



Third quarter 2017 results

October 27, 2017



Cautionary statement regarding forward-looking statements

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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, 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.

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Reported PBT up 39% to 1.2bn

Strong profit growth

Net profit 946m, diluted EPS 0.25
PBT 1,221m, adjusted PBT 1,506m

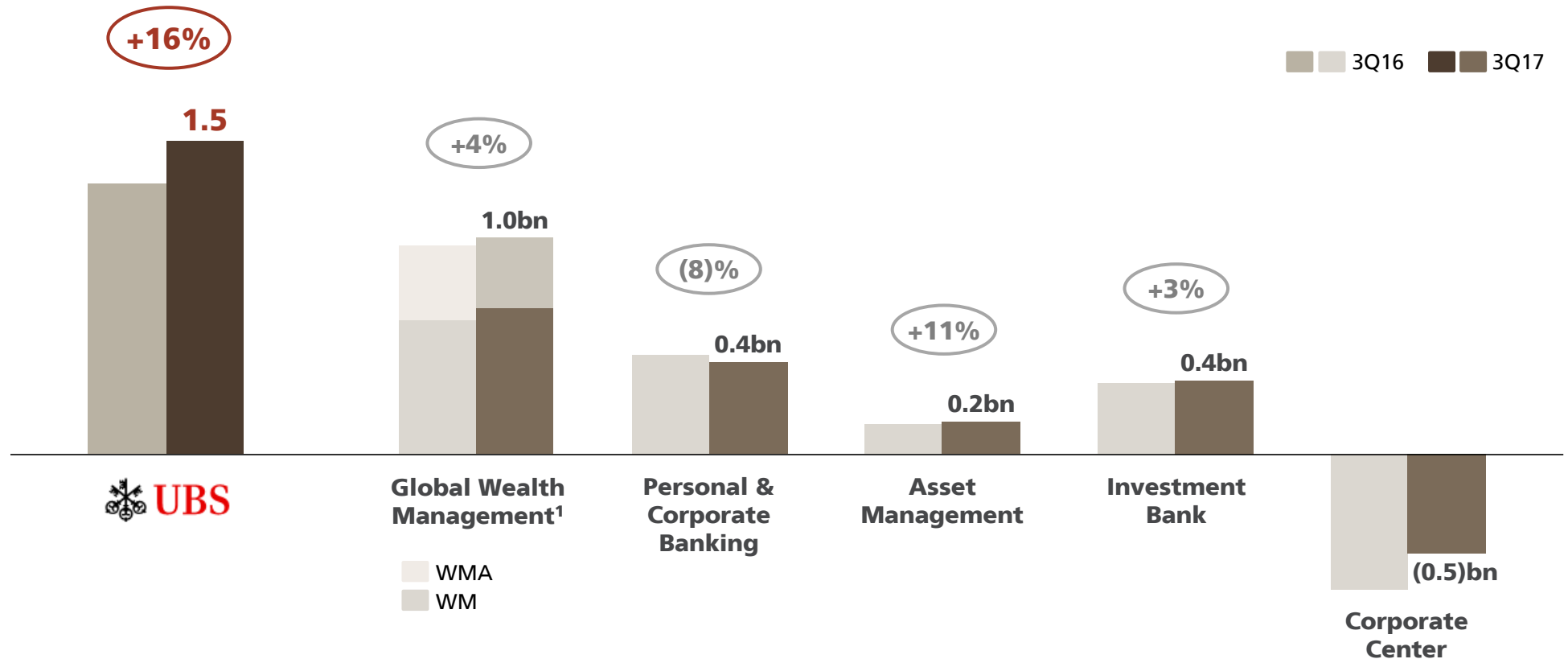
Solid returns

10.2% adjusted RoTE
13.3% adjusted RoTE excl. DTA

Strong capital position

CET1 capital ratio 13.7%; LR 3.7%
TLAC 78bn; CET1 capital 33bn

Strong adjusted pre-tax profit growth

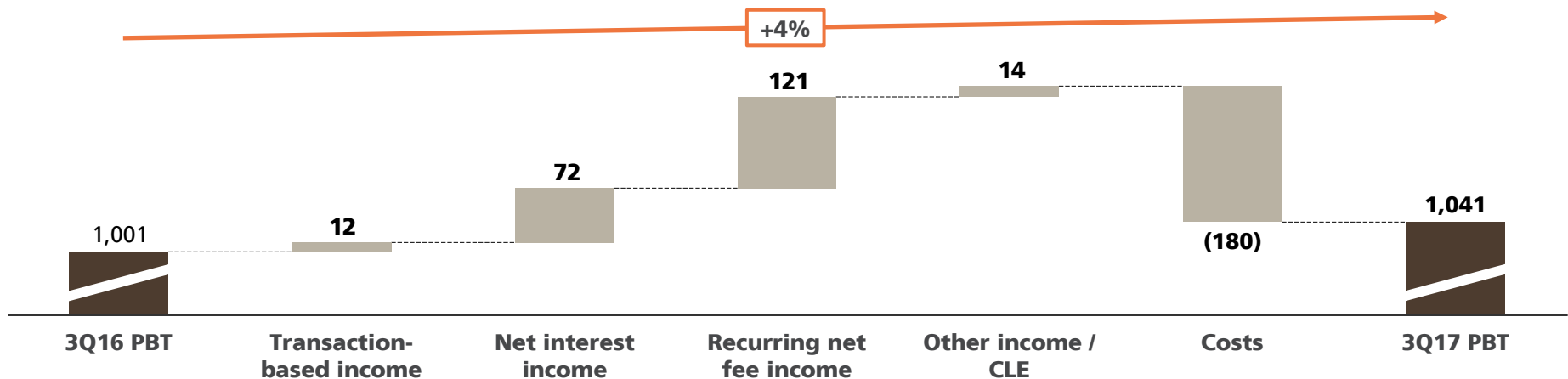


Global WM¹ – Profit before tax up 4%, YTD up 12%

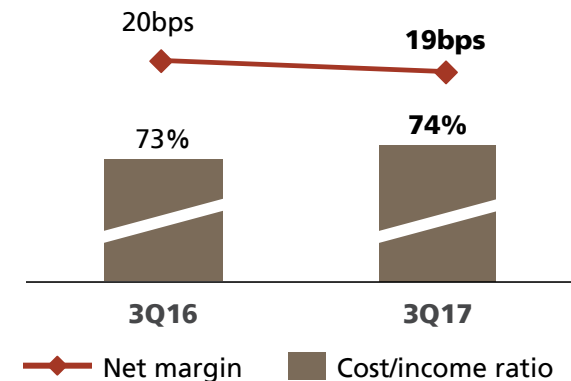
Continued strength in the world's leading wealth management business

Growth across all revenue lines

m

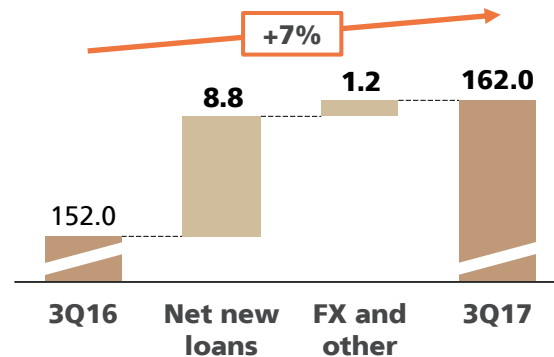


Efficiency and net margin



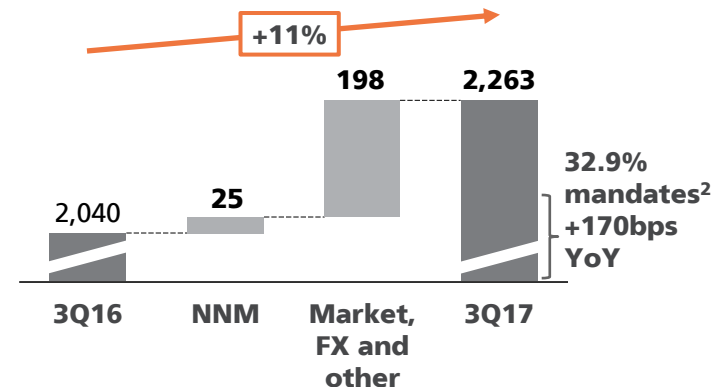
Loan growth

bn



Invested assets growth

bn

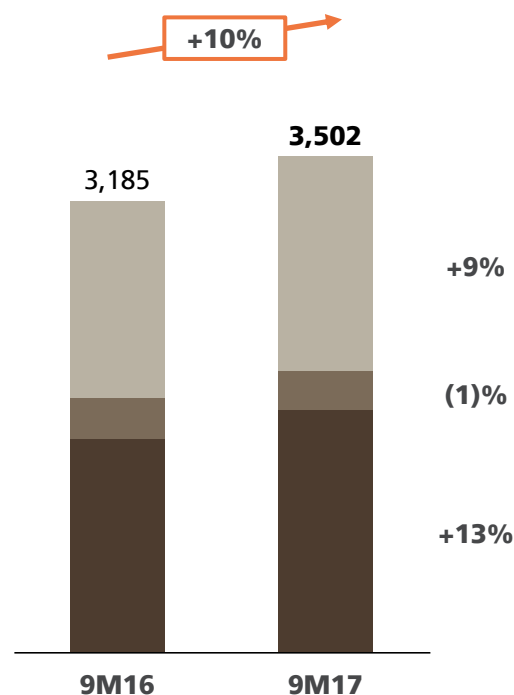


Numbers in CHF and adjusted unless otherwise indicated; refer to slide 24 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 WM and WMA combined; 2 Mandate and managed account penetration

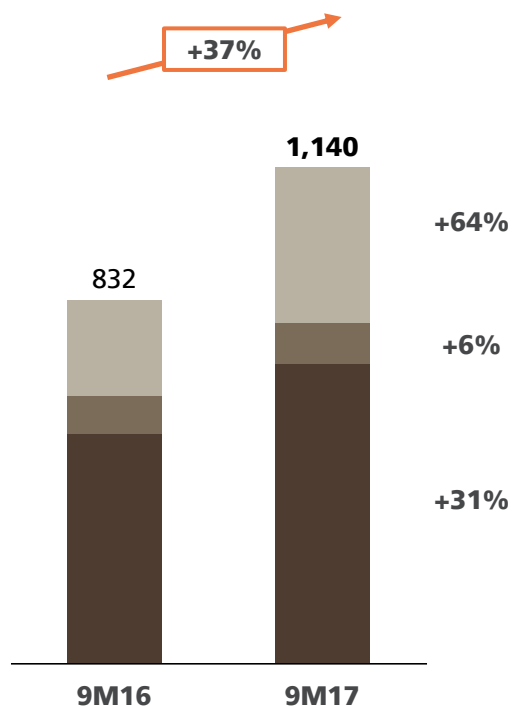
Asia Pacific – Driving profitable growth

Capturing growth and delivering operating leverage

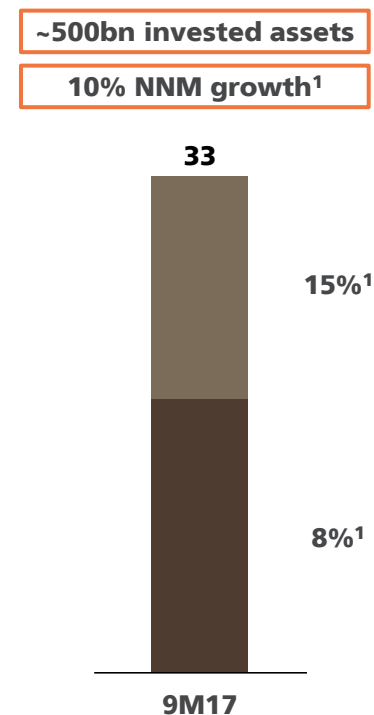
Operating income m



Profit before tax m



Net new money bn



■ Wealth Management

■ Asset Management

■ Investment Bank



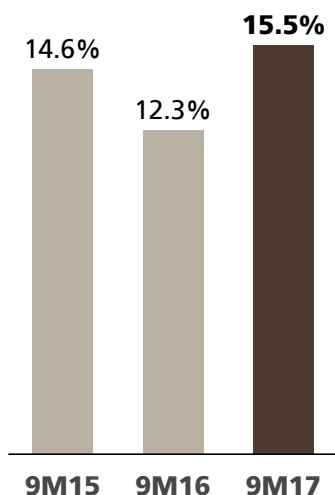
Numbers in CHF and adjusted unless otherwise indicated; refer to slide 24 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Annualized

Committed to sustainable performance

Delivering long-term value to our stakeholders

Solid performance in a variety of market conditions

Return on tangible equity excl. DTA



Strong capital and credit ratings

UBS AG long-term credit ratings¹

Fitch	AA- (stable)
Moody's	A1 (stable)
Standard & Poor's	A+ (stable)

Total loss-absorbing capacity

Fully applied **78bn**

CET1 ratios

Capital ratio **13.7%**

Leverage ratio **3.7%**

CDS spreads²

UBS AG **23bps**

UBS Group AG **50bps**

Recognized as an industry leader in sustainability

Dow Jones Sustainability Index

Maintained #1 position in the Diversified Financials category for the 3rd consecutive year (September 2017)

MSCI ESG Research

Upgraded to "A"; top 3 among primary peer group³ (July 2017)

Sustainalytics

"Leader" score within our industry; 97th percentile ranking (October 2017)

UBS Group AG results (consolidated)

CHF m, except where indicated	3Q16	4Q16	1Q17	2Q17	3Q17
Total operating income	7,029	7,055	7,532	7,269	7,145
Total operating expenses ¹	6,152	6,308	5,842	5,767	5,924
Profit before tax as reported	877	746	1,690	1,502	1,221
of which: net restructuring expenses	(444)	(372)	(244)	(258)	(285)
of which: net FX translation gains/(losses) ²		27		(22)	
of which: gains on sale of financial assets available for sale ³		88		107	
of which: gains related to investments in associates	21				
Adjusted profit before tax	1,300	1,003	1,934	1,675	1,506
of which: net expenses for provisions for litigation, regulatory and similar matters	(419)	(264)	(33)	(9)	(197)
Tax expense/(benefit)	49	109	375	327	272
Net profit attributable to non-controlling interests ⁴	1	1	47	1	2
Net profit attributable to shareholders	827	636	1,269	1,174	946
Diluted EPS (CHF)	0.22	0.17	0.33	0.31	0.25
Adjusted return on tangible equity (%)	10.1	7.3	12.6	11.4	10.2
Adjusted return on tangible equity excl. deferred tax assets (%) ⁵	11.1	8.2	17.4	15.9	13.3
Total book value per share (CHF)	14.37	14.44	14.45	13.92	14.39
Tangible book value per share (CHF)	12.66	12.68	12.71	12.25	12.67

Refer to slide 24 for details on adjusted numbers, Basel III numbers and FX rates in this presentation

1 4Q17 operating expenses for the Group will include an annual UK bank levy charge of ~80m (not treated as an adjustment item); 2 An FX translation loss of ~85m is expected to be booked in CC – Group ALM in 4Q17 related to the sale of our stake in UBS Hana Asset Management, which will be treated as an adjustment item;

3 Pre-tax gains of ~140m and ~40m (excluding the aforementioned FX translation loss) are expected to be booked in Asset Management in 4Q17 related to the sales of UBS's fund administration servicing units in Luxembourg and Switzerland, and our stake in UBS Hana Asset Management, respectively. These gains will be treated as adjustment items; 4 We currently expect to attribute ~25m to non-controlling interests in 4Q17; 5 Refer to page 15 of the 3Q17 report for more information

Global WM

Building on strong 1H17 with YTD profits up 12%

Net margin

bps

Profit before tax

m

Operating income

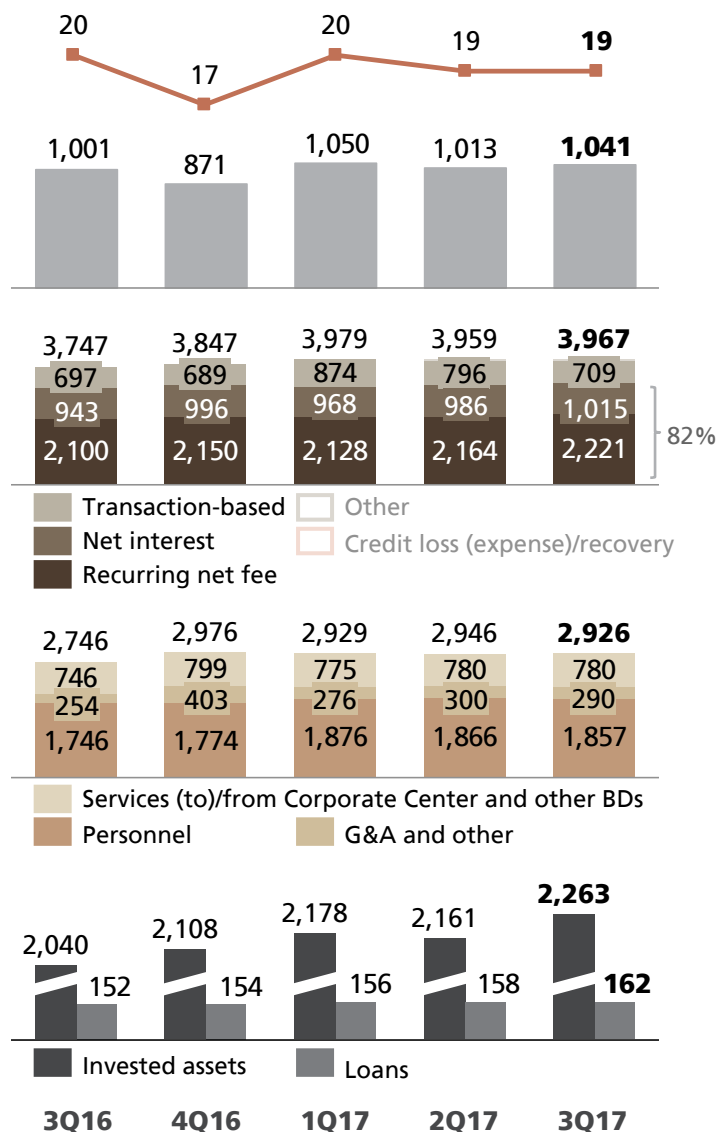
m

Operating expenses

m

Invested assets and loans

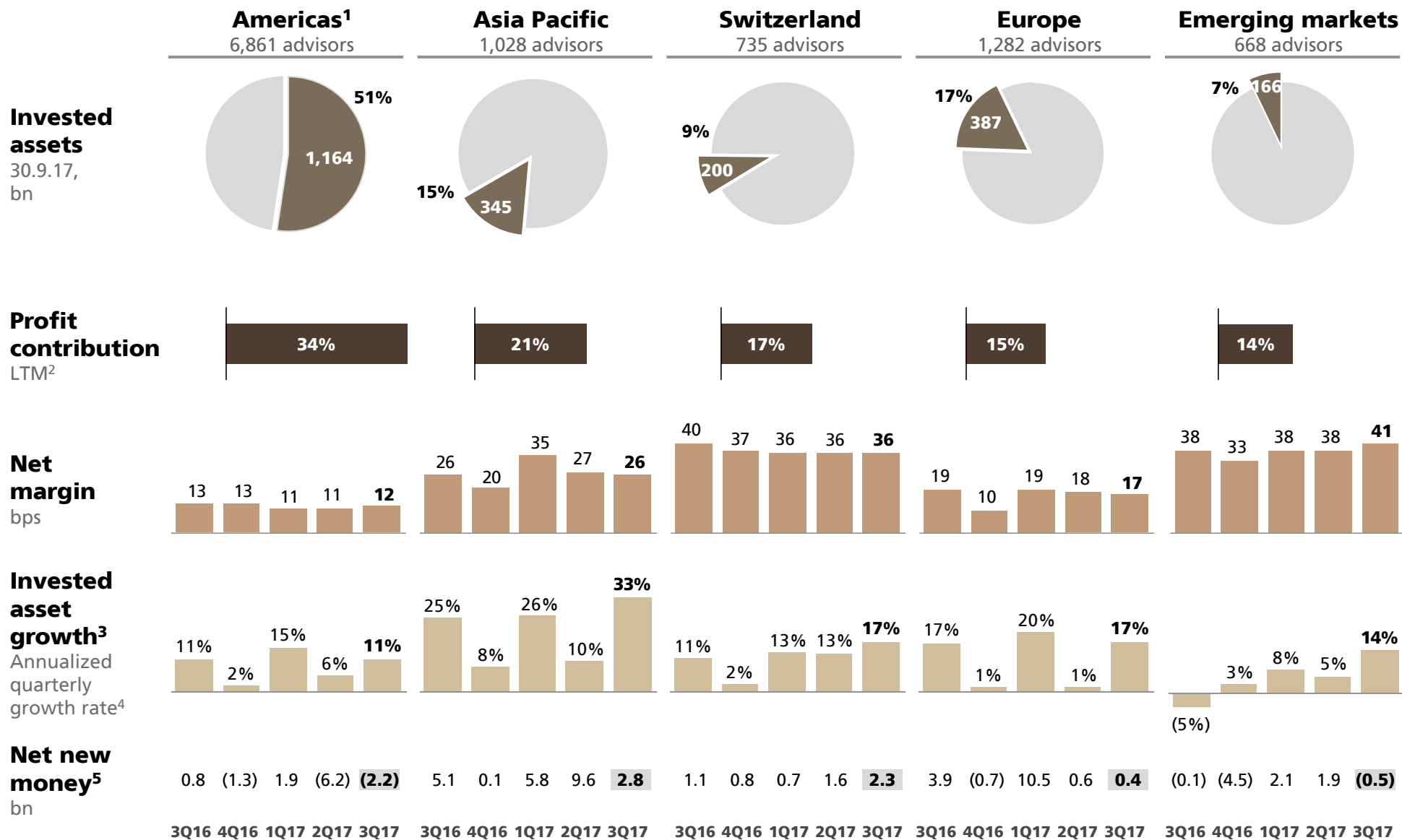
End of period, bn



- **PBT up 4%**, mainly driven by APAC and as we transition to our new model in the US
- **Operating income up 6%**
- **Net interest income up 8%** on higher USD rates
- **Recurring net fee income up 6%**; highest since 2010
- **33% mandate- and managed account penetration**, up 60bps QoQ and 170bps YoY
- **82% of revenues recurring**; highest recurring revenues since 2010
- **Cost/income ratio 74%**
- **Personnel costs up 6%** on revised FA compensation grid in the US
- **G&A up 14%**, driven by 19m higher litigation¹ provisions and integration costs related to our acquisitions in France and Brazil
- **Invested assets up 11%**
- **NNM 2.4bn**
- **Loans up 7%**



Global WM – Regional performance



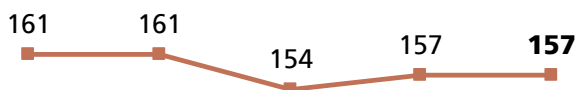
Numbers in CHF and adjusted unless otherwise indicated; refer to slide 24 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Represents WMA; WM's Latin America business is included in emerging markets; 2 Last 12 months, percentage of WM and WMA combined; 3 In USD for Americas;
 4 Excluding one-off acquisitions and disposals >1bn; 5 Including 2.5bn net outflows in 3Q17 (2Q17: 5.3bn net outflows) following the introduction of fees for large EUR-denominated deposits during 2Q17, of which 1.5bn in Europe, 0.7bn in Emerging markets and 0.3bn in Switzerland

Personal & Corporate Banking

Management actions and client activity partly offset net interest headwinds

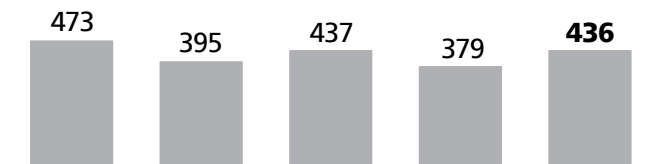
Net interest margin

bps



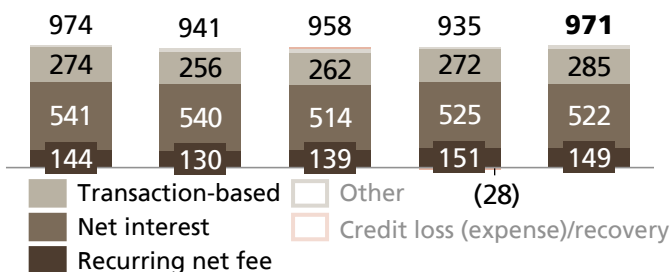
Profit before tax

m



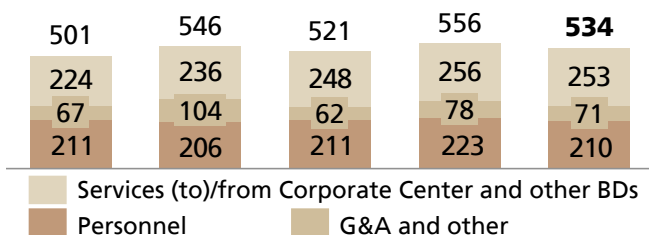
Operating income

m



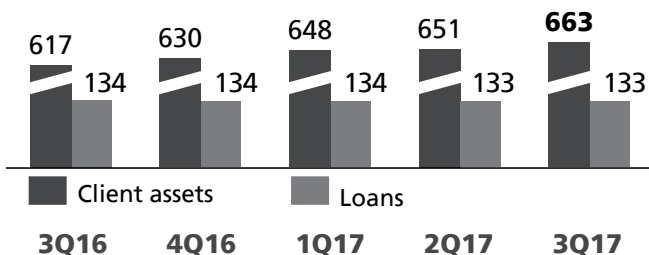
Operating expenses

m



Client assets and loans

End of period, bn



- Management actions helped to stabilize **net interest margin**
- **Transaction-based income up 4%**; highest quarter since 2007 on higher FX-related transaction fees
- **Net interest income down 4%** as higher income from deposits was more than offset by funding costs and the low rate environment
- **Recurring net fee income up 3%** on higher custody revenues
- **Cost/income ratio 55%**
- **Operating expenses up 7%**, mainly due to higher cost allocations by CC-Services related to technology and temporary regulatory costs
- **NNBV growth¹ 3.7%**, the strongest 3Q and 9M since 2007

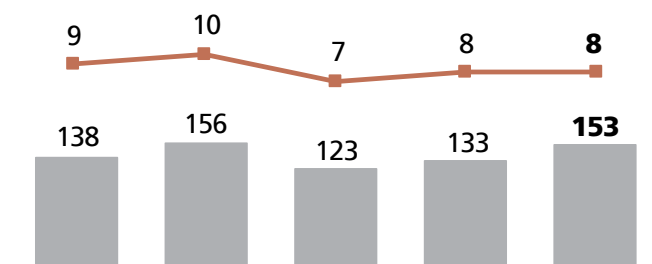


Asset Management

Good operating leverage and continued strong net inflows

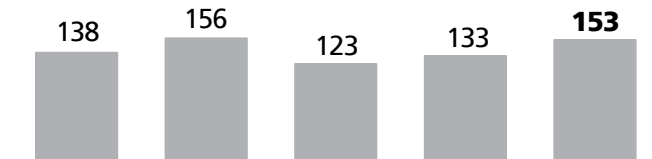
Net margin

bps



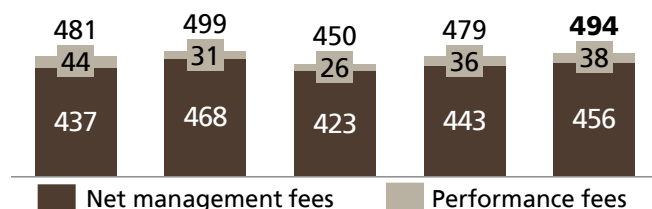
Profit before tax

m



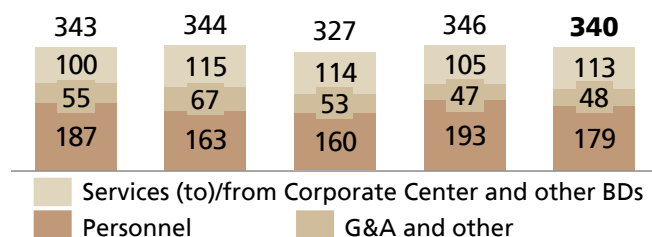
Operating income¹

m



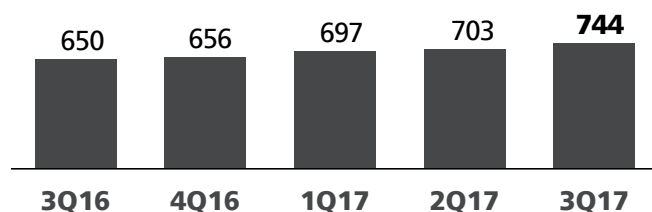
Operating expenses

m



Invested assets

End of period, bn



- PBT up 11%; 4% operating leverage

- Operating income up 3%
- Net management fees up 4%, driven by a higher asset base
- Performance fees continued to be strong, especially in equities

- Costs down 1%
- Personnel and G&A expenses down on good cost discipline
- Cost/income ratio 69%

- Invested assets up 41bn QoQ to 744bn, the highest level since 2008
- Net new money excluding money markets 9bn, 38bn YTD

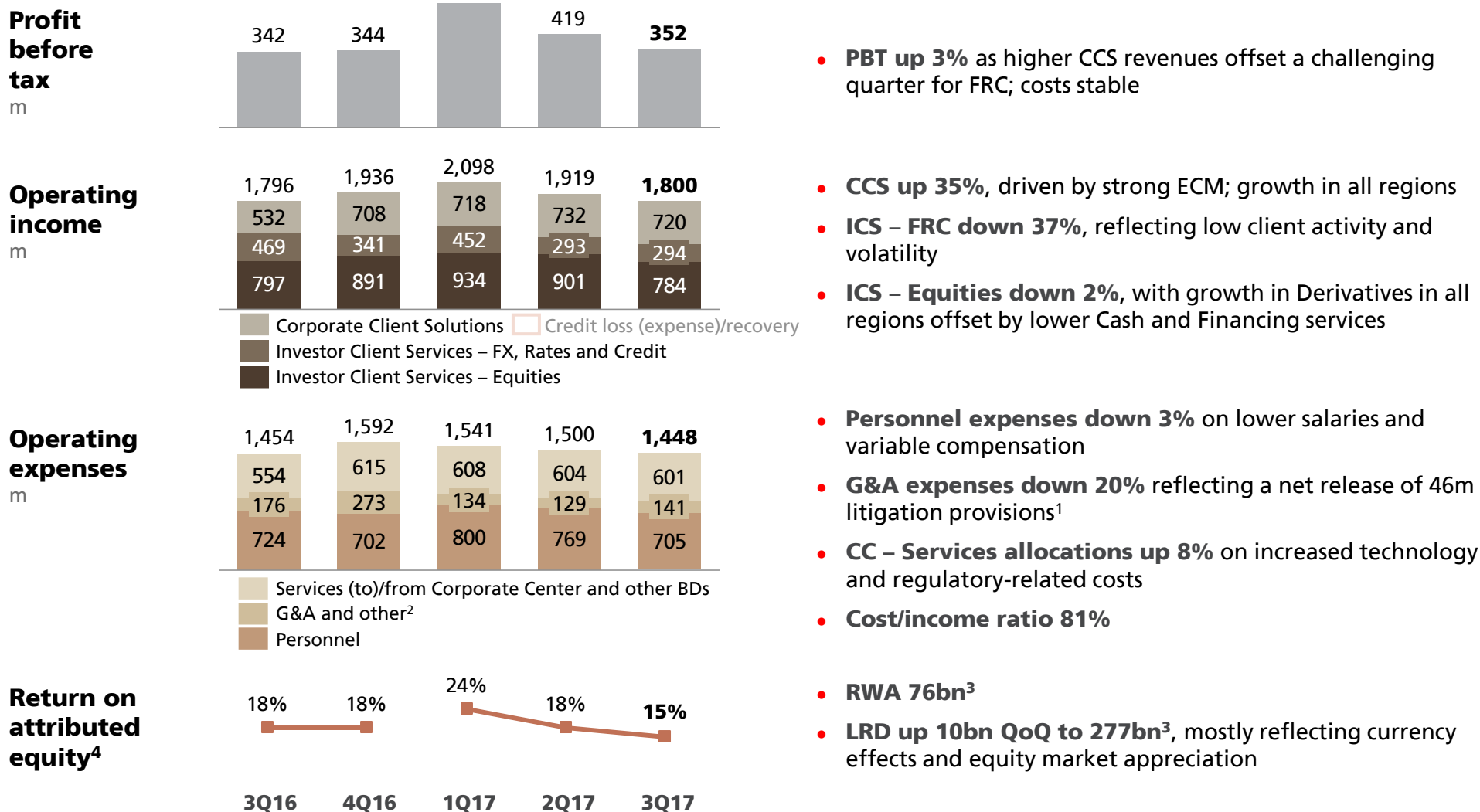


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1 The sale of Asset Management's fund administration servicing units in Luxembourg and Switzerland is expected to reduce operating income by ~20m and profit before tax by ~10m per quarter from 4Q17 onwards

Investment Bank

Resilient performance driven by continued strength in CCS



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 1 Expenses for provisions for litigation, regulatory and similar matters; 2 4Q17 operating expenses for the Investment Bank will include an annual UK bank levy charge of ~60m (not treated as an adjustment item); 3 Including RWA and LRD held by CC – Group ALM on behalf of the Investment Bank; 4 Annualized; based on our current equity attribution framework from 1Q17 onwards and based on our old equity attribution framework for 3Q16 and 4Q16

Corporate Center

Profit before tax

3Q16	4Q16	1Q17	2Q17	3Q17
(654)	(764)	(234)	(269)	(479)

Corporate Center total (m)

Corporate Center results by unit (m)

Services

Operating income	(66)	(59)	(18)	(20)	(70)
Operating expenses	148	216	189	117	322
<i>o/w before allocations</i>	1,830	2,028	1,983	1,912	2,122
<i>o/w litigation-related expenses¹</i>	2	(2)	(4)	0	247 ²
<i>o/w net allocations</i>	(1,683)	(1,812)	(1,793)	(1,795)	(1,800)
Profit before tax	(214)	(275)	(207)	(137)	(392)

Group Asset and Liability Management

Operating income	30	(171)	65	(72)	(49)
<i>o/w risk management net income after allocations³</i>	(39)	(57)	42	(33)	(44)
<i>o/w accounting asymmetries related to economic hedges⁴</i>	95	(40)	22	(47)	8
<i>o/w hedge accounting ineffectiveness</i>	(23)	(20)	(7)	14	(12)
<i>o/w other</i>	(3)	(53)	8	(7)	(1)
Operating expenses ⁵	0	0	2	9	17
Profit before tax	30	(171)	63	(81)	(66)

Non-core and Legacy Portfolio

Operating income	46	(53)	0	(16)	32
Operating expenses ⁶	516	264	91	35	53
<i>o/w litigation-related expenses¹</i>	408	129	1	(34)	(25)
Profit before tax	(470)	(317)	(91)	(51)	(21)



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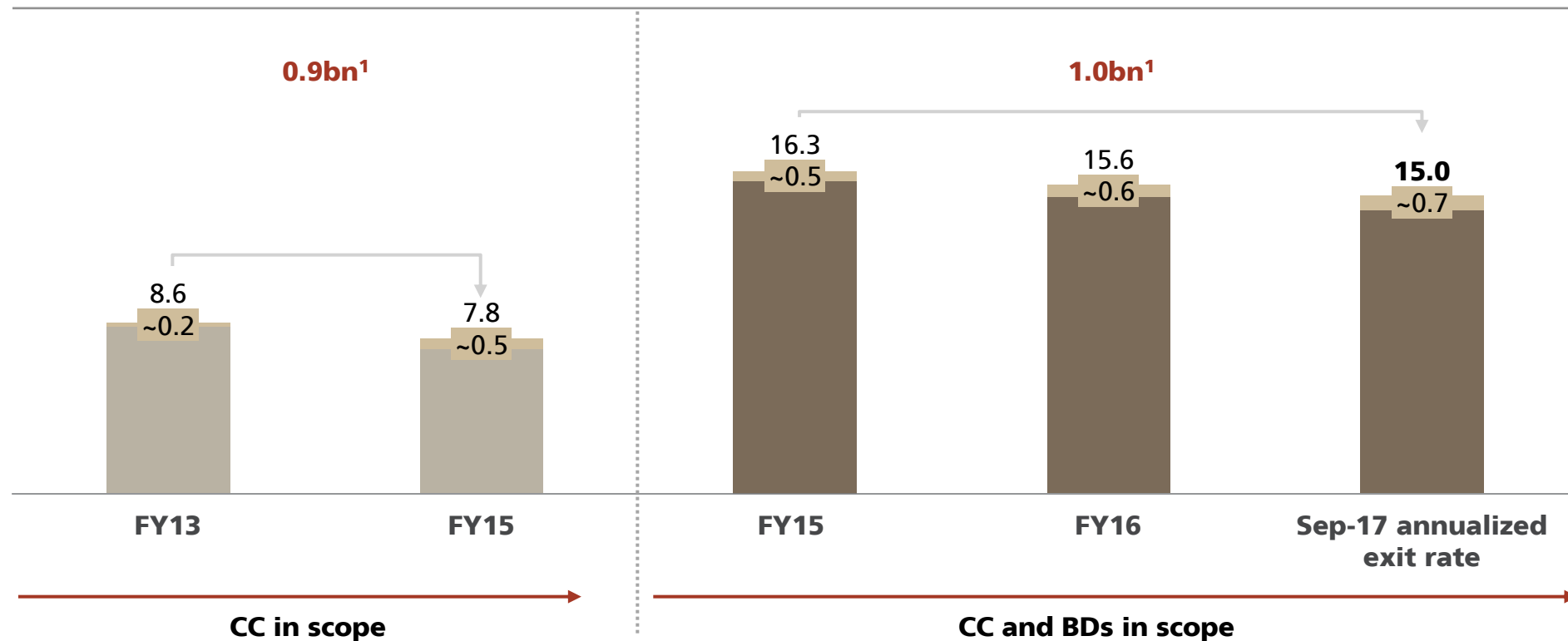
1 Expenses for provisions for litigation, regulatory and similar matters; 2 Not allocated to business divisions; 3 Expected to average ~(-50)m per quarter; 4 Expected to mean-revert to zero over time; 5 4Q17 operating expenses for CC – Group ALM will include an annual UK bank levy charge of ~5m (not treated as an adjustment item); 6 4Q17 operating expenses for CC – Non-core and Legacy Portfolio will include an annual UK bank levy charge of ~10m (not treated as an adjustment item)

Cost reduction

Achieved 1.9bn; on track to achieve 2.1bn target by year-end

Cost base and net cost reductions

bn



- Cost base for net cost reduction program (CC within scope)²
- Cost base for net cost reduction program (CC and BDs within scope)^{2,3}
- of which: CC permanent regulatory costs

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 1 Excl. the impact of FX movements, which were a 0.1bn headwind FY13-FY15 and a 0.2bn benefit FY15-Sep17; 2 Sum of CC – Services adjusted operating expenses (opex) before allocations to business divisions (BDs), CC – NCL adjusted opex and CC – Group ALM opex, excl. expenses for provisions for litigation, regulatory and similar matters and temporary regulatory program costs; 3 Further includes sum of BD adjusted opex 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

Net tax expense and deferred tax assets (DTAs)

Net tax expense

m

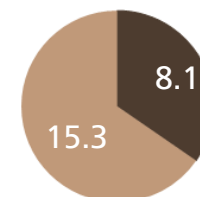
	3Q17	9M17
Net deferred tax expense/(benefit) with respect to net additional DTAs	(174)	(174)
of which: US	(224)	(224)
of which: Switzerland (CH)	50	50
Other net tax expense in respect of 2017 taxable profits	446	1,148
of which: current tax expenses	230	668
of which: deferred tax expenses ⁴	216	480
Net tax expense/(benefit)	272	974

- US DTA upward revaluation of 224m driven by an increase in profit forecasts for WMA
 - Further net upward DTA revaluation of ~75m⁶ expected to be recognized in 4Q17, representing ~25% of the projected FY17 revaluation
- 990m fully applied CET1 benefit from DTAs usage in 9M17:
 - 480m deferred tax expenses⁴
 - 510m⁷ US tax expenses saved through tax loss DTAs

Tax loss DTAs^{1,2}

bn, 30.9.17

	US	UK	CH	Other	Total
■ Recognized	7.9	0.1	0.0	0.1	8.1
■ Unrecognized	12.1	2.0	0.0	1.2	15.3
Total	20.0	2.1	0.0	1.3	23.4



- 7-year DTA measurement period unchanged; profit forecasts based on 3-year strategic plan³
- US DTAs are not currently amortized given the remaining life and level of unrecognized US tax losses; i.e., recognized US DTAs are effectively replenished as taxable profits arise
- Under the current DTA measurement methodology, we would expect a write-down to Group DTAs of ~CHF 200 million⁵ for every one percentage point reduction in the US federal corporate income tax rate if the tax law change is enacted

Numbers in CHF unless otherwise indicated

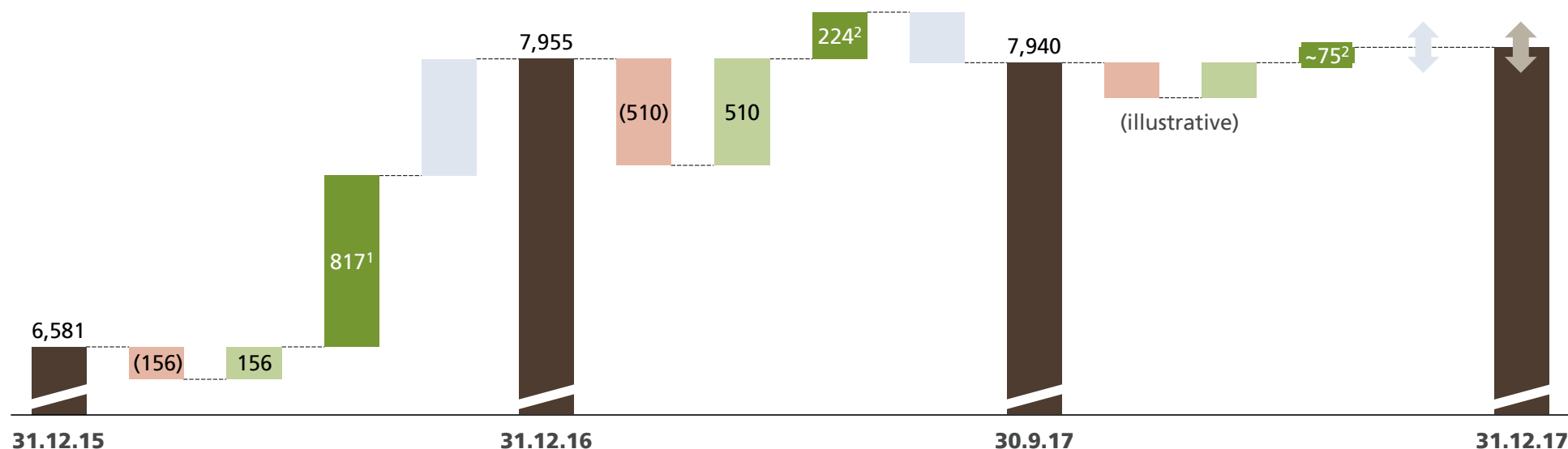
1 As of 30.9.17, net DTAs recognized on UBS's balance sheet were 12.7 billion, of which tax loss DTAs were 8.1 billion and DTAs for temporary differences were 4.6 billion; 2 Unrecognized tax losses have a remaining life of at least 11 years in the US and an indefinite life in the UK; 3 Assumes moderate profit growth for years 4-7; 4 Mainly represent the amortization of prior-year Swiss tax loss and temporary difference DTAs; 5 Estimated total reduction based on the current recognized US DTAs, net of the corresponding adjustment to some of the temporary difference DTAs in Switzerland; 6 Assuming no adjustments for any further revaluations following the finalization of our business plan in 4Q17; 7 US deferred tax expenses are not booked under our current methodology pursuant to IAS 12 and IAS 34 given the level and long remaining life of unrecognized US tax losses. US tax expenses for 9M17 would have been 510m higher without tax loss DTAs

US tax loss DTAs

Higher US profit forecast supports additional DTA recognition

Recognized US tax loss DTA balance

m



- Recognized US DTA closing balance
- Hypothetical deferred tax expenses related to US taxable profits³
- Hypothetical 1:1 US DTA replenishment from unrecognized DTAs as quarterly taxable profits arise³
- Revaluation based on updated business plan, which is reviewed annually; ~75% of full-year net DTA revaluation booked in 3Q and ~25% in 4Q
- FX and other

Numbers in CHF unless otherwise indicated

1 Around half of the FY16 revaluation was driven by the introduction of a moderate growth rate assumption for years 4-7 of the DTA recognition period; 2 Represent 75% and 25% of the projected FY17 US DTA revaluation, assuming no adjustments for any further revaluations are required following the finalization of our business plan in 4Q17; 3 Neither deferred tax expenses (i.e. DTA usage) nor the equal and opposite DTA write-up (i.e. replenishment) are booked under our current methodology

Capital and leverage ratios (fully applied)

CHF 0.7bn CET1 capital accretion; 3.7% CET1 leverage ratio

Loss-absorbing capacity

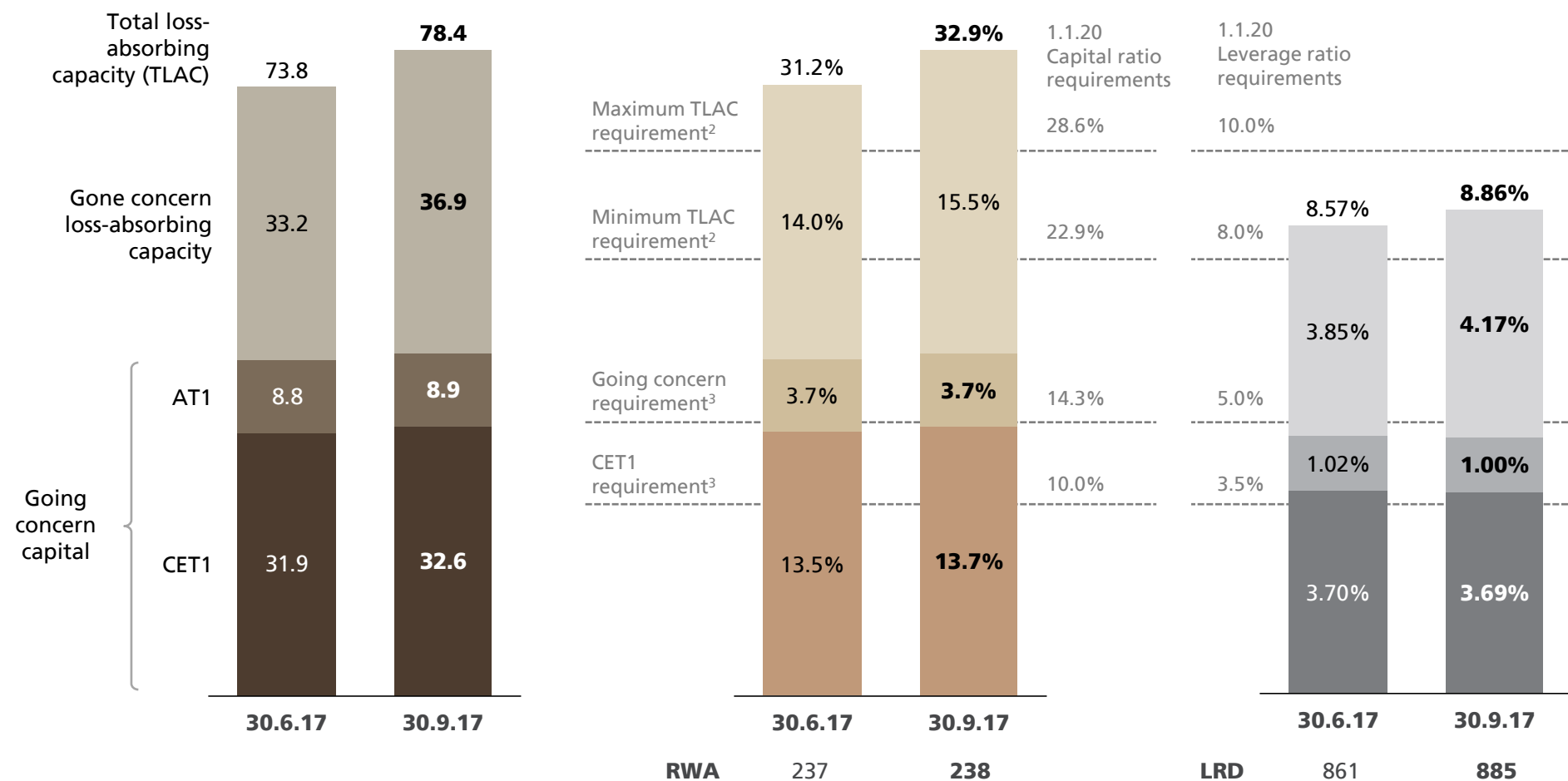
bn

Capital ratio¹

%, bn

Leverage ratio

%, bn



Numbers in CHF unless otherwise indicated. Refer to slide 24 in this presentation, the "Capital management" section of the 3Q17 report and the "Capital Management" section of the 2016 Annual Report for more information

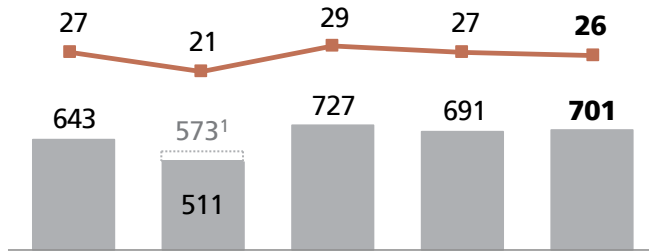
1 As of 30.9.17, our post-stress fully applied CET1 capital ratio exceeded 10%; 2 Gone concern requirement subject to a rebate of up to 2% of LRD based on improved resolvability. For 2017, FINMA has communicated that it has granted approximately one-third of the maximum rebate. We aim to operate with a gone concern ratio of below 4% of LRD at 1.1.20; 3 Excludes the effect of countercyclical buffers for capital ratio

Appendix

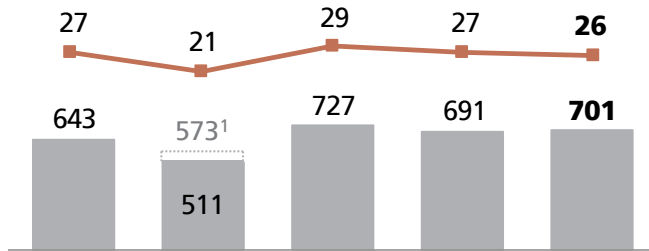
Wealth Management

Strong growth momentum; continued operating leverage

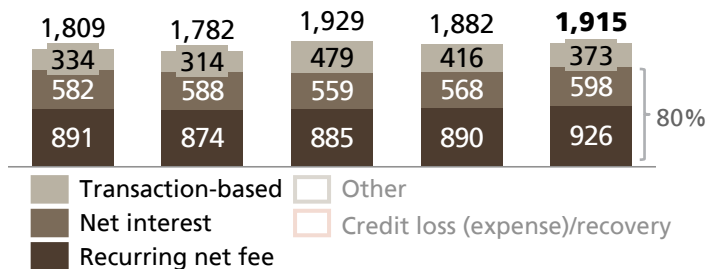
Net margin
bps



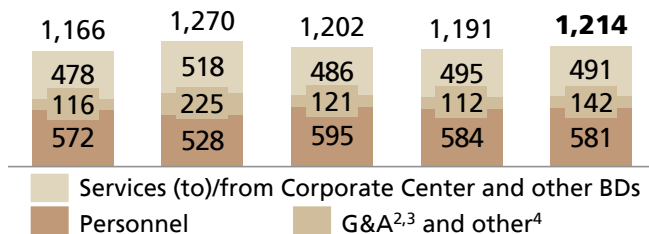
Profit before tax
m



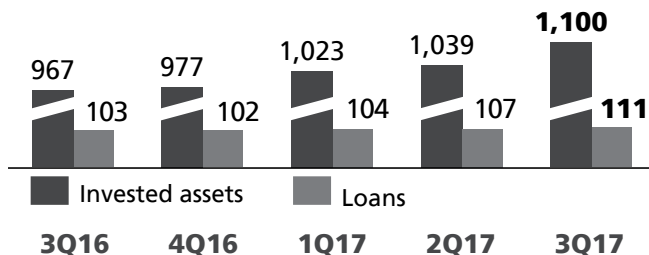
Operating income
m



Operating expenses
m



Invested assets and loans
End of period, bn



- **PBT up 9%**, YTD PBT up 12% with particularly strong momentum in APAC

- **Operating income up 6%** with increases in all revenue lines
- **10bn net mandate sales**, 35bn YTD; 29% mandate penetration, up 70bps QoQ and 210bps YoY

- **Operating expenses up 4%**, includes 19m in litigation provisions
- **CC – Services allocations** up on regulatory-related costs
- **Cost/income ratio 63%**

- **Invested assets up 14%**
- **NNM 4.6bn**, including 2.5bn of outflows following the introduction of fees on large euro-denominated deposits in 2Q17 and 2.5bn of cross-border outflows
- **Loans up 8%**



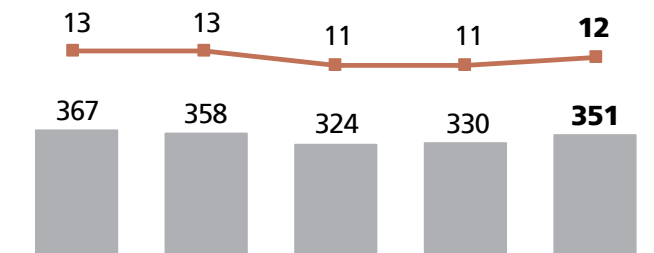
Numbers in CHF and adjusted unless otherwise indicated; refer to slide 24 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Profit before tax excluding net expenses for provisions for litigation, regulatory and similar matters of 62m in 4Q16; 2 General and administrative expenses;
 3 4Q17 operating expenses for Wealth Management will include an annual UK bank levy charge of ~5m (not treated as an adjustment item); 4 Depreciation and impairment of property, equipment and software as well as amortization and impairment of intangible assets

Wealth Management Americas (USD)

Continued income momentum; investing for future growth

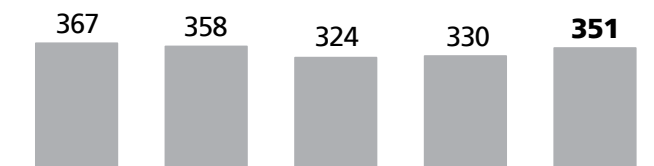
Net margin

bps



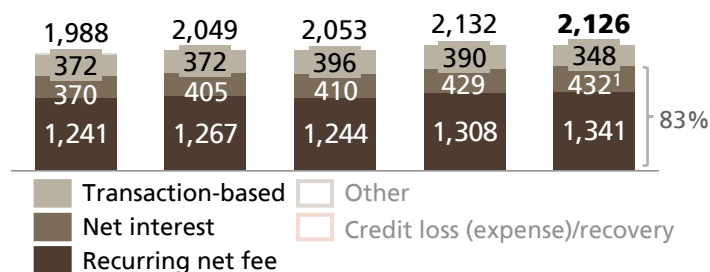
Profit before tax

m



Operating income

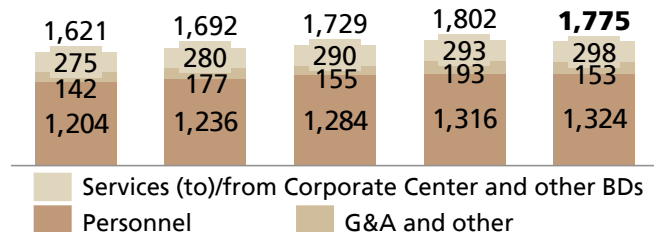
m



Transaction-based
Net interest
Recurring net fee
Other
Credit loss (expense)/recovery

Operating expenses

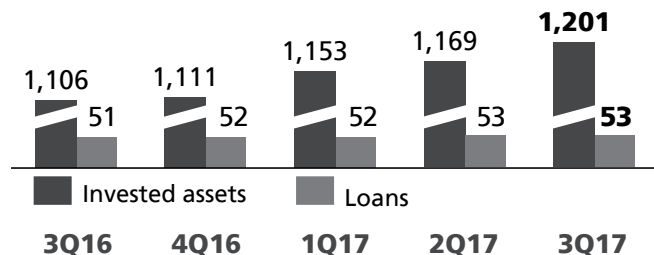
m



Services (to)/from Corporate Center and other BDs
Personnel
G&A and other

Invested assets and loans

End of period, bn



- **PBT down 4%** as we continue to invest for the future; YTD PBT up 13%

- **Income up 7%, YTD up 9%**
- **36% mandate and managed account penetration, up 50bps QoQ and 150bps YoY**

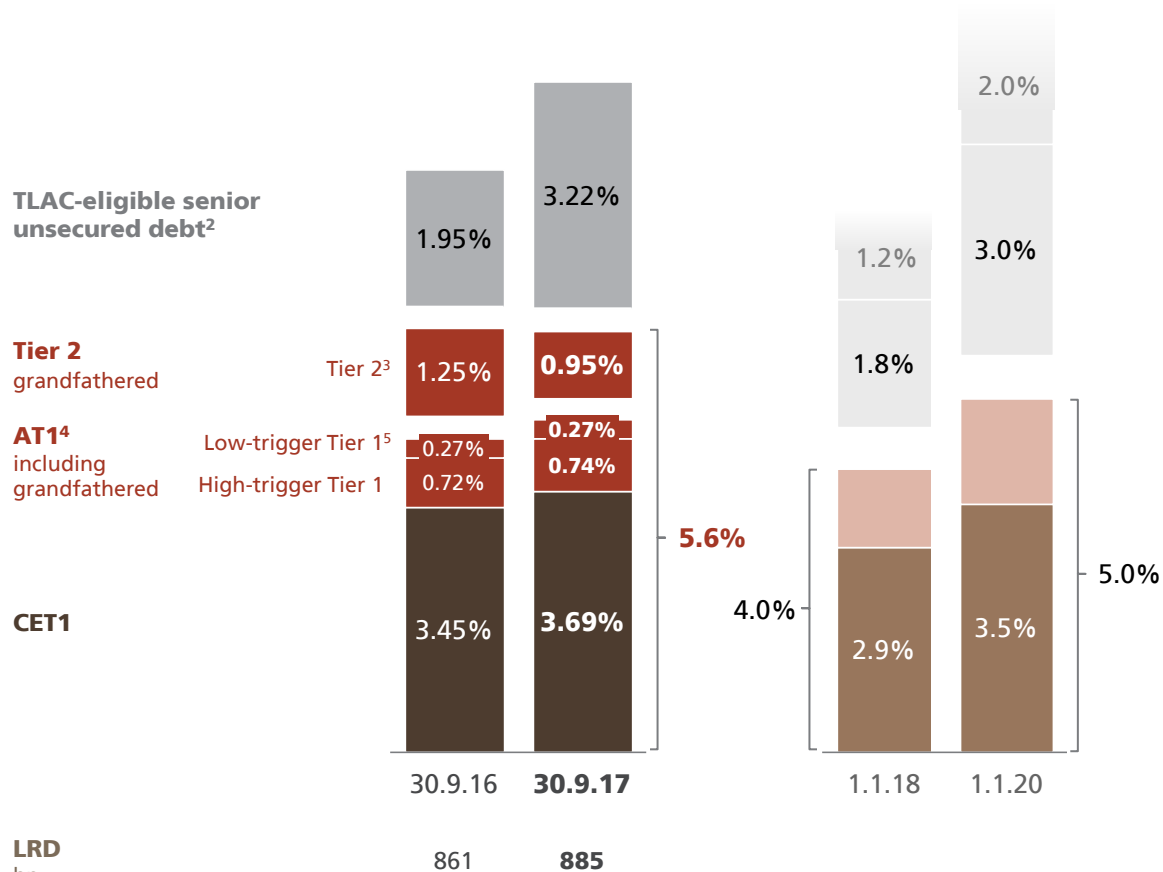
- **Personnel costs up 10%** on higher compensable revenues and revised FA compensation grid
- **CC – Services allocations up 2%**, mainly on technology costs
- **Cost/income ratio 83%**

- **Invested assets up 9%**
- **NNM (2.3)bn** as lower recruiting offset positive same store² net new money performance, as we transition to our new model
- **Loans up 4%**

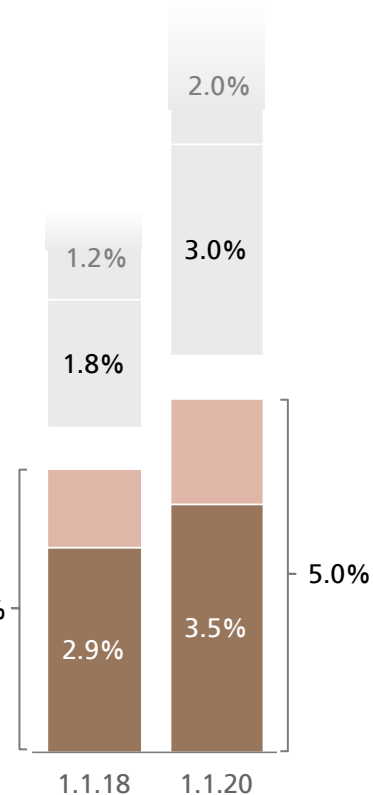


Swiss SRB leverage ratio requirements

UBS leverage ratio balance¹



Requirements



Meeting 1.1.20 requirements

TLAC-eligible debt

- 3.22% (28.5bn) existing UBS Group AG TLAC bonds²
- 15.9bn 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 requirement subject to a rebate of up to 2% of LRD based on improved resolvability
- For 2017, FINMA has communicated that it has granted approximately one-third of the maximum rebate
- The aim is to operate with a gone concern ratio below 4% of LRD at 1.1.20

High-trigger AT1 capital⁴

- 1.00% (8.9bn) comprising 6.5bn existing high-trigger AT1, of which 1.3bn employee DCCP, and 2.4bn grandfathered low-trigger AT1⁵
- 1.96% (17.3bn) 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

- 3.69% (32.6bn) fully applied CET1 ratio
- Incremental CET1 via earnings accretion

Numbers in CHF unless otherwise indicated; refer to slide 24 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 are eligible 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 30.9.17, 6.8bn 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

		Americas		Asia Pacific		EMEA		Switzerland		Global		Total	
		3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17
Operating income	WM	0.1	0.1	0.5	0.6	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	1.0	-	-	1.0	1.0
	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	0.6	0.6	0.5	0.5	0.5	0.5	0.2	0.2	(0.0)	(0.0)	1.8	1.8
	CC	-	-	-	-	-	-	-	-	0.0	(0.1)	0.0	(0.1)
	Group	2.8	2.9	1.1	1.2	1.4	1.5	1.7	1.7	(0.0)	(0.1)	7.0	7.1
Operating expenses	WM	0.1	0.1	0.3	0.4	0.6	0.6	0.2	0.2	0.0	0.0	1.2	1.2
	WMA	1.6	1.7	-	-	-	-	-	-	-	-	1.6	1.7
	P&C	-	-	-	-	-	-	0.5	0.5	-	-	0.5	0.5
	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	0.4	0.4	0.1	0.1	0.0	(0.1)	1.5	1.4
	CC	-	-	-	-	-	-	-	-	0.7	0.4	0.7	0.4
	Group	2.2	2.4	0.8	0.8	1.1	1.1	0.9	1.0	0.7	0.4	5.7	5.6
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	0.4	0.3	-	-	-	-	-	-	-	-	0.4	0.3
	P&C	-	-	-	-	-	-	0.5	0.4	-	-	0.5	0.4
	AM	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	(0.0)	(0.0)	0.1	0.2
	IB	0.2	0.1	0.1	0.2	0.1	0.0	0.1	0.0	(0.0)	0.0	0.3	0.4
	CC	-	-	-	-	-	-	-	-	(0.7)	(0.5)	(0.7)	(0.5)
	Group	0.6	0.5	0.3	0.4	0.3	0.4	0.8	0.7	(0.7)	(0.5)	1.3	1.5

Numbers in CHF and adjusted unless otherwise indicated; refer to slide 24 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	3Q16	4Q16	1Q17	2Q17	3Q17
m							
Operating income as reported (Group)		28,320	7,029	7,055	7,532	7,269	7,145
<i>of which:</i>							
	WM	21					
Gains on sale of financial assets available for sale	WMA	10		10			
	P&C	102					
	IB	78		78		107	
Gains/(losses) on sales of subsidiaries and businesses	WM	(23)					
Gains related to investments in associates	P&C	21	21				
Net FX translation gains/(losses)	CC - Group ALM	(122)		27		(22)	
Gains on sales of real estate	CC - Services	120					
Operating income adjusted (Group)		28,113	7,008	6,940	7,532	7,184	7,145
Operating expenses as reported (Group)		24,230	6,152	6,308	5,842	5,767	5,924
<i>of which:</i>							
	WM	447	139	143	88	109	114
	WMA	139	38	31	22	25	24
	P&C	117	41	21	19	23	25
	AM	100	34	12	20	23	26
Net restructuring expenses	IB	577	181	116	78	75	83
	CC - Services	57	4	40	15		9
	CC - Group ALM					1	1
	CC - NCL ¹	21	7	8	2	2	1
	Group	1,458	444	372	244	258	285
Operating expenses adjusted (Group)		22,772	5,708	5,936	5,598	5,509	5,639
Operating profit/(loss) before tax as reported		4,090	877	746	1,690	1,502	1,221
Operating profit/(loss) before tax adjusted		5,341	1,300	1,003	1,934	1,675	1,506



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 7-9 of the 3Q17 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 3Q17 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 3Q17 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.

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