

5 May 2015

UBS Q1 net profit CHF 2 billion, up 88%

Adjusted¹ profit before tax CHF 2.3 billion**Diluted earnings per share CHF 0.53****Best-in-peer-group fully applied Basel III CET1 ratio 13.7%, up 50 basis points****Fully applied Swiss SRB leverage ratio 4.6%, up 80 basis points****Adjusted¹ return on tangible equity above target at 14.4%**

Zurich/Basel, 5 May 2015 – All UBS's businesses navigated the extraordinary challenges of the first quarter well. This was reflected in a Group adjusted¹ profit before tax of CHF 2.3 billion, a very strong result, particularly considering the extreme volatility in foreign exchange rates, currency translation effects and the continued impact of low to negative interest rates on its businesses. UBS reported net profit attributable to shareholders of CHF 1,977 million and diluted earnings per share of CHF 0.53. The quarter showed that clients value UBS's advice and the firm is succeeding in the areas in which it chooses to compete.

"I'm pleased with the strong quarter. We stayed close to our clients, we stayed disciplined on risk and we delivered across all businesses and regions. The results again demonstrate the benefits of a strategy defined early and executed with a focus on long-term value creation."

Sergio P. Ermotti, Group Chief Executive Officer

UBS continued to demonstrate its fundamental earnings power and ability to perform for its clients in a variety of market conditions. Together, UBS's wealth management businesses delivered the highest profits since 2008 and net new money of CHF 19 billion. They made solid progress with their strategic initiatives to grow lending and increase mandate penetration. Retail & Corporate reported its best first quarter in five years, despite the introduction of negative interest rates in its home market. Global Asset Management posted its best quarter since 2009 and robust net new money. And a solid performance in the Investment Bank, achieved without deploying more risk, demonstrated the strength and consistency of its diversified and client-focused model.

Information in this release is presented for UBS Group AG on a consolidated basis unless otherwise specified. Key figures for UBS AG are included at the end of this release. Financial information for UBS AG does not differ materially from UBS Group AG. UBS AG will publish its consolidated quarterly financial statements in electronic form only on 8 May 2015. These will be made available at www.ubs.com/quarterlyreporting.

Business division highlights

- **Combined wealth management businesses** adjusted¹ profit before tax CHF 1.1 billion, the highest since 2008; net new money CHF 19 billion
- **Wealth Management** adjusted¹ profit before tax CHF 856 million; net new money very strong at CHF 14.4 billion, taking the annualized net new money growth rate above the target range; adjusted¹ cost / income ratio improved and was within the target range
- **Wealth Management Americas** adjusted¹ profit before tax USD 293 million, another quarterly record; net new money USD 4.8 billion, taking the annualized net new money growth rate slightly below the target range; adjusted¹ cost / income ratio improved and was within the target range
- **Retail & Corporate** adjusted¹ profit before tax CHF 443 million, the best first-quarter result in five years; annualized net new business volume growth rate, net interest margin and adjusted¹ cost / income ratio all improved and were within the target ranges
- **Global Asset Management** adjusted¹ profit before tax CHF 186 million; excluding money market flows, net new money inflows very strong at CHF 7.5 billion; annualized net new money growth rate, excluding money market flows, and cost / income ratio both improved and were within the target ranges
- **Investment Bank** adjusted¹ profit before tax CHF 844 million; adjusted¹ annualized return on attributed equity above target; adjusted¹ cost / income ratio improved and was below the target range

Results by business division and Corporate Center as reported

CHF million	Total operating income			Total operating expenses			Operating profit / (loss) before tax		
For the quarter ended	31.3.15	31.12.14	% change	31.3.15	31.12.14	% change	31.3.15	31.12.14	% change
Wealth Management	2,247	2,004	12	1,296	1,359	(5)	951	646	47
Wealth Management Americas	1,801	1,874	(4)	1,548	1,663	(7)	253	211	20
Retail & Corporate	979	913	7	552	573	(4)	427	340	26
Global Asset Management	511	497	3	343	412	(17)	168	85	98
Investment Bank	2,666	1,935	38	1,891	1,702	11	774	233	232
Corporate Center	638	(478)		504	634	(21)	134	(1,112)	
<i>of which: Services</i>	600	84	614	337	263	28	263	(179)	
<i>of which: Group ALM</i>	118	(201)		(4)	6		122	(208)	
<i>of which: Non-core and Legacy Portfolio</i>	(80)	(361)	(78)	171	364	(53)	(251)	(725)	(65)
UBS	8,841	6,746	31	6,134	6,342	(3)	2,708	404	570

First quarter: Group, divisional and Corporate Center performance overview

The Group adjusted¹ profit before tax of CHF 2,268 million was a very strong result, particularly considering the abovementioned volatility in foreign exchange rates, currency translation effects and the continued impact of low to negative interest rates on our businesses. We reported a net profit attributable to shareholders of CHF 1,977 million, up 88% on the prior year, and diluted earnings per share of CHF 0.53.

We maintained our position as the best capitalized firm among large global banks, with a fully applied Basel III common equity tier 1 ratio of 13.7% at the end of March, an increase of 50 basis points from the prior year. During the quarter, UBS Group AG raised the equivalent of CHF 3.5 billion in its first capital markets transaction and inaugural issuance of additional tier 1 (AT1) capital. Mainly as a result of this and our retained earnings, our fully applied Swiss SRB leverage ratio increased to 4.6% at the end of the quarter, an increase of 80 basis points from the prior year. AT1 instruments will be an important part of our future capital structure, as they give us the capacity to adapt quickly to new and evolving regulatory requirements.

Wealth Management delivered an adjusted¹ profit before tax of CHF 856 million, its best quarterly result since 2008. This included an increase in operating income, largely as a result of higher transaction-based income. Operating expenses declined, supporting the business's strong revenue performance. Net new money was also strong at CHF 14.4 billion, with high-quality net inflows from all regions, particularly Asia Pacific and, notably, also in both domestic and international businesses in Europe.

Wealth Management Americas delivered another record quarterly performance, with an adjusted¹ profit before tax of USD 293 million that reflected lower operating expenses. Financial advisor productivity was industry-leading. Net new money was USD 4.8 billion, reflecting net inflows from financial advisors employed with UBS for more than one year. Invested assets reached a record in US dollar terms, reflecting positive market performance as well as net new money inflows. Lending balances continued to show sustainable growth, funded by increases in deposits.

Retail & Corporate posted an adjusted¹ profit before tax of CHF 443 million, the business's best first-quarter result in five years. Operating income was strong, reflecting lower credit loss expenses, as well as higher net interest and transaction-based income as pricing measures on loans and deposits helped to offset headwinds from the interest rate environment. Operating expenses decreased, mainly reflecting lower general and administrative expenses.

Global Asset Management recorded an adjusted¹ profit before tax of CHF 186 million, its best quarter since 2009. Operating income was higher, primarily due to solid performance fees in O'Connor and A&Q. Operating expenses decreased, mainly reflecting lower charges for provisions for litigation, regulatory and similar matters. Excluding money market flows, net new money was strong at CHF 7.5 billion and included CHF 5.1 billion of net inflows from clients of our wealth management businesses that were mainly into alternative investments, multi-asset funds and equities.

The **Investment Bank** achieved an adjusted¹ profit before tax of CHF 844 million, a very strong result demonstrating the strength and consistent performance of our diversified and client-focused model. Maintaining strict discipline in risk management, Investor Client Services delivered strong revenues of CHF 1,863 million without increasing our risk profile. The business benefited from higher market volatility and strong client activity, driving performances in foreign exchange, rates and credit, equity derivatives as well as global financing services. Corporate Client Solutions revenues rose to CHF 801 million amid increases in debt capital markets, equity capital markets and financing solutions. The adjusted¹ annualized return on attributed equity was 46.2%. We are proud to report that the Investment Bank was named Equity Derivatives House of the Year 2014 by leading global capital markets publisher International Financing Review.

As of 1 January 2015, Corporate Center – Core Functions was reorganized into two new units, Corporate Center – Services, and Corporate Center – Group Asset and Liability Management. For the first quarter, **Corporate Center – Services** profit before tax was CHF 263 million on a reported basis. Gains on sale of real estate and an own credit gain were partly offset by higher real estate restructuring charges. Profit before tax in **Corporate Center – Group Asset and Liability Management** was CHF 122 million, after revenue allocations of CHF 289 million to business divisions and other Corporate Center units. Retained income increased, mainly related to hedging activities. **Corporate Center – Non-core and Legacy Portfolio** recorded a loss before tax of CHF 251 million, with fully applied Basel III risk-weighted assets stable at CHF 36 billion, while the Swiss SRB leverage denominator decreased to CHF 84 billion from CHF 93 billion.

Outlook

At the start of the second quarter of 2015, many of the underlying macroeconomic challenges and geopolitical issues that we have previously highlighted remain and are unlikely to be resolved in the foreseeable future. We are implementing initiatives to improve the pricing of some Wealth Management accounts in light of the interest rate environment in Switzerland and parts of Europe. Excluding potential outflows associated with these initiatives, we expect our wealth management businesses will continue to deliver positive net new money in the second quarter. Thus, despite ongoing and new challenges, we continue to be committed to the disciplined execution of our strategy in order to ensure the firm's long-term success and to deliver sustainable returns for our shareholders.

¹ Please refer to the "Adjusted results" section at the end of this news release for information on adjusted results.

UBS Group key figures as reported

	As of or for the quarter ended		
CHF million, except where indicated	31.3.15	31.12.14	31.3.14
Group results			
Operating income	8,841	6,746	7,258
Operating expenses	6,134	6,342	5,865
Operating profit / (loss) before tax	2,708	404	1,393
Net profit / (loss) attributable to UBS Group AG shareholders	1,977	858	1,054
Diluted earnings per share (CHF) ¹	0.53	0.23	0.27
Key performance indicators ²			
Profitability			
Return on tangible equity (%)	17.8	8.0	10.2
Return on assets, gross (%) ³	3.4	2.6	2.9
Cost / income ratio (%)	69.2	93.2	81.1
Growth			
Net profit growth (%)	130.4	12.6	14.9
Net new money growth for combined wealth management businesses (%)	3.8	1.7	2.9
Resources			
Common equity tier 1 capital ratio (fully applied, %) ³	13.7	13.4	13.2
Leverage ratio (phase-in, %) ⁴	5.6	5.4	5.0
Additional information			
Profitability			
Return on equity (RoE) (%)	15.4	6.8	8.7
Return on risk-weighted assets, gross (%) ⁵	16.1	12.3	12.6
Resources			
Total assets	1,048,850	1,062,478	982,530
Equity attributable to UBS Group AG shareholders	52,359	50,608	49,023
Common equity tier 1 capital (fully applied) ³	29,566	28,941	29,937
Common equity tier 1 capital (phase-in) ³	40,779	42,863	41,187
Risk-weighted assets (fully applied) ³	216,385	216,462	226,805
Risk-weighted assets (phase-in) ³	219,358	220,877	229,879
Common equity tier 1 capital ratio (phase-in, %) ³	18.6	19.4	17.9
Total capital ratio (fully applied, %) ³	20.6	18.9	16.8
Total capital ratio (phase-in, %) ³	25.9	25.5	22.7
Leverage ratio (fully applied, %) ⁴	4.6	4.1	3.8
Leverage ratio denominator (fully applied) ⁴	976,934	997,822	987,899
Leverage ratio denominator (phase-in) ⁴	982,249	1,004,869	993,970
Liquidity coverage ratio (%) ⁶	122	123	110
Other			
Invested assets (CHF billion) ⁷	2,708	2,734	2,424
Personnel (full-time equivalents)	60,113	60,155	60,326
Market capitalization ⁸	68,508	63,526	70,180
Total book value per share (CHF) ⁸	14.33	13.94	13.07
Tangible book value per share (CHF) ⁸	12.59	12.14	11.41

1 Refer to "Note 9 Earnings per share (EPS) and shares outstanding" in the "Financial information" section of the first quarter 2015 report for more information. **2** Refer to the "Measurement of performance" section of our Annual Report 2014 for the definitions of our key performance indicators. **3** Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). Refer to the "Capital management" section of the first quarter 2015 report for more information. **4** In accordance with Swiss SRB rules. Refer to the "Capital management" section of the first quarter 2015 report for more information. **5** Based on phase-in Basel III risk-weighted assets. **6** Refer to the "Liquidity and funding management" section of the first quarter 2015 report for more information. Data for periods prior to 31 March 2015 are on a pro-forma basis. **7** Group invested assets includes invested assets for Retail & Corporate. **8** Refer to the "UBS shares" section of the first quarter 2015 report for more information.

Income statement

CHF million, except per share data	For the quarter ended			% change from	
	31.3.15	31.12.14	31.3.14	4Q14	1Q14
Interest income	3,172	3,314	3,191	(4)	(1)
Interest expense	(1,535)	(1,447)	(1,620)	6	(5)
Net interest income	1,637	1,866	1,572	(12)	4
Credit loss (expense) / recovery	(16)	(60)	28	(73)	
Net interest income after credit loss expense	1,621	1,807	1,600	(10)	1
Net fee and commission income	4,401	4,396	4,112	0	7
Net trading income	2,135	438	1,357	387	57
Other income	685	106	189	546	262
Total operating income	8,841	6,746	7,258	31	22
Personnel expenses	4,172	3,732	3,967	12	5
General and administrative expenses	1,713	2,369	1,679	(28)	2
Depreciation and impairment of property and equipment	221	219	199	1	11
Amortization and impairment of intangible assets	28	23	20	22	40
Total operating expenses	6,134	6,342	5,865	(3)	5
Operating profit / (loss) before tax	2,708	404	1,393	570	94
Tax expense / (benefit)	670	(515)	339		98
Net profit / (loss)	2,038	919	1,054	122	93
Net profit / (loss) attributable to preferred noteholders	0	31	0	(100)	
Net profit / (loss) attributable to non-controlling interests	61	29	0	110	
Net profit / (loss) attributable to UBS Group AG shareholders	1,977	858	1,054	130	88
Earnings per share (CHF)					
Basic	0.54	0.24	0.28	125	93
Diluted	0.53	0.23	0.27	130	96

Comparison UBS Group AG (consolidated) versus UBS AG (consolidated)

CHF million, except where indicated	As of or for the quarter ended 31.3.15				As of or for the quarter ended 31.12.14			
	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	Difference (%)	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	Difference (%)
Income statement								
Operating income	8,841	8,860	(19)	0	6,746	6,745	1	0
Operating expenses	6,134	6,167	(33)	(1)	6,342	6,333	10	0
Operating profit / (loss) before tax	2,708	2,693	15	1	404	412	(8)	(2)
Net profit / (loss)	2,038	2,023	15	1	919	927	(9)	(1)
<i>of which: net profit / (loss) attributable to shareholders</i>	1,977	2,023	(46)	(2)	858	893	(36)	(4)
<i>of which: net profit / (loss) attributable to preferred noteholders</i>	0	0	0		31	31	0	0
<i>of which: net profit / (loss) attributable to non-controlling interests</i>	61	0	61		29	2	27	
Balance sheet								
Total assets	1,048,850	1,050,122	(1,272)	0	1,062,478	1,062,327	151	0
Total liabilities	993,194	994,379	(1,185)	0	1,008,110	1,008,162	(52)	0
Total equity	55,656	55,742	(86)	0	54,368	54,165	203	0
<i>of which: equity attributable to shareholders</i>	52,359	53,815	(1,456)	(3)	50,608	52,108	(1,500)	(3)
<i>of which: equity attributable to preferred noteholders</i>	0	1,889	(1,889)	(100)	0	2,013	(2,013)	(100)
<i>of which: equity attributable to non-controlling interests</i>	3,298	39	3,259		3,760	45	3,715	
Capital information (fully applied)								
Additional tier 1 capital	3,949	0	3,949		467	0	467	
Tier 2 capital	10,975	10,038	936	9	11,398	10,451	947	9
Common equity tier 1 capital	29,566	31,725	(2,159)	(7)	28,941	30,805	(1,864)	(6)
Total capital	44,490	41,763	2,727	7	40,806	41,257	(451)	(1)
Risk-weighted assets	216,385	216,893	(508)	0	216,462	217,158	(696)	0
Leverage ratio denominator	976,934	978,709	(1,775)	0	997,822	999,124	(1,302)	0
Common equity tier 1 capital ratio (%)	13.7	14.6	(0.9)		13.4	14.2	(0.8)	
Total capital ratio (%)	20.6	19.3	1.3		18.9	19.0	(0.1)	
Leverage ratio (%)	4.6	4.3	0.3		4.1	4.1	0.0	
Share information								
Shares issued (number of shares)	3,739,518,390	3,844,560,913	(105,042,523)	(3)	3,717,128,324	3,844,560,913	(127,432,589)	(3)
Shares outstanding (number of shares)	3,654,259,506	3,835,846,436	(181,586,930)	(5)	3,629,256,587	3,842,445,658	(213,189,071)	(6)
Diluted earnings per share (CHF)	0.53	0.53	0.00	0	0.23	0.23	0.00	0
Tangible book value per share (CHF)	12.59	12.33	0.26	2	12.14	11.80	0.34	3

UBS's First Quarter 2015 Report, letter to shareholders and slide presentation will be available from 06:45 CEST on Tuesday, 5 May 2015 at www.ubs.com/quarterlyreporting.

UBS will hold a presentation of its first quarter 2015 results on Tuesday, 5 May 2015. The results will be presented by Sergio P. Ermotti, Group Chief Executive Officer, Tom Naratil, Group Chief Financial Officer and Group Chief Operating Officer, Caroline Stewart, Global Head of Investor Relations, and Hubertus Kuelps, Group Head of Communications & Branding.

Time

- 09:00–11.00 (CEST)
- 10:00–12.00 (BST)
- 03:00–05.00 (US EDT)

Audio webcast

The presentation for analysts can be followed live on www.ubs.com/quarterlyreporting with a simultaneous slide show.

Webcast playback

An audio playback of the results presentation will be made available at www.ubs.com/investors later in the day.

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Cautionary statement regarding forward-looking statements – 1Q15

This release 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 executing its announced strategic plans, including its cost reduction and efficiency initiatives and its planned further reduction in its Basel III risk-weighted assets (RWA) and leverage ratio denominator (LRD), and to maintain its stated capital return objective; (ii) developments in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates and interest rates and the effect of economic conditions and market developments on the financial position or creditworthiness of UBS's clients and counterparties, and the degree to which UBS is successful in implementing changes to its business to meet changing market, regulatory and other conditions; (iii) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings, or arising from requirements for bail-in debt or loss-absorbing capital; (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK and other financial centers that may impose more stringent capital (including leverage ratio), liquidity and funding requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration or other measures; (v) uncertainty as to when and to what degree the Swiss Financial Market Supervisory Authority (FINMA) will approve reductions to the incremental RWA resulting from the supplemental operational risk capital analysis mutually agreed to by UBS and FINMA, or will approve a limited reduction of capital requirements due to measures to reduce resolvability risk; (vi) the degree to which UBS is successful in executing the transfer of business to UBS Switzerland AG, establishing a US intermediate holding company and implementing the US enhanced prudential standards, completing the squeeze-out of minority shareholders of UBS AG, changing the operating model of UBS Limited and other changes which UBS may make in its legal entity structure and operating model, including the possible consequences of such changes, and the potential need to make other changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, including capital requirements, resolvability requirements and proposals in Switzerland and other countries for mandatory structural reform of banks; (vii) 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; (viii) changes in the standards of conduct applicable to our businesses that may result from new regulation or new enforcement of existing standards, including measures to impose new or enhanced duties when interacting with customers or in the execution and handling of customer transactions; (ix) 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; (x) 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; (xi) 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; (xii) 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; (xiii) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xiv) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (xv) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading and systems failures; (xvi) restrictions to the ability of subsidiaries of the Group to make loans or distributions of any kind, directly or indirectly, to UBS Group AG; and (xvii) 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 2014. 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.

Adjusted results

Unless otherwise indicated, first-quarter 2015 "adjusted" figures exclude each of the following items, to the extent applicable, on a Group and business division level: an own credit gain of CHF 226 million, gains on sales of real estate of CHF 378 million and a gain on sale of a subsidiary of CHF 141 million, as well as net restructuring charges of CHF 305 million. For the fourth quarter of 2014, the items we excluded were an own credit gain of CHF 70 million, gains on sales of real estate of CHF 20 million, net restructuring charges of CHF 208 million and a credit of CHF 8 million related to changes to retiree benefit plans in the US. Adjusted results are non-GAAP financial measures as defined by SEC regulations. Please refer to the "Group performance" section of the First Quarter 2015 Report for more information on adjusted results.

Rounding

Numbers presented throughout this release 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.