First quarter

2018 results

April 23, 2018

Cautionary statement regarding forward-looking statements

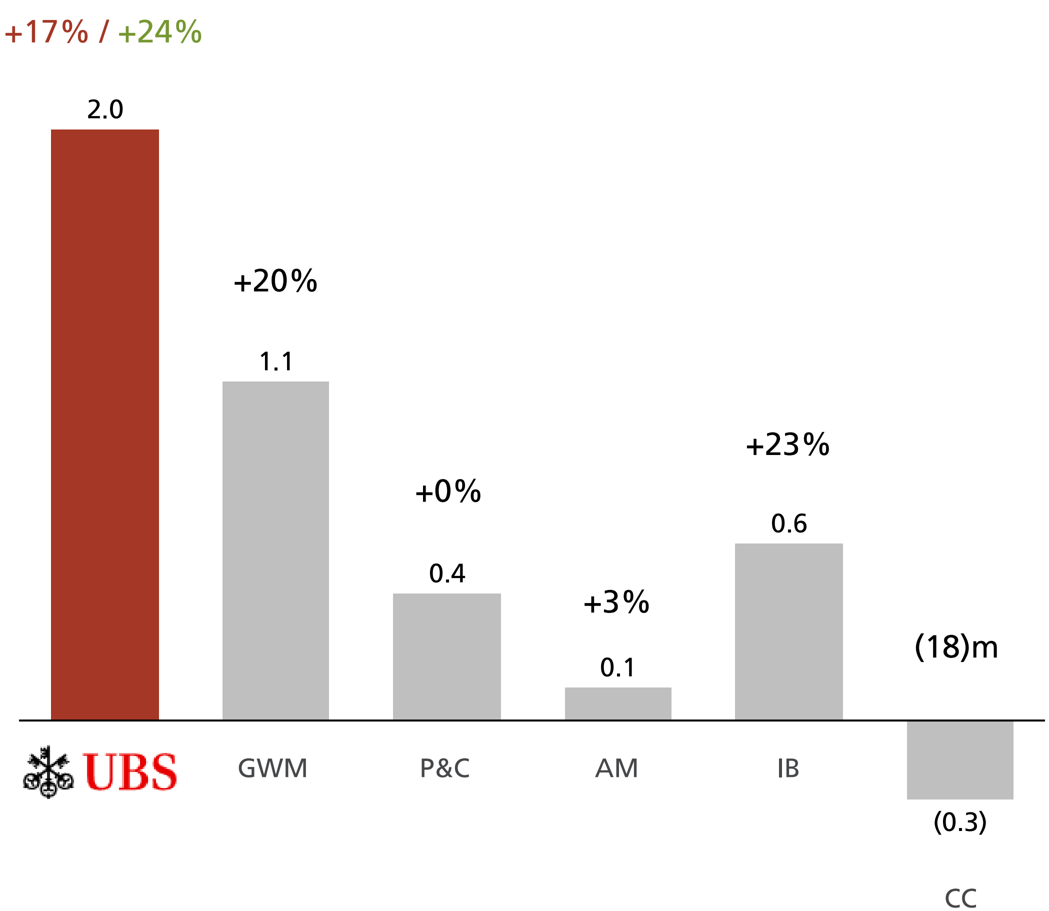
This presentations contains statements that constitute "forward-looking statements," including but not limited to management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development. 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.

UBS

Net profit +19% YoY to 1.5bn

CHF / USD

Reported PBT 1Q18 vs. 1Q17



Strong performance

- Reported PBT 1,973m, +17% YoY
- Adjusted PBT 1,876m, (3)% YoY
- Net profit 1,514m, +19% YoY

Strong capital position

- CET1 capital ratio 13.1%
- CET1 leverage ratio 3.76%
- Total loss absorbing capacity 79bn

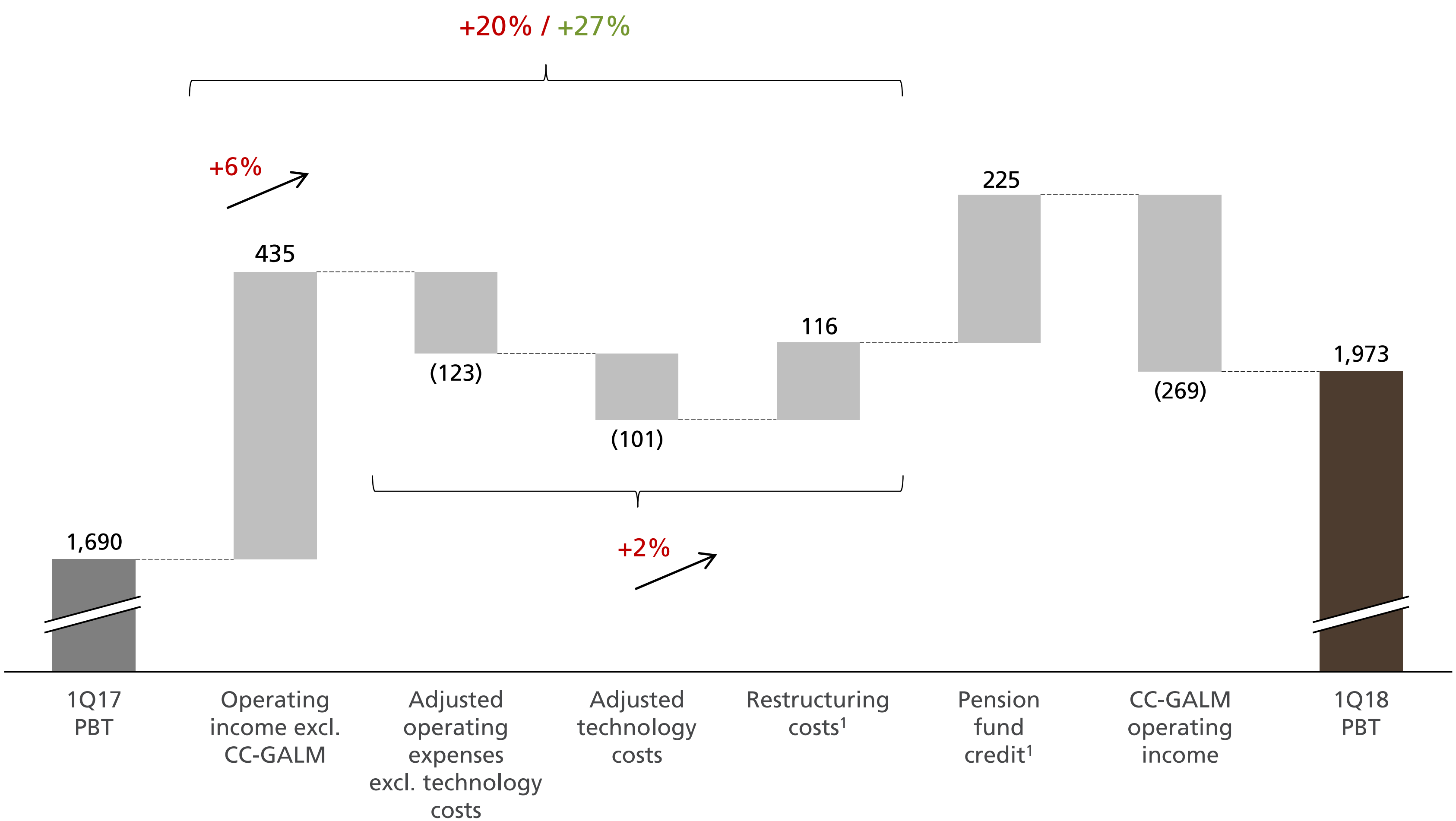
Strong returns

- Adjusted RoTE excl. DTAs[1] 17.8%
- Diluted EPS 0.39

Numbers in CHFbn unless otherwise indicated; refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Refer to page 14 of the 1Q18 report for more information

Very strong underlying operating performance

CHF / USD



Numbers in CHFm unless otherwise indicated; refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Adjustment items for this quarter; the credit related to UBS's Swiss pension fund had no impact on CET1 capital

1Q18 highlights and strategic priorities

Demonstrating the strength of our diversified business

CHF / USD

Continued strong momentum across our businesses

- GWM: Capturing growth with PBT +7% / +14% YoY; record PBT in the Americas[3] and in APAC
- P&C: Further growth in transaction and recurring net fee income, strong NNBV[1] growth
- AM: 31bn net new money, highest invested assets for a decade
- IB: PBT +13% / +20% YoY; very strong performance in ICS – Equities and in CCS; 25% annualized RoAE[2]
- CC: Combination of market factors negatively affected Group ALM results

Delivering on our commitments

- Continued focus on efficiency and effectiveness while investing in technology
- Established share buy-back program
- Delivering on our financial targets through the cycle

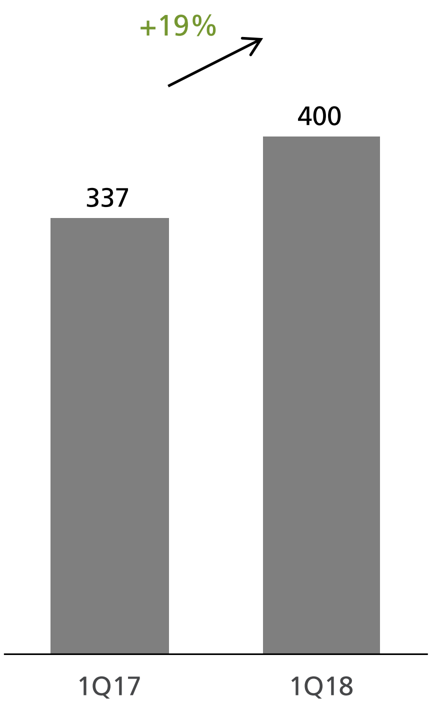
Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Net new business volume for personal banking; 2 Return on attributed equity; 3 In USD

Global WM – Unique strategic growth drivers

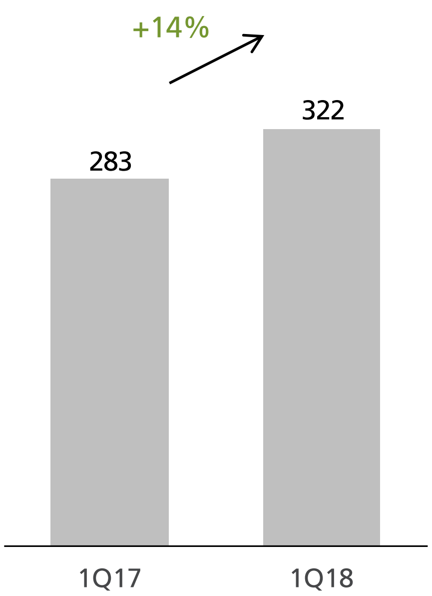
Double-digit USD PBT growth in the Americas, APAC and Global UHNW

USD

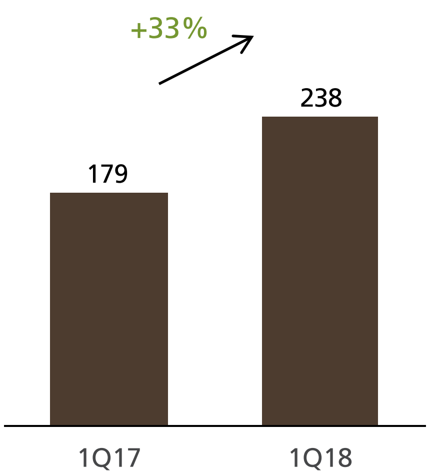
Americas



APAC



Global UHNW[1]

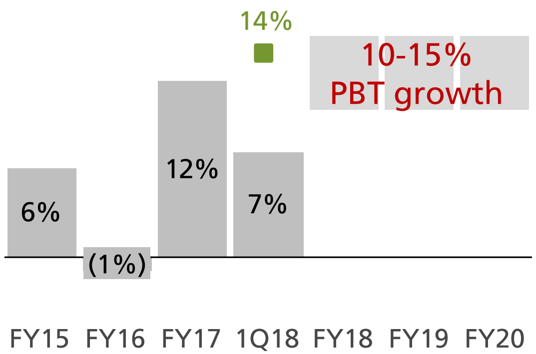


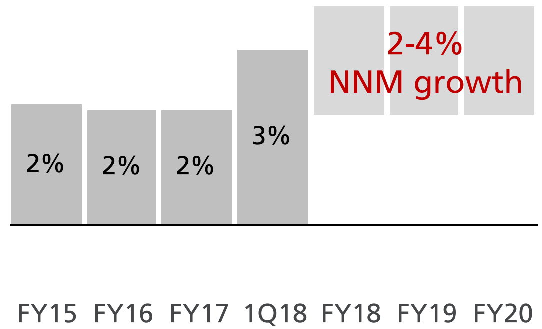
UBS

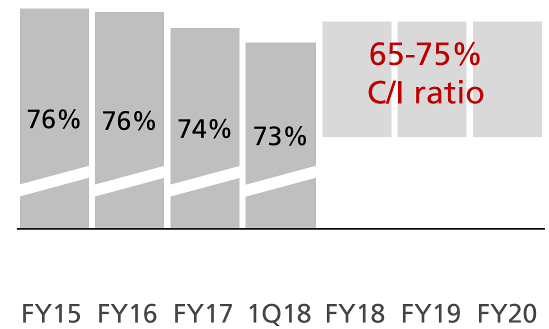
Numbers in USDm and adjusted unless otherwise indicated; refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Represents sub-segment of UHNW clients managed in a dedicated global unit with 31.3.18 invested assets of CHF 611bn (USD 641bn)

Global WM – driving profitable growth

USD







First 80 days

- Integration of Latin American businesses
- Integration of business, support and control functions
- Established client strategy office
- Combining technology roadmaps
- Assessing long-term synergies

Management priorities 2018-2020

- Deliver global UHNW value proposition and capture growth potential especially in US, LatAm and APAC
- Continue to grow in APAC, especially China
- Enhance global delivery of differentiated intellectual capital and solutions
- Deliver operating leverage through:
  - Front-to-back efficiency improvements by streamlining middle- and back-office processes
  - Investments in technology to deliver "best of the best" for advisors and clients

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

UBS Group AG results (consolidated)

CHFm, except where indicated	**FY17**	1Q17	2Q17	3Q17	4Q17	**1Q18**
Total operating income	29,067	7,532	7,269	7,145	7,122	7,698
Total operating expenses	23,800	5,842	5,767	5,924	6,266	5,725
Profit before tax as reported	**5,268**	**1,690**	**1,502**	**1,221**	**855**	**1,973**
of which: net restructuring expenses treated as an adjustment item	(1,168)	(244)	(258)	(285)	(381)	(128)
of which: expenses from modification of terms for certain DCCP awards	(25)				(25)	
of which: net FX translation gains/(losses)	(22)		(22)			
of which: gains on sale of financial assets available for sale	136		107		29	
of which: gains/(losses) on sales of subsidiaries and businesses	153				153	
of which: credit related to changes to the Swiss pension plan						225
Adjusted profit before tax	**6,194**	**1,934**	**1,675**	**1,506**	**1,079**	**1,876**
of which: net provisions for litigation, regulatory and similar	(420)	(33)	(9)	(197)	(181)	11
of which: UK bank levy	(17)	25	46		(88)	
Tax expense/(benefit)	4,139	375	327	272	3,165	457
Net profit attributable to non-controlling interests	76	47	1	2	27	1
Net profit attributable to shareholders	**1,053**	**1,269**	**1,174**	**946**	**(2,336)**	**1,514**
Diluted EPS (CHF)	0.27	0.33	0.31	0.25	(0.63)	0.39
Adjusted return on tangible equity excl. deferred taxes and DTAs (%)[1]	13.8	17.4	15.9	13.3	8.6	17.8
Total book value per share (CHF)	13.76	14.45	13.92	14.39	13.76	13.62
Tangible book value per share (CHF)	12.04	12.71	12.25	12.67	12.04	11.97

UBS

Refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Refer to page 14 of the 1Q18 report for more information

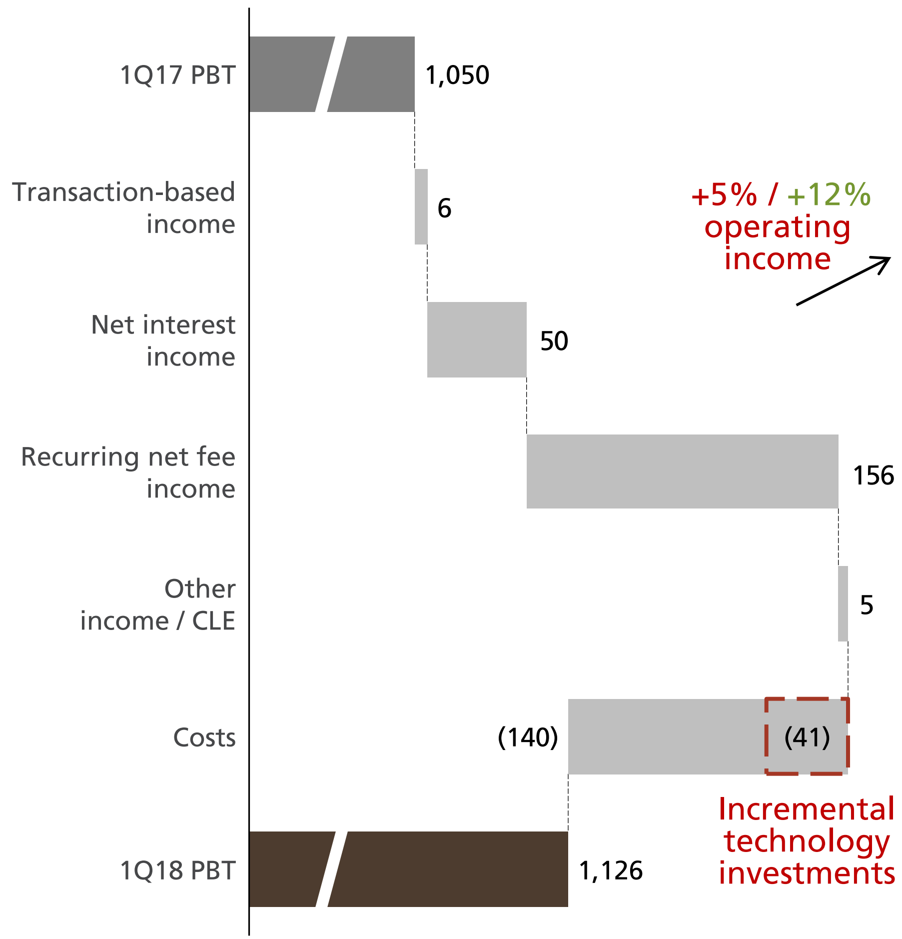
Global Wealth Management

Strong PBT growth, up 14% in USD

CHF / USD

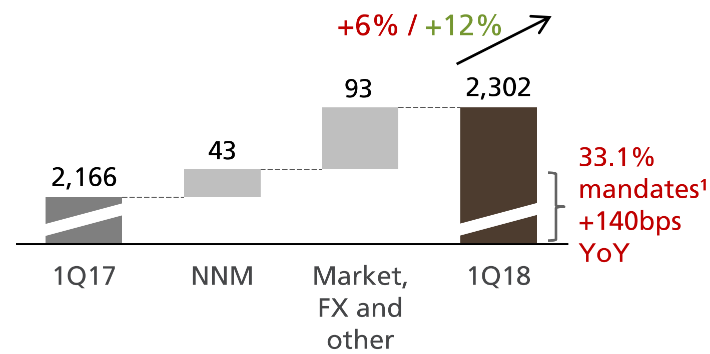
Strong recurring fee momentum

CHFm



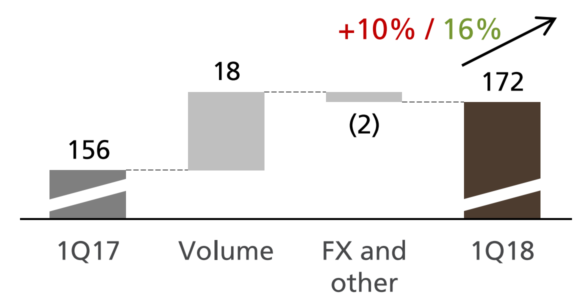
Invested assets

bn

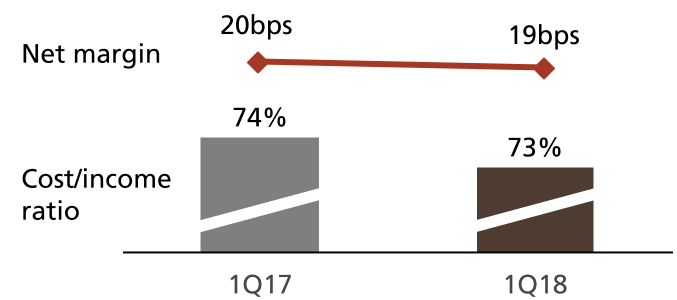


Loans

bn



Efficiency and net margin



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Mandate and managed account penetration

Global Wealth Management – regional performance

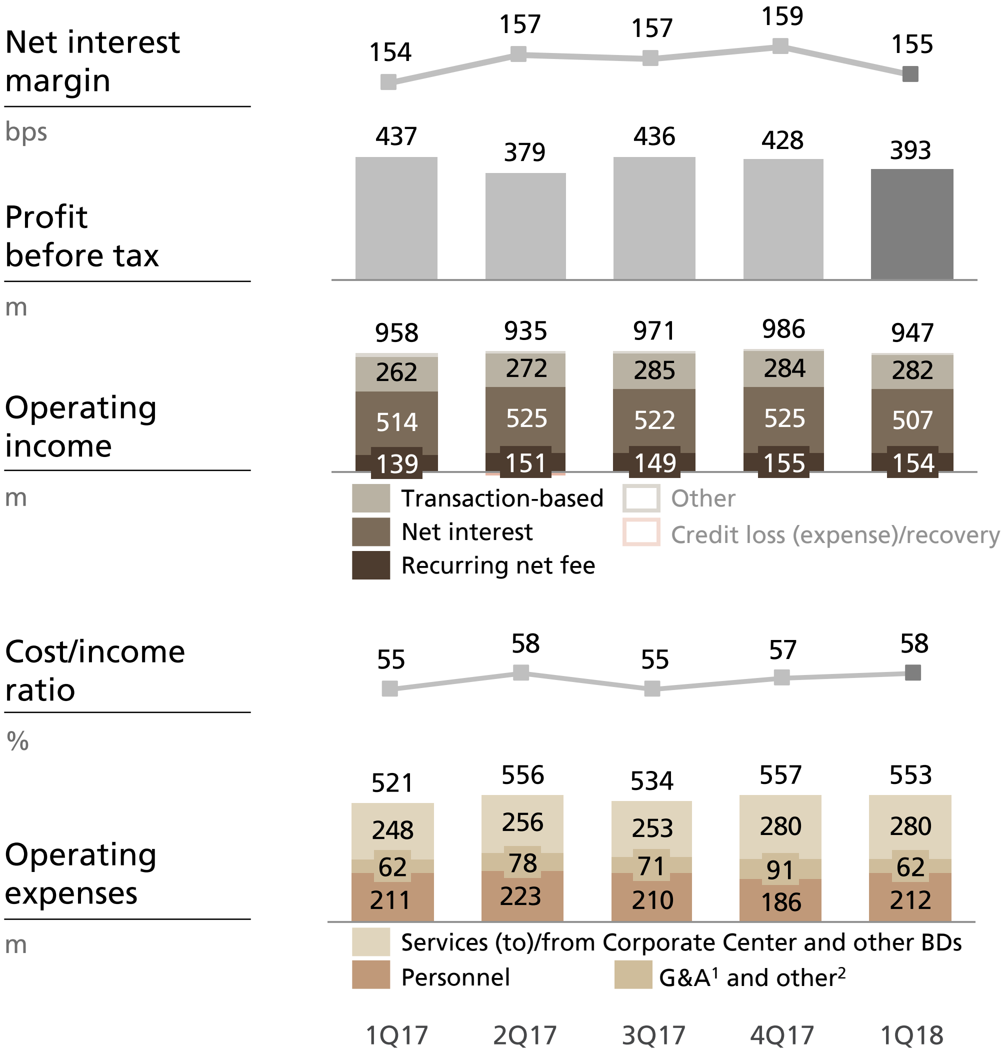
	Americas[1] (CHF / USD)	EMEA	Asia Pacific	Switzerland
	6,956 advisors	1,764 advisors	1,077 advisors	731 advisors
PBT contribution[2] 1,126m	33% 377 / 400	26% 297	27% 303	16% 182
Cost/income ratio 73%[2]	84 84 83 85 83	67 66 64 67 68	54 61 64 67 55	56 54 54 57 56
Net new money 19bn[2]	2.3 (6.1) (2.8) (1.5) 7.1 / 7.5	12.2 2.5 0.5 4.3 4.8	5.8 9.6 2.8 10.1 6.0	0.8 1.7 2.4 1.2 1.6
Loans[3] 172bn	32% 54 / 57	22% 37	27% 46	20% 34
Invested assets[3] 2,302bn	52% 1,199 / 1,258	23% 522	16% 379	9% 199
Invested asset growth[4] Annualized quarterly growth rate[5] %	15 6 12 11 (2)	17 3 17 14 (8)	26 10 33 32 6	13 13 17 8 (8)
	1Q17 2Q17 3Q17 4Q17 **1Q18**	1Q17 2Q17 3Q17 4Q17 **1Q18**	1Q17 2Q17 3Q17 4Q17 **1Q18**	1Q17 2Q17 3Q17 4Q17 **1Q18**

UBS

Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Represents former WMA and former WM Latin America business; 2 1Q18; 3 As of 31.3.18; 4 In USD for Americas; 5 Excluding one-off acquisitions and disposals >1bn

Personal & Corporate Banking

Continued strong growth in transaction and recurring net fee income and NNBV



<u>Operating income (1)%</u>

Transaction-based income +8% on higher referral fees from GWM and FX transaction fees

Net interest income (1)% as higher results from deposits were offset by headwinds from low interest rates

Recurring net fee income +11% mainly on higher custody and mandate fees

Other income (19)m as 1Q17 included a 20m net gain on a mortgage portfolio sale

Credit loss expenses 13m vs. a net release of 7m in 1Q17; no significant impact from IFRS 9 in 1Q18

<u>Operating expense +6%</u>

Services to/from other BDs and CC +13% on higher technology and regulatory expenses

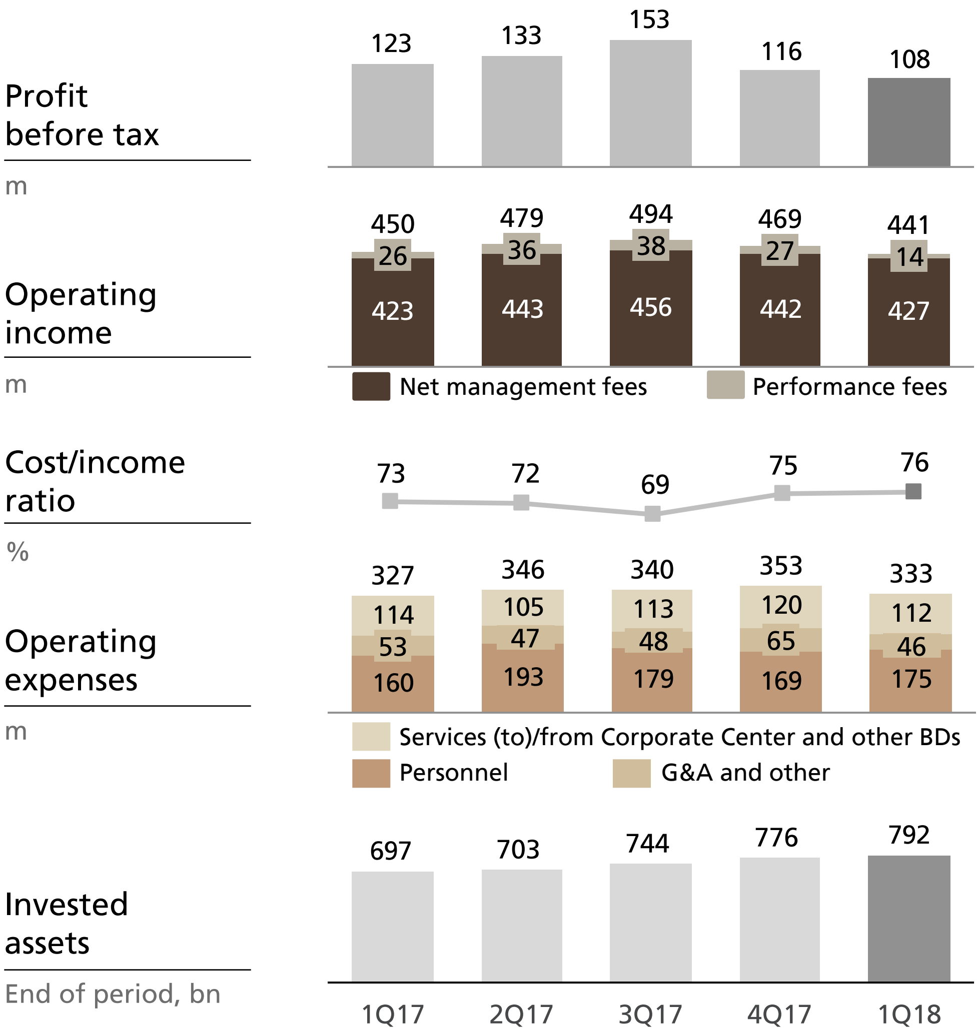
NNBV[3] growth 6.3%, 2nd best quarter since 2007

UBS

Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 General and administrative expenses; 2 Depreciation and impairment of property, equipment and software as well as amortization and impairment of intangible assets; 3 Annualized net new business volume growth for personal banking

Asset Management

Continued strong net new money



Operating income (2)%

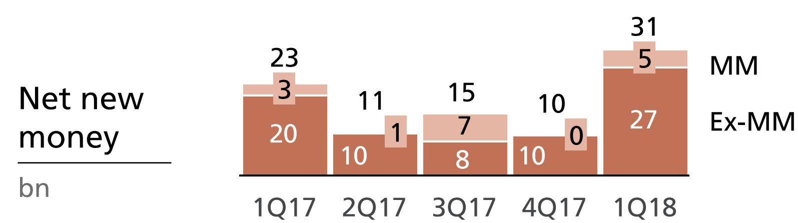
Net management fees +4m driven by higher invested assets, partly offset by sale of fund administration business in 4Q17

Performance fees (12)m on lower Real Estate & Private Market fees and O'Connor, partly offset by higher Hedge Fund Solutions income

Operating expenses +2% mainly on higher personnel expenses

NNM excluding money markets 26.6bn; 15% annualized growth rate

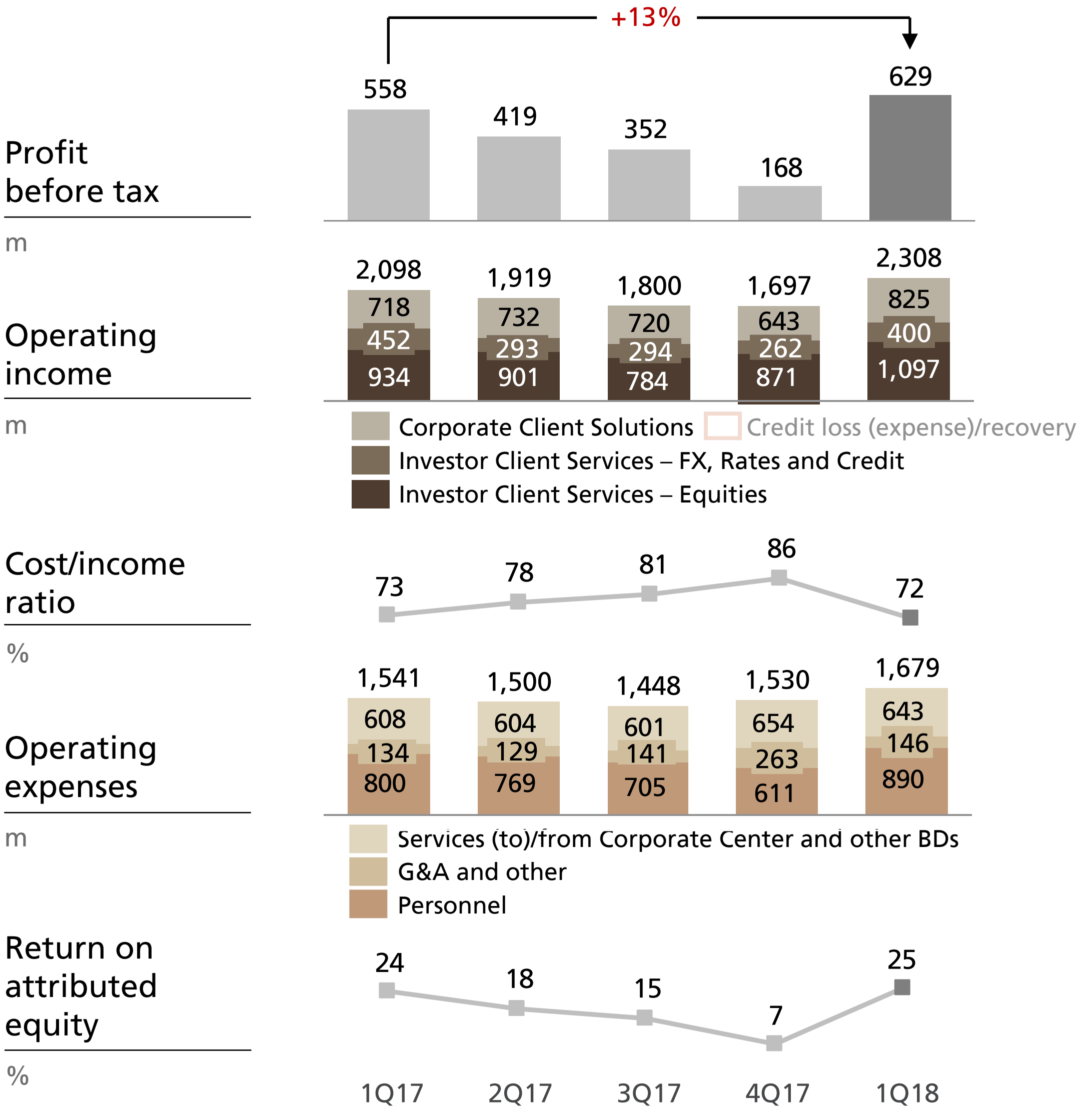
Invested assets up 14%



Investment Bank

Strong PBT growth, up 20% in USD; 25% return on attributed equity

CHF / USD



Operating income +10% / +17%

CCS +15% / +22% with strong ECM, DCM and Advisory

ICS +8% / +15%

ICS – Equities +17% / +25% with growth in all products and in all regions, as higher volatility drove client activity

ICS – FRC (11)% / (6)%, vs. a strong 1Q17; +53% QoQ

Operating expenses +9% / +15%

Personnel expenses +11% / +18% on higher variable compensation

CC-Services allocations +6% / +12% on higher costs for technology and risk control

RoAE 25%

RWA up 12bn QoQ to 87bn[1]

LRD down 7bn QoQ to 277bn[1]

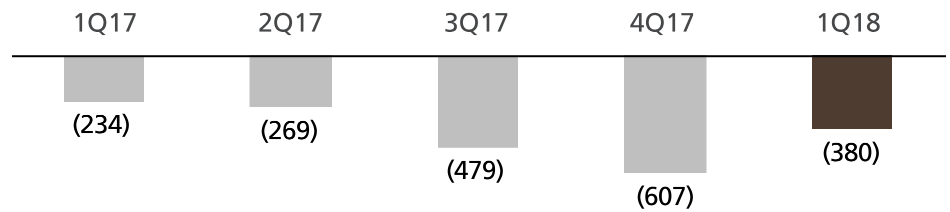
UBS

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

1 Includes RWA and LRD held by CC – Group ALM on behalf of the Investment Bank

Corporate Center

Profit before tax



Corporate Center total (m)

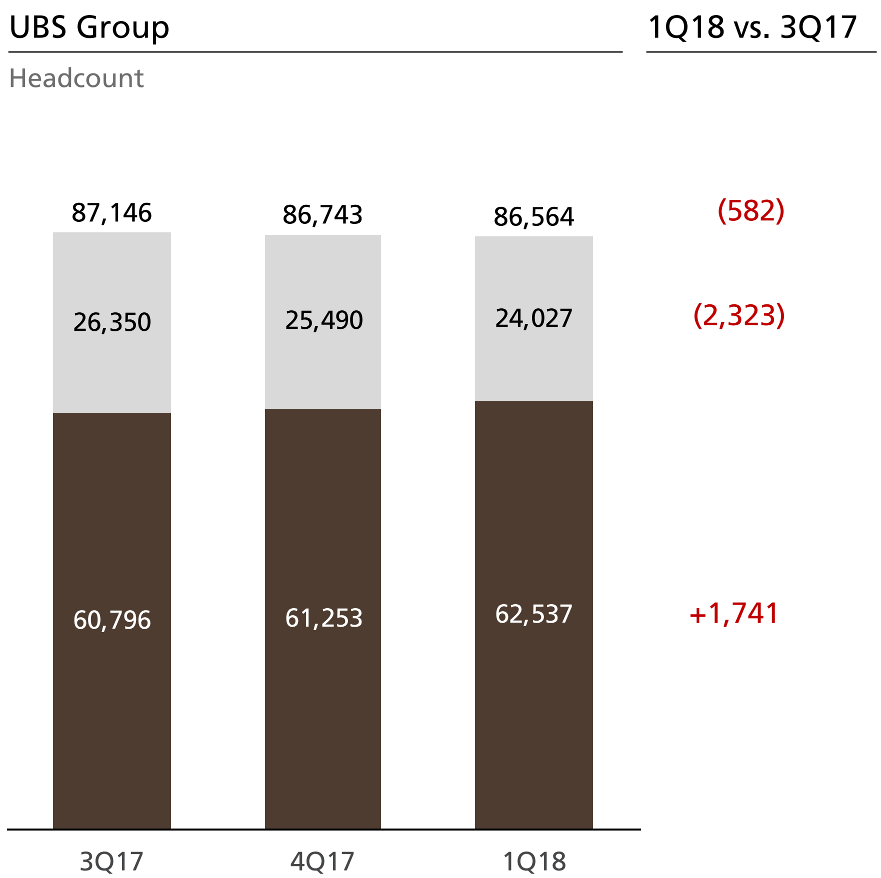
Corporate Center results by unit (m)

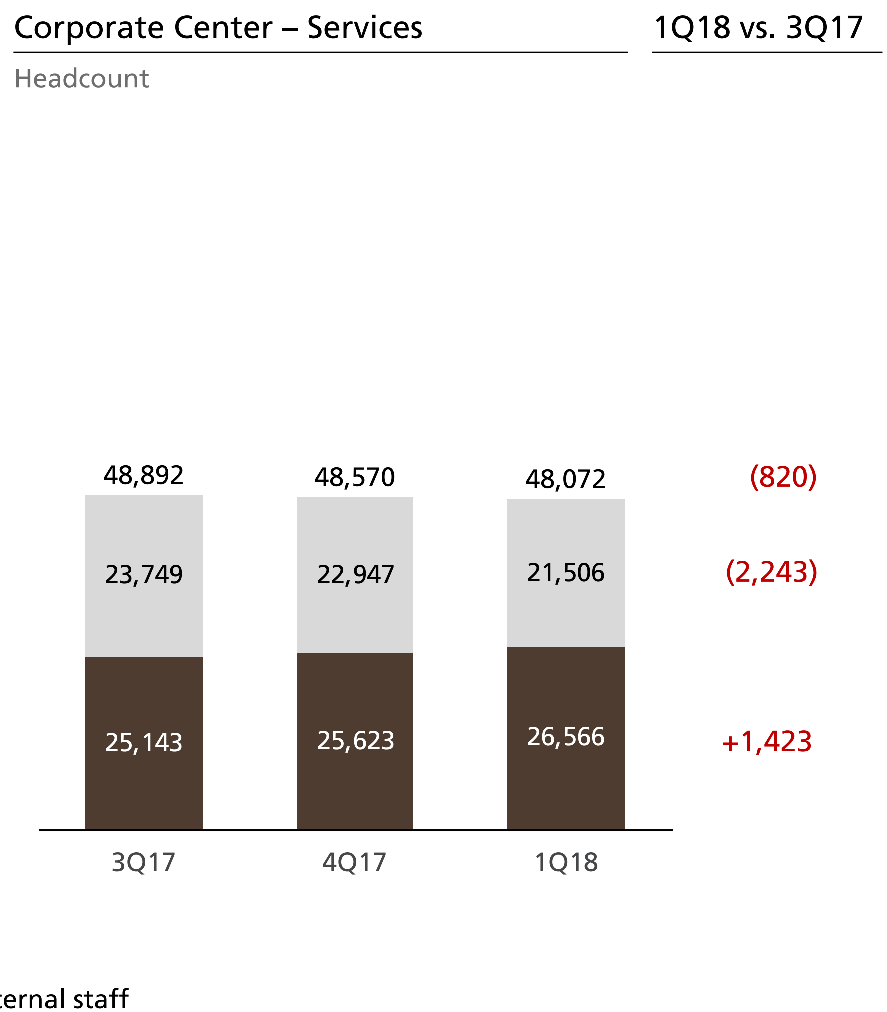
	1Q17	2Q17	3Q17	4Q17	1Q18
Services					
Operating income	(18)	(20)	(70)	(46)	(38)
Operating expenses	189	117	322	114	110
o/w before allocations	*1,983*	*1,912*	*2,122*	*2,072*	*2,047*
o/w litigation-related expenses[1]	*(4)*	*0*	*247*	*(1)*	*(24)*
o/w net allocations	*(1,793)*	*(1,795)*	*(1,800)*	*(1,958)*	*(1,937)*
Profit before tax	**(207)**	**(137)**	**(392)**	**(159)**	**(147)**
Group Asset and Liability Management					
Operating income	65	(72)	(49)	(197)	(204)
o/w risk management net income after allocations[2]	*42*	*(33)*	*(44)*	*(144)*	*(169)*
o/w accounting asymmetries related to economic hedges[3]	*22*	*(47)*	*8*	*(45)*	*9*
o/w hedge accounting ineffectiveness	*(7)*	*14*	*(12)*	*(7)*	*(29)*
o/w other	*8*	*(7)*	*(1)*	*(1)*	*(14)*
Operating expenses	2	9	17	16	18
Profit before tax	**63**	**(81)**	**(66)**	**(213)**	**(222)**
Non-core and Legacy Portfolio					
Operating income	0	(16)	32	(38)	49
Operating expenses	91	35	53	197	60
o/w litigation-related expenses[1]	*1*	*(34)*	*(25)*	*109*	*(16)*
Profit before tax	**(91)**	**(51)**	**(21)**	**(235)**	**(11)**

Numbers in CHF and adjusted unless otherwise indicated; refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Expenses for provisions for litigation, regulatory and similar matters. Not allocated to business divisions; 2 Expected to average ~(100)m per quarter under current market conditions; 3 Expected to mean-revert to zero over time

Workforce management

Insourcing roles to improve efficiency and effectiveness

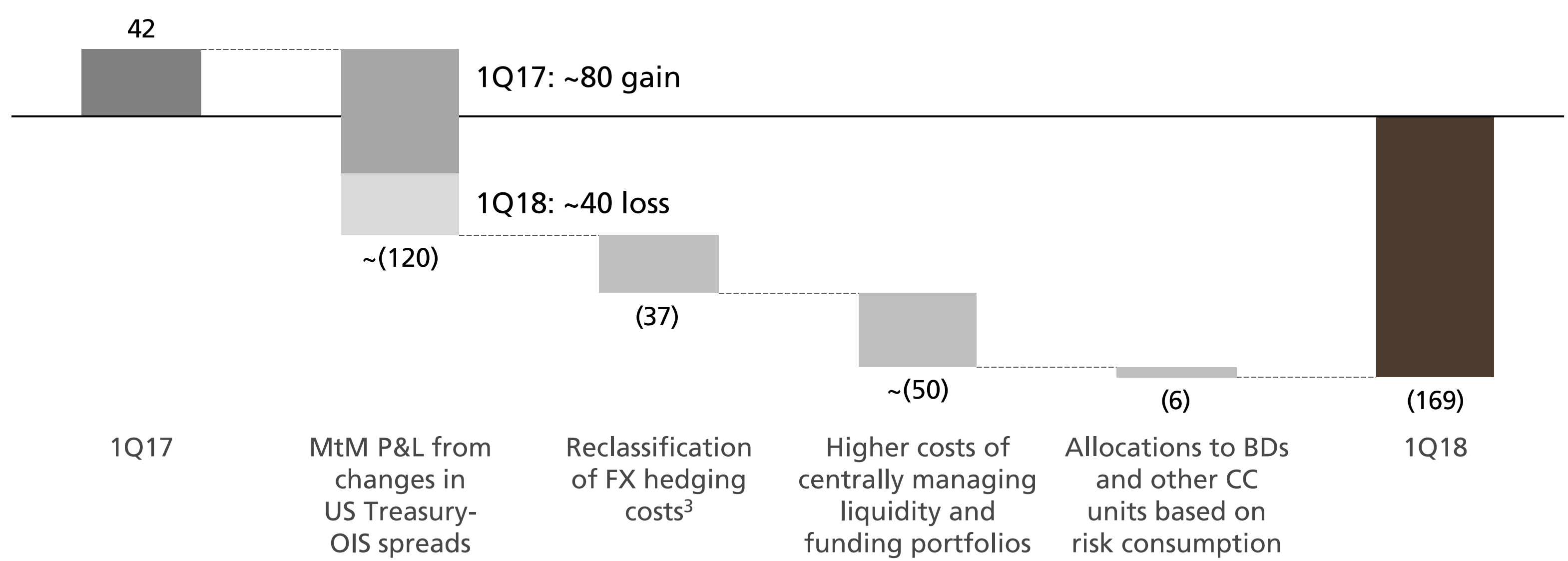




Corporate Center – Group ALM

Revenues affected by adverse market conditions

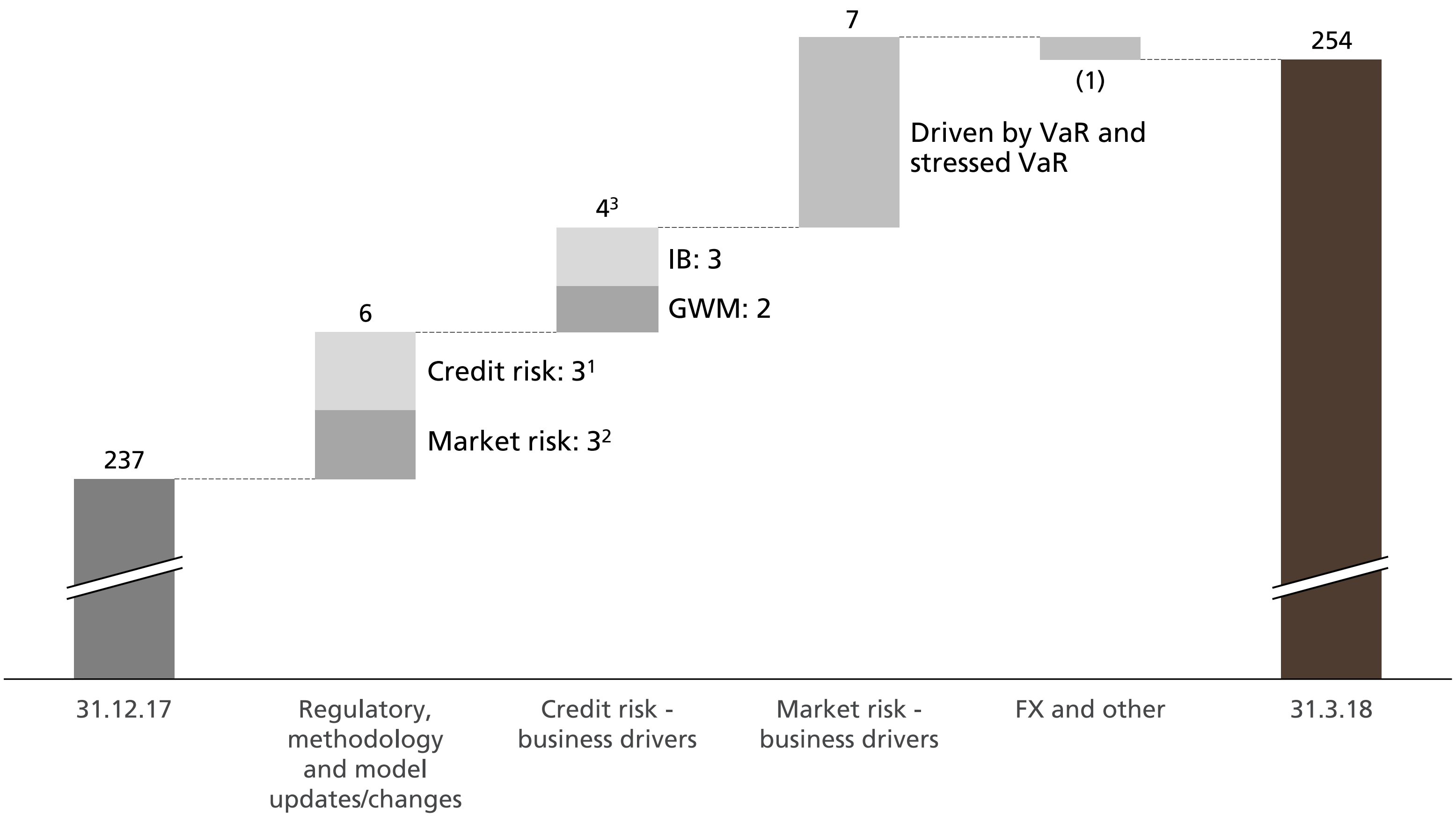
	1Q17	1Q18	*YoY*	
Operating income	65	(204)	*(269)*	
o/w business division-aligned risk management	209	130	*(79)*	Fully allocated
o/w capital investment and issuance	(35)	(69)	*(34)*	
o/w group structural risk management	(43)	(249)	*(206)*	Partially allocated
o/w allocated	86	80	*(6)*	
o/w risk management net income after allocations[1]	42	(169)	*(211)*	
o/w non-allocated revenues[2]	23	(34)	*(57)*	Not allocated
Operating expenses	2	18	*16*	
Profit before tax	**63**	**(222)**	***(285)***	



Numbers in CHFm and adjusted unless otherwise indicated; refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation
1 Expected to average ~(100)m per quarter under current market conditions; 2 Includes accounting asymmetries which are expected to mean-revert to zero over time, hedge accounting ineffectiveness and other: 3 These costs were previously recorded in accounting asymmetries related to economic hedges. 1Q17: (29)m

RWA 1Q18

RWA mostly driven by significant market volatility, regulatory-related and client demand



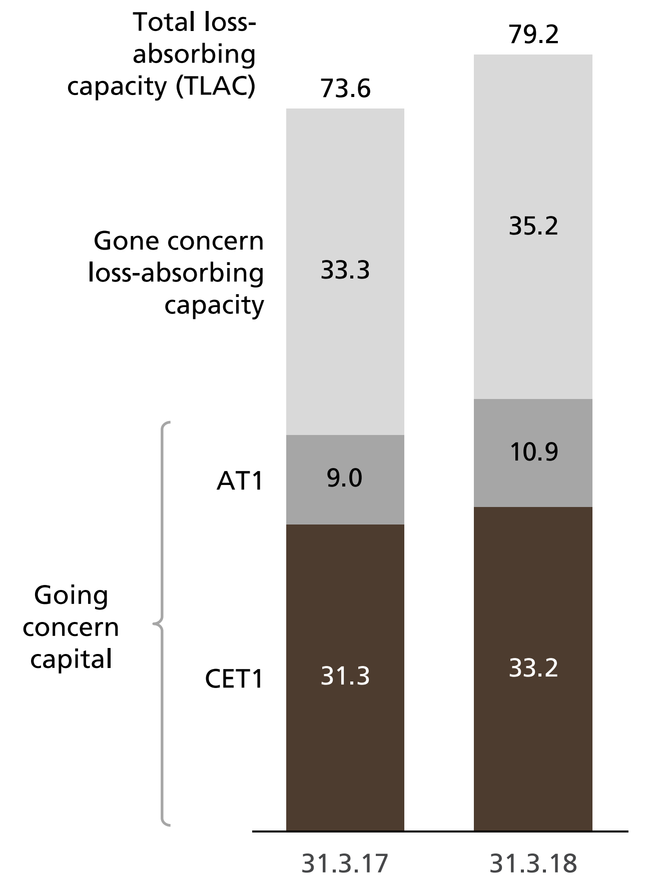
Expected regulatory-related RWA increases of ~11bn for the remainder of 2018, of which ~4bn in 2Q18

Numbers in CHFbn unless otherwise indicated; refer to slide 28 for details on Basel III numbers and FX rates in this presentation. Refer to the "Capital management" section of the 1Q18 report and the "Capital management" section of the 2017 Annual Report for more information.
1 Including methodology and policy changes, model updates/changes and regulatory add-ons; increase mainly relates to the implementation of revised probability of default and loss given default models; 2 Regulatory add-ons; increase mainly relates to the phasing in of changes to the risks-not-in-VaR framework;
3 GWM 1.8, P&C (0.4), AM 0.1, IB 3.1, CC (0.5)

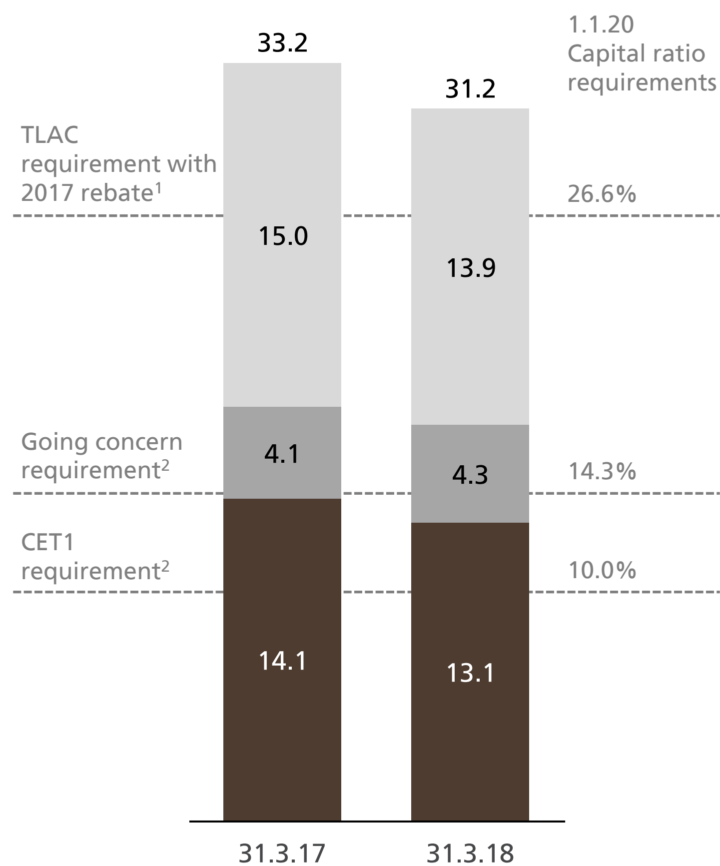
Capital and leverage ratios

Operating at ~13% CET1 capital ratio and ~3.7% CET1 leverage ratio

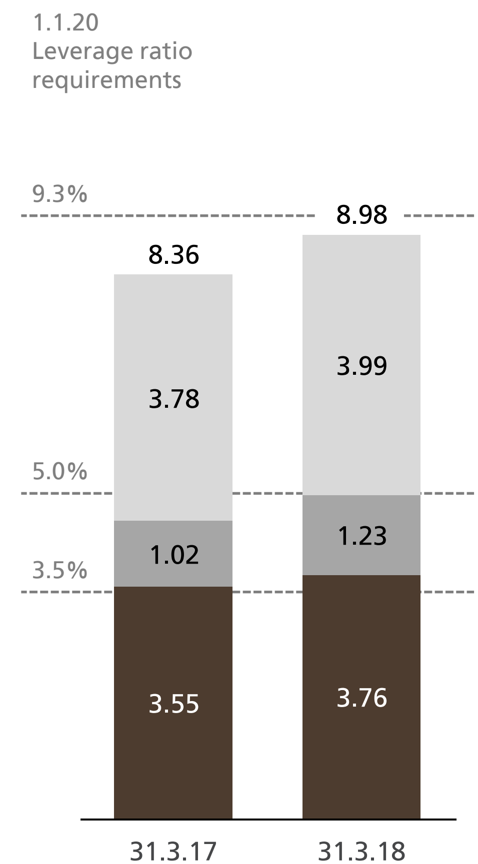
Loss-absorbing capacity



Capital ratio



Leverage ratio



	31.3.17	31.3.18		31.3.17	31.3.18
RWA (bn)	222	254	LRD (bn)	881	882

Numbers in CHF unless otherwise indicated; refer to slide 28 for details on Basel III numbers and FX rates in this presentation. Refer to the "Capital management" section of the 1Q18 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

UBS

Appendix

Global Wealth Management

PBT up 14% in USD; record PBT in APAC and the Americas[1]

CHF / USD

Net margin
bps

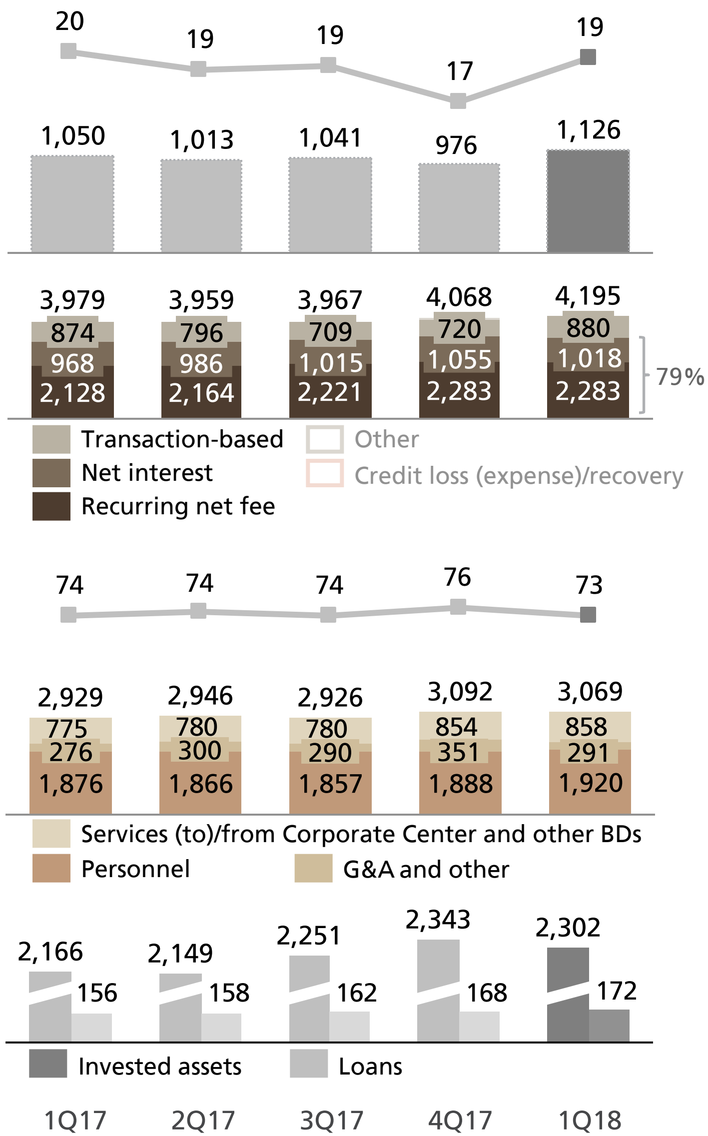
Profit before tax
m

Operating income
m

Cost/income ratio
%

Operating expenses
m

Invested assets and loans
End of period, bn



PBT +7% / +14% with record PBT in the Americas[1] and APAC

Operating income +5% / +12%

Recurring net fee income +7%, mainly due to a higher invested asset base

Net interest income +5% on better loan and deposit results

Transaction-based income +1%, as strong first two months of the year were followed by a softer March

Operating expenses +5% / +11%

Personnel expenses +2% as lower EFL-related costs largely offset higher grid-based compensation

CC-Services costs +11% reflecting higher technology, risk and regulatory expenses

Net new money 19bn, 3.2% annualized growth

Invested assets +6%; 33.1% mandate penetration, up 140bps

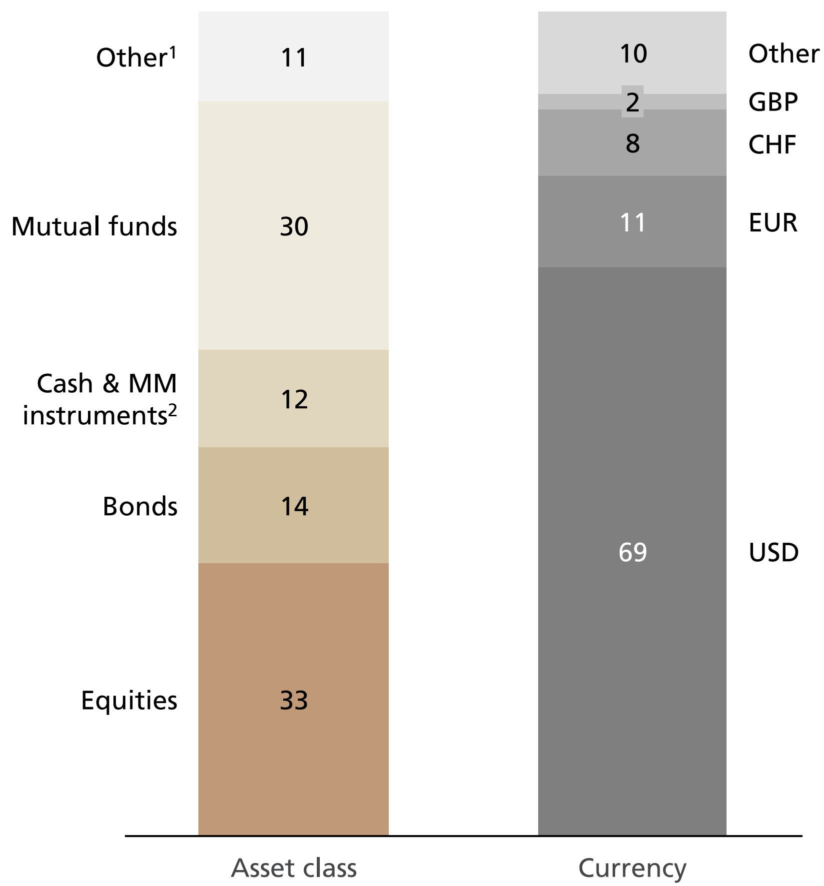
UBS

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

Invested assets composition

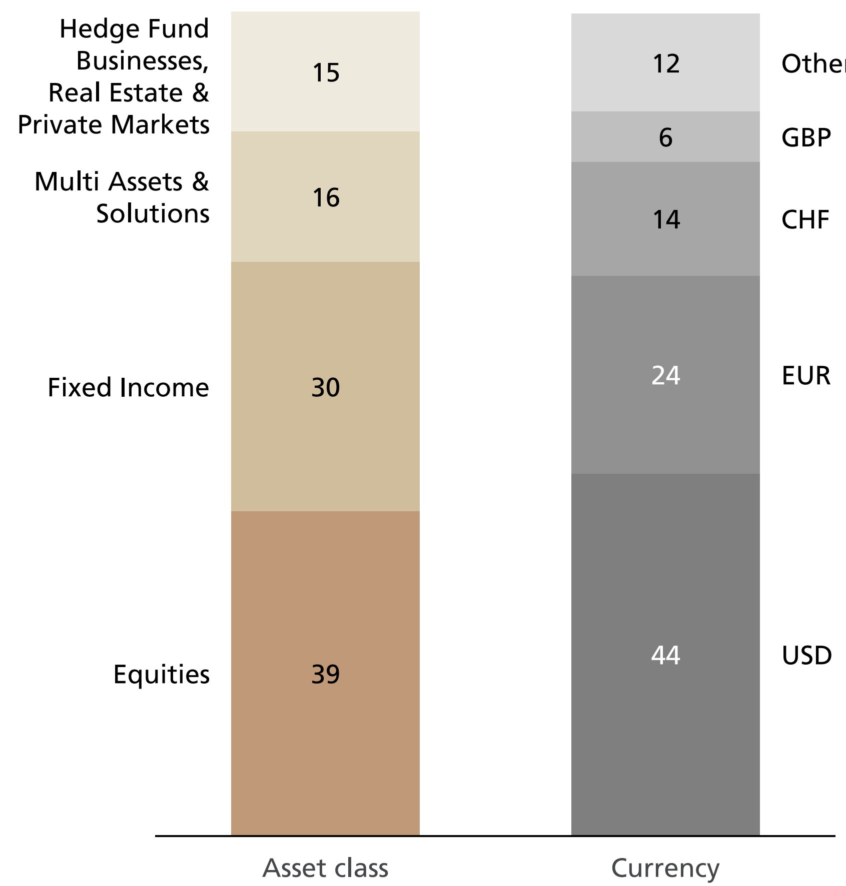
Global Wealth Management

%



Asset Management

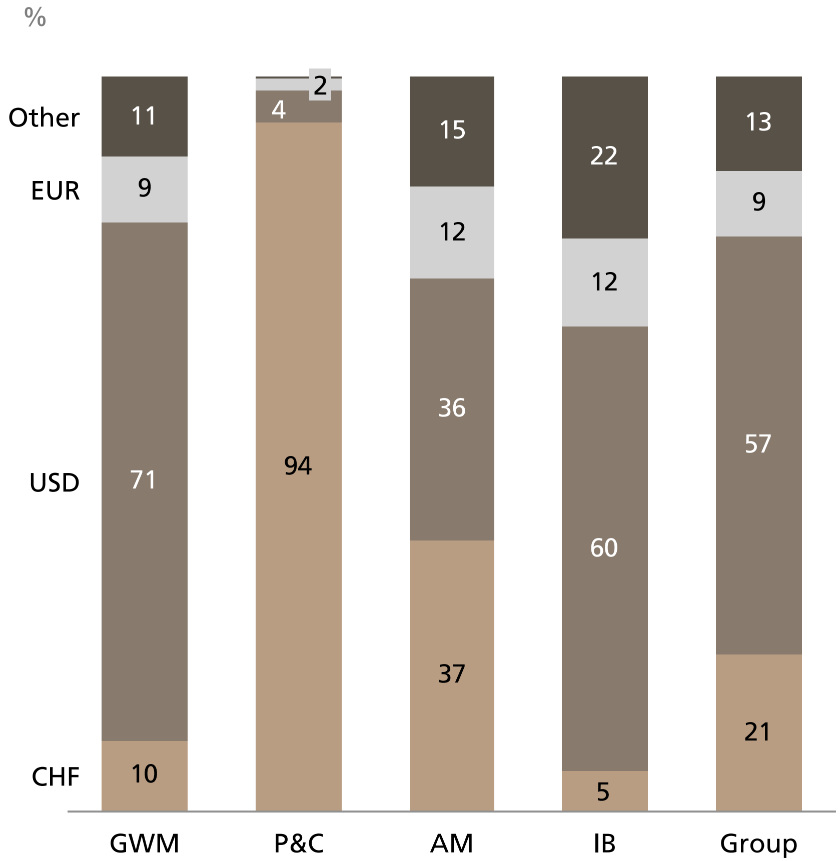
%



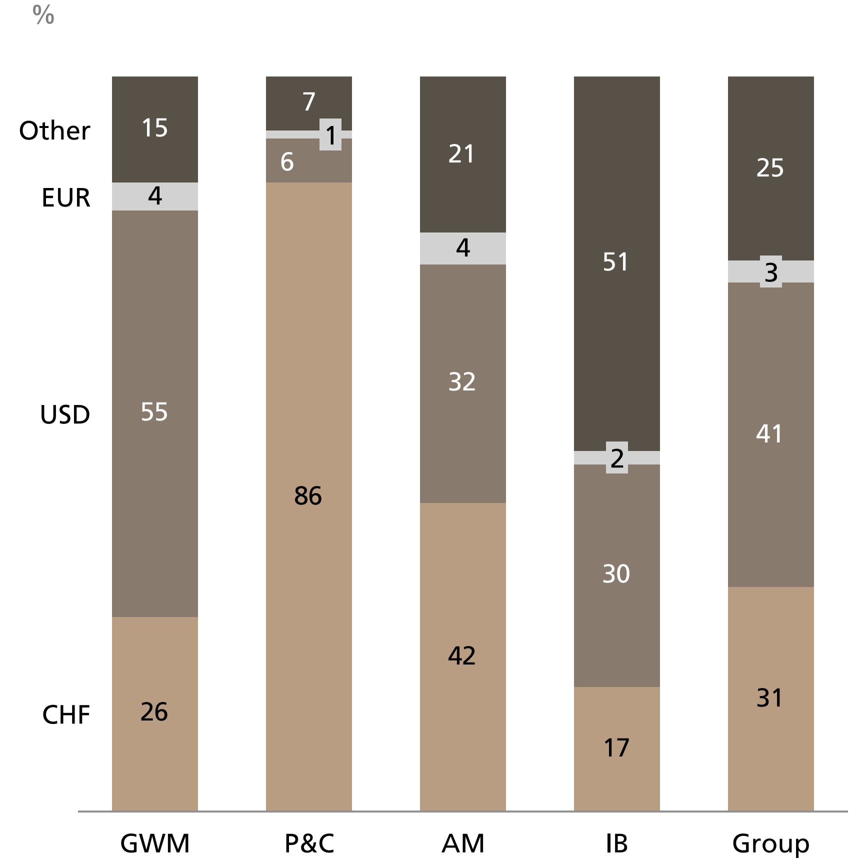
1 Mainly alternative investments and structured products; 2 Including fiduciary investments

Revenue and expenses currency mix

Operating income



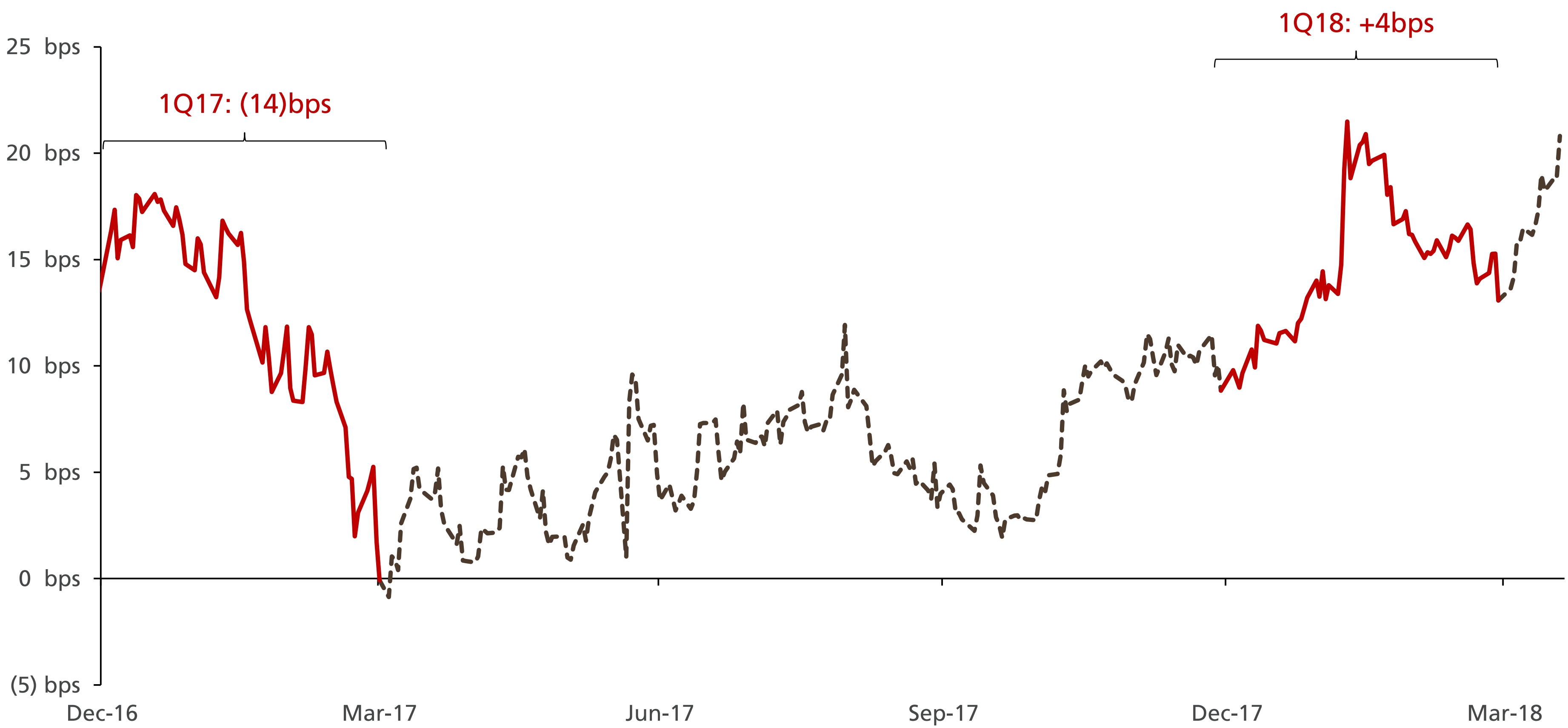
Operating expenses



Currency distribution based on EUR/CHF 1.17 and USD/CHF 0.97; business division contributions to Group based on analyst consensus excluding litigation

3y US Treasury yield vs. overnight index swap rate

CC – Group ALM results affected by mark-to-market moves in hedged HQLA vs. OIS



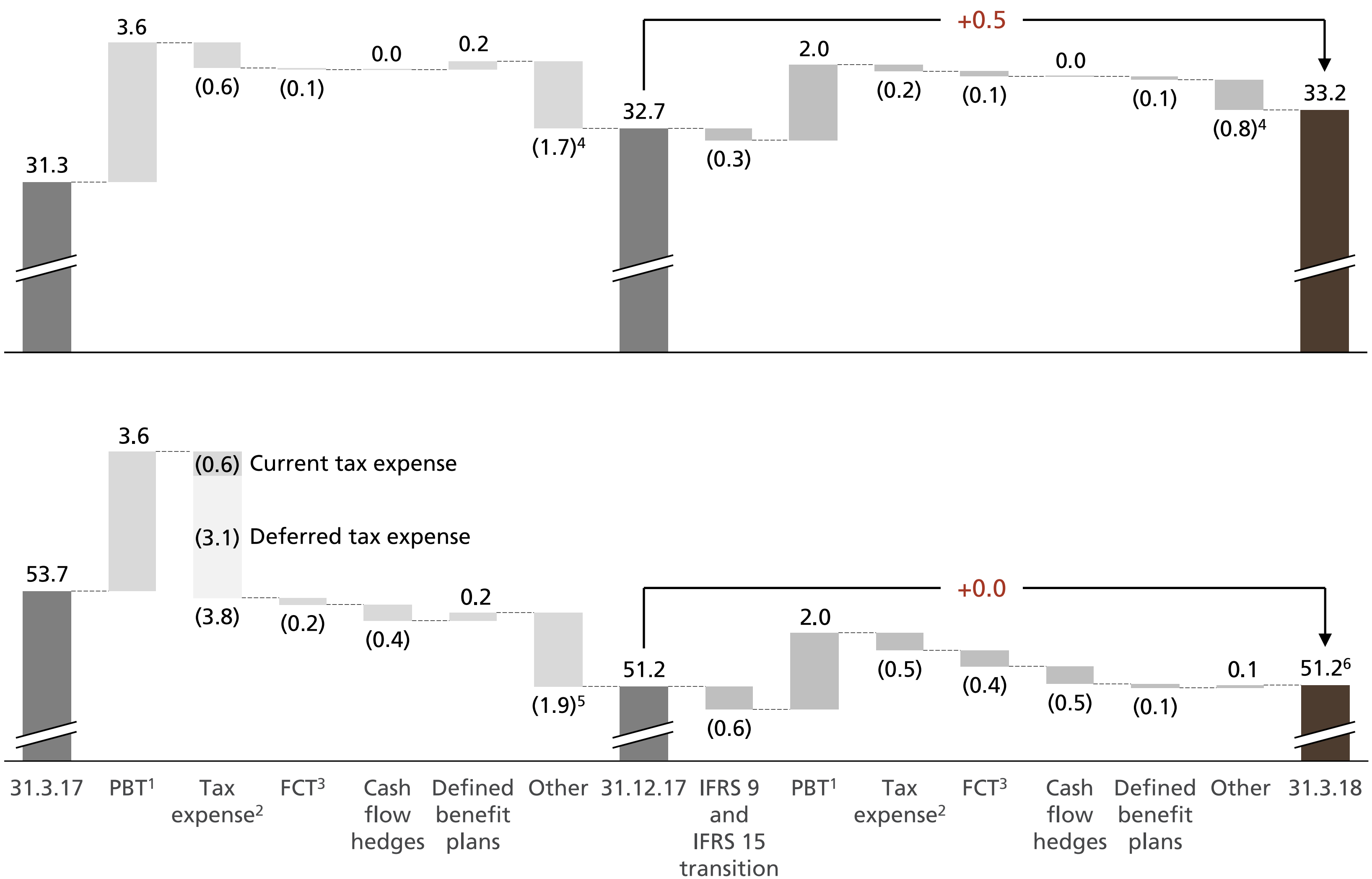
UBS

Source: Reuters Eikon

CET1 capital and IFRS equity

CET1 capital
bn

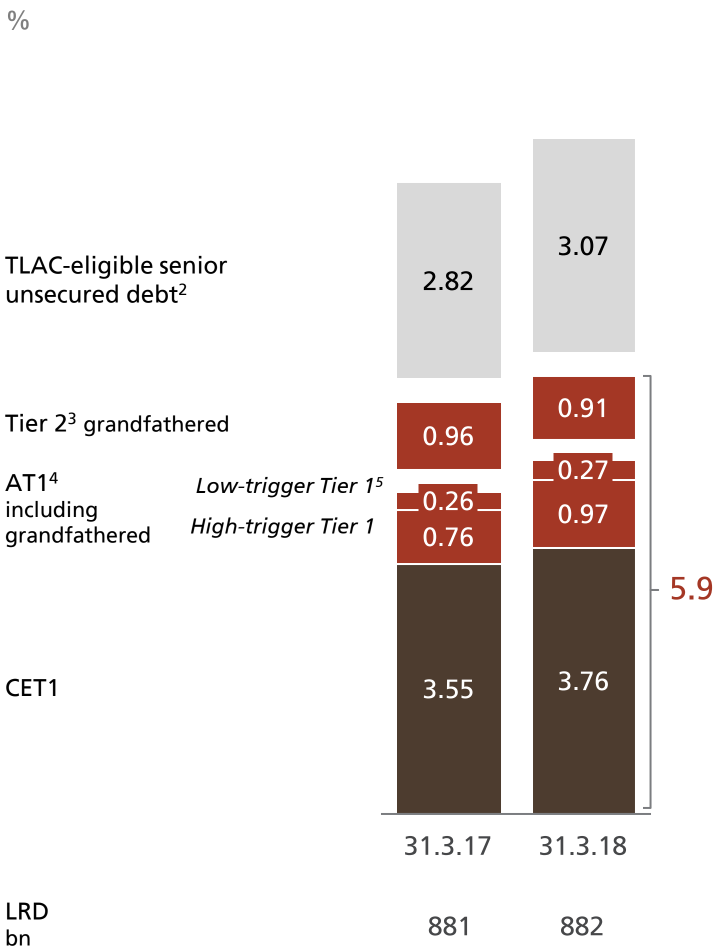
IFRS equity attributable to shareholders
bn



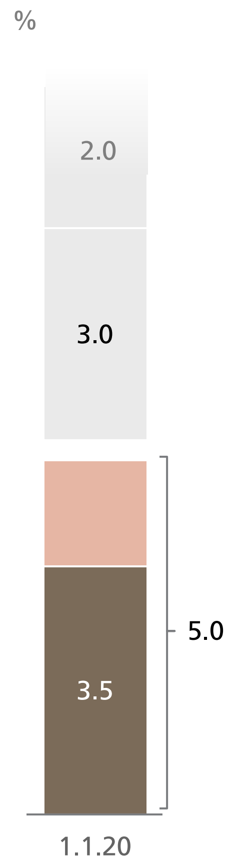
Numbers in CHF unless otherwise indicated; refer to slide 28 for details on Basel III numbers and FX rates in this presentation. Refer to the "Capital management" section of the 1Q18 report and the "Capital management" section of the 2017 Annual Report for more information.
1 Operating profit before tax (reported); 2 Only current tax expense is relevant for CET1 capital; deferred tax expense does not currently reduce CET1 capital;
3 Foreign currency translation effects; 4 Including accruals for dividends to shareholders; 5 Includes 2,229m dividend payment in 2Q17; 6 IFRS equity attributable to shareholders will be reduced by ~2.4bn upon payment of the proposed dividend of 0.65 CHF per share in 2Q18. Expected key dates for the dividend for FY17: AGM 3.5.17, ex-dividend date 7.5.18, record date 8.5.18, payment date 9.5.18

Swiss SRB leverage ratio requirements

UBS leverage ratio balance[1]



1.1.20 requirements



TLAC-eligible debt

- 3.07% (27.1bn) UBS Group AG TLAC bonds[2]
- 5% gone concern requirement 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 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% (10.9bn) comprising 8.5bn existing high-trigger AT1, of which 1.6bn employee deferred contingent capital plan (DCCP), and 2.3bn grandfathered low-trigger AT1[5]
- 2.15% (18.9bn) when including 8.1bn grandfathered T2[3] which may be replaced with UBS Group AG issuance of high-trigger AT1

CET1 capital

- 3.76% (33.2bn) CET1 ratio

Numbers in CHF unless otherwise indicated; refer to slide 28 for details on Basel III numbers and FX rates in this presentation
1 Based on fully applied Swiss SRB LRD and fully applied CET1, AT1, T2 capital and TLAC-eligible senior unsecured debt; 2 Also includes non-Basel III-compliant tier 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 requirements until one year before maturity, with a haircut of 50% applied to the last year of eligibility. As of 31.3.18, 6.6bn of low-trigger T2 has a first call and maturity date after 31.12.19; 4 Going concern requirement can be met with a minimum of 3.5% CET1 capital and a maximum of 1.5% high-trigger AT1 capital. Any going concern-eligible capital above this limit can be counted towards the gone concern requirement. Where low-trigger AT1 or T2 instruments are used to meet the gone concern requirements, such requirement may be reduced by up to 1% for the LRD-based ratio; 5 Low-trigger AT1 instruments can be counted towards going concern capital up to the first call date, even if the first call date is after 31.12.19

Regional performance

		Americas		Asia Pacific		EMEA		Switzerland		Global		Total	
		1Q17	1Q18	1Q17	1Q18	1Q17	1Q18	1Q17	1Q18	1Q17	1Q18	1Q17	1Q18
Operating income	GWM	2.1	2.2	0.6	0.7	0.9	0.9	0.4	0.4	(0.0)	(0.0)	4.0	4.2
	P&C	-	-	-	-	-	-	1.0	0.9	-	-	1.0	0.9
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	(0.0)	(0.0)	0.4	0.4
	IB	0.8	0.8	0.5	0.7	0.6	0.6	0.2	0.2	(0.0)	(0.0)	2.1	2.3
	CC	-	-	-	-	-	-	-	-	0.0	(0.2)	0.0	(0.2)
	Group	**3.0**	**3.1**	**1.2**	**1.5**	**1.6**	**1.6**	**1.7**	**1.7**	**(0.0)**	**(0.3)**	**7.5**	**7.7**
Operating expenses	GWM	1.8	1.8	0.3	0.4	0.6	0.6	0.2	0.2	0.0	0.0	2.9	3.1
	P&C	-	-	-	-	-	-	0.5	0.6	-	-	0.5	0.6
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.3	0.3
	IB	0.5	0.6	0.4	0.4	0.5	0.5	0.1	0.1	0.0	0.0	1.5	1.7
	CC	-	-	-	-	-	-	-	-	0.3	0.2	0.3	0.2
	Group	**2.4**	**2.5**	**0.8**	**0.9**	**1.1**	**1.2**	**1.0**	**1.0**	**0.3**	**0.2**	**5.6**	**5.8**
Profit before tax	GWM	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.2	(0.0)	(0.0)	1.1	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	0.3	0.2	0.1	0.3	0.1	0.1	0.1	0.1	(0.0)	(0.1)	0.6	0.6
	CC	-	-	-	-	-	-	-	-	(0.2)	(0.4)	(0.2)	(0.4)
	Group	**0.6**	**0.6**	**0.4**	**0.6**	**0.4**	**0.4**	**0.8**	**0.7**	**(0.3)**	**(0.5)**	**1.9**	**1.9**

UBS

Numbers in CHFbn and adjusted unless otherwise indicated; refer to slide 28 for details on adjusted numbers, Basel III numbers and FX rates in this presentation. The allocation of P&L to these regions reflects, and is consistent with, the basis on which the business is managed and its performance evaluated. These allocations involve assumptions and judgments that management considers reasonable, and may be refined to reflect changes in estimates or management structure. The main principles of the allocation methodology are that client revenues are attributed to the domicile of the client, and trading and portfolio management revenues are attributed to the country where the risk is managed. Expenses are allocated in line with revenues. Certain revenues and expenses, such as those related to Non-core and Legacy Portfolio, certain litigation expenses and other items, are managed at the Group level, and are included in the Global column.

Adjusted results

Adjusting items		FY17	1Q17	2Q17	3Q17	4Q17	1Q18
m							
Operating income as reported (Group)		**29,067**	**7,532**	**7,269**	**7,145**	**7,122**	**7,698**
of which:							
Gains on sale of financial assets available for sale	IB	136		107		29	
Gains/(losses) on sales of subsidiaries and businesses	AM	153				153	
Net FX translation gains/(losses)	CC - Group ALM	(22)		(22)			
Operating income adjusted (Group)		**28,800**	**7,532**	**7,184**	**7,145**	**6,940**	**7,698**
Operating expenses as reported (Group)		**23,800**	**5,842**	**5,767**	**5,924**	**6,266**	**5,725**
of which:							
Net restructuring expenses	GWM	576	110	134	139	194	59
	P&C	103	19	23	25	36	10
	AM	100	20	23	26	31	11
	IB	359	78	75	83	123	45
	CC - Services	19	15		9	(4)	2
	CC - Group ALM	4		1	1	1	1
	CC - NCL[1]	6	2	2	1	1	1
	Group	1,168	244	258	285	381	128
Expenses from modification of of terms for certain DCCP awards	IB	25				25	
Credit related to changes to the Swiss pension plan	Group						(225)
Operating expenses adjusted (Group)		**22,607**	**5,598**	**5,509**	**5,639**	**5,860**	**5,822**
Operating profit/(loss) before tax as reported		**5,268**	**1,690**	**1,502**	**1,221**	**855**	**1,973**
Operating profit/(loss) before tax adjusted		**6,194**	**1,934**	**1,675**	**1,506**	**1,079**	**1,876**

UBS

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

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]

UBS

Refer to slide 28 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
Unless otherwise indicated, "adjusted" figures exclude the adjustment items listed on the previous slide, to the extent applicable, on a Group and business division level. Adjusted results are a non-GAAP financial measure as defined by SEC regulations. Refer to pages 7-8 of the 1Q18 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 1Q18 report for more information.

Basel III RWA, Basel III capital and Basel III liquidity ratios
Basel III numbers are based on the BIS Basel III framework, as applicable for Swiss Systemically relevant banks (SRB). Numbers in the presentation are based on the revised Swiss SRB framework that became effective on 1 July 2016, unless otherwise stated.

Basel III risk-weighted assets in this presentation are calculated on the basis of Basel III fully applied unless otherwise stated. Our RWA under BIS Basel III are the same as under Swiss SRB Basel III.

Leverage ratio and leverage ratio denominator in this presentation are calculated on the basis of fully applied Swiss SRB rules, unless otherwise stated. Refer to the "Capital management" section in the 1Q18 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 report may not add up precisely to the totals provided in the tables and text. Starting in 2018, percentages, percent changes and adjusted results are no longer calculated on the basis of rounded figures displayed in the tables and text. 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.