

29 July 2016

UBS 2Q adjusted profit before tax CHF 1.7 billion

Net profit attributable to UBS Group AG shareholders CHF 1,034 million; diluted earnings per share CHF 0.27

10.1% annualized adjusted return on tangible equity

Strong overall results; exceptional performance in Personal & Corporate Banking

Fully applied CET1 capital ratio 14.2%; fully applied CET1 leverage ratio 3.4%

UBS takes action to support United Nations Sustainable Development Goals

Zurich/Basel, 29 July 2016 – In the second quarter of 2016, UBS delivered strong results with an adjusted¹ profit before tax of CHF 1,672 million, up slightly on the second quarter 2015 when market conditions were more favorable, particularly in Asia. Net profit attributable to UBS Group AG shareholders was CHF 1,034 million, with diluted earnings per share of CHF 0.27. Group annualized adjusted¹ return on tangible equity was 10.1%. This performance was achieved against the backdrop of continued economic and heightened geopolitical uncertainty, which led to ongoing and pronounced low client activity, and subdued primary market issuance.

UBS maintained its strong capital position, with a fully applied CET1 capital ratio of 14.2% and a fully applied CET1 leverage ratio of 3.4%. Risk-weighted assets (RWA) were stable from the prior quarter at CHF 214 billion, despite ongoing regulatory inflation. The fully applied leverage ratio denominator (LRD) decreased slightly to CHF 898 billion.

As of 30 June 2016, the Group achieved its previously announced target of CHF 1.4 billion of net cost savings, a CHF 200 million improvement in the quarter, making progress toward the CHF 2.1 billion 2017 year-end target, while continuing to absorb substantially higher regulatory costs. UBS is taking responsible measures to save costs across the firm in light of the current challenging environment. At the same time, UBS is ensuring that its control framework, quality of client service and strategic growth priorities are not compromised.

“We achieved this strong result by helping our clients navigate continued difficult market conditions, while staying disciplined on risk and further reducing cost. UBS remains in a solid position with strong capital, strategic clarity and a well-diversified business model.” **Sergio P. Ermotti, Group Chief Executive Officer**

Information in this release is presented for UBS Group AG on a consolidated basis unless otherwise specified. Financial information for UBS AG (consolidated) does not differ materially from UBS Group AG (consolidated) and a comparison between UBS Group AG (consolidated) and UBS AG (consolidated) is provided at the end of this news release. UBS AG second quarter 2016 report will be available from 4 August 2016 in “Quarterly reporting” at www.ubs.com/investors.

Second quarter 2016: Divisional and Corporate Center performance overview²

Wealth Management delivered an adjusted¹ profit before tax of CHF 606 million, down CHF 163 million from the second quarter of 2015, a resilient performance despite much more subdued client activity. Wealth Management attracted net new money of CHF 6.0 billion, while remaining focused on sustainable profitability, driven by strong net inflows from Asia Pacific and Switzerland partly offset by cross-border outflows in emerging markets and Europe. Net new mandates in the quarter were CHF 6.9 billion, increasing penetration to 27.1% of invested assets.

Wealth Management Americas recorded an adjusted¹ profit before tax of USD 281 million compared with USD 231 million in the second quarter of 2015, reflecting record net interest income and lower operating expenses. Net new money in the second quarter was USD 2.4 billion, despite seasonal tax-related outflows, compared with USD 0.7 billion of net outflows in the same quarter last year.

Personal & Corporate Banking posted an adjusted¹ profit before tax of CHF 463 million, up from CHF 414 million in the second quarter of 2015, the best quarterly result since the fourth quarter of 2008, with higher operating income and lower operating expenses, despite continued challenges from negative interest rates. The annualized net new business volume growth rate for the personal banking business was a solid 3.0%, with record first-half-year net new clients, driven by the firm's market-leading e-banking and mobile offering.

Asset Management delivered an adjusted¹ profit before tax of CHF 148 million, a 10% increase from CHF 134 million in the same quarter last year, mainly due to higher performance fees in Global Real Estate. Excluding money market flows, net new money outflows were CHF 8.8 billion, driven by asset allocation moves, including from active to passive investments, and clients' liquidity needs.

The **Investment Bank** posted an adjusted¹ profit before tax of CHF 447 million compared with CHF 617 million in the second quarter of 2015. The annualized adjusted¹ return on attributed equity was strong for the quarter with prudent risk and resource management, as well as decisive actions on costs. Investor Client Services was down year-on-year despite a strong performance in Foreign Exchange, Rates and Credit. Corporate Client Solutions' revenues decreased, partly due to lower global fee pools, reflecting prudent risk appetite in deal participation. The Investment Bank's RWA stood at CHF 64 billion and the LRD was CHF 267 billion as of quarter end.

Corporate Center – Services recorded an adjusted¹ loss before tax of CHF 213 million, a CHF 40 million improvement on the second quarter of 2015. **Group Asset and Liability Management** recorded an adjusted¹ profit before tax of CHF 70 million. **Non-core and Legacy Portfolio** posted an adjusted¹ loss before tax of CHF 124 million and reduced LRD by CHF 8 billion to CHF 33 billion from the first quarter 2016.

¹ Refer to the "Adjusted results" paragraph at the end of this news release.

² From the second quarter of 2016 onward, our commentary on quarterly Group and business divisions and Corporate Center performance is based on a comparison with the results of the quarter in the prior year.

UBS supports United Nations' sustainability initiatives

In June, UBS announced the winner of the UBS Grand Challenge, an internal competition that mobilized over 1,200 employees to develop innovative solutions for five of the new UN Sustainable Development Goals. The winning team's solution was a "save-as-you-go" mobile payment technology to help reduce pension gaps among lower- and middle-income individuals, allowing them to automatically save for their retirement every time they make an electronic payment. The winning team will now work with the Center for Global Development to bring the product to market.

As one of the first signatories of the UN Global Compact, and with one of the largest portfolios of sustainable investment funds, UBS is supporting the launch of the UN Global Compact 100 sustainability index. UBS helped develop the index, which provides investors with a benchmark to invest in environmental, social and governance (ESG) adherent businesses.

Awards and achievements

Wealth management researcher Scorpio Partnership confirmed UBS as the world's largest wealth manager with a total of USD 1.7 trillion assets under management. At the recent Euromoney Awards for Excellence, UBS received accolades as the World's Best Bank for Wealth Management, Best Bank in Switzerland and World's Best Bank for Markets among others. UBS Investment Bank's innovative trading platform, UBS Neo, was honored at the *Profit & Loss* (P&L) Digital FX Awards 2016 with four awards, including Best Platform. It also won the Client Experience Award, and awards for Best Rates Platform and Best Structured Products Platform. *FinanceAsia* recognized UBS with a string of Platinum awards in its 20th anniversary edition, including the pan-Asia Platinum award for Best Private Bank and as joint winner in the Best Equity House category. UBS was also confirmed recently as Switzerland's most popular employer among business students in the annual Trendence Institute survey.

Outlook

Sustained market volatility, underlying macroeconomic uncertainty and heightened geopolitical tensions, exacerbated by the impact of the UK referendum vote to end EU membership, continued to contribute to client risk aversion and generally low transaction volumes. These conditions are unlikely to change in the foreseeable future. Furthermore, lower than anticipated and negative interest rates and the relative strength of the Swiss franc, particularly against the euro, still present considerable headwinds. In addition, the changes to the Swiss bank capital standards and proposed further changes to the international regulatory framework for banks will result in increasing capital requirements and costs. UBS is well positioned to benefit from even a moderate improvement in conditions and remains committed to executing its strategy with discipline to mitigate these effects.

Performance by business division and Corporate Center unit – reported and adjusted^{1,2}

	For the quarter ended 30.6.16								
<i>CHF million</i>	Wealth Management	Wealth Management Americas	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	1,815	1,879	1,085	483	2,000	78	45	19	7,404
<i>of which: gain on sale of investment in Visa Europe</i>	21		102						123
<i>of which: gains on sales of real estate</i>						120			120
<i>of which: net foreign currency translation losses⁴</i>							(26)		(26)
<i>of which: losses on sales of subsidiaries and businesses</i>	(23)								(23)
Operating income (adjusted)	1,817	1,879	983	483	2,000	(42)	71	19	7,210
Operating expenses as reported	1,297	1,643	551	369	1,716	190	2	148	5,915
<i>of which: personnel-related restructuring expenses⁵</i>	7	5	1	4	37	139	0	0	192
<i>of which: non-personnel-related restructuring expenses⁵</i>	6	0	0	6	4	168	0	0	185
<i>of which: restructuring expenses allocated from CC – Services⁵</i>	73	33	30	24	122	(287)	0	5	0
Operating expenses (adjusted)	1,211	1,605	520	335	1,553	170	2	143	5,538
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	9	16	0	(5)	26	2	0	23	72
Operating profit / (loss) before tax as reported	518	237	534	114	284	(113)	44	(129)	1,489
Operating profit / (loss) before tax (adjusted)	606	275	463	148	447	(213)	70	(124)	1,672

	For the quarter ended 30.6.15								
<i>CHF million</i>	Wealth Management	Wealth Management Americas	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	2,080	1,823	952	476	2,355	(41)	138	35	7,818
<i>of which: own credit on financial liabilities designated at fair value</i>							259		259
<i>of which: gains on sales of subsidiaries and businesses</i>	56								56
<i>of which: gain on a further partial sale of investment in Markit</i>					11				11
Operating income (adjusted)	2,024	1,823	952	476	2,344	(41)	(121)	35	7,492
Operating expenses as reported	1,324	1,631	555	346	1,804	212	7	180	6,059
<i>of which: personnel-related restructuring expenses⁵</i>	18	0	0	0	0	85	0	7	110
<i>of which: non-personnel-related restructuring expenses⁵</i>	10	0	0	0	1	70	0	0	81
<i>of which: restructuring expenses allocated from CC – Services⁵</i>	41	24	16	4	65	(155)	0	6	0
<i>of which: impairment of an intangible asset</i>					11				11
Operating expenses (adjusted)	1,255	1,607	538	342	1,727	212	7	167	5,857
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	10	51	0	0	(12)	0	0	23	71
Operating profit / (loss) before tax as reported	756	191	397	130	551	(253)	132	(145)	1,759
Operating profit / (loss) before tax (adjusted)	769	215	414	134	617	(253)	(127)	(132)	1,635

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 Refer to "Note 18 Changes in organization and disposals" in the "Consolidated financial statements" section of the UBS Group second quarter 2016 report for more information.

UBS Group AG key figures

<i>CHF million, except where indicated</i>	As of or for the quarter ended				As of or year-to-date	
	30.6.16	31.3.16	31.12.15	30.6.15	30.6.16	30.6.15
Group results						
Operating income	7,404	6,833	6,775	7,818	14,237	16,659
Operating expenses	5,915	5,855	6,541	6,059	11,770	12,193
Operating profit / (loss) before tax	1,489	978	234	1,759	2,467	4,467
Net profit / (loss) attributable to UBS Group AG shareholders	1,034	707	949	1,209	1,741	3,186
Diluted earnings per share (CHF) ¹	0.27	0.18	0.25	0.32	0.45	0.85
Key performance indicators²						
Profitability						
Return on tangible equity (%)	8.9	6.0	8.1	11.0	7.4	14.4
Return on assets, gross (%)	3.0	2.9	2.8	3.1	2.9	3.2
Cost / income ratio (%)	79.8	85.7	95.7	77.4	82.6	73.1
Growth						
Net profit growth (%)	(14.5)	(64.2)	10.6	52.7	(45.4)	72.6
Net new money growth for combined wealth management businesses (%) ³	1.7	5.9	2.9	1.5	3.8	2.6
Resources						
Common equity tier 1 capital ratio (fully applied, %) ⁴	14.2	14.0	14.5	14.4	14.2	14.4
Leverage ratio (phase-in, %) ⁵	6.0	6.0	6.2	5.4	6.0	5.4
Additional information						
Profitability						
Return on equity (RoE) (%)	7.7	5.1	6.9	9.4	6.4	12.4
Return on risk-weighted assets, gross (%) ⁶	13.9	13.0	12.9	14.7	13.4	15.5
Resources						
Total assets	989,397	966,873	942,819	950,168	989,397	950,168
Equity attributable to UBS Group AG shareholders	52,876	54,845	55,313	50,211	52,876	50,211
Common equity tier 1 capital (fully applied) ⁴	30,264	29,853	30,044	30,265	30,264	30,265
Common equity tier 1 capital (phase-in) ⁴	37,064	36,580	40,378	38,706	37,064	38,706
Risk-weighted assets (fully applied) ⁴	213,840	213,558	207,530	209,777	213,840	209,777
Common equity tier 1 capital ratio (phase-in, %) ⁴	17.1	16.9	19.0	18.2	17.1	18.2
Total capital ratio (fully applied, %) ⁴	23.1	22.7	22.9	21.2	23.1	21.2
Total capital ratio (phase-in, %) ⁴	25.4	25.7	26.8	25.0	25.4	25.0
Leverage ratio (fully applied, %) ⁵	5.5	5.4	5.3	4.7	5.5	4.7
Leverage ratio denominator (fully applied) ⁵	898,195	905,801	897,607	944,422	898,195	944,422
Liquidity coverage ratio (%) ⁷	133	134	124	114	133	114
Other						
Invested assets (CHF billion) ⁸	2,677	2,618	2,689	2,628	2,677	2,628
Personnel (full-time equivalents)	60,093	60,547	60,099	59,648	60,093	59,648
Market capitalization ⁹	48,398	59,638	75,147	74,547	48,398	74,547
Total book value per share (CHF) ⁹	14.27	14.74	14.75	13.71	14.27	13.71
Tangible book value per share (CHF) ⁹	12.54	13.04	13.00	12.04	12.54	12.04

1 Refer to "Note 9 Earnings per share (EPS) and shares outstanding" in the "Consolidated financial statements" section of the UBS Group second quarter 2016 report for more information. 2 Refer to the "Measurement of performance" section of our Annual Report 2015 and to the "Recent developments" section of the UBS Group second quarter 2016 report for the definitions of our key performance indicators. 3 Based on adjusted net new money which excludes the negative effect on net new money of CHF 6.6 billion in Wealth Management from our balance sheet and capital optimization program in the second quarter of 2015. 4 Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRBs). Refer to the "Capital management" section of the UBS Group second quarter 2016 report for more information. 5 Calculated in accordance with Swiss SRB rules. Refer to the "Capital management" section of the UBS Group second quarter 2016 report for more information. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules. Figures for periods prior to 31 December 2015 are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. 6 Based on fully applied risk-weighted assets. 7 Refer to the "Balance sheet, liquidity and funding management" section of the UBS Group second quarter 2016 report for more information. Figures represent a 3-month average. The second, third and fourth quarter 2015 liquidity coverage ratios were adjusted from 121% to 114%, 127% to 121% and 128% to 124%, respectively. 8 Includes invested assets for Personal & Corporate Banking. 9 Refer to the "UBS shares" section of the UBS Group second quarter 2016 report for more information.

Income statement

<i>CHF million</i>	For the quarter ended			% change from		Year-to-date	
	30.6.16	31.3.16	30.6.15	1Q16	2Q15	30.6.16	30.6.15
Net interest income	1,164	1,712	1,490	(32)	(22)	2,876	3,127
Credit loss (expense) / recovery	(7)	(3)	(13)	133	(46)	(9)	(29)
Net interest income after credit loss expense	1,158	1,709	1,478	(32)	(22)	2,867	3,098
Net fee and commission income	4,087	4,093	4,409	0	(7)	8,180	8,810
Net trading income	1,891	1,013	1,647	87	15	2,904	3,781
<i>of which: net trading income excluding own credit</i>	1,891	1,013	1,387	87	36	2,904	3,296
<i>of which: own credit on financial liabilities designated at fair value</i>			259				486
Other income	269	17	285		(6)	286	970
Total operating income	7,404	6,833	7,818	8	(5)	14,237	16,659
<i>of which: net interest and trading income</i>	3,055	2,725	3,137	12	(3)	5,780	6,909
Personnel expenses	3,985	3,924	4,124	2	(3)	7,910	8,297
General and administrative expenses	1,666	1,664	1,695	0	(2)	3,330	3,408
Depreciation and impairment of property, equipment and software	240	243	209	(1)	15	483	429
Amortization and impairment of intangible assets	24	23	30	4	(20)	47	58
Total operating expenses	5,915	5,855	6,059	1	(2)	11,770	12,193
Operating profit / (loss) before tax	1,489	978	1,759	52	(15)	2,467	4,467
Tax expense / (benefit)	376	270	443	39	(15)	646	1,113
Net profit / (loss)	1,113	708	1,316	57	(15)	1,820	3,354
Net profit / (loss) attributable to non-controlling interests	79	0	106		(25)	79	168
Net profit / (loss) attributable to UBS Group AG shareholders	1,034	707	1,209	46	(14)	1,741	3,186
Comprehensive income							
Total comprehensive income	1,558	349	(584)	346		1,907	1,142
Total comprehensive income attributable to non-controlling interests	407	(50)	11			357	(71)
Total comprehensive income attributable to UBS Group AG shareholders	1,151	399	(595)	188		1,550	1,213

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

	As of or for the quarter ended 30.6.16			As of or for the quarter ended 31.3.16			As of or for the quarter ended 31.12.15		
	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)
<i>CHF million, except where indicated</i>									
Income statement									
Operating income	7,404	7,399	5	6,833	6,855	(22)	6,775	6,771	4
Operating expenses	5,915	5,942	(27)	5,855	5,876	(21)	6,541	6,543	(2)
Operating profit / (loss) before tax	1,489	1,457	32	978	979	(1)	234	228	6
<i>of which: Wealth Management</i>	518	514	4	557	552	5	344	342	2
<i>of which: Wealth Management Americas</i>	237	225	12	211	204	7	14	8	6
<i>of which: Personal & Corporate Banking</i>	534	533	1	399	399	0	355	356	(1)
<i>of which: Asset Management</i>	114	113	1	90	90	0	171	171	0
<i>of which: Investment Bank</i>	284	267	17	253	236	17	80	83	(3)
<i>of which: Corporate Center</i>	(198)	(195)	(3)	(534)	(502)	(32)	(729)	(732)	3
<i>of which: Services</i>	(113)	(109)	(4)	(203)	(193)	(10)	(345)	(349)	4
<i>of which: Group ALM</i>	44	42	2	(148)	(127)	(21)	(56)	(54)	(2)
<i>of which: Non-core and Legacy Portfolio</i>	(129)	(128)	(1)	(183)	(182)	(1)	(329)	(329)	0
Net profit / (loss)	1,113	1,088	25	708	713	(5)	950	951	(1)
<i>of which: net profit / (loss) attributable to shareholders</i>	1,034	1,009	25	707	713	(6)	949	950	(1)
<i>of which: net profit / (loss) attributable to preferred noteholders</i>		78	(78)		0	0		0	0
<i>of which: net profit / (loss) attributable to non-controlling interests</i>	79	1	78	0	0	0	1	1	0
Statement of comprehensive income									
Other comprehensive income	445	446	(1)	(358)	(358)	0	214	214	0
<i>of which: attributable to shareholders</i>	117	118	(1)	(308)	(308)	0	177	177	0
<i>of which: attributable to preferred noteholders</i>		328	(328)		(50)	50		35	(35)
<i>of which: attributable to non-controlling interests</i>	329	0	329	(50)	(1)	(49)	37	2	35
Total comprehensive income	1,558	1,535	23	349	355	(6)	1,164	1,165	(1)
<i>of which: attributable to shareholders</i>	1,151	1,127	24	399	405	(6)	1,126	1,126	0
<i>of which: attributable to preferred noteholders</i>		406	(406)		(50)	50		35	(35)
<i>of which: attributable to non-controlling interests</i>	407	1	406	(50)	(1)	(49)	38	3	35
Balance sheet									
Total assets	989,397	990,135	(738)	966,873	968,158	(1,285)	942,819	943,256	(437)
Total liabilities	935,835	936,096	(261)	910,088	910,557	(469)	885,511	886,013	(502)
Total equity	53,562	54,039	(477)	56,786	57,601	(815)	57,308	57,243	65
<i>of which: equity attributable to shareholders</i>	52,876	53,353	(477)	54,845	55,660	(815)	55,313	55,248	65
<i>of which: equity attributable to preferred noteholders</i>		649	(649)		1,905	(1,905)		1,954	(1,954)
<i>of which: equity attributable to non-controlling interests</i>	686	37	649	1,941	36	1,905	1,995	41	1,954
Capital information									
Common equity tier 1 capital (fully applied)	30,264	32,184	(1,920)	29,853	32,118	(2,265)	30,044	32,042	(1,998)
Common equity tier 1 capital (phase-in)	37,064	38,913	(1,849)	36,580	38,762	(2,182)	40,378	41,516	(1,138)
Additional tier 1 capital (fully applied)	7,785	2,688	5,097	7,585	2,643	4,942	6,154	1,252	4,902
Tier 2 capital (fully applied)	11,331	10,441	890	11,112	10,217	895	11,237	10,325	912
Total capital (fully applied)	49,381	45,313	4,068	48,551	44,978	3,573	47,435	43,619	3,816
Risk-weighted assets (fully applied)	213,840	214,210	(370)	213,558	214,973	(1,415)	207,530	208,186	(656)
Common equity tier 1 capital ratio (fully applied, %)	14.2	15.0	(0.8)	14.0	14.9	(0.9)	14.5	15.4	(0.9)
Common equity tier 1 capital ratio (phase-in, %)	17.1	17.9	(0.8)	16.9	17.8	(0.9)	19.0	19.5	(0.5)
Total capital ratio (fully applied, %)	23.1	21.2	1.9	22.7	20.9	1.8	22.9	21.0	1.9
Leverage ratio denominator (fully applied)	898,195	899,075	(880)	905,801	907,277	(1,476)	897,607	898,251	(644)
Leverage ratio (fully applied, %)	5.5	5.0	0.5	5.4	5.0	0.4	5.3	4.9	0.4

Group and business division targets and expectations (ranges for sustainable performance over the cycle)¹

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 ²	
	LRD (fully applied)	Expectation: around CHF 325 billion short/medium term ²	
Group	Net cost reduction	CHF 2.1 billion by end 2017	
	Adjusted cost/income ratio	60–70%	
	Adjusted return on tangible equity	>15%	
	Basel III CET1 ratio (fully applied)	at least 13%	
	RWA (fully applied)	Expectation: around CHF 250 billion short/medium term ²	
	LRD (fully applied)	Expectation: around CHF 950 billion short/medium term ²	

¹ Refer to page 36-37 of the Annual Report 2015 report for detail. ² Reflects known FINMA multipliers and methodology changes for RWA, and assumes normalized market conditions for both RWA and LRD.

UBS's second quarter 2016 report, news release and slide presentation will be available from 06:45 CEST on Friday, 29 July 2016, at www.ubs.com/quarterlyreporting.

UBS will hold a presentation of its second quarter 2016 results on Friday, 29 July 2016. The results will be presented by Sergio P. Ermotti, Group Chief Executive Officer, Kirt Gardner, Group Chief Financial Officer, Martin Osinga, Global Head of Investor Relations ad interim, and Hubertus Kuelps, Group Head of Communications & Branding.

Time

- 09:00–11:00 CEST
- 08:00–10:00 BST
- 03:00–05:00 US EDT

Audio webcast

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

Webcast playback

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

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Cautionary Statement Regarding Forward-Looking Statements

This news release contains statements that constitute "forward-looking statements," including but not limited to management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development. While these forward-looking statements represent UBS's judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (i) the degree to which UBS is successful in executing its announced strategic plans, including its cost reduction and efficiency initiatives and its targets for risk-weighted assets (RWA) and leverage ratio denominator (LRD), and the degree to which UBS is successful in implementing changes to its wealth management businesses to meet changing market, regulatory and other conditions; (ii) the 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) requirements, or loss-absorbing capital; (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK and other financial centers that may impose, 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 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, completing 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) the uncertainty arising from the UK referendum vote to withdraw from the EU and the potential need to make changes in UBS's legal structure and operations as a result of a UK exit from the EU; (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 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 component of our RWA; (xi) the effects on UBS's cross-border banking business of tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (xii) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xiii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiv) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xv) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (xvi) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyber-attacks, 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 of its broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xviii) the degree to which changes in regulation, capital or legal structure, financial results or other factors, including methodology, assumptions and stress scenarios, may affect UBS's ability to maintain its stated capital return objective; and (xix) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 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.

Adjusted results

In addition to reporting our results in accordance with International Financial Reporting Standards (IFRS), we report adjusted results that exclude items that management believes are not representative of the underlying performance of our businesses. Such adjusted results are non-GAAP financial measures as defined by SEC regulations. Unless otherwise indicated, second quarter of 2016 "adjusted" figures exclude each of the following items, to the extent applicable, on a Group and business division level: a gain of CHF 123 million on the sale of our investment in Visa Europe, gains on sales of real estate in Switzerland of CHF 120 million, net foreign currency translation losses of CHF 26 million, a loss of CHF 23 million on the sale of a subsidiary, and net restructuring expenses of CHF 377 million. For the second quarter of 2015, we excluded an own credit gain of CHF 259 million, gains of CHF 56 million on the sale of a business, a gain from a further partial sale of our investment in Markit of CHF 11 million, as well as net restructuring expenses of CHF 191 million and an impairment of an intangible asset of CHF 11 million. Refer to the "Group performance" section of UBS's second quarter 2016 report for more information on adjusted results.

Rounding

Numbers presented throughout this news release may not add up precisely to the totals provided in the tables and text. Percentages, percent changes and absolute variances are calculated on the basis of rounded figures displayed in the tables and text and may not precisely reflect the percentages, percent changes and absolute variances that would be calculated on the basis of 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. Percentage changes are presented as a mathematical calculation of the change between periods.