UBS

Second quarter

2018 results

July 24, 2018

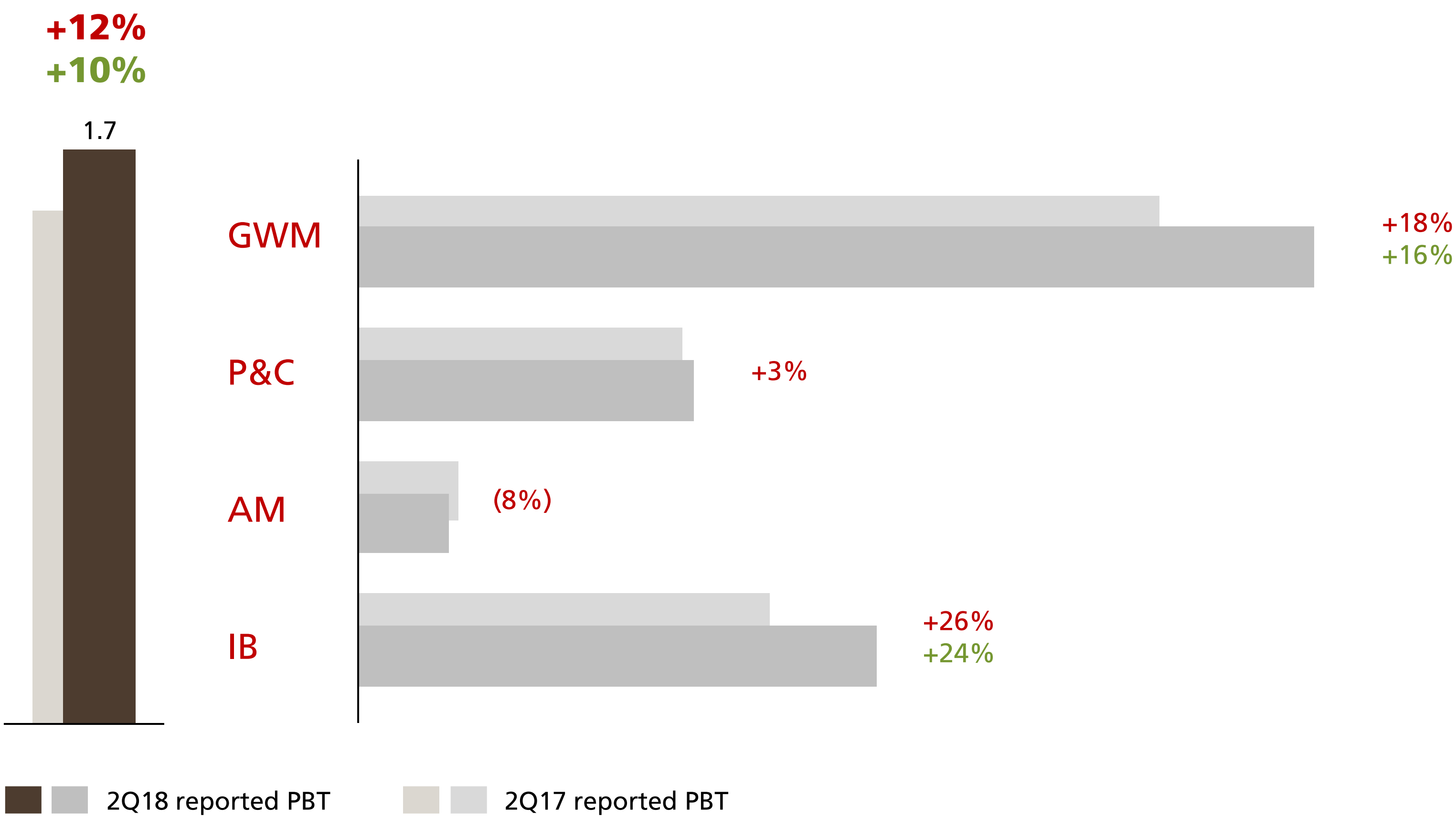
Cautionary statement regarding forward-looking statements

This presentations contains statements that constitute "forward-looking statements," including but not limited to management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development. While these forward-looking statements represent UBS's judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (i) the degree to which UBS is successful in the ongoing execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA), including to counteract regulatory-driven increases, leverage ratio denominator, liquidity coverage ratio and other financial resources, and the degree to which UBS is successful in implementing changes to its 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 have imposed, or resulted in, or may do so in the future, more stringent or entity-specific 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 will or would have on UBS's business activities; (v) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements 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; (vi) 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; (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, including from changes to US taxation under the Tax Cuts and Jobs Act; (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 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 2017. 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.

2Q18 net profit[1] +9% to CHF 1.3bn

CHF / USD

Strong quarter driven by GWM and the IB



Returns

16.7% adjusted RoTE
excl. DTAs

Growth

Net profit[1] +9%
to 1,284m

Capital strength and discipline

Passed CCAR / DFAST
Moody's upgrade

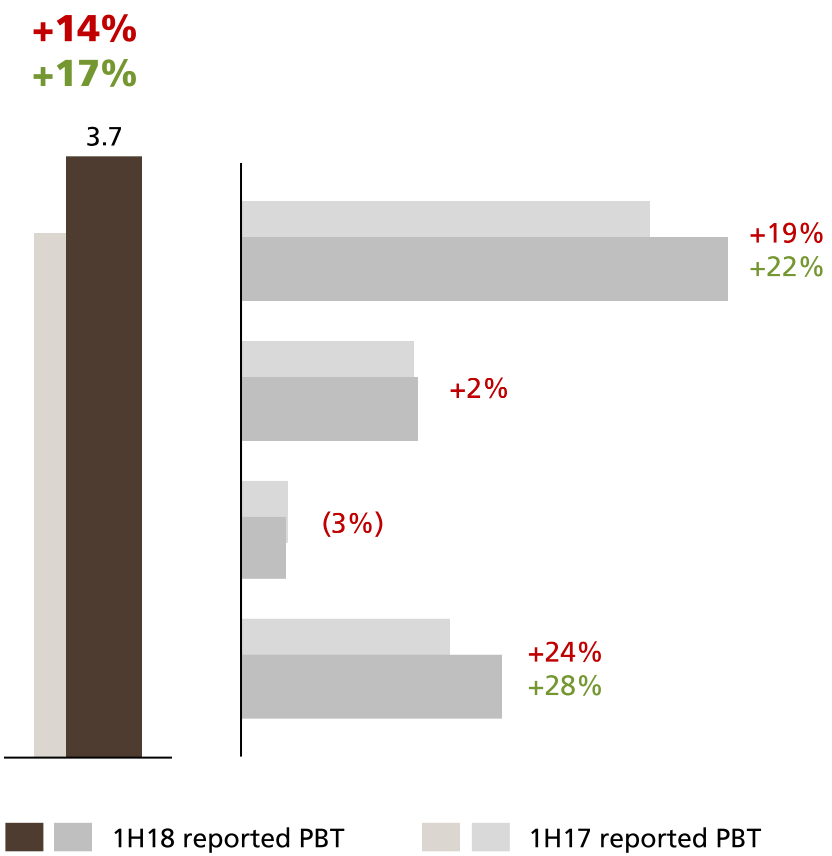
UBS

Numbers in CHF unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Net profit attributable to shareholders

1H18 net profit[1] +15% to CHF 2.8bn

CHF / USD

Strong momentum across our businesses



GWM: **10-year highs** in recurring net fee income, NII, invested assets, mandate penetration and loans

P&C: **Strong growth in recurring revenues** offset interest headwinds; **investing in digital**

AM: **5% PBT growth excl. fund services disposal; 10-year high in invested assets** of >800bn; growth in net new run rate fees

IB: **Excellent adjusted RoAE at 24%**; strong Equities and FRC; disciplined resource management

Returns

17.3% adjusted RoTE
excl. DTAs

Growth

Net profit[1] +15%
to 2,798m

Efficiency

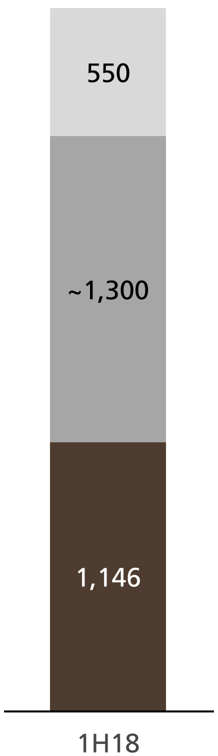
Cost/income ratio (240)bps
to 75.8%

Numbers in CHFbn unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Net profit attributable to shareholders

Generated 3bn in capital in 1H18

Strongest 1H CET1 capital generation[1] since the implementation of Basel III

Strong capital generation

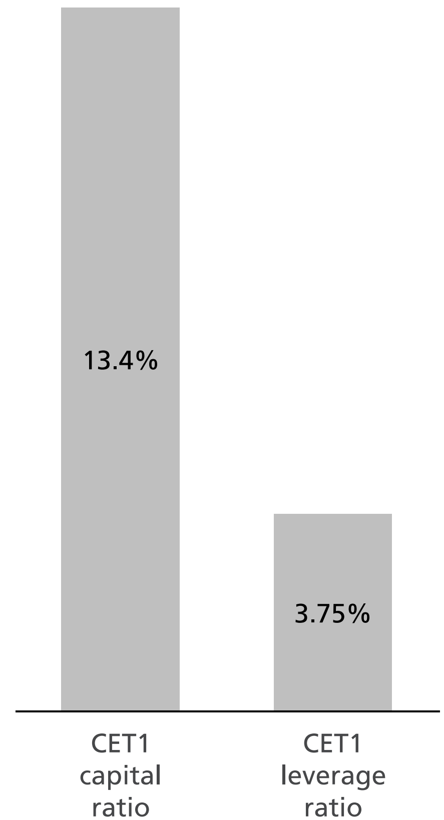


Repurchased 35m shares in 2Q18

Dividend accrual in line with stated policy

1.1bn increase in CET1 capital

Strong capital position



	CET1 capital ratio	CET1 leverage ratio
Expectation 2018-2020:	~13%	~3.7%

Numbers in CHFm unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Based on the Swiss SRB Basel III fully-applied definition of CET1 capital; before dividend accruals and buy-back

Uniquely positioned with leading franchises

Unique combination of growth and attractive returns

Global Wealth Management

- **World's leading and only truly global wealth manager; #1 in global UHNW**
- Superior long-term growth prospects

Personal & Corporate Banking

- **At the core of the leading universal bank in Switzerland**
- Largest player in an attractive and profitable market

Asset Management

- **Diversified and well positioned in key growth areas**
- Highly cash flow-generative with strong returns on equity

Investment Bank

- **Excellence in areas of focus**
- Client-focused, capital-light model with attractive risk-adjusted returns

UBS

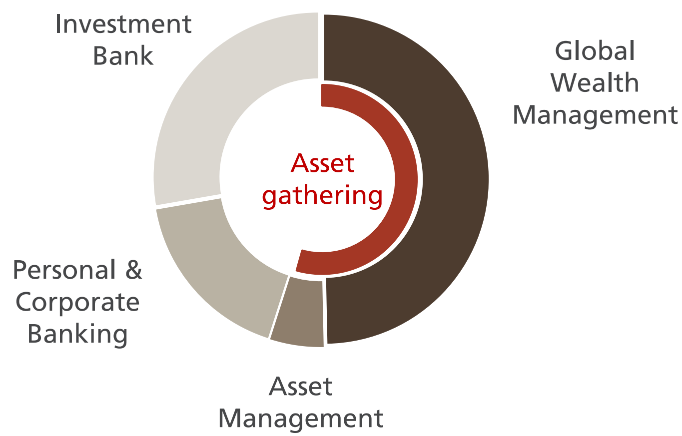
Diversified by business and by region

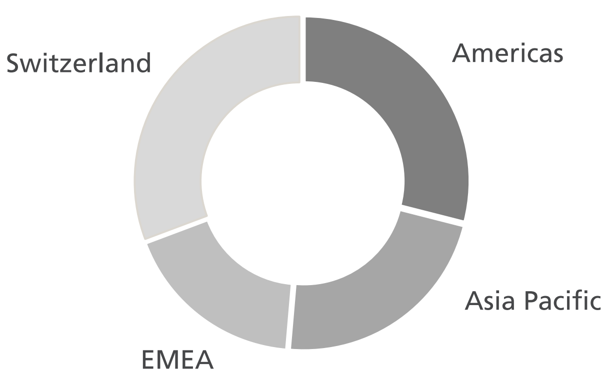
CHF / USD

Well positioned in the largest and fastest-growing markets

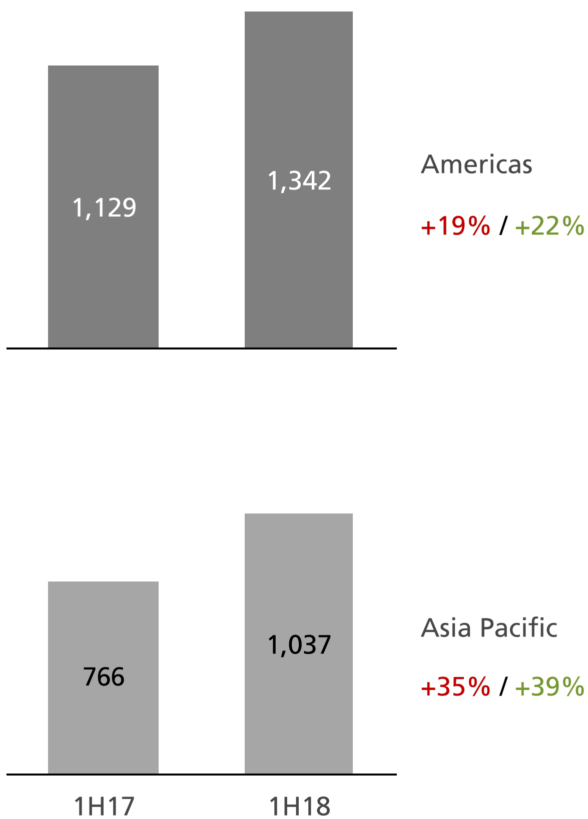
PBT contribution[1]

1H18





PBT



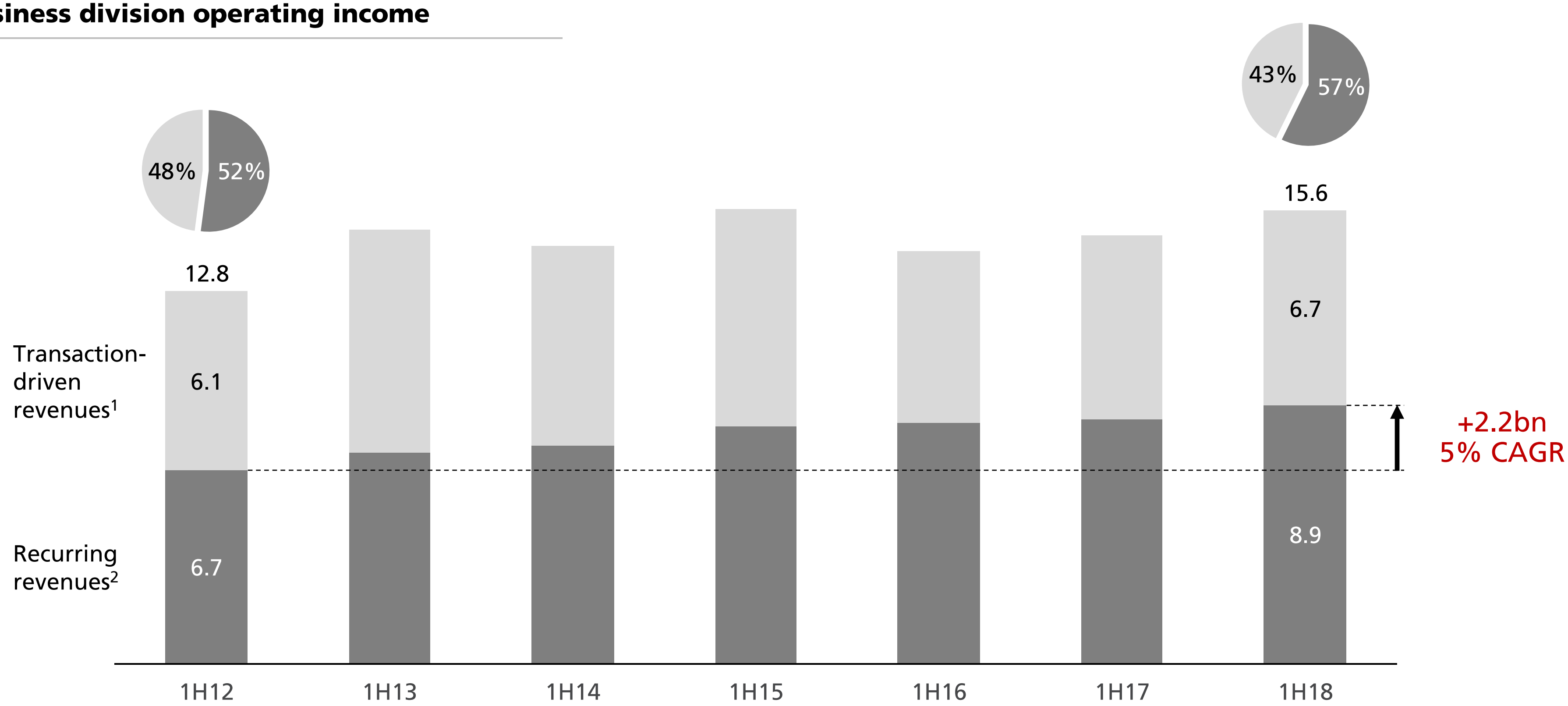
Numbers in CHFm and adjusted unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation

1 Excluding Corporate Center and region "Global", refer to slide 34 for details on regional numbers

Delivering high quality revenue growth

Underpinned by disciplined resource management and risk control

Business division operating income



Rated Aa3/A+/AA-
by major credit rating agencies[3]

<0.03% average cost of credit[4]
FY12-FY17

~1%
level 3 assets[5]

Numbers in CHFbn and adjusted unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Transaction-based income, other income and CLE in GWM and P&C, performance fees in AM, and all IB operating income; 2 Recurring net fee income and NII in GWM and P&C, and management fees in AM; 3 UBS AG long-term senior unsecured debt ratings as of 23.7.18 by Moody's Investor Services, S&P Global, and Fitch Ratings, respectively; 4 Calculated as credit loss expense as a percentage of loans; 5 As a percentage of total assets

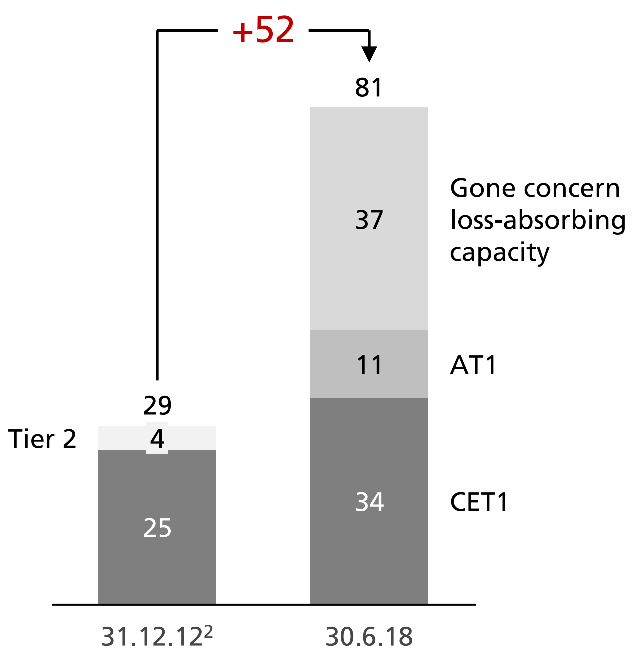
UBS

Substantial costs to fulfill regulatory requirements

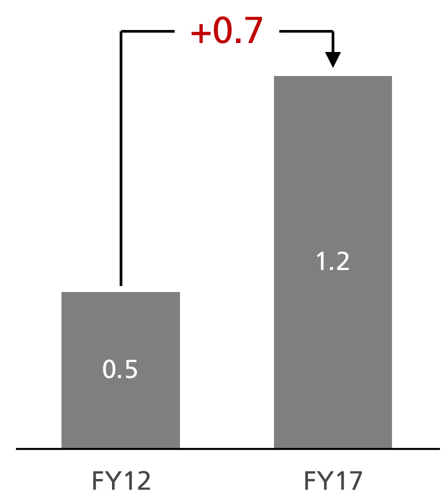
Approaching peak funding and regulatory costs

Total loss-absorbing capacity

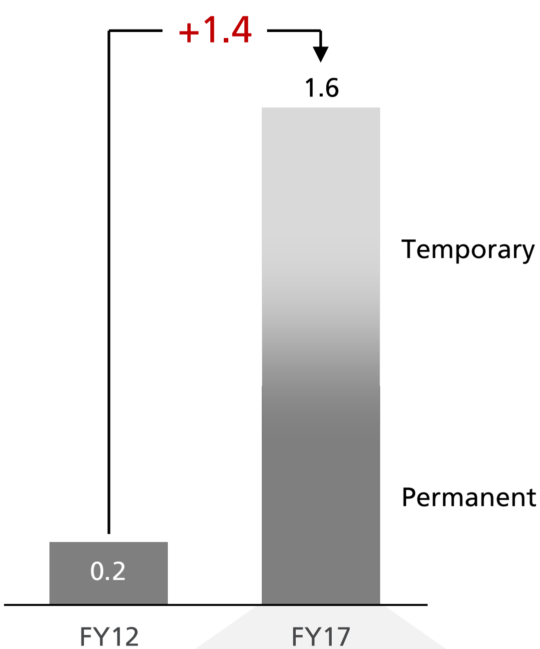
Swiss SRB as of 1.1.20



TBTF[1]-related funding costs



Regulatory costs

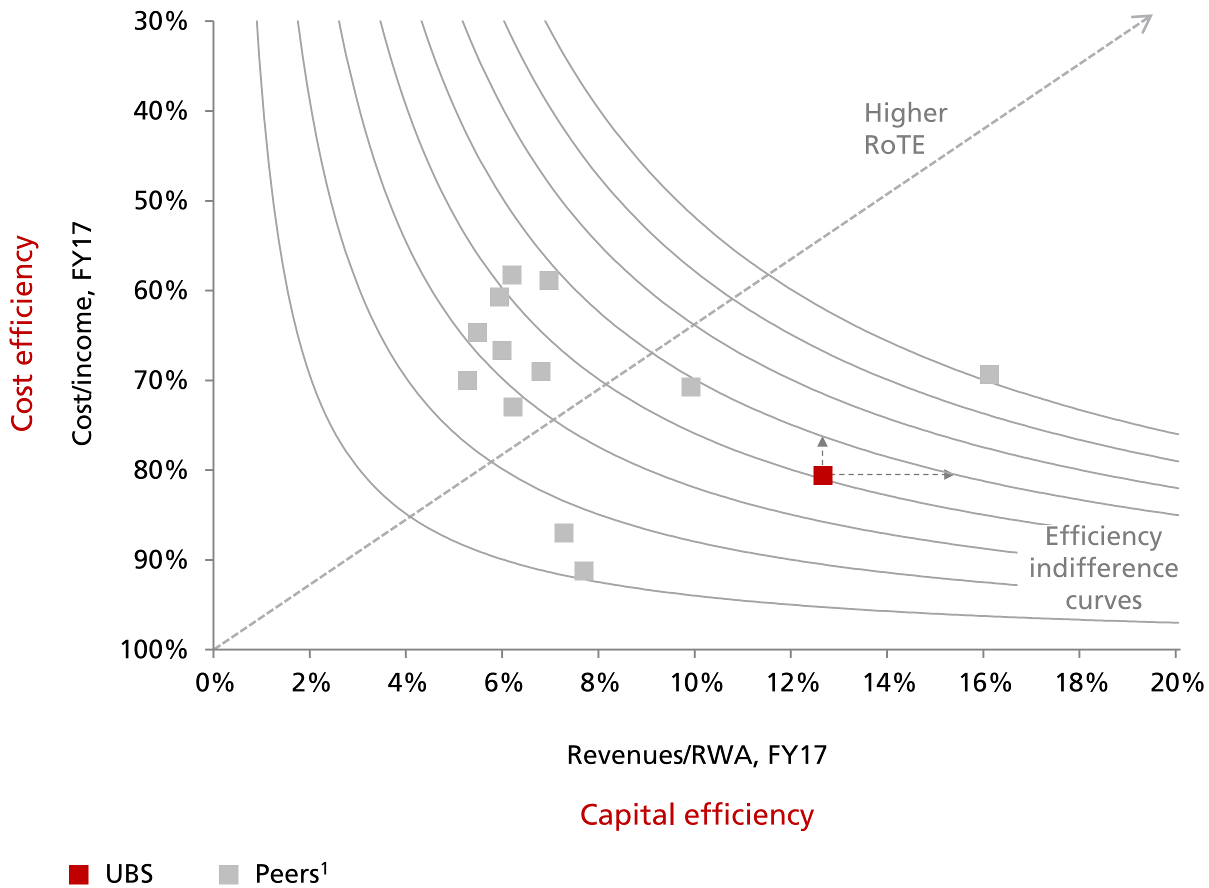


Examples of large programs:
Legal entity changes including UBS Switzerland AG and UBS Americas Holding LLC (IHC), CCAR, MiFID II, derivatives reform, FATCA/AEI, IFRS9, BCBS 239, prudential requirements, Brexit and FRTB

Numbers in CHFbn and adjusted unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Too big to fail 2; 2 Pro-forma information based on Swiss SRB Basel III rules applicable as of 1.1.13. Refer to the Capital Management section in the Annual Report 2013 for more information

Maximizing returns

UBS is highly capital-efficient; focused on costs to maximize returns



Business mix and geographic footprint drive comparatively high capital efficiency and structurally higher cost/income ratio

Further improvements in cost efficiency to drive increase in RoTE

Adjusted for one-offs including litigation; not adjusted for restructuring costs

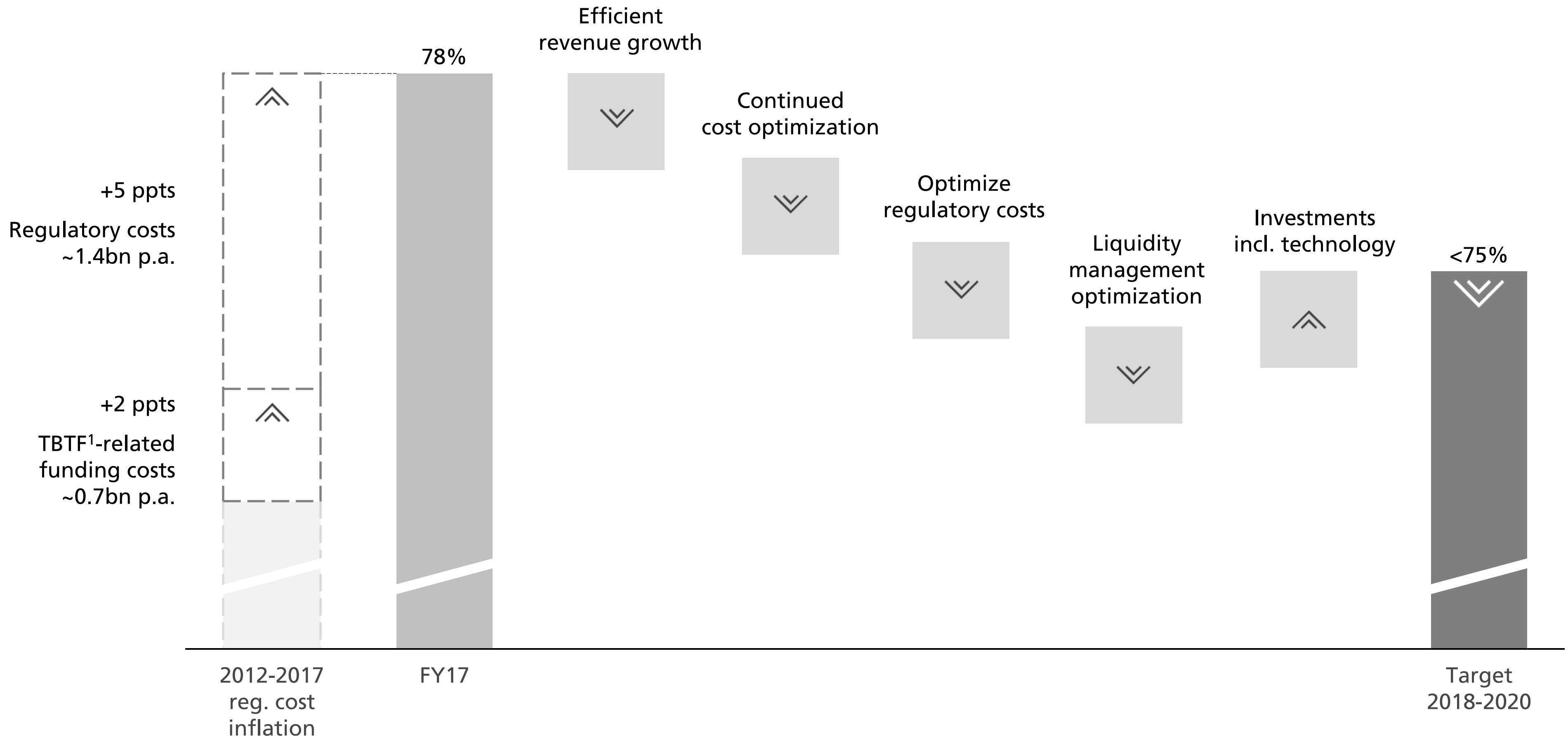
1 Bank of America, Barclays, BNP Paribas, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Julius Baer, Morgan Stanley and Standard Chartered

Driving down the Group cost/income ratio

Permanent focus on cost efficiency

Group cost/income ratio

Illustrative



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1 Too big to fail 2

Global Wealth Management

Tangible growth levers, investing in options for the future

US opportunity
Capture growth in the largest wealth pool globally

US persons
Serve US persons globally

Latin America
Execute booking center agnostic offering

Global initiatives

Products

Mandates
Increase mandate penetration

Lending and banking products
Continued growth

Segments

Global Family Office
Add further scale

UHNW
Align global UHNW offering

Optimization and discipline

Cost efficiency
Discipline on costs

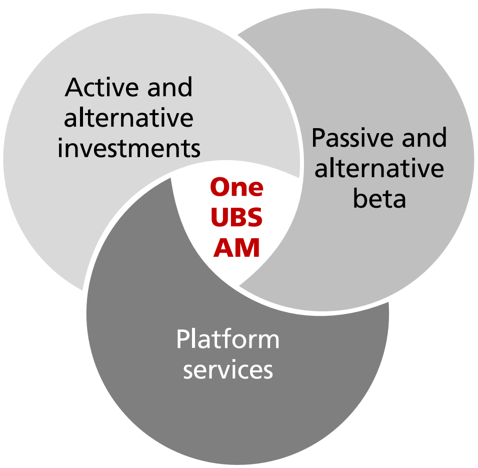
Technology
Optimize platforms, enable growth

China onshore
Close gaps in license portfolio

APAC excl. China onshore
Leverage leading position and capture growth

Targeting 10% PBT growth in Asset Management

Profitable organic growth strategy with six clear priorities



Sustainable and impact investing

- Doubled sustainability-focused invested assets since 2016
- #1 provider of sustainability ETFs in Europe with 37% market share

Passive

- >50% invested asset growth since end-2016
- #2 passive player in Europe
- 9% projected market growth 2016-2021[1]

China

- Obtained private fund management license in 2017; launched first onshore fund
- ~35% IA growth since end-2016
- #1 ranked foreign asset manager in China[2]
- 14% projected market growth 2016-2021[3]

Wholesale and platform services

- Leveraging AM's best investment products globally for wholesale clients
- Coupled with AM's leading platform and digital capabilities
- 7% projected market growth 2016-2021[4]

Investment solutions

- Leverage depth and breadth of AM's global offering across traditional and alternative asset classes
- 9% projected market growth 2016-2021[1]

Operational excellence

- Technology to drive efficiencies, transform client interaction and facilitate data-driven investing
- Ongoing cost actions in targeted areas

UBS

1 BCG, The innovator's advantage, 2017; 2 Z-Ben Advisors 2018 China Rankings: The top foreign firms in China, 2018; 3 Addressable market for foreign companies, Cerulli Global Markets 2017 and the Asset Management Association of China (AMAC); 4 EMEA and APAC, Cerulli Global Markets 2017

Leader in Swiss digital banking

Strong business growth supported by continuous innovation in best-in-class digital offering

Higher satisfaction levels among active digital clients[1,2,3]

~80% higher average revenues for active[4] digital clients[2,3]

>60% lower attrition for active[4] digital clients[2,3]

Acceleration of mobile banking usage following Access app[5] launch

>100% increase in mobile payments YoY[6]

>60% increase in Swiss Wealth Management Online users YoY[6]

1 Survey by CBI Schweiz, commissioned by UBS, 2017, personal banking only; 2 Compared to non-digital clients, which are clients that did not log in for 30 days; 3 Personal banking clients aged 18-59, excl. rental deposits and single-purpose accounts, 1Q18; 4 Clients using the Access app; 5 Two-factor identification app that allows clients to log in to online and mobile banking without a special log-in device; 6 1H18 vs. 1H17

Transforming to a digital Investment Bank

We have a proven track record on innovation, with a tradition of excellence

UBS Neo

Award-winning multi-channel platform built on the latest web technology

26
Awards received since 2013

60+
Applications available

>6m
Research and sales articles were read on UBS Neo in 2017

Research

UBS Evidence Lab – innovative data-driven research drives differentiated product

- Digital footprint analysis
- Quantitative market research
- Geospatial analysis
- Data science

Electronic execution

Pioneer in electronic execution capability – positioned in the Top 3 globally

24hr
Global coverage model

110+
Trading venues covered globally

Financial News Trading & Technology Awards	#1	Sellside Electronic Execution Department of the Year in Europe, 2018
Extel Survey	#1	Pan European Brokerage Firm for Trading & Execution, 2018

UBS

Unlocking our full potential

Growing today

- 1H18 **net profit[1] +15% YoY**, RoTE[2] >17%
- **~3bn capital accretion** in 1H18 and growing capital returns

Capturing future growth

- GWM – Deliver a truly **global UHNW offering**
- GWM – Serve **US persons** wherever they are
- GWM / IB – Accelerate **GFO growth**
- GWM / IB / AM – **China** Onshore

Prioritizing technology

- **1bn incremental technology spend** 2018-2020 to support sustainable profit growth
- **YTD technology spend** includes investments in P&C digitization, Advice Advantage, IB research transformation

Staying disciplined

- Reported **cost/income ratio down 240bps** vs. 1H17 to 75.8%
- GWM and AM cost measures to deliver **~125m in annual net savings** by end-2018

UBS is fit for the future and focused on sustainable growth in profits and capital returns

UBS

Numbers in CHF and adjusted unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Net profit attributable to shareholders; 2 Excluding deferred taxes and deferred tax assets

2Q18 results

UBS

UBS Group AG results (consolidated)

	2Q17	1Q18	2Q18
Total operating income	7,269	7,698	7,554
Total operating expenses	5,767	5,725	5,875
Profit before tax as reported	**1,502**	**1,973**	**1,679**
of which: adjusting items	(173)	97	(129)
of which: net restructuring expenses treated as an adjusting item	(258)	(128)	(114)
of which: net foreign currency translation gains/(losses)	(22)		(15)
of which: gains on sale of financial assets at fair value through OCI	107		
of which: credit related to changes to the Swiss pension plan		225	
Adjusted profit before tax	**1,675**	**1,876**	**1,808**
of which: net expenses for litigation, regulatory and similar matters	(9)	11	(131)
of which: UK bank levy	46		45
Tax expense/(benefit)	327	457	394
Net profit attributable to non-controlling interests	1	1	1
Net profit attributable to shareholders	**1,174**	**1,514**	**1,284**
Diluted EPS (CHF)	0.31	0.39	0.33
Adjusted return on tangible equity excl. deferred taxes and DTAs (%)[1]	15.9	17.8	16.7
Total book value per share (CHF)[2]	13.92	13.62	13.62
Tangible book value per share (CHF)[2]	12.25	11.97	11.90

UBS

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1 Refer to page 17 of the 2Q18 report for more information; 2 2.4bn reduction in IFRS equity in 2Q18 from the payment of the dividend for the 2017 financial year

Global Wealth Management

CHF / USD

Best second quarter and first half PBT for a decade; 2Q reported PBT +18% YoY

Profit before tax
m

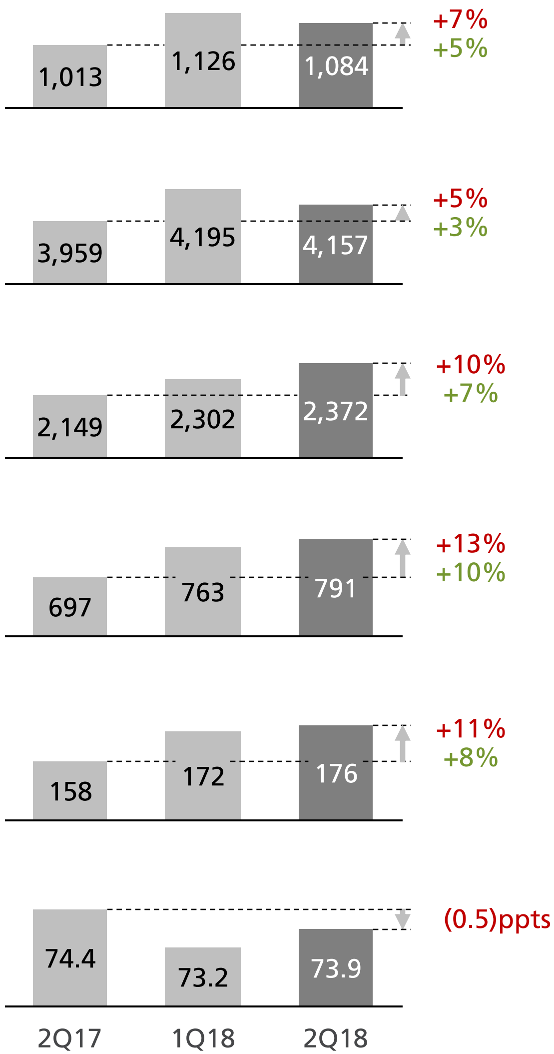
Operating income
m

Invested assets
bn

Mandate volume
bn

Loans
bn

Cost/income ratio
%



Sustainable profit growth

Ten-year highs in NII and recurring net fee income

Record invested assets

Record mandate volume and penetration

Record loan volume

Improved efficiency while accelerating investments

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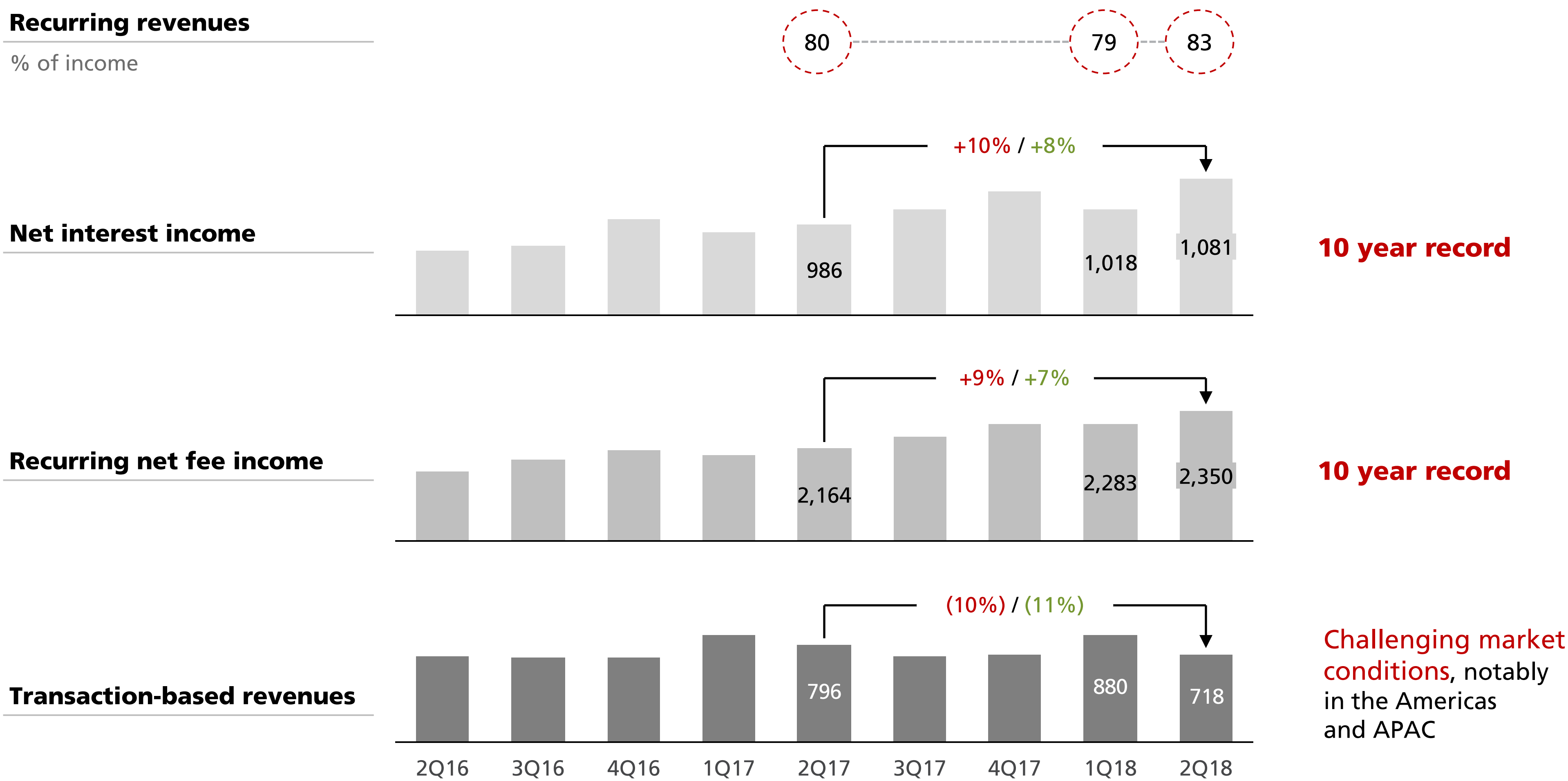
Global Wealth Management

CHF / USD

Highest net interest and recurring net fee income for a decade



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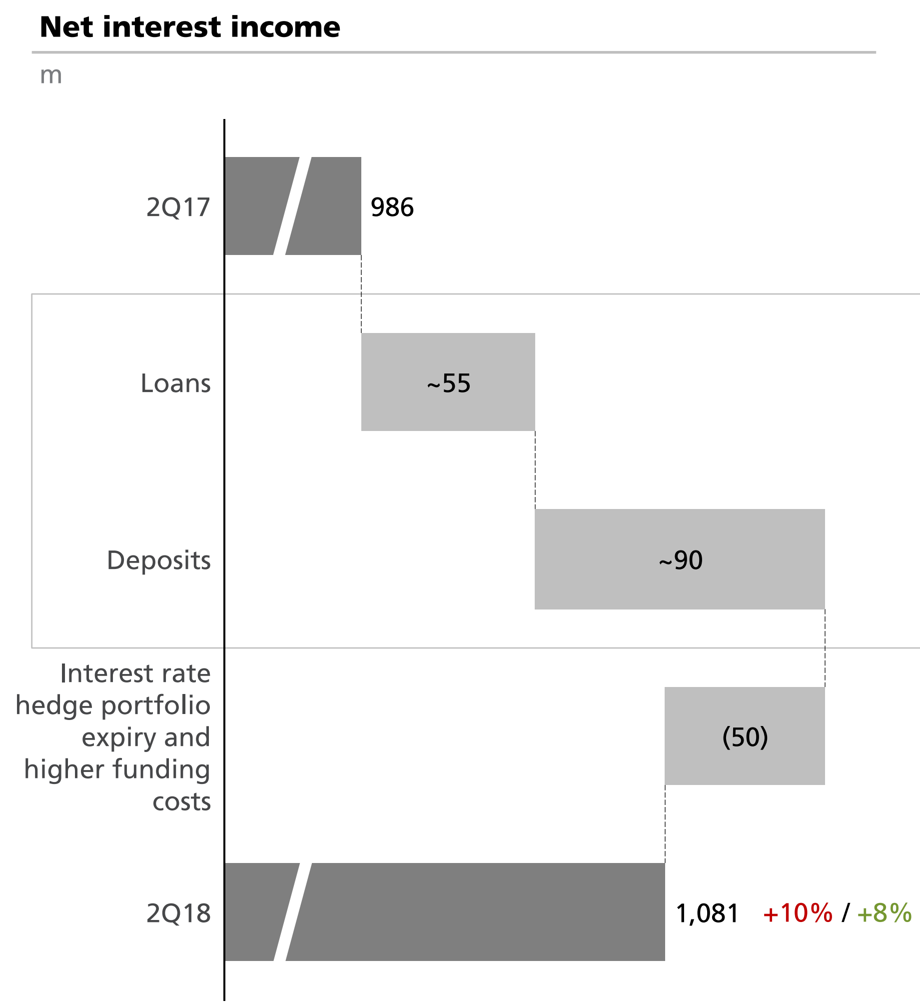
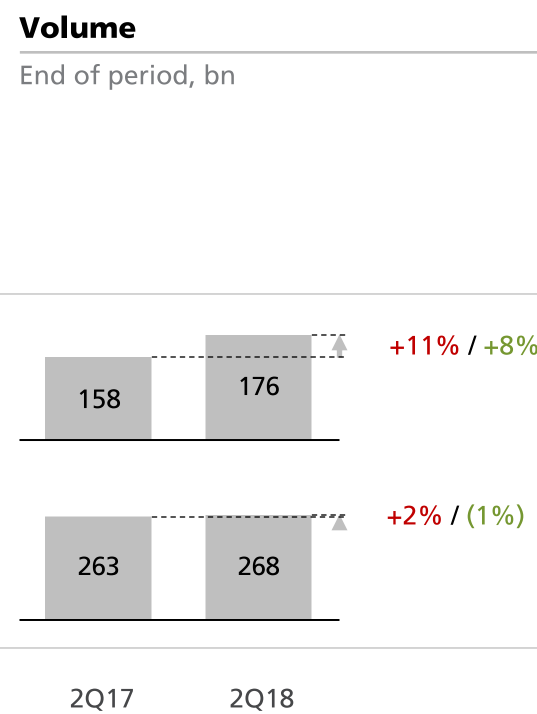
Global Wealth Management

CHF / USD

Net interest income highest in 10 years on loan growth and higher USD net interest margin





NII increase driven by volume growth, primarily in APAC and UHNW

NII increase driven by USD margin expansion, in the US and international markets

Net interest income up in all regions

Numbers in CHF and adjusted unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation

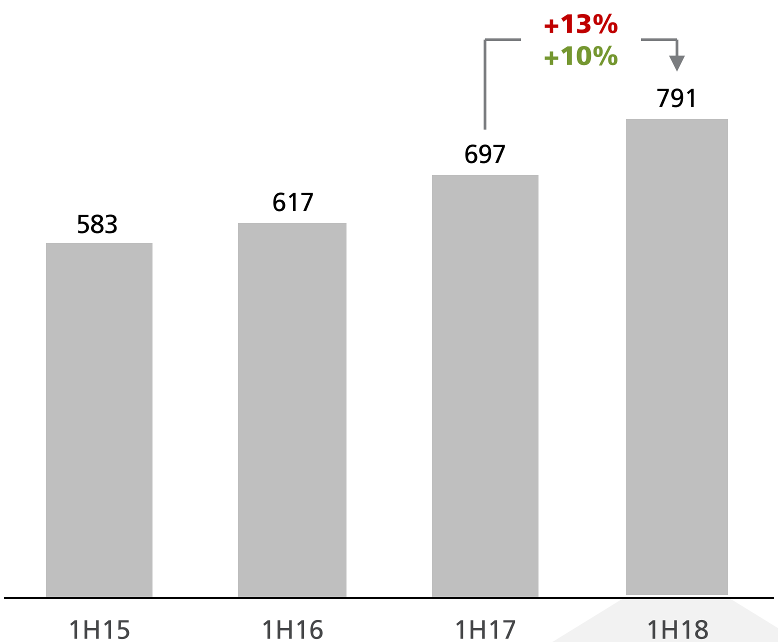
Global Wealth Management

CHF / USD

Steady growth in mandates driving 10-year record recurring net fee income

Mandate volume

End of period, bn



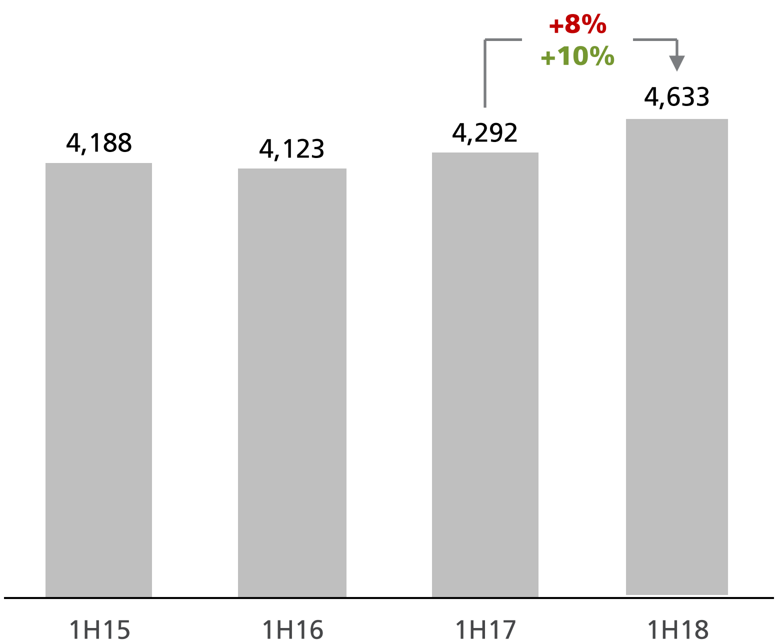
		YoY
Americas	480	+16% / +12%
APAC	48	+25%
EMEA	189	+7%
Switzerland	74	+11%

Record mandate penetration

33.3%

Recurring net fee income

m



Global Wealth Management

CHF / USD

Strong profit growth in the Americas and UHNW; fastest revenue growth in APAC

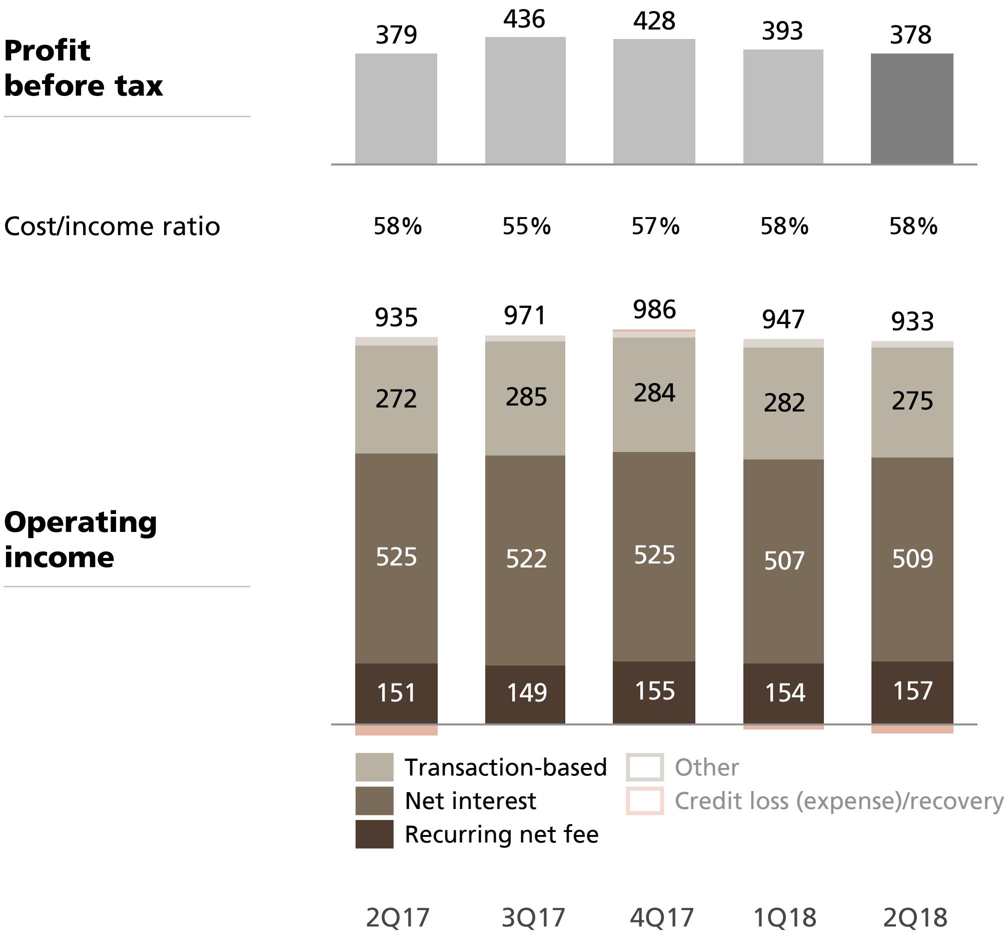
	Americas	APAC	EMEA	Switzerland	o/w Global UHNW[1]
Profit before tax, m – change	+16% / +15%	+4%	+3%	(3%)	+30%
2Q17	335	213	298	179	183
2Q18	389	223	308	173	237
Cost/income, % – 2Q17	84	61	66	54	72
2Q18	83	63	66	57	68
Invested assets, m – change	+10% / +6%	+22%	+5%	+8%	+20%
2Q17	1,143	319	494	191	543
2Q18	1,257	387	518	207	650
Operating income	+5% / +4%	+10%	+3%	+1%	+13%
Operating expenses	+3% / +2%	+13%	+3%	+5%	+6%
Loans	+7% / +4%	+28%	+6%	+5%	+24%
Net new money, bn – 2Q17	(6.1) / (6.3)	9.6	2.5	1.7	6.8
Net new money, bn – 2Q18	(7.0) / (7.1)	2.2	0.0	4.4	2.7

UBS

Numbers are in CHF and adjusted unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation; excludes minor functions with 127 advisors, 3bn invested assets and (0.8)bn net new money
1 Globally managed unit that exclusively serves UHNW clients; includes the impact from clients shifting into and out of Global UHNW

Personal & Corporate Banking

Strong business momentum and management actions offset interest rate pressure



Highest recurring net fee income since 2008 driven by higher volumes for bundled products and investment funds

Stable operating expenses, including ~70m in digitization YTD

Net interest income stable QoQ despite funding headwinds

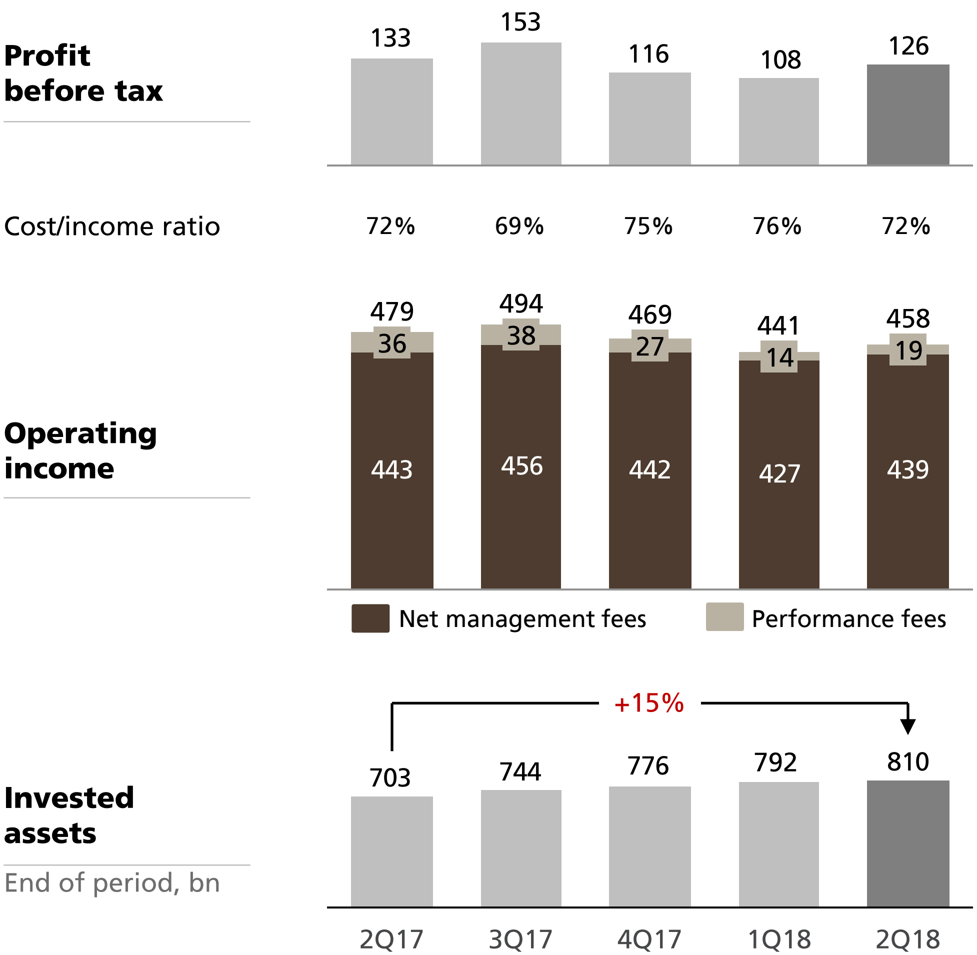
Strong net new business volume of 3.9%[1] for Personal Banking, supported by highly successful digital offering

Numbers in CHFm and adjusted unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation

1 Annualized growth

Asset Management

Solid performance on ten-year high in invested assets; cost actions to support PBT growth



Solid performance 1% growth in PBT excl. fund administration disposal in 4Q17

Strongest net new run rate fees since 2Q15 led by a strong contribution from the wholesale business

Implemented cost measures in 2Q18

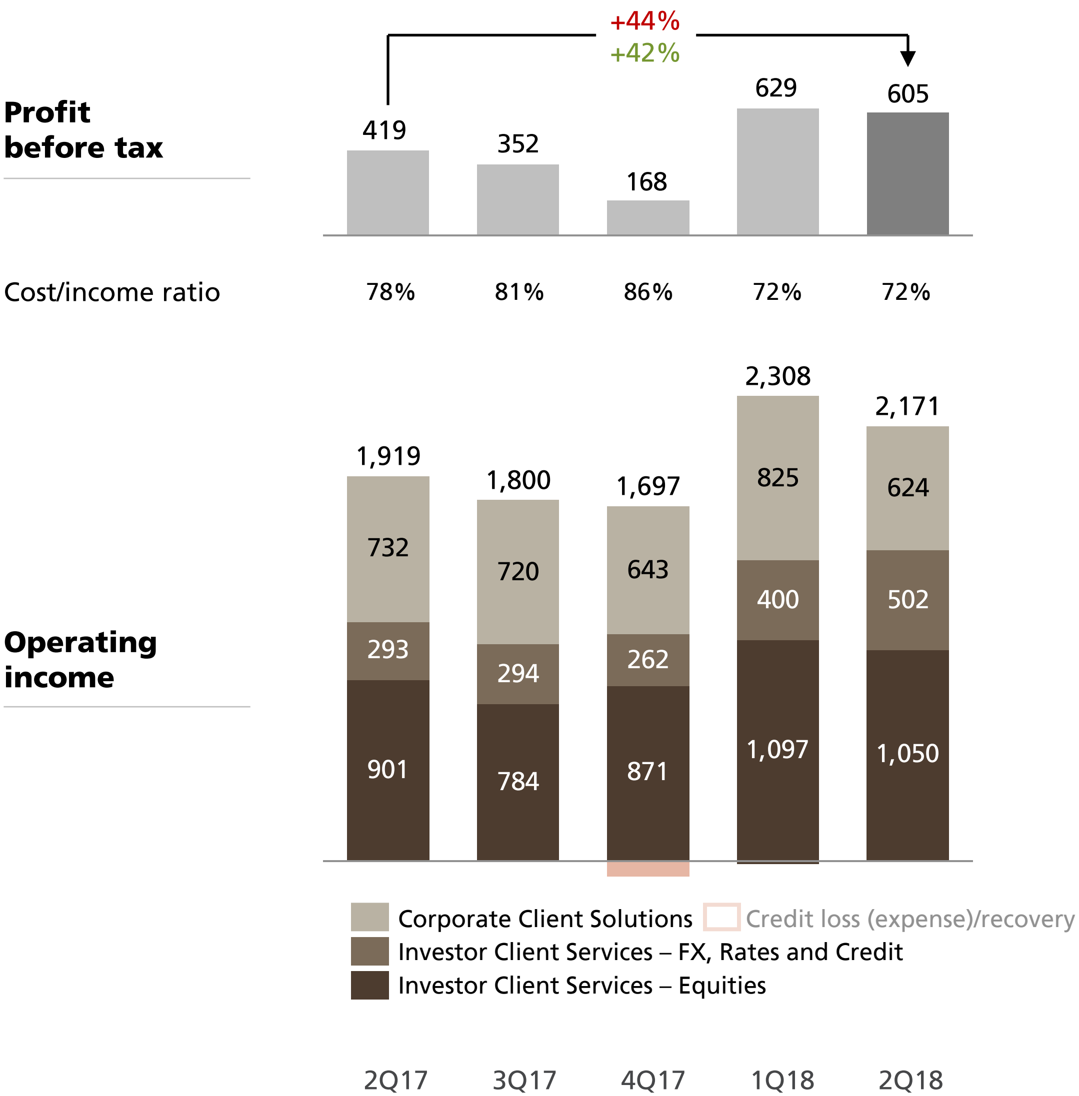
Investing in our strategic focus areas and differentiated capabilities

Highest invested assets in a decade

Investment Bank

CHF / USD

Excellent PBT growth; strong Equities and FRC with disciplined resource management



44% PBT growth driven by 13% revenue increase and strong operating leverage

Cost/income ratio improved 6 ppts on continued cost discipline; best 2Q since 2013

Corporate Client Solutions (15%) / (16%) on lower ECM revenues compared with a very strong prior-year quarter

High quality FRC +72% / +69%; up >1/3 excluding ~100m mainly related to previously deferred day-1 profits, with increases in all products and all regions

Very strong Equities +17% / +15% with increases in all products and all regions

23% RoAE; market risk RWA down 9bn QoQ on lower VaR

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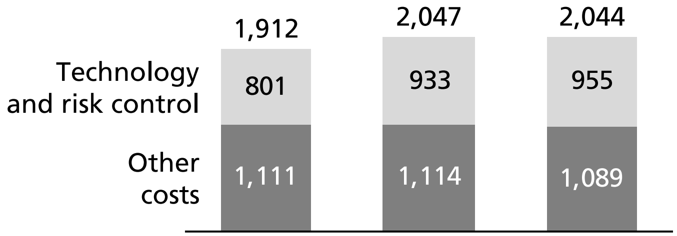
Numbers in CHFm and adjusted unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation

Corporate Center

CC – Services

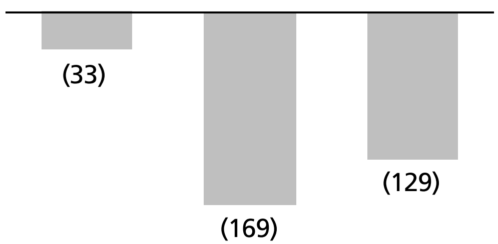
Costs before allocations



Services 154m higher costs in technology and risk control; other costs (2%)

CC – Group Asset and Liability Management

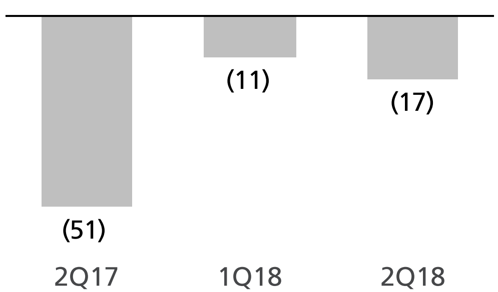
Total risk management net income after allocations



Group Asset and Liability Management structural risk management net income after allocations improved QoQ

CC – Non-core and Legacy Portfolio

PBT



Non-core and Legacy Portfolio de minimis impact on the bottom line; NCL LRD <2% of Group LRD

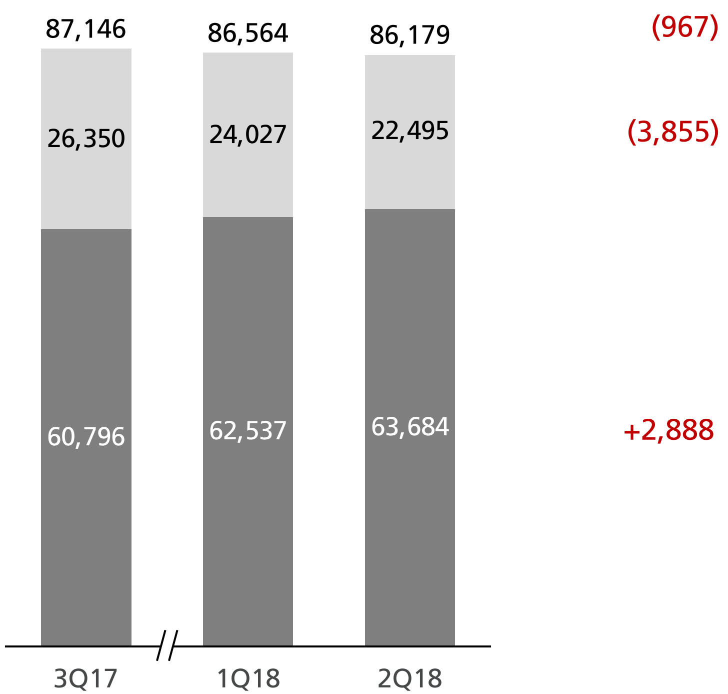
Numbers in CHFm and adjusted unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation

Workforce management

Insourcing roles drives improved efficiency and effectiveness

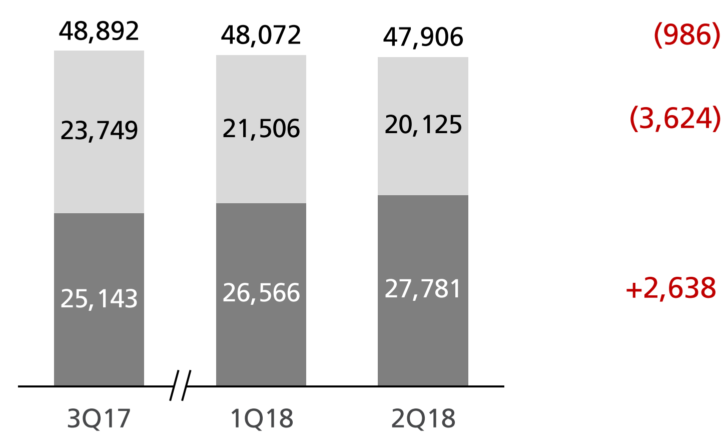
UBS Group — 2Q18 vs. 3Q17

Headcount, end of period



Corporate Center – Services[1] — 2Q18 vs. 3Q17

Headcount, end of period



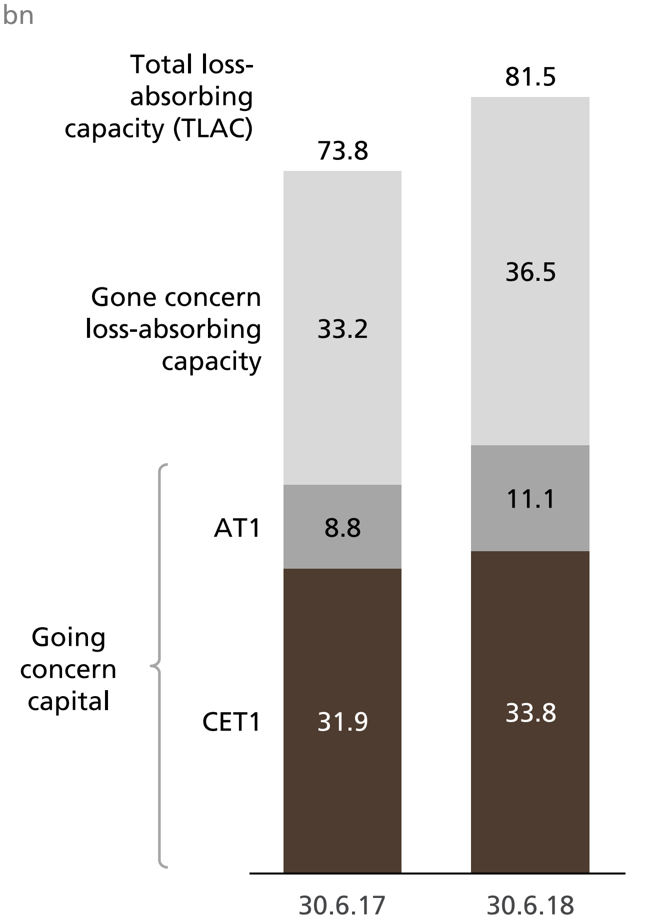
Internal staff External staff

1 Includes Group COO functions including technology, operations and HR, Group CEO functions including communications and branding and regulatory relations, control functions including risk control and finance, and BoD functions including internal audit

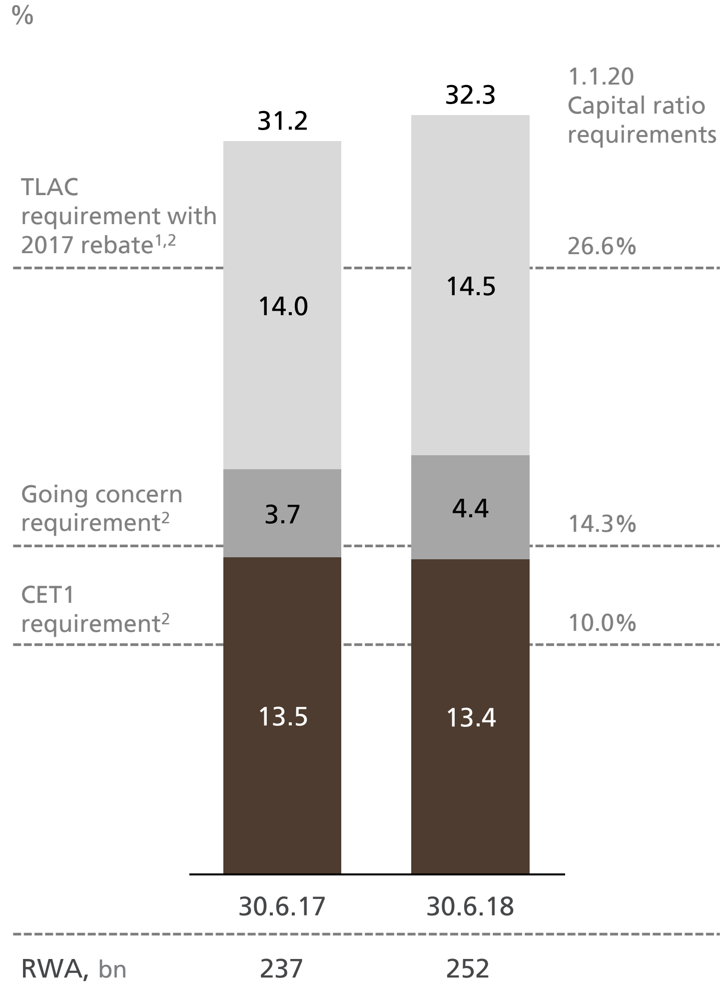
Capital and leverage ratios

Strong capital position

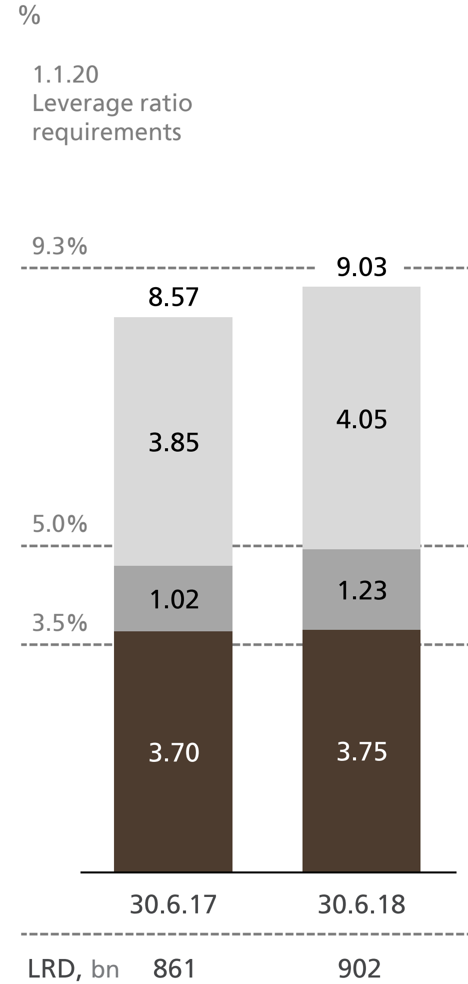
Loss-absorbing capacity



Capital ratio



Leverage ratio



Numbers in CHF unless otherwise indicated; refer to slide 35 for details on Basel III numbers and FX rates in this presentation. Refer to the "Capital management" section of the 2Q18 report and the "Capital management" section of the 2017 Annual Report for more information.
1 Gone concern requirement of 5% of LRD subject to a rebate of up to 2% of LRD based on improved resolvability. FINMA granted a rebate on the gone concern requirement of 35% of the aforementioned maximum rebate in 2017, which resulted in a reduction of 2.0 percentage points for the RWA-based requirement and 0.7 percentage points for the LRD-based requirement. As we complete additional measures to improve the resolvability of the Group, we expect to qualify for a larger rebate and therefore aim to operate with a gone concern ratio of less than 4% of LRD by 1.1.20; 2 Excludes the effect of countercyclical buffers for capital ratio

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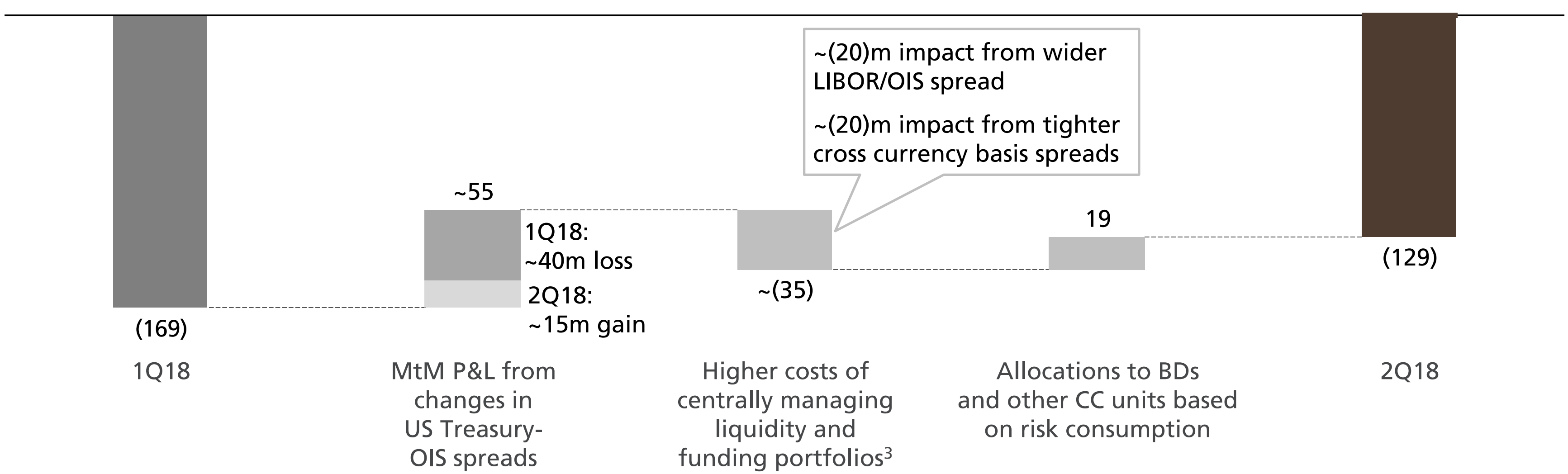
Appendix

Corporate Center – Group ALM

Structural risk management net income after allocations improved QoQ

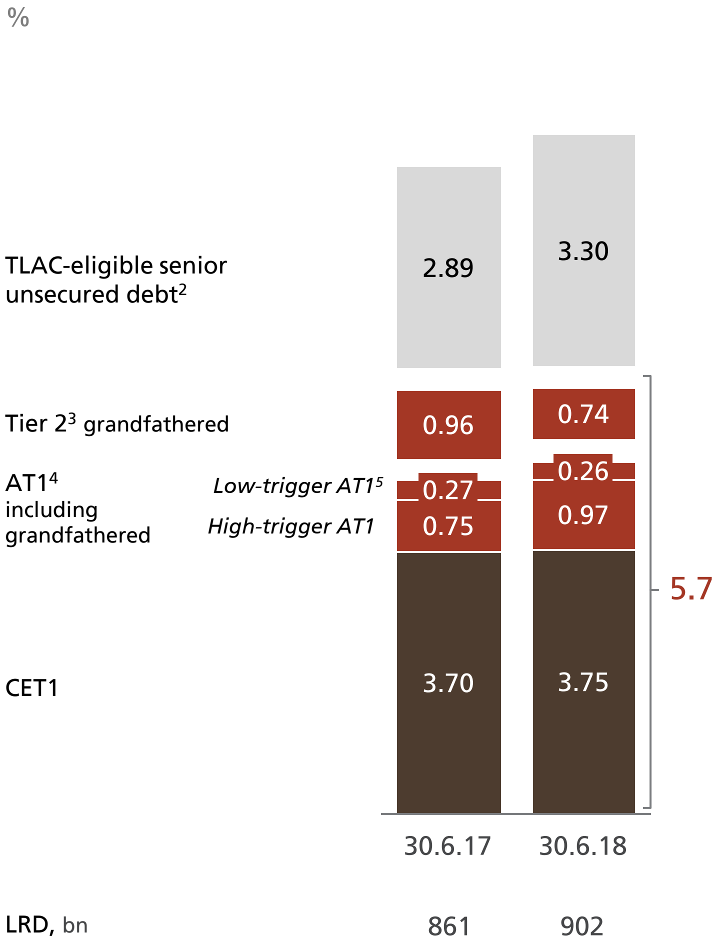
	2Q17	1Q18	2Q18	YoY	QoQ	
Operating income	(72)	(204)	(169)	*(97)*	*+34*	
o/w business division-aligned risk management	166	130	119	*(47)*	*(10)*	Fully allocated
o/w capital investment and issuance	(27)	(69)	(101)	*(74)*	*(33)*	
o/w group structural risk management	(121)	(249)	(228)	*(107)*	*+21*	Partially allocated
o/w allocated	(88)	(80)	(99)	*(11)*	*(19)*	
o/w risk management net income after allocations[1]	(33)	(169)	(129)	*(97)*	*+40*	
o/w non-allocated revenues[2]	(40)	(34)	(40)	*0*	*(6)*	Not allocated
Operating expenses	9	18	20	*+12*	*+3*	
Profit before tax	**(81)**	**(222)**	**(190)**	***(109)***	***32***	



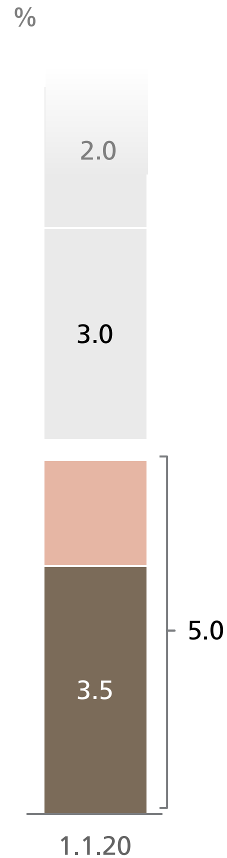
Numbers in CHFm and adjusted unless otherwise indicated; refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Retained income from risk management activities can vary significantly quarter on quarter dependent on funding consumption, interest rates, interest rate basis spreads and currency effects. Over time, we expect it to average around negative CHF 100 million per quarter; 2 Includes accounting asymmetries which are expected to mean-revert to zero over time, hedge accounting ineffectiveness and other; 3 Includes the FX hedging costs that were reclassified in1Q18

Swiss SRB leverage ratio requirements

UBS leverage ratio balance[1]



1.1.20 requirements



TLAC-eligible debt

- 3.30% (29.8bn) UBS Group AG TLAC bonds[2]
- 5% gone concern requirement subject to a rebate of up to 2.0 percentage points based on improved resolvability
  - FINMA granted a rebate on the gone concern requirement of 35% of the maximum rebate in 2017, which resulted in a reduction of 0.7 percentage points for the LRD-based requirement
  - As we complete additional measures to improve the resolvability of the Group, we expect to qualify for a larger rebate and therefore aim to operate with a gone concern ratio of less than 4% of LRD by 1.1.20

AT1 capital[4]

- 1.23% (11.1bn) comprising 8.8bn existing high-trigger AT1, of which 1.7bn employee deferred contingent capital plan (DCCP), and 2.4bn grandfathered low-trigger AT1[5]
- 1.98% (17.9bn) when including 6.7bn grandfathered T2[3] which may be replaced with UBS Group AG issuance of high-trigger AT1

CET1 capital

- 3.75% (33.8bn) CET1 ratio

Numbers in CHF unless otherwise indicated; refer to slide 35 for details on Basel III numbers and FX rates in this presentation
1 Based on Swiss SRB rules as of 1.1.20 for LRD, CET1, AT1, T2 capital and TLAC-eligible senior unsecured debt; 2 Also includes non-Basel III-compliant tier 2 capital which qualifies 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 requirement until one year before maturity, with a haircut of 50% applied to the last year of eligibility. As of 30.6.18, 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 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 requirement, this 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

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Reported and adjusted performance

Performance by business division and Corporate Center unit – reported and adjusted[1,2]

	For the quarter ended 30.6.18							
CHF million	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	CC – Services[3]	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	4,157	933	458	2,171	(78)	(185)	98	7,554
of which: net foreign currency translation losses[4]						*(15)*		*(15)*
Operating income (adjusted)	4,157	933	458	2,171	(78)	(169)	98	7,569
Operating expenses as reported	3,120	566	357	1,602	94	21	116	5,875
of which: personnel-related restructuring expenses[5]	*3*	*1*	*15*	*2*	*43*	*0*	*0*	*63*
of which: non-personnel-related restructuring expenses[5]	*5*	*0*	*3*	*3*	*39*	*0*	*0*	*51*
of which: restructuring expenses allocated from CC – Services[5]	*39*	*9*	*8*	*32*	*(88)*	*0*	*1*	*0*
Operating expenses (adjusted)	3,073	556	331	1,566	100	20	115	5,761
of which: net expenses for litigation, regulatory and similar matters[6]	*52*	*0*	*0*	*2*	*0*	*0*	*76*	*131*
Operating profit / (loss) before tax as reported	1,037	368	101	569	(172)	(206)	(18)	1,679
Operating profit / (loss) before tax (adjusted)	1,084	378	126	605	(178)	(190)	(17)	1,808

1 Adjusted results are non-GAAP financial measures as defined by SEC regulations; 2 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period; 3 Corporate Center Services operating expenses presented in this table are after service allocations to business divisions and other Corporate Center units; 4 Related to the disposal of foreign subsidiaries and branches; 5 Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives in 2018 for Global Wealth Management and Asset Management. 6 Includes recoveries from third parties (2Q18: CHF 10 million)

Regional performance

		Americas		Asia Pacific		EMEA		Switzerland		Global		Total	
		2Q17	2Q18	2Q17	2Q18	2Q17	2Q18	2Q17	2Q18	2Q17	2Q18	2Q17	2Q18
Operating income	GWM	2.2	2.3	0.5	0.6	0.9	0.9	0.4	0.4	0.0	0.0	4.0	4.2
	P&C	-	-	-	-	-	-	0.9	0.9	-	-	0.9	0.9
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	(0.0)	(0.0)	0.5	0.5
	IB	0.7	0.8	0.5	0.6	0.6	0.6	0.2	0.2	(0.0)	(0.0)	1.9	2.2
	CC	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)
	Group	**2.9**	**3.2**	**1.1**	**1.3**	**1.5**	**1.6**	**1.7**	**1.7**	**(0.1)**	**(0.2)**	**7.2**	**7.6**
Operating expenses	GWM	1.8	1.9	0.3	0.4	0.6	0.6	0.2	0.2	0.0	0.0	2.9	3.1
	P&C	-	-	-	-	-	-	0.6	0.6	-	-	0.6	0.6
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.3	0.3
	IB	0.5	0.6	0.4	0.4	0.5	0.5	0.1	0.1	(0.0)	(0.0)	1.5	1.6
	CC	-	-	-	-	-	-	-	-	0.2	0.2	0.2	0.2
	Group	**2.4**	**2.5**	**0.8**	**0.8**	**1.1**	**1.2**	**1.0**	**1.0**	**0.2**	**0.3**	**5.5**	**5.8**
Profit before tax	GWM	0.3	0.4	0.2	0.2	0.3	0.3	0.2	0.2	(0.0)	(0.0)	1.0	1.1
	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	0.1	0.3	0.1	0.2	0.1	0.1	0.1	0.1	(0.0)	(0.0)	0.4	0.6
	CC	-	-	-	-	-	-	-	-	(0.3)	(0.4)	(0.3)	(0.4)
	Group	**0.5**	**0.7**	**0.3**	**0.4**	**0.4**	**0.4**	**0.7**	**0.7**	**(0.3)**	**(0.5)**	**1.7**	**1.8**

Numbers in CHFbn and adjusted unless otherwise indicated; refer to slide 35 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.

Performance targets and capital guidance 2018–2020

	Cost/income ratio[1]	Profitability & growth[1]	Capital & resource guidance
Group	<75%	~15% RoTE[2] excl. DTAs	~13% fully applied CET1 capital ratio ~3.7% fully applied CET1 leverage ratio
Global Wealth Management	65-75%	10-15% PBT growth[3] 2-4% NNM growth	
Personal & Corporate Banking	50-60%	1-4% net new business volume (personal banking) 150-165bps net interest margin	
Asset Management	60-70%	~10% PBT growth[3] 3-5% NNM growth excl. money market flows	
Investment Bank	70-80%	>15% RoAE[4]	RWA and LRD ~1/3 of Group[5]

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Refer to slide 35 for details on adjusted numbers, Basel III numbers and FX rates in this presentation 1 Annual targets; cost/income ratio, PBT growth and return targets are on an adjusted basis; 2 Return on tangible equity; 3 Over the cycle; 4 Return on attributed equity; 5 Including RWA and LRD directly associated with activity that Corporate Center – Group ALM manages centrally on the Investment Bank's behalf; proportion may fluctuate around this level due to factors such as equity market levels and FX rates

Important information related to this presentation

Use of adjusted numbers
Adjusted results are a non-GAAP financial measure as defined by SEC regulations. Refer to pages 8-10 of the 2Q18 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 17 of the 2Q18 report for more information.

Basel III RWA, LRD and capital
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 rules as of 1.1.20 that became effective on 1.7.16, unless otherwise stated.

Basel III risk-weighted assets in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20 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 Swiss SRB rules as of 1.1.20, unless otherwise stated. Refer to the "Capital management" section in the 2Q18 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. Starting in 2018, percentages, absolute and percent changes, and adjusted results are calculated on the basis of unrounded figures, with the exception of movement information provided in text that can be derived from figures displayed in the tables, which is calculated on a rounded basis. For prior periods, these values are calculated on the basis of rounded figures displayed in the tables and text.

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. Percentage changes are presented as a mathematical calculation of the change between periods.