

# Tomorrow's CRO...

Transforming the Risk function in a rapidly transforming financial industry

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UBS Group Chief Risk Officer

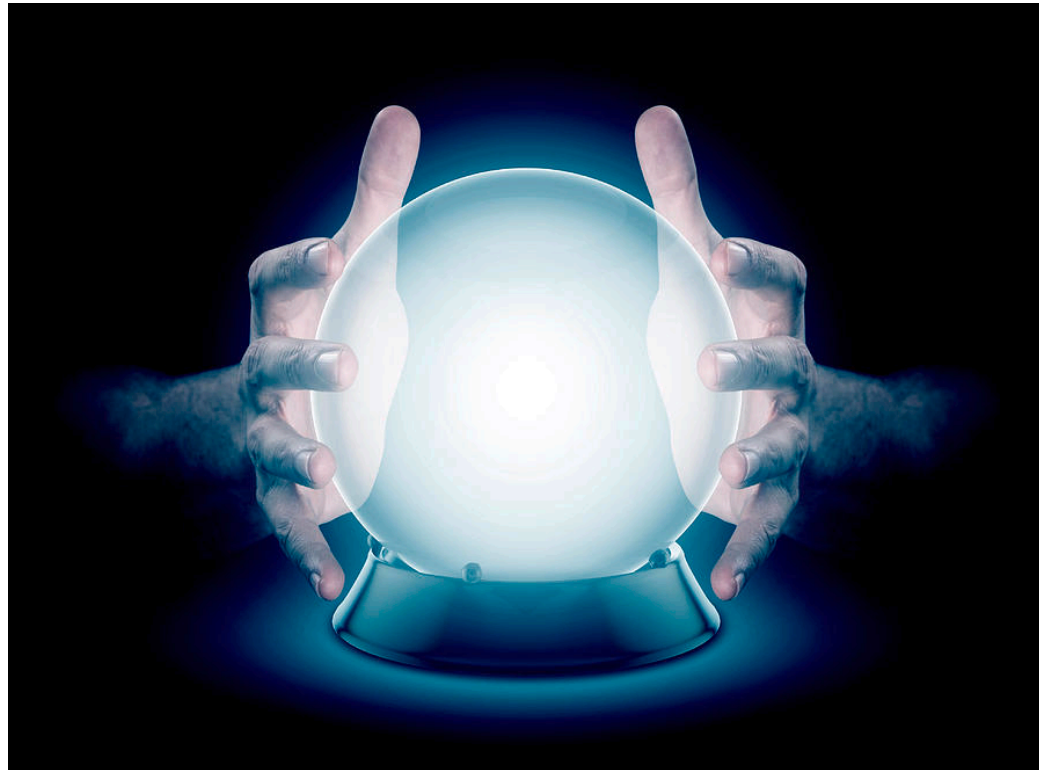


September 13, 2019

# Tomorrow's CRO...

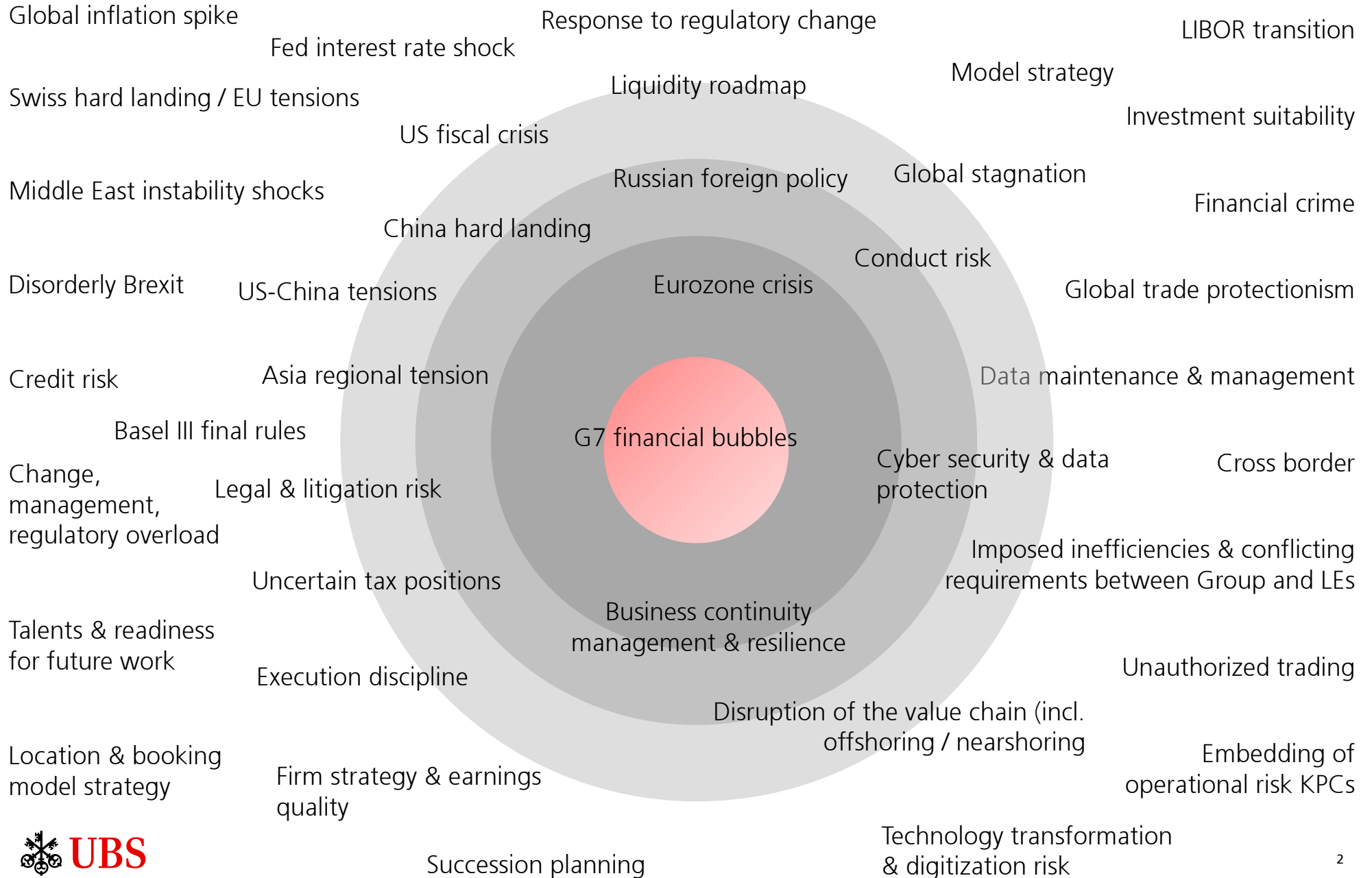
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Fragile markets, ever increasing regulatory pressure and the digital transformation of the financial industry drive CROs' agendas



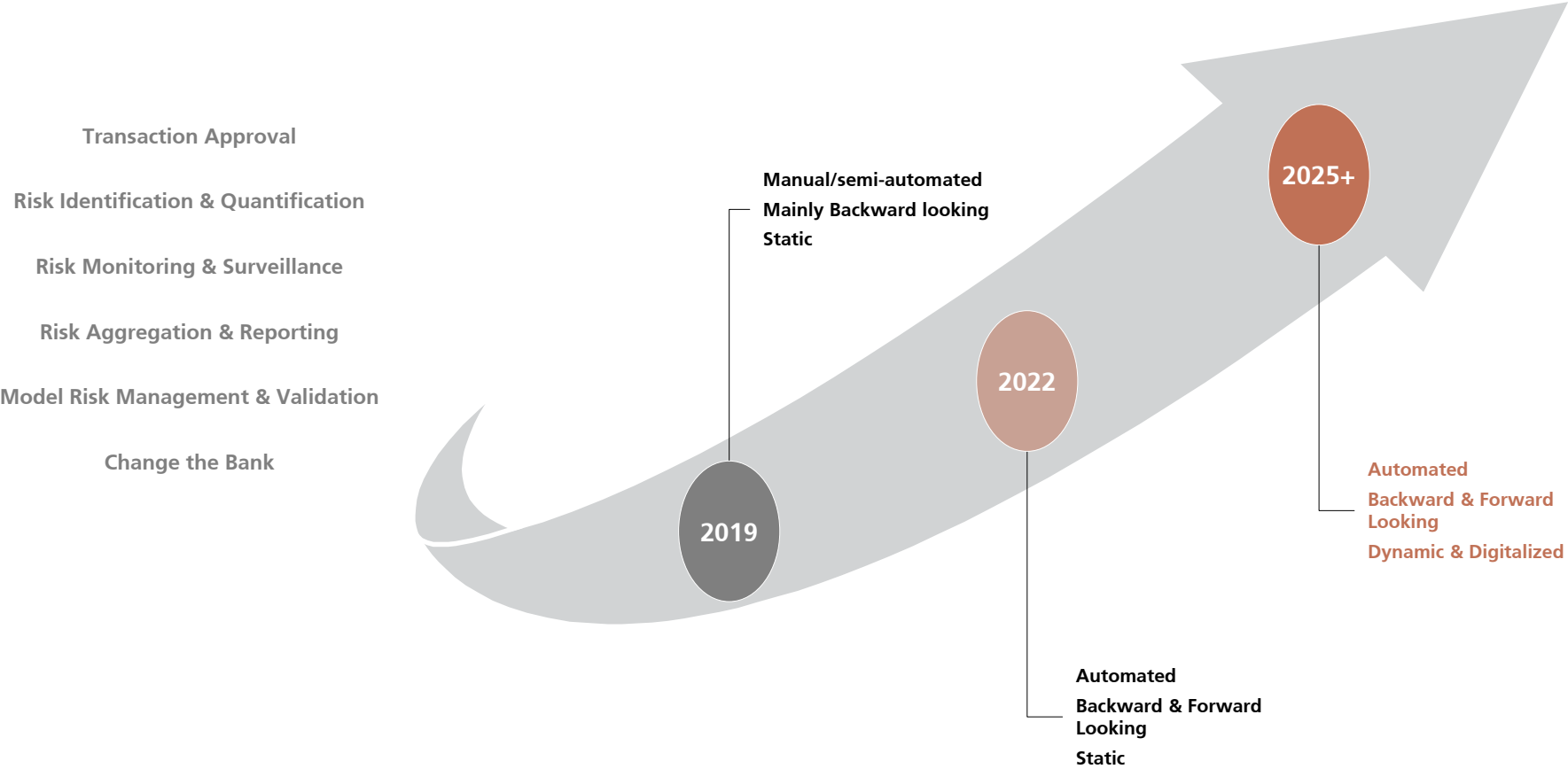
The transformation ahead of us will be even more material and accelerated

# The risk landscape



# Risk control today & in the future

Although key risk control activities remain the same, the way we deliver them will transform fundamentally

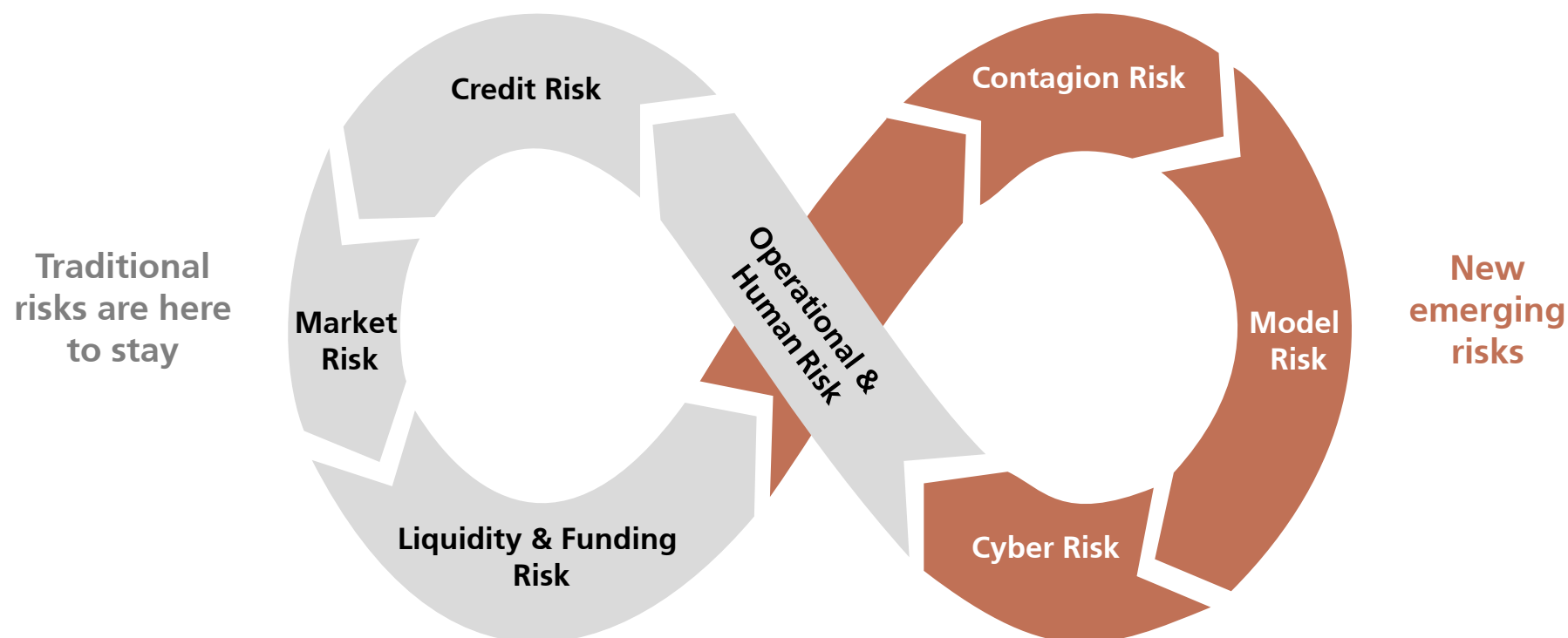


...leading to new and alternative risks emerging

# Transformation has a price

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Traditional risks remain, however, increasing automation and technology intervention is leading to new risks which require a different risk control approaches...



...driving the need for new and additional skills and a different Risk Control workforce composition

# What does it mean for the risk function of the future?

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It's all about...

## Data

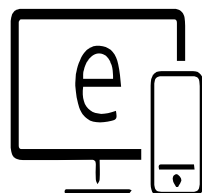


Data and IT form the **foundation layer** for the future

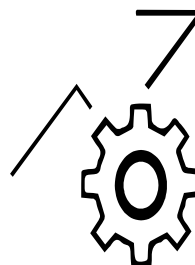
**Complete, timely, high quality** data

IT architecture adaptable to **seismic technology shifts**

## Information technology

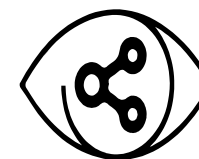


## Scalable automation and standardization



**Dematerialization, digitalization** and **robotics** allow for larger scale automation

## Smart Analytics



Greatest impact to current **reporting, monitoring** and **transaction** approval capabilities

...enabling exponential changes in how risk control is executed

# UBS Group Risk Control strategy

## Our mandate is to protect the capital and reputation of UBS

Besides the daily activities of Group Risk Control, such as risk management, regulatory management, model management, and Environmental & Social Risk activities etc, we also further enhance our capabilities by targeted strategic initiatives embedded in a strategic roadmap aligned with the Group Executive Board and Board of Directors



We are highly **respected** by stakeholders and regulators



Our **culture** attracts and retains the best **people**



We are highly **effective**, **efficient** and **productive**

### **Model Strategy** execution

**Issue remediation**  
strong focus

**Root cause analysis**  
leveraging advanced analytics

**GRC Policy Governance Enhancement**  
program

**Focused engagement** of all GRC  
around strategy execution

**Continued initiatives focusing  
on strategic targets:**

Inspiring Leadership Training

Diversity – focus on attracting more  
female talent

Future skills and training needs in  
partnership with UBS University

Focus on UBS Get Digital curriculum  
to ensure our people have the right  
skills for the future

**Process transformation and digitization**  
leveraging workflow, AI and Machine Learning

**Robotics and advanced analytics**  
In GWM – Lombard Framework phase 2

**Robotics** in mortgage valuations for P&C

**Smart Dashboards Live**  
Self- service dashboards, supported by Natural  
Language Generation (NLG) commentary

**Data Excellence**  
Leveraging BCBS 239 requirements and applying  
the same standards and controls across a wider set  
of Risk Metrics (through 2019 and 2020)

# Using technology to help us ...

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Examples of how we are using automation and machine learning to drive our strategy and ensure we are fit for the future:

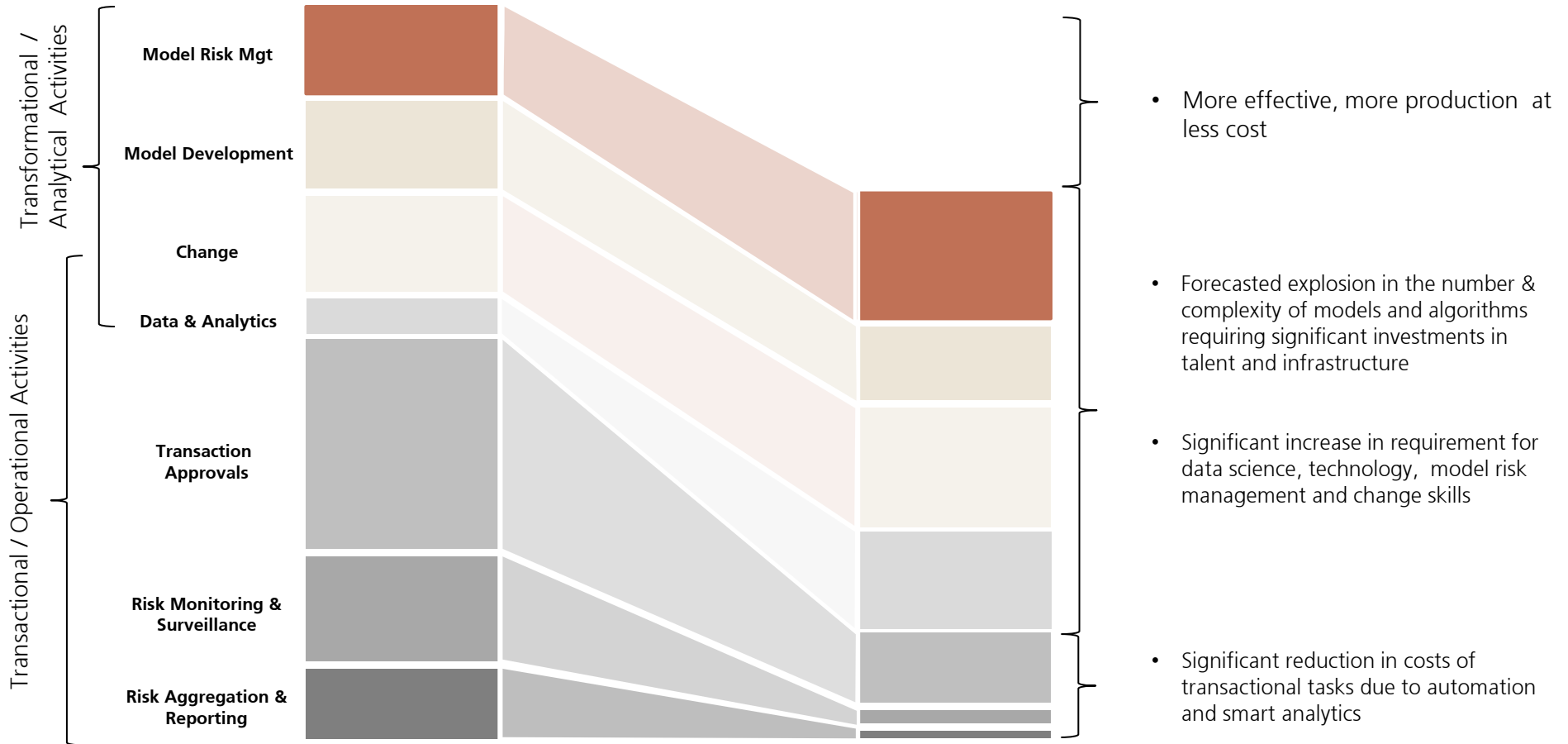


- › Intraday monitoring and alerts automation in Market & Treasury Risk
- › ARI interactive dashboard (google style) for commercial lending
- › IB CRO Commercial lending program and Credit Risk monitoring partnership with CRISIL
- › Workflow technology rolled out for Model Risk Management and Step-in-Risk
- › Algorithmic trading models – automatic validation using Python and other tools



# Transforming the risk workforce is a must

Requiring a transformation in mindset, as well as skillset



New technology, new risks, new mindset, new skills, lower costs – the future looks different...

# Tomorrow's CRO

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