
Business Strategies – Backup: Introduction Real Examples

Business Strategies – Bkup: Volkswagen entering in China

Key Takeaways about VW China Strategy

- „The early bird catches the worm“
- Visionary about the potential outcome
- Open to involve politics
- Always frontrunner
- Use market share chances
- Take the appropriate technology for the (developing) market
- Try to keep the pace even with front winds ahead

Business Strategies – Bkup: Restructuring of UBS Bank

- 2008: Worldwide financial crisis – bankruptcy of **Lehman Brothers** - State of Switzerland was forced to rescue the UBS bank. Loss of 20 bi. Sfr.
Axel Weber – during that time president of the German Bundesbank – was staying overnight in the small service house of the Bundesbank building, in order to save the time for the daily commuting . He became one of the key advisers to the German chancellor Angela Merkel. But in 2010 he voted against the acquisition of government bonds; he resigned as president of the Bundesbank in 2/2011;
- 9/2011: Stock broker **Kweko Adoboli** gambled away 2,3 bi USD in London office of UBS. Failure of all control mechanisms; UBS CEO Grübel needed to step down; **new CEO Ermotti** took over.
- 5/2012: Axel Weber chairs the board of directors with the **following strategic program**:
 - Downsizing of Investmentbanking
 - Concentration on Asset Management
 - Reduction of risks; Building up of capital reserves
 - Reduction of Headcount
- 11/2020 **Ralph Hamers** appointed new CEO at UBS



Business Strategies – Bkup: Restructuring of UBS Bank

Uniquely positioned with leading franchises

Unique combination of growth and attractive returns

Global Wealth Management

- World's leading and only truly global wealth manager; #1 in global UHNW
- Superior long-term growth prospects



Personal & Corporate Banking

- At the core of the leading universal bank in Switzerland
- Largest player in an attractive and profitable market



Asset Management

- Diversified and well positioned in key growth areas
- Highly cash flow-generative with strong returns on equity



Investment Bank

- Excellence in areas of focus
- Client-focused, capital-light model with attractive risk-adjusted returns



Business Strategies – Bkup: Restructuring of UBS Bank

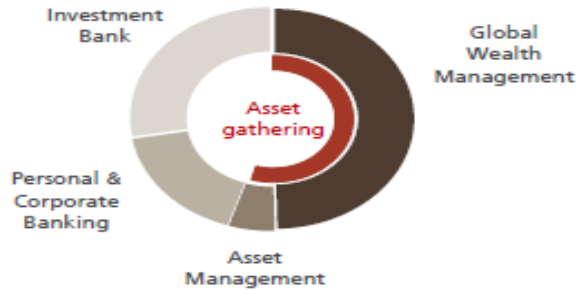
Diversified by business and by region

CHF / USD

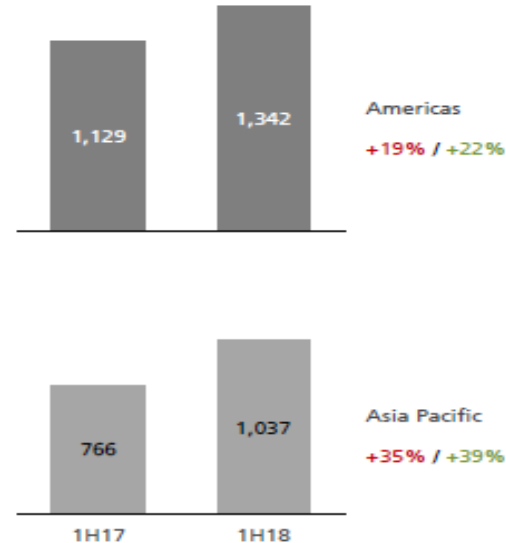
Well positioned in the largest and fastest-growing markets

PBT contribution¹

1H18



PBT



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2020-2022 priorities

Def.CET1: Common equity Tier 1 comprises a bank's core capital and includes common shares, stock surpluses resulting from the issue of common shares, retained earnings, common shares issued by subsidiaries and held by third parties, and accumulated other comprehensive income (AOCI).

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



2020-2022
RoCET1 12-15%



- 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

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Our sustainability drive

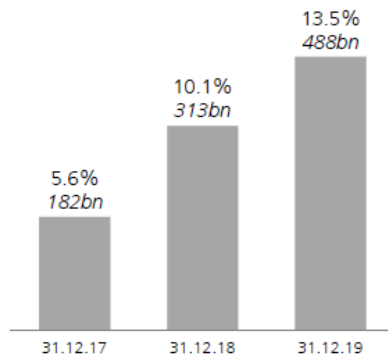
Since 2018: additional strategic focus

We are a recognized leader in sustainability, delivering in area increasingly important to clients

What we doing for our clients

Strong growth in core sustainable investments

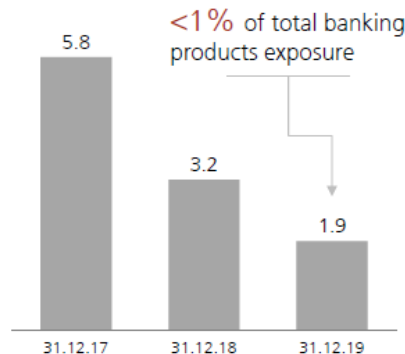
Core sustainable investments
As % of total invested assets



How we are contributing ourselves

Reduced carbon-related assets

Carbon-related assets on balance sheet
bn



Maintained strong position in key ESG rankings

MEMBER OF
Dow Jones Sustainability Indices
In collaboration with **ESAM**

MSCI
ESG RATINGS
[CCC] [D] [BB] [A] [AA] [AAA]

SUSTAINALYTICS

CDP
DISCLOSURE INSIGHT ACTION

Industry leader
for 5th consecutive year

Maintained **AA** rating

Maintained **Industry Leader** rank

Rated **A-** and included in Leadership band

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Change is coming at us with ever increasing pace



Economic cycle

Range of recovery scenarios remains wide



Unprecedented monetary stimulus

Low and negative rates challenge investment paradigms



Shifting client priorities

Shift to private markets and sustainability creates opportunities



Digital-led recovery

Pandemic has accelerated digital adoption and disrupted norms



Green transition

Finance plays a crucial role in the move towards a greener world



Transforming world

Challenges presented by de-globalization and divergence



Competitive landscape

Growing importance of scale, digital everything and innovation



Regulatory change

Further evolution of regulatory agenda

This will call for relentless client focus, digital savvy and agility to drive growth and shareholder value

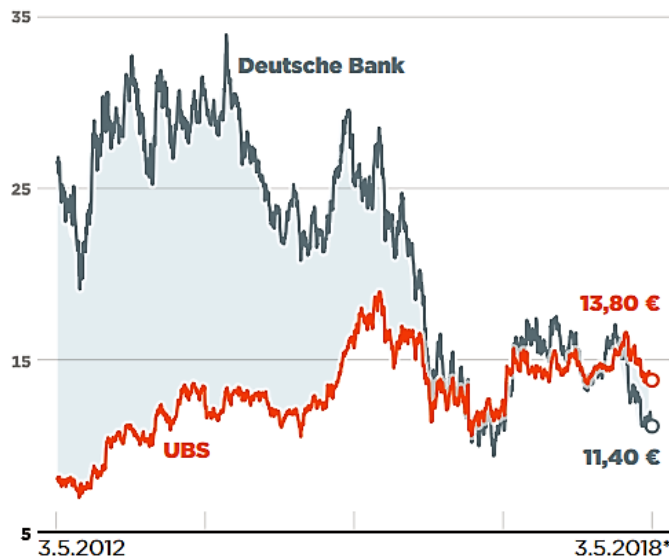
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Banken

**UBS und Deutsche Bank
im Vergleich**



Aktienkurs in Euro



Share price

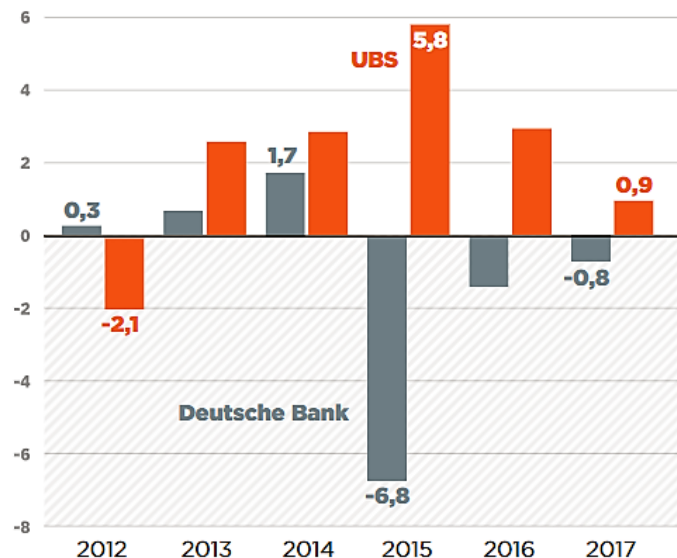
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Banken

**UBS und Deutsche Bank
im Vergleich**



Ergebnis in Mrd. Euro



UBS 2020:
8,2 bi USD

DB
2020:
1,0 bi €

Profit

Business Strategies

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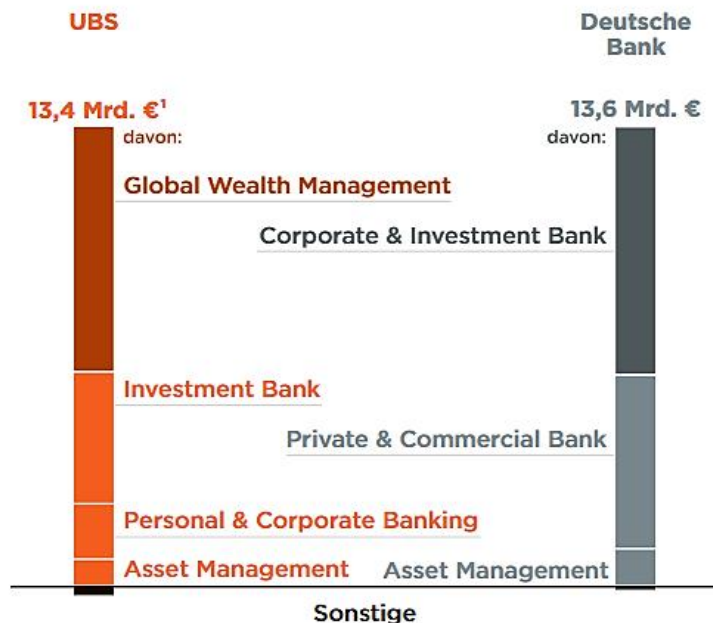
Structure of Earnings

Europäische Banken

UBS vs. Deutsche Bank



Einnahmen im 1. Halbjahr 2018



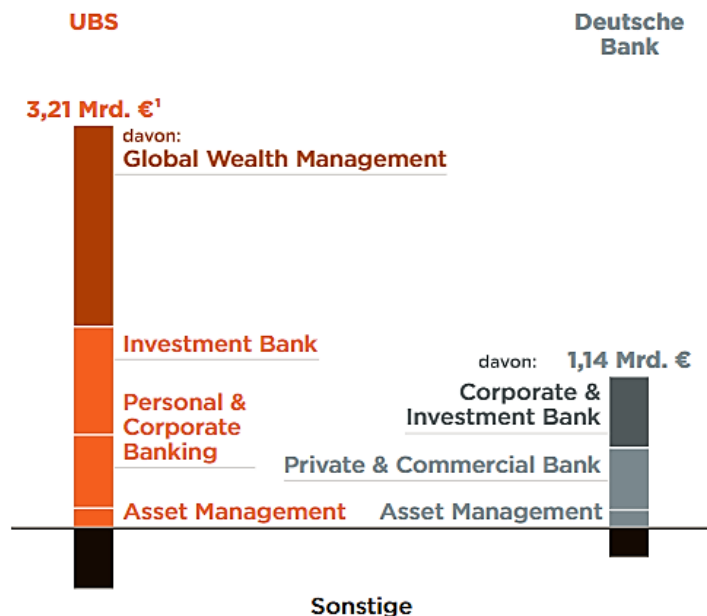
Structure of Profits

Europäische Banken

UBS vs. Deutsche Bank



Ergebnis vor Steuern im 1. Halbjahr 2018



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Performance Indicators of Banking Groups

Bilanzcheck Deutsche Bank

Kennzahlen des Konzerns



Konkurrenzvergleich 2017

	Eigenkapital- rendite nach Steuern in %	Cost- Income- Ratio in %	Kurs-Buch- wert Relation ²
Unicredit	11,9	72,8	0,70
JP Morgan	9,9	57,9	1,67
BNP Paribas	8,1	69,4	0,86
Bank of America	6,8	62,0	1,31
Goldman Sachs	5,0	62,3	1,26
Société Générale	3,9	74,5	0,59
UBS	2,0	81,7	1,20
Commerzbank	0,5	86,3	0,48
Deutsche Bank	-1,7	94,0	0,38
Credit Suisse	-2,3	90,8	1,01
Barclays	-3,4	73,3	0,71
Citigroup	-4,2	57,9	1,01



Change of CEOs

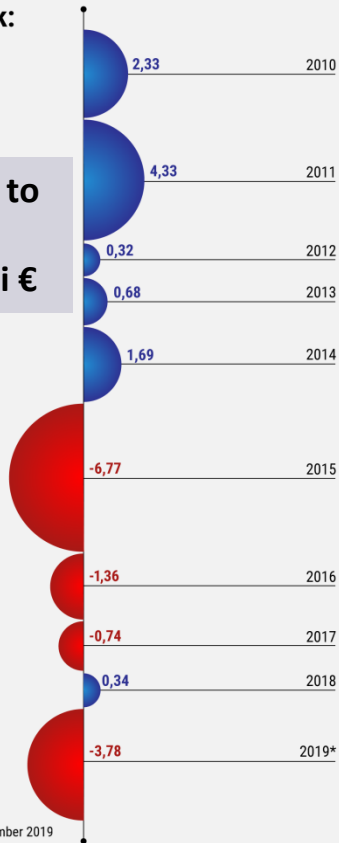
Josef Ackermann	2002–2012
Anshu Jain	2012–2015
Jürgen Fitschen	2012–2016
John Cryan	2015–2018
Christian Sewing	since 2018



Business Strategies – Bkup: Restructuring of Deutsche Bank

**Deutsche Bank:
Vom Gewinn
zum Verlust**
Jahresergebnisse,
in Milliarden Euro

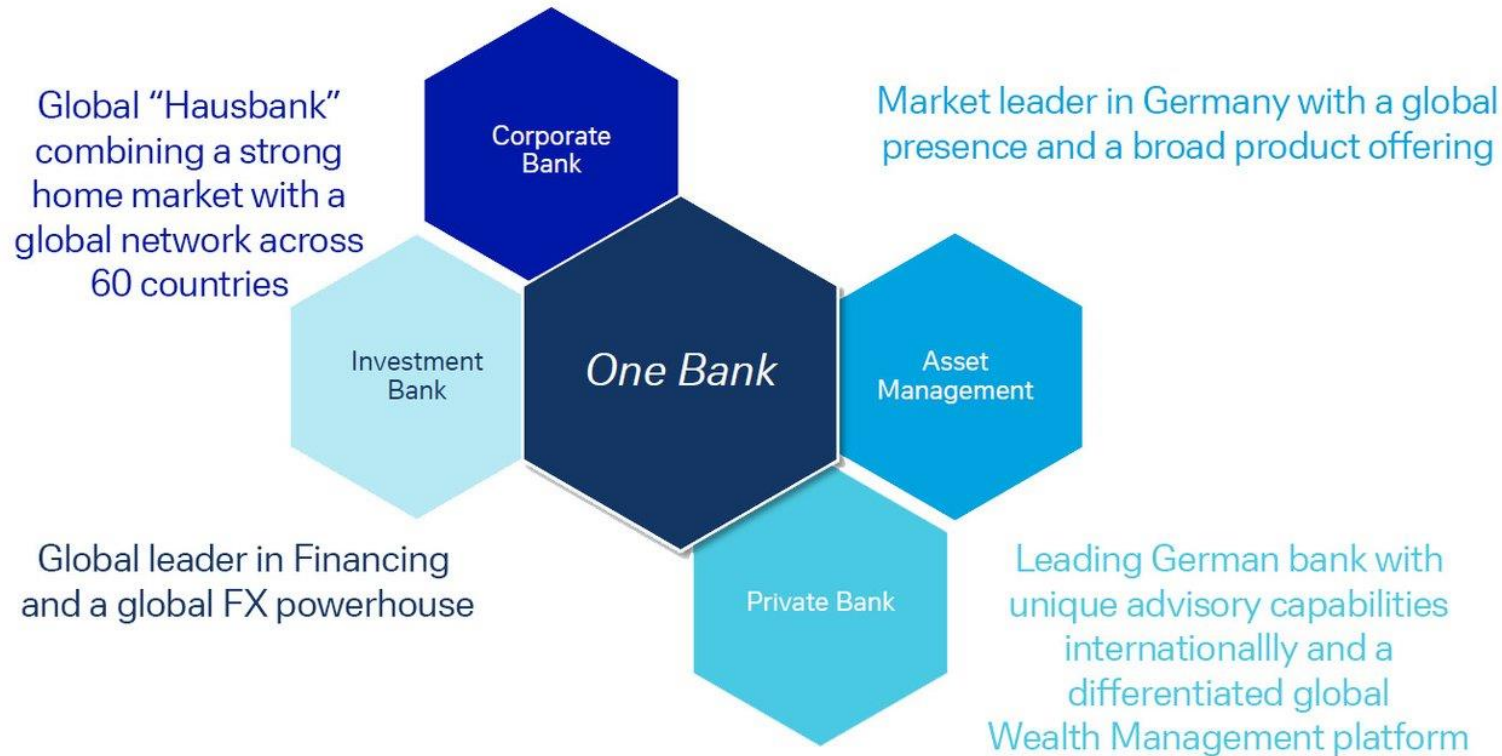
**From Profit to
Loss
Results in bi €**



*Januar bis September 2019

Refocus		Restructure	Reinvigorate	Return
Business model transformation	Clients, growth and innovation	Costs, tech and infrastructure efficiency	Leadership and integrity culture	Capital and balance sheet efficiency
Corporate banking growth	One Bank client focus	IT and data efficiency	Leadership culture	Capital Release Unit
Investment banking refocus	Product & service innovation	Infrastructure target operating model	Client-lifecycle re-engineering	Capital accretion and optimization
Private Bank efficiency	Sustainable banking (ESG)	Workforce and compensation cost	Regulatory compliance	Balance sheet exposure management
DWS growth		Expense and process optimization	Front-to-back control enhancement	Liquidity and funding optimization
		Financial & analytics enhancement		

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Business Strategies – Bkup: Restructuring of Deutsche Bank

Our mindset: Tackling key issues head on



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We have made material progress



Competitiveness
and stability of Core Bank



>70%
Revenues in businesses
where we have a market
leading position⁽¹⁾

8%
Core Bank revenue growth
9M 2020 YoY



Ability to deliver on
cost reductions



11th
Consecutive quarter
of YoY cost reductions⁽²⁾

€ 3.3bn
Adjusted cost reduction
2018 vs. 2020⁽³⁾



Growing revenues
amid transformation



+11%
Operating
Leverage 9M 2020

€ 5.2bn
Core Bank
PPNR⁽⁴⁾ 9M 2020



Funding transformation
with own resources



45%
Capital Release Unit
RWA reduction since 2018

85%
Transformation-related
charges booked by year-end
2020



- (1) Leading defined as top 5 except for Corporate Bank defined as top 6 market position based on 9M 2020 revenues; IB source: 9M 2020 McKinsey data
- (2) Adjusted costs excluding transformation charges and bank levies
- (3) Reduction in adjusted costs excluding transformation charges and expenses eligible for reimbursement related to Prime Finance compared to 2020 target
- (4) 9M 2020 reported Core Bank profit before tax of € 0.9bn. 9M 2020 Core Bank pre-provision net revenues (PPNR) defined as revenues ex. specific items (€ 18,636m) less Adjusted costs excluding transformation charges and bank levies (€ 13,436)

Business Strategies – Bkup: Restructuring of Deutsche Bank

Q4 and FY 2020 Group financial highlights

In € m, unless stated otherwise



		Q4 2020	Change in % vs. Q4 2019	FY 2020	Change in % vs. FY 2019
Revenues	Revenues	5,453	2	24,028	4
	Revenues ex specific items ⁽¹⁾	5,520	4	23,998	4
Costs	Noninterest expenses	5,027	(21)	21,216	(15)
	Adjusted costs ex transformation charges ⁽²⁾	4,689	(8)	19,880	(8)
Profitability	Profit (loss) before tax	175	n.m.	1,021	n.m.
	Adjusted profit (loss) before tax ⁽³⁾	621	n.m.	2,169	n.m.
	Profit (loss)	189	n.m.	624	n.m.
	RoTE (%) ⁽⁴⁾	0.4	13.0ppt	0.2	11.1ppt
Risk and Capital	Provision for credit losses as a % of avg. loans (in bps) ⁽⁵⁾	23	0bps	41	24bps
	CET1 ratio (%)	13.6	(4)bps	13.6	(4)bps
	Leverage ratio (% , fully loaded) ⁽⁶⁾	4.7	51bps	4.7	51bps
Per share metrics	Diluted earnings per share (in €)	0.07	n.m.	0.07	n.m.
	Tangible book value per share (in €)	23.19	(1)	23.19	(1)

(1) Specific items detailed on slides 31 and 32

(2) Transformation charges of € 207m in Q4 2020, € 608m in Q4 2019, € 490m in FY 2020 and € 1,145m in FY 2019. Detailed on slides 31 and 32

(3) Adjusted profit (loss) before tax detailed on slide 34

(4) Throughout this presentation post-tax return on average tangible shareholders' equity is calculated on net income after AT1 coupons. Average tangible shareholders' equity Q4 2020: € 48.9bn, Q4 2019: € 50.8bn, FY 2020: € 49.2bn and FY 2019: € 52.6bn

(5) Q4 2020 provision for credit losses annualized as % of average loans gross of allowances for loan losses (€ 431bn for Q4 2020 and € 438bn for FY 2020)

(6) Q4 2020 leverage exposure excludes certain central bank balances after the implementation of the CRR Quick Fix. Including these balances Q4 2020 leverage ratio would have been 4.3%

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Key Takeaways of UBS Strategy

- Competent Managers, politically connected
- Acceptance of failures
- Clear Change of business strategies
- Communication about Strategy change
- Solid, but no extreme performance
- Worldwide reaction
- Strong home base
- Change of Leaders after a certain periode of governance