



First quarter 2017 results

April 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) 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.

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1Q17 net profit up 79% to 1.3bn

Strong profits

Net profit 1,269m, diluted EPS 0.33
PBT 1,690m, adjusted PBT 1,934m

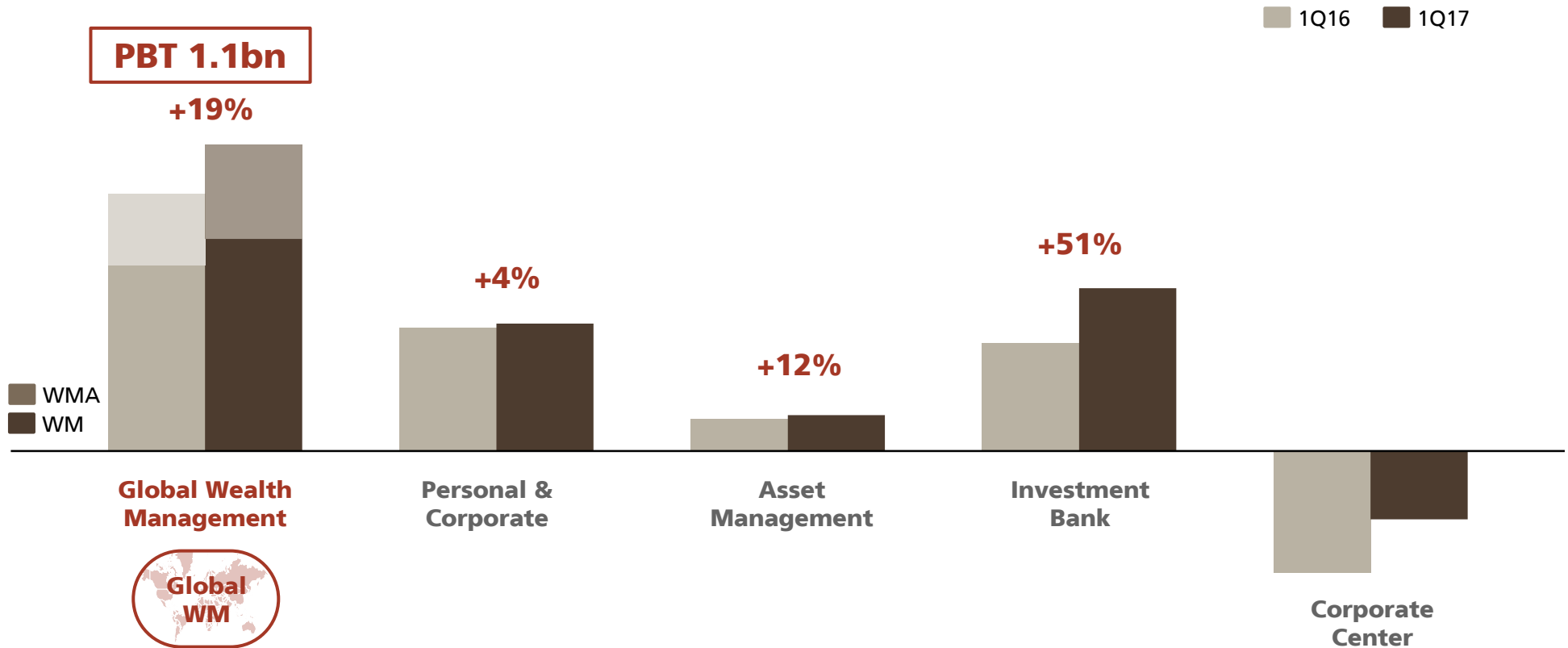
Strong returns

12.6% adjusted RoTE
17.4% adjusted RoTE excl. DTA¹

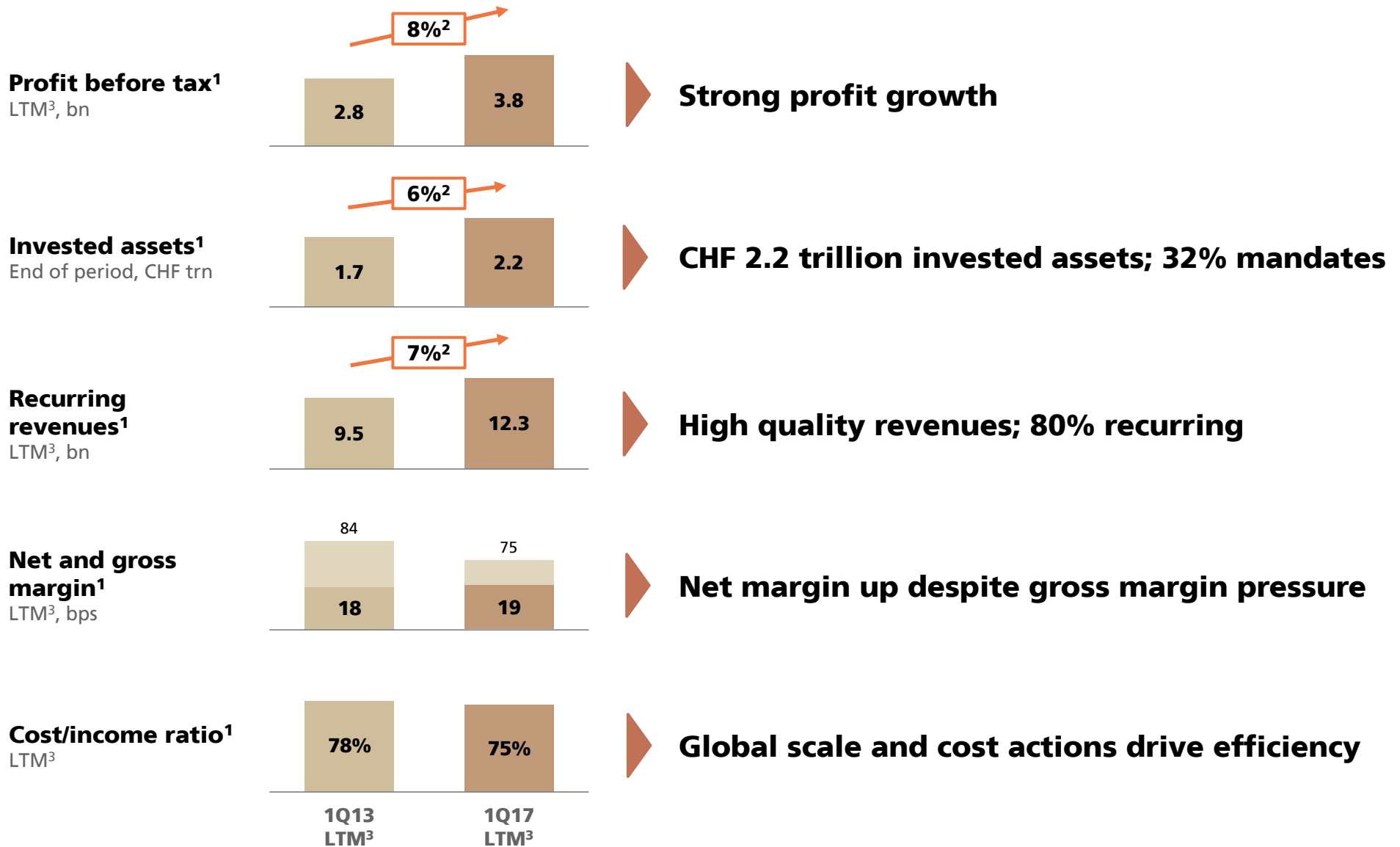
Strong capital

CET1 capital ratio 14.1%; LR 3.55%²
Total loss-absorbing capacity 74bn

Pre-tax profit up YoY in all business divisions



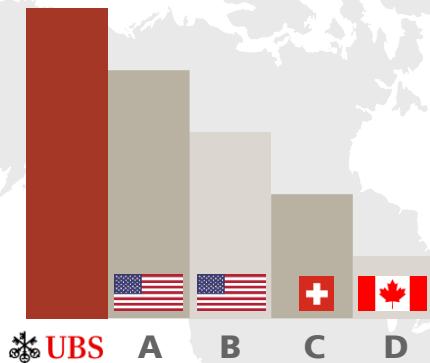
Global WM – Superior, sustainable profit growth



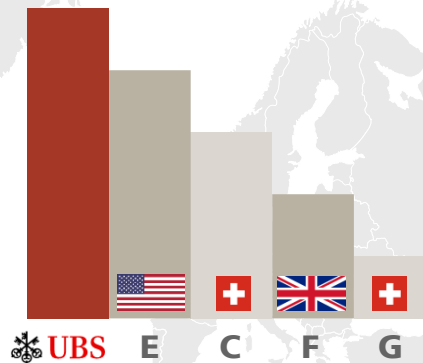
The only truly global wealth manager

UBS is the only bank with leading positions across all regions

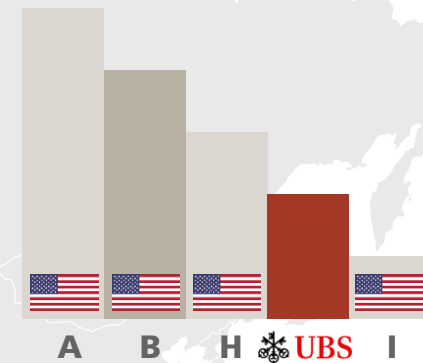
Global¹



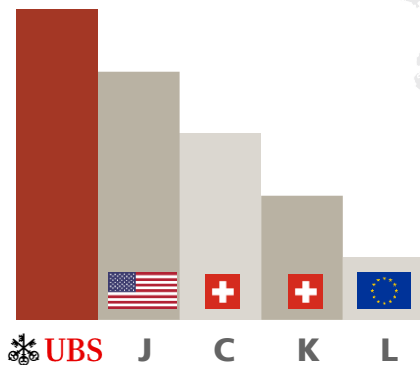
Asia Pacific²



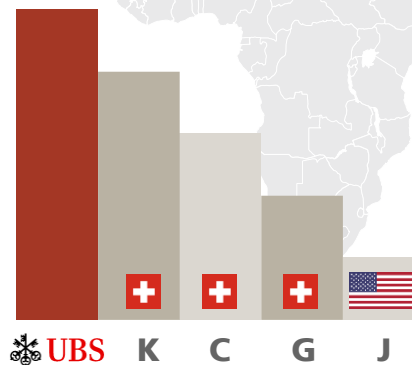
United States³



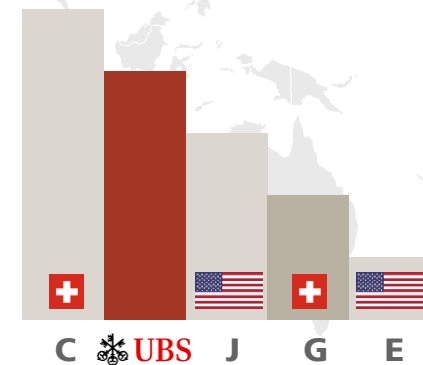
Europe^{4,5}



Switzerland⁴

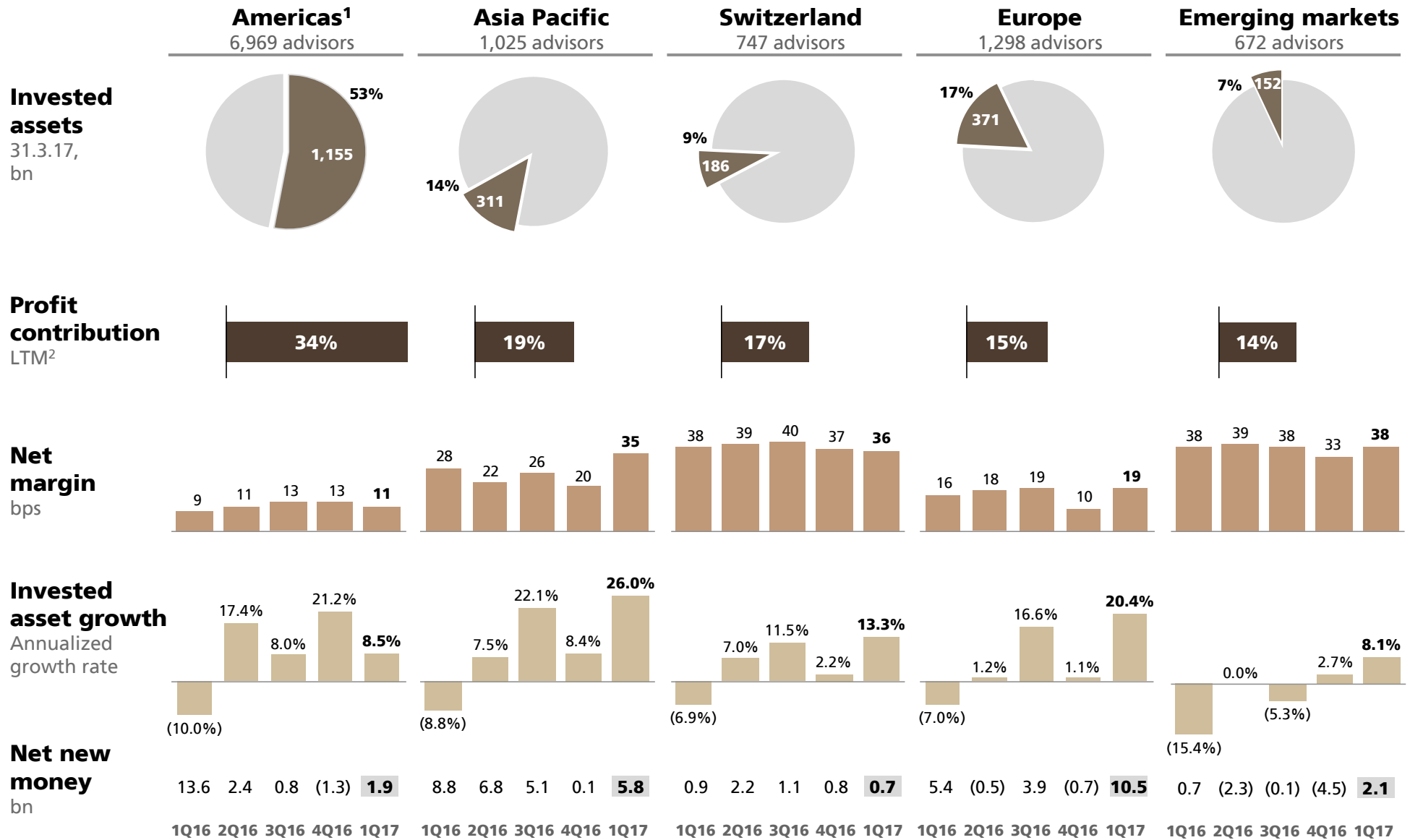


Emerging markets^{4,6}



1 Scorpio Global Private Banking Benchmark Report 2016, by invested assets; 2 Asian Private Banker 2016 league table, by invested assets; 3 Cerulli U.S. Broker/Dealer Market Place 2016, by invested assets; 4 Euromoney 2017 private banking survey, regional results; 5 Excluding Switzerland; 6 The average ranking between Africa, CEE, LatAm and Middle East; UBS is the only bank with a ranking in all four regions

Global WM unique and diversified footprint

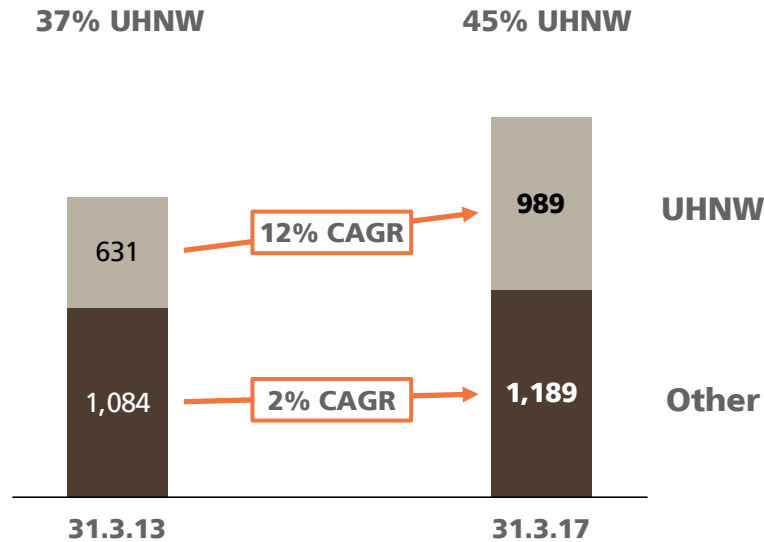


Global UHNW – Fueling growth

The largest global UHNW business¹ in the fastest-growing wealth segment

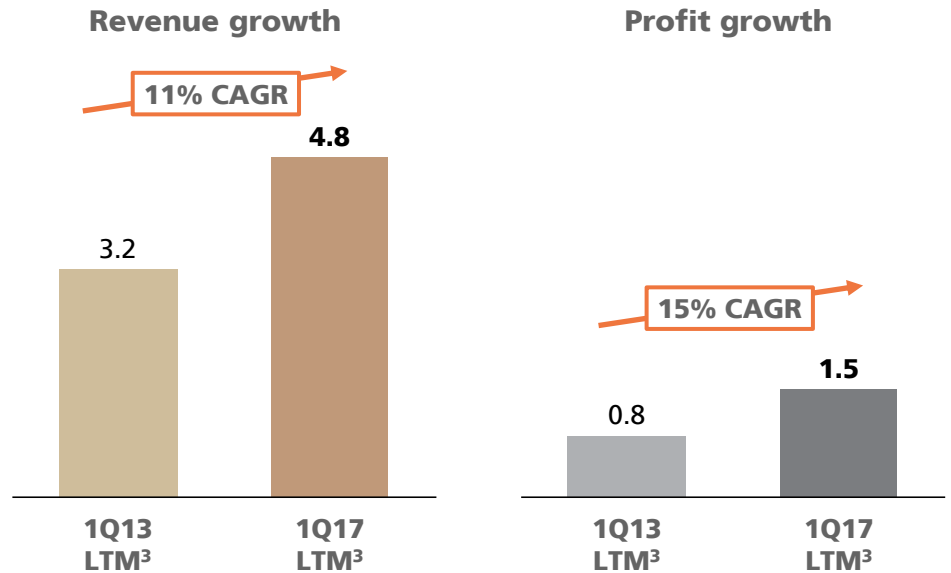
UBS UHNW asset growth outpacing market

Invested assets, bn²



Strong revenue, profit and operating leverage

bn²



- Estimated UHNW wealth **CAGR ~9.5%** through 2020⁴; estimated industry growth of 9% between 2010-2015⁵
- UHNW clients are highly sophisticated, underlining the need for our Investment Bank capabilities
- Cross-border outflows predominantly affect the non-UHNW category

- Scale and efficiency result in attractive net margin of 17bps and **cost/income ratio of 69% for UHNW vs. 75% for Global WM³**
- **UHNW contributed ~70% of Global WM's PBT growth** from 1Q13 to 1Q17^{2,3}

Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

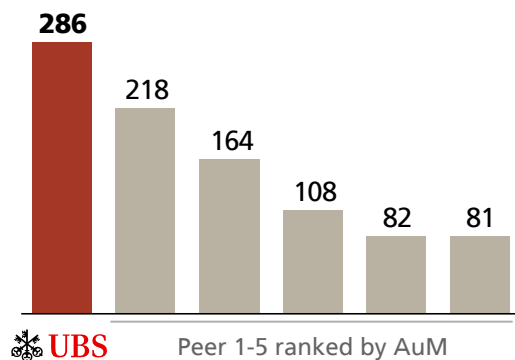
1 Based on UBS estimates; 2 WM and WMA combined. WM: clients with >CHF 50m investable assets, WMA: clients with >USD 10m investable assets. WMA UHNW profitability figures for 1Q13 and prior periods represent an estimate, assuming that the PWM business segment is a relevant proxy for the development of profitability of the UHNW client segment; 3 Last 12 months; 4 Industry CAGR estimates for FY15-FY20 based on BCG World Wealth Report 2016 for households with >USD 100m financial wealth; 5 UBS estimates based on BCG World Wealth Reports

APAC – Fueling growth

The largest wealth manager in the fastest-growing region

Largest wealth manager

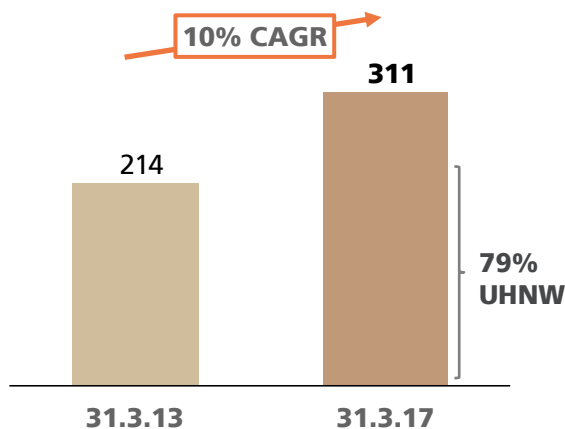
2016 league table¹, USD bn



**Consistently ranked
#1 in Asia**

Strong asset growth

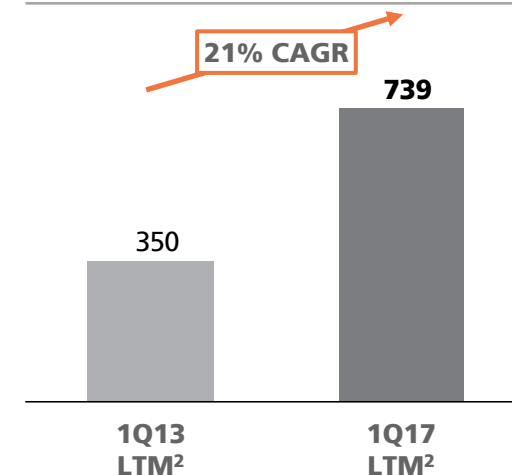
Invested assets, bn



**Highest invested assets
added in last 4 years³**

Highly profitable

PBT, m



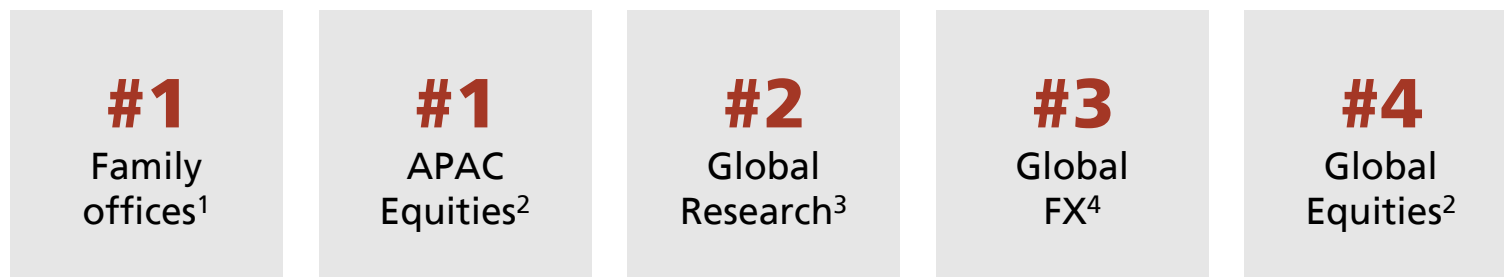
**Record quarter in 1Q17
with 263m PBT**

- Estimated APAC wealth CAGR ~11%⁴ through 2020
- Extensive on- and off-shore footprint across region
- Top 3 ranking Investment Bank underpins dominant position in UHNW and Global Family Office segments
- Clear strategic ambition to build on our strong position in China
- >50 years of commitment to APAC

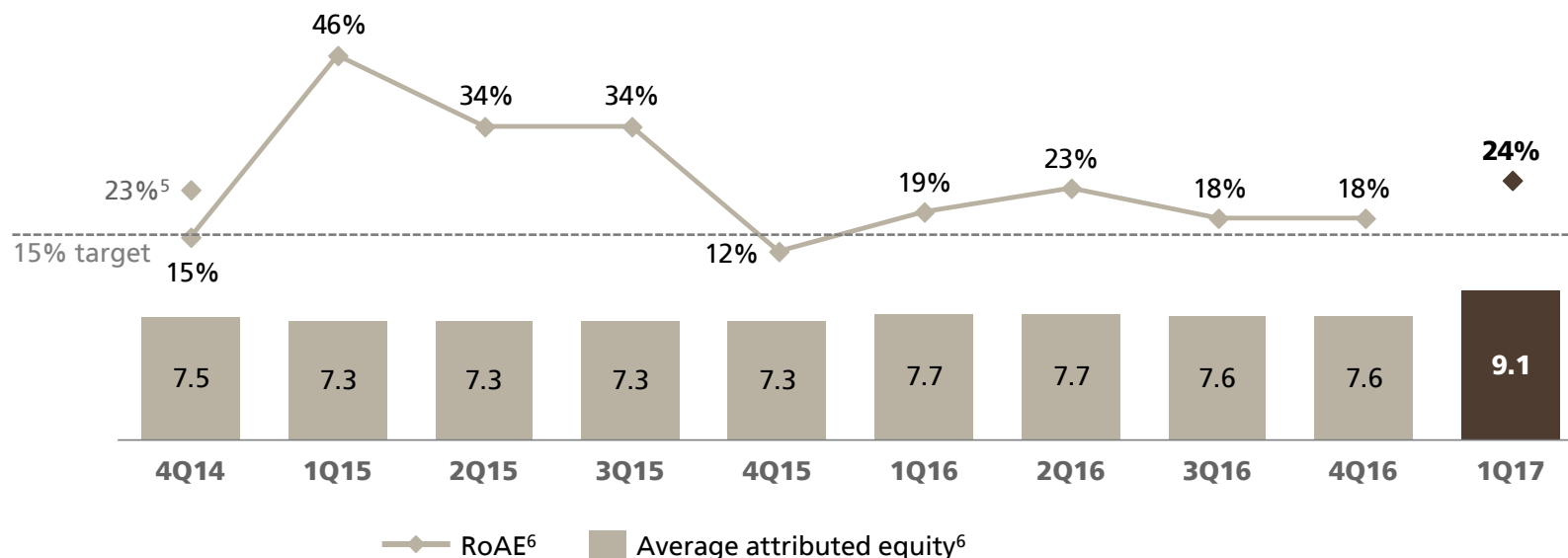
Strong, profitable IB key to Global WM success

Strength in equities, FX and advisory is a competitive advantage for Global WM

World-class in areas critical to Global WM clients



Delivering consistent and superior returns



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Euromoney 2017 private banking survey: #1 for Family office services globally and for 14 regions; 2 Coalition FY16; 3 Institutional Investor FY16;
 4 Greenwich FY16; 5 Excluding net expenses for provisions for litigation, regulatory and similar matters of 158m; 6 1Q17 attributed equity and RoAE are based on the new equity attribution framework; 4Q14-4Q16 are based on the previous framework



UBS Global Wealth Management

Unique global footprint

Successful in the world's largest and fastest-growing regions

Dominant in ultra-high net worth

Strong and profitable IB key to Global WM success

UBS Group AG results (consolidated)

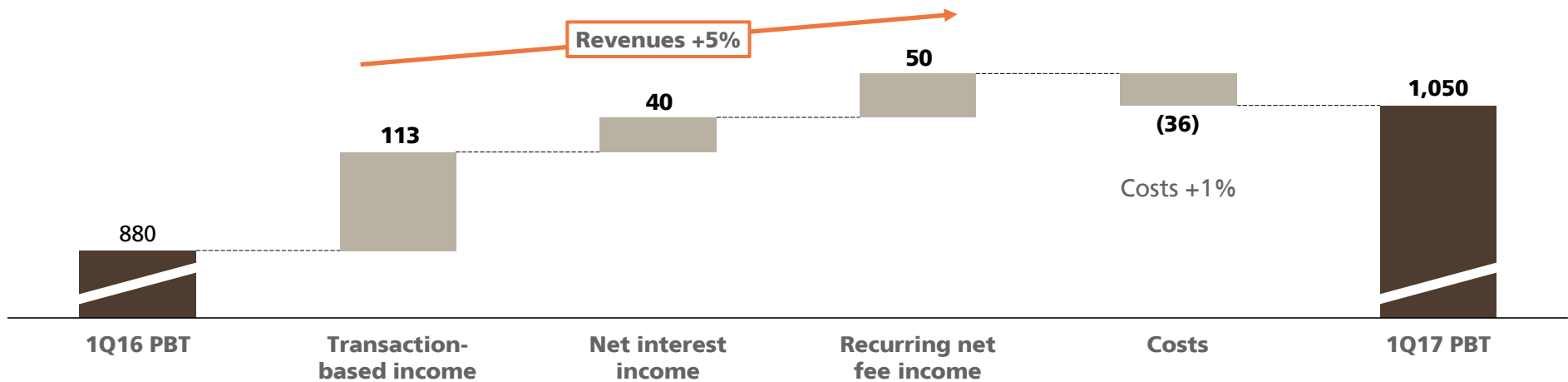
CHF m, except where indicated	1Q16	2Q16	3Q16	4Q16	1Q17
Total operating income	6,833	7,404	7,029	7,055	7,532
Total operating expenses	5,855	5,915	6,152	6,308	5,842
Profit before tax as reported	978	1,489	877	746	1,690
of which: net restructuring expenses	(265)	(377)	(444)	(372)	(244)
of which: net FX translation gains/(losses)	(123)	(26)		27	
of which: gains on sale of financial assets available for sale				88	
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	1,366	1,672	1,300	1,003	1,934
of which: net expenses for provisions for litigation, regulatory and similar matters	(39)	(72)	(419)	(264)	(33)
Tax expense/(benefit)	270	376	49	109	375
Net profit attributable to non-controlling interests	0	79	1	1	47
Net profit attributable to shareholders	707	1,034	827	636	1,269
Diluted EPS (CHF)	0.18	0.27	0.22	0.17	0.33
Adjusted return on tangible equity (%)	8.5	10.1	10.1	7.3	12.6
Total book value per share (CHF)	14.74	14.27	14.37	14.44	14.45
Tangible book value per share (CHF)	13.04	12.54	12.66	12.68	12.71

Global WM performance

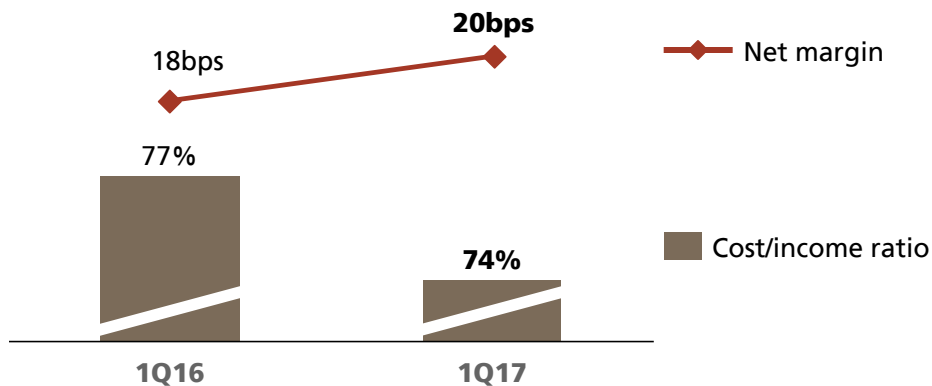
Profit before tax up 19%, improved efficiency and strong asset growth

Demonstrating operating leverage

m¹

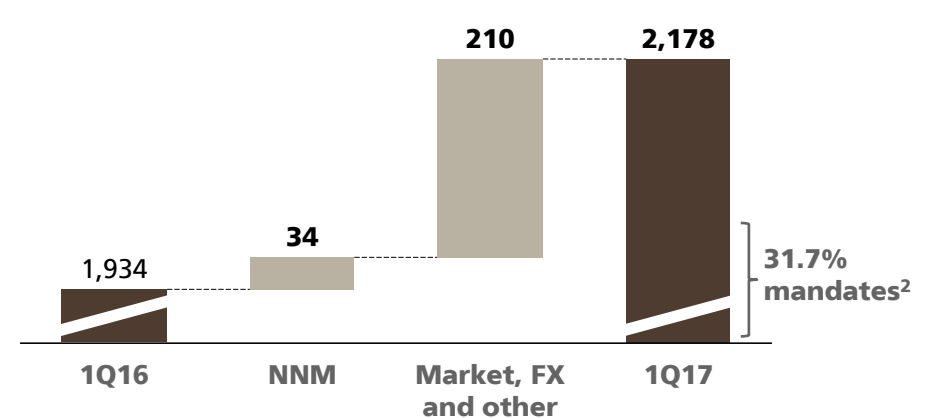


Better net margin and efficiency



244bn or 13% increase in invested assets

bn

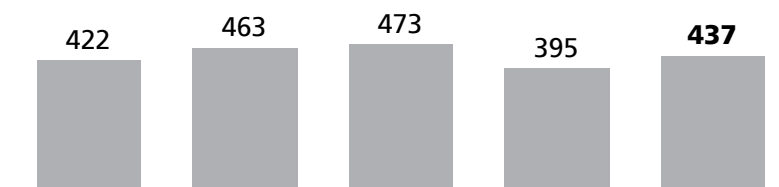


Personal & Corporate Banking

Profit before tax up 4% despite significant pressure on net interest income

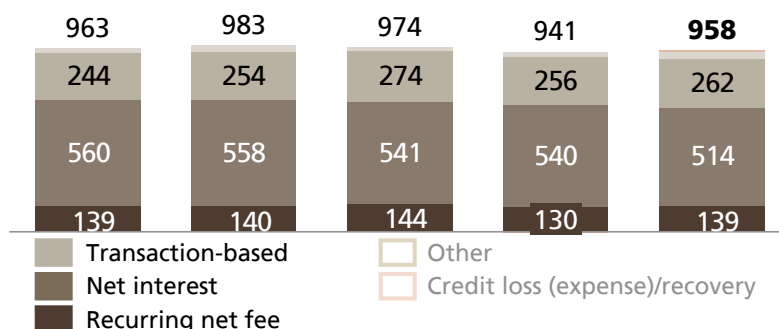
Profit before tax

m



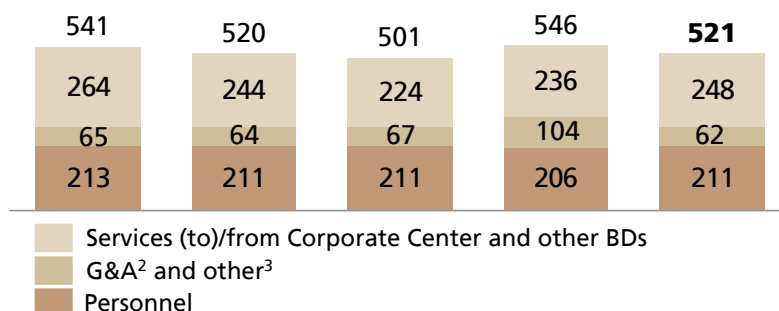
Operating income

m



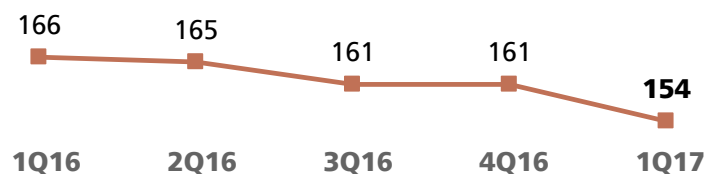
Operating expenses

m



Net interest margin

bps



- **Best NNBV growth¹** since 2007 at 6.7%
- **Net interest income down**, partly as a result of increased TLAC costs and the revised equity attribution framework
- **Transaction-based income** increased on higher corporate finance fees and client shift and referral fees from Wealth Management
- **Other income** included 20m net gain on a mortgage portfolio sale
- **Credit loss expense** net recovery of 7m
- **Cost/income ratio 55%**
- **Net interest margin** expected to remain under pressure due to additional funding costs and negative interest rates



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details about 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

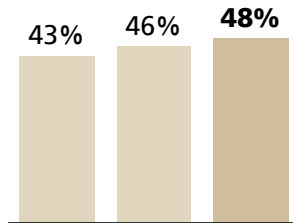
Personal & Corporate Banking

Further potential for growth from our award-winning digital services

Increasing digital penetration

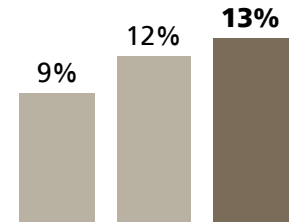
Active e-banking clients¹

Clients logging in during last month as a % of total clients



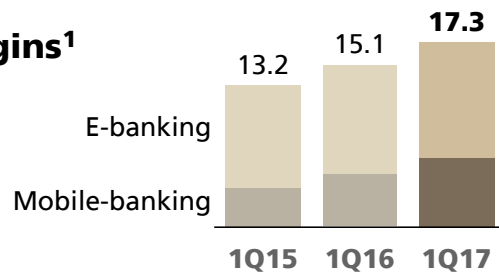
Active mobile banking clients¹

Clients logging in during last month as a % of total clients



Client logins¹

m



Driving business growth

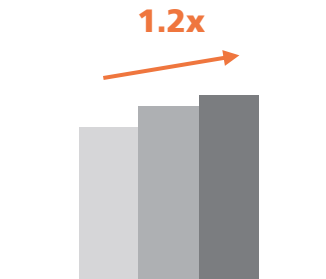
Higher client satisfaction and loyalty

- Continued 5-star Apple App store ratings; best rated banking app in Switzerland
- Higher client satisfaction for e- and mobile-banking clients driving UBS recommendation and new business
- Lower attrition rate for e- and mobile-banking clients²

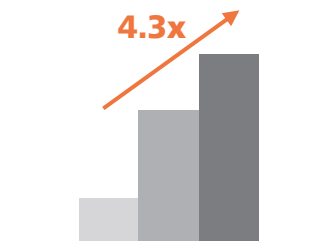
Significant business growth rate

- Financial metrics all higher for e- and mobile-banking clients²
- Swiss market still relatively underpenetrated versus other regions

Income per client²



NNBV³ per client²



■ Without e-banking ■ With e-banking only ■ With e- and mobile-banking

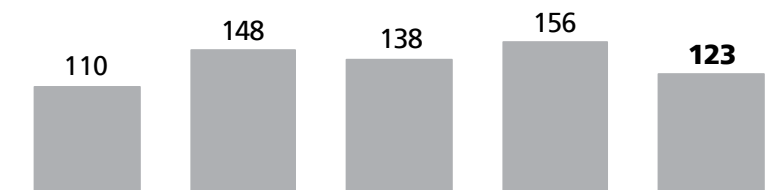


¹ P&C clients excl. rental deposits and single-purpose accounts (e.g. mono-savers) and clients <15 years; ² FY16 data; for 18-59 year-old domestic personal clients active in both December 2015 and December 2016, excl. rental deposit and single-purpose accounts; ³ Net new business volume

Asset Management

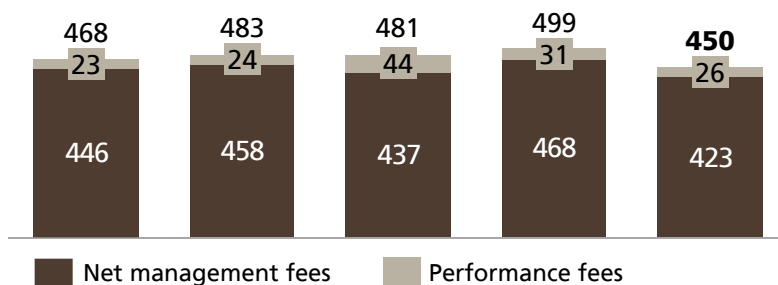
Profit before tax up 12%, net new money excluding money markets 20bn

Profit before tax
m



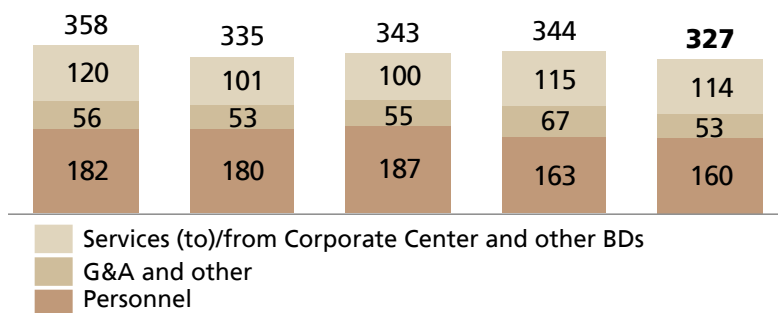
- **PBT up 12%** driven by 9% decrease in costs

Operating income
m



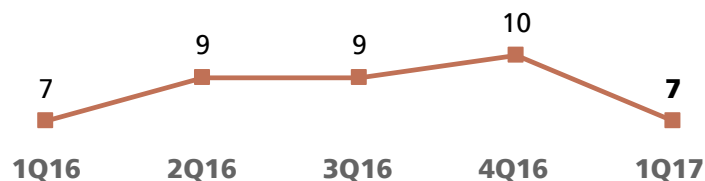
- **Net management fees** included a 14m impairment on a co-investment

Operating expenses
m



- **Cost/income ratio 73%**

Net margin
bps



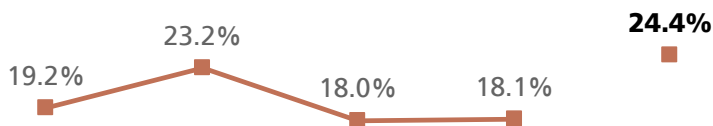
- **Invested assets** 697bn, up 41bn QoQ
- **Net new money** excluding money markets 19.7bn, driven by our passive investment capabilities



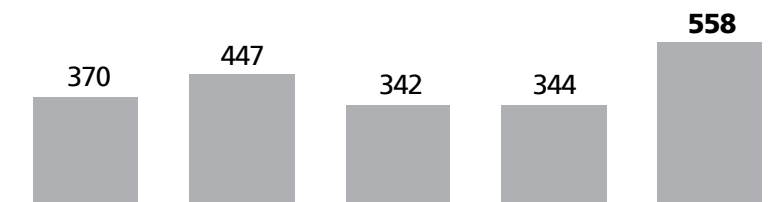
Investment Bank

Profit before tax up 51%, driven by CCS revenues and prior-year cost actions

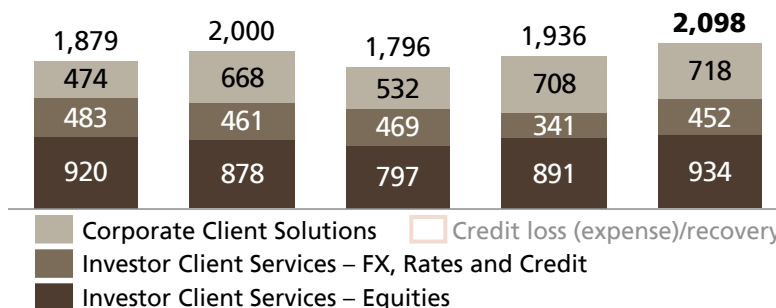
Return on attributed equity
bps¹



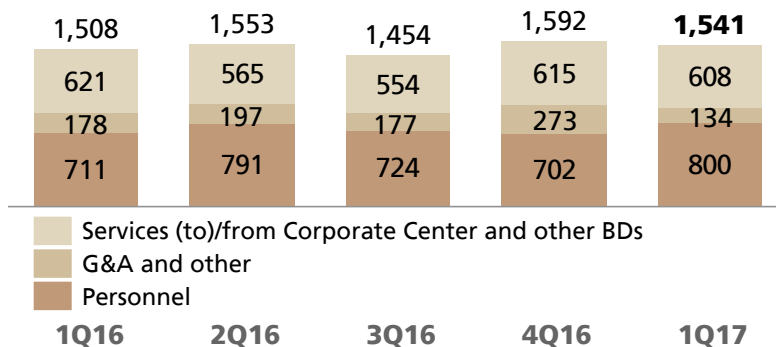
Profit before tax
m



Operating income
m



Operating expenses
m



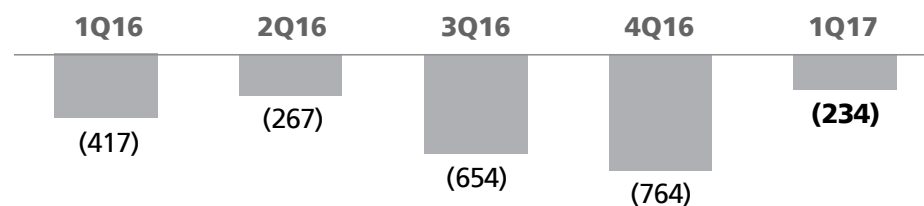
- **26% increase in attributed equity** as a result of the new equity attribution framework
- **27m net increase in funding costs** following TLAC build-up and methodology changes introduced in 1Q17
- **CCS revenues** up 51% YoY due to increased ECM, advisory and leveraged finance
- **ICS – FRC revenues** down 6% YoY as lower volatility affected FX flow and options performance; strong Credit business performance
- **ICS – Equities revenues** up 2% YoY, driven by strong quarter for prime brokerage; 5% growth excluding the impact of additional TLAC cost allocations
- **Operating expenses** excluding variable compensation down 8% YoY
- **Cost/income ratio 73%**



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details about 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 1Q16-4Q16. Pro forma FY16 RoAE under the new equity attribution model was 16%

Corporate Center

Profit before tax



Corporate Center total (m)

Corporate Center results by unit (m)

Services

	1Q16	2Q16	3Q16	4Q16	1Q17
Operating income	(55)	(42)	(66)	(59)	(18)
Operating expenses	156	170	148	216	189
<i>o/w before allocations</i>	2,022	1,890	1,830	2,028	1,983
<i>o/w net allocations</i>	(1,866)	(1,720)	(1,683)	(1,812)	(1,793)
Profit before tax	(211)	(213)	(214)	(275)	(207)

Group Asset and Liability Management

	1Q16	2Q16	3Q16	4Q16	1Q17
Operating income	(27)	71	30	(171)	65
<i>o/w risk management net income after allocations</i>	(17)	(53)	(39)	(57)	42
<i>o/w accounting asymmetries related to economic hedges</i>	(89)	61	95	(40)	22
<i>o/w hedge accounting ineffectiveness</i>	39	11	(23)	(20)	(7)
<i>o/w other</i>	40	52	(3)	(53)	8
Operating expenses	(2)	2	0	0	2
Profit before tax	(25)	70	30	(171)	63

Non-core and Legacy Portfolio

	1Q16	2Q16	3Q16	4Q16	1Q17
Operating income	(47)	19	46	(53)	0
Operating expenses	133	143	516	264	91
<i>o/w expenses for litigation provisions</i>	23	23	408	129	1
Profit before tax	(181)	(124)	(470)	(317)	(91)

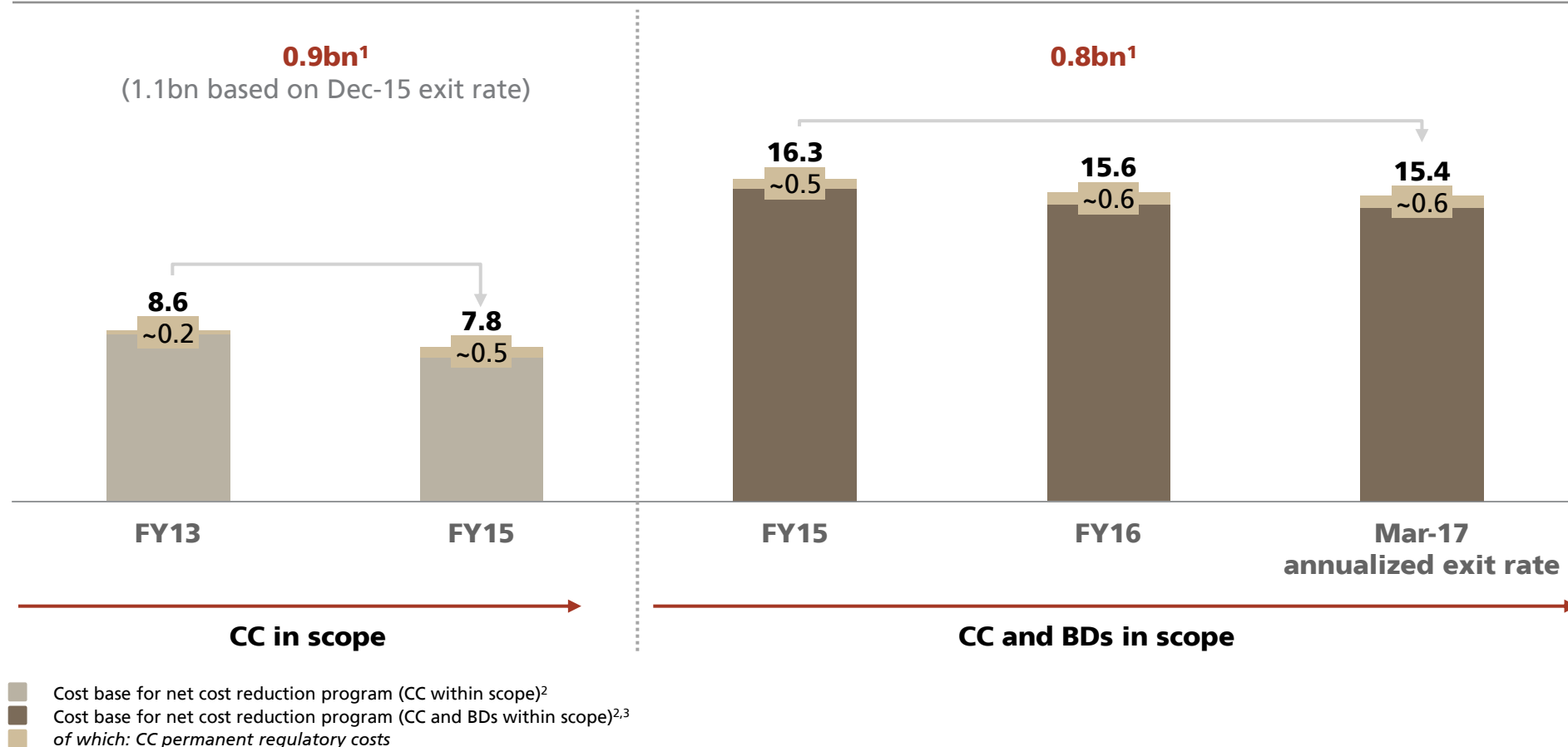


Cost reduction

Achieved 1.7bn net cost reductions

Cost base and net cost reductions

bn



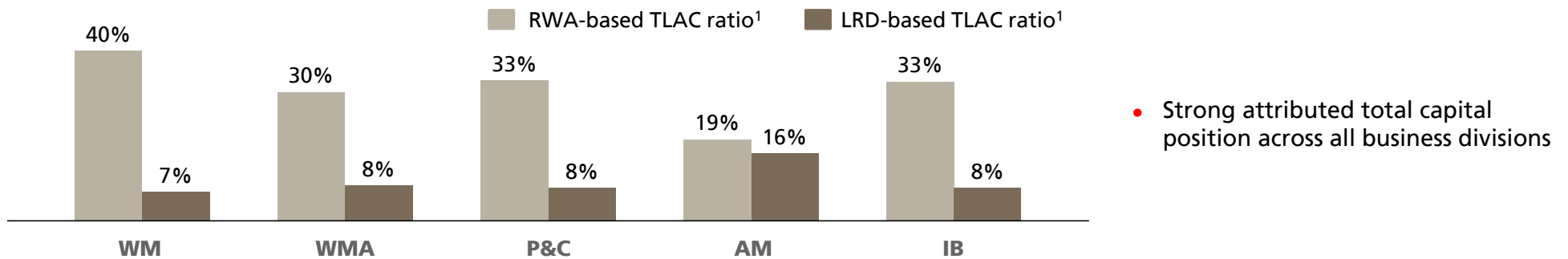
Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
 1 Excl. the impact of FX movements, which were a 0.1bn headwind FY13-FY15 and a 0.1bn benefit FY15-Mar17; 2 Sum of CC – Services adjusted 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 threshold are included in the framework

Higher funding cost allocations to business divisions

More TLAC debt and increased allocations impact business division NII

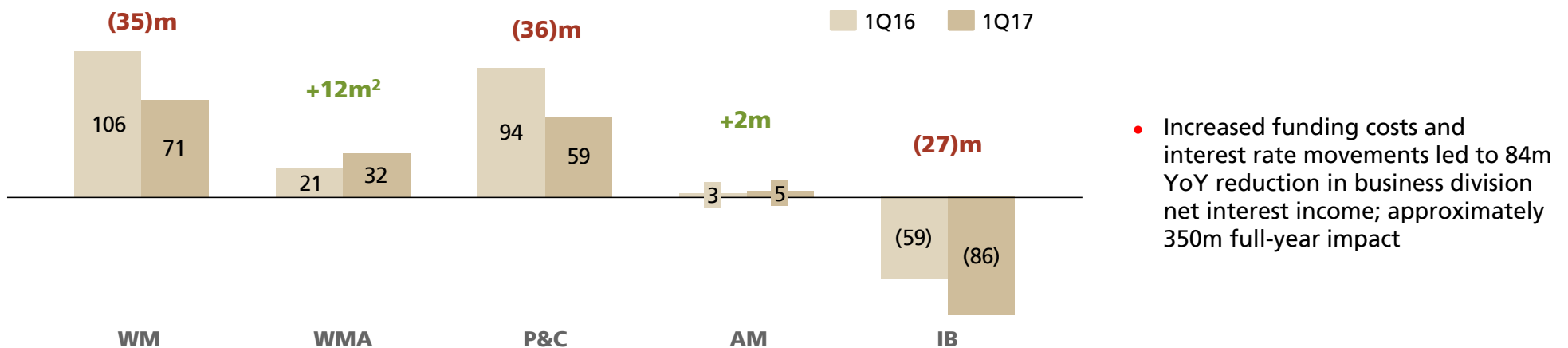
Pro-forma business division TLAC capital and leverage ratios

1Q17



Funding costs and interest rate movements impacting business division net interest income

m



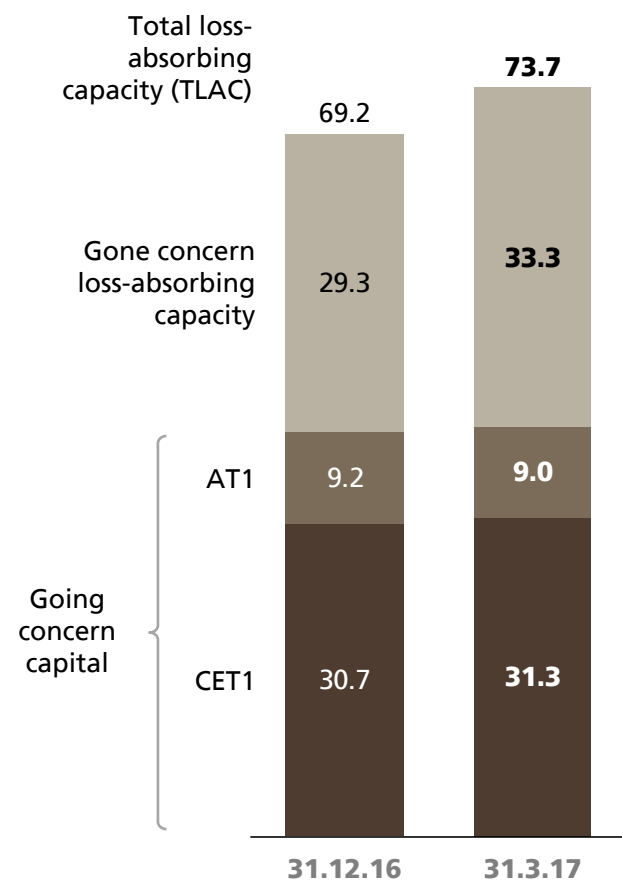
Numbers in CHF unless otherwise indicated. Refer to the "Equity attribution and return on attributed equity" section of the 1Q17 report for more information
¹ Sum of CET1, AT1 and TLAC-eligible debt, divided by average business division RWA or LRD including allocation of RWA held by CC-Group ALM on behalf of the business divisions; attributed CET1 based on attributed tangible equity, AT1 and TLAC attributed to business divisions proportionally to attributed tangible equity excl. Group Items; ² Increase in WMA funding cost allocations more than offset by higher revenues from an HQLA portfolio that Group ALM manages on WMA's behalf

Capital and leverage ratios (fully applied)

Ahead of glide path to meet 2020 leverage ratio requirements

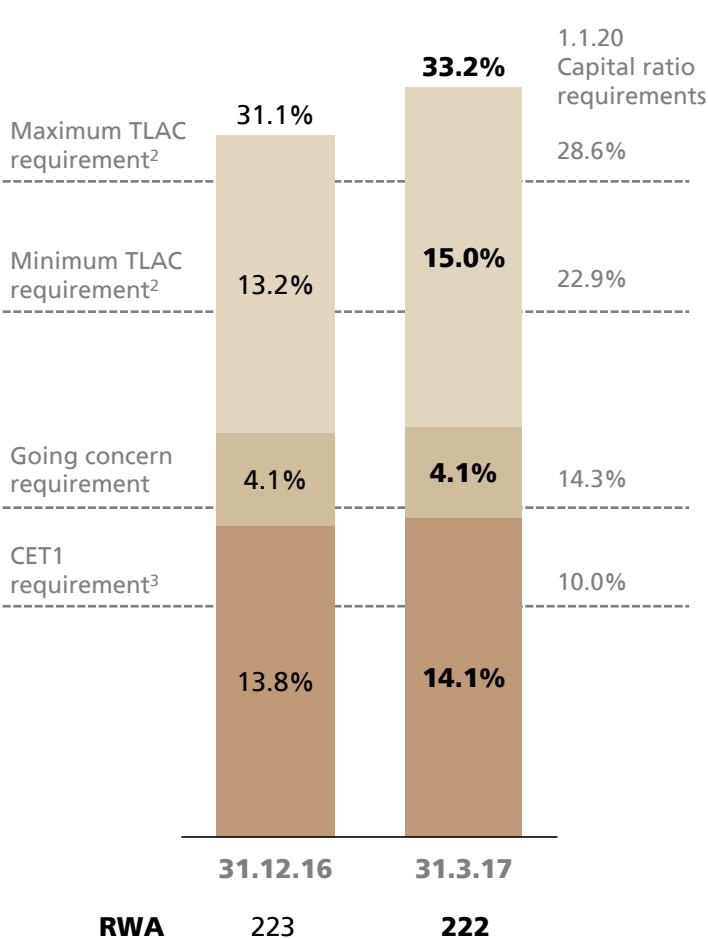
Loss-absorbing capacity

bn



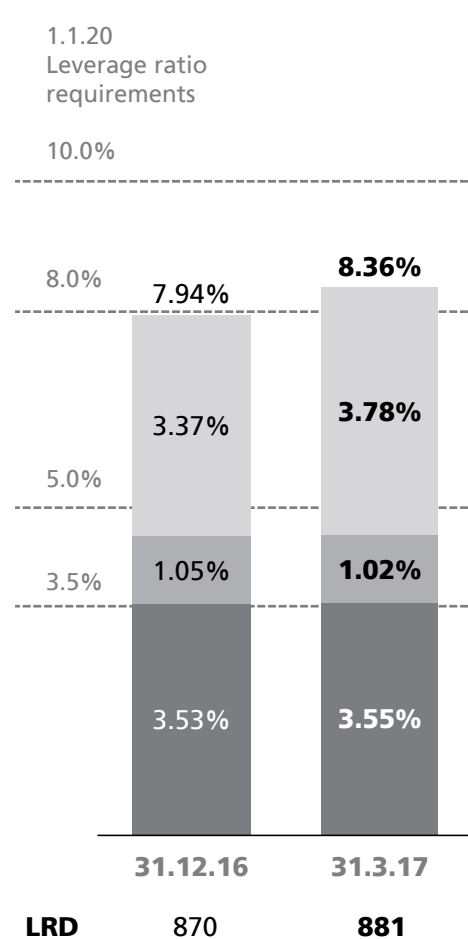
Capital ratio¹

%, bn



Leverage ratio

%, bn



Numbers in CHF unless otherwise indicated. Refer to slide 28 in this presentation and the "Capital management" section of the 1Q17 report for more information
 1 As of 31.3.17, 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

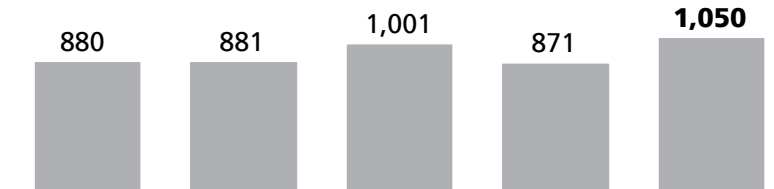
Appendix

Global WM

Profit before tax up 19% to CHF 1.1bn, net margin improved

Profit before tax

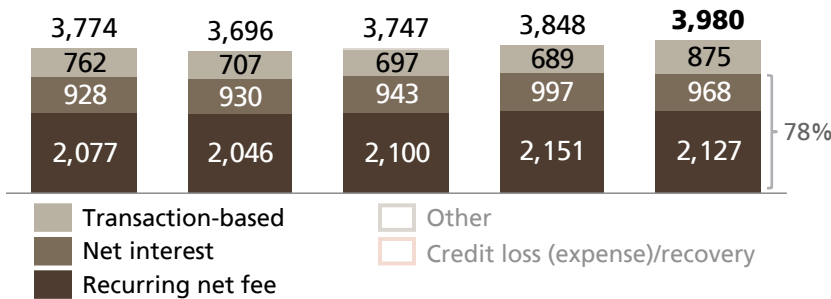
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- **PBT up 19%**, demonstrating operating leverage across our global franchise

Operating income

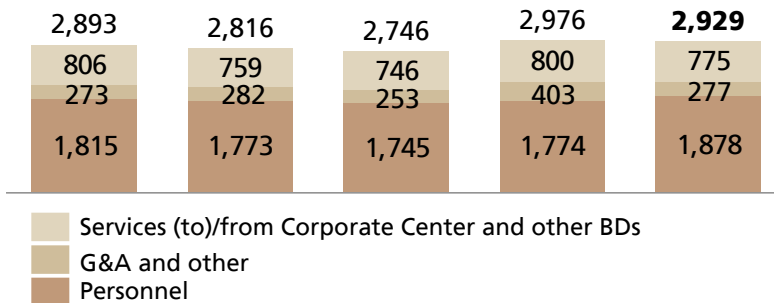
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- **Operating income up 5% YoY** with all revenue lines up
- **Transaction-based revenues up 15% YoY** as client activity levels rose globally
- **78% of revenues recurring**

Operating expenses

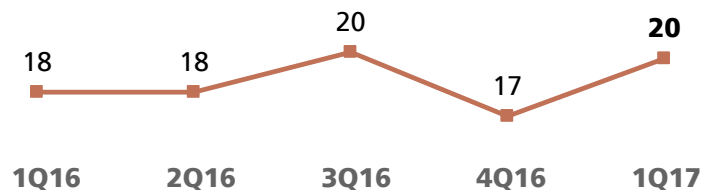
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- **Cost/income ratio** decreased from 77% to 74% as lower Corporate Center allocations offset increased FA compensation
- **Personnel costs** increase reflects higher operating income

Net margin

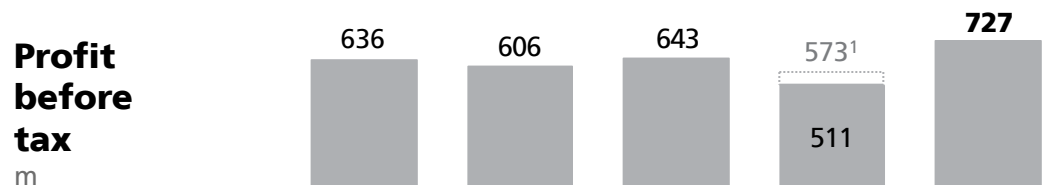
bps



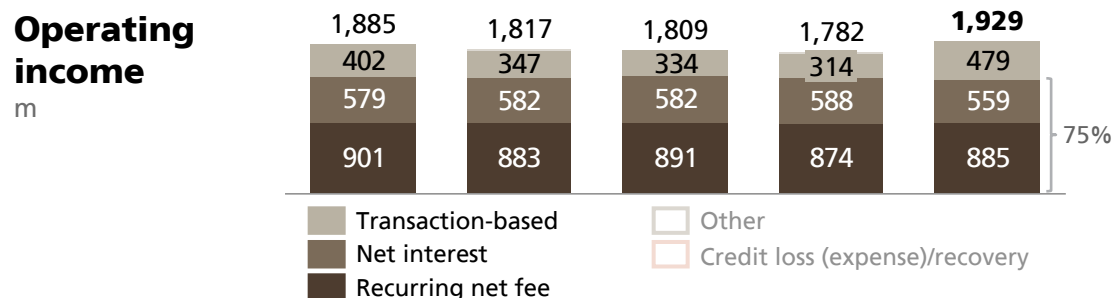
- **NNM 20.5bn** driven by WM; NNM in WMA reflects strategic focus on retention over recruitment

Wealth Management

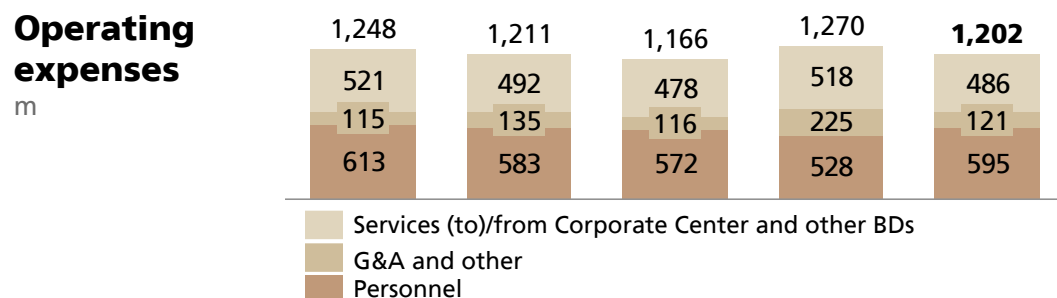
Profit before tax up 14%, net margin improved on higher client activity, cost discipline



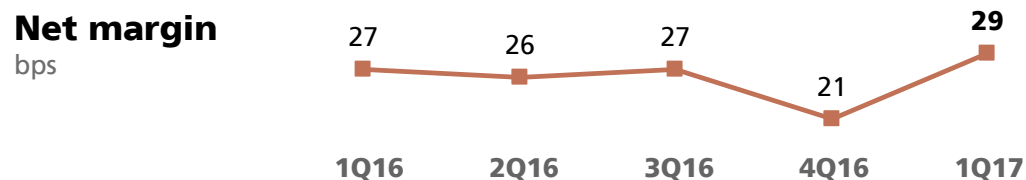
- **PBT up 14%** on higher client activity and cost discipline



- **Increased client activity** drove higher transaction-based revenues, particularly in APAC
- **Record revenues and PBT in APAC**
- **15.1bn mandate sales**, resulting in a 90 bps improvement in mandate penetration to 27.8%
- **75% of revenues recurring**



- **Continued decrease in operating expense** as a result of 2016 cost actions
- **Cost/income ratio 62%**



- **NNM 18.6bn**; annualized NNM growth rate 7.6%

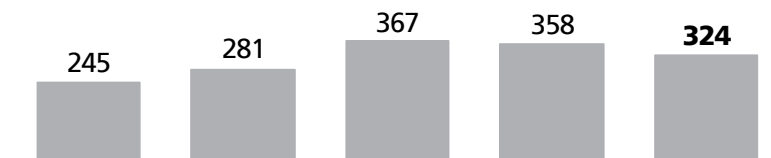


Wealth Management Americas

Record first quarter profit before tax, up 32% with increases in all revenue lines

Profit before tax

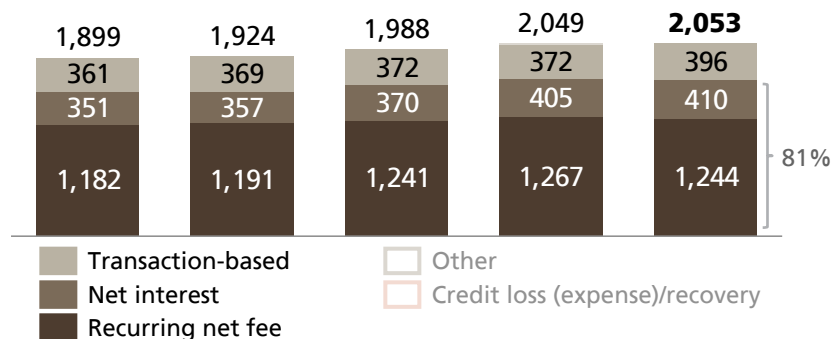
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- PBT up 32% on higher revenues and improved efficiency

Operating income

m



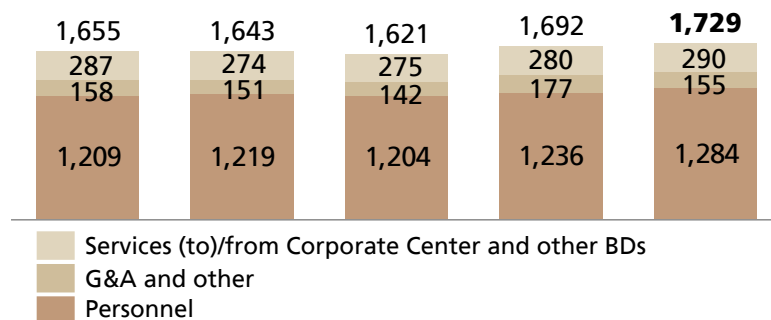
- Industry-leading annualized revenue per financial advisor of USD 1.2m

- Net interest income up 17% to a quarterly record due to higher yields and YoY loan and deposit growth

- 81% of revenues recurring

Operating expenses

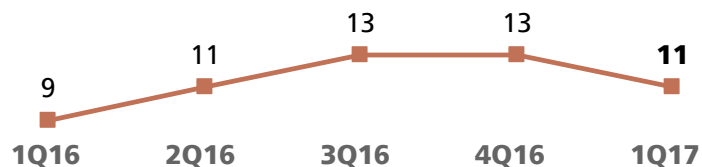
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- Cost/income ratio 84%

Net margin

bps



- NNM USD 1.9bn; annualized NNM growth rate 0.7% reflects strategic focus on retention over recruitment



Numbers in USD and adjusted unless otherwise indicated; refer to slide 28 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

Regional performance

CHF bn		Americas		Asia Pacific		EMEA		Switzerland		Global		Total	
		1Q16	1Q17	1Q16	1Q17	1Q16	1Q17	1Q16	1Q17	1Q16	1Q17	1Q16	1Q17
Operating income	WM	0.1	0.1	0.5	0.6	0.9	0.9	0.4	0.4	0.0	(0.0)	1.9	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	0.4
	IB	0.7	0.8	0.5	0.5	0.5	0.6	0.2	0.2	(0.0)	(0.0)	1.9	2.1
	CC	-	-	-	-	-	-	-	-	(0.1)	0.0	(0.1)	0.0
	Group	2.8	3.0	1.1	1.2	1.5	1.6	1.7	1.7	(0.1)	(0.0)	7.0	7.5
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	1.7	-	-	-	-	-	-	-	-	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	0.4	0.3
	IB	0.5	0.5	0.4	0.4	0.5	0.5	0.1	0.1	(0.0)	0.0	1.5	1.5
	CC	-	-	-	-	-	-	-	-	0.3	0.3	0.3	0.3
	Group	2.3	2.4	0.8	0.8	1.2	1.1	1.0	1.0	0.3	0.3	5.6	5.6
Profit before tax	WM	0.0	0.0	0.2	0.3	0.3	0.3	0.2	0.2	(0.0)	(0.0)	0.6	0.7
	WMA	0.2	0.3	-	-	-	-	-	-	-	-	0.2	0.3
	P&C	-	-	-	-	-	-	0.4	0.4	-	-	0.4	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	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.1	(0.0)	(0.0)	0.4	0.6
	CC	-	-	-	-	-	-	-	-	(0.4)	(0.2)	(0.4)	(0.2)
	Group	0.5	0.6	0.3	0.4	0.4	0.5	0.7	0.8	(0.5)	(0.3)	1.4	1.9

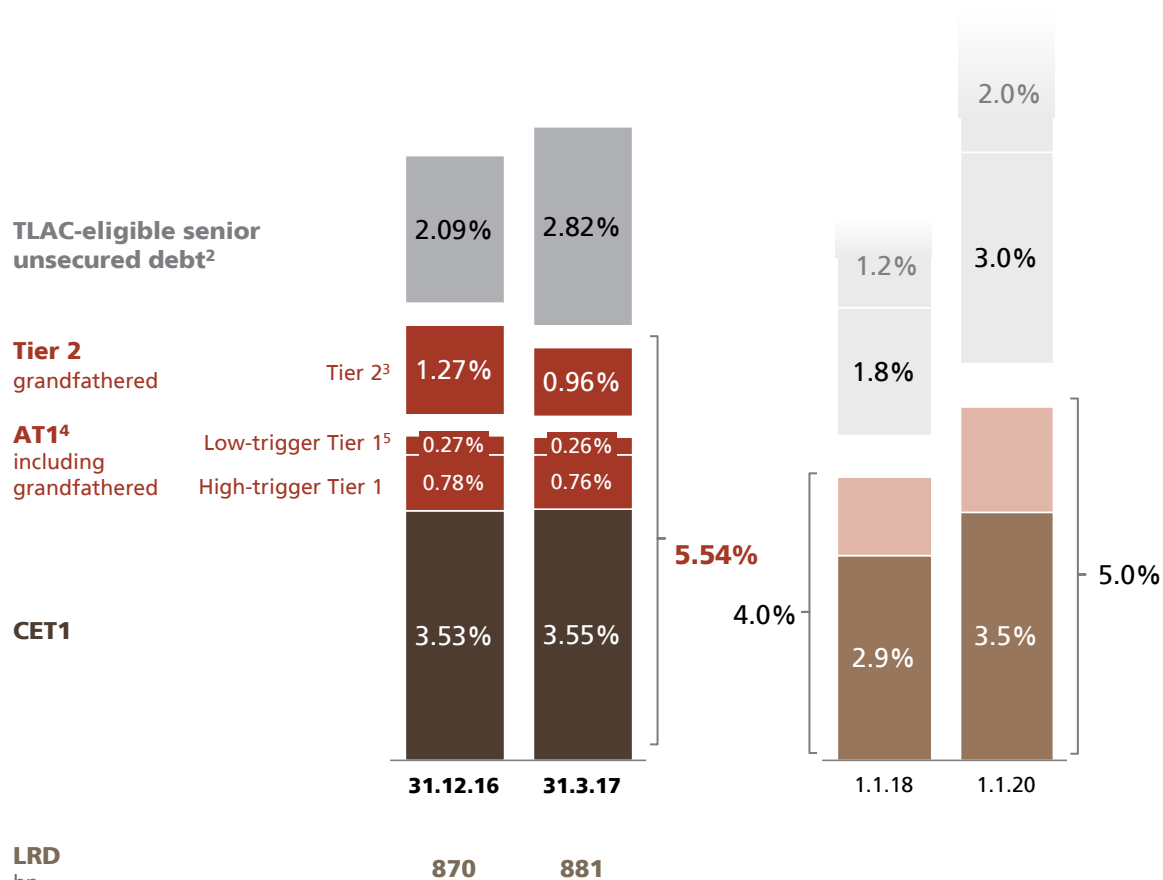
Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details about adjusted numbers, Basel III numbers and FX rates in this presentation. The allocation of P&L to these regions reflects, and is consistent with, the basis on which the business is managed and its performance evaluated. 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

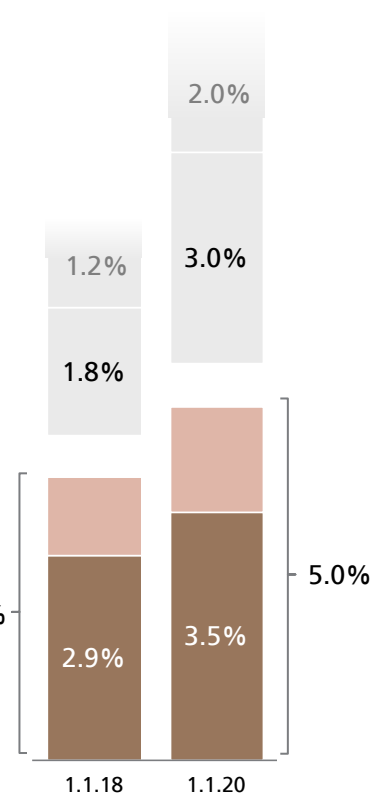
Adjusting items		FY16	1Q16	2Q16	3Q16	4Q16	1Q17
CHF m							
Operating income as reported (Group)		28,320	6,833	7,404	7,029	7,055	7,532
<i>of which:</i>							
	WM	21		21			
	WMA	10				10	
Gains on sale of financial assets available for sale	P&C	102		102			
	IB	78				78	
Gains/(losses) on sales of subsidiaries and businesses	WM	(23)		(23)			
Gains related to investments in associates	P&C	21			21		
Net FX translation gains/(losses)	CC - Group ALM	(122)	(123)	(26)		27	
Gains on sales of real estate	CC - Services	120		120			
Operating income adjusted (Group)		28,113	6,956	7,210	7,008	6,940	7,532
Operating expenses as reported (Group)		24,230	5,855	5,915	6,152	6,308	5,842
<i>of which:</i>							
	WM	447	79	86	139	143	88
	WMA	139	33	38	38	31	22
	P&C	117	23	31	41	21	19
	AM	100	20	34	34	12	20
Net restructuring expenses	IB	577	117	163	181	116	78
	CC - Services	57	(8)	20	4	40	15
	CC - NCL ¹	21	2	5	7	8	2
	Group	1,458	265	377	444	372	244
Operating expenses adjusted (Group)		22,772	5,590	5,538	5,708	5,936	5,598
Operating profit/(loss) before tax as reported		4,090	978	1,489	877	746	1,690
Operating profit/(loss) before tax adjusted		5,341	1,366	1,672	1,300	1,003	1,934

Swiss SRB leverage ratio requirements

UBS leverage ratio balance¹



Requirements



Meeting 1.1.20 requirements

TLAC-eligible debt

- 2.82% (CHF 24.9bn) existing UBS Group AG TLAC bonds²
- CHF 21.4bn long-term debt not counted in total loss absorbing capacity⁶ which we may replace upon maturity with UBS Group AG issuance of TLAC-eligible bonds by 1.1.20
- 5% gone concern requirements subject to potential reduction of up to 2% based on improved resilience and resolvability
- We aim to operate with a gone concern ratio below 4% of LRD at 1.1.20

High-trigger AT1 capital⁴

- 1.02% (CHF 9.0bn) comprising CHF 6.7bn existing high-trigger AT1 and CHF 2.3bn grandfathered low-trigger AT1⁵
- 1.98% (CHF 17.5bn) when including grandfathered T2³
- We expect to replace maturing grandfathered T2 with UBS Group AG issuance of high-trigger AT1
- We expect to build additional ~CHF 0.8bn in employee DCCP, which qualifies as high-trigger AT1 by 31.12.18

CET1 capital

- 3.55% (CHF 31.3bn) fully applied CET1 ratio
- Incremental CET1 via earnings accretion

Refer to slide 28 for details about 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 the 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 31.3.17, CHF 6.7bn of low-trigger T2 has a first call and maturity date after 31.12.19; 4 Going concern requirement can be met with a maximum of 1.5% high-trigger AT1 capital and 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 requirement; 5 Low-trigger AT1 instruments can be counted towards going concern capital up to the first call date; 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	

Important information related to this presentation

Use of adjusted numbers

Unless otherwise indicated, “adjusted” figures exclude the adjustment items listed on slide 25, 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 7-12 of the 1Q17 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 14 of the 1Q17 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. From 31.12.15 onward, these are aligned with BIS Basel III rules. Prior period figures are calculated in accordance with former Swiss SRB rules and are therefore not comparable.

Refer to the “Capital management” section in the 1Q17 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.