

28 July 2017

2Q17 net profit up 14% YoY to CHF 1.2bn

Adjusted¹ profit before tax CHF 1.7bn; diluted EPS CHF 0.31**CHF 1.0bn adjusted¹ profit before tax in global wealth management, up 15% YoY****Adjusted¹ return on tangible equity 11.4%, 15.9% excluding DTAs²****First half 2017 adjusted¹ profit before tax CHF 3.6bn, up 19% YoY; net profit attributable to shareholders of CHF 2.4bn, up 40% YoY; diluted EPS CHF 0.64****Fully applied CET1 capital ratio 13.5% and CET1 leverage ratio 3.7%****UBS raises USD 325m for Rise, the world's largest impact investment fund**

Zurich, 28 July 2017 – UBS delivered strong second quarter results with net profit attributable to shareholders up 14% year on year to CHF 1,174m. Adjusted¹ profit before tax of CHF 1,675m and reported profit before tax of CHF 1,502m were both broadly unchanged. As of 30 June 2017, the Group achieved CHF 1.8bn of annualized net cost savings and is on track to achieve its CHF 2.1bn target by the end of 2017.

Global wealth management delivered 15% adjusted¹ profit before tax growth year over year, on increased client activity, US dollar interest rate rises, higher invested asset levels, further progress on mandate penetration and loan growth. This very strong performance benefited from growth in all revenue lines as well as good cost discipline. The Investment Bank saw strong revenues in Corporate Client Solutions and delivered an annualized adjusted¹ return on attributed equity of 18%, despite low market volatility, which affected Foreign Exchange, Rates and Credit in particular. Personal & Corporate Banking adjusted¹ profit before tax decreased as expected on lower net interest income in the continued negative interest rate environment, partly offset by higher transaction-based and recurring net fee income. Personal banking had the highest second quarter annualized net new business volume growth in a decade and record net new client acquisition year-to-date. Asset Management's invested assets reached a nine-year high of CHF 703bn, including strong ex money market net new money of CHF 10bn, and which was mainly into passive strategies. Group annualized adjusted¹ return on tangible equity was 11.4%, or 15.9% excluding deferred tax assets.²

UBS's fully applied CET1 capital increased by CHF 0.6bn to CHF 31.9bn, mainly as a result of profits in the quarter. RWA increased by CHF 15bn to CHF 237bn, the majority of which was due to regulatory-driven methodology changes and regulatory inflation, most of which are an advance on increases expected upon the finalization of Basel III rules. The capital position remains strong, with a fully applied CET1 capital ratio of 13.5%, a CET1 leverage ratio of 3.7% and total loss-absorbing capacity of CHF 74bn.

"Considering market conditions, the second quarter results were very good and contributed to a strong first half of the year. Our global wealth management business in particular delivered an excellent performance. The results once again demonstrate the value of our diversified business model, allowing us to grow profitably and sustainably over the cycle and in a variety of market conditions." **Sergio P. Ermotti, Group Chief Executive Officer**

Outlook

Improved investor sentiment and enhanced confidence have translated into improvements in wealth management client activity levels. However, the persistence of low volatility levels and seasonality factors may continue to affect overall client activity. In addition, while we expect the global economic recovery to strengthen, geopolitical tensions and macroeconomic uncertainty still pose risks to client sentiment. Low and negative interest rates, particularly in Switzerland and the eurozone, put pressure on net interest margins, which may be partially offset by the effect of a further normalization of US monetary policy. Implementing Switzerland's new bank capital standards and further changes to national and international regulatory frameworks for banks will result in increased capital requirements, interest and operating costs. UBS is well positioned to mitigate these challenges and benefit from further improvements in market conditions.

Information in this news 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.

Second quarter 2017 performance overview

UBS's second quarter adjusted¹ profit before tax was CHF 1,675m, and reported profit before tax was CHF 1,502m. Adjustments to reported profit before tax included CHF 258m in net restructuring expenses, a CHF 107m gain on the sale of an investment and CHF 22m of foreign currency translation losses. Net profit attributable to shareholders was CHF 1,174m, with diluted earnings per share of CHF 0.31. Adjusted¹ return on tangible equity was 11.4%, or 15.9% excluding deferred tax assets.²

Global wealth management adjusted¹ PBT CHF 1,013m, up 15% YoY

Increased client activity, US dollar interest rate rises, higher invested asset levels, further progress on mandates and lending, and good cost control all supported very strong growth. Net new money was CHF 7.5bn in the second quarter. Mandate and managed account penetration increased by 130 bps from the prior year to 32.3% of invested assets. The loan book increased by 4%. Adjusted¹ net margin increased by 1 bp to 19 bps.

Wealth Management adjusted¹ PBT CHF 691m, up 14% YoY

Performance was driven by higher transaction-based and recurring net fee income, as well as good cost control. Net new money was strong at CHF 13.7bn, despite outflows related to the introduction of fees on euro deposit concentrations and cross-border outflows. Net mandate sales in the quarter were CHF 9.3bn, and mandate penetration increased by 140 bps from the prior year to 28.5% of invested assets. Adjusted¹ net margin increased by 1 bp to 27 bps.

Wealth Management Americas adjusted¹ PBT USD 330m, up 17% YoY

Results reflected record recurring net fee income and net interest income. Net new money was negative USD 6.4bn, including outflows of USD 3.3bn associated with seasonal income tax payments and outflows due to lower recruiting in the quarter. Managed account assets increased by 130 bps from the prior year to a record 35.8% of invested assets. Advisor productivity remained industry-leading for both revenues and invested assets. Adjusted¹ net margin was unchanged at 11 bps.

Personal & Corporate Banking adjusted¹ PBT CHF 379m, down 18% YoY

Higher transaction-based and recurring net fee income was more than offset by lower net interest income, mainly as a result of the continued low interest rate environment. Net credit loss expense was CHF 28m, compared with a CHF 2m recovery in the prior-year quarter. Annualized net new business volume growth for personal banking was 4.5%, the highest second quarter in a decade.

Asset Management adjusted¹ PBT CHF 133m, down 10% YoY

Higher performance fees, primarily driven by the alternatives business, were more than offset by lower net management fees, which reflected margin compression due to client shifts from active to passive strategies. Invested assets reached a nine-year high of CHF 703bn. Net new money, excluding money market flows, was CHF 10.2bn, mainly into passive strategies.

Investment Bank adjusted¹ PBT CHF 419m, down 6% YoY

Revenues increased in Corporate Client Solutions, mostly in equity capital markets, as well as in Equities. These increases, along with continued cost control, were more than offset by a decrease in Foreign Exchange, Rates and Credit revenues, mainly reflecting lower client activity and low market volatility. The annualized adjusted¹ return on attributed equity was 18%.

Corporate Center – Services recorded an adjusted¹ loss before tax of CHF 137m. **Group Asset and Liability Management** adjusted¹ loss before tax was CHF 81m. **Non-core and Legacy Portfolio** posted an adjusted¹ loss before tax of CHF 51m.

First half of 2017 performance overview

UBS's first half of 2017 adjusted¹ profit before tax was CHF 3,609m, and reported profit before tax was CHF 3,192m. Adjustments to reported profit before tax included CHF 502m in net restructuring expenses, a CHF 107m gain on the sale of an investment and CHF 22m of foreign currency translation losses. Net profit attributable to shareholders was CHF 2,443m, with diluted earnings per share of CHF 0.64. Adjusted¹ return on tangible equity was 12.0%, or 16.6% excluding deferred tax assets.²

Global wealth management adjusted¹ PBT CHF 2,063m, up 17% YoY

Increased client activity, US dollar interest rate rises, higher invested asset levels, further progress on mandates and lending, and good cost control all supported very strong growth. Net new money was CHF 28.1bn. Mandate and managed account penetration increased by 130 bps from the prior year to 32.3% of invested assets. The loan book increased by 4%. Adjusted¹ net margin increased by 1 bp to 19 bps.

Wealth Management adjusted¹ PBT CHF 1,418m, up 14% YoY

Performance was driven by higher transaction-based income and good cost control. Annualized net new money growth was strong at 6.6% with CHF 32.3bn of net inflows, despite outflows related to the introduction of fees on euro deposit concentrations and cross-border outflows. Net mandate sales were CHF 24.4bn, and mandate penetration increased by 140 bps from the prior year to 28.5% of invested assets. Adjusted¹ net margin increased by 1 bp to 28 bps.

Wealth Management Americas adjusted¹ PBT USD 654m, up 25% YoY

Results reflected record net interest income and recurring net fee income. Net new money outflows were USD 4.4bn, as a result of lower recruiting and tax-related outflows in the second quarter. Managed account penetration increased by 130 bps from the prior year to a record 35.8% of invested assets. Adjusted¹ net margin improved by 1 bp to 11 bps.

Personal & Corporate Banking adjusted¹ PBT CHF 816m, down 8% YoY

Higher transaction-based and recurring net fee income was more than offset by lower net interest income, mainly as a result of the continued low interest rate environment. Net credit loss expense was CHF 21m, compared with a CHF 2m recovery in the first half of 2016. Annualized net new business volume growth for personal banking was the highest in a decade at 5.6%, with the highest net new client acquisition on record.

Asset Management adjusted¹ PBT CHF 256m, down 1% YoY

Higher performance fees, driven by the alternatives business, were more than offset by lower net management fees, which reflected margin compression due to client shifts from active to passive strategies. Net new money, excluding money market flows, was the highest first half figure for over a decade at CHF 29.9bn, with strong inflows into passive strategies.

Investment Bank adjusted¹ PBT CHF 976m, up 19% YoY

Revenues increased in Corporate Client Solutions, driven by strong equity capital markets and higher advisory revenues, as well as in Equities. These increases, along with continued cost control, were partly offset by a decrease in Foreign Exchange, Rates and Credit revenues, mainly reflecting lower client activity and low market volatility. The adjusted¹ return on attributed equity was 21%.

Corporate Center – Services recorded an adjusted¹ loss before tax of CHF 344m. **Group Asset and Liability Management** recorded an adjusted¹ loss before tax of CHF 18m. **Non-core and Legacy Portfolio** posted an adjusted¹ loss before tax of CHF 142m.

Business highlights

UBS raises USD 325m for Rise, the world's largest impact investment fund

In the second quarter, UBS successfully raised USD 325m for the Rise Fund, a unique private equity impact investment that is committed to achieving social and environmental impact alongside financial returns. The fund focuses on seven sectors aligned with the UN Sustainable Development Goals (UN SDGs). UBS has committed to raise USD 5bn over five years for impact investments related to the UN SDGs.

Innovation: The future of finance

Following its success in 2015, UBS launched another Future of Finance Challenge this quarter. The competition invites the world's emerging and established fintechs to showcase innovations that can transform the world of finance and banking. This year's competition focuses on four challenges: Digital Ecosystem, RegTech and LegalTech, Investment Banking 4.0 and Wealth in the Digital Age. In collaboration with the Investment Bank, Tradelegs, one of the 2015 finalists, recently developed the first investment solution for institutional clients that employs adaptive artificial intelligence to suggest strategies through structured products and managed accounts.

Asset Management granted Private Fund Management license in China

As the first Qualified Domestic Limited Partner license-holder to receive a Private Fund Management license, Asset Management was recently authorized to provide onshore fixed income, equity, and multi-asset private funds to institutional and high net worth investors in China, which will also benefit Wealth Management. The license represents a significant milestone in UBS's progress in China, one of the Group's top long-term growth opportunities.

UBS research climbs to the top in global investor rankings

In the rankings published by Institutional Investor in the second quarter, UBS Research reached the number two position for global equities. This represents a rise of five places in three years. The rankings are recognition of UBS Evidence Lab's distinctive approach to question-driven, primary research. The Lab is the largest and most-experienced sell-side team of primary research professionals in the world with experts in geospatial, pricing, social media, market research, and data science. It works to uncover new evidence that addresses pivotal questions from clients, giving them an edge in decision-making. UBS was also ranked number one overall for corporate access in EMEA.

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

² Excludes any net deferred tax expense / benefit from net profit attributable to shareholders and excludes any deferred tax assets that do not qualify as CET1 capital from tangible equity.

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

	For the quarter ended 30.6.17								
<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	1,882	2,077	935	479	2,026	(20)	(94)	(16)	7,269
<i>of which: gain on sale of financial assets available for sale⁴</i>					107				107
<i>of which: net foreign currency translation losses⁵</i>							(22)		(22)
Operating income (adjusted)	1,882	2,077	935	479	1,919	(20)	(72)	(16)	7,184
Operating expenses as reported	1,300	1,780	579	369	1,575	117	10	37	5,767
<i>of which: personnel-related restructuring expenses⁶</i>	14	0	2	3	4	93	1	0	117
<i>of which: non-personnel-related restructuring expenses⁶</i>	16	0	0	6	3	115	0	0	141
<i>of which: restructuring expenses allocated from CC – Services⁶</i>	79	25	21	15	67	(209)	0	2	0
Operating expenses (adjusted)	1,191	1,755	556	346	1,500	117	9	35	5,509
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	1	41	0	1	0	0	0	(34)	9
Operating profit / (loss) before tax as reported	582	297	356	110	451	(137)	(104)	(53)	1,502
Operating profit / (loss) before tax (adjusted)	691	322	379	133	419	(137)	(81)	(51)	1,675
	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 financial assets available for sale⁴</i>	21		102						123
<i>of which: gains on sales of real estate</i>						120			120
<i>of which: net foreign currency translation losses⁵</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 expenses⁶</i>	7	5	1	4	37	139	0	0	192
<i>of which: non-personnel-related restructuring expenses⁶</i>	6	0	0	6	4	168	0	0	185
<i>of which: restructuring expenses allocated from CC – Services⁶</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

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 Reflects a gain on sale of our remaining investment in IHS Markit in the Investment Bank in the second quarter of 2017 and a gain on sale of our investment in Visa Europe in Wealth Management and Personal & Corporate Banking in the second quarter of 2016. 5 Related to the disposal of foreign subsidiaries and branches. 6 Refer to "Note 16 Changes in organization and disposals" in the "Consolidated financial statements" section of the UBS Group second quarter 2017 report for more information.

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

	Year-to-date 30.6.17								
<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	3,810	4,128	1,893	929	4,124	(37)	(30)	(16)	14,801
<i>of which: gain on sale of financial assets available for sale⁴</i>					107				107
<i>of which: net foreign currency translation losses⁵</i>							(22)		(22)
Operating income (adjusted)	3,810	4,128	1,893	929	4,017	(37)	(8)	(16)	14,716
Operating expenses as reported	2,590	3,529	1,119	716	3,194	321	12	129	11,609
<i>of which: personnel-related restructuring expenses⁶</i>	15	0	4	5	22	186	1	0	233
<i>of which: non-personnel-related restructuring expenses⁶</i>	27	0	0	11	6	225	0	0	269
<i>of which: restructuring expenses allocated from CC – Services⁶</i>	155	47	38	28	124	(396)	1	4	0
Operating expenses (adjusted)	2,393	3,482	1,077	673	3,042	307	11	125	11,107
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	4	74	0	1	0	(3)	0	(33)	42
Operating profit / (loss) before tax as reported	1,221	599	774	213	931	(358)	(41)	(146)	3,192
Operating profit / (loss) before tax (adjusted)	1,418	646	816	256	976	(344)	(18)	(142)	3,609

	Year-to-date 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	3,700	3,769	2,048	951	3,879	23	(104)	(29)	14,237
<i>of which: gain on sale of financial assets available for sale⁴</i>	21		102						123
<i>of which: gains on sales of real estate</i>						120			120
<i>of which: net foreign currency translation losses⁵</i>							(149)		(149)
<i>of which: losses on sales of subsidiaries and businesses</i>	(23)								(23)
Operating income (adjusted)	3,702	3,769	1,946	951	3,879	(97)	45	(29)	14,166
Operating expenses as reported	2,624	3,320	1,115	747	3,342	338	0	283	11,770
<i>of which: personnel-related restructuring expenses⁶</i>	9	5	1	5	54	245	0	1	320
<i>of which: non-personnel-related restructuring expenses⁶</i>	20	0	0	8	6	287	0	0	322
<i>of which: restructuring expenses allocated from CC – Services⁶</i>	135	66	54	41	220	(520)	0	6	0
Operating expenses (adjusted)	2,459	3,249	1,060	693	3,062	325	0	277	11,128
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	9	34	(1)	(5)	26	2	0	46	111
Operating profit / (loss) before tax as reported	1,076	448	933	204	537	(315)	(104)	(312)	2,467
Operating profit / (loss) before tax (adjusted)	1,243	519	886	258	817	(422)	45	(306)	3,038

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 Reflects a gain on sale of our remaining investment in IHS Markit in the Investment Bank in the second quarter of 2017 and a gain on sale of our investment in Visa Europe in Wealth Management and Personal & Corporate Banking in the second quarter of 2016. ⁵ Related to the disposal of foreign subsidiaries and branches. ⁶ Refer to "Note 16 Changes in organization and disposals" in the "Consolidated financial statements" section of the UBS Group AG second quarter 2017 report for more information.

UBS Group key figures

CHF million, except where indicated	As of or for the quarter ended				As of or year-to-date	
	30.6.17	31.3.17	31.12.16	30.6.16	30.6.17	30.6.16
Group results						
Operating income	7,269	7,532	7,055	7,404	14,801	14,237
Operating expenses	5,767	5,842	6,308	5,915	11,609	11,770
Operating profit / (loss) before tax	1,502	1,690	746	1,489	3,192	2,467
Net profit / (loss) attributable to shareholders	1,174	1,269	636	1,034	2,443	1,741
Diluted earnings per share (CHF) ¹	0.31	0.33	0.17	0.27	0.64	0.45
Key performance indicators²						
Profitability						
Return on tangible equity (%)	10.3	10.9	5.6	8.9	10.6	7.4
Cost / income ratio (%)	78.8	77.6	89.1	79.8	78.2	82.6
Growth						
Net profit growth (%)	13.5	79.5	(33.0)	(14.5)	40.3	(45.4)
Net new money growth for combined wealth management businesses (%)	1.4	3.9	(1.1)	1.7	2.7	3.8
Resources						
Common equity tier 1 capital ratio (fully applied, %) ³	13.5	14.1	13.8	14.2	13.5	14.2
Going concern leverage ratio (fully applied, %) ⁴	4.7	4.6	4.6		4.7	
Additional information						
Profitability						
Return on equity (%)	8.9	9.5	4.8	7.7	9.2	6.4
Return on risk-weighted assets, gross (%) ⁵	12.8	13.6	12.9	13.9	13.2	13.4
Return on leverage ratio denominator, gross (%) ⁵	3.4	3.4	3.2	3.3	3.4	3.2
Resources						
Total assets	890,831	909,608	935,016	989,397	890,831	989,397
Equity attributable to shareholders	51,744	53,661	53,621	52,876	51,744	52,876
Common equity tier 1 capital (fully applied) ³	31,887	31,311	30,693	30,264	31,887	30,264
Common equity tier 1 capital (phase-in) ³	35,243	34,841	37,788	37,064	35,243	37,064
Risk-weighted assets (fully applied) ⁵	236,697	221,785	222,677	213,840	236,697	213,840
Common equity tier 1 capital ratio (phase-in, %) ³	14.8	15.6	16.8	17.1	14.8	17.1
Going concern capital ratio (fully applied, %) ⁴	17.2	18.2	17.9		17.2	
Going concern capital ratio (phase-in, %) ⁴	21.7	23.2	24.7		21.7	
Going concern loss-absorbing capacity ratio (fully applied, %) ⁴	14.0	15.0	13.2		14.0	
Leverage ratio denominator (fully applied) ³	860,879	881,183	870,470	898,195	860,879	898,195
Common equity tier 1 leverage ratio (fully applied, %) ³	3.7	3.6	3.5	3.4	3.7	3.4
Going concern leverage ratio (phase-in, %) ⁴	6.0	5.8	6.4		6.0	
Going concern leverage ratio (fully applied, %) ⁴	3.9	3.8	3.4		3.9	
Liquidity coverage ratio (%) ⁶	131	128	132	133	131	133
Other						
Invested assets (CHF billion) ⁷	2,922	2,934	2,821	2,677	2,922	2,677
Personnel (full-time equivalents)	59,470	59,416	59,387	60,093	59,470	60,093
Market capitalization ⁸	62,553	61,736	61,420	48,398	62,553	48,398
Total book value per share (CHF) ⁸	13.92	14.45	14.44	14.27	13.92	14.27
Tangible book value per share (CHF) ⁸	12.25	12.71	12.68	12.54	12.25	12.54

¹ Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the "Consolidated financial statements" section of the UBS Group second quarter 2017 report for more information. ² Refer to the "Measurement of performance" section of our Annual Report 2016 for the definitions of our key performance indicators. ³ Refer to the "Capital management" section of the UBS Group second quarter 2017 report for more information. ⁴ Based on the revised Swiss SRB framework that became effective on 1 July 2016. Refer to the "Capital management" section of the UBS Group second quarter 2017 report for more information. ⁵ Based on fully applied risk-weighted assets and leverage ratio denominator. ⁶ Refer to the "Balance sheet, liquidity and funding management" section of the UBS Group second quarter 2017 report for more information. ⁷ Includes invested assets for Personal & Corporate Banking. ⁸ Refer to "UBS shares" in the "Capital management" section of the UBS Group second quarter 2017 report for more information.

Income statement

<i>CHF million</i>	For the quarter ended			% change from		Year-to-date	
	30.6.17	31.3.17	30.6.16	1Q17	2Q16	30.6.17	30.6.16
Net interest income	1,417	1,696	1,164	(16)	22	3,113	2,876
Credit loss (expense) / recovery	(46)	0	(7)		557	(46)	(9)
Net interest income after credit loss expense	1,371	1,696	1,158	(19)	18	3,067	2,867
Net fee and commission income	4,295	4,353	4,087	(1)	5	8,648	8,180
Net trading income	1,456	1,440	1,891	1	(23)	2,896	2,904
Other income	147	43	269	242	(45)	190	286
Total operating income	7,269	7,532	7,404	(3)	(2)	14,801	14,237
<i>of which: net interest and trading income</i>	2,873	<i>3,136</i>	<i>3,055</i>	<i>(8)</i>	<i>(6)</i>	<i>6,009</i>	<i>5,780</i>
Personnel expenses	4,014	4,060	3,985	(1)	1	8,074	7,910
General and administrative expenses	1,488	1,506	1,666	(1)	(11)	2,994	3,330
Depreciation and impairment of property, equipment and software	249	255	240	(2)	4	505	483
Amortization and impairment of intangible assets	16	21	24	(24)	(33)	37	47
Total operating expenses	5,767	5,842	5,915	(1)	(3)	11,609	11,770
Operating profit / (loss) before tax	1,502	1,690	1,489	(11)	1	3,192	2,467
Tax expense / (benefit)	327	375	376	(13)	(13)	701	646
Net profit / (loss)	1,175	1,315	1,113	(11)	6	2,490	1,820
Net profit / (loss) attributable to non-controlling interests	1	47	79	(98)	(99)	47	79
Net profit / (loss) attributable to shareholders	1,174	1,269	1,034	(7)	14	2,443	1,741
Comprehensive income							
Total comprehensive income	103	666	1,558	(85)	(93)	769	1,907
Total comprehensive income attributable to non-controlling interests	14	47	407	(70)	(97)	61	357
Total comprehensive income attributable to shareholders	89	620	1,151	(86)	(92)	708	1,550

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

CHF million, except where indicated	As of or for the quarter ended 30.6.17			As of or for the quarter ended 31.3.17			As of or for the quarter ended 31.12.16		
	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)
Income statement									
Operating income	7,269	7,398	(129)	7,532	7,560	(28)	7,055	7,118	(63)
Operating expenses	5,767	5,957	(190)	5,842	5,919	(77)	6,308	6,373	(65)
Operating profit / (loss) before tax	1,502	1,441	61	1,690	1,641	49	746	745	1
of which: Wealth Management	582	580	2	639	630	9	368	368	0
of which: Wealth Management Americas	297	289	8	301	286	15	339	338	1
of which: Personal & Corporate Banking	356	356	0	418	418	0	374	375	(1)
of which: Asset Management	110	110	0	103	103	0	144	144	0
of which: Investment Bank	451	441	10	480	443	37	306	304	2
of which: Corporate Center	(294)	(334)	40	(251)	(239)	(12)	(784)	(783)	(1)
of which: Services	(137)	(182)	45	(222)	(222)	0	(315)	(307)	(8)
of which: Group ALM	(104)	(99)	(5)	63	76	(13)	(144)	(150)	6
of which: Non-core and Legacy Portfolio	(53)	(53)	0	(93)	(93)	0	(325)	(326)	1
Net profit / (loss)	1,175	1,124	51	1,315	1,277	38	637	639	(2)
of which: net profit / (loss) attributable to shareholders	1,174	1,123	51	1,269	1,231	38	636	638	(2)
of which: net profit / (loss) attributable to preferred noteholders		0	0		46	(46)		0	0
of which: net profit / (loss) attributable to non-controlling interests	1	1	0	47	1	46	1	1	0
Statement of comprehensive income									
Other comprehensive income	(1,072)	(1,064)	(8)	(649)	(651)	2	(566)	(566)	0
of which: attributable to shareholders	(1,086)	(1,077)	(9)	(649)	(652)	3	(553)	(553)	0
of which: attributable to preferred noteholders		16	(16)		(2)	2		(12)	12
of which: attributable to non-controlling interests	14	(2)	16	0	2	(2)	(13)	(1)	(12)
Total comprehensive income	103	60	43	666	626	40	71	73	(2)
of which: attributable to shareholders	89	46	43	620	579	41	83	85	(2)
of which: attributable to preferred noteholders		16	(16)		44	(44)		(12)	12
of which: attributable to non-controlling interests	14	(2)	16	47	2	45	(12)	0	(12)
Balance sheet									
Total assets	890,831	891,763	(932)	909,608	910,924	(1,316)	935,016	935,353	(337)
Total liabilities	838,394	839,335	(941)	855,268	858,255	(2,987)	880,714	881,009	(295)
Total equity	52,437	52,428	9	54,340	52,669	1,671	54,302	54,343	(41)
of which: equity attributable to shareholders	51,744	51,735	9	53,661	51,990	1,671	53,621	53,662	(41)
of which: equity attributable to preferred noteholders		657	(657)		641	(641)		642	(642)
of which: equity attributable to non-controlling interests	693	37	656	679	38	641	682	40	642
Capital information									
Common equity tier 1 capital (fully applied)	31,887	32,558	(671)	31,311	33,137	(1,826)	30,693	32,447	(1,754)
Common equity tier 1 capital (phase-in)	35,243	35,887	(644)	34,841	36,629	(1,788)	37,788	39,474	(1,686)
Going concern capital (fully applied)	40,668	36,200	4,468	40,317	36,919	3,398	39,844	36,294	3,550
Going concern capital (phase-in)	51,700	46,350	5,350	51,658	47,344	4,314	55,593	51,084	4,509
Risk-weighted assets (fully applied)	236,697	236,552	145	221,785	222,207	(422)	222,677	223,232	(555)
Common equity tier 1 capital ratio (fully applied, %)	13.5	13.8	(0.3)	14.1	14.9	(0.8)	13.8	14.5	(0.7)
Common equity tier 1 capital ratio (phase-in, %)	14.8	15.1	(0.3)	15.6	16.4	(0.8)	16.8	17.5	(0.7)
Going concern capital ratio (fully applied, %)	17.2	15.3	1.9	18.2	16.6	1.6	17.9	16.3	1.6
Going concern capital ratio (phase-in, %)	21.7	19.5	2.2	23.2	21.2	2.0	24.7	22.6	2.1
Going concern loss-absorbing capacity ratio (fully applied, %)	14.0	14.4	(0.4)	15.0	15.4	(0.4)	13.2	13.3	(0.1)
Leverage ratio denominator (fully applied)	860,879	861,919	(1,040)	881,183	882,670	(1,487)	870,470	870,942	(472)
Common equity tier 1 leverage ratio (fully applied, %)	3.7	3.8	(0.1)	3.6	3.8	(0.2)	3.5	3.7	(0.2)
Going concern leverage ratio (fully applied, %)	4.7	4.2	0.5	4.6	4.2	0.4	4.6	4.2	0.4
Going concern leverage ratio (phase-in, %)	6.0	5.4	0.6	5.8	5.4	0.4	6.4	5.8	0.6
Going concern leverage ratio (fully applied, %)	3.9	3.9	0.0	3.8	3.9	(0.1)	3.4	3.4	0.0

UBS's second quarter 2017 report, news release and slide presentation will be available from 06:00 CEST on Friday, 28 July 2017, at www.ubs.com/quarterlyreporting.

UBS will hold a presentation of its second quarter 2017 results on Friday, 28 July 2017. The results will be presented by Sergio P. Ermotti, Group Chief Executive Officer, Kirt Gardner, Group Chief Financial Officer, Caroline Stewart, Global Head of Investor Relations, and Hubertus Kuelps, Group Head of Communications & Branding.

Time

- 09:30–11:30 CEST
- 08:30–10:30 BST
- 03:30–05:30 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 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, and leverage ratio denominator, liquidity coverage ratio and other financial resources, and the degree to which UBS is successful in implementing changes to its wealth management businesses to meet changing market, regulatory and other conditions; (ii) continuing low or negative interest rate environment, developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, and currency exchange rates, and the effects of economic conditions, market developments, and geopolitical tensions on the financial position or creditworthiness of UBS's clients and counterparties as well as on client sentiment and levels of activity; (iii) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK and other financial centers that may impose, or result in, more stringent capital, TLAC, leverage ratio, liquidity and funding requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these would have on UBS's business activities; (v) uncertainty as to the extent to which the Swiss Financial Market Supervisory Authority (FINMA) will confirm limited reductions of gone concern requirements due to measures to reduce resolvability risk; (vi) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements, including changes in legal structure and reporting required to implement US enhanced prudential standards, completing the implementation of a service company model, and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, to proposals in Switzerland and other jurisdictions for mandatory structural reform of banks or systemically important institutions or to other external developments, and the extent to which such changes will have the intended effects; (vii) the uncertainty arising from the timing and nature of the UK exit from the EU and the potential need to make changes in UBS's legal structure and operations as a result of it; (viii) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS's ability to compete in certain lines of business; (ix) changes in the standards of conduct applicable to our businesses that may result from new regulation or new enforcement of existing standards, including recently enacted and proposed measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (x) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses or loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of our RWA; (xi) the effects on UBS's cross-border banking business of tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (xii) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xiii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiv) UBS's ability to implement new technologies and business methods, including digital services and technologies and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xv) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xvi) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, and systems failures; (xvii) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS's operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xviii) the degree to which changes in regulation, capital or legal structure, financial results or other factors, including methodology, assumptions and stress scenarios, may affect UBS's ability to maintain its stated capital return objective; and (xix) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2016. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

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. For the purpose of determining adjusted results for the second quarter of 2017, we excluded a gain of CHF 107m on sale of financial assets available for sale, net foreign currency translation losses of CHF 22m and net restructuring expenses of CHF 258m. For the second quarter of 2016, we excluded a gain of CHF 123m on sale of financial assets available for sale, gains on sales of real estate of CHF 120m, net foreign currency translation losses of CHF 26m, losses on sales of subsidiaries and businesses of CHF 23m and net restructuring expenses of CHF 377m.

For the purpose of determining adjusted results for the first half of 2017, we excluded a gain of CHF 107m on sale of financial assets available for sale, net foreign currency translation losses of CHF 22m and net restructuring expenses of CHF 502m. For the first half of 2016, we excluded a gain of CHF 123m on sale of financial assets available for sale, gains on sales of real estate of CHF 120m, net foreign currency translation losses of CHF 149m, losses on sales of subsidiaries and businesses of CHF 23m and net restructuring expenses of CHF 642m.

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.