First quarter 2016 results

May 3, 2016

Cautionary statement regarding forward-looking statements

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(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 or other measures, and the effect this would have on UBS's business activities; (v) uncertainty as to when and to what degree the Swiss Financial Market Supervisory Authority (FINMA) will approve a limited reduction of capital or 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, implementing a service company model, the transfer of the Asset Management business to a holding company, 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 relating to capital requirements, resolvability requirements and proposals in Switzerland and other countries for mandatory structural reform of banks and the extent to which such changes have the intended effects; (vii) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS's ability to compete in certain lines of business; (viii) changes in the standards of conduct applicable to our businesses that may result from new regulation or new enforcement of existing standards, including proposed measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (ix) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, 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 component of our RWA; (x) the effects on UBS's cross-border banking business of tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (xi) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiii) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xiv) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (xv) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyber-attacks, and systems failures; (xvi) 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 of its broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xvii) 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 (xviii) 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 2015. 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.

1Q16 results

Resilient adjusted PBT CHF 1.4 billion in challenging market conditions

Group

Net profit attributable to UBS Group AG shareholders CHF 707 million, diluted EPS CHF 0.18

Reported profit before tax (PBT) CHF 978 million, adjusted PBT CHF 1,366 million

Adjusted return on tangible equity 8.5%

Basel III fully applied CET1 capital ratio 14.0% and Swiss SRB fully applied leverage ratio 5.4%

Business divisions[1]

Wealth Management: PBT CHF 636 million; NNM CHF 15.5 billion
- Resilient performance; strong net inflows with continued focus on quality

Wealth Management Americas: PBT USD 245 million; NNM USD 13.6 billion
- Strong net inflows, record net interest income and maintained industry-leading FA productivity

Personal & Corporate Banking: PBT CHF 422 million
- Higher PBT and highest net new business volume growth rate for personal banking business since 1Q12

Asset Management: PBT CHF 110 million; NNM outflows excluding money market CHF 5.9 billion
- Lower performance fees reflecting market conditions

Investment Bank: PBT CHF 370 million
- Disciplined resource management and returns comfortably above cost of equity

Corporate Center: Pre-tax loss of CHF 417 million
- Continued reduction in Non-core and Legacy Portfolio LRD

UBS

1 Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

UBS Group AG results (consolidated)

CHF million, except where indicated	1Q15	2Q15	3Q15	4Q15	**1Q16**
Total operating income	8,841	7,818	7,170	6,775	6,833
Total operating expenses	6,134	6,059	6,382	6,541	5,855
Profit before tax as reported	**2,708**	**1,759**	**788**	**234**	**978**
of which: net restructuring charges	(305)	(191)	(298)	(441)	(265)
of which: net FX translation gains/(losses)[1]			(27)	115	(123)
of which: own credit on financial liabilities designated at fair value[2]	226	259	32	35	
of which: net losses related to the buyback of debt				(257)	
of which: gains on sales of real estate	378				
of which: gains/(losses) on sale of subsidiaries and businesses	141	67		28	
of which: gain related to our investment in the SIX Group			81		
of which: gain related to a change to retiree benefit plans in the US			21		
of which: impairment of an intangible asset		(11)			
Adjusted profit before tax	**2,268**	**1,635**	**979**	**754**	**1,366**
of which: provisions for litigation, regulatory and similar matters	(58)	(71)	(592)	(365)	(39)
Tax (expense)/benefit	(670)	(443)	1,295	715	(270)
Net profit attributable to non-controlling interests	61	106	14	1	0
Net profit attributable to UBS Group AG shareholders	**1,977**	**1,209**	**2,068**	**949**	**707**
Diluted EPS (CHF)	0.53	0.32	0.54	0.25	0.18
Return on tangible equity, adjusted (%)	14.4	9.6	19.5	11.4	8.5
Total book value per share (CHF)	14.33	13.71	14.41	14.75	14.74
Tangible book value per share (CHF)	12.59	12.04	12.69	13.00	13.04

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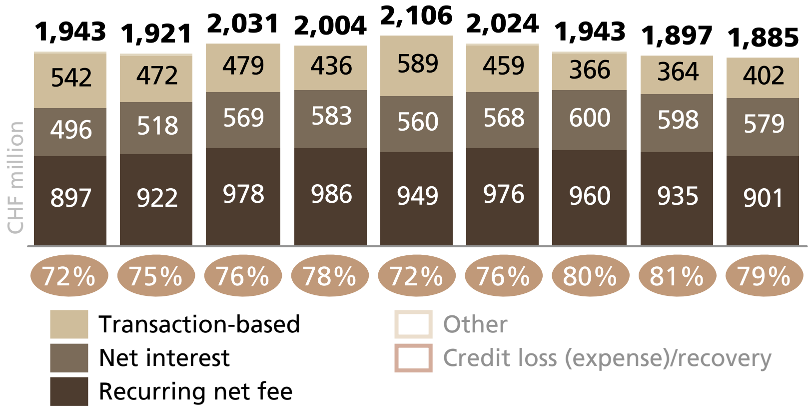
Refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Related to the disposal or partial disposal of foreign subsidiaries and branches; 2 Refer to the "Recent developments" section of the first quarter 2016 report for more information on own credit

Wealth Management

Resilient performance despite lowest first quarter transactional revenues on record

Operating income

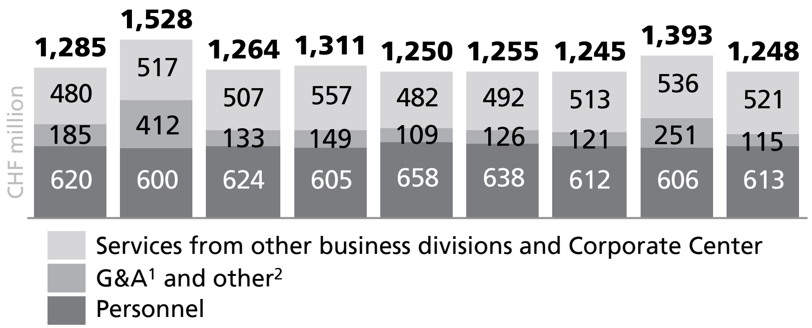
Recurring income



Operating income CHF 1,885 million

- **Transaction-based income** increased primarily in Asia Pacific but remained well below seasonal trends; 4Q15 included a CHF 45 million fee received from Personal & Corporate Banking for the shift of certain clients
- **Net interest income** declined mainly on lower allocations from Group ALM
- **Recurring net fee income** declined and primarily reflected decreases in invested assets

Operating expenses

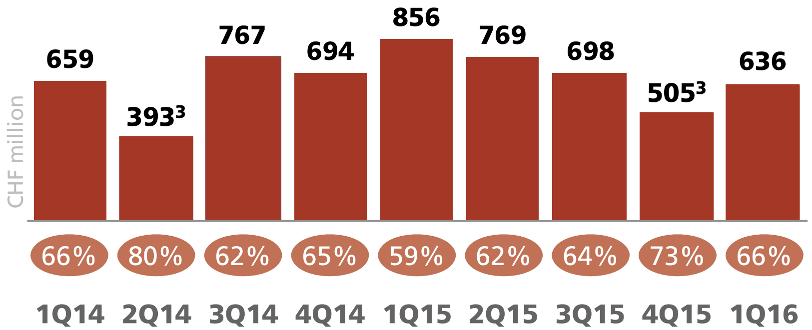


Operating expenses CHF 1,248 million

- **G&A expenses** decreased, mainly as net expenses for provisions for litigation, regulatory and similar matters decreased by CHF 79 million to zero

Profit before tax

C/I ratio



PBT CHF 636 million, 66% cost/income ratio

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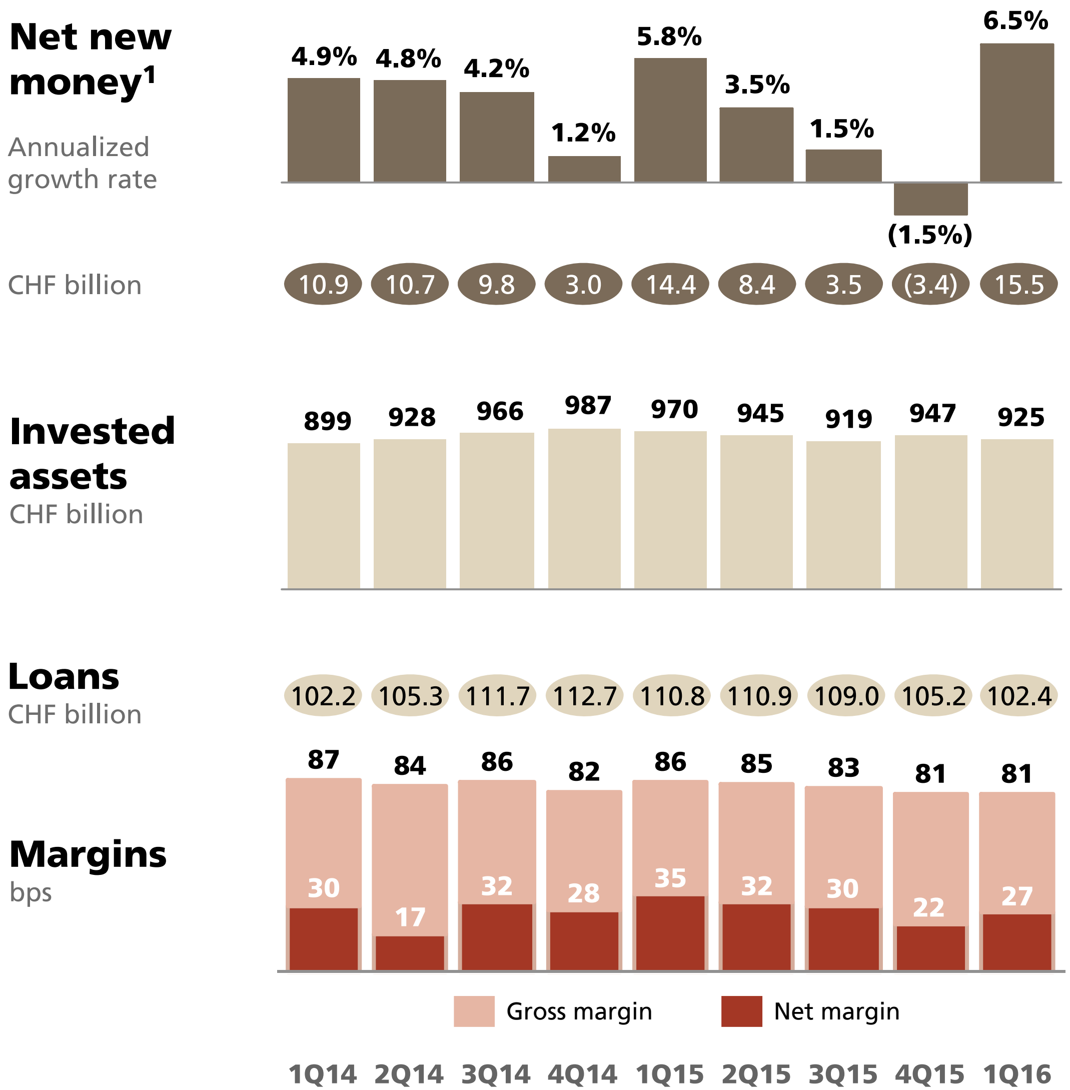
Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 General and administrative; 2 Depreciation and impairment of property, equipment and software as well as amortization and impairment of intangible assets; 3 Including net expenses for provisions for litigation, regulatory and similar matters of CHF 291 million in 2Q14 and CHF 79 million in 4Q15

Wealth Management

NNM CHF 15.5 billion, highest since 2007 with continued focus on high-quality inflows

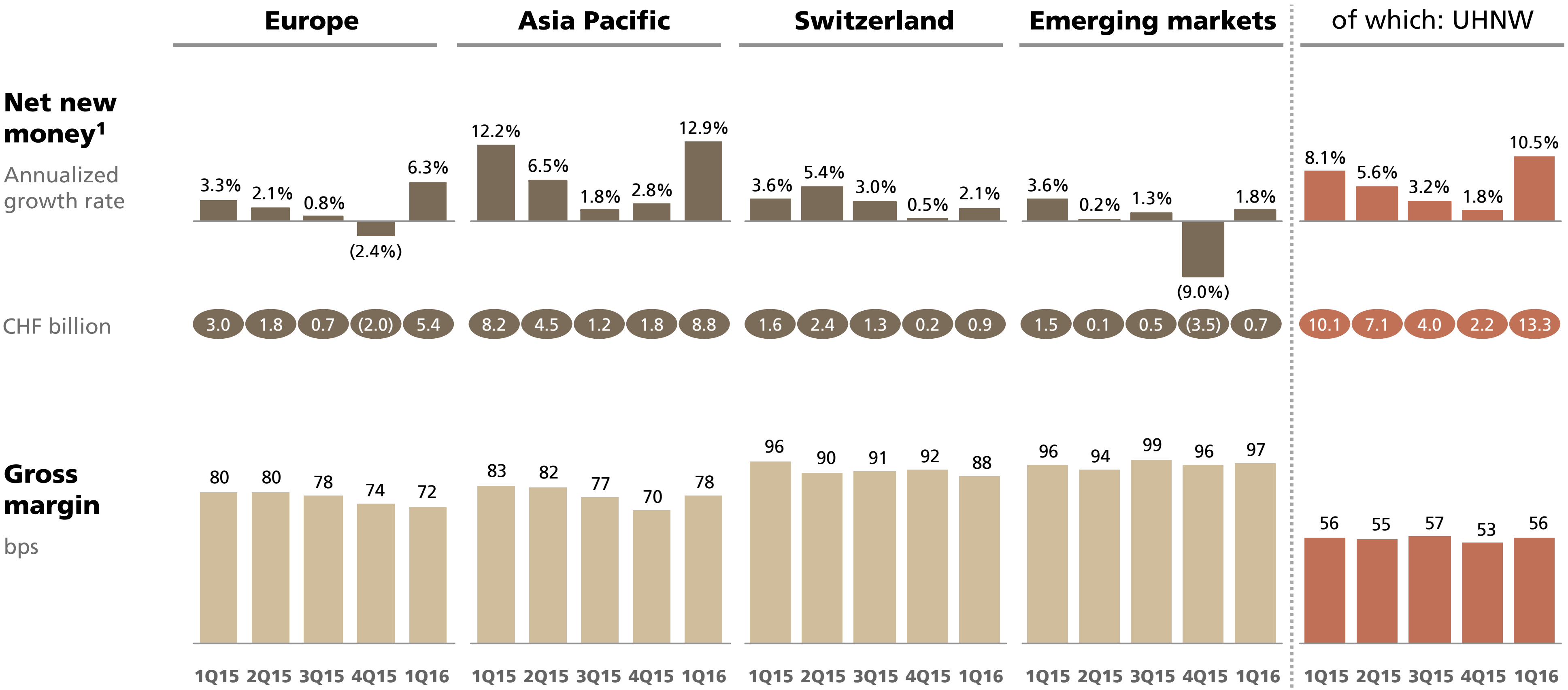


- **NNM CHF 15.5 billion**, despite moderate deleveraging, with net inflows from all regions, particularly in Asia Pacific
- **Invested assets CHF 925 billion** declined mainly due to CHF 18 billion currency translation effects and CHF 17 billion negative market performance, partly offset by NNM inflows
- **Discretionary and advisory mandate penetration 27.0%** up from 26.4%, with CHF 6.9 billion net new mandates
- **Gross loans CHF 102.4 billion,** mainly reflecting foreign currency translation effects and deleveraging
- **Net margin 27 bps**

Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Adjusted for outflows of CHF 6.6 billion in 2Q15 and CHF 3.3 billion in 3Q15 related to the WM balance sheet and capital optimization program

Wealth Management

Positive net new money in all regions, particularly strong UHNW



31.3.16

	Europe	Asia Pacific	Switzerland	Emerging markets	of which: UHNW
Invested assets CHF billion	337	266	171	150	499
Client advisors FTE	1,348	1,125	773	696	741

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Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
Based on the WM business area structure, refer to page 23 of the first quarter 2016 report for more information; 1 Adjusted for outflows of CHF 6.6 billion in 2Q15 and CHF 3.3 billion in 3Q15 related to the WM balance sheet and capital optimization program

Wealth Management Americas

Solid performance with record net interest income

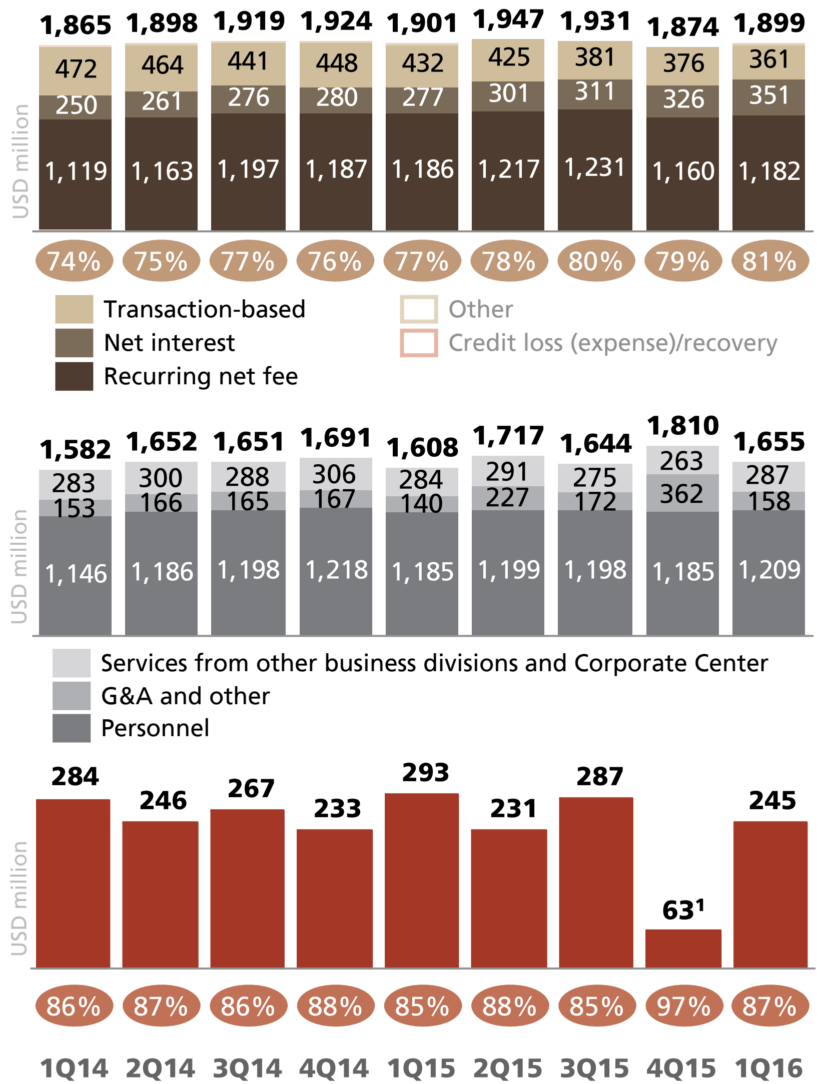
Operating income

Recurring income

Operating expenses

Profit before tax

C/I ratio



Operating income USD 1,899 million

- **Transaction-based income** declined due to lower client activity
- **Net interest income** increased mainly due to higher interest rates
- **Recurring net fee income** increased mainly due to higher managed account fees, which were calculated on increased invested asset levels at the end of the prior quarter

Operating expenses USD 1,655 million

- **Charges for services** increased as the previous quarter included a Corporate Center – Services cost agreement credit of USD 36 million
- **G&A expenses** declined mainly due to USD 215 million lower net expenses for provisions for litigation, regulatory and similar matters
- **Personnel expenses** increased mainly due to a new healthcare benefit plan and higher expenses for variable compensation

PBT USD 245 million, 87% cost/income ratio

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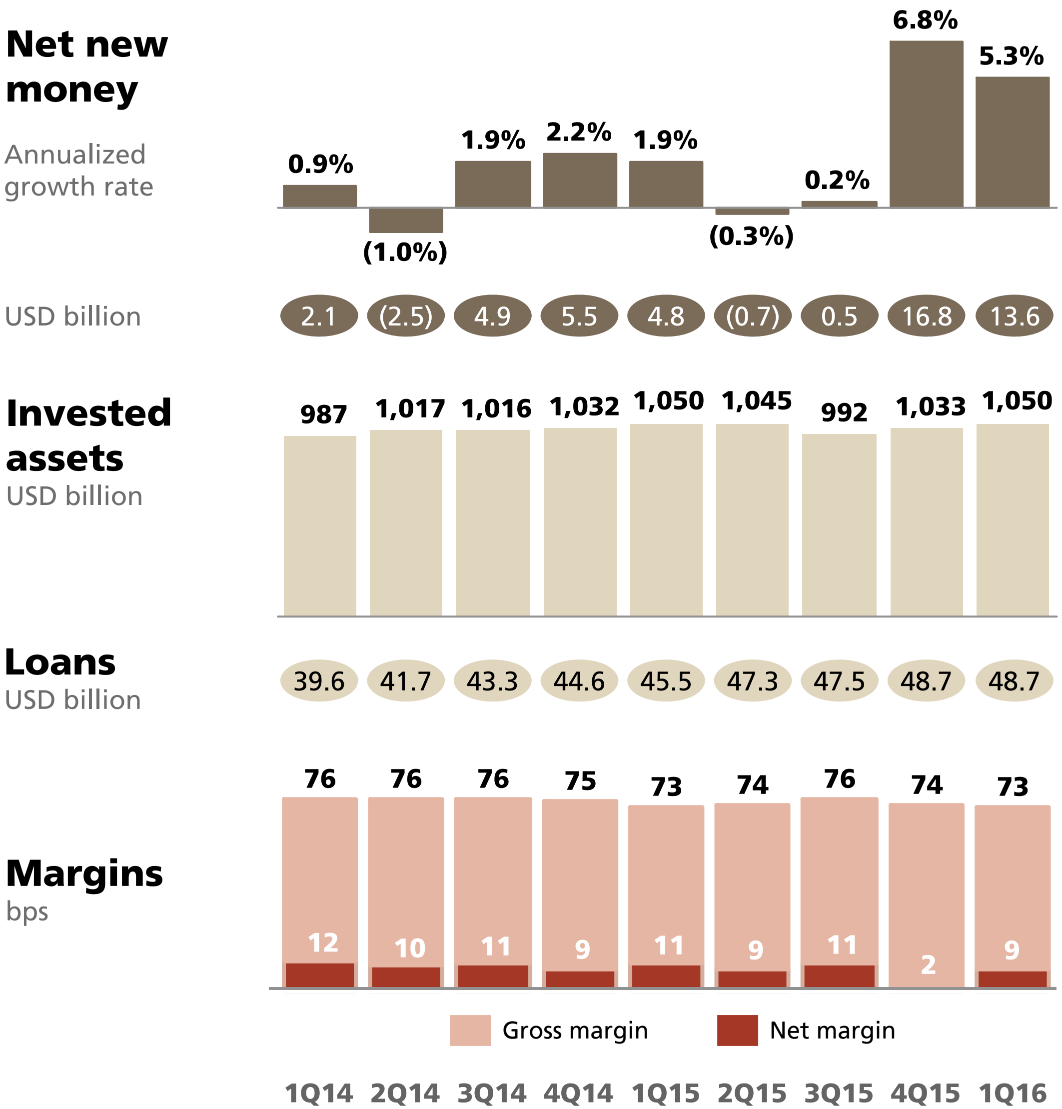
Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Including USD 233 million net expenses for provisions for litigation, regulatory and similar matters

Wealth Management Americas

Strong net new money and record managed account assets



- **NNM USD 13.6 billion** predominantly from newly recruited advisors, as well as from advisors who have been with UBS for more than one year
- **Invested assets USD 1,050 billion** increase reflecting net new money and positive market performance
- Managed accounts penetration 34%
- **Gross loans USD 48.7 billion**
- **Net margin 9 bps**

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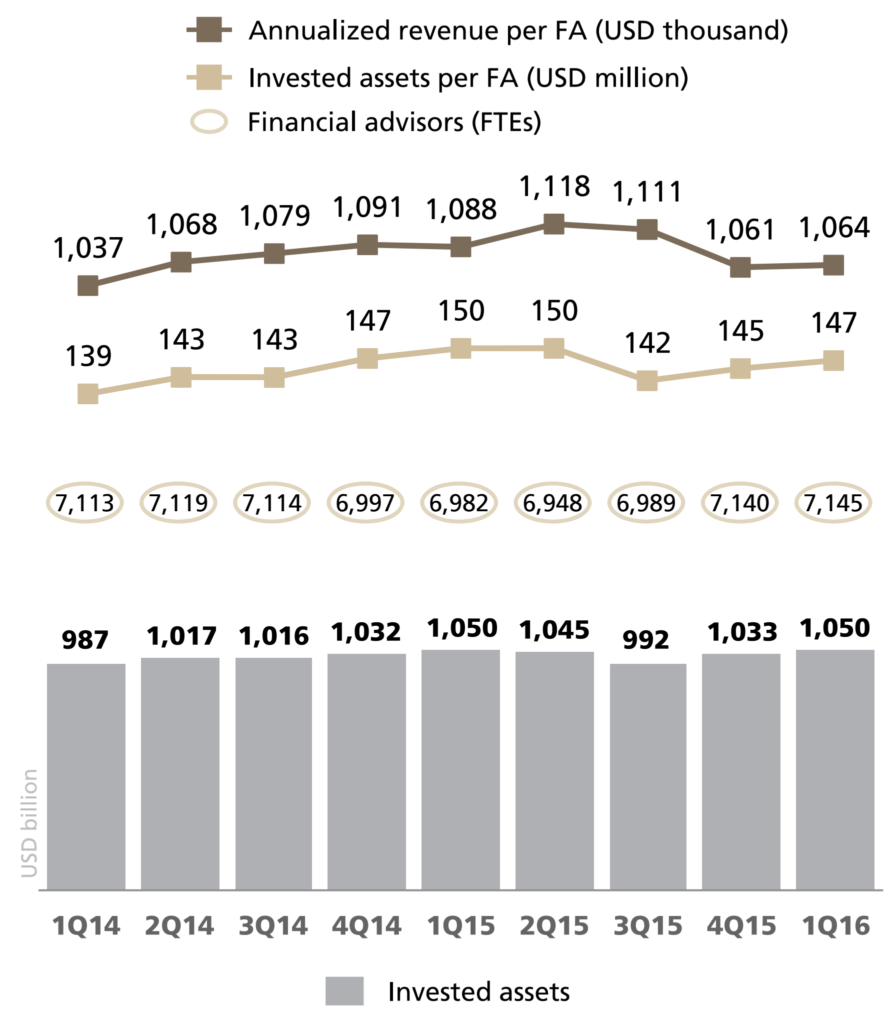
Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

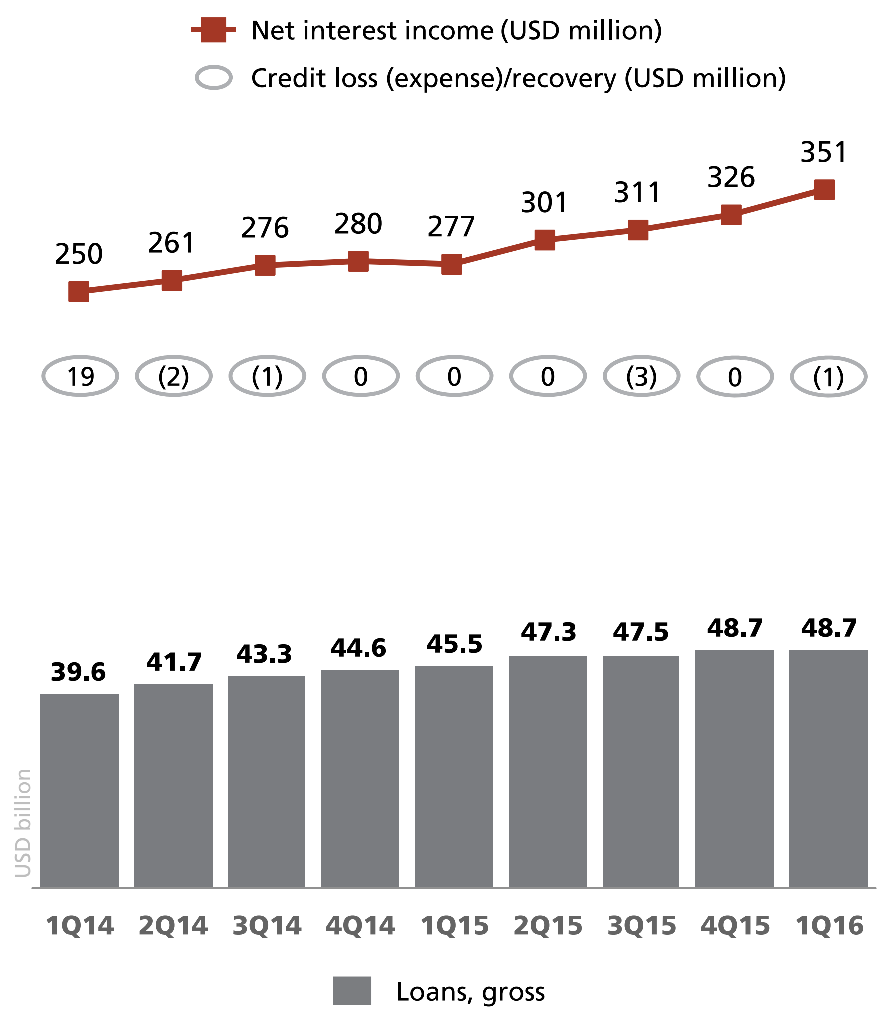
Wealth Management Americas

Industry leading productivity per advisor for revenue and invested assets

Invested assets and FA productivity



Net interest income and lending



UBS Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

Personal & Corporate Banking

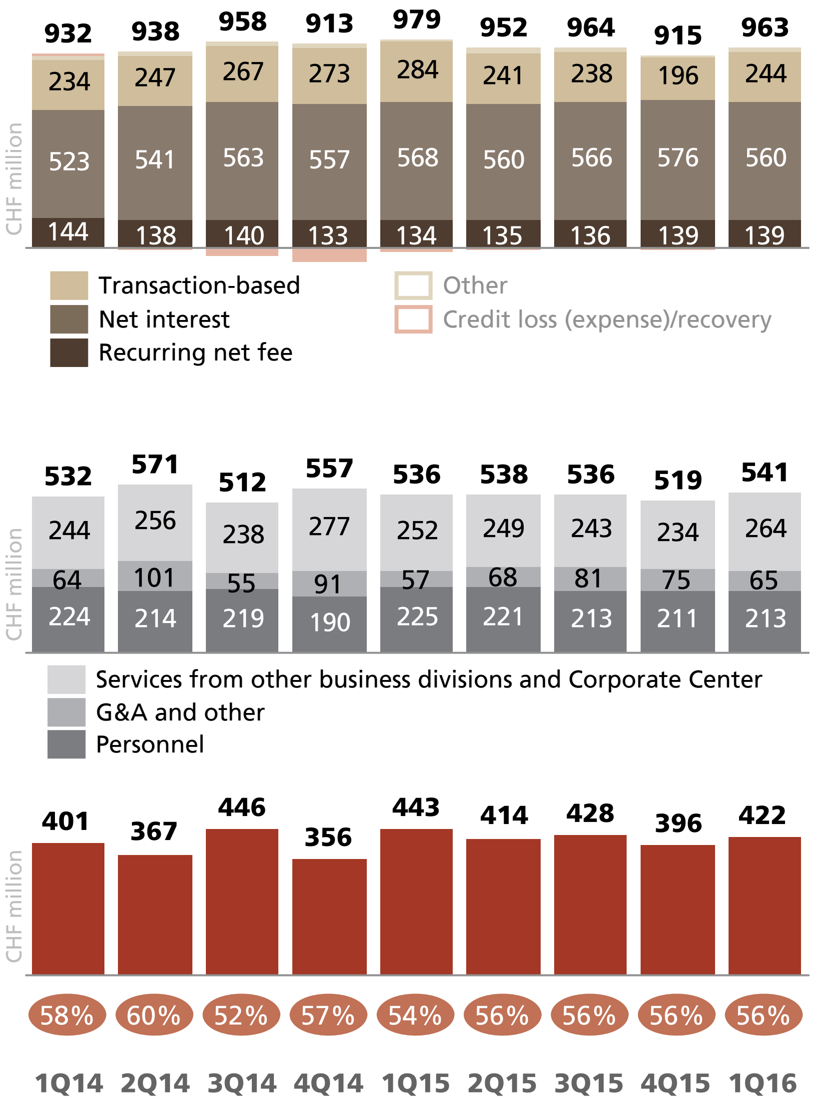
Higher PBT and highest net new business volume growth for personal banking since 1Q12

Operating income

Operating expenses

Profit before tax

C/I ratio



Operating income CHF 963 million

- **Transaction-based income** increased mainly as the previous quarter included a CHF 45 million fee paid to Wealth Management for the shift of certain clients
- **Net interest income** decreased, reflecting lower allocated income from Group ALM, partly offset by higher income from loans and deposits
- **Net credit loss expenses** were negligible

Operating expenses CHF 541 million

- **Charges for services** increased as the previous quarter included a cost agreement credit from Corporate Center – Services of CHF 49 million
- **G&A expenses** declined, primarily reflecting lower professional fees and decreased expenses for outsourcing of information technology and other services

PBT CHF 422 million

- 56% cost/income ratio
- Net interest margin 166 bps vs. 170 bps in 4Q15
- Annualized net new business volume growth for personal banking business 4.9% vs. 0.6% in 4Q15; highest first quarter net new domestic clients on record

Asset Management

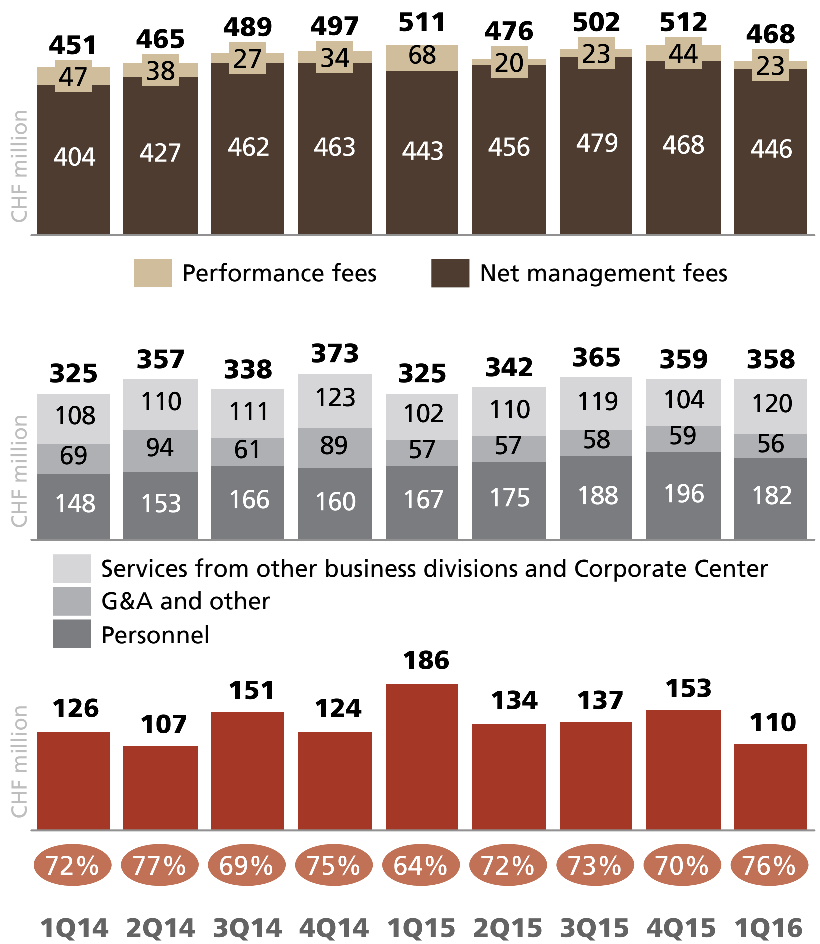
Lower performance fees reflecting market conditions

Operating income

Operating expenses

Profit before tax

C/I ratio



	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Net new money ex. MM	13.0	11.6	3.8	(5.8)	7.5	8.3	(7.6)	(8.9)	(5.9)

Operating income CHF 468 million

- **Performance fees** decreased mainly in Equities, Multi-Asset & O'Connor
- **Net management fees** decreased reflecting the reduced revenues from Fund Services following the sale of AFS

Operating expenses CHF 358 million

- **Charges for services** increased primarily as the previous quarter included a cost agreement credit from Corporate Center – Services of CHF 13 million
- **Personnel expenses** decreased primarily due to lower expenses for variable compensation

PBT CHF 110 million

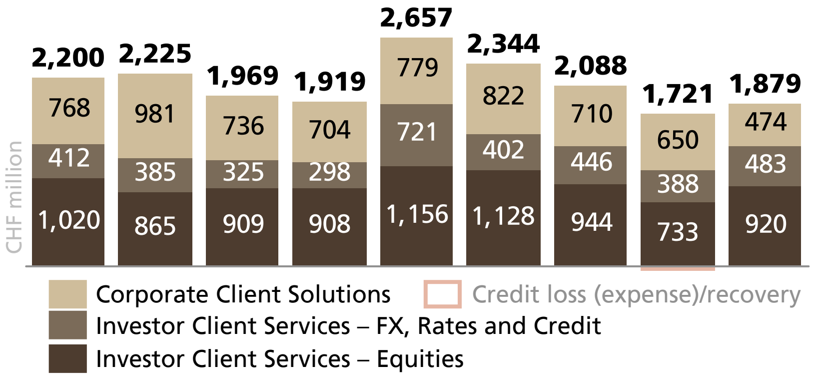
- 76% cost/income ratio
- Invested assets CHF 628 billion
- Net margin 7 bps vs. 10 bps in 4Q15
- Gross margin 29 bps vs. 32 bps in 4Q15

- NNM outflows excluding money market CHF 5.9 billion, including a CHF 7.2 billion pricing-related outflow from one client and CHF 3.8 billion of outflows driven by client liquidity needs, both from lower-margin passive products

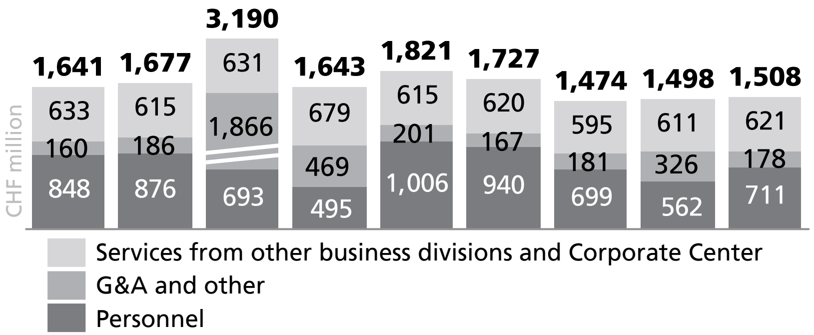
Investment Bank

Disciplined resource management and returns comfortably above cost of equity

Operating income

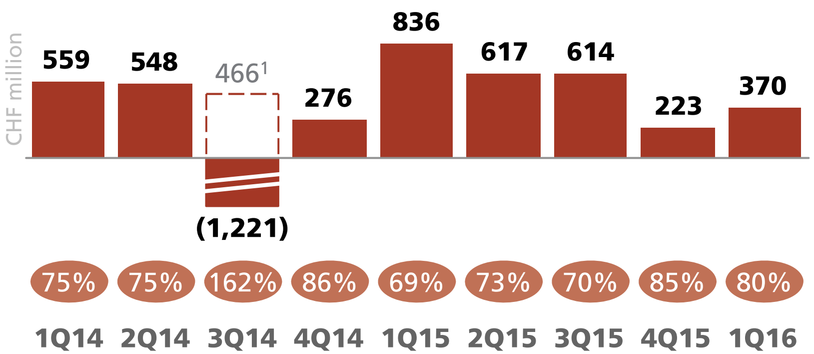


Operating expenses



Profit before tax

C/I ratio



Operating income CHF 1,879 million

- **CCS revenues** down 39% YoY mainly reflecting a global decline in the market fee pool
- **ICS – FRC revenues** down 33% YoY against a very strong 1Q15 which benefited from higher client activity levels following the SNB decision to remove its euro currency floor
- **ICS – Equities revenues** down 20% YoY mainly driven by derivatives, partly offset by strong performance in Americas across all products

Operating expenses CHF 1,508 million

- Operating expenses excluding Corporate Center charges for services down 26% YoY
- Personnel expenses down 29% YoY in-line with revenues

PBT CHF 370 million

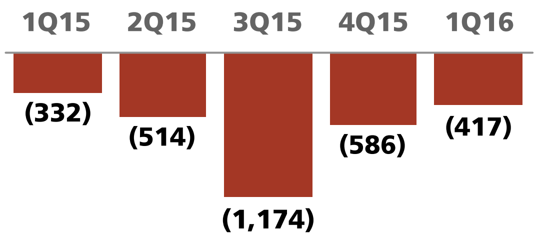
- 80% cost/income ratio
- Annualized return on attributed equity 19%
- RWA stable at CHF 63 billion
- LRD down CHF 6 billion to CHF 262 billion

Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Profit before tax excluding CHF 1,687 million net expenses for litigation, regulatory and similar matters

Corporate Center

Continued reduction in Non-core and Legacy Portfolio LRD

Profit before tax



Corporate Center total (CHF million)

Corporate Center results by unit (CHF million)

	1Q15	2Q15	3Q15	4Q15	1Q16
Services					
Operating income	(4)	(41)	(38)	(54)	(55)
Operating expenses	218	212	217	272	156
o/w before allocations	*2,009*	*2,040*	*2,017*	*2,085*	*2,022*
o/w net allocations	*(1,791)*	*(1,827)*	*(1,800)*	*(1,814)*	*(1,866)*
Profit before tax	**(222)**	**(253)**	**(255)**	**(326)**	**(211)**
Group Asset and Liability Management					
Operating income	87	(121)	(121)	48	(27)
Operating expenses	(4)	7	(5)	(3)	(2)
Profit before tax	**91**	**(127)**	**(116)**	**51**	**(25)**
Non-core and Legacy Portfolio					
Operating income	(41)	35	(126)	(71)	(47)
Operating expenses	160	167	677	241	133
Profit before tax	**(201)**	**(132)**	**(803)**	**(312)**	**(181)**
LRD (CHF billion)[1]	84	70	59	46	41

- **Operating expenses before allocations** decreased on lower personnel expenses (mainly lower variable expenses) and lower G&A expenses (primarily reflecting lower professional fees)
- **Operating income** declined, primarily due to accounting asymmetries related to economic hedges, largely offset by hedge accounting ineffectiveness gains and improved risk management net income
- **Operating expenses** decreased, predominantly due to CHF 28 million lower net expenses for provisions for litigation, regulatory and similar matters and as the prior quarter included the annual UK bank levy of CHF 50 million

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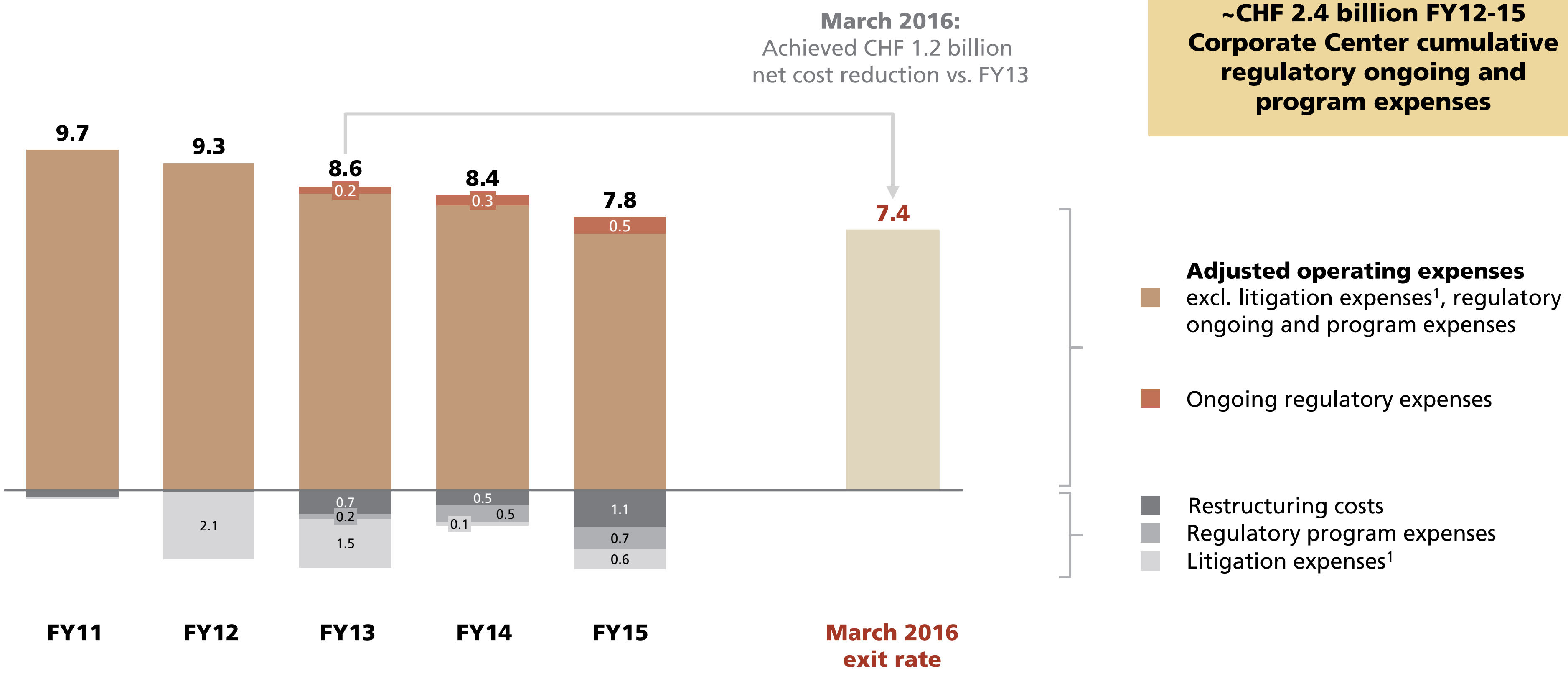
Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 Calculated in accordance with Swiss SRB rules, from 31.12.15 onward, these are fully aligned with BIS Basel III rules and are therefore not fully comparable

Cost reduction

Corporate Center operating expenses

Corporate Center – Services adjusted operating expenses before allocations to business divisions and Corporate Center – Non-core and Legacy Portfolio, CHF billion



~CHF 2.4 billion FY12-15 Corporate Center cumulative regulatory ongoing and program expenses

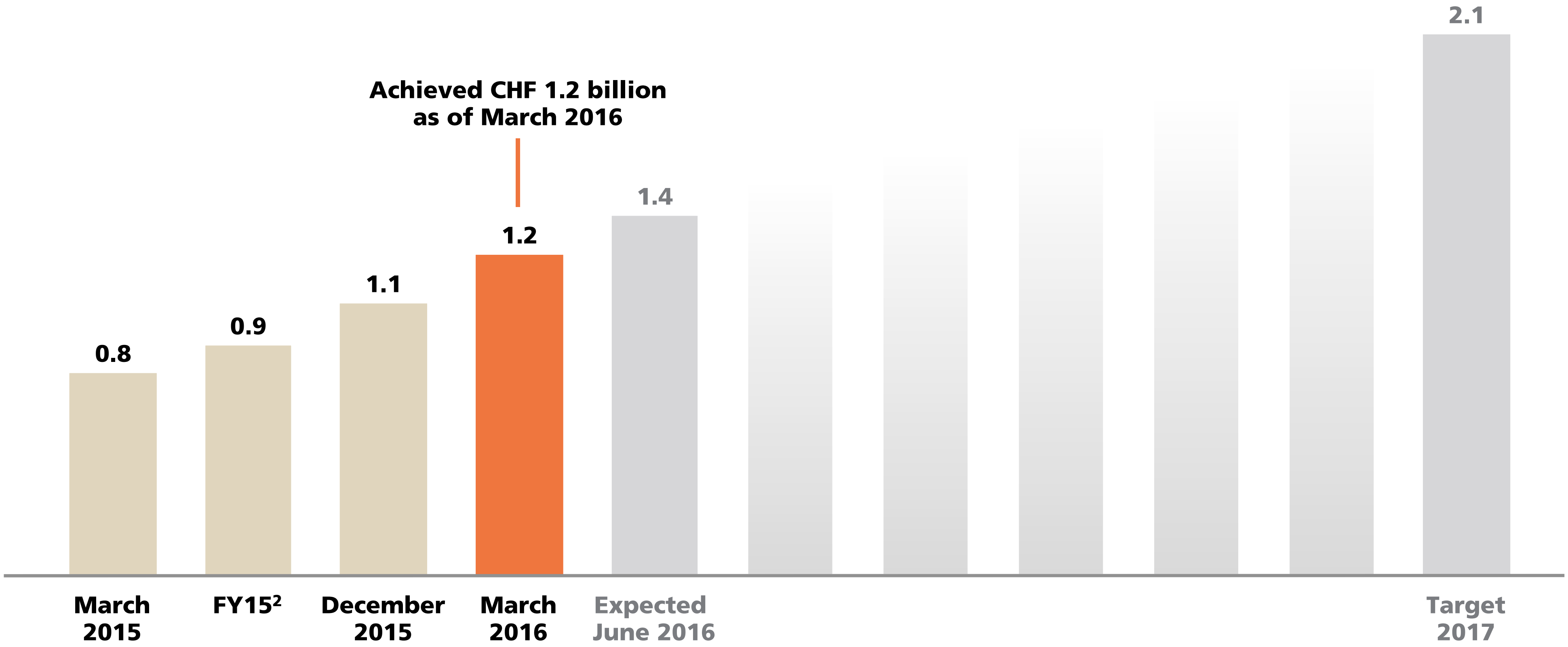
Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 Net expenses for provisions for litigation, regulatory and similar matters

Cost reduction

On track to deliver CHF 1.4 billion by 2Q16 and steady progress thereafter to end 2017

Cumulative annualized net cost reduction[1]
CHF billion



Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Monthly annualized exit rate vs. FY13; 2 FY15 vs. FY13

Cost reduction

Structural initiatives to achieve our CHF 2.1 billion net cost reduction target and mitigate the impact of regulatory demand …

Cost reduction initiatives 2Q16 to end-2017

Corporate Center

- On-going structural cost reduction program to be completed by end-2017
- Actions across workforce & footprint, organization, processes and technology
- Additional cross-functional efficiency measures

Corporate Center and business divisions front-to-back, e.g.:

- Alignment of Wealth Management and Wealth Management Americas platforms
- Simplification of processes
- Third-party expense management (supply and demand)

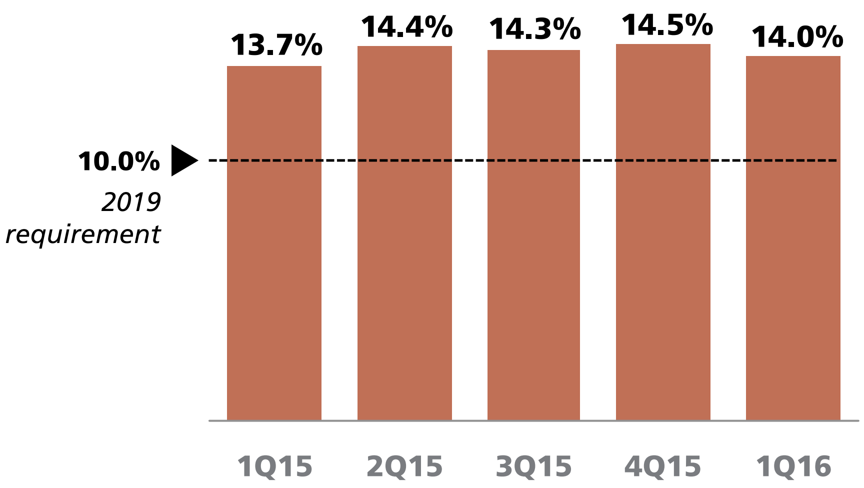
… as well as tactical actions to address cyclical headwinds

Capital and leverage ratios

Strong capital position with 14.0% Basel III CET1 ratio and 5.4% Swiss SRB leverage ratio

Basel III CET1 capital ratio[1]

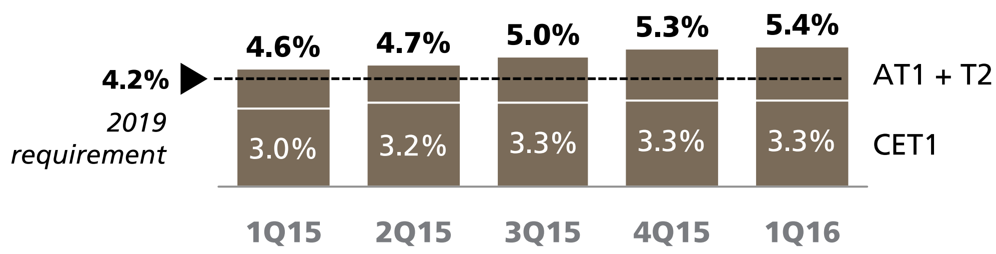
Fully applied, CHF billion



	1Q15	2Q15	3Q15	4Q15	1Q16
CET1 capital	29.6	30.3	30.9	30.0	29.9
RWA	216	210	216	208	214

Swiss SRB leverage ratio

Fully applied, CHF billion



	1Q15	2Q15	3Q15	4Q15	1Q16
Total capital	44.5	44.6	47.6	47.4	48.6
LRD[2]	977	944	946	898	906

Current Swiss SRB regulation[3]

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Refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation; 1 As of 31.3.16, our post-stress fully applied Basel III CET1 capital ratio exceeded 10%; 2 Calculated in accordance with Swiss SRB rules, from 31.12.15 onward, these are fully aligned with BIS Basel III rules and are therefore not fully comparable; 3 Numbers presented on this slide do not reflect the new capital requirements for Swiss systemically relevant banks as proposed by the Swiss Federal Council in October 2015

Appendix

Group and business division targets and expectations

Ranges for sustainable performance over the cycle

Wealth Management	Net new money growth rate	3-5%	10-15% annual adjusted pre-tax profit growth for combined businesses through the cycle
	Adjusted cost/income ratio	55-65%	
Wealth Management Americas	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	140-180 bps	
	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	CHF 1 billion in the medium term	
Investment Bank	Adjusted annual pre-tax RoAE	>15%	
	Adjusted cost/income ratio	70-80%	
	RWA (fully applied)	Expectation: around CHF 85 billion short/medium term	
	BIS Basel III LRD (fully applied)	Expectation: around CHF 325 billion short/medium term	
Group	Net cost reduction	CHF 2.1 billion by end 2017	
	Adjusted cost/income ratio	60-70%, expectation: 65-75% short/medium term	
	Adjusted return on tangible equity	>15%, expectation: approximately at 2015 level in 2016, approximately 15% in 2017 and >15% in 2018	
	Basel III CET1 ratio (fully applied)	at least 13%	
	RWA (fully applied)	Expectation: around CHF 250 billion short/medium term	
	LRD (fully applied)	Expectation: around CHF 950 billion short/medium term	

Refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
Refer to page 36-37 of the Annual Report 2015 report for detail

Group ALM operating income

Business division-aligned risk management includes managing the interest rate risk in the banking book on behalf of Wealth Management and Personal & Corporate Banking and high-quality liquid asset (HQLA) portfolios on behalf of specific business divisions

Capital investment and issuance includes managing the Group's equity and capital instruments, including instruments that will contribute to our total loss-absorbing capacity (TLAC)

Group structural risk management includes activities performed to meet overall Group-wide risk management objectives such as managing the Group's HQLA and long-term debt portfolios

		As of or for the quarter ended		
	CHF million, except where indicated	31.3.16	31.12.15	31.3.15
1	Business division-aligned risk management net income	218	249	241
2	Capital investment and issuance net income	33	39	109
3	Group structural risk management net income	(101)	(174)	(110)
	Total risk management net income before allocations	151	114	239
	Allocations to business divisions and other CC units	(168)	(189)	(289)
	of which: Wealth Management	*(106)*	*(118)*	*(131)*
	of which: Wealth Management Americas	*(21)*	*(27)*	*(23)*
	of which: Personal & Corporate Banking	*(94)*	*(111)*	*(122)*
	of which: Asset Management	*(3)*	*(3)*	*(5)*
	of which: Investment Bank	*59*	*69*	*34*
	of which: CC – Services	*(21)*	*(22)*	*(54)*
	of which: CC – Non-core and Legacy Portfolio	*18*	*23*	*12*
	Total risk management net income after allocations	(17)	(75)	(50)
	Accounting asymmetries related to economic hedges	(89)	102	(44)
	Hedge accounting ineffectiveness	39	(21)	166
	Other	40	44	14
	Total operating income (adjusted)	(27)	48	87
	Net foreign currency translation gains / (losses)	(123)	115	
	Net gains / (losses) related to the buyback of debt		(257)	
	Own credit		35	226
	Total operating income as reported	(150)	(59)	313

UBS

Refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
Refer to the "Corporate Center – Group Asset and Liability Management" section of the first quarter 2016 report for details

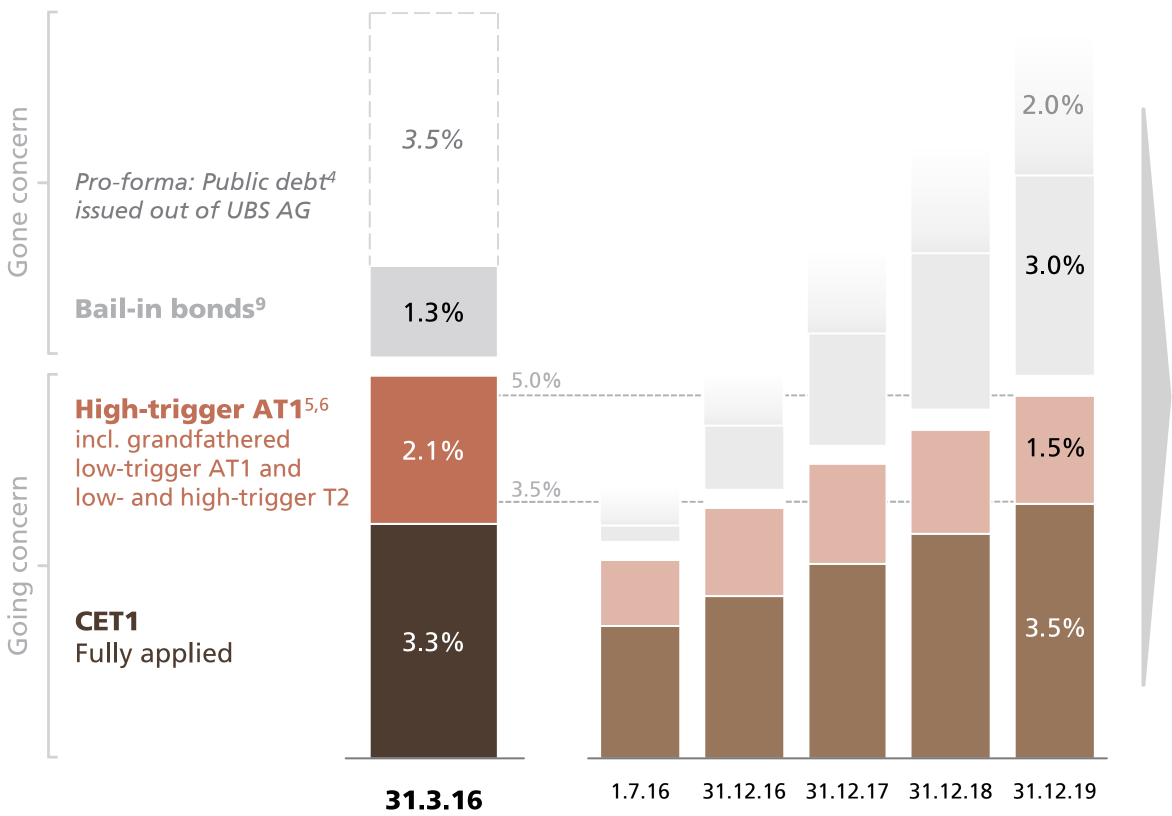
Capital requirements under draft proposal for revised Swiss SRB

UBS leverage capital ratio balances vs. revised Swiss SRB

UBS position as of 31.3.16[1]

Phase-in leverage ratio requirements[2]

Gone concern capital requirement is subject to a potential reduction of up to 2.0%



Meeting 2019 requirements

Gone concern

- 1.3% (CHF 11.6 billion) existing UBS Group AG TLAC bonds, including USD 5.0 billion priced 29.3.16[3,9]
- 3.5% (CHF 32.1 billion) UBS AG public debt[4] which we expect to replace upon maturity with UBS Group AG issuance of TLAC-eligible bonds by 31.12.19
- Requirement is subject to potential reduction of up to 2% based on improved resilience and resolvability

High-trigger AT1 capital[6]

- 2.1% (CHF 18.7 billion) comprising CHF 5.2 billion existing high-trigger AT1 capital and CHF 13.5 billion grandfathered instruments (low-trigger AT1 and low- and high-trigger T2 instruments)[5,7]
- We expect to build an additional ~CHF 1.5 billion in employee high-trigger AT1 DCCP capital by 31.12.19
- We expect to replace maturing grandfathered T2 with UBS Group AG issuance of high-trigger AT1

CET1 capital

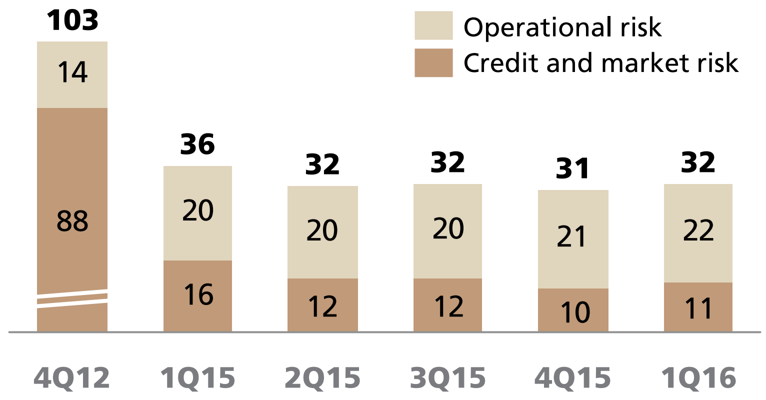
- 3.3% (CHF 29.9 billion) CET1
- Incremental ~20 bps of CET1 leverage ratio via earnings accretion (~CHF 3 billion assuming CHF 950 billion LRD[8])

Refer to slide 27 for details about Basel III numbers and FX rates in this presentation
1 Based on 31.3.16 fully applied Swiss SRB LRD of CHF 906 billion and fully applied CET1 and AT1 capital including instruments subject to grandfathering rules; 2 Phase-in requirements in the chart are illustrative; 3 UBS Group AG senior unsecured debt expected to be TLAC-eligible; 4 Excluding structured notes; 5 Low-trigger AT1 instruments can be counted towards going concern capital up to the first call date and T2 instruments can be counted towards going concern capital up to the earliest of the first call date or 31.12.19 (and after 31.12.19 towards gone concern capital up to the first call date); 6 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; 7 Including CHF 6.5 billion low-trigger T2 with first call and maturity date after 31.12.19, which will qualify as gone concern capital after 31.12.19; 8 Per our short/medium term expectation; 9 Including USD 5.0 billion senior unsecured UBS Group AG priced 29.3.16 and settled 5.4.16

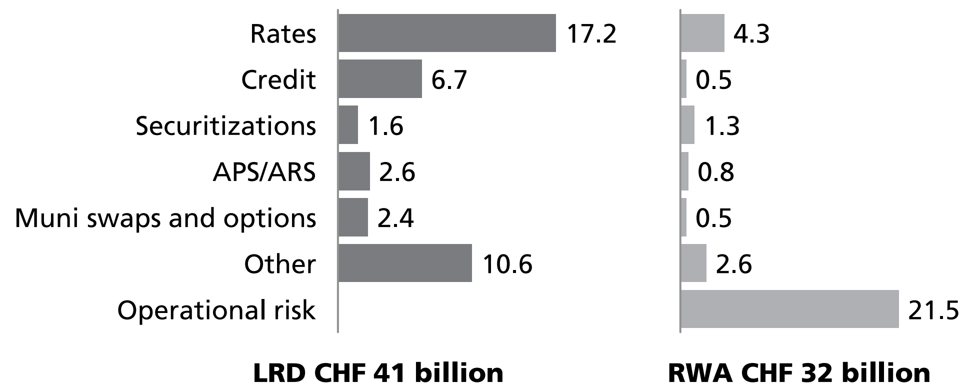
UBS

Corporate Center – Non-core and Legacy Portfolio

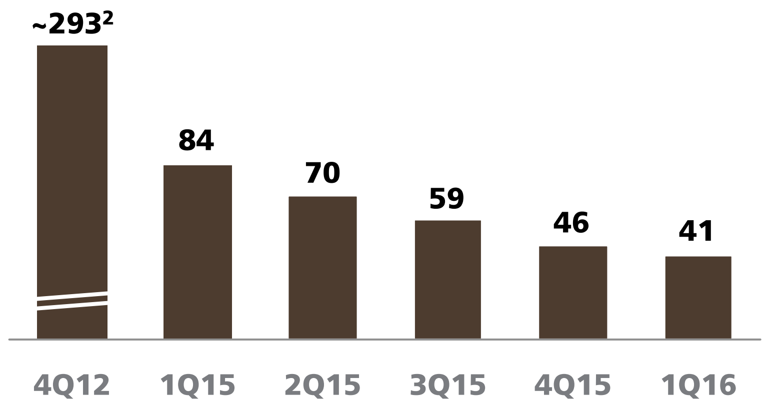
RWA
CHF billion



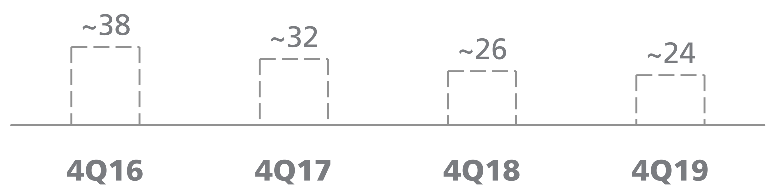
LRD[1] and RWA by category
CHF billion, 31.3.16



LRD[1]
CHF billion



LRD: natural decay[1,3]
CHF billion



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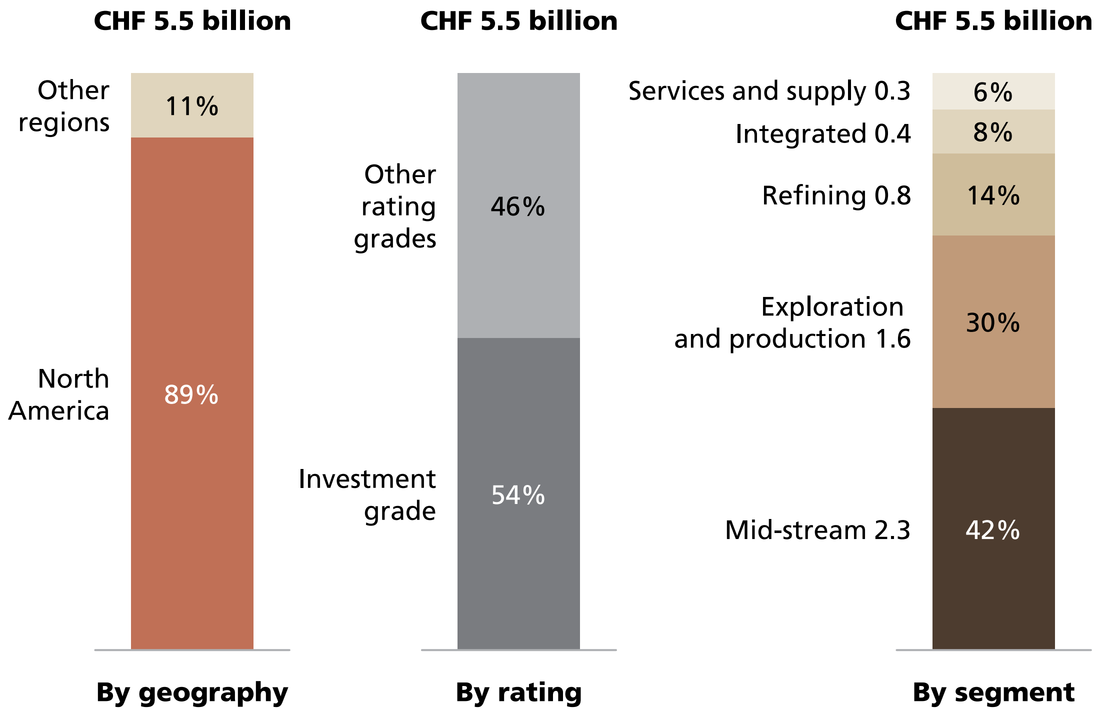
Refer to slide 27 for details about Basel III numbers and FX rates in this presentation
1 Calculated in accordance with Swiss SRB rules, from 31.12.15 onward, these are fully aligned with BIS Basel III rules and are therefore not fully comparable; 2 Pro-forma estimate based on period-end balance; 3 Pro-forma estimate excluding any further unwind activity based on 31.3.16 data, assuming positions are held to maturity. LRD balances can vary materially due to market movements, changes in regulation, changes in margin requirements and other factors

Oil and gas exposures

Oil and gas net banking products exposure[1] CHF billion



- As of 31.3.16, our total funded and unfunded net banking products exposure to the oil and gas sector was CHF 5.5 billion, CHF 0.6 billion lower than on 31.12.15, with CHF 0.4 billion of the reduction in the exploration and production and the services and supply sub-sectors
- About half of the CHF 5.5 billion exposure was related to the integrated and mid-stream segments, which are generally expected to be less affected by low oil and gas prices
- Additional specific and collective allowances of CHF 17 million were recognized against these oil and gas exposures in 1Q16 in the Investment Bank, bringing the total allowances against these exposures to CHF 56 million
- Using an assumed average oil price of USD 25 per barrel through the end of 2017, we estimate that we could incur an additional credit loss expense of approximately CHF 100 million, exclusive of any gains from our risk management activities[2]

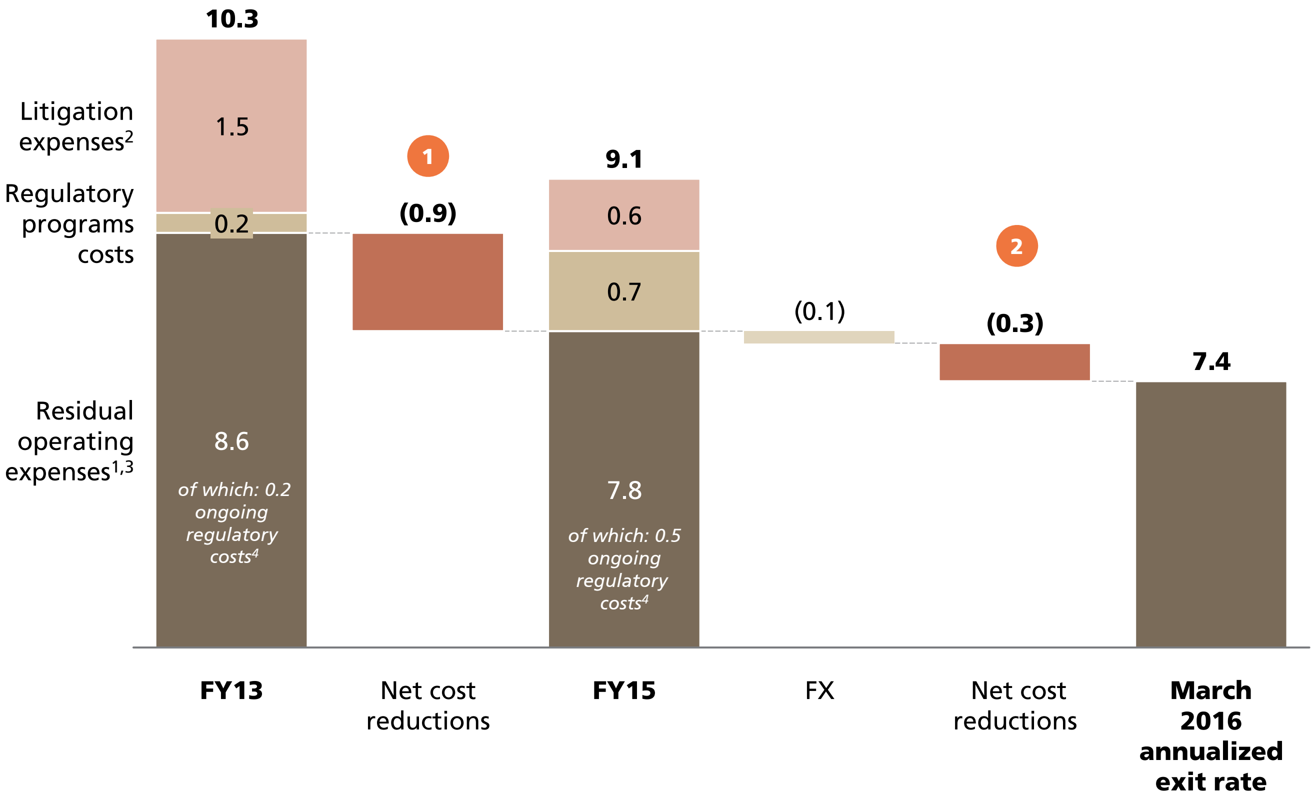
UBS

1 As of 31.3.16, total funded and unfunded net banking products exposure to the oil and gas sector, recorded within the Investment Bank
2 Refer to page 55 of the first quarter 2016 report for more information

Cost reduction

Corporate Center operating expenses before allocations[1]

CHF billion



- CHF 1.2 billion net cost reductions based on March 2016 annualized exit rate (1) + (2)

Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Sum of Corporate Center – Services operating expenses before allocations to business divisions, Corporate Center – Non-core and Legacy Portfolio operating expenses and Corporate Center – Group ALM operating expenses; 2 Net expenses for provisions for litigation, regulatory and similar matters; 3 Excluding net expenses for provisions for litigation, regulatory and similar matters and regulatory programs costs; 4 Additional ~CHF 0.1 billion ongoing regulatory costs recorded in business division operating expenses

Regional performance – 1Q16

CHF billion		Americas		Asia Pacific		EMEA		Switzerland		Global[1]		Total	
		4Q15	1Q16	4Q15	1Q16	4Q15	1Q16	4Q15	1Q16	4Q15	1Q16	4Q15	1Q16
Operating income	WM	0.1	0.1	0.5	0.5	0.9	0.9	0.4	0.4	0.0	0.0	1.9	1.9
	WMA	1.9	1.9	-	-	-	-	-	-	-	-	1.9	1.9
	P&C	-	-	-	-	-	-	0.9	1.0	-	-	0.9	1.0
	AM	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.1	-	-	0.5	0.5
	IB	0.6	0.7	0.4	0.5	0.5	0.5	0.2	0.2	(0.0)	(0.0)	1.7	1.9
	CC	-	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)
	Group	**2.8**	**2.8**	**1.0**	**1.1**	**1.5**	**1.5**	**1.6**	**1.7**	**(0.0)**	**(0.1)**	**6.9**	**7.0**
Operating expenses	WM	0.1	0.1	0.4	0.3	0.8	0.6	0.2	0.2	0.0	0.0	1.4	1.2
	WMA	1.8	1.6	-	-	-	-	-	-	-	-	1.8	1.6
	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	0.4
	IB	0.4	0.5	0.4	0.4	0.6	0.5	0.1	0.1	(0.0)	(0.0)	1.5	1.5
	CC	-	-	-	-	-	-	-	-	0.5	0.3	0.5	0.3
	Group	**2.5**	**2.3**	**0.8**	**0.8**	**1.4**	**1.2**	**0.9**	**1.0**	**0.5**	**0.3**	**6.1**	**5.6**
Profit before tax	WM	0.0	0.0	0.1	0.2	0.1	0.3	0.2	0.2	0.0	(0.0)	0.5	0.6
	WMA	0.1	0.2	-	-	-	-	-	-	-	-	0.1	0.2
	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)	0.2	0.1
	IB	0.1	0.2	0.0	0.1	(0.0)	0.1	0.1	0.1	0.0	(0.0)	0.2	0.4
	CC	-	-	-	-	-	-	-	-	(0.6)	(0.4)	(0.6)	(0.4)
	Group	**0.3**	**0.5**	**0.2**	**0.3**	**0.1**	**0.3**	**0.7**	**0.7**	**(0.5)**	**(0.4)**	**0.8**	**1.4**

Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Refers to items managed globally

Adjusted results

Adjusting items		FY14	FY15	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
CHF million												
Operating income as reported (Group)		**28,027**	**30,605**	**7,258**	**7,147**	**6,876**	**6,746**	**8,841**	**7,818**	**7,170**	**6,775**	**6,833**
of which:												
Gains/(losses) on sale of subsidiaries and businesses	WM		169					141	56		(28)	
	AM		56								56	
Gain related to our investment in the SIX Group	WM		15							15		
	P&C		66							66		
Gain from the partial sales of our investment in Markit	IB	43	11		43				11			
Impairment of a financial asset available for sale	IB	(48)				(48)						
Own credit on financial liabilities designated at FV	CC - Group ALM	292	553	88	72	61	70	226	259	32	35	
Net FX translation gains/(losses) from the disposal of subsidiaries	CC - Group ALM		88							(27)	115	(123)
Gains on sales of real estate	CC - Services	44	378	23	1		20	378				
Net losses related to the buyback of debt	CC - Group ALM		(257)								(257)	
Operating income adjusted (Group)		**27,696**	**29,526**	**7,147**	**7,031**	**6,863**	**6,656**	**8,096**	**7,492**	**7,084**	**6,854**	**6,956**
Operating expenses as reported (Group)		**25,567**	**25,116**	**5,865**	**5,929**	**7,430**	**6,342**	**6,134**	**6,059**	**6,382**	**6,541**	**5,855**
of which:												
Net restructuring charges	WM	185	323	40	38	60	48	46	69	74	133	79
	WMA	55	137	10	7	15	23	24	24	39	50	33
	P&C	64	101	15	13	20	16	16	17	28	41	23
	AM	50	82	4	2	5	39	18	4	23	38	20
	IB	261	396	124	27	50	60	70	66	118	143	117
	CC - Services	30	140	2	4	16	8	119	0	2	19	(8)
	CC - NCL[1]	31	56	9	(2)	10	14	11	13	15	17	2
Credit related to changes to retiree benefit plans in the US	WMA	(9)	(21)			(3)	(7)			(21)		
	AM	(8)				(8)						
	IB	(20)				(19)	(1)					
	CC - NCL[1]	(3)				(3)						
Impairment of an intangible asset	IB		11						11			
Operating expenses adjusted (Group)		**24,931**	**23,891**	**5,661**	**5,840**	**7,287**	**6,142**	**5,829**	**5,857**	**6,105**	**6,100**	**5,590**
Operating profit/(loss) before tax as reported		**2,461**	**5,489**	**1,393**	**1,218**	**(554)**	**404**	**2,708**	**1,759**	**788**	**234**	**978**
Operating profit/(loss) before tax adjusted		**2,766**	**5,635**	**1,486**	**1,191**	**(424)**	**514**	**2,268**	**1,635**	**979**	**754**	**1,366**

Adjusted numbers unless otherwise indicated, refer to slide 27 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
Refer to page 9 of the first quarter 2016 report for an overview of adjusted numbers; 1 Non-core and Legacy Portfolio

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 page 9 of the first quarter 2016 report which is available in the section "Quarterly reporting" at www.ubs.com/investors for an overview of adjusted numbers.

If applicable for a given adjusted KPI (i.e., adjusted return on tangible equity), adjustment items are calculated on an after-tax basis by applying an indicative tax rate. Refer to page 15 of the first quarter 2016 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 Swiss SRB Basel III numbers 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 fully 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 first quarter 2016 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.