Bank

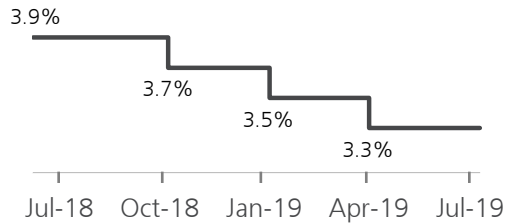
- › **PBT 427m**, adjusted 440m
- › 14.2% adjusted RoAE
- › CCS revenues +18% YoY

Corporate Center

- › **PBT (56)m**, adjusted (65)m
- › Improved efficiency through insourcing and reduction in 3rd party spend

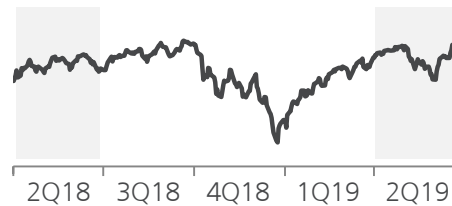
Market context

2019 IMF real GDP growth forecast



Equity markets

MSCI World

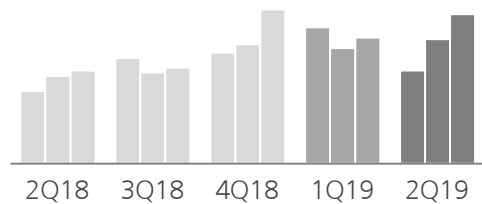


› Continued strength in **equity markets** despite macro and geopolitical tensions

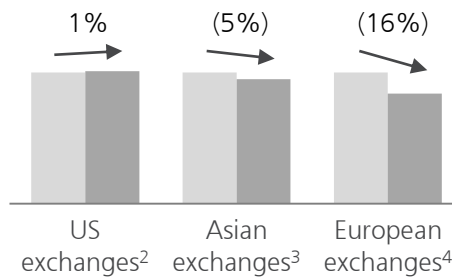
› Significant drop in USD **interest rates**; EUR and CHF rates also down

Geopolitical uncertainty

Global economic policy uncertainty index¹



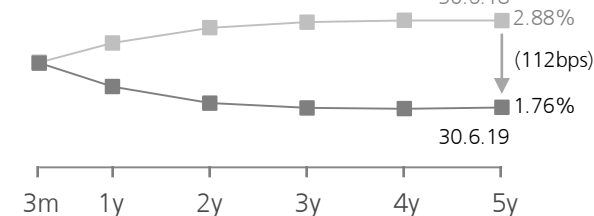
Average daily volumes



› **Low volatility** across asset classes, particularly in FX with the CVIX index down 16% YoY

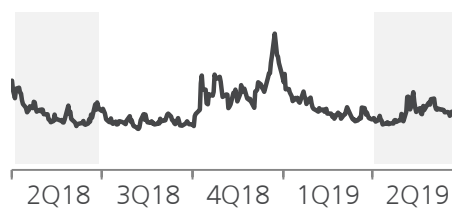
Yield curves

USD



Realized volatility

S&P 500 1-month realized volatility



Investment banking fee pools⁵

M&A, ECM and DCM including LCM

(22%) Americas (15%) APAC (35%) EMEA



UBS global investor sentiment survey

Economic optimism diverging, sentiment remains muted and conviction is lacking

Cash holdings remain high



26%

of investable assets
are in cash

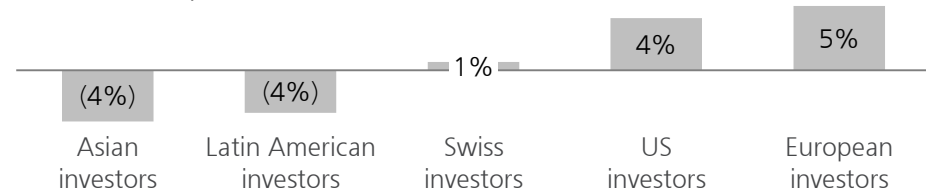
↑ 1% QoQ

Investors optimistic about the global economy



51%

Regional QoQ development



Vast majority of investors with advisors are happy with their portfolio



85%

Investors looking to buy on market dips



46%

but

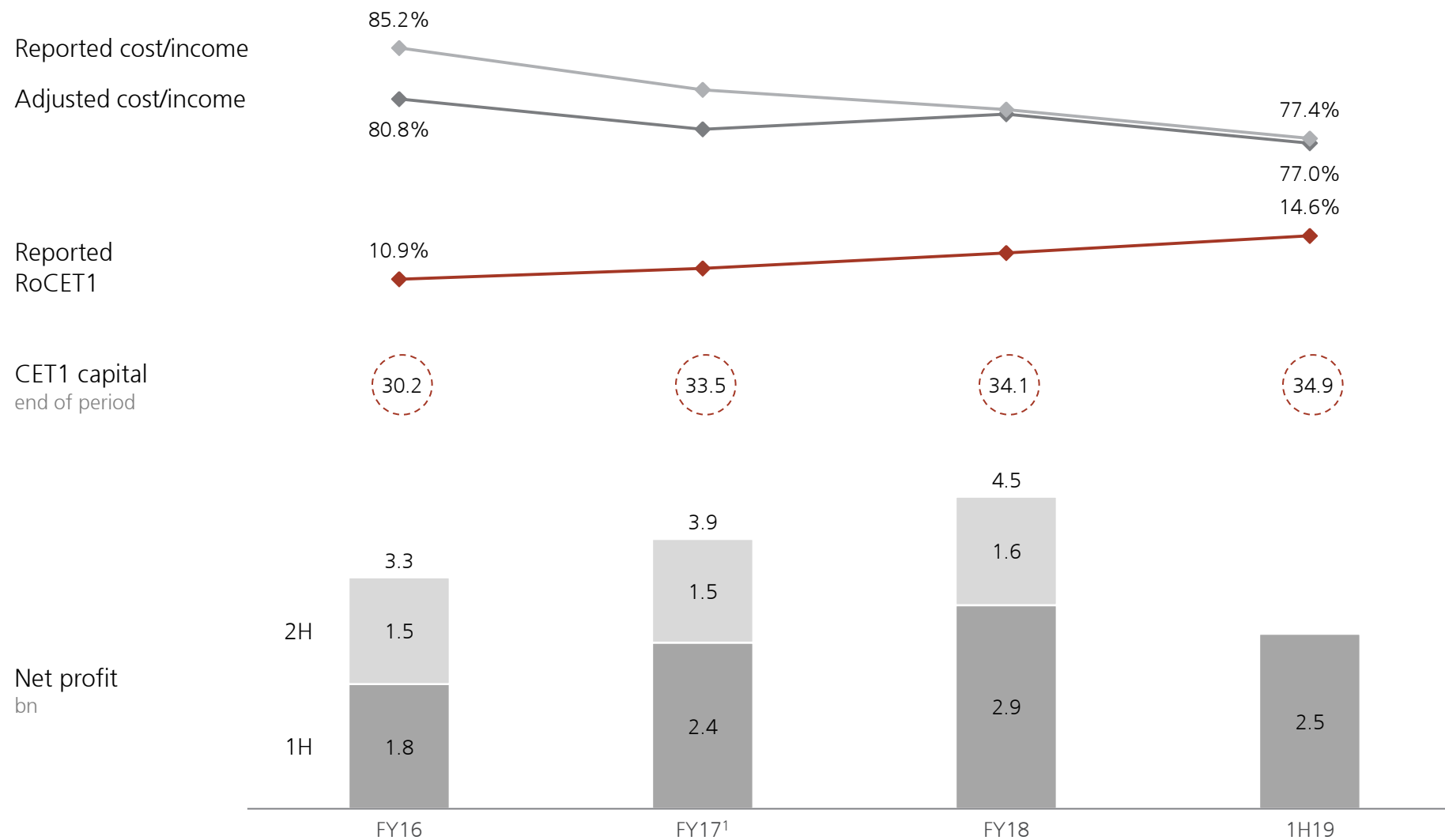
68%

Plan to increase
investments

Waiting for prices
to drop first

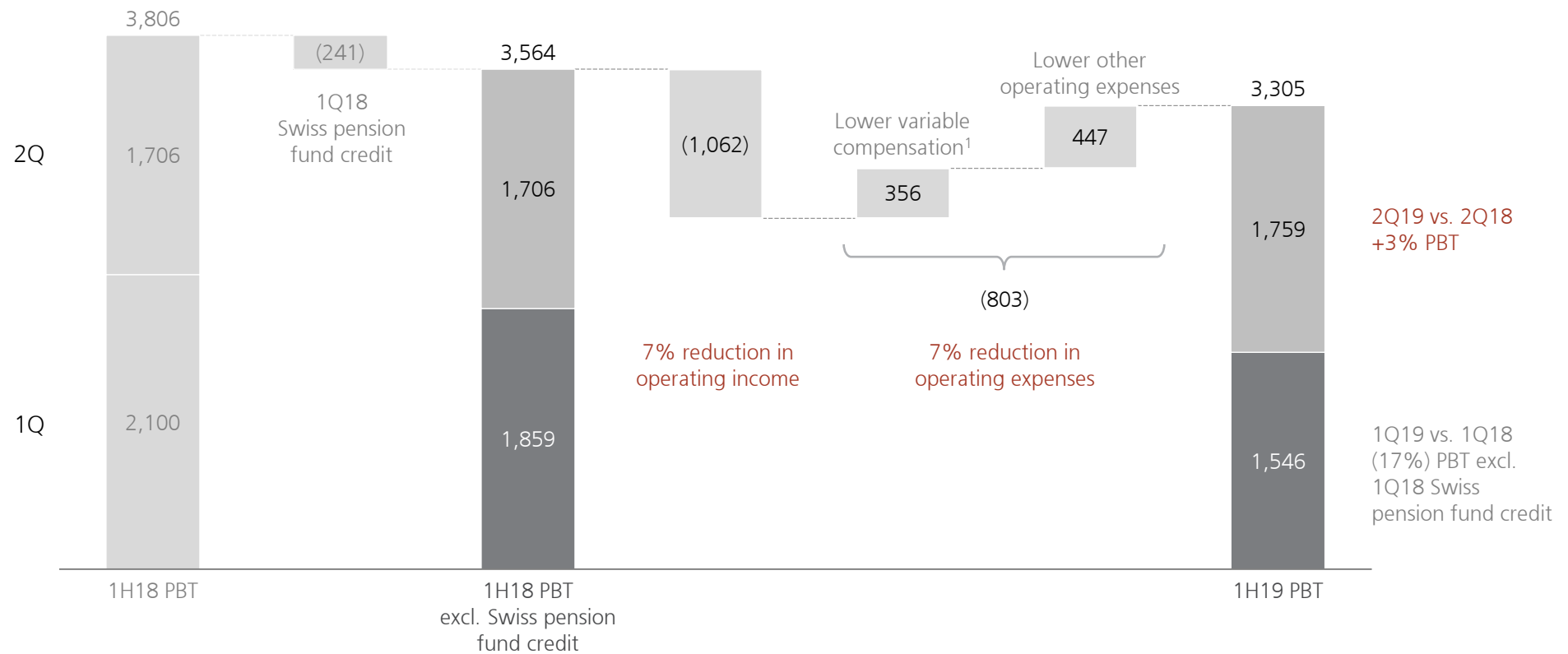
1H19 net profit of USD 2.5bn, RoCET1 14.6%

Improving efficiency and delivering higher returns on increasing CET1 capital



Cost discipline

Lower costs mostly offsetting revenue declines

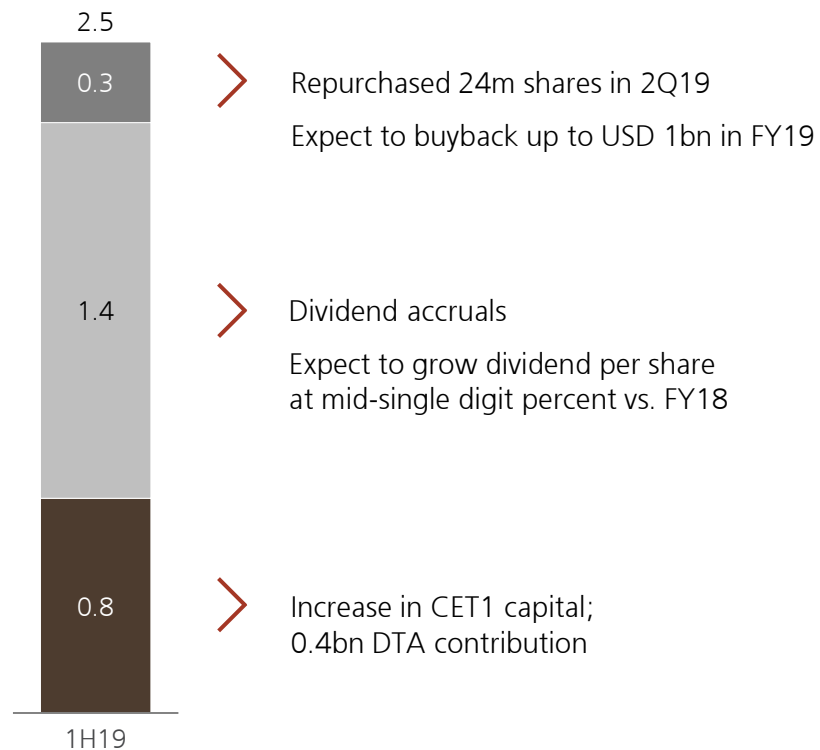


Generated 2.5bn capital in 1H19

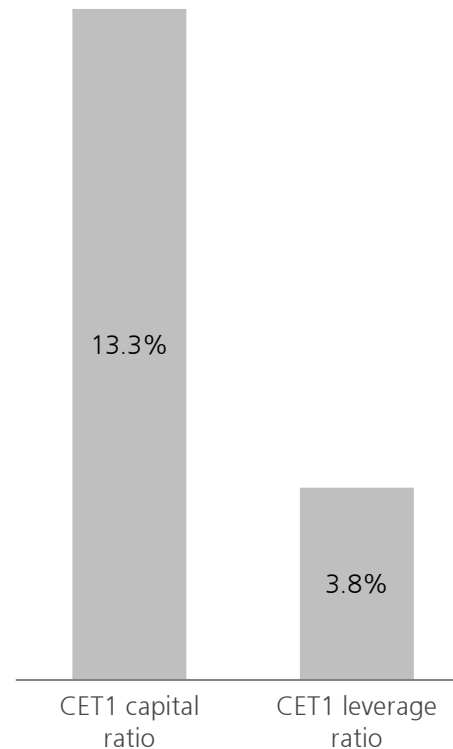
Building CET1 capital while meeting our shareholder return objectives

Strong capital generation

bn



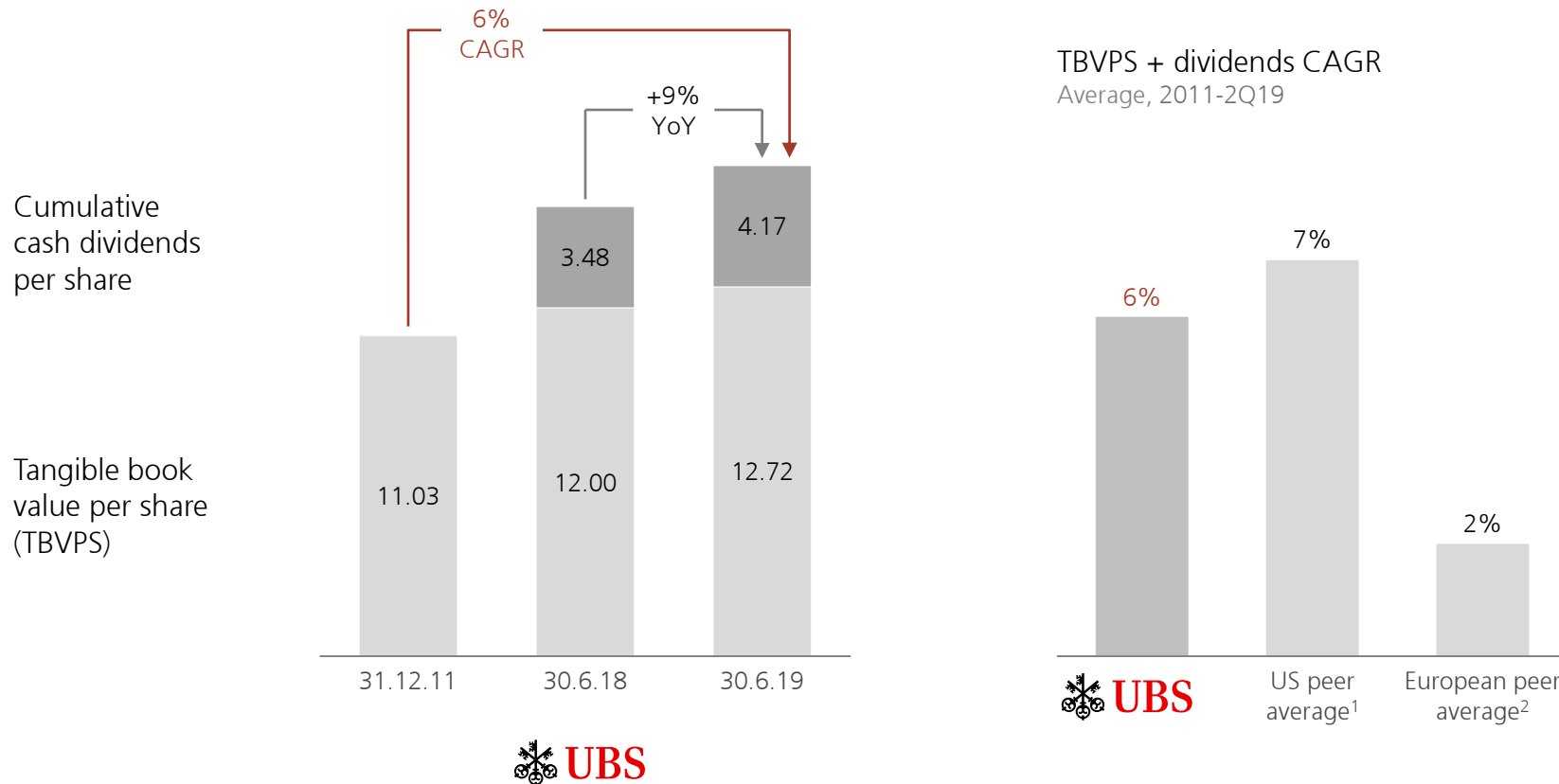
Strong capital position



Guidance: ~13% ~3.7%

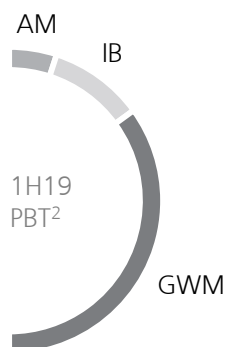
Growing book value while distributing capital

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



Continued strong momentum in the Americas

6bn DTAs¹ expected to benefit CET1 capital; US post-tax profits uniquely accretive to UBS shareholders



>2.5bn
CET1 capital generated
by DTAs since 2014³

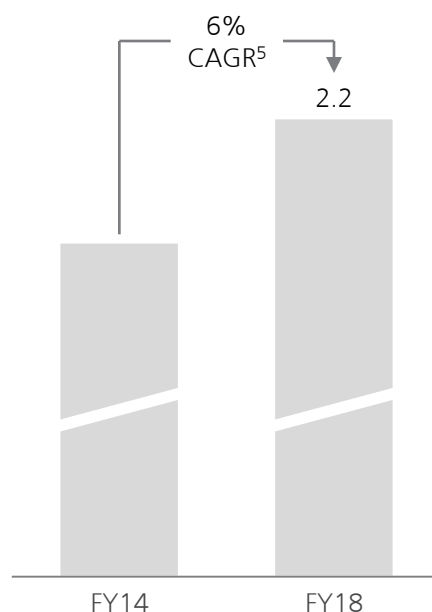
1.3tr
GWM Americas
invested assets



Equity Derivatives and
FX Derivatives House of the Year⁴

Strong profit generation

Profit before tax



Attractive growth prospects



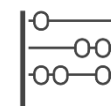
Capture UHNW
opportunity



Increase mandate and
lending penetration



Grow ECM & Advisory
and equity derivatives



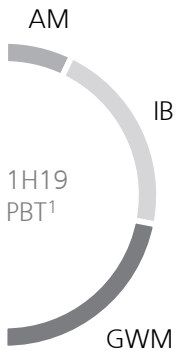
Continue to improve
operating efficiency



Numbers in USDbn and adjusted unless otherwise indicated; **1** USD tax loss DTAs recognized in the US, which are expected to be amortized over the next decade as brought-forward US tax losses offset future taxable profits. This benefit is only available to UBS Group AG; **2** Excluding Corporate Center; **3** Estimate; **4** Source: Americas Derivatives Awards, Global Capital, 2019; **5** Calculated prior to restatement for changes in Corporate Center cost allocations and equity attribution to the business divisions, effective 1.1.19

Strong growth prospects in APAC

#1 wealth manager and leading IB franchise



>400bn
GWM APAC
invested assets,
>70% above the #2²



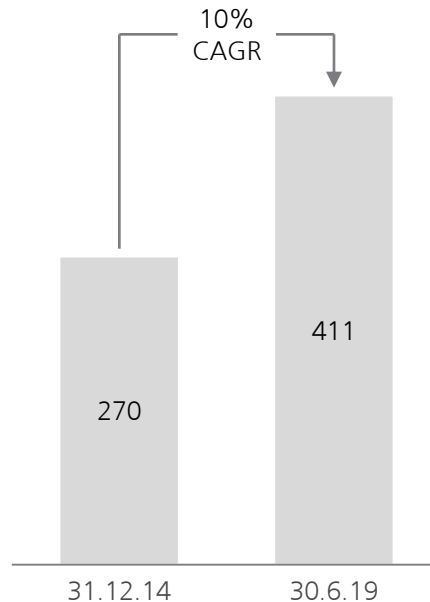
Named best IB in China,
Hong Kong and Singapore³



#1 Foreign Asset Manager
in China⁴

Strong invested assets growth

GWM APAC
invested assets



Well positioned to capture future growth



Leading foreign wealth, asset
management and IB franchises
in China



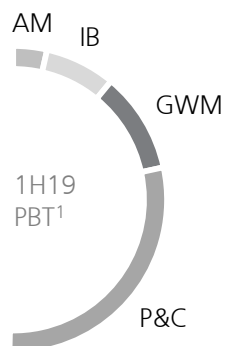
Extending our lead with
entrepreneurs through
collaboration



Launched strategic
partnership with SuMi Trust

The #1 bank in Switzerland

Delivering stable profits and compelling returns



6.3%

P&C net new business volume growth²



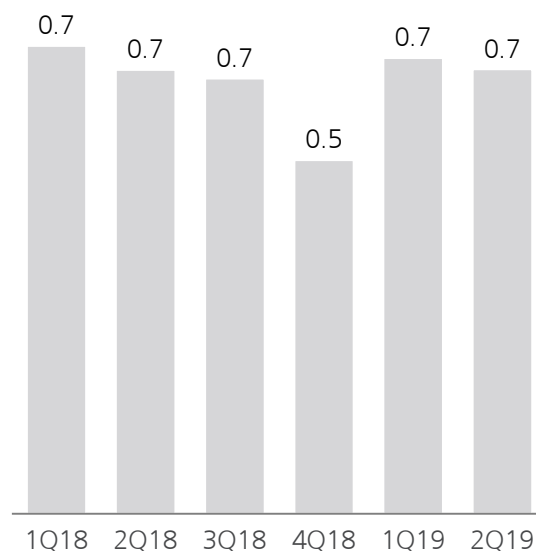
Best private banking services overall in Switzerland³

~20%

1H19 return on attributed equity

Consistently attractive profits

Profit before tax



Extending our lead



Driving efficient growth through digital



Hire 30% more client advisors to focus on entrepreneurs and executives by 2021



Global coverage for Swiss corporates and greater focus on small businesses

1H19 highlights and 2H19 priorities

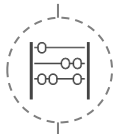
1H19 highlights



Generated **2.5bn of capital** in 1H19 and delivered 14.6% RoCET1



Repurchased USD 0.3bn of shares, targeting to buy back up to USD 1bn in FY19



Reduced costs by 7% YoY¹ through workforce management and reduced 3rd party spend



Achieved 9bn **LRD optimization** in 1H19, on track to deliver another ~11bn by year-end



Record **GWM invested assets**; GWM Americas record PBT in 2Q19



Record 1H19 **net new business volume**² in P&C of 6.3%

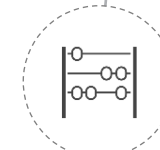
2H19 priorities



Help clients to plan, protect and grow their wealth in uncertain times



Execute on our alpha initiatives and pursue other strategic optimization opportunities



Maintain focus on costs to mitigate NII and regulatory and seasonal cost pressure



Continue to drive our front-to-back tech initiatives

UBS Group AG results (consolidated)

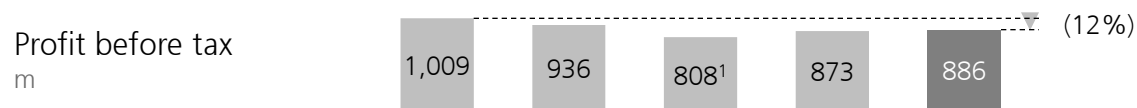
	2Q18	3Q18	4Q18	1Q19	2Q19
Total operating income	7,644	7,428	6,972	7,218	7,532
Total operating expenses	5,938	5,724	6,492	5,672	5,773
Profit before tax as reported	1,706	1,704	481	1,546	1,759
of which: adjusting items	(115)	(66)	3	(31)	(28)
of which: net restructuring expenses ¹	(115)	(122)	(188)	(31)	(39)
of which: gains related to investments in associates			460		
of which: gains on sales of subsidiaries and businesses		25			
of which: FCT losses from the disposal of subsidiaries					10
of which: remeasurement loss related to UBS Securities China			(270)		
of which: gains on sale of real estate		31			
Adjusted profit before tax	1,821	1,770	478	1,577	1,787
of which: litigation (expenses)/releases	(132)	(2)	(533)	8	(4)
Tax expense(benefit)	322	448	165	407	366
of which: current tax expenses	198	215	395	170	209
Net profit attributable to non-controlling interests	1	3	1	(2)	1
Net profit attributable to shareholders	1,382	1,253	315	1,141	1,392
Diluted EPS (USD)	0.36	0.33	0.08	0.30	0.37
Reported return on CET1 capital	16.1%	14.5%	3.7%	13.3%	16.0%
Total book value per share (USD)	13.73	13.98	14.35	14.45	14.53
Tangible book value per share (USD)	12.00	12.25	12.55	12.67	12.72



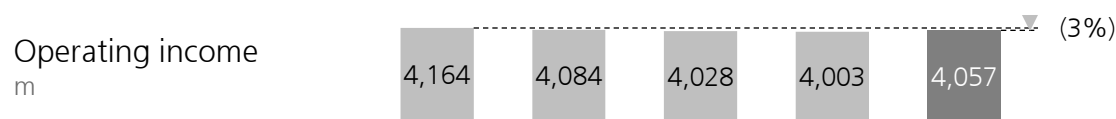
Numbers in USDm unless otherwise indicated; ¹ ~0.2bn of restructuring associated with our legacy cost programs expected for FY19

Global Wealth Management

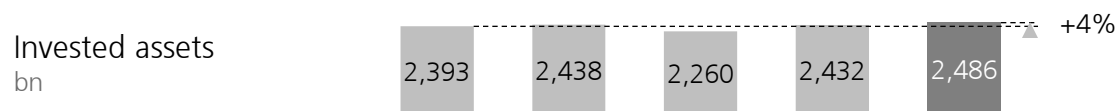
Record invested assets and mandate penetration; record PBT in the Americas



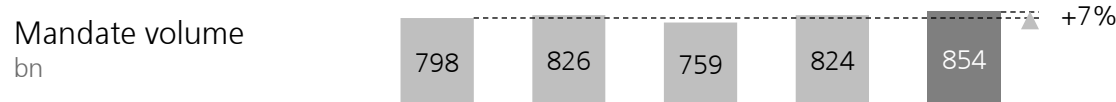
PBT increased QoQ



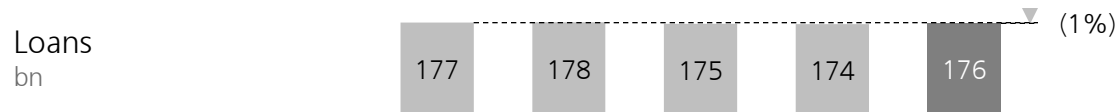
Operating income decreased YoY on lower net interest and recurring net fee income, partly offset by higher transaction-based income



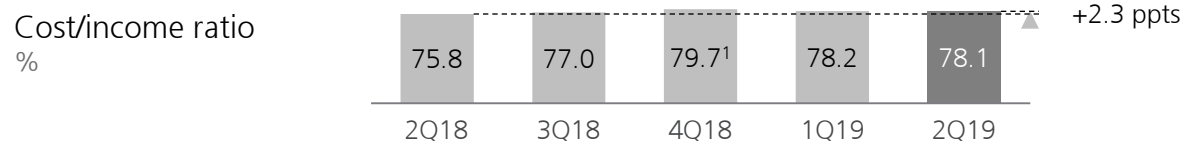
Record invested assets, +54bn or +2% QoQ mainly driven by market performance; NNM (1.7bn) impacted by 5.1bn seasonal tax outflows in the Americas



Record mandate penetration at 34.4%



Loan balances increased slightly QoQ



Operating expenses +1% YoY with strategic investments partly offset by our saving initiatives and lower litigation



Numbers in USD and adjusted unless otherwise indicated; ¹ Excluding litigation; 4Q18 PBT 302m, cost/income ratio 92.2% when including litigation

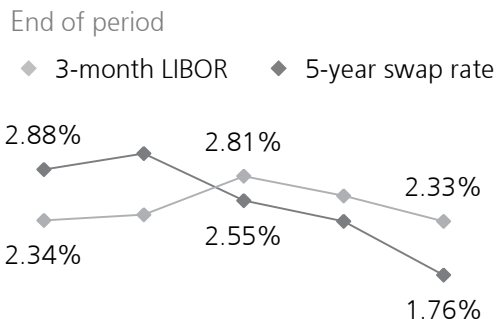
Global Wealth Management

Lower NII and recurring net fee income, partly offset by higher transaction-based income

MSCI World

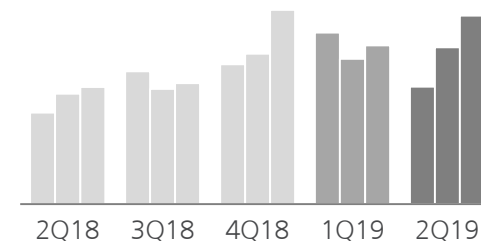


USD interest rates

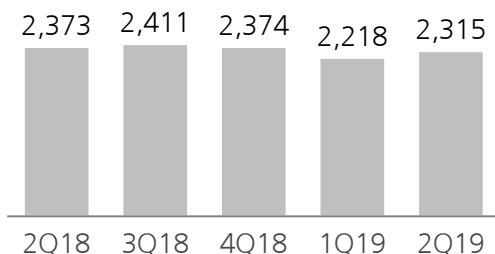


Geopolitical uncertainty

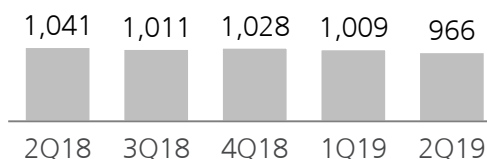
Global economic policy uncertainty index¹



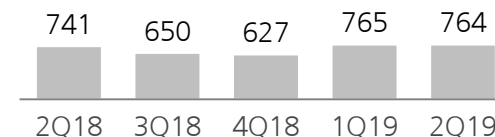
Recurring net fee income



Net interest income



Transaction-based income



- › Revenue uplift from mandate inflows more than offset by change in client preference
- › Net mandate sales positive across all regions

- › Net interest income down on deposit mix and competitive pressure on loan margins
- › 14m higher YoY amortization from MBS prepayment assumptions

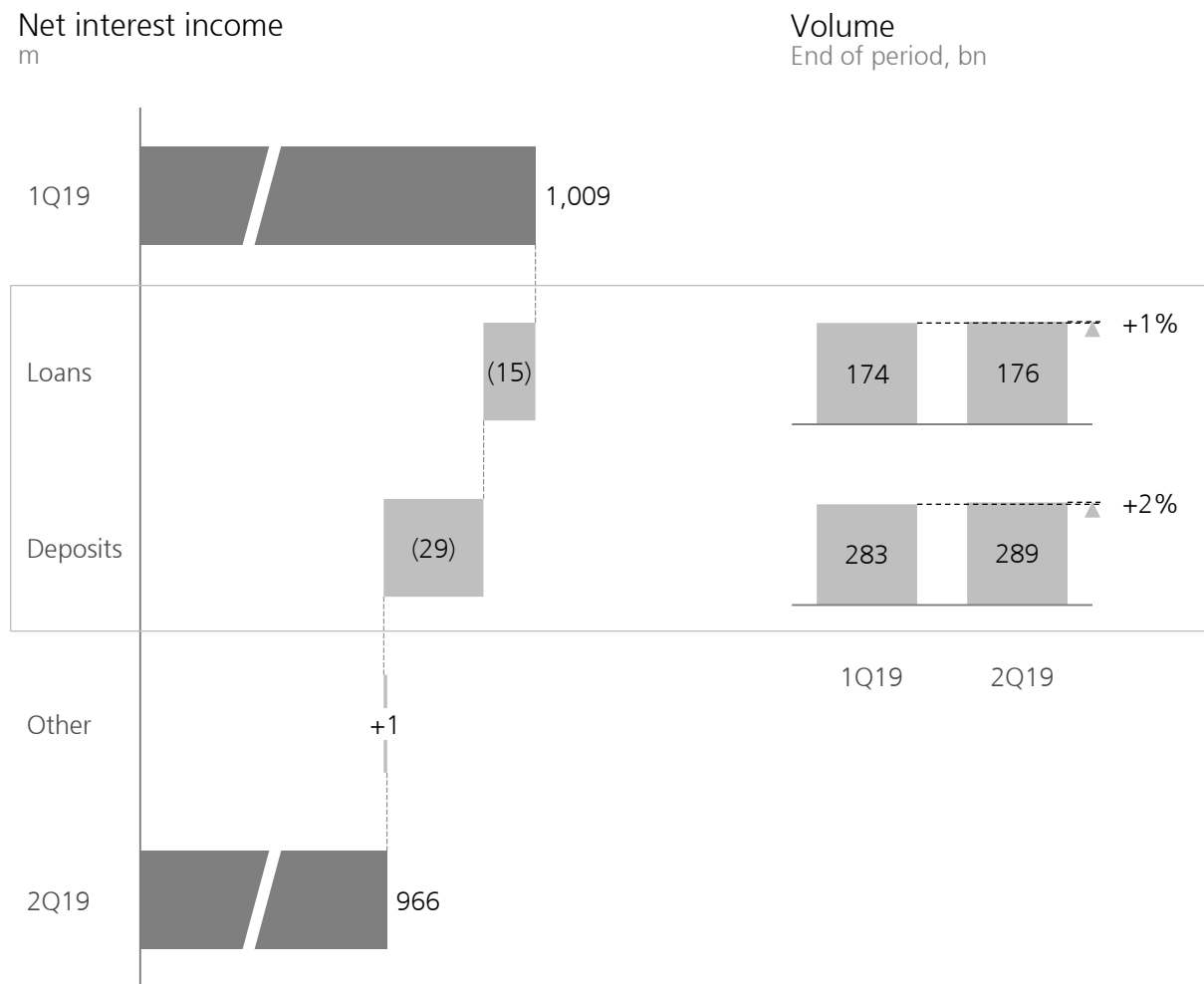
- › Geopolitical tensions continue to have an impact on client activity
- › Improvement YoY driven by Americas, APAC and Switzerland



Numbers in USDm and adjusted unless otherwise indicated; ¹ Higher index levels reflect higher levels of geopolitical uncertainty. Source: www.policyuncertainty.com. Monthly

Global Wealth Management

Net interest income reduction driven by changes in deposit mix and repricing



Loans

- › Increasing pricing pressure as banks look to protect market share on increased volume of client refinancing

Deposits

- › USD rate environment driving clients out of demand deposits and into money market funds and CDs
- › CHF cash inflows and increasing cash holdings

Global Wealth Management

Record PBT in the Americas; record invested assets in the Americas, APAC, Switzerland and UHNW

	— 2Q19 —				— 1H19 —	
	Profit before tax m	Cost/income ratio	Invested assets bn	Net new money bn	Net new money bn	Net new money annualized growth
Americas	367	84%	1,321	(8.3)	(8.4)	(1.4%)
APAC	139	75%	411	1.1	17.3	9.7%
EMEA	234	72%	530	4.5	7.4	2.9%
Switzerland	146	64%	221	1.1	4.3	4.3%
o/w Global UHNW ¹	151	80%	707	2.9	17.2	5.5%

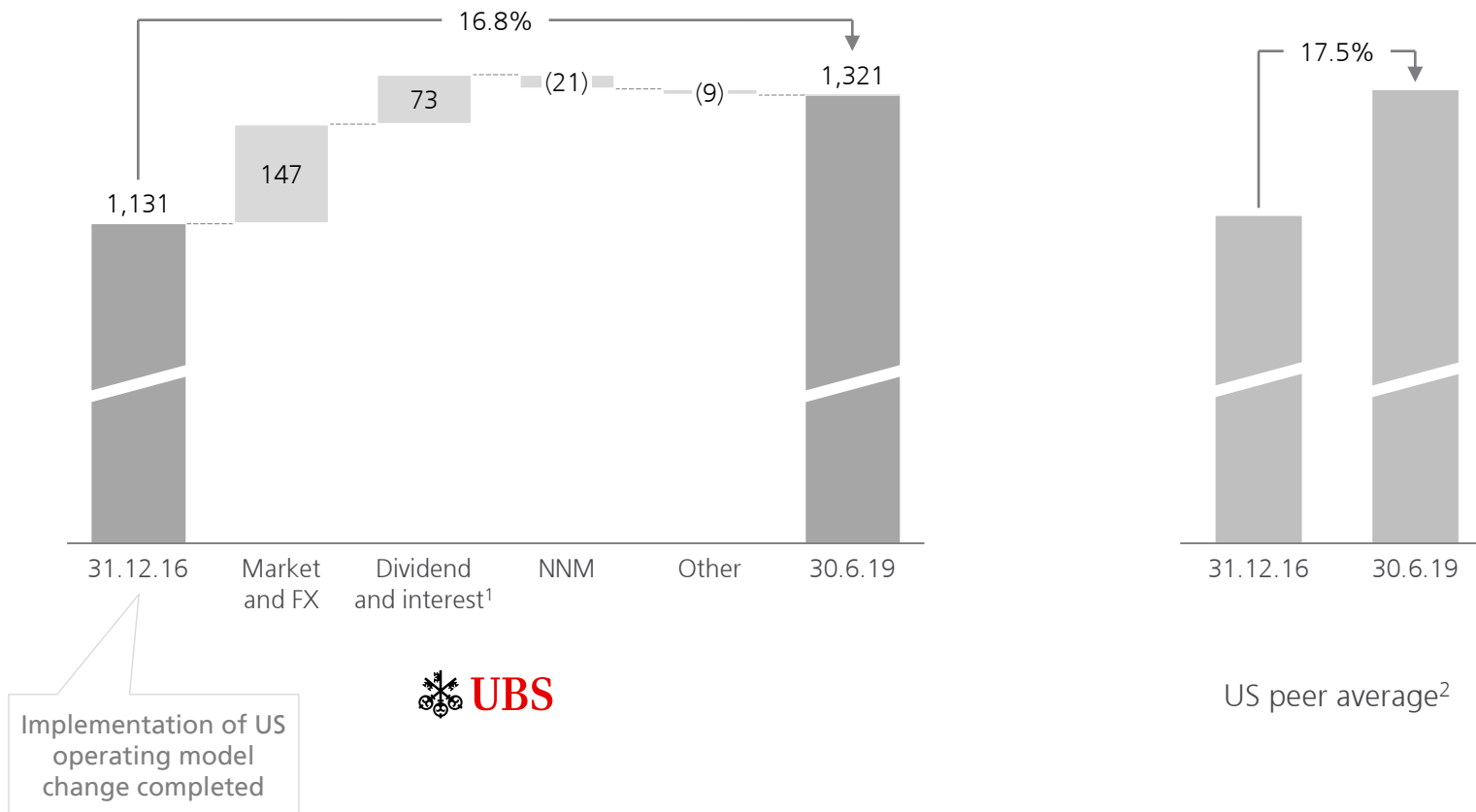


Numbers in USD and adjusted unless otherwise indicated; excludes minor functions with 3bn of invested assets, (0.1bn) of net new money in 2Q19 and 0.0bn of net new money in 1H19; ¹ Globally managed unit that exclusively serves UHNW clients; includes the impact from clients and advisors being moved into and out of Global UHNW

Global Wealth Management

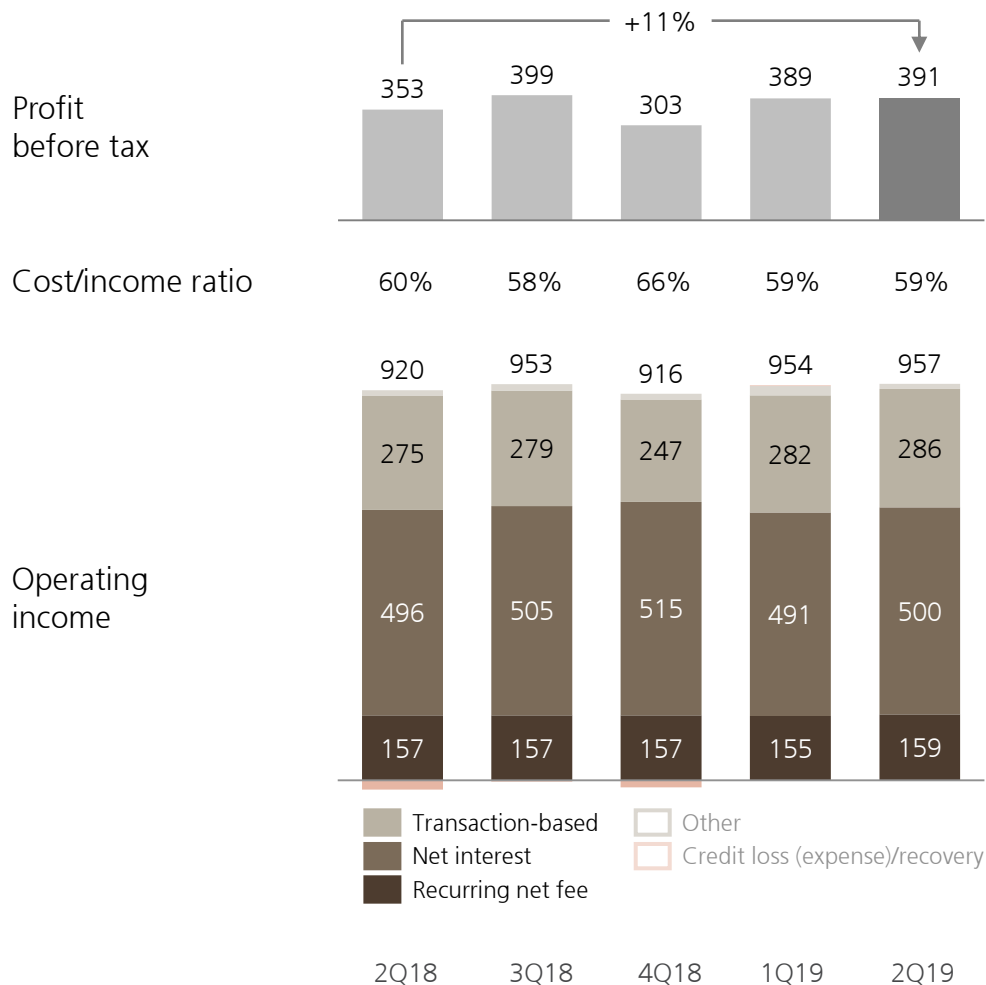
Invested asset growth in the Americas in line with US peers

Invested assets



Personal & Corporate Banking (CHF)

PBT +11% on 4% higher operating income and flat expenses



PBT +11% on higher transaction-based income and lower credit loss expenses

Cost/income ratio (1.2ppt), in line with FY19 target on +4% operating income and broadly flat operating expenses

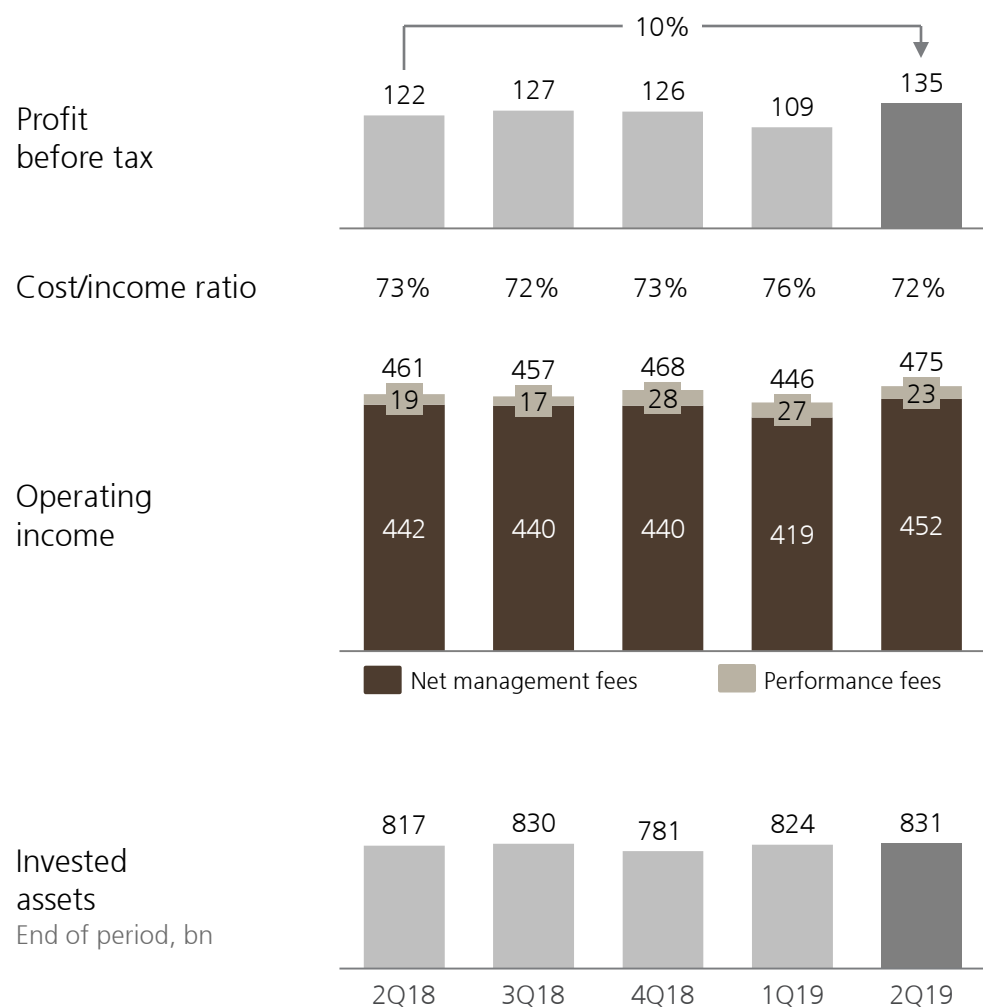
Transaction-based income +4% on higher credit card and FX transactions; highest on record

Credit loss expenses 1m vs. 22m in 2Q18

4.4% net new business volume¹ with strong net new clients and loan growth across personal and corporate clients; 6.3% for 1H19

Asset Management

PBT +10% on strong net management fees



PBT +10%; reported PBT +29%

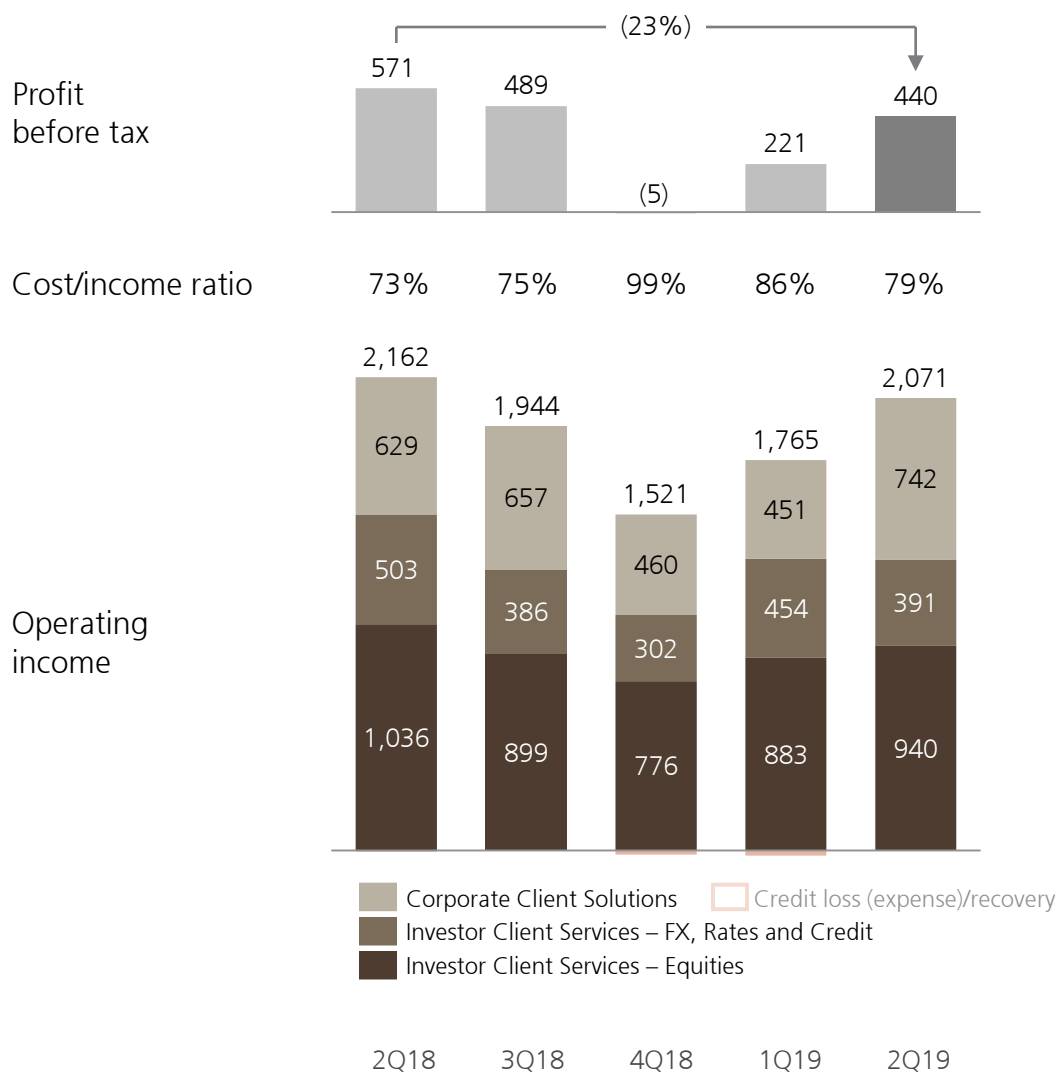
Cost/income ratio (1.8ppts) on higher revenues and flat expenses; in line with FY19 target

Management fees +2% reflecting higher average invested assets

Invested assets 831bn; NNM (14bn) excluding money markets; mostly low margin, passive products and with minimal impact on operating income

Investment Bank

RoAE 14.2% in a relatively challenging market; very strong CCS (+18%), highest M&A since 2012



RoAE of 14.2% on 12.4bn average attributed equity

PBT (10%) excluding ~100m of previously deferred day-1 profits in 2Q18 and gains related to Tradeweb¹ in FRC

Expenses +3% driven by technology and personnel expenses

CCS +18%, up across all products and regions, despite a lower global fee pool

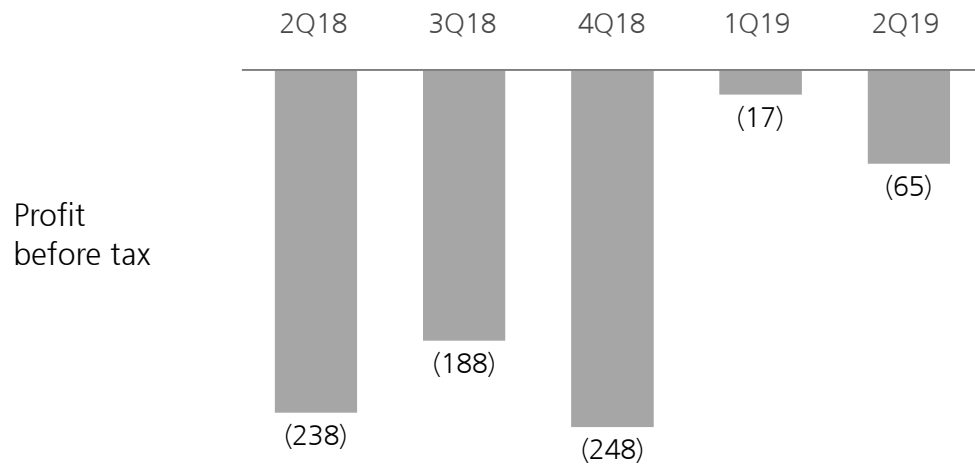
FRC (7%) excluding ~100m of previously deferred day-1 profits in 2Q18 and gains related to Tradeweb¹, in a difficult FX environment

Equities (9%) vs. a very strong 2Q18 and on lower market volumes and client activity

RWA 86bn, (7bn) QoQ on lower credit and market risk
LRD 300bn, +12bn QoQ mainly reflecting higher equity market levels and trading activity

Corporate Center

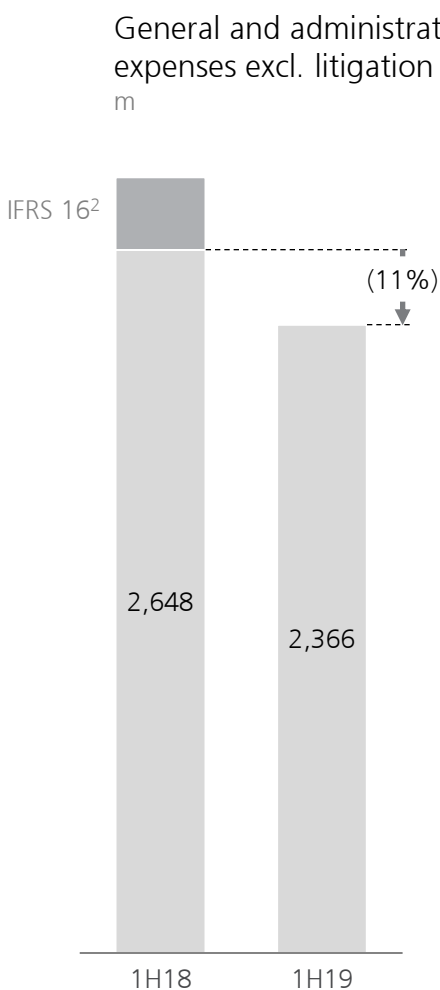
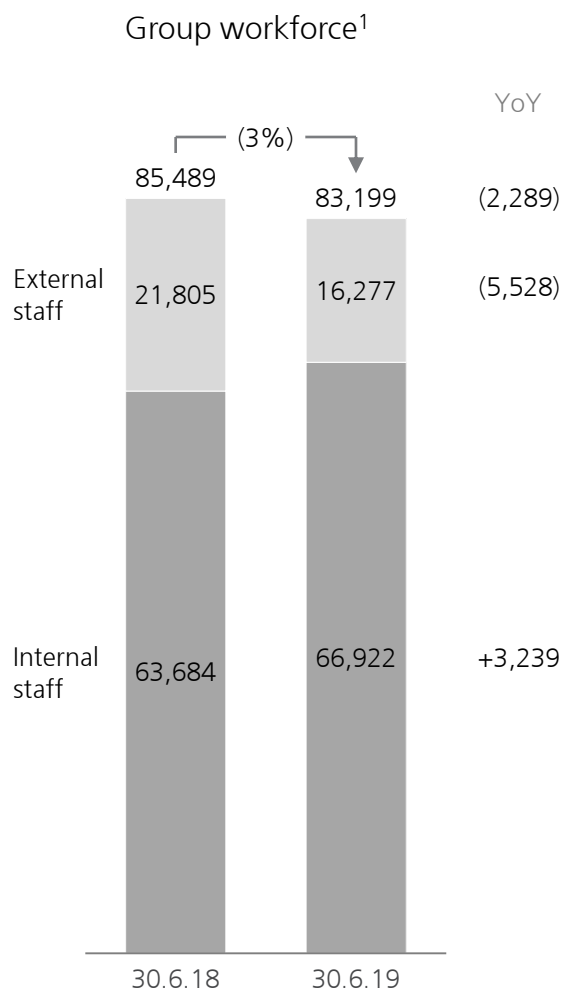
Limited drag, partly due to gains on hedge accounting ineffectiveness and accounting asymmetries



- › PBT (180m) excluding 87m of hedge accounting ineffectiveness income, 13m gains from accounting asymmetries and a 14m litigation credit
- › Expecting Corporate Center **quarterly PBT** to average ~-(250m) in 2H19 excluding accounting asymmetries, hedge accounting ineffectiveness and litigation

Efficiency gains

Group saves partly driven by workforce management and reduction in 3rd party spend



Efficiency drivers

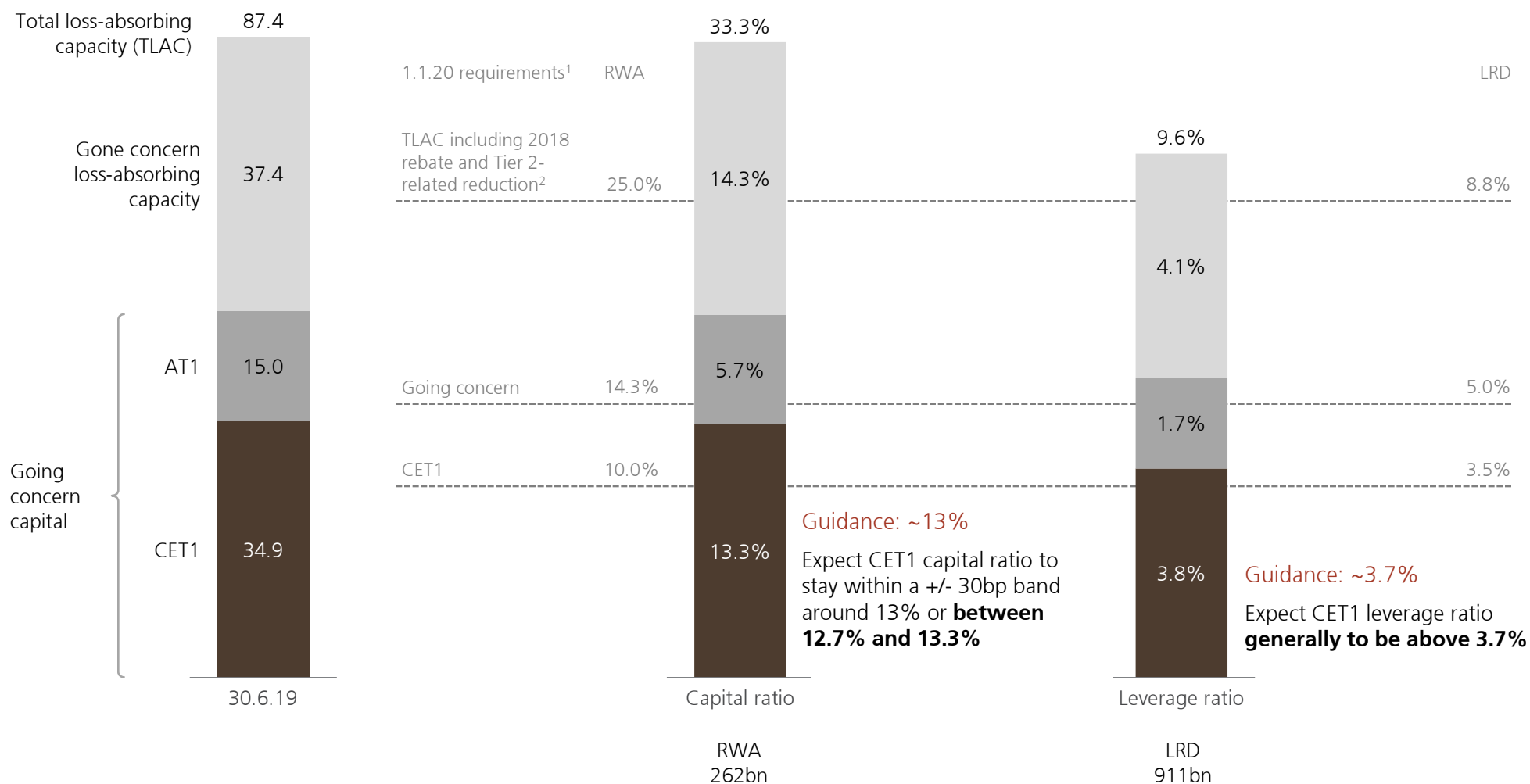
1H19 YoY

- › Outsourcing of IT and other services (25%)
- › Professional fees (24%)
- › Marketing and public relations (19%)
- › Travel and entertainment (10%)

Incremental regulation-driven costs and other investments will partly offset efficiency gains and tactical saves

- › Ongoing investments in KYC/AML and data management capabilities
- › Further clarity around: benchmark transition, ECB onboarding, Basel III finalization, DAC6⁴
- › Business partnerships, e.g. SuMi Trust
- › Investments to drive immediate bottom line efficiencies

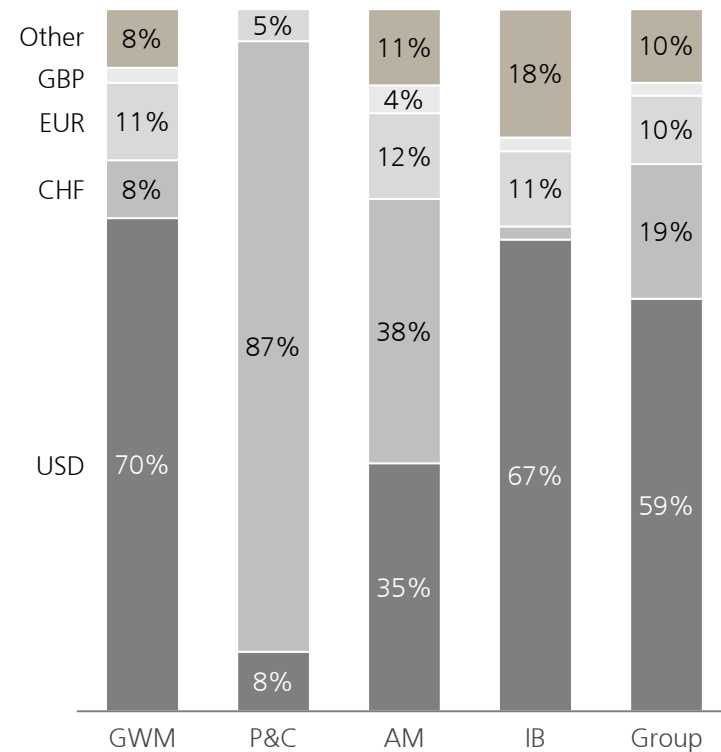
Capital and leverage ratios



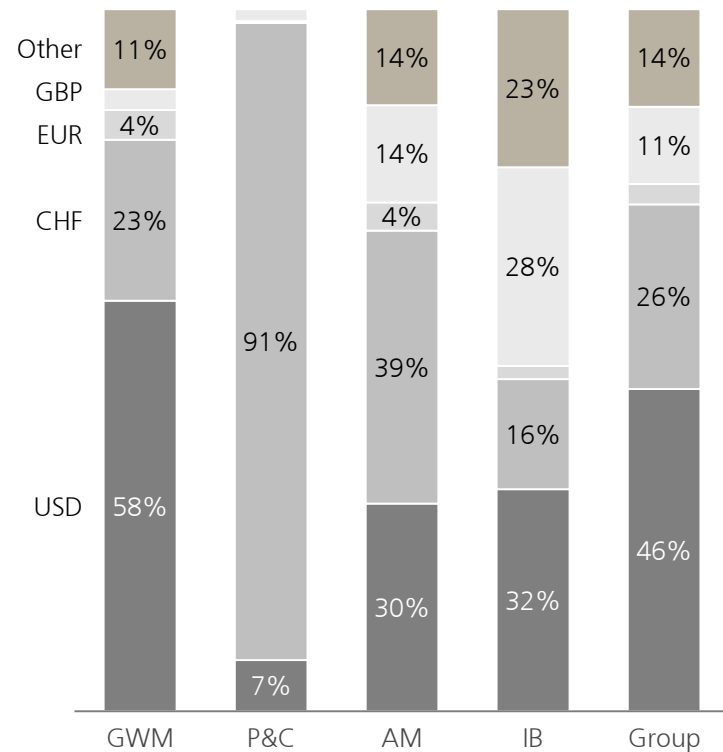
Appendix

Revenue and expenses currency mix

Operating income
%



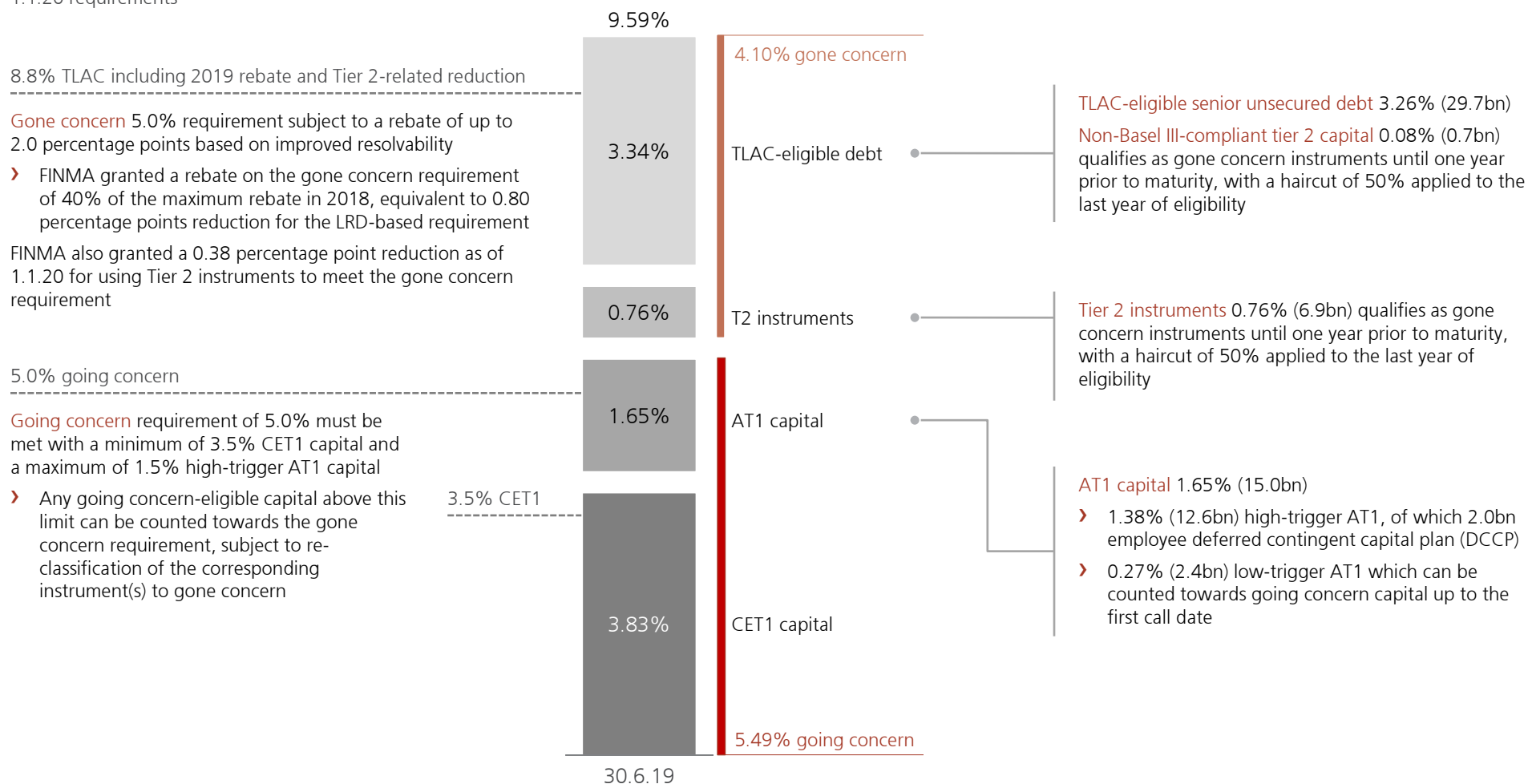
Operating expenses
%



Swiss SRB leverage ratio requirements

UBS leverage ratio balance

1.1.20 requirements¹



GWM regional timeseries

		2Q18	3Q18	4Q18	1Q19	2Q19
Americas	Operating income	2,264	2,264	2,304	2,170	2,272
	Operating expenses	1,911	1,922	2,019	1,838	1,904
	Profit before tax	353	342	284	333	367
	Cost/income ratio	84%	85%	88%	85%	84%
	Invested assets (bn)	1,268	1,307	1,200	1,298	1,321
	Loans, gross (bn)	58.1	58.9	59.5	59.2	60.1
	Advisors (FTE)	6,937	6,910	6,850	6,790	6,689
APAC	Operating income	607	566	496	582	554
	Operating expenses	388	370	410	397	415
	Profit before tax	219	196	86	185	139
	Cost/income ratio	64%	66%	83%	68%	75%
	Invested assets (bn)	391	384	357	405	411
	Loans, gross (bn)	47.0	45.1	42.3	42.5	42.3
	Advisors (FTE)	1,095	1,110	1,138	1,136	1,108
EMEA	Operating income	899	869	844	873	841
	Operating expenses	610	613	1,006	638	607
	Profit before tax	289	256	(162)	235	234
	Cost/income ratio	68%	70%	118%	73%	72%
	Invested assets (bn)	523	524	500	514	530
	Loans, gross (bn)	37.2	38.2	37.5	37.2	37.4
	Advisors (FTE)	1,792	1,802	1,837	1,797	1,758
Switzerland	Operating income	400	394	384	386	397
	Operating expenses	236	230	279	249	250
	Profit before tax	164	164	105	137	146
	Cost/income ratio	59%	58%	73%	64%	64%
	Invested assets (bn)	208	219	200	212	221
	Loans, gross (bn)	34.1	35.1	35.0	34.8	36.0
	Advisors (FTE)	731	734	737	741	740
o/w Global UHNW ¹	Operating income	772	750	736	721	735
	Operating expenses	539	537	597	555	585
	Profit before tax	233	212	139	167	151
	Cost/income ratio	70%	72%	81%	77%	80%
	Invested assets (bn)	670	675	626	686	707
	Advisors (FTE)	1,062	1,080	1,076	1,100	1,101



Numbers in USDm and adjusted unless otherwise indicated; excluding minor functions with 108 advisors, 3bn of invested asset and 0.5bn of loans in 2Q19; **1** Globally managed unit that exclusively serves UHNW clients; includes the impact from clients and advisors being moved into and out of Global UHNW

2Q19 reported and adjusted performance

Performance of our business divisions and Corporate Center – reported and adjusted^{1,2}

	For the quarter ended 30.6.19					
<i>USD million</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Corporate Center ³	UBS
Operating income as reported	4,057	958	475	2,071	(30)	7,532
<i>of which: net foreign currency translations gains⁴</i>					10	10
Operating income (adjusted)	4,057	958	475	2,071	(40)	7,522
Operating expenses as reported	3,183	568	351	1,644	26	5,773
<i>of which: personnel-related restructuring expenses⁵</i>	0	0	3	1	22	25
<i>of which: non-personnel-related restructuring expenses⁵</i>	0	0	2	2	10	13
<i>of which: restructuring expenses allocated from Corporate Center⁵</i>	12	2	5	10	(30)	0
Operating expenses (adjusted)	3,171	566	340	1,631	25	5,735
<i>of which: net expenses for litigation, regulatory and similar matters⁶</i>	19	0	0	(1)	(14)	4
Operating profit / (loss) before tax as reported	874	390	124	427	(56)	1,759
Operating profit / (loss) before tax (adjusted)	886	392	135	440	(65)	1,787

¹ Adjusted results are non-GAAP financial measures as defined by SEC regulations; ² Comparative figures in this table have been restated for the changes in Corporate Center cost and resource allocation to the business divisions and the changes in the equity attribution framework. Refer to "Note 2 Segment reporting" in the "Consolidated financial statements" section of this report for more information. Comparatives may additionally differ due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period; ³ Corporate Center operating expenses presented in this table are after service allocations to business divisions; ⁴ Related to the disposal of foreign branches and subsidiaries; ⁵ Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives; ⁶ Reflects the net increase in / (release of) provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Note 16 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information. Also includes recoveries from third parties of USD 1m

1H19 reported and adjusted performance

Performance of our business divisions and Corporate Center – reported and adjusted^{1,2}

USD million	Year-to-date 30.6.19					
	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Corporate Center ³	UBS
Operating income as reported	8,061	1,915	921	3,836	17	14,750
<i>of which: net foreign currency translations gains⁴</i>					10	10
Operating income (adjusted)	8,061	1,915	921	3,836	6	14,740
Operating expenses as reported	6,323	1,139	693	3,202	88	11,445
<i>of which: personnel-related restructuring expenses⁵</i>	0	0	5	2	36	43
<i>of which: non-personnel-related restructuring expenses⁵</i>	0	0	4	3	20	27
<i>of which: restructuring expenses allocated from Corporate Center⁵</i>	22	6	7	21	(57)	0
Operating expenses (adjusted)	6,301	1,133	677	3,175	89	11,375
<i>of which: net expenses for litigation, regulatory and similar matters⁶</i>	20	0	0	(2)	(22)	(4)
Operating profit / (loss) before tax as reported	1,737	777	228	634	(71)	3,305
Operating profit / (loss) before tax (adjusted)	1,759	783	244	661	(82)	3,364

¹ Adjusted results are non-GAAP financial measures as defined by SEC regulations; ² Comparative figures in this table have been restated for the changes in Corporate Center cost and resource allocation to the business divisions and the changes in the equity attribution framework. Refer to "Note 2 Segment reporting" in the "Consolidated financial statements" section of this report for more information. Comparatives may additionally differ due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period; ³ Corporate Center operating expenses presented in this table are after service allocations to business divisions; ⁴ Related to the disposal of foreign branches and subsidiaries; ⁵ Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives; ⁶ Reflects the net increase in / (release of) provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Note 16 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information. Also includes recoveries from third parties of USD 8m

Regional performance – 2Q19

	Americas		Asia Pacific		EMEA		Switzerland		Global		Total		
	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	
Operating income	GWM	2.3	2.3	0.6	0.6	0.9	0.8	0.4	0.4	-	-	4.2	4.1
	P&C	-	-	-	-	-	-	0.9	1.0	-	-	0.9	1.0
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	-	-	0.5	0.5
	IB	0.8	0.7	0.6	0.7	0.6	0.5	0.2	0.2	-	-	2.2	2.1
	CC	-	-	-	-	-	-	-	-	(0.1)	-	(0.1)	-
	Group	3.2	3.1	1.3	1.3	1.6	1.5	1.7	1.7	(0.1)	(0.1)	7.6	7.5
Operating expenses	GWM	1.9	1.9	0.4	0.4	0.6	0.6	0.2	0.3	-	-	3.2	3.2
	P&C	-	-	-	-	-	-	0.6	0.6	-	-	0.6	0.6
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	-	0.3	0.3
	IB	0.6	0.6	0.4	0.4	0.5	0.5	0.1	0.1	-	-	1.6	1.6
	CC	-	-	-	-	-	-	-	-	0.2	-	0.2	-
	Group	2.6	2.6	0.9	0.9	1.2	1.2	1.0	1.0	0.2	-	5.8	5.7
Profit before tax	GWM	0.4	0.4	0.2	0.1	0.3	0.2	0.2	0.1	-	-	1.0	0.9
	P&C	-	-	-	-	-	-	0.4	0.4	-	-	0.4	0.4
	AM	-	-	-	-	-	-	0.1	-	-	-	0.1	0.1
	IB	0.3	0.1	0.2	0.2	0.1	0.1	0.1	0.1	-	-	0.6	0.4
	CC	-	-	-	-	-	-	-	-	(0.2)	(0.1)	(0.2)	(0.1)
	Group	0.6	0.5	0.4	0.4	0.4	0.3	0.7	0.7	(0.3)	(0.1)	1.8	1.8

Numbers in USDbn and adjusted unless otherwise indicated. The allocation of P&L to these regions reflects, and is consistent with, the basis on which the business is managed and its performance evaluated. These allocations involve assumptions and judgments that management considers reasonable, and may be refined to reflect changes in estimates or management structure. The main principles of the allocation methodology are that client revenues are attributed to the domicile of the client, and trading and portfolio management revenues are attributed to the country where the risk is managed. Expenses are allocated in line with revenues. Certain revenues and expenses, such as those related to Non-core and Legacy Portfolio, certain litigation expenses and other items, are managed at the Group level, and are included in the Global column

Performance targets and ambitions 2019 – 2021

		Annual targets		Ambitions	Capital/resource guidelines
		FY19	FY19-21	FY21	FY19-21
Group	Reported return on CET1 capital	~15%		~17%	
	Adjusted cost/income ratio	~77%		~72%	
	CET1 capital ratio				~13% ¹
	CET1 leverage ratio				~3.7% ²
Global Wealth Management	Adjusted pre-tax profit growth		10-15% ³		
	Adjusted cost/income ratio	~75%		~70%	
	Net new money growth		2-4%		
Personal & Corporate Banking (CHF)	Adjusted pre-tax profit growth		3-5% ³		
	Adjusted cost/income ratio	~59%		~56%	
	Net interest margin		145-155bps		
Asset Management	Adjusted pre-tax profit growth ⁴		~10% ³		
	Adjusted cost/income ratio	~72%		~68%	
	Net new money growth (excl. money markets)		3-5%		
Investment Bank	Adjusted return on attributed equity		~15% ³		
	Adjusted cost/income ratio	~78%		~75%	
	RWA and LRD in relation to Group				~1/3

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) and leverage ratio denominator (LRD), including to counteract regulatory-driven increases, 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) the continuing low or negative interest rate environment in Switzerland and other jurisdictions, 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, the European Union and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, liquidity and funding requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS’s business activities; (v) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, proposals in Switzerland and other jurisdictions for mandatory structural reform of banks or systemically important institutions or to other external developments, and the extent to which such changes will have the intended effects; (vi) UBS’s ability to maintain and improve its systems and controls for the detection and prevention of money laundering and compliance with sanctions to meet evolving regulatory requirements and expectations, in particular in the US; (vii) the uncertainty arising from the timing and nature of the UK exit from the EU; (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, 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; (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; (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 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 2018. 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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