



Second quarter 2017 results

July 28, 2017



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), including to counteract regulatory-driven increases, and leverage ratio denominator, liquidity coverage ratio and other financial resources, and the degree to which UBS is successful in implementing changes to its wealth management businesses to meet changing market, regulatory and other conditions; (ii) continuing low or negative interest rate environment, 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 and other financial centers that may impose, or result in, more stringent 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 would have on UBS’s business activities; (v) uncertainty as to the extent to which the Swiss Financial Market Supervisory Authority (FINMA) will confirm limited reductions of gone concern requirements due to measures to reduce resolvability risk; (vi) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements, including changes in legal structure and reporting required to implement US enhanced prudential standards, completing the implementation of a service company model, 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, to 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; (vii) the uncertainty arising from the timing and nature of the UK exit from the EU and the potential need to make changes in UBS’s legal structure and operations as a result of it; (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 or 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; (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 including differences in compensation practices; (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, including methodology, assumptions and stress scenarios, 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 2016. 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.

Disclaimer: This presentation and the information contained herein are provided solely for information purposes, and are not to be construed as a solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland, the United States or any other jurisdiction. No investment decision relating to securities of or relating to UBS Group AG, UBS AG or their affiliates should be made on the basis of this document. Refer to UBS’s second quarter 2017 report and its Annual Report on Form 20-F for the year ended 31 December 2016. No representation or warranty is made or implied concerning, and UBS assumes no responsibility for, the accuracy, completeness, reliability or comparability of the information contained herein relating to third parties, which is based solely on publicly available information. UBS undertakes no obligation to update the information contained herein.

1H17 net profit up 40% to 2.4bn

Strong 1H17 profit growth

Net profit 2,443m, diluted EPS 0.64
PBT 3,192m, adjusted PBT 3,609m

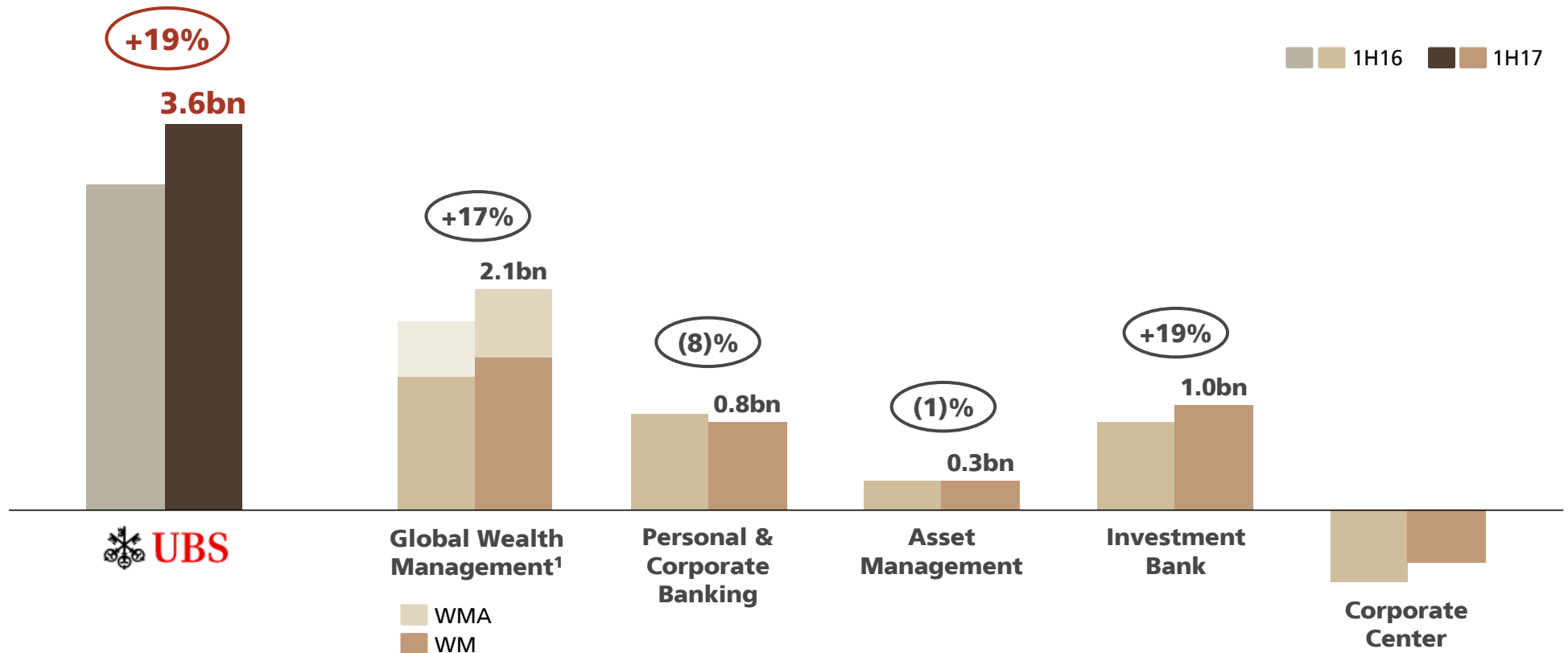
Solid 1H17 returns

12.0% adjusted RoTE
16.6% adjusted RoTE excl. DTA

Strong capital position

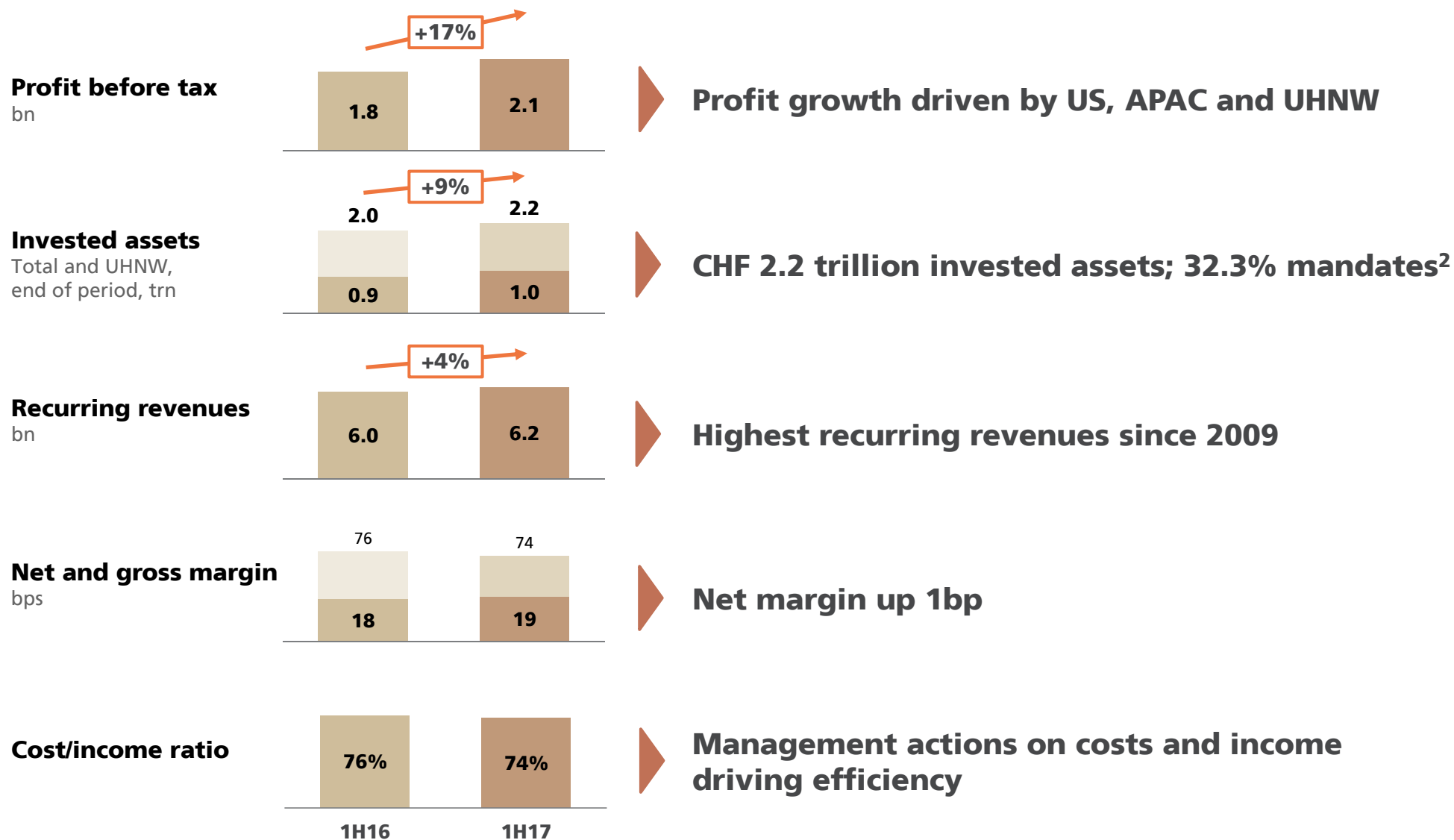
CET1 capital ratio 13.5%; LR 3.7%
TLAC 74bn; CET1 capital 32bn

Strong adjusted pre-tax profit growth driven by Global WM¹ and IB



Numbers in CHF unless otherwise indicated; refer to slide 25 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 WM and WMA combined

Global WM¹ – Very strong 1H17

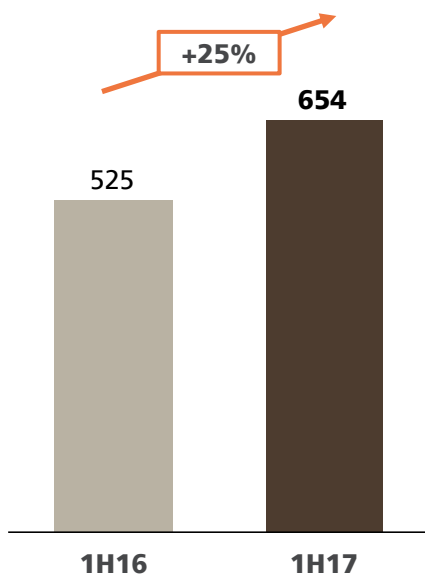


Global WM – Unique strategic growth drivers

Double digit growth in the US, APAC and UHNW

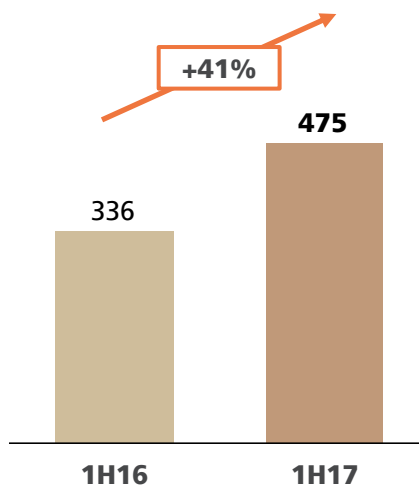
Americas¹

PBT, USD m



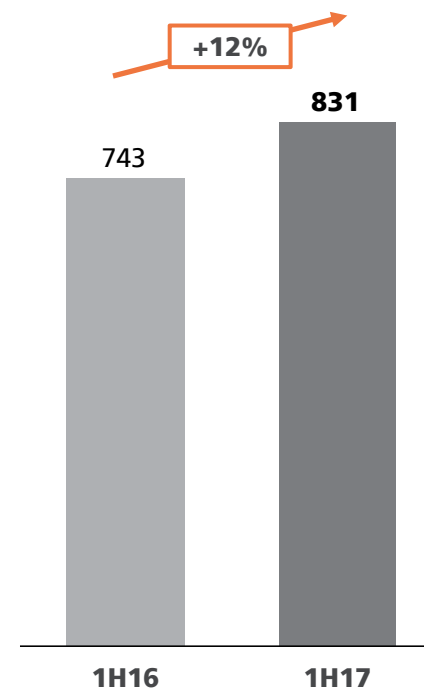
APAC

PBT, CHF m



UHNW²

PBT, CHF m



UBS Group AG results (consolidated)

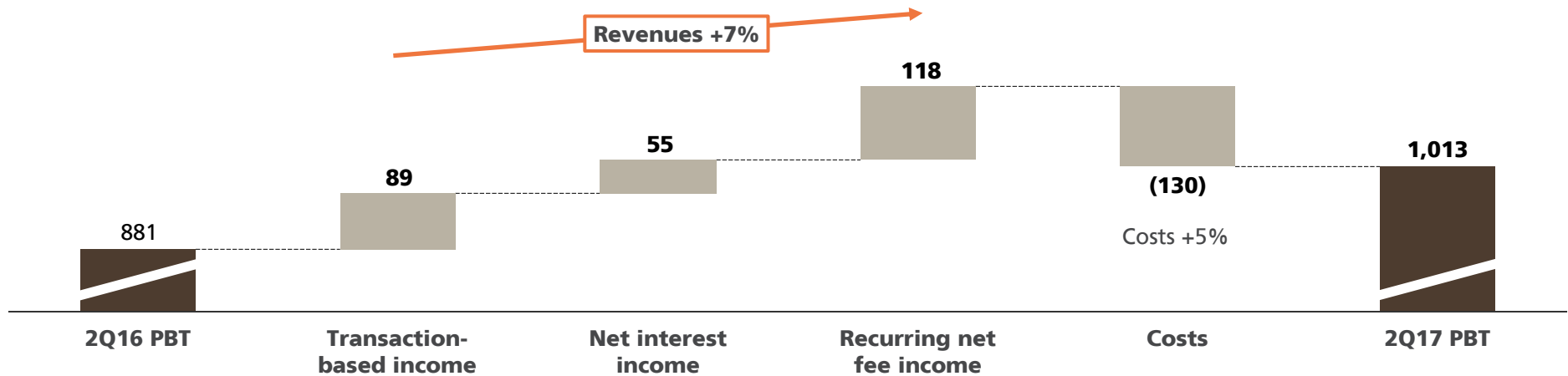
CHF m, except where indicated	2Q16	3Q16	4Q16	1Q17	2Q17
Total operating income	7,404	7,029	7,055	7,532	7,269
Total operating expenses	5,915	6,152	6,308	5,842	5,767
Profit before tax as reported	1,489	877	746	1,690	1,502
of which: net restructuring expenses	(377)	(444)	(372)	(244)	(258)
of which: net FX translation gains/(losses)	(26)		27		(22)
of which: gains on sale of financial assets available for sale	123		88		107
of which: gains related to investments in associates		21			
of which: gains/(losses) on sales of subsidiaries and businesses	(23)				
of which: gains on sales of real estate	120				
Adjusted profit before tax	1,672	1,300	1,003	1,934	1,675
of which: net expenses for provisions for litigation, regulatory and similar matters	(72)	(419)	(264)	(33)	(9)
Tax expense/(benefit)	376	49	109	375	327
Net profit attributable to non-controlling interests	79	1	1	47	1
Net profit attributable to shareholders	1,034	827	636	1,269	1,174
Diluted EPS (CHF)	0.27	0.22	0.17	0.33	0.31
Adjusted return on tangible equity (%)	10.1	10.1	7.3	12.6	11.4
Adjusted return on tangible equity excl. deferred tax assets ¹ (%)	14.3	11.1	8.2	17.4	15.9
Total book value per share (CHF)	14.27	14.37	14.44	14.45	13.92
Tangible book value per share (CHF)	12.54	12.66	12.68	12.71	12.25

Global WM¹ – Profit before tax up 15%

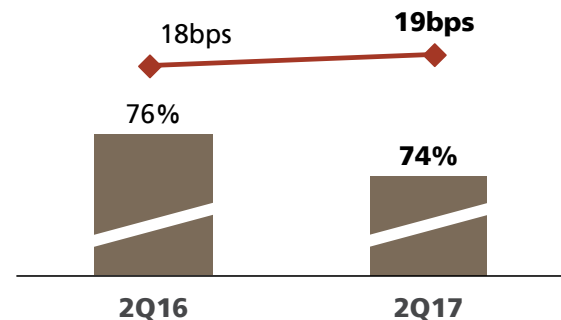
Improved net margin on higher invested asset base; loan and mandate growth

Revenue growth across all lines, positive operating leverage

m²



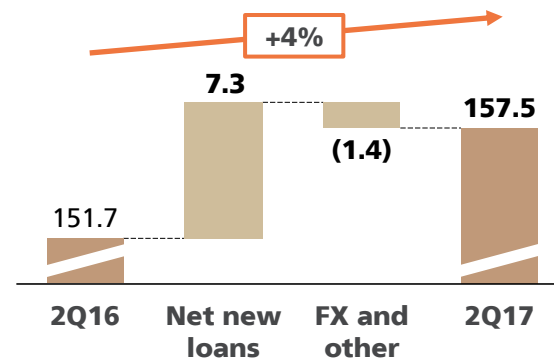
Better efficiency and net margin



Net margin Cost/income ratio

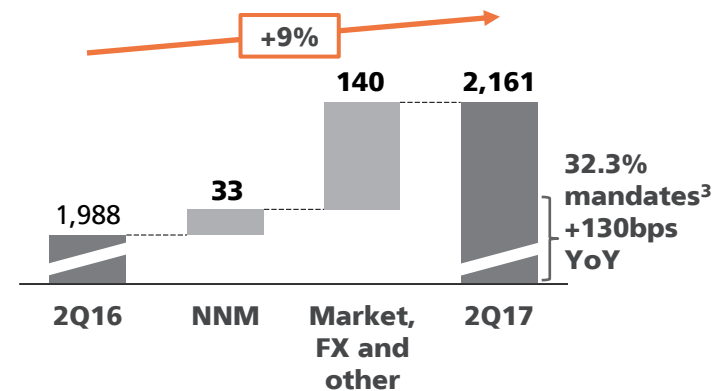
Continued loan growth

bn



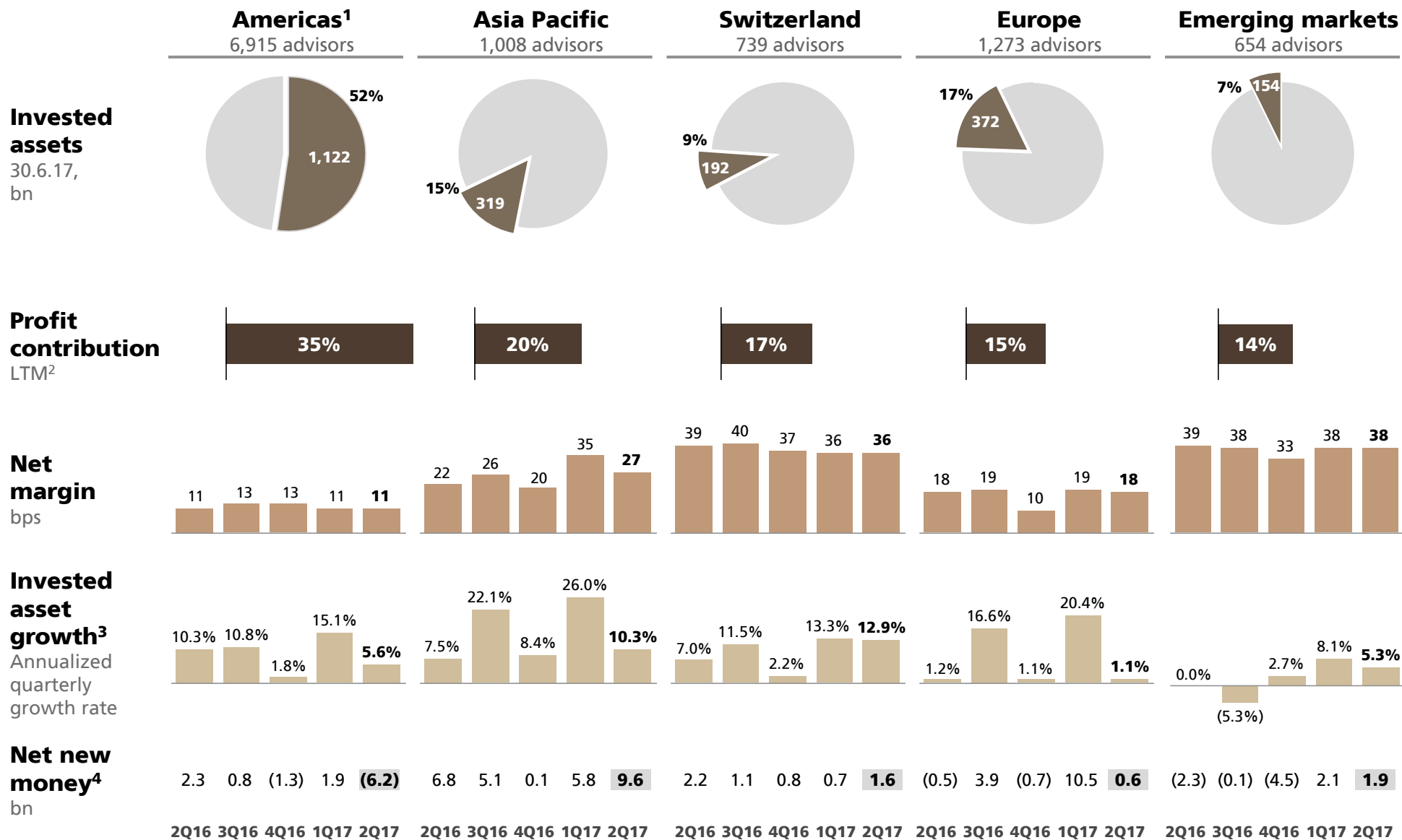
Invested assets growth

bn



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 25 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 WM and WMA combined; 2 Net impact of 0m from CLE and Other income not displayed; 3 Mandate and managed account penetration

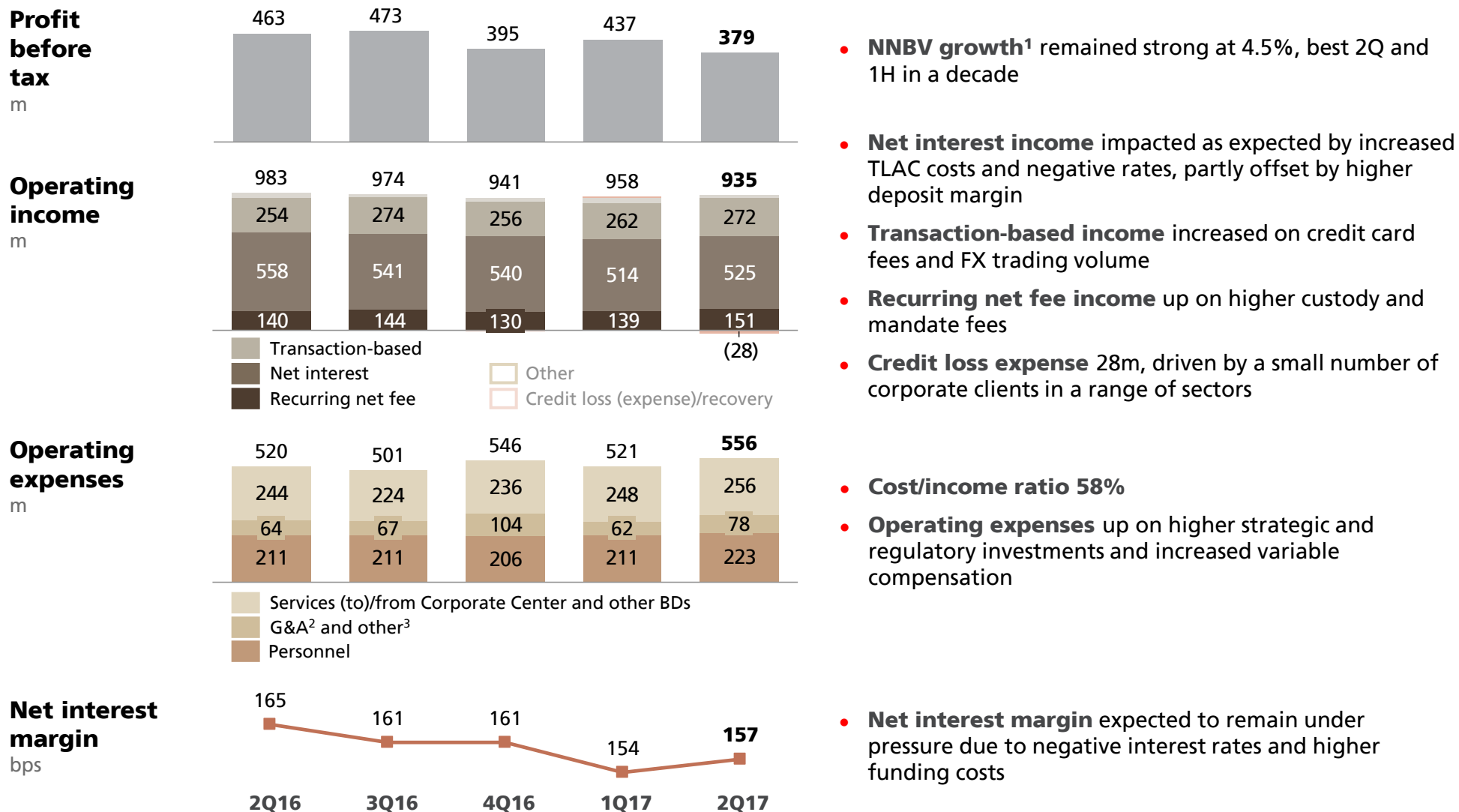
Global WM – Regional performance



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 25 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Represents WMA; WM's Latin America business is included in emerging markets; 2 Last 12 months, percentage of WM and WMA combined; 3 In USD for Americas;
 4 Including 5.3bn net outflows in 2Q17 following the introduction of fees for large EUR-denominated deposits, of which 3.9bn incurred in Europe, 0.8bn in Emerging markets and 0.6bn in Switzerland

Personal & Corporate Banking

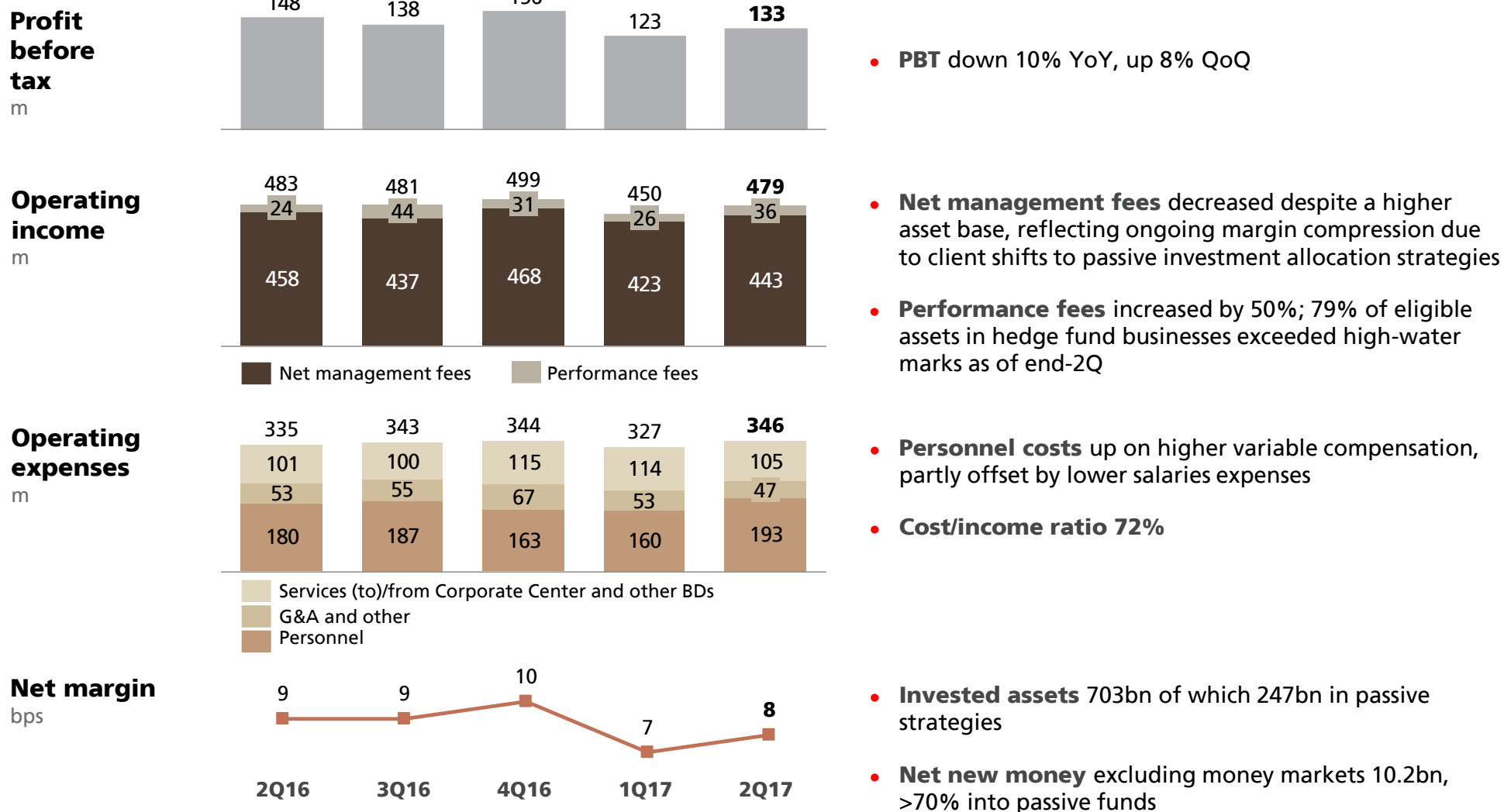
Growth in transaction and recurring net fee income offset by NII headwinds and CLE



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 25 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
¹ Annualized net new business volume growth for personal banking; ² General and administrative expenses; ³ Depreciation and impairment of property, equipment and software as well as amortization and impairment of intangible assets

Asset Management

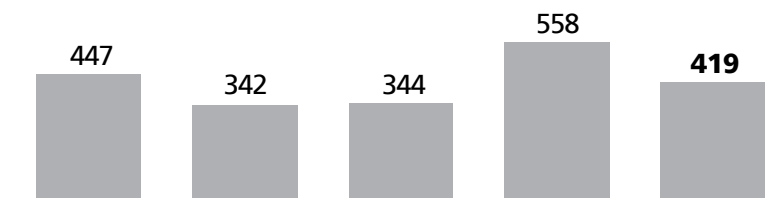
Strong inflows into passive funds; invested assets >700bn, highest since 3Q08



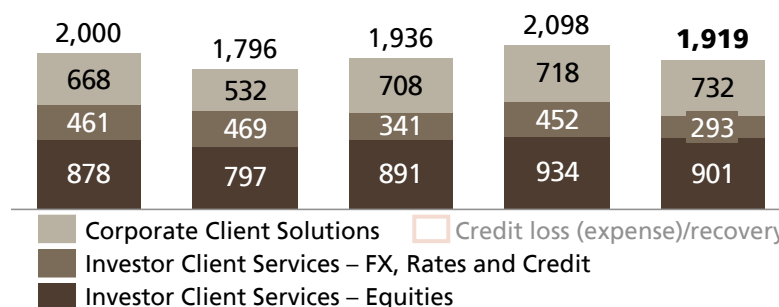
Investment Bank

Strong CCS, Equities and cost management could not offset lower FRC

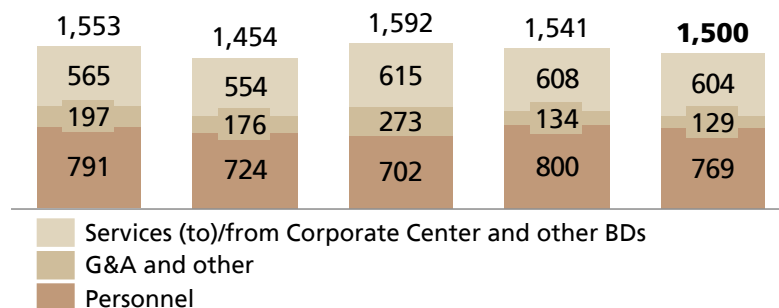
Profit before tax
m



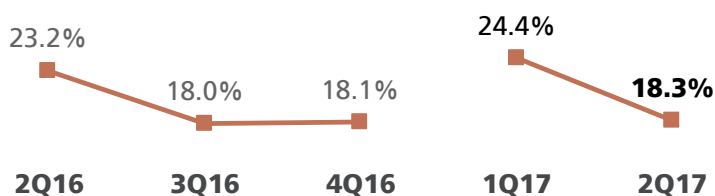
Operating income
m



Operating expenses
m



Return on attributed equity¹



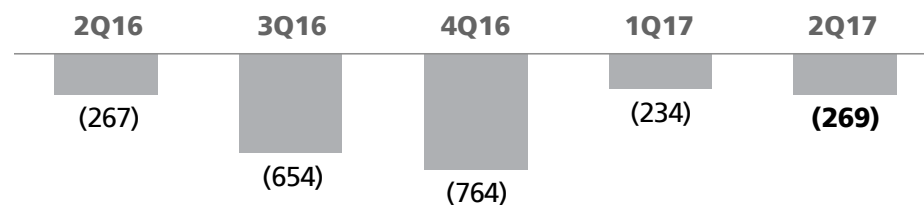
- **PBT** down 6% as higher CCS and Equities revenues and lower costs could not offset a challenging quarter for FRC; 2Q16 benefited from increased flows around Brexit
- **CCS** up 10%, primarily on higher ECM across all regions
- **ICS – FRC** down 36%; most products down, reflecting low volatility, muted volumes and strong prior-year performance
- **ICS – Equities** up 3% on stronger Derivatives, with increased client activity
- **Operating expenses** down 3%, mainly due to lower salary costs, as well as a UK bank levy credit and lower litigation expenses²
- **Cost/income ratio 78%**
- **RWA 76bn³** up 10bn QoQ; credit risk RWA up on regulatory and methodology changes⁴; market risk RWA up 4bn
- **LRD 267bn³** down 10bn QoQ, largely due to FX



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 25 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
¹ Annualized; based on the new equity attribution framework from 1Q17 onwards and based on the old equity attribution framework for 2Q16-4Q16. Pro forma FY16 RoAE under the new equity attribution model was 16%; ² Expenses for provisions for litigation, regulatory and similar matters; ³ Including RWA and LRD held by CC – Group ALM on behalf of the Investment Bank; ⁴ Includes methodology changes and model updates, refer to slide 13 for more information on QoQ RWA movements

Corporate Center

Profit before tax



Corporate Center total (m)

Corporate Center results by unit (m)

Services

	2Q16	3Q16	4Q16	1Q17	2Q17
Operating income	(42)	(66)	(59)	(18)	(20)
Operating expenses	170	148	216	189	117
<i>o/w before allocations</i>	1,890	1,830	2,028	1,983	1,912
<i>o/w net allocations</i>	(1,720)	(1,683)	(1,812)	(1,793)	(1,795)
Profit before tax	(213)	(214)	(275)	(207)	(137)

Group Asset and Liability Management

	2Q16	3Q16	4Q16	1Q17	2Q17
Operating income	71	30	(171)	65	(72)
<i>o/w risk management net income after allocations¹</i>	(53)	(39)	(57)	42	(33)
<i>o/w accounting asymmetries related to economic hedges²</i>	61	95	(40)	22	(47)
<i>o/w hedge accounting ineffectiveness</i>	11	(23)	(20)	(7)	14
<i>o/w other</i>	52	(3)	(53)	8	(7)
Operating expenses	2	0	0	2	9
Profit before tax	70	30	(171)	63	(81)

Non-core and Legacy Portfolio

	2Q16	3Q16	4Q16	1Q17	2Q17
Operating income	19	46	(53)	0	(16)
Operating expenses	143	516	264	91	35
<i>o/w expenses for litigation provisions</i>	23	408	129	1	(34)
Profit before tax	(124)	(470)	(317)	(91)	(51)



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 25 for details on adjusted numbers, Basel III numbers and FX rates in this presentation

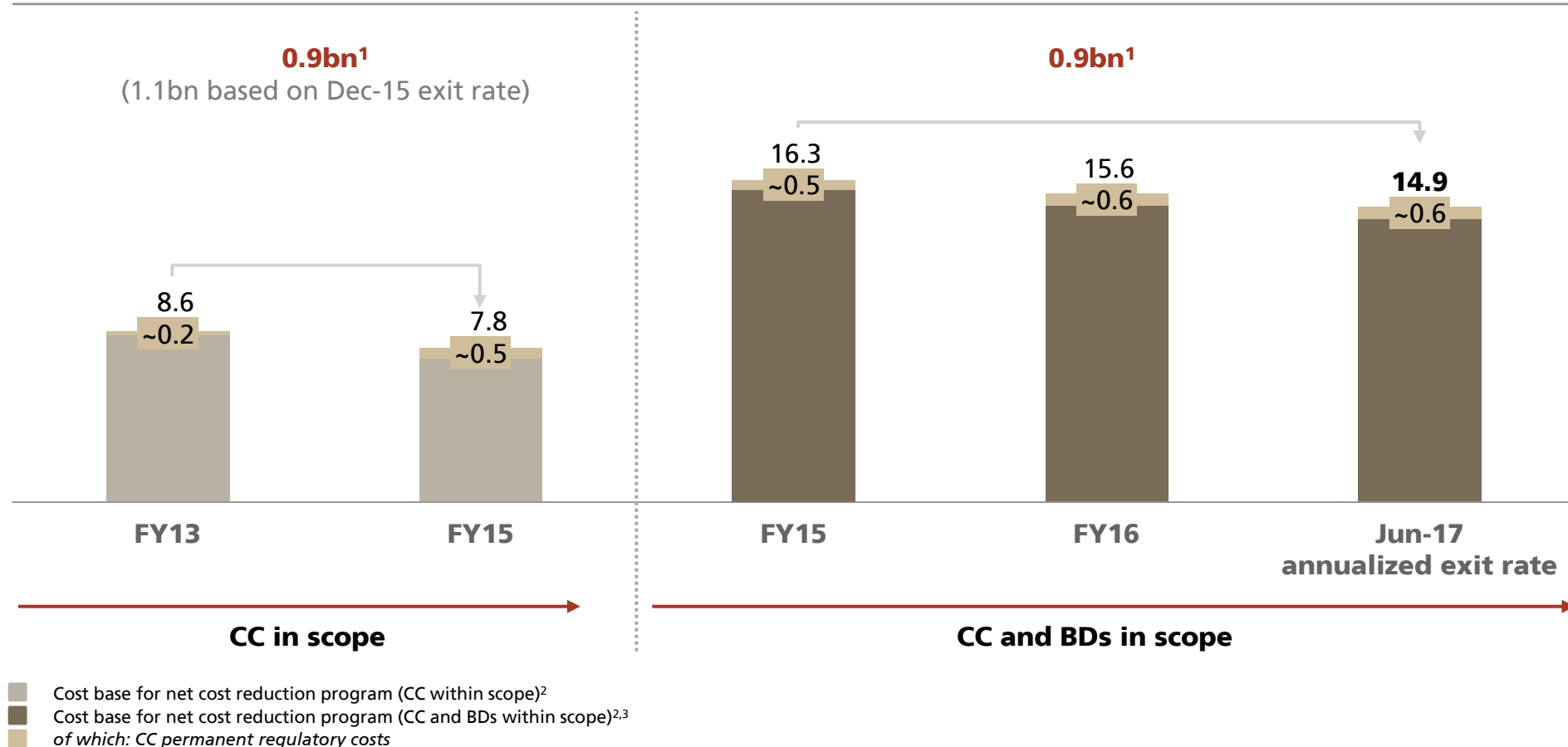
¹ Expected to average ~(-50)m per quarter; ² Expected to mean-revert to 0 over time

Cost reduction

Achieved 1.8bn net cost reductions; on track to achieve 2.1bn target by year-end

Cost base and net cost reductions

bn

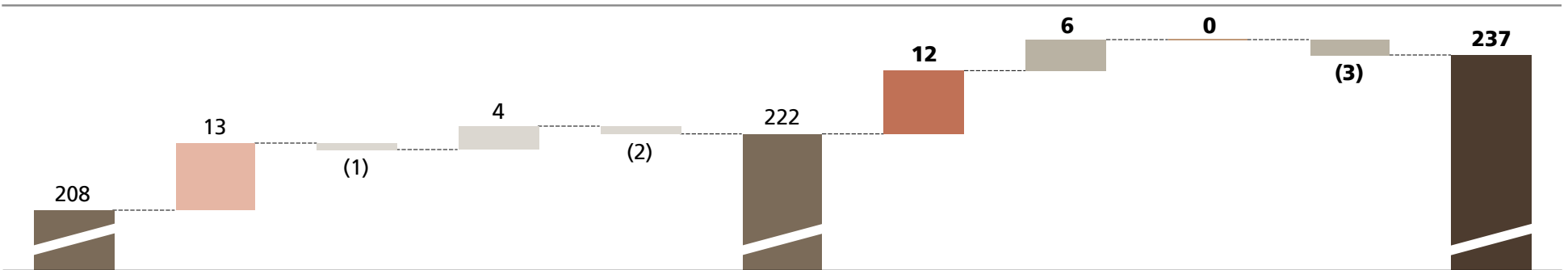


Numbers in CHF and adjusted unless otherwise indicated; refer to slide 25 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Excl. the impact of FX movements, which were a 0.1bn headwind FY13-FY15 and a 0.4bn benefit FY15-Jun17; 2 Sum of CC – Services adjusted operating expenses (op-ex) before allocations to business divisions (BDs), CC – NCL adjusted op-ex and CC – Group ALM op-ex, excl. expenses for provisions for litigation, regulatory and similar matters and temporary regulatory program costs; 3 Further includes sum of BD adjusted op-ex before allocations excl. expenses for provisions for litigation and other items not representative of underlying net cost reduction performance, mainly related to variable compensation expenses. As of 1.1.17, certain strategic investments in revenue-generating front-office resources are excluded and, for WMA specifically, recruitment loans to financial advisors that are not subject to performance thresholds are included in the framework

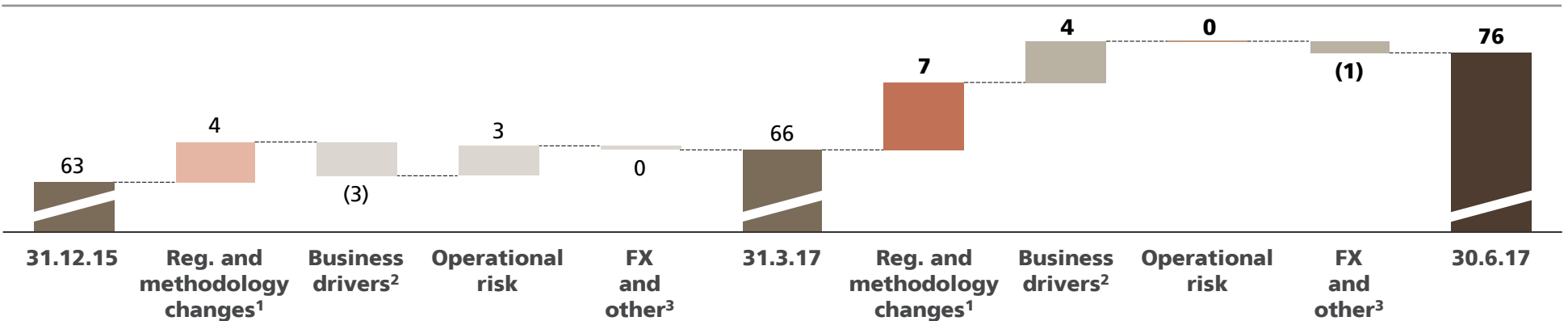
RWA development

Accelerated regulatory-driven increases ahead of Basel III finalization

Group
bn



Investment Bank
bn



Numbers in CHF unless otherwise indicated; refer to slide 25 for details on Basel III numbers and FX rates in this presentation

1 Mainly credit risk; credit risk RWA includes methodology changes, model updates and regulatory add-ons; market risk RWA includes methodology changes and model updates; 2 Includes asset size, credit quality, risk levels, acquisitions and disposals, exposure movements and market risk regulatory add-ons; 3 Also includes variations in non-counterparty-related risk and, for the Investment Bank, RWA directly associated with activity that Group ALM manages centrally on its behalf

Capital and leverage ratios (fully applied)

32bn CET1 capital, 3.7% CET1 leverage ratio

Loss-absorbing capacity

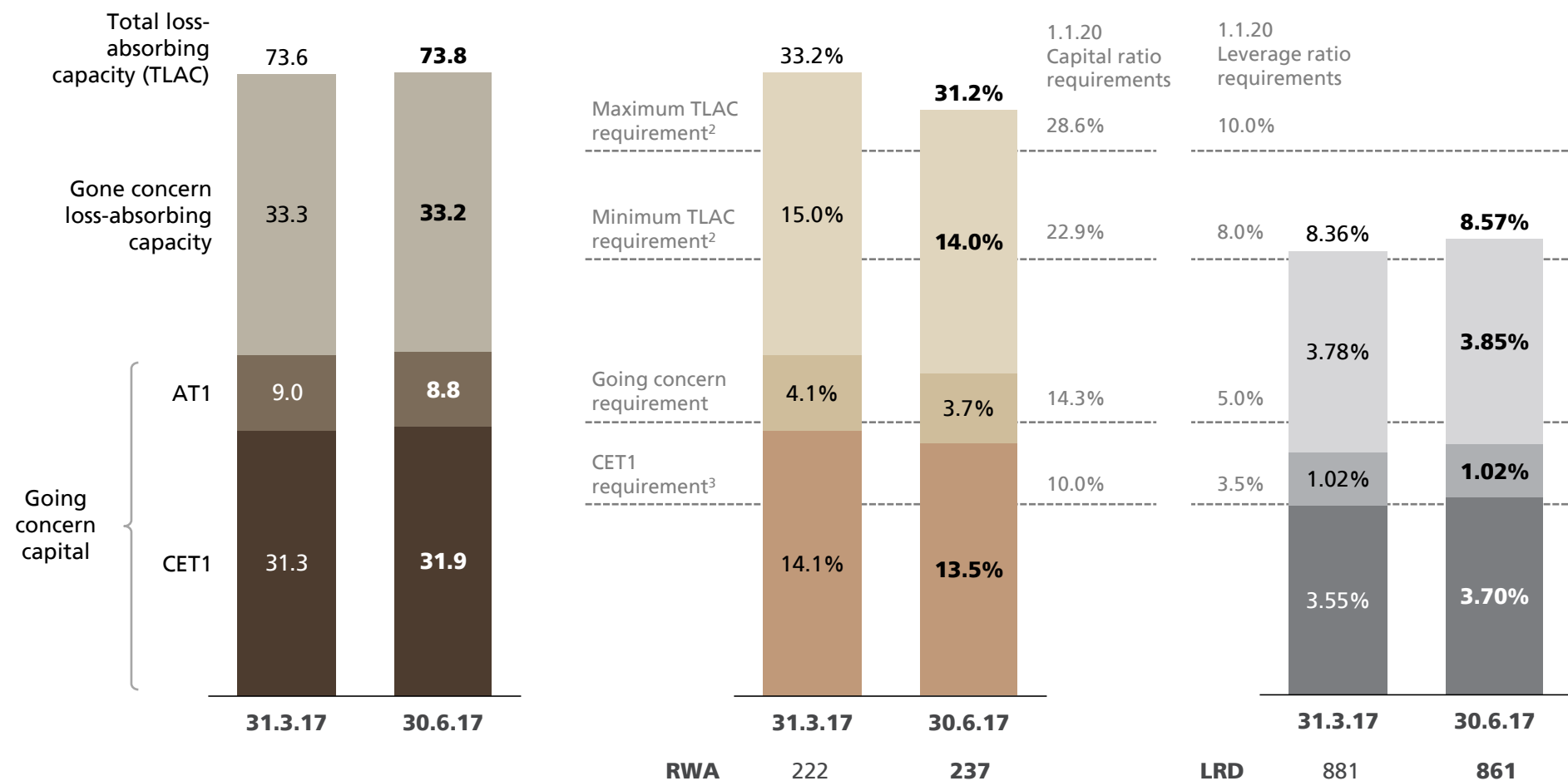
bn

Capital ratio¹

%, bn

Leverage ratio

%, bn



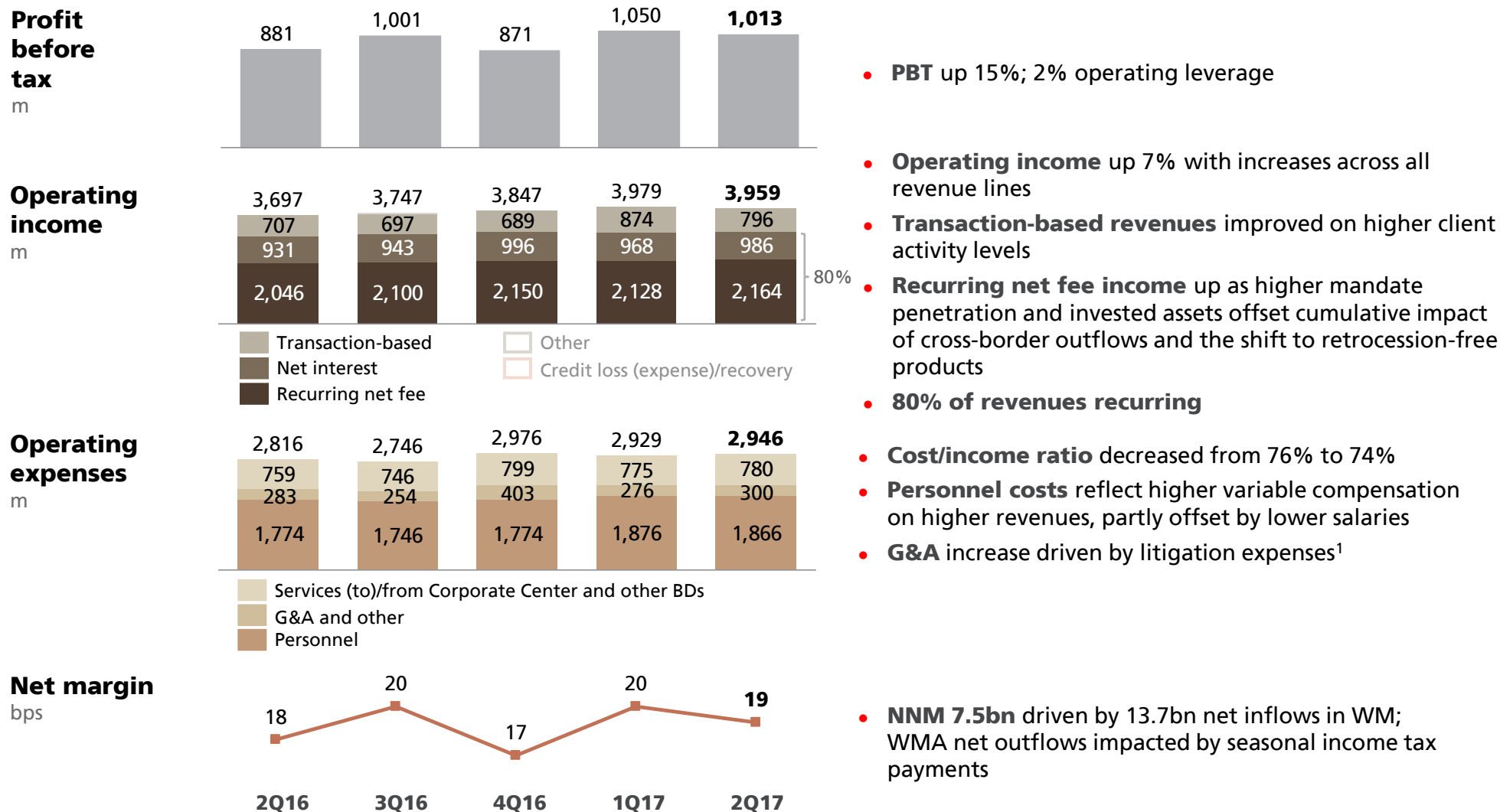
Numbers in CHF unless otherwise indicated. Refer to slide 25 in this presentation, the "Capital management" section of the 2Q17 report and the "Capital Management" section of the 2016 Annual Report for more information

1 As of 30.6.17, our post-stress fully applied CET1 capital ratio exceeded 10%; 2 5% gone concern requirement subject to potential reduction of up to 2% based on improved resilience and resolvability. We aim to operate with a gone concern ratio of below 4% of LRD at 1.1.20; 3 Excludes the effect of countercyclical buffers for capital ratio

Appendix

Global WM

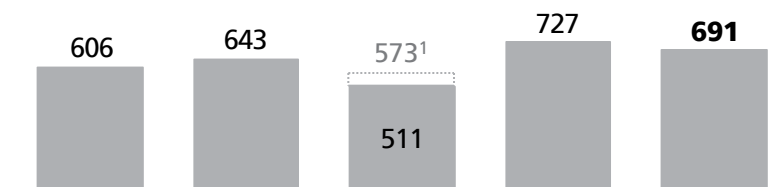
Profit before tax up 15%; second consecutive quarter of >1bn profit before tax



Wealth Management

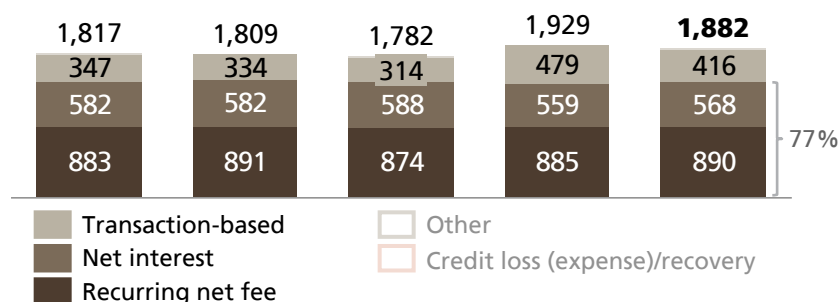
Profit before tax up 14%; 6% operating leverage with revenues up and costs down

Profit before tax
m



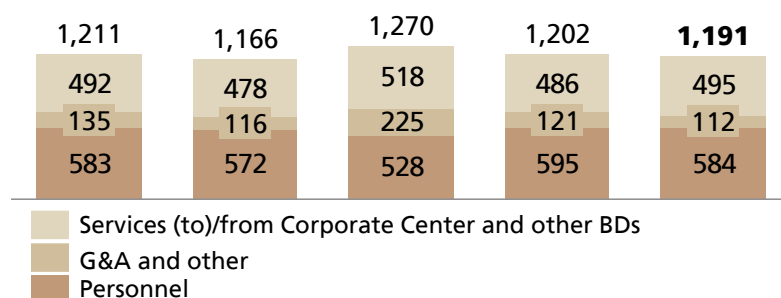
- PBT up 14% on higher operating income and lower costs
- **Record 1H PBT in APAC**, which remained the region with the largest PBT contribution

Operating income
m



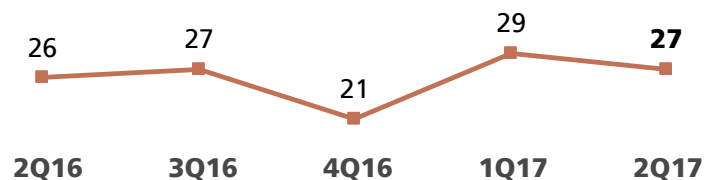
- **Operating income up 4%**
- **9.3bn mandate sales**, 70 bps QoQ improvement in mandate penetration to 28.5%
- **77% of revenues recurring**

Operating expenses
m



- **Operating expenses down 2%**, driven by 2016 cost reduction actions
- **Cost/income ratio 63%**

Net margin
bps



- **NNM 13.7bn**, including 5.3bn of outflows following the introduction of fees on large euro-denominated deposits and 1.9bn of cross-border outflows; annualized 1H17 NNM growth rate 6.6%

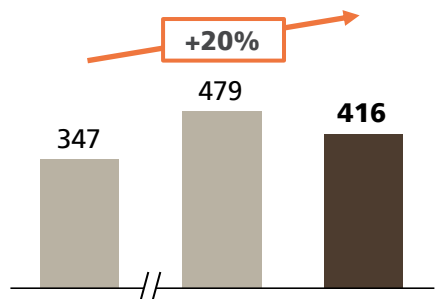


Numbers in CHF and adjusted unless otherwise indicated; refer to slide 25 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Profit before tax excluding net expenses for provisions for litigation, regulatory and similar matters of 62m in 4Q16

Wealth Management – Revenue drivers

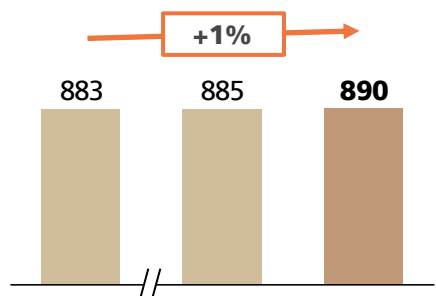
Management actions to offset structural headwinds

Transaction-based income m



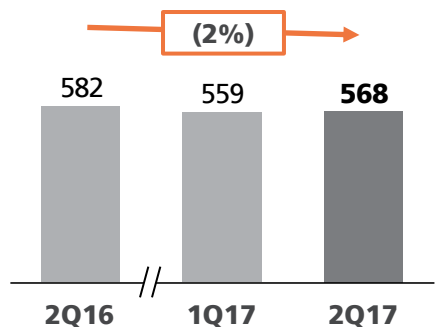
- + Improved client sentiment and risk appetite
- + Innovative solutions based on CIO strategic and tactical asset allocation
- + Trading ideas tailored to client risk profiles
- + Globally consistent sales process
- Shift of invested assets into mandates

Recurring net fee income m



- + Invested asset growth (asset performance and net new money)¹
- + Increased mandate penetration through shift of client assets into mandates
- + Pricing
- Loss of fee income on cross-border assets¹
- Shifts to retrocession/inducement-free offering

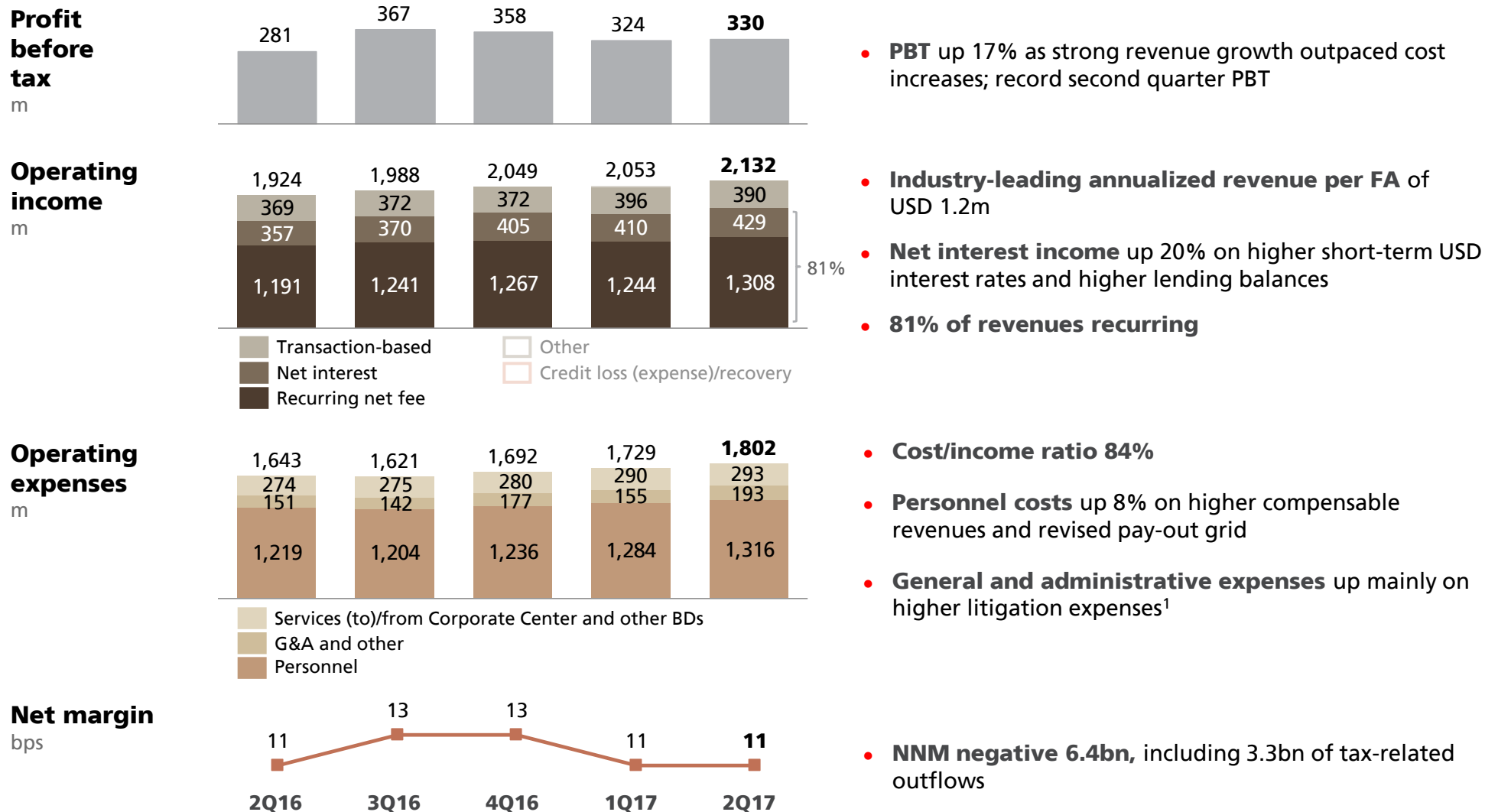
Net interest income m



- Increased funding costs from revised equity attribution framework
- Increased Group funding costs on higher AT1 and TLAC balance
- Continued low interest rate environment
- + USD yield curve development
- + Lending growth from client releveraging
- + Introduction of fees for large euro-denominated deposits

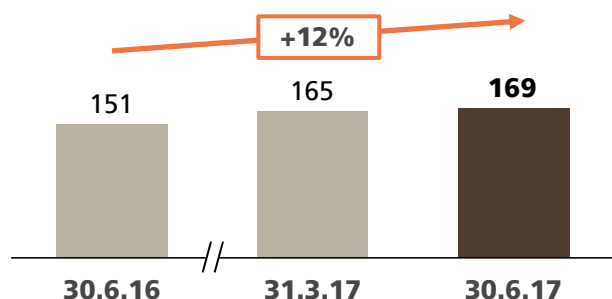
Wealth Management Americas

Profit before tax up 17% on record operating income

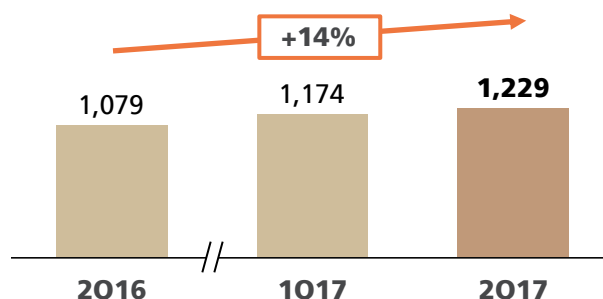


Wealth Management Americas

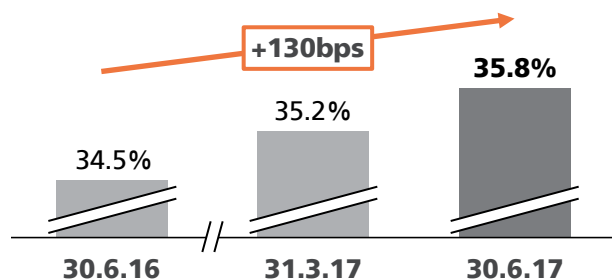
Building on positive momentum and unique opportunity to "feel small, play big"



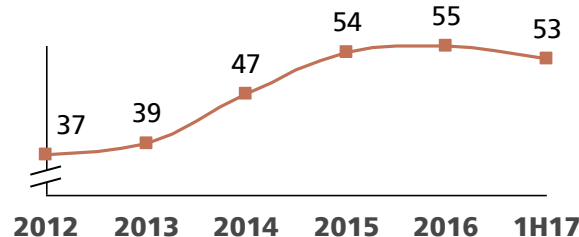
■ Invested assets per FA (m)



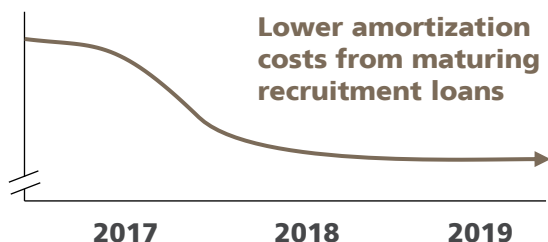
■ Annualized revenues per FA (thousands)



■ Managed account penetration



■ Advisory vs. brokerage gross margin differential (bps)

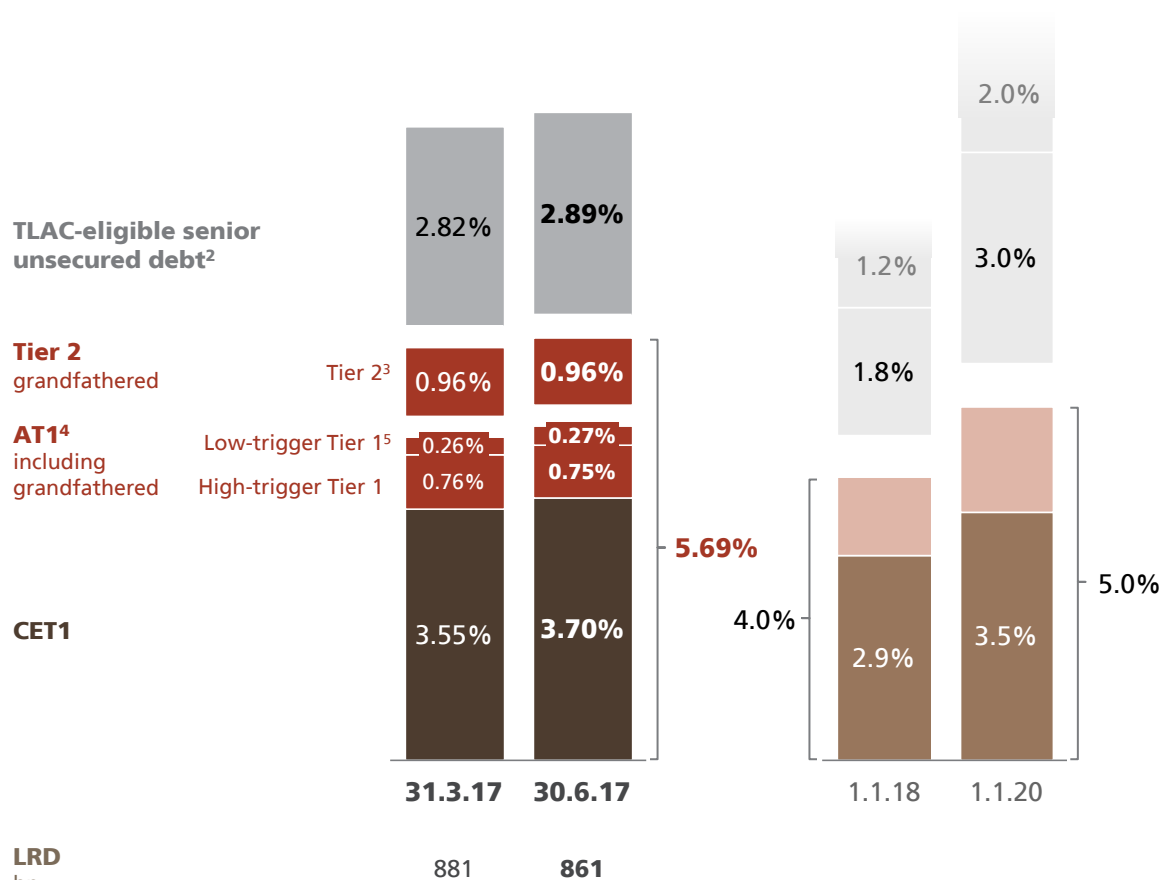


- **Reductions to FA recruitment loan amortization costs** expected to accelerate into 2018

- **Record FA productivity** as decision-making is brought closer to clients, FAs and branch managers
- **Pay grid changed** to retain most productive FAs by rewarding loyalty, teaming and growth
- **FA satisfaction and retention** remain strong
- **Continued progress on managed account penetration** a strategic benefit in light of long-term revenue trends

Swiss SRB leverage ratio requirements

UBS leverage ratio balance¹



Requirements

Meeting 1.1.20 requirements

TLAC-eligible debt

- 2.89% (24.8bn) existing UBS Group AG TLAC bonds²
- 16.9bn long-term debt maturing before 1.1.20 not counted in total loss absorbing capacity⁶ which may be replaced upon maturity with UBS Group AG issuance of TLAC-eligible bonds
- 5% gone concern requirements subject to potential reduction of up to 2% based on improved resilience and resolvability
- The aim is to operate with a gone concern ratio below 4% of LRD at 1.1.20

High-trigger AT1 capital⁴

- 1.02% (8.8bn) comprising 6.5bn existing high-trigger AT1, of which 1.3bn employee DCCP, and 2.3bn grandfathered low-trigger AT1⁵
- 1.98% (17.1bn) when including grandfathered T2³ which may be replaced with UBS Group AG issuance of high-trigger AT1
- Additional ~0.8bn in employee DCCP expected by 31.12.18, which qualifies as high-trigger AT1

CET1 capital

- 3.70% (31.9bn) fully applied CET1 ratio
- Incremental CET1 via earnings accretion

Numbers in CHF unless otherwise indicated; refer to slide 25 for details on Basel III numbers and FX rates in this presentation

1 Based on fully applied Swiss SRB LRD and fully applied CET1, AT1, T2 capital and TLAC-eligible senior unsecured debt; 2 Also includes non-Basel III-compliant tier 1 and tier 2 capital which qualify as gone concern instruments until one year prior to maturity, with a haircut of 50% applied to the last year of eligibility; 3 Tier 2 instruments can be counted towards going concern capital up to the earliest of their maturity or first call date or 31.12.19. From 1.1.20, these instruments may be used to meet the gone concern requirements until one year before maturity, with a haircut of 50% applied to the last year of eligibility. As of 30.6.17, 6.6bn of low-trigger T2 has a first call and maturity date after 31.12.19; 4 Going concern requirement can be met with a minimum of 3.5% 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. Where low-trigger AT1 or T2 instruments are used to meet the gone concern requirements, such requirement may be reduced by up to 1% for the LRD-based ratio; 5 Low-trigger AT1 instruments can be counted towards going concern capital up to the first call date, even if the first call date is after 31.12.19; 6 Debt held at amortized cost, excluding any capital instruments

Performance targets, expectations and ambitions

Ranges for sustainable performance over the cycle

Wealth Management	Net new money growth rate	3-5%	Expectation: 10-15% annual adjusted pre-tax profit growth for combined businesses over the cycle
	Adjusted cost/income ratio	55-65%	
Wealth Management Americas ¹	Net new money growth rate	2-4%	
	Adjusted cost/income ratio	75-85%	
Personal & Corporate Banking	Net new business volume growth rate	1-4% (personal banking)	
	Net interest margin	140-180bps	
	Adjusted cost/income ratio	50-60%	
Asset Management	Net new money growth rate	3-5% excluding money market flows	
	Adjusted cost/income ratio	60-70%	
	Adjusted annual pre-tax profit	Ambition: CHF 1bn in the medium term	
Investment Bank	Adjusted annual pre-tax RoAE	>15% ²	
	Adjusted cost/income ratio	70-80%	
	RWA (fully applied)	Expectation: around CHF 85bn short/medium term ^{3,4}	
	LRD (fully applied)	Expectation: around CHF 325bn short/medium term ^{3,4}	
Group	Net cost reduction	CHF 2.1bn by end 2017	
	Adjusted cost/income ratio	60-70%	
	Adjusted return on tangible equity	>15%	
	Basel III CET1 ratio (fully applied)	at least 13%	
	RWA (fully applied)	Expectation: around CHF 250bn short/medium term ³	
	LRD (fully applied)	Expectation: around CHF 950bn short/medium term ³	

Regional performance

bn

		Americas		Asia Pacific		EMEA		Switzerland		Global		Total	
		2Q16	2Q17	2Q16	2Q17	2Q16	2Q17	2Q16	2Q17	2Q16	2Q17	2Q16	2Q17
Operating income	WM	0.1	0.1	0.5	0.5	0.9	0.9	0.4	0.4	0.0	0.0	1.8	1.9
	WMA	1.9	2.1	-	-	-	-	-	-	-	-	1.9	2.1
	P&C	-	-	-	-	-	-	1.0	0.9	-	-	1.0	0.9
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.0	(0.0)	0.5	0.5
	IB	0.7	0.7	0.4	0.5	0.6	0.6	0.2	0.2	(0.0)	(0.0)	2.0	1.9
	CC	-	-	-	-	-	-	-	-	0.0	(0.1)	0.0	(0.1)
	Group	2.9	2.9	1.0	1.1	1.6	1.5	1.7	1.7	0.1	(0.1)	7.2	7.2
Operating expenses	WM	0.1	0.1	0.3	0.3	0.6	0.6	0.2	0.2	0.0	0.0	1.2	1.2
	WMA	1.6	1.8	-	-	-	-	-	-	-	-	1.6	1.8
	P&C	-	-	-	-	-	-	0.5	0.6	-	-	0.5	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	0.3
	IB	0.5	0.5	0.4	0.4	0.5	0.5	0.1	0.1	0.1	(0.0)	1.6	1.5
	CC	-	-	-	-	-	-	-	-	0.3	0.2	0.3	0.2
	Group	2.3	2.4	0.8	0.8	1.2	1.1	1.0	1.0	0.4	0.2	5.5	5.5
Profit before tax	WM	0.0	0.0	0.2	0.2	0.3	0.3	0.2	0.2	(0.0)	(0.0)	0.6	0.7
	WMA	0.3	0.3	-	-	-	-	-	-	-	-	0.3	0.3
	P&C	-	-	-	-	-	-	0.5	0.4	-	-	0.5	0.4
	AM	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	(0.0)	(0.0)	0.1	0.1
	IB	0.3	0.1	0.0	0.1	0.1	0.1	0.1	0.1	(0.1)	(0.0)	0.4	0.4
	CC	-	-	-	-	-	-	-	-	(0.3)	(0.3)	(0.3)	(0.3)
	Group	0.6	0.5	0.2	0.3	0.4	0.4	0.8	0.7	(0.3)	(0.3)	1.7	1.7

Numbers in CHF and adjusted unless otherwise indicated; refer to slide 25 for details on adjusted numbers, Basel III numbers and FX rates in this presentation. 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.

Adjusted results

Adjusting items		FY16	2Q16	3Q16	4Q16	1Q17	2Q17
m							
Operating income as reported (Group)		28,320	7,404	7,029	7,055	7,532	7,269
<i>of which:</i>							
	WM	21	21				
	WMA	10			10		
Gains on sale of financial assets available for sale	P&C	102	102				
	IB	78			78		107
Gains/(losses) on sales of subsidiaries and businesses	WM	(23)	(23)				
Gains related to investments in associates	P&C	21		21			
Net FX translation gains/(losses)	CC - Group ALM	(122)	(26)		27		(22)
Gains on sales of real estate	CC - Services	120	120				
Operating income adjusted (Group)		28,113	7,210	7,008	6,940	7,532	7,184
Operating expenses as reported (Group)		24,230	5,915	6,152	6,308	5,842	5,767
<i>of which:</i>							
	WM	447	86	139	143	88	109
	WMA	139	38	38	31	22	25
	P&C	117	31	41	21	19	23
	AM	100	34	34	12	20	23
Net restructuring expenses	IB	577	163	181	116	78	75
	CC - Services	57	20	4	40	15	
	CC - Group ALM						1
	CC - NCL ¹	21	5	7	8	2	2
	Group	1,458	377	444	372	244	258
Operating expenses adjusted (Group)		22,772	5,538	5,708	5,936	5,598	5,509
Operating profit/(loss) before tax as reported		4,090	1,489	877	746	1,690	1,502
Operating profit/(loss) before tax adjusted		5,341	1,672	1,300	1,003	1,934	1,675



Important information related to this presentation

Use of adjusted numbers

Unless otherwise indicated, "adjusted" figures exclude the adjustment items listed on the previous slide, to the extent applicable, on a Group and business division level. Adjusted results are a non-GAAP financial measure as defined by SEC regulations. Refer to pages 7-10 of the 2Q17 report which is available in the section "Quarterly reporting" at www.ubs.com/investors for an overview of adjusted numbers.

If applicable for a given adjusted KPI (i.e., adjusted return on tangible equity), adjustment items are calculated on an after-tax basis by applying an indicative tax rate. Refer to page 15 of the 2Q17 report for more information.

Basel III RWA, Basel III capital and Basel III liquidity ratios

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 framework that became effective on 1 July 2016, unless otherwise stated.

Basel III risk-weighted assets in this presentation are calculated on the basis of Basel III fully applied 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 fully applied Swiss SRB rules, unless otherwise stated. Refer to the "Capital management" section in the 2Q17 report for more information.

Currency translation

Monthly income statement items of foreign operations with a functional currency other than Swiss francs are translated with month-end rates into Swiss francs.

Rounding

Numbers presented throughout this presentation may not add up precisely to the totals provided in the tables and text. Percentages, percent changes and absolute variances are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages, percent changes and absolute variances that would be derived based on figures that are not rounded.

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.

© UBS 2017. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.