

# 2019 full year and fourth quarter results Investor update



January 21, 2020

# Important information

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**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.

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**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 3Q19 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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# Agenda

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## 1 Sergio P. Ermotti, CEO

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- › 2019 highlights
- › Strategic priorities
- › 2020-2022 targets

## 2 Kirt Gardner, CFO

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- › 4Q19 results
- › Segment performance
- › Capital position

## 3 Q&A

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# 2019 highlights

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Delivered solid performance  
in mixed market conditions

- › Net profit **4.3bn**, adjusted PBT **6.0bn**, diluted EPS **1.14**
- › RoCET1 **12.4%** on increasing CET1 capital
- › **49bn** NNM across GWM and AM
- › Record invested assets GWM **2.6trn**; AM **0.9trn**
- › **26bn** of net mandate sales; **9bn** invested assets in 100% SI mandates

Managed for efficiency and  
positioned for growth

- › Operating expenses (**4%**) while investing for growth
- › Delivered **>30bn** of LRD optimization
- › Established strategic partnerships
- › Deployed digital in key strategic areas

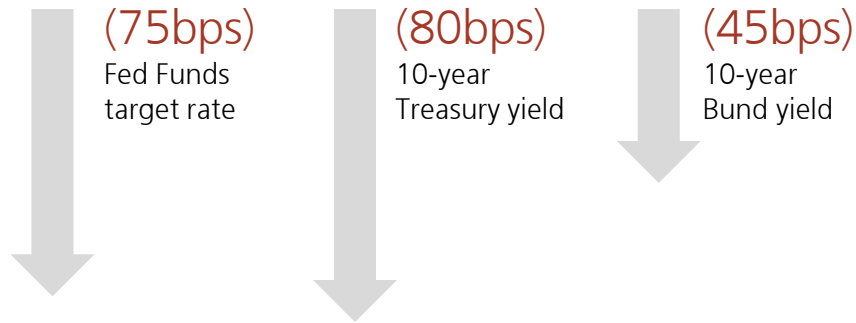
Generated capital and maintained  
balance sheet strength for all seasons

- › Tangible book value per share **13.3, +6%**
- › CET1 ratio **13.7%**, CET1 leverage ratio **3.9%**, tier 1 leverage ratio **5.7%**<sup>1</sup>
- › Total payout ratio **80%**<sup>2</sup>

# 2019 macro context

## Interest rates

31.12.19, YoY



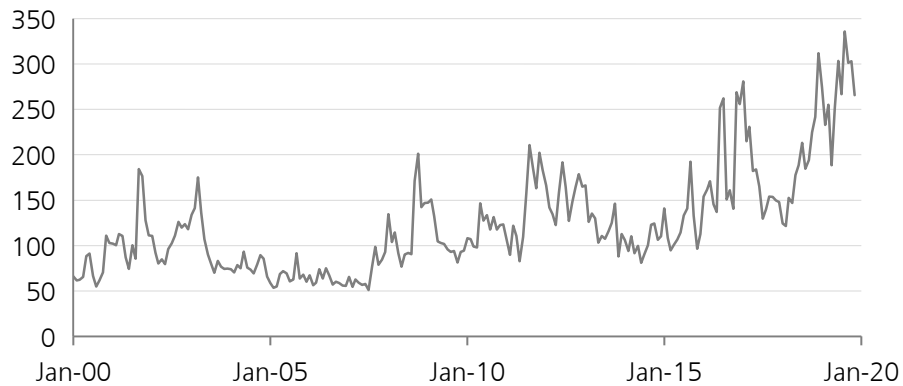
## Equity markets

S&P 500



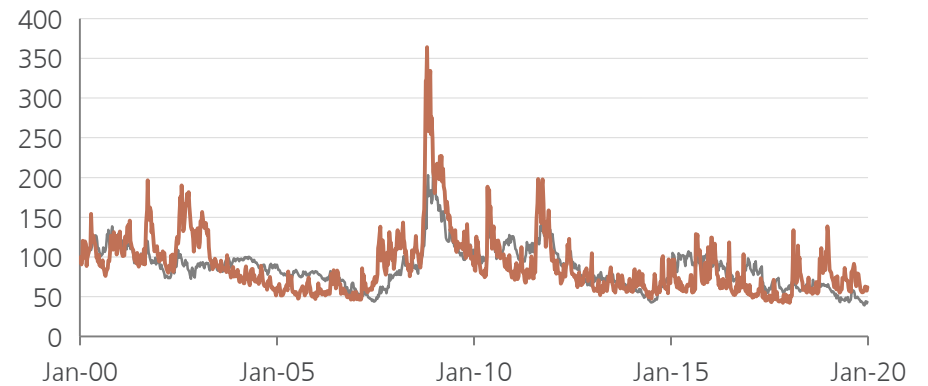
## Geopolitical uncertainty

Global economic policy uncertainty index<sup>1</sup>



## Volatility

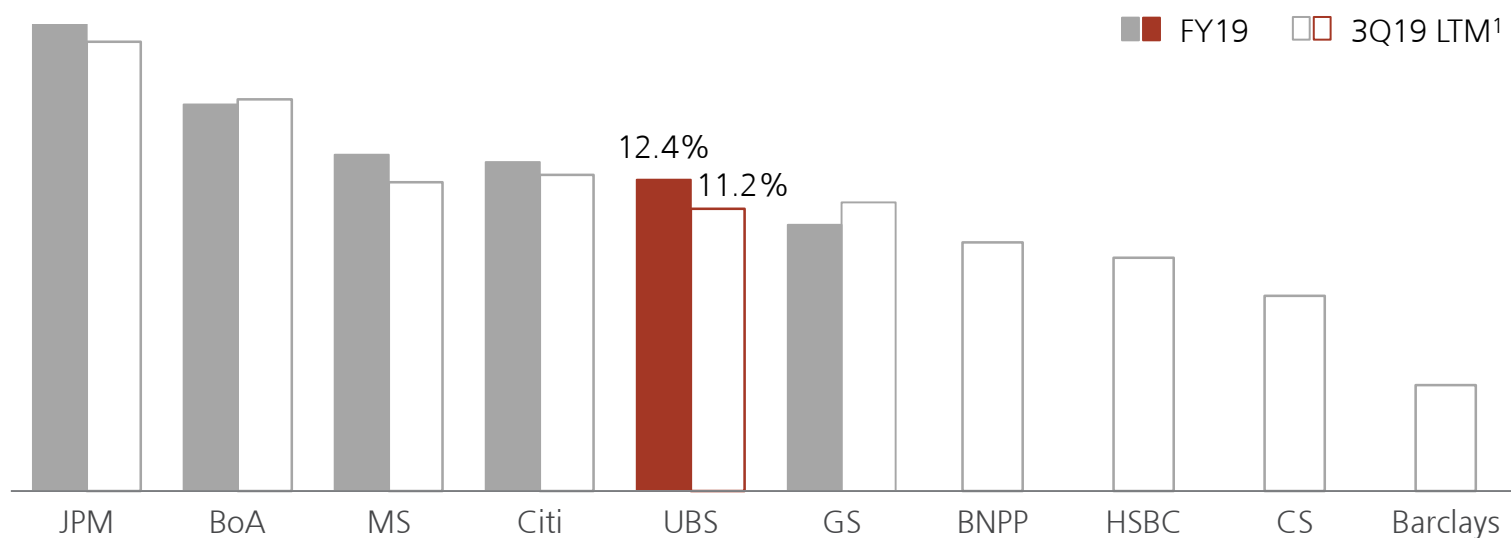
— EUR/USD 3M implied volatility<sup>2</sup> — VIX<sup>2</sup>



# Delivering competitive returns

Balancing growth, cost and capital efficiency to deliver attractive returns on deployable equity

Return on CET1 capital



CET1 as % of tangible equity<sup>2</sup>

2019 RoTE<sup>3</sup>

3Q19 LTM RoTE<sup>1,3</sup>

JPM	100%	97%	101%	93%	<b>74%<sup>4</sup></b>	101%	95%	87%	93%	89%
BoA	18.5%	14.9%	13.4%	12.1%	<b>9.0%</b>	10.6%	N/A	N/A	N/A	N/A
MS	17.8%	15.1%	12.3%	11.6%	<b>8.3%</b>	11.4%	9.4%	8.1%	7.3%	3.8%

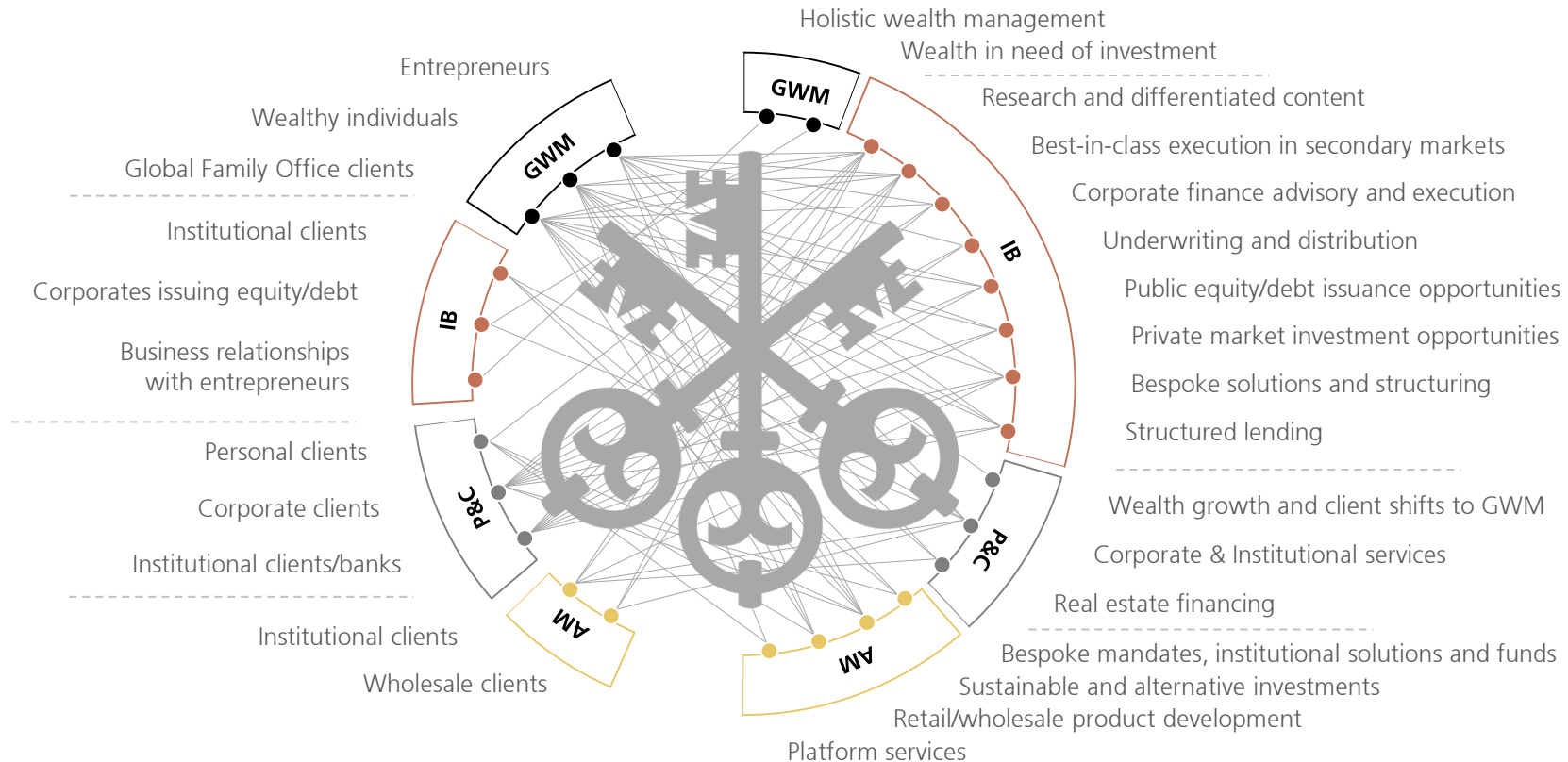


Figures in reporting currency with data based on most recent peer reporting. **1** Last twelve months; **2** Tangible equity attributable to shareholders; **3** Return on tangible equity attributable to shareholders; **4** The difference between UBS's 48bn tangible equity and 36bn CET1 capital as of 31.12.19 mainly reflects 6.1bn tax loss DTAs, 2.6bn dividend accruals, 1.7bn compensation-related components and 1.3bn unrealized gains from cash flow hedges

# Integrated business model at the core of our strategy

Our clients

Delivering as one firm



# 2020-2022 priorities

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Drive higher and superior returns by growing and leveraging our unique, integrated and complementary business portfolio and geographic footprint



- I Elevate our world leading **Global Wealth Management** franchise to drive higher margins and **10-15% PBT growth p.a.**
- II **Improve returns** in the **Investment Bank** by further optimizing resources and collaboration
- III Capitalize on our differentiated client offering in **Asset Management** for further **growth, performance** and **scale**
- IV Grow profits in **Personal & Corporate Banking** through **digital** initiatives, **services** and **efficiency**
- V Deliver more as **one firm** for our clients
- VI Drive improvements in firmwide **operating efficiency** to fund growth and enhance returns
- VII Maintain attractive **capital return profile** through dividends and buybacks



# Global Wealth Management

Well positioned for further growth

 World-leading wealth manager

 #1 Private Banking Services Overall<sup>1</sup>

2.6<sup>trn</sup> invested assets 31.12.19

30% RoATE FY19

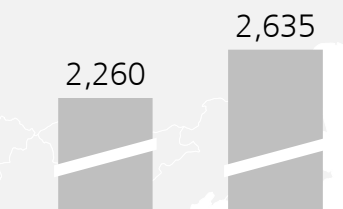
In 2019 we have...

...attracted **>45bn of net new money** from UHNW clients

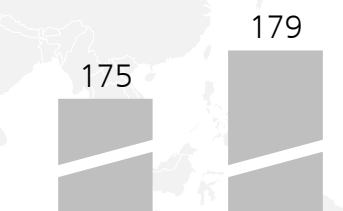
...grown **loans**

...improved **mandate penetration**

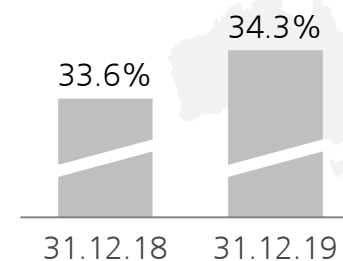
Invested assets (bn)



Loans (bn)



Mandate penetration (% of invested assets)



# GWM – Evolving market-leading services to respond to client needs

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Uniquely positioned to provide solutions that matter to our clients

Changing clients needs

Digital everything

~70%  
of investors prefer **hybrid models**  
over a traditional advice model

Search for yield

USD ~800bn  
new capital flowed into  
**private markets** in 2018

Need for financing

>2/3  
of entrepreneur wealth is  
**illiquid and/or in their business**

Thematic approach

~60%  
of family offices have adopted  
**thematic investing**

Sustainable investing

>80%  
of investors are interested in  
**sustainable investing**

>80%   
**consider advice as a top priority**  
in wealth management relationship

# GWM – Elevate our franchise to new heights

Taking Global Wealth Management into the next decade

Our priorities

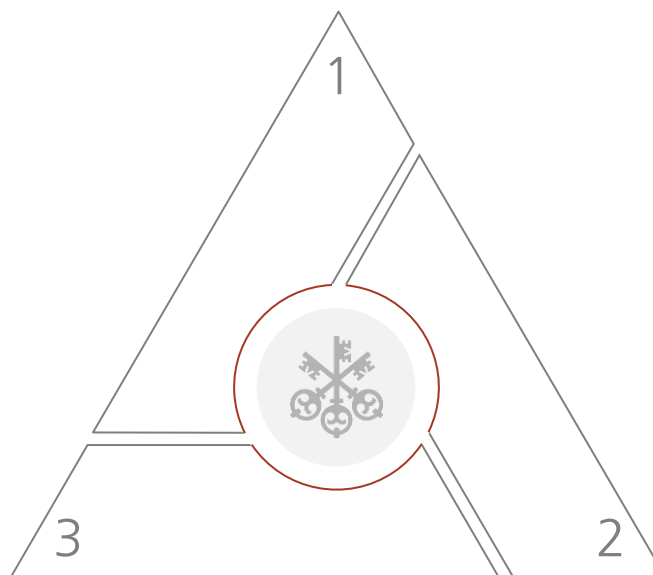
## 1 Tailored client coverage

**Expand GFO** further leveraging IB/AM integration

**Align UHNW** to regional business units

A more focused and enhanced offering for our **HNW** franchise

**Roll out modular solutions tailored** to clients with less complex day-to-day needs



## Get closer to clients

# 2

**Accelerate** decision making and time to market

**Empower** our regions while keeping global benefit

Increase time spent with **clients**

Relentless focus on **client outcomes**

## 3 Expand product offering and become ever more efficient

Expand strategic **partnerships** with IB and AM

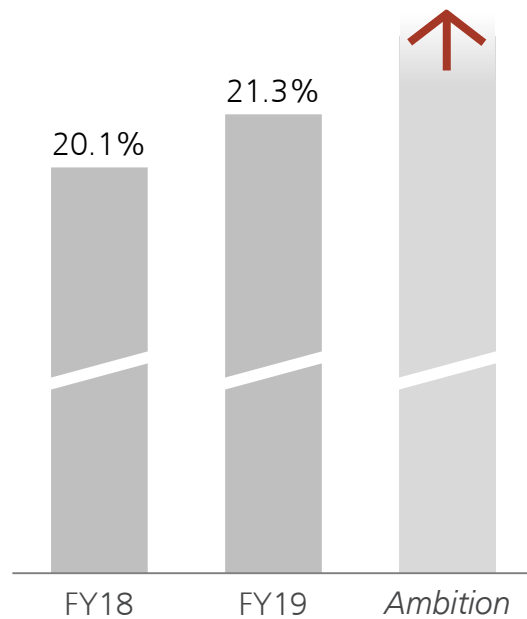
Extend industry **leadership** in content and solutions

Optimize **processes** front-to-back to increase client advisor productivity

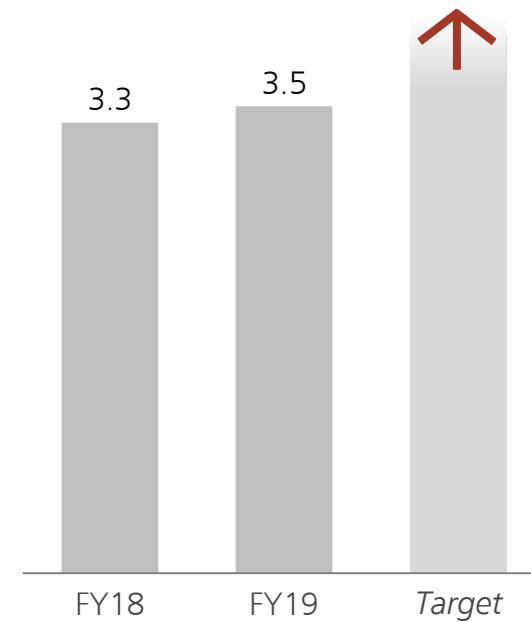
# GWM – Driving profitable growth

Aiming for higher pre-tax margins; maintain 10-15% PBT<sup>1</sup> growth target 2020-2022

Pre-tax margin




Pre-tax profit  
bn



# IB – Improve returns by further optimizing resources


In 2020 we expect returns of around 11% with further improvements through 2022

Our priorities

 #1 Global Equity Research House, for the 3<sup>rd</sup> year in a row<sup>1</sup>

 Top 3 Global FX dealer<sup>2</sup>

 #1 in APAC and EMEA equities<sup>3</sup>

 Best Investment Bank in China, Hong Kong and Singapore<sup>4</sup>

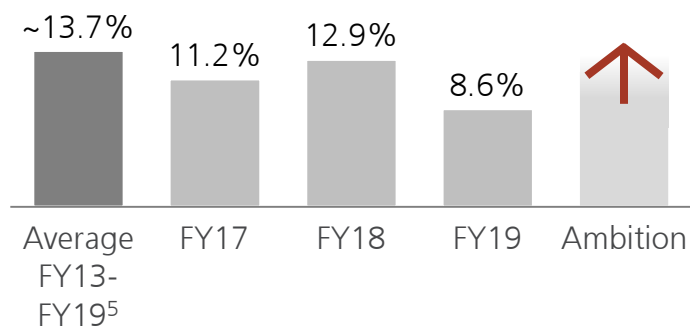
## Profitable growth and strong returns

- › Maintain a capital-light strategy with best-in-class revenues / RWA and revenues / LRD metrics
- › Global Markets reorganization to further improve efficiency of cost and balance sheet usage

## Deliver market-leading capabilities to clients

- › Expand Global Family Office coverage from 600 to 1,500 clients
- › Build on momentum in Private Financing Markets Group
- › Explore further partnerships with other banks to create scale

Return on attributed equity



## Digital Investment Bank

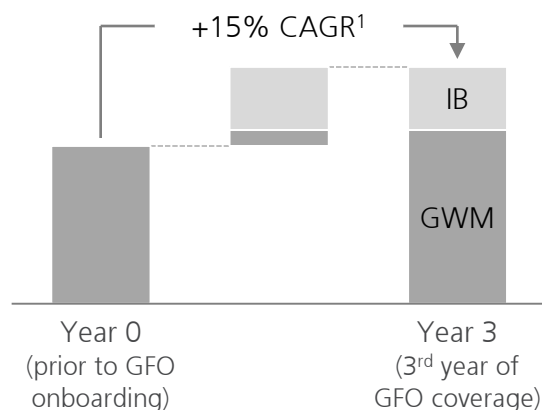
- › Leverage scale and leading position in FX and Equities to capture further market share in electronic execution
- › Drive the use of machine learning and AI in algo routing and trading capabilities in FX and Equities
- › Use alternative data to provide better advice to clients, including Research and Evidence Lab

# IB – Collaborating with GWM

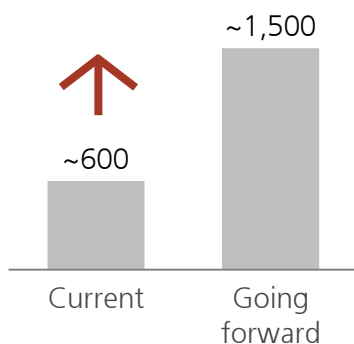
Leveraging our institutional capabilities for GWM clients

## Global Family Office

Revenues, illustrative

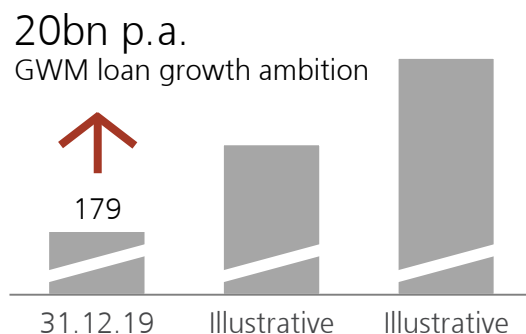


Number of clients



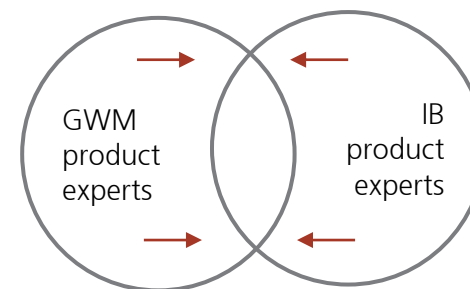
## Financing

Loan volumes



- > Increase coverage through single financing team
- > Expand eligible collateral types
- > Risk management by IB

## Global Capital Markets



- > Improved access to product specialists
- > Broaden product shelf
- > Support client investment strategies and deployment of thematic topics

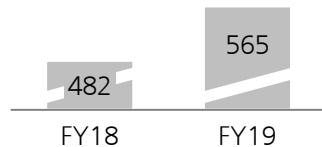
# AM – Capitalize on our differentiated client offering for further growth, performance and scale

Expand our offering and capabilities in areas where we have a leading position

**36%** growth in top-quartile Lipper-ranked funds<sup>1</sup>

**39bn** SI-focused invested assets, FY19

Profit before tax  
m



**+17%**  
PBT growth

Invested assets  
bn



**All time high**  
invested assets

Our priorities

## Capitalize on our strengths in fast-growing areas

- › Extend leading position in sustainable investing
- › Leverage expertise in private markets and alternatives
- › Continue innovation and leverage scale in passive
- › Build on leading position in China and key markets in Asia

## Position as partner of choice for clients

- › Deliver superior solutions across breadth of global capabilities
- › Expand strategic partnerships with wholesale clients
- › Intensify collaboration, in particular with GWM

## Continue disciplined execution

- › Build on strong investment performance momentum
- › Drive operational excellence to increase efficiency and scale



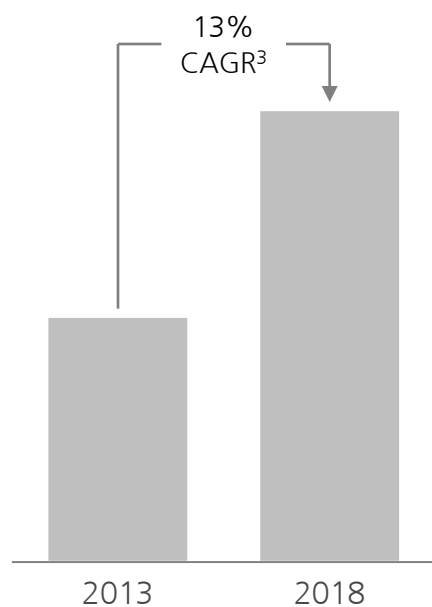
Numbers in USD and adjusted unless otherwise indicated; <sup>1</sup> Thomson Reuters Lipper Investment Management 3-year performance as of end 2019 vs. end of 2018. Based on mutual funds registered for sale in the "MSCI Europe Developed Markets Universe"; Excludes institutional funds, insurance funds, ETFs, pension trusts, money market, passive funds, hedge funds, and commodity funds. Covers ~55% of UBS AM's active fund AuM (ex MM)

# AM – Collaborating with GWM

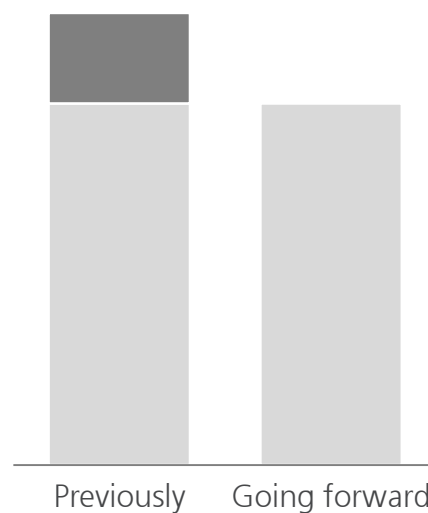
Bringing a more competitive offering to our clients

First in the industry to reduce management fees for SMAs to zero

Market for SMAs<sup>1</sup> and UMAs<sup>2</sup>



SMA pricing



Expecting multi-billion inflows in 2020

■ Management fee  
■ Advisory fee



# P&C – Grow profits through digital initiatives, services and efficiency

Growing non-interest income and improving efficiency to deliver steady profit growth

+5%

YoY PBT growth<sup>1</sup>  
FY19 vs. FY18

18%

Return on  
attributed equity<sup>1</sup>  
FY19

#1

digital penetration amongst  
large Swiss Banks, 2018

>1k

net new clients onboarded via our new,  
market-leading Digital Corporate Bank  
FY19

75%

of Personal Banking clients  
are paperless FY19

19bn

business volume referred to/from  
other business divisions  
FY19

## Our priorities

### Expand digital lead

- › Enhance digital usage and grow market share
- › Leverage data and analytics for targeted client offering

### Improve cost efficiency

- › Streamline, digitize and automate processes
- › Capitalize on shared branch network and IT platform synergies with GWM

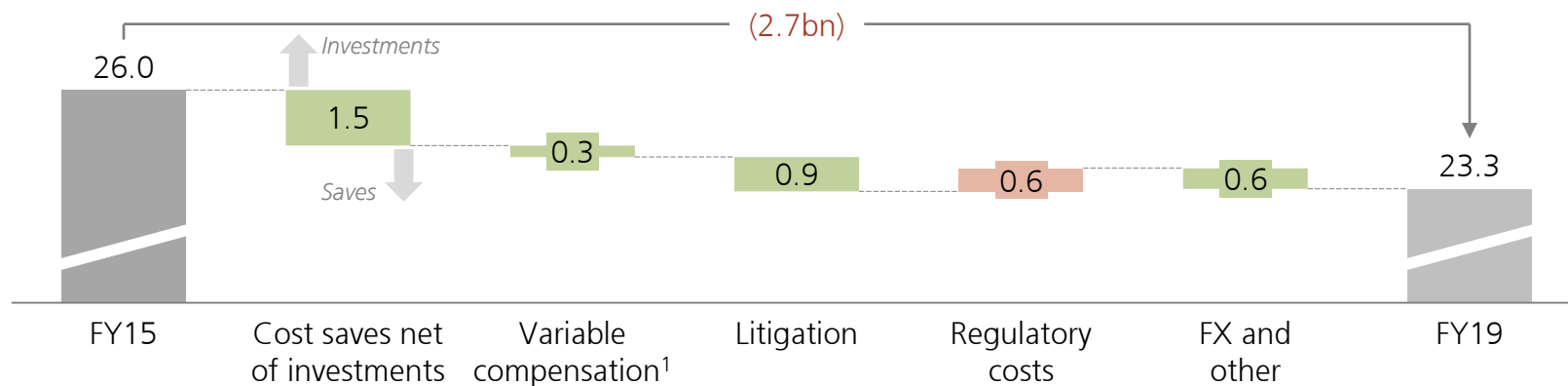
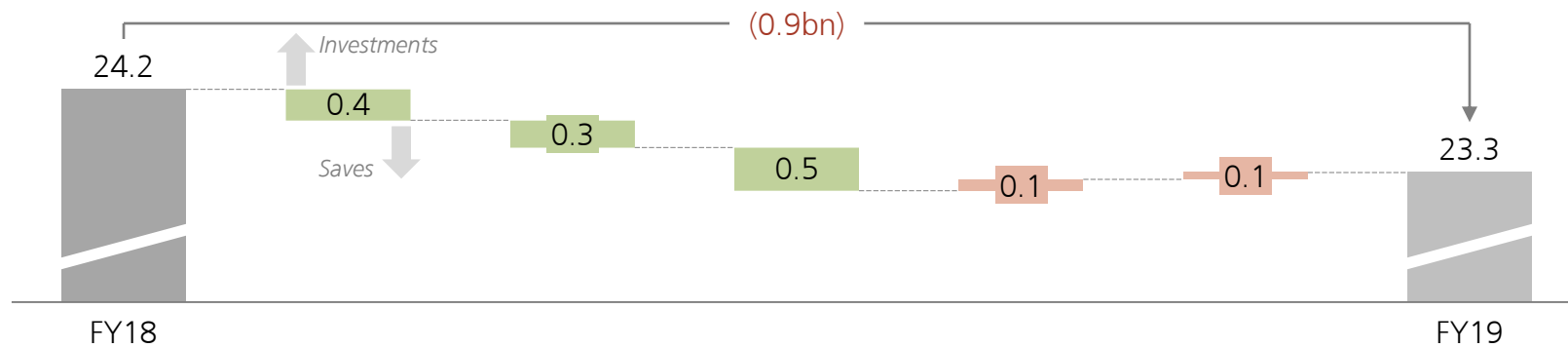
### Grow profits in negative rate environment

- › Expand market-leading digital platform-based businesses
- › Broaden advisory solutions and product offering

# Driving down our cost base while investing for the future

Funding growth and adapting our operating model to meet new regulatory requirements

Operating expenses



# Driving efficiency to fund growth and enhance returns

Expect to keep total costs flat in 2020, excluding variable compensation and litigation

## Our priorities

### Processes and platforms

- › Process re-engineering and automation
- › Consolidating platforms across business divisions
- › Leverage tech to rationalize infrastructure

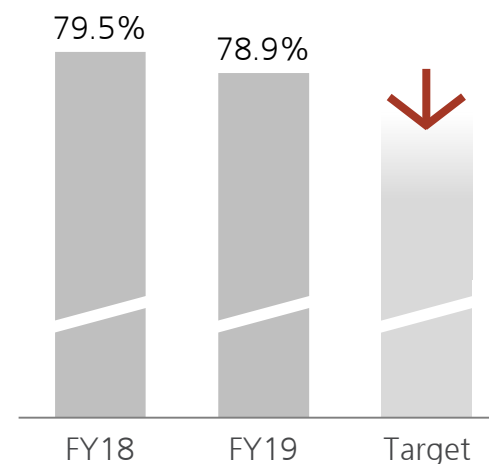
### Organization

- › Nearshoring and insourcing
- › Streamlining and delayering

### Capital management

- › Allocate capital and resources to highest growth opportunities
- › Continue to drive RWA and LRD optimization

Cost/income ratio



>30bn

of LRD optimization  
in FY19

# Creating scale through partnerships

Realizing the benefits of our partnerships while exploring selected new opportunities

## **Broadridge**

GWM platform utility, US

1.4trn

Invested assets in  
GWM Americas

## **Fondcenter**

Clearstream partnership

Top 2

B2B fund distribution  
platform globally

## **Banco do Brasil**

IB partnership, LatAm

35bn

2018 total LatAm fee pool  
in M&A, ECM and DCM<sup>1</sup>

## **Sumitomo Mitsui Trust Holdings, Inc.**

GWM partnership, Japan

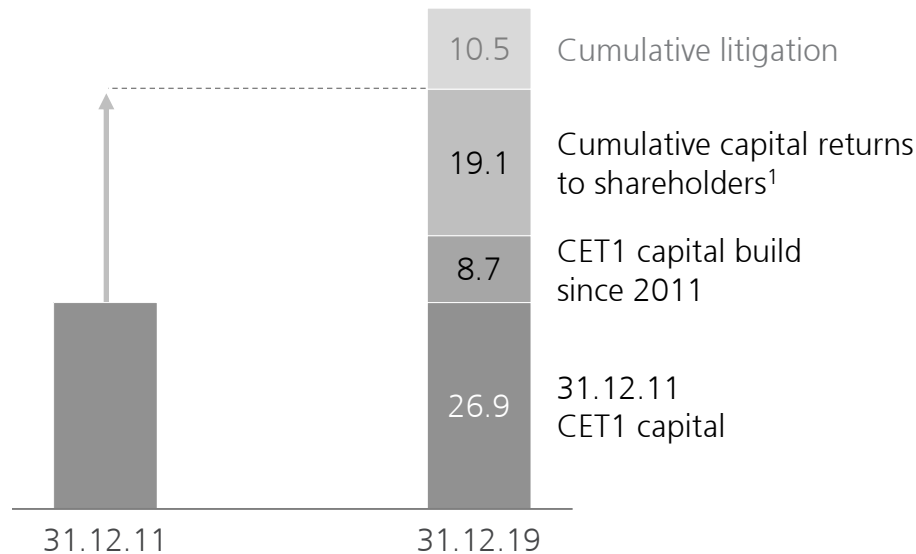
16trn

Japan private financial  
wealth as of 31.12.18<sup>2</sup>

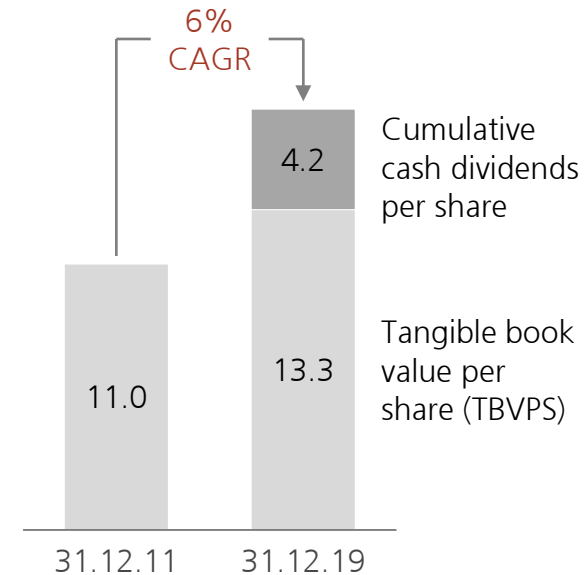
# 6% CAGR in TBVPS + dividends since 2011

Generated 28bn of CET1 capital since 2011, of which >2/3 returned to shareholders

Capital generation  
bn



TBVPS + cumulative cash dividend per share



# 19bn

capital returned to  
shareholders since 2011<sup>1</sup>

US peers<sup>2</sup>: **7% CAGR**  
European peers<sup>3</sup>: **2% CAGR**



Numbers in USD for UBS as of 4Q19 and in local currency for peers; <sup>1</sup> Includes dividend accruals and buybacks for FY19; <sup>2</sup> Bank of America, Citi, Goldman Sachs, JPMorgan, Morgan Stanley. US peers as of 31.12.19; <sup>3</sup> Barclays, BNP, Credit Suisse, Deutsche Bank, HSBC, Julius Baer and Standard Chartered. European peers excluding Julius Baer as of 30.9.19, Julius Baer as of 30.6.19

# Continuing to deliver attractive capital returns

Pacing growth in dividends to free up capacity for incremental buybacks

2019  
**80%**  
total payout ratio<sup>1</sup>

**USD 0.73**  
ordinary dividend per share  
proposed for the financial year 2019

**USD 0.8bn**  
of shares bought back



2020-2022

Maintaining an attractive capital return profile

## Capital return policy

- › Increase **dividend** per share by 1 cent per year
- › Return incremental capital through **buybacks**

## 2020 buy-back

- › Expect to repurchase USD **450m** of shares during 1H20
- › Will assess further buybacks in 2H20, considering business conditions and any idiosyncratic developments

# 2020-2022 targets and guidance

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Group  
returns

**12-15%** return on CET1 capital (RoCET1)

Cost  
efficiency

Positive operating leverage and **75-78%** cost/income ratio

Growth

**10-15%** PBT growth in GWM

Capital  
allocation

**Up to 1/3** of Group RWA and LRD in IB

Capital  
guidance

**~13%** CET1 capital ratio  
**~3.7%** CET1 leverage ratio

# 2020-2022 priorities

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Drive higher and superior returns by growing and leveraging our unique, integrated and complementary business portfolio and geographic footprint



2020-2022  
RoCET1 12-15%

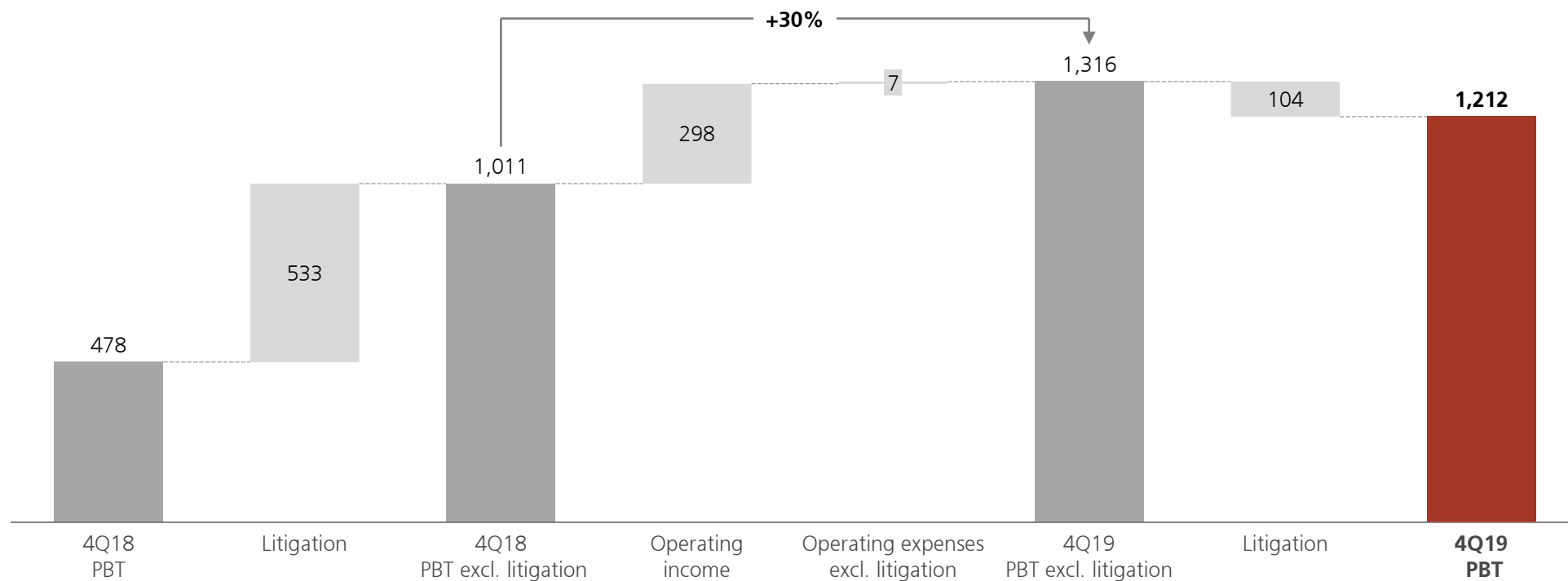


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# 4Q19 net profit USD 722m

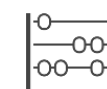
Best 4Q adjusted PBT since 2010



 **928m**  
Reported PBT

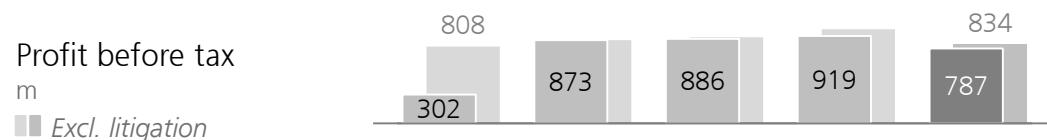
 **0.19**  
Diluted EPS

 **8.2%**  
Reported RoCET1

 **82.8%**  
cost/income ratio

# Global Wealth Management

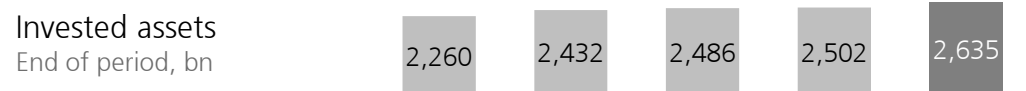
## Positive momentum across transactions, invested assets and loans



PBT +3% excl. litigation, (6%) excl. litigation and 75m fee from P&C<sup>1</sup>



Operating income +1% excl. fee from P&C<sup>1</sup>, with double-digit growth in transaction-based income offsetting lower NII and recurring net fee income



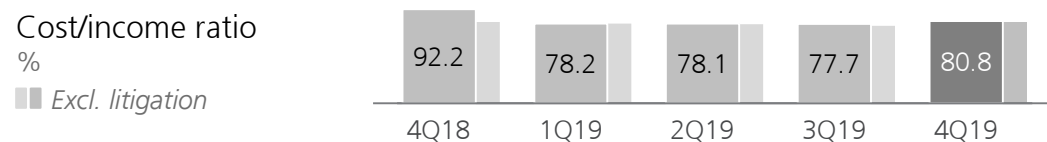
Invested assets +133bn or +5% QoQ; (4.7bn) NNM



Mandate volume up 42bn QoQ as market performance more than offset (0.6bn) net mandate sales; positive net inflows in discretionary mandates



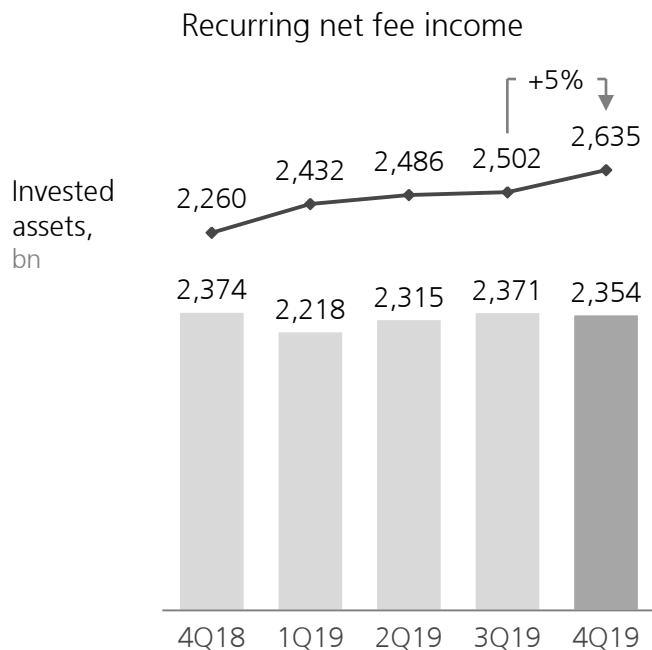
Loan balances up on net new loans, driven by the Americas



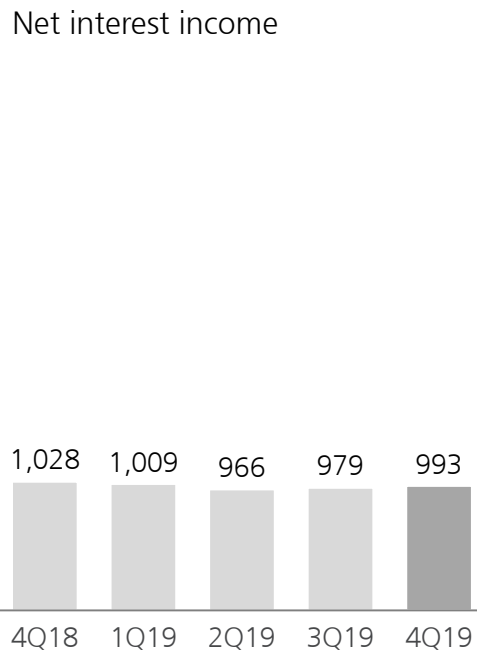
Operating expenses (10%) on lower litigation; +3% excl. litigation, or flat excl. certain regulatory-related and other non-recurring expenses

# Global Wealth Management

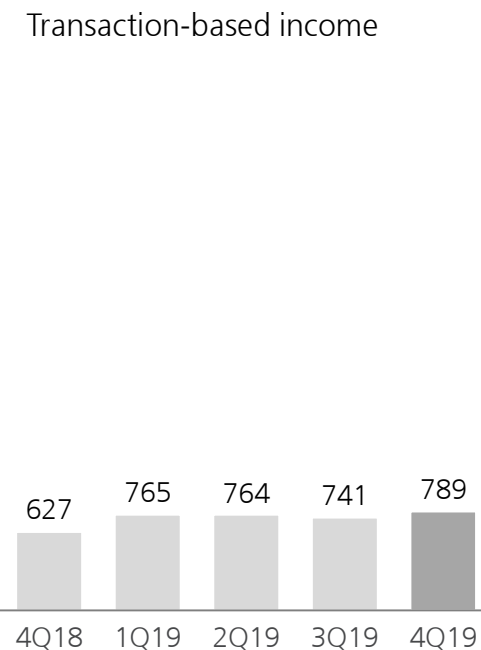
Revenues +3%; 4Q19 invested asset growth to benefit 1Q20



- › YoY decline reflecting margin pressure from product mix shift
- › Recurring fee margin impacted by invested asset base growing during the quarter
- › 4Q19 invested asset growth to benefit 1Q20



- › QoQ increase reflects higher lending volumes and reduced interest paid to central banks, which more than offset the impact from lower USD rates



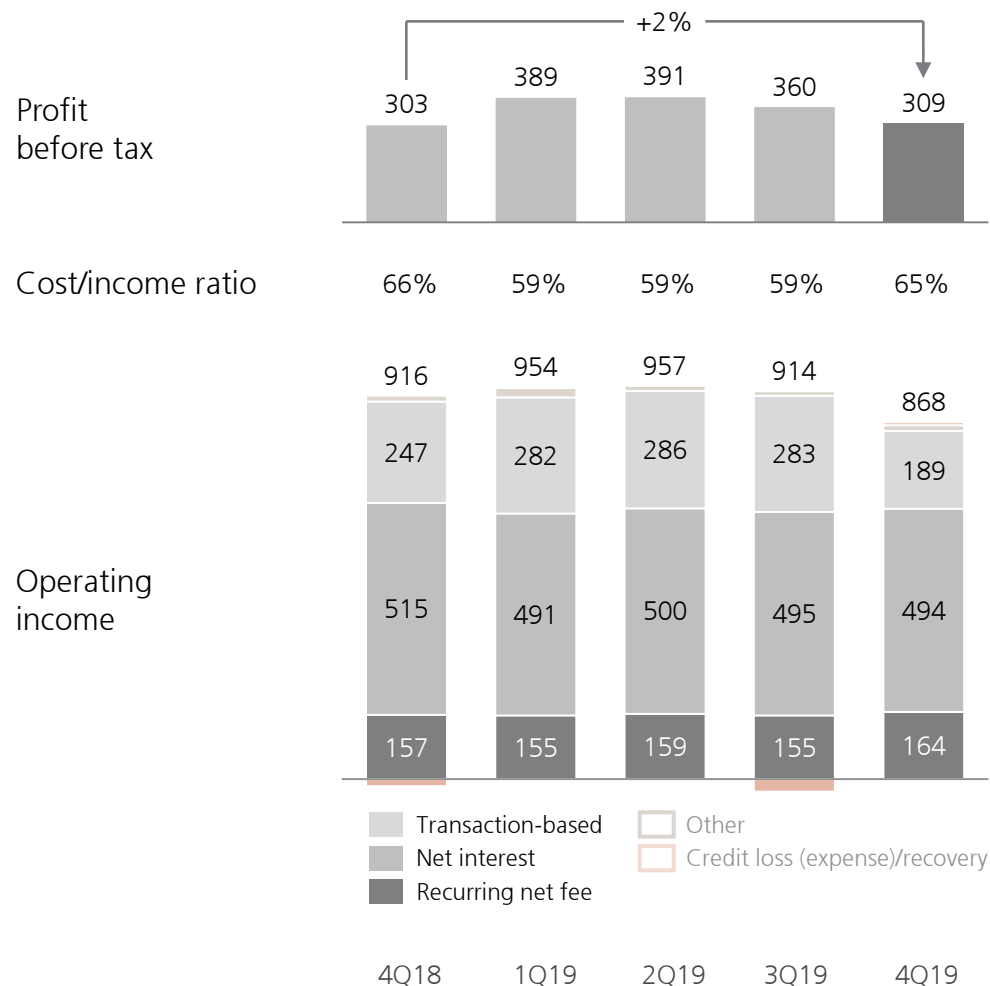
- › +14% excl. 75m fee from P&C<sup>1</sup>, with increases across all regions
- › Particularly strong performance in structured products and investment funds



Numbers in USDm and adjusted unless otherwise indicated; <sup>1</sup> In 4Q19 GWM received a fee of USD 75m from P&C related to the shift of 5bn in client assets and 1bn in loans from GWM to P&C

# Personal & Corporate Banking (CHF)

Strong 4Q and FY PBT growth; record FY NNBV



PBT +2%, or +11% excl. 73m fee paid to GWM<sup>1</sup> in 4Q19 and 41m of litigation expenses in 4Q18, on strong operating leverage

FY19 PBT +5%<sup>1</sup> excl. litigation

Operating expenses (9%), mainly on lower litigation, real estate and regulatory costs; cost/income 59%<sup>1</sup> in FY19

Operating income +3%<sup>1</sup>, mainly driven by lower CLE

Non-interest income (12%); +5%<sup>1</sup>, on growing volumes and higher client activity; record FY transaction-based income<sup>2</sup>

Net interest income (4%) YoY as lower investment of equity and higher TLAC funding costs were partly offset by reduced interest paid to central banks; flat QoQ. NIM 149bps in 4Q19 and 150bps in FY19

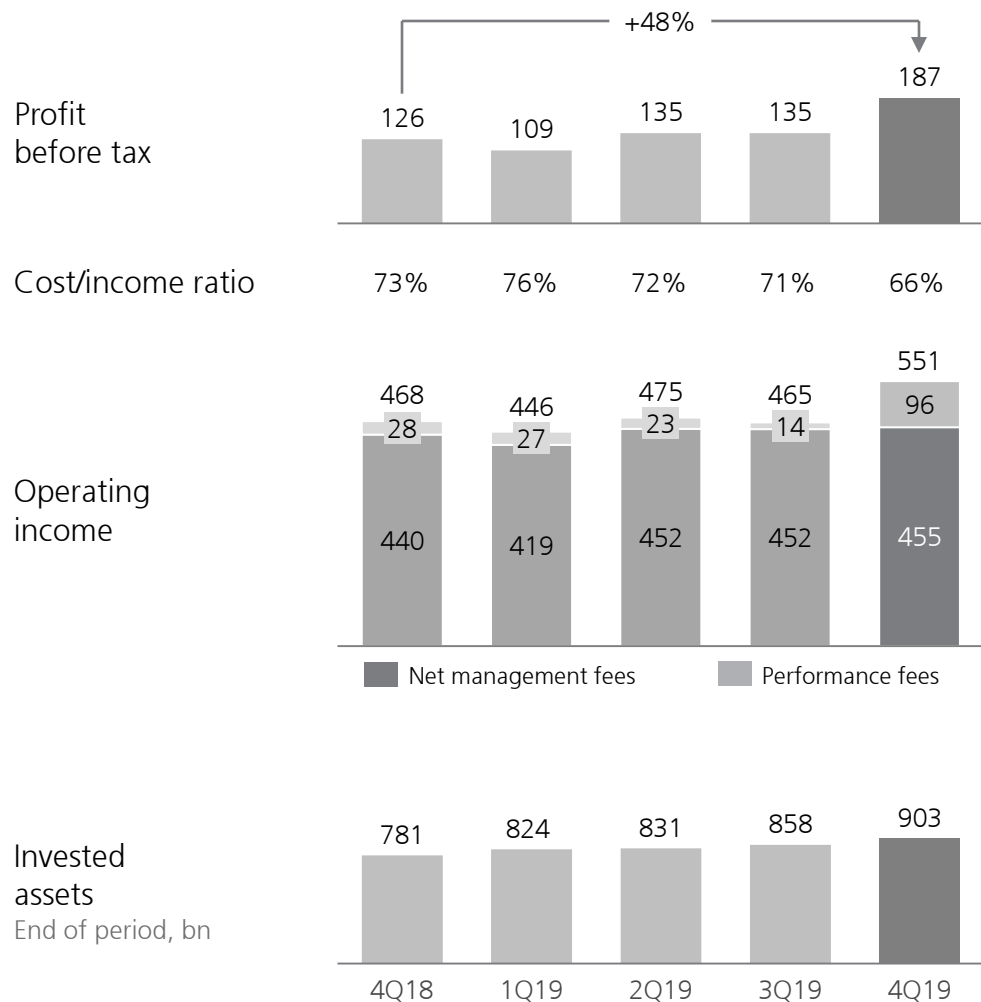
2.8% net new business volume growth<sup>3</sup>; record 4.7% in FY19

37k net new clients in Personal Banking and 1k net new Digital Corporate Banking clients in FY19



# Asset Management

Exceptionally strong results; fifth consecutive quarter of YoY PBT growth; best FY since 2015



**PBT +48%** on higher performance fees and net management fees; FY19 PBT +17%

**Positive operating leverage** with costs up 7% on 18% higher operating income

**Performance fees +68m**, reflecting strong investment performance in a constructive market environment along with annual fee recognition in Equities and Hedge Fund Businesses

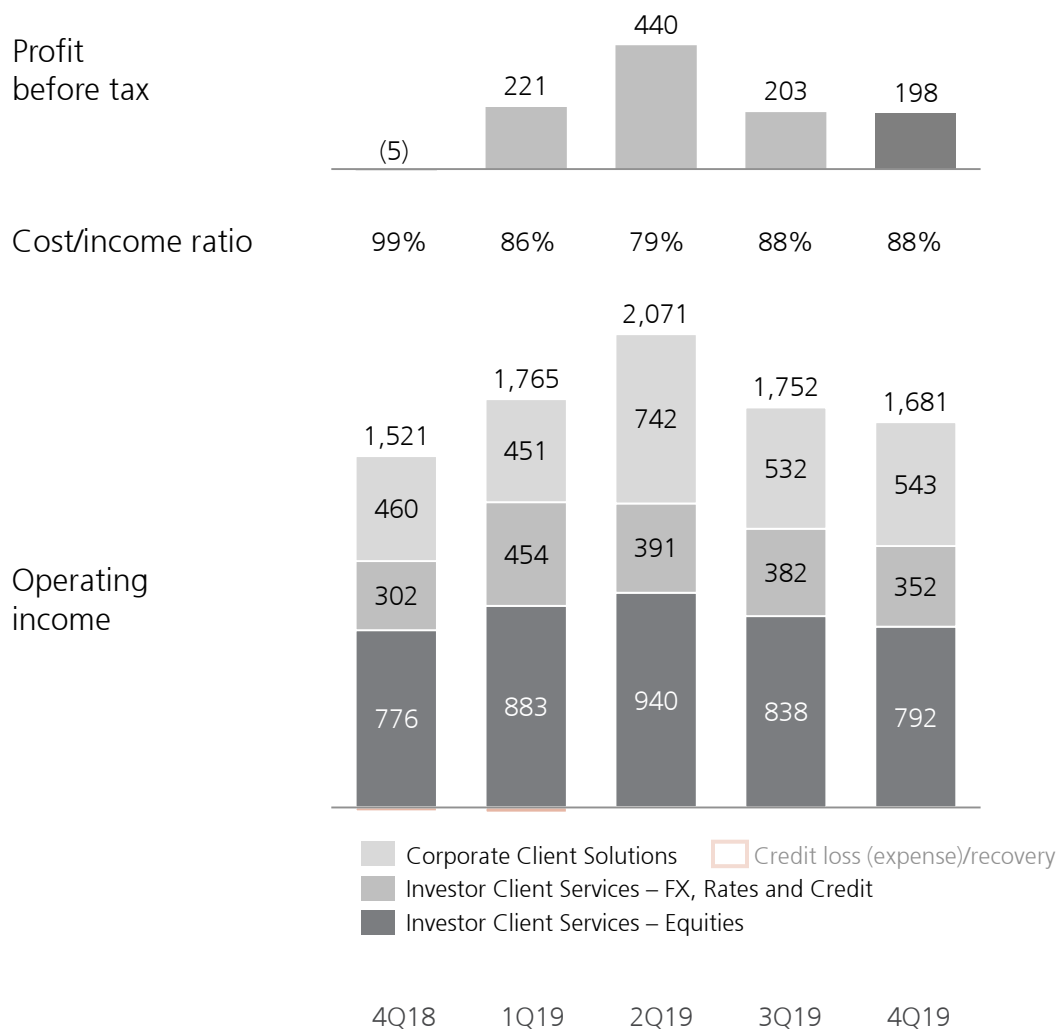
**Net management fees +4%** reflecting higher average invested assets, more than offsetting margin pressure

**Invested assets +45bn QoQ**, **NNM 4.6bn** excl. money markets (MM); (0.4bn) incl. MM

**FY19 NNM 12.6bn** excl. MM, 17.8bn incl. MM with inflows led by Equities and GWM

# Investment Bank

Revenues +11%, costs (3%) and resource usage down QoQ



RoAE of 6.4% on 12.3bn average attributed equity

Operating expenses (3%), or (7%) excluding litigation, on lower personnel expenses; 4Q19 UK bank levy 46m

CCS +18%, outperforming global fee pools with increases across Advisory, ECM and DCM

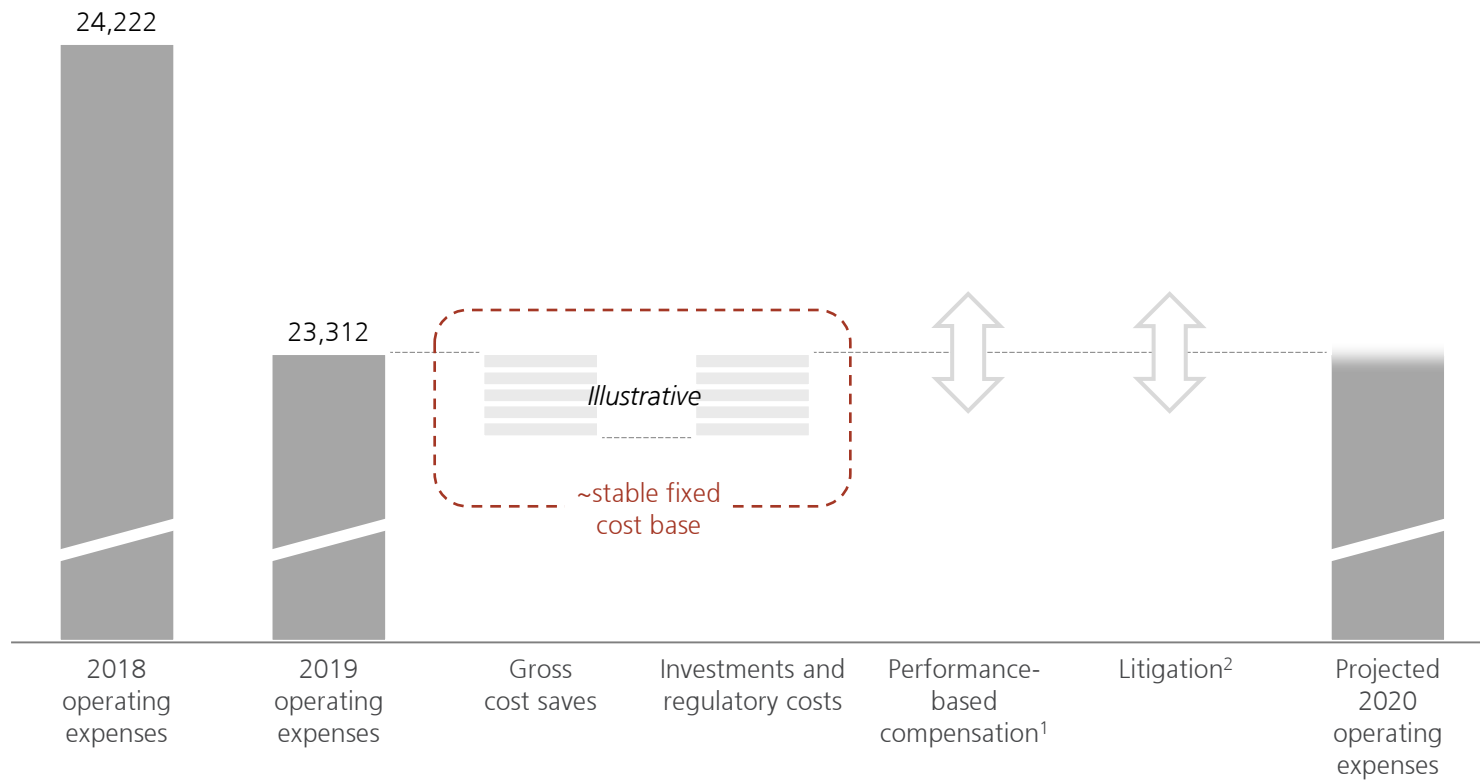
FRC +16%, with increase in Rates & Credit, partly offset by lower FX revenues; +41% excluding 53m revenues for rebalancing the Group's currency exposure in 4Q18

Equities +2% on higher Derivatives revenues

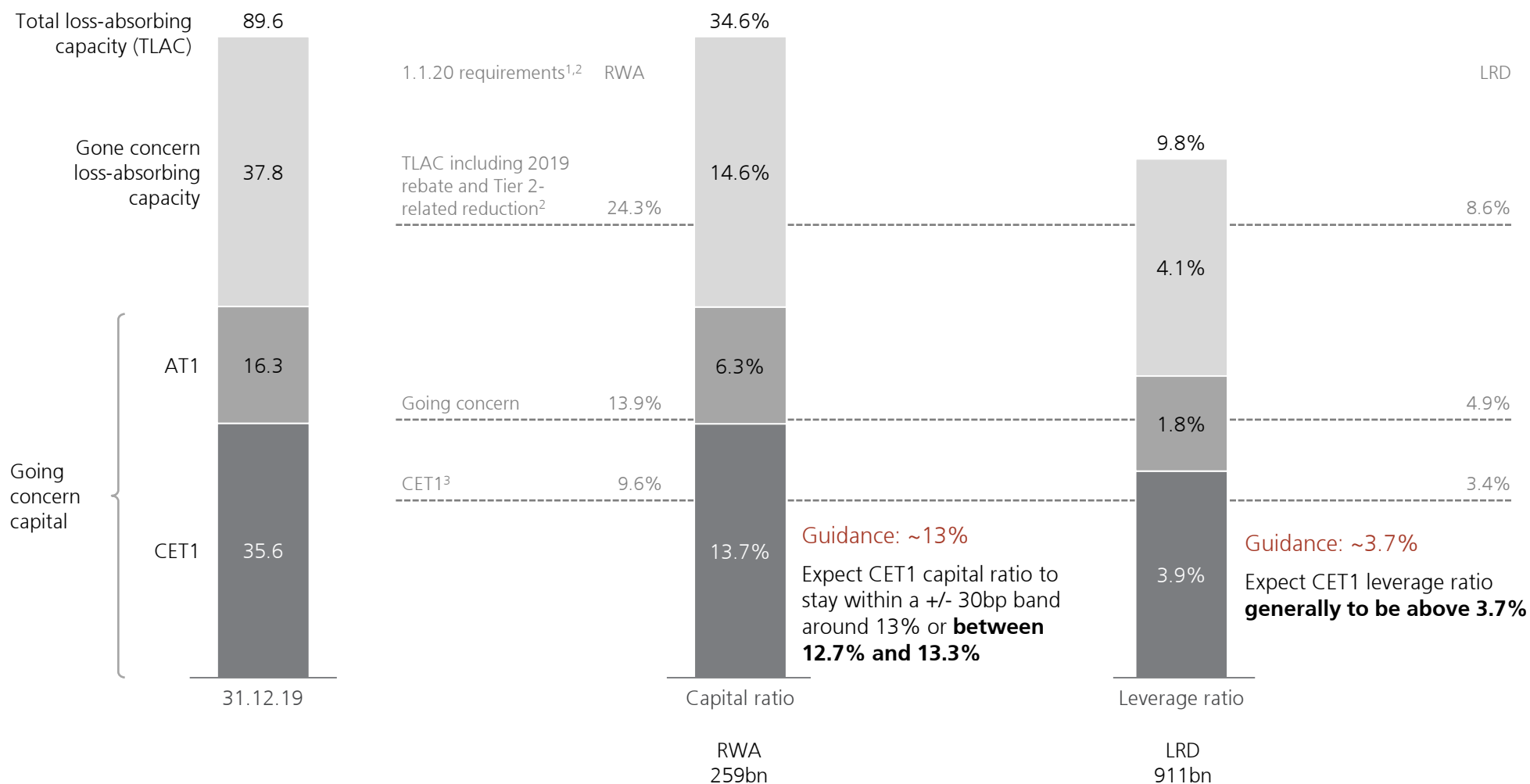
RWA 81bn, (8bn) QoQ and (12bn) YoY  
LRD 293bn, (7bn) QoQ and +10bn YoY

# Cost efficiency

Funding investments with saves to keep total costs flat in 2020



# Capital and leverage ratios

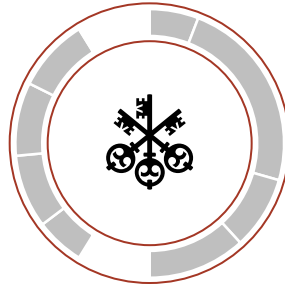




# Appendix

# UBS at a glance

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## Outstanding client franchises

- › Clients are at the center of everything we do
- › Uniquely positioned as the only truly global wealth manager and with a portfolio of leading franchises
- › Strong brand, great talent and relevant to our clients

## Managing for growth and efficiency

- › Investing for growth while remaining disciplined on costs
- › Optimize for evolving operating environment
- › Digital is central to delivering innovation for clients, growing and efficiency
- › Generating greater efficiencies through scale and process optimization
- › Delivering UBS as a firm locally

## Balance sheet strength for all seasons

- › Maintaining a balance sheet for all seasons to support a durable business model and be the partner of choice
- › Disciplined resource usage; focus on sustainable growth
- › Prudent deployment of risk with a focus on post-stress resilience
- › Capital efficient business model
- › Attractive capital returns

Leading to strong financial performance

# UBS Group AG results (consolidated)

	FY18	FY19	4Q18	1Q19	2Q19	3Q19	4Q19
Total operating income	30,213	28,889	6,972	7,218	7,532	7,088	7,052
Total operating expenses	24,222	23,312	6,492	5,672	5,773	5,743	6,124
<b>Profit before tax as reported</b>	<b>5,991</b>	<b>5,577</b>	<b>481</b>	<b>1,546</b>	<b>1,759</b>	<b>1,345</b>	<b>928</b>
of which: adjusting items	(72)	(458)	3	(31)	(28)	(114)	(284)
of which: net restructuring expenses <sup>1</sup>	(561)	(284)	(188)	(31)	(39)	(69)	(146)
of which: gain related to changes to the Swiss pension plan	241						
of which: gains related to investments in associates	460		460				
of which: gains on sales of subsidiaries, businesses and real estate	57						
of which: net gains / (losses) from properties held for sale		(29)					(29)
of which: FCT gains/(losses) from the disposal of subsidiaries		(35)			10	(46)	
of which: remeasurement loss related to UBS Securities China	(270)		(270)				
of which: impairment of goodwill		(110)					(110)
<b>Adjusted profit before tax</b>	<b>6,063</b>	<b>6,035</b>	<b>478</b>	<b>1,577</b>	<b>1,787</b>	<b>1,459</b>	<b>1,212</b>
of which: litigation (expenses)/releases	(657)	(165)	(533)	8	(4)	(65)	(104)
of which: bank levy (expenses)/releases	(60)	(41)	(87)	(15)	32	4	(61)
Tax expense/(benefit)	1,468	1,267	165	407	366	294	200
of which: current tax expenses	1,044	791	395	170	209	229	183
<b>Net profit attributable to shareholders</b>	<b>4,516</b>	<b>4,304</b>	<b>315</b>	<b>1,141</b>	<b>1,392</b>	<b>1,049</b>	<b>722</b>
Diluted EPS (USD)	1.18	1.14	0.08	0.30	0.37	0.28	0.19
Effective tax rate	24.5%	22.7%	34.4%	26.3%	20.8%	21.9%	21.6%
Reported return on CET1 capital	13.1%	12.4%	3.7%	13.3%	16.0%	12.1%	8.2%
Adjusted cost/income ratio	79.5%	78.9%	92.2%	77.9%	76.1%	79.1%	82.8%
Total book value per share (USD)	14.3	15.1	14.3	14.5	14.5	15.5	15.1 <sup>2</sup>
Tangible book value per share (USD)	12.5	13.3	12.5	12.7	12.7	13.7	13.3 <sup>2</sup>



Numbers in USDm unless otherwise indicated. <sup>1</sup> Expect to incur restructuring expenses of ~200m in 2020, with the majority incurred in 1H20; <sup>2</sup> QoQ decrease driven by the derecognition of a 2bn Swiss pension plan net surplus, which had no impact on CET1 capital

# GWM regional timeseries

		FY18	FY19	4Q18	1Q19	2Q19	3Q19	4Q19
Americas	Operating income	9,138	9,058	2,304	2,170	2,272	2,322	<b>2,294</b>
	Operating expenses	7,798	7,760	2,019	1,838	1,904	1,980	<b>2,039</b>
	Profit before tax	1,340	1,297	284	333	367	342	<b>255</b>
	Cost/income ratio	85%	85%	88%	85%	84%	85%	<b>88%</b>
	Invested assets (bn)	1,200	1,403	1,200	1,298	1,321	1,334	<b>1,403</b>
	Loans, gross (bn)	59.5	62.5	59.5	59.2	60.1	60.7	<b>62.5</b>
	Advisors (FTE)	6,850	6,549	6,850	6,790	6,689	6,627	<b>6,549</b>
APAC	Operating income	2,387	2,220	496	582	554	567	<b>517</b>
	Operating expenses	1,572	1,646	410	397	415	397	<b>437</b>
	Profit before tax	815	574	86	185	139	171	<b>79</b>
	Cost/income ratio	66%	74%	83%	68%	75%	70%	<b>85%</b>
	Invested assets (bn)	357	450	357	405	411	420	<b>450</b>
	Loans, gross (bn)	42.3	43.1	42.3	42.5	42.3	42.6	<b>43.1</b>
	Advisors (FTE)	1,138	1,041	1,138	1,136	1,108	1,068	<b>1,041</b>
EMEA	Operating income	3,579	3,414	844	873	841	847	<b>853</b>
	Operating expenses	2,917	2,462	1,006	638	607	598	<b>619</b>
	Profit before tax	662	952	(162)	235	234	248	<b>234</b>
	Cost/income ratio	81%	72%	118%	73%	72%	71%	<b>73%</b>
	Invested assets (bn)	500	552	500	514	530	524	<b>552</b>
	Loans, gross (bn)	37.5	37.1	37.5	37.2	37.4	36.4	<b>37.1</b>
	Advisors (FTE)	1,837	1,660	1,837	1,797	1,758	1,691	<b>1,660</b>
Switzerland	Operating income	1,617	1,583	384	386	397	402	<b>399</b>
	Operating expenses	1,001	997	279	249	250	237	<b>261</b>
	Profit before tax	615	586	105	137	146	164	<b>138</b>
	Cost/income ratio	62%	63%	73%	64%	64%	59%	<b>65%</b>
	Invested assets (bn)	200	228	200	212	221	221	<b>228</b>
	Loans, gross (bn)	35.0	36.0	35.0	34.8	36.0	35.9	<b>36.0</b>
	Advisors (FTE)	737	727	737	741	740	732	<b>727</b>
o/w Global UHNW <sup>1</sup>	Operating income	3,065	2,972	736	721	735	765	<b>750</b>
	Operating expenses	2,241	2,321	597	555	585	582	<b>600</b>
	Profit before tax	824	651	139	167	151	184	<b>150</b>
	Cost/income ratio	73%	78%	81%	77%	80%	76%	<b>80%</b>
	Invested assets (bn)	626	772	626	686	707	720	<b>772</b>
	Advisors (FTE)	1,076	1,042	1,076	1,100	1,101	1,068	<b>1,042</b>



Numbers in USDm and adjusted unless otherwise indicated; excluding minor functions with 101 advisors, USD 3bn of invested assets, USD 0.6bn of loans and USD 0.1bn of net new money outflows in 4Q19; <sup>1</sup> 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

	4Q19				FY19	
	Profit before tax m	Cost/income ratio	Invested assets bn	Net new money bn	Net new money bn	Net new money annualized growth
Americas	255	88%	1,403	(9.0)	(17.4)	(1.4%)
APAC	79	85%	450	3.1	31.4	8.8%
EMEA	234	73%	552	(0.0)	10.5	2.1%
Switzerland	138	65%	228	1.3	7.5	3.7%
o/w Global UHNW <sup>1</sup>	150	80%	772	8.5	40.4	6.4%

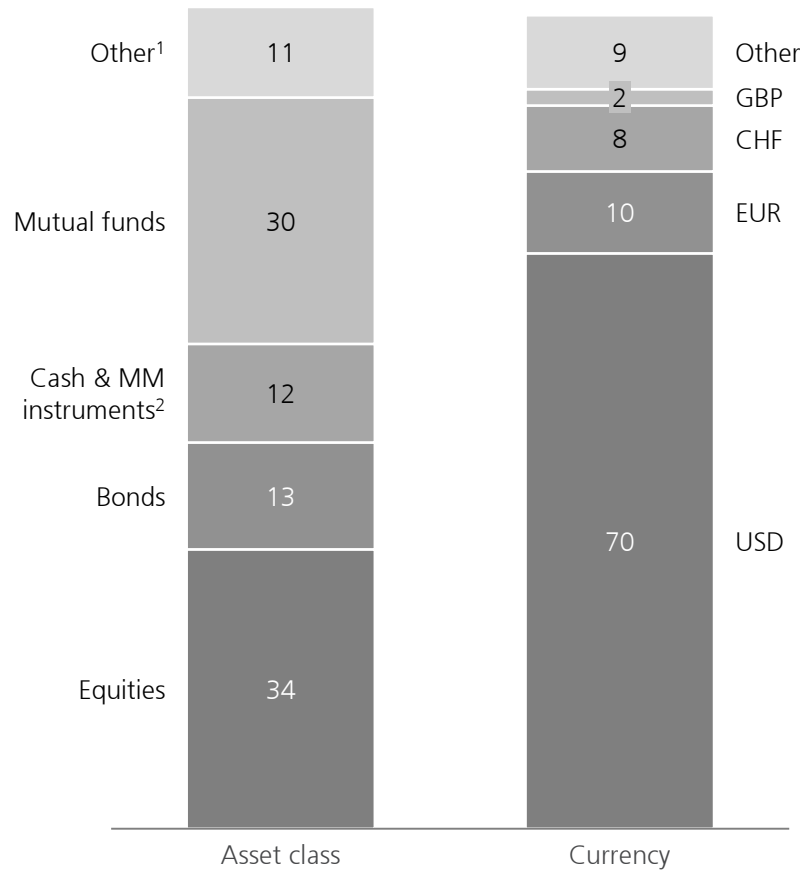


Numbers in USD and adjusted unless otherwise indicated; excluding minor functions with 101 advisors, 3bn of invested assets, 0.6bn of loans and 0.1bn of net new money outflows in 4Q19; <sup>1</sup> Globally managed unit that exclusively serves UHNW clients; includes the impact from clients and advisors being moved into and out of Global UHNW

# Invested assets composition

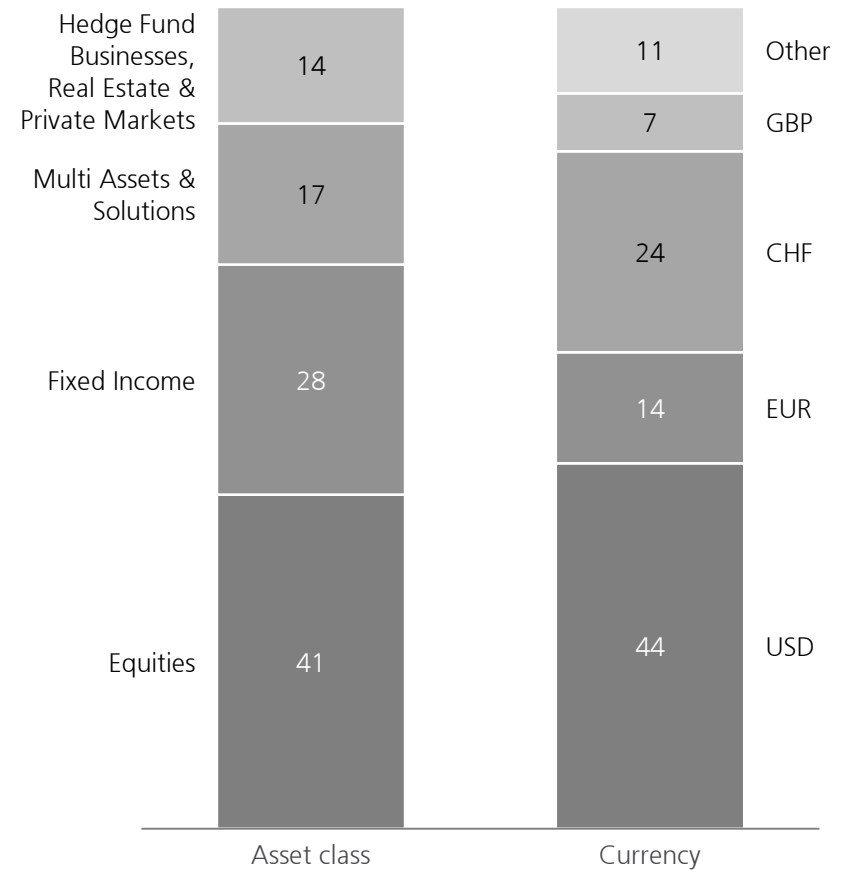
## Global Wealth Management %

2,635bn



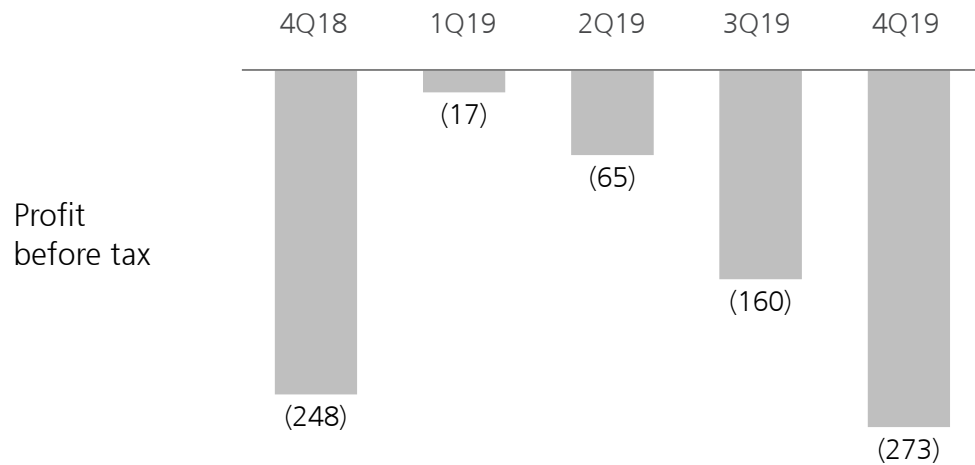
## Asset Management %

903bn



# Corporate Center

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- › PBT of (189m) excluding (47m) from accounting asymmetries, (34m) from hedge accounting ineffectiveness and 3m of litigation expenses
- › Expecting quarterly Corporate Center PBT of ~-(200m) excluding accounting asymmetries, hedge accounting ineffectiveness and litigation

# Swiss SRB leverage ratio requirements

## UBS leverage ratio balance

1.1.20 requirements<sup>1</sup>

8.58% TLAC including 2019 rebate and Tier 2-related reduction

**Gone concern** 4.9% requirement subject to a rebate of up to 1.9 percentage points based on improved resolvability

- FINMA granted a rebate on the gone concern requirement of 42.5% of the maximum rebate in 2019, equivalent to 0.80 percentage points reduction for the LRD-based requirement

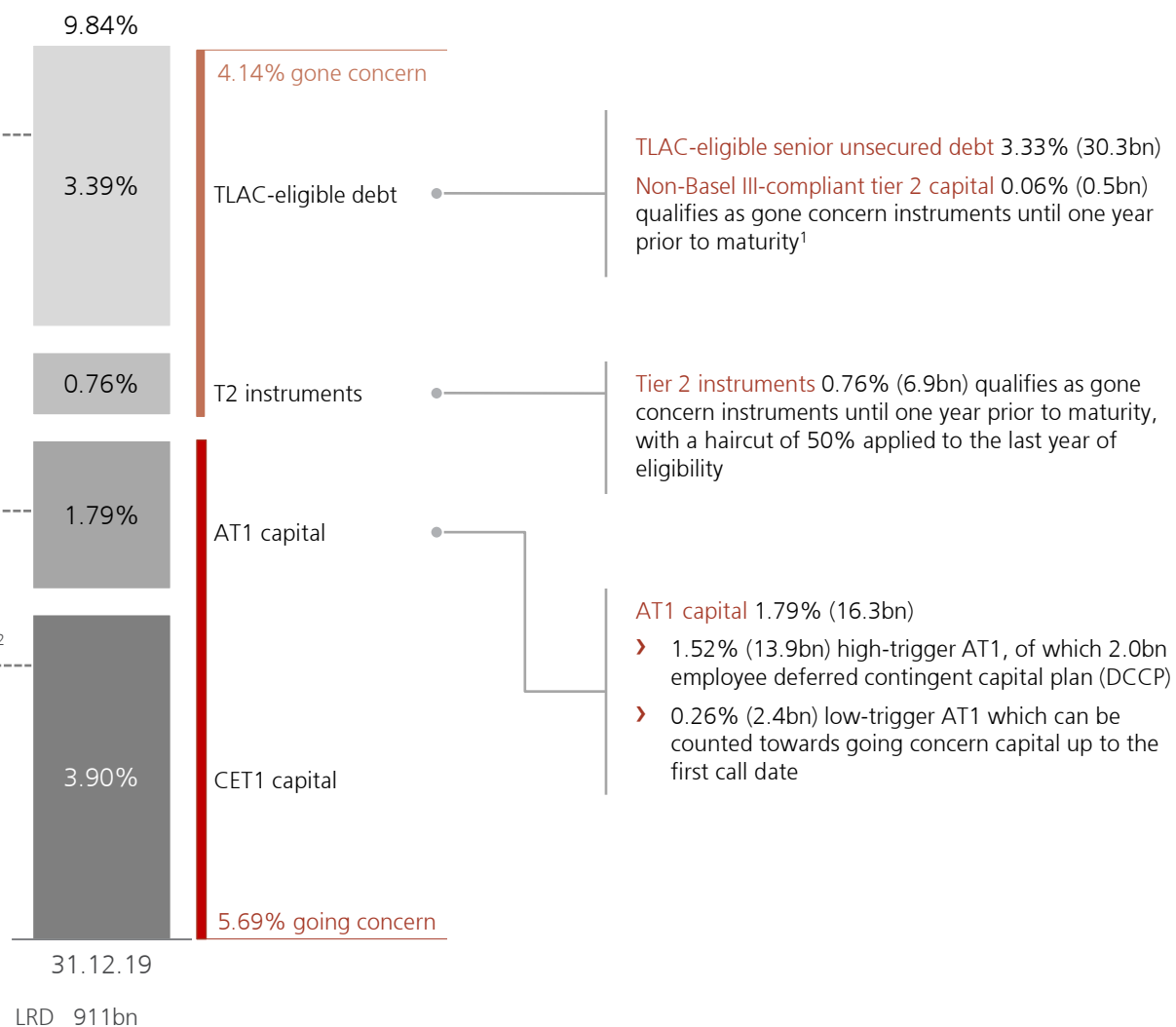
FINMA also granted a 0.38 percentage point reduction as of 1.1.20 for using Tier 2 instruments to meet the gone concern requirement

4.88% going concern

**Going concern** requirement of 4.9% must be met with a minimum of 3.4% CET1 capital and a maximum of 1.5% high-trigger AT1 capital

- Any going concern-eligible capital above this limit can be counted towards the gone concern requirement, subject to re-classification of the corresponding instrument(s) to gone concern

3.38% CET1<sup>2</sup>





# 4Q19 reported and adjusted performance

## Performance of our business divisions and Corporate Center – reported and adjusted<sup>1,2</sup>

USD million	For the quarter ended 31.12.19					
	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Corporate Center <sup>3</sup>	UBS
Operating income as reported	4,150	881	551	1,681	(211)	7,052
<i>of which: net gains / (losses) from properties held for sale</i>					(29)	(29)
Operating income (adjusted)	4,150	881	551	1,681	(182)	7,080
Operating expenses as reported	3,384	571	371	1,703	95	6,124
<i>of which: personnel-related restructuring expenses<sup>4</sup></i>	0	0	1	81	32	114
<i>of which: non-personnel-related restructuring expenses<sup>4</sup></i>	0	0	1	2	28	32
<i>of which: restructuring expenses allocated from Corporate Center<sup>4,5</sup></i>	21	3	5	28	(57)	0
<i>of which: impairment of goodwill</i>				110		110
Operating expenses (adjusted)	3,363	567	365	1,483	91	5,868
<i>of which: net expenses for litigation, regulatory and similar matters<sup>6</sup></i>	47	0	0	55	3	104
Operating profit / (loss) before tax as reported	766	310	180	(22)	(306)	928
Operating profit / (loss) before tax (adjusted)	787	314	187	198	(273)	1,212

**1** Adjusted results are non-GAAP financial measures as defined by SEC regulations; **2** Prior-year 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 our 1Q19 report for more information. Comparatives may additionally differ as a result of 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** Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives; **5** Prior periods may include allocations (to) / from other business divisions; **6** Reflects the net increase in / (release of) provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Provisions and contingent liabilities" in the "Consolidated financial information" section of our 4Q19 report for more information. Also includes recoveries from third parties (USD 1m).

# FY19 reported and adjusted performance

## Performance of our business divisions and Corporate Center – reported and adjusted<sup>1,2</sup>

	For the year ended 31.12.19					
<i>USD million</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Corporate Center <sup>3</sup>	UBS
Operating income as reported	16,353	3,715	1,938	7,269	(385)	28,889
<i>of which: net foreign currency translations losses<sup>4</sup></i>					(35)	(35)
<i>of which: net gains / (losses) from properties held for sale</i>					(29)	(29)
Operating income (adjusted)	16,353	3,715	1,938	7,269	(321)	28,953
Operating expenses as reported	12,955	2,274	1,406	6,485	192	23,312
<i>of which: personnel-related restructuring expenses<sup>5</sup></i>	0	0	6	84	113	203
<i>of which: non-personnel-related restructuring expenses<sup>5</sup></i>	0	0	7	7	68	81
<i>of which: restructuring expenses allocated from Corporate Center<sup>5</sup></i>	69	17	20	77	(183)	0
<i>of which: impairment of goodwill</i>				110		110
Operating expenses (adjusted)	12,887	2,257	1,373	6,208	194	22,918
<i>of which: net expenses for litigation, regulatory and similar matters<sup>6</sup></i>	135	0	0	53	(23)	165
Operating profit / (loss) before tax as reported	3,397	1,441	532	784	(577)	5,577
Operating profit / (loss) before tax (adjusted)	3,466	1,458	565	1,061	(515)	6,035

<sup>1</sup> Adjusted results are non-GAAP financial measures as defined by SEC regulations. <sup>2</sup> Prior-year 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 our 1Q19 report for more information. Comparatives may additionally differ as a result of 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. <sup>3</sup> Corporate Center operating expenses presented in this table are after service allocations to business divisions. <sup>4</sup> Related to the disposal of foreign branches and subsidiaries. <sup>5</sup> Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives. <sup>6</sup> Reflects the net increase in / (release of) provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Provisions and contingent liabilities" in the "Consolidated financial information" section of our 4Q19 report for more information. Also includes recoveries from third parties of (USD 11m)

# Regional performance – 4Q19

	Americas		Asia Pacific		EMEA		Switzerland		Global		Total		
	4Q18	4Q19	4Q18	4Q19	4Q18	4Q19	4Q18	4Q19	4Q18	4Q19	4Q18	4Q19	
Operating income	GWM	2.3	2.3	0.5	0.5	0.8	0.9	0.4	0.4	0.0	0.1	4.0	4.2
	P&C	-	-	-	-	-	-	0.9	0.9	-	-	0.9	0.9
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	(0.0)	-	0.5	0.6
	IB	0.6	0.6	0.3	0.4	0.5	0.5	0.2	0.1	(0.0)	(0.0)	1.5	1.7
	CC	-	-	-	-	-	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)
	Group	3.0	3.0	0.9	1.1	1.4	1.5	1.7	1.6	(0.2)	(0.1)	6.8	7.1
Operating expenses	GWM	2.0	2.0	0.4	0.4	1.0	0.6	0.3	0.3	0.0	0.0	3.7	3.4
	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	0.0	0.0	0.3	0.4
	IB	0.5	0.5	0.4	0.4	0.6	0.5	0.1	0.1	(0.1)	0.0	1.5	1.5
	CC	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1
	Group	2.6	2.6	0.9	0.9	1.6	1.2	1.1	1.0	0.1	0.1	6.3	5.9
Profit before tax	GWM	0.3	0.3	0.1	0.1	(0.2)	0.2	0.1	0.1	(0.0)	0.1	0.3	0.8
	P&C	-	-	-	-	-	-	0.3	0.3	-	-	0.3	0.3
	AM	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.0	(0.0)	(0.0)	0.1	0.2
	IB	0.0	0.1	(0.1)	0.1	(0.1)	0.0	0.1	0.0	0.0	(0.0)	(0.0)	0.2
	CC	-	-	-	-	-	-	-	-	(0.2)	(0.3)	(0.2)	(0.3)
	Group	0.4	0.4	0.1	0.2	(0.2)	0.3	0.5	0.5	(0.3)	(0.2)	0.5	1.2

# Regional performance – FY19

	Americas		Asia Pacific		EMEA		Switzerland		Global		Total		
	FY18	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18	FY19	
Operating income	GWM	9.1	9.1	2.4	2.2	3.6	3.4	1.6	1.6	(0.0)	0.1	16.7	16.4
	P&C	-	-	-	-	-	-	3.8	3.7	-	-	3.8	3.7
	AM	0.5	0.5	0.4	0.4	0.3	0.4	0.7	0.6	(0.1)	(0.0)	1.9	1.9
	IB	3.0	2.5	2.1	2.1	2.3	2.0	0.7	0.8	(0.1)	(0.1)	8.0	7.3
	CC	-	-	-	-	-	-	-	-	(0.4)	(0.3)	(0.4)	(0.3)
	Group	12.6	12.0	4.9	4.7	6.2	5.8	6.8	6.7	(0.6)	(0.3)	30.0	29.0
Operating expenses	GWM	7.8	7.8	1.6	1.6	2.9	2.5	1.0	1.0	0.1	0.0	13.3	12.9
	P&C	-	-	-	-	-	-	2.4	2.3	-	-	2.4	2.3
	AM	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.5	0.0	(0.0)	1.4	1.4
	IB	2.2	2.2	1.6	1.6	2.1	1.9	0.5	0.5	(0.1)	0.0	6.4	6.2
	CC	-	-	-	-	-	-	-	-	0.5	0.2	0.5	0.2
	Group	10.4	10.3	3.5	3.5	5.3	4.7	4.3	4.2	0.5	0.3	23.9	22.9
Profit before tax	GWM	1.3	1.3	0.8	0.6	0.7	1.0	0.6	0.6	(0.1)	0.1	3.3	3.5
	P&C	-	-	-	-	-	-	1.4	1.5	-	-	1.4	1.5
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.2	(0.1)	0.0	0.5	0.6
	IB	0.8	0.3	0.5	0.5	0.2	0.1	0.3	0.3	(0.0)	(0.1)	1.7	1.1
	CC	-	-	-	-	-	-	-	-	(0.9)	(0.5)	(0.9)	(0.5)
	Group	2.2	1.7	1.5	1.2	0.9	1.1	2.6	2.5	(1.1)	(0.6)	6.1	6.0

# Cautionary statement regarding forward-looking statements

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This report 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, 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; (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, 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; (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 UK’s 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 regulations 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.