

21 July 2020

# 2Q20 net profit USD 1.2bn, 13.2% RoCET1

**2Q20 PBT USD 1.6bn, (10%) YoY or +5% excluding CLE****2Q20 net profit (11%) YoY; return on CET1 capital<sup>1</sup> 13.2%; cost/income ratio 75.8%; diluted EPS USD 0.33****1H20 PBT USD 3.6bn, +9% YoY or +24% excluding CLE****1H20 net profit USD 2.8bn, +12% YoY; return on CET1 capital<sup>1</sup> 15.4%; cost/income ratio 74.0%; diluted EPS USD 0.76****Strong capital position with CET1 capital ratio 13.3%; CET1 leverage ratio<sup>2</sup> 3.9%; tier 1 leverage ratio<sup>2,3</sup> 5.5%, all excluding any temporary regulatory relief**

Zurich, 21 July 2020 – UBS's strong second quarter 2020 results reflected operational resilience and active client engagement, as well as the benefits of a well-diversified business model and broad regional mix. Profit before tax (PBT) was USD 1,582m, down 10% year-over-year (YoY), or +5% excluding credit loss expenses (CLE), while the Group's cost/income ratio improved 1 percentage point to 75.8%. Net profit attributable to shareholders was USD 1,232m, down 11% YoY. Return on CET1 capital<sup>1</sup> (RoCET1) was 13.2%.

Operating income (including CLE) declined by 2% YoY. As previously guided, CLE remained elevated at USD 272m, of which USD 127m resulted from an update to macroeconomic assumptions, USD 75m resulted mostly from overlays and re-measurements including stage migrations, and USD 70m resulted from credit-impaired positions spread across our businesses. Income before CLE increased by 2% YoY, and operating expenses increased by 1%.

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"The strength, resilience, and diversification of our integrated business model have once again been confirmed by the strong second quarter results and the excellent first half. As we continue to face a challenging environment, we are adapting and accelerating the pace of change, supporting our clients, employees, and the economies in which we operate, while remaining focused on our strategic priorities."

**Sergio P. Ermotti, Group Chief Executive Officer**

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Global Wealth Management (GWM) PBT was USD 880m, up 1% YoY on positive operating leverage and as strategic measures announced in January generated results with strong transaction-based income and net interest income, and despite lower recurring net fee income as a result of retrospective billing; double-digit PBT growth in Asia and Europe. Personal & Corporate Banking (P&C) PBT was USD 238m, down 39% YoY, mainly reflecting credit loss expenses (CLE) of USD 110m, as well as lower credit card and FX transaction income; strong net new business volume growth in Personal Banking of 9.2%. Asset Management (AM) PBT was up 27% YoY to USD 157m, with 6% positive operating leverage and continued strong net inflows. The Investment Bank (IB) delivered PBT of USD 612m, up 43% YoY, driven by higher client activity in its Global Markets business and resilient performance in Global Banking; annualized return on attributed equity was 19.4%. Group Functions loss before tax was USD 305m.

UBS's second quarter 2020 results included credit loss expenses totaling USD 272m, of which USD 110m in Personal & Corporate Banking, USD 78m in the Investment Bank, USD 64m in Global Wealth Management, and USD 20m in Non-core and Legacy Portfolio. During the first half of 2020, total credit loss expenses were USD 540m. In the first quarter of 2020, stage 3 credit loss expenses were the main driver, reflecting the rapidly deteriorating environment. In the second quarter of 2020, stage 1 and 2 credit loss expenses became the larger contributor following further updates to macroeconomic assumptions. These were partly offset by recoveries on energy-related exposures and securities financing transactions with a number of real estate investment trusts, where we had increased allowances in the first quarter of 2020. No business division had more than USD 22m of impairments overall.

UBS's capital position remains strong. As of 30.6.20, UBS's CET1 capital ratio was 13.3% (guidance: ~13%, or 12.7-13.3%), CET1 leverage ratio was 3.9% (guidance: >3.7%), and the tier 1 leverage ratio<sup>3</sup> was 5.5%, not factoring in any temporary concessions or relief<sup>2</sup>. UBS's CET1 capital increased by USD 1.5bn during the second quarter of 2020, mainly as a result of operating profit before tax and foreign currency effects, which were partially offset by current taxes, defined benefit plans and accruals for capital returns to shareholders. In terms of the denominator (RWA), there were fewer draw-downs than anticipated and only a limited impact from rating migration on credit risk RWA.

Considering the elevated uncertainty about the size and depth of the economic shock resulting from COVID-19, as well as widespread regulatory direction to maintain capital flexibility, UBS is reviewing the mix between cash dividends and share repurchases. While it is premature to provide guidance for 2020, going forward the intention is to continue to pay out excess capital and maintain the overall capital returns to shareholders consistent with previous levels. Depending on business development and the outlook in the second half, UBS may resume share repurchases in the fourth quarter.

## Outlook

While measures to contain the COVID-19 pandemic have had initial success in some countries, there has been material disruption to many businesses as well as increased unemployment. The timing and path of recovery is likely to vary widely based on effectiveness of efforts to control the spread of COVID-19 and economic stimulus measures in different countries as well as increasing geopolitical tensions and political uncertainties. The range of possible outcomes remains very wide, and making reliable predictions about the timing and shape of any potential economic recovery remains difficult.

Given the continued uncertainty related to the pandemic, it is reasonable to expect elevated Group credit loss expenses in the second half of 2020, but below those seen in the first half of the year. The majority of our credit exposures are either with our Global Wealth Management clients or in Switzerland, and are of high quality. Switzerland's effective crisis management measures will help it withstand this shock to the economy. Higher market levels at the start of the quarter will benefit recurring fee income. Our ongoing actions to improve our net interest income, including loan growth, should partly offset higher liquidity costs incurred to respond to the current environment, in addition to US dollar interest rate headwinds. Going forward, the pandemic, along with seasonality, may have an impact on client activity levels.

We remain focused on supporting our employees, clients and the economies in which we operate while executing on our strategic plans and maintaining our disciplined approach to managing risks across the firm.

## Second quarter 2020 performance overview

UBS's second quarter PBT was USD 1,582m (down 10% YoY). The cost/income ratio was 75.8%, a 1 percentage point improvement YoY. Net profit attributable to shareholders was USD 1,232m (down 11% YoY), with diluted earnings per share of USD 0.33 (down 9% YoY). Return on CET1 capital<sup>1</sup> was 13.2%.

Total net credit loss expenses were USD 272m, of which USD 110m in Personal & Corporate Banking, USD 78m in the Investment Bank, USD 64m in Global Wealth Management, and USD 20m in Non-core and Legacy Portfolio.

### Global Wealth Management (GWM) PBT USD 880m, +1% YoY

Double-digit PBT growth in APAC and EMEA along with solid growth in Switzerland more than offset headwinds in the Americas, mainly due to lower invested assets at the beginning of the quarter, which drives the billing reference levels in our Americas business, lower US dollar interest rates, and modeled CLE. Operating income declined by 3% due to lower recurring net fee income and higher credit loss expenses. Continued high levels of client activity and greater market volatility led to an 8% improvement in transaction-based income, with net interest income up 6% on higher lending and deposit revenues, and despite further pressure on interest rates. Recurring net fee income decreased by 8%, mostly reflecting lower invested assets at the beginning of the quarter and margin compression from mandate product shifts and lower fund fees. Credit loss expenses globally were USD 64m, of which stage 1 and 2 CLE was USD 45m; stage 3 net CLE was USD 19m, primarily reflecting USD 9m on a single structured margin lending position, with the remaining USD 10m on a number of smaller positions across the portfolios. The cost/income ratio improved to 76.4%, down 2 percentage points YoY, as operating expenses reduced by 4%. Loans grew by 2% QoQ to USD 189bn, with USD 3.4bn of net new loans. Invested assets at quarter-end were USD 2,590bn, up 11% sequentially. Net new money was USD 9bn, and positive across all regions. Net margin was 14bps.

### Personal & Corporate Banking (P&C) PBT CHF 229m, (41%) YoY

The main driver of the reduction in PBT was CHF 104m of credit loss expenses (CLE), of which stage 3 credit loss expenses were CHF 9m. CHF 95m related to stage 1 and 2 positions, mainly reflecting modeled losses driven by the update to macroeconomic assumptions, in particular updated Swiss GDP, unemployment and real estate prices, as well as expert judgment overlays. Lower credit card fees and revenues from foreign exchange transactions, reflecting the effects of the COVID-19 pandemic on travel and leisure spending in particular, were the main driver of a decrease in transaction-based income. The cost/income ratio was 62.8%. Net new business volume growth in Personal Banking was strong at 9.2%.

### Asset Management (AM) PBT USD 157m, +27% YoY

Operating income increased by 10% on strong performance with USD 52m higher performance fees. Net management fees decreased by 1%, or USD 3m. The cost/income ratio was 70.0%. Invested assets rose by 12% QoQ to a record USD 928bn on positive market performance, as well as strong net new money of USD 19bn (USD 9bn excluding money market flows), of which USD 10bn from GWM Americas clients into separately managed accounts.

**Investment Bank (IB) PBT USD 612m, +43% YoY**

Global Markets revenue increased by 25% or USD 360m, benefiting from higher volumes, volatility and credit spread movements, particularly in Foreign Exchange, Rates and Credit products, reflecting the effects of the COVID-19 pandemic and ensuing client activity levels. Global Banking decreased by 14% or USD 87m, with lower Advisory revenues following an exceptionally strong 2Q19, partly offset by an increase in equity capital markets revenues; mark-to-market gains of USD 88m in Capital Markets were partly offset by losses of USD 70m on related hedges. Credit loss expenses were USD 78m, of which stage 3 credit loss expenses were USD 22m. Operating expenses increased by 1%. The cost/income ratio improved to 70.6%. Annualized return on attributed equity was 19.4%.

**Group Functions** loss before tax was USD 305m; including approximately USD 90m costs related to higher liquidity in relation to COVID-19 market stress.

## First half 2020 performance overview

UBS's first half PBT was USD 3,591m (up 9% YoY). The cost/income ratio was 74.0%, a 3 percentage point improvement YoY. Net profit attributable to shareholders was USD 2,827m (up 12% YoY), with diluted earnings per share of USD 0.76 (up 15% YoY). Return on CET1 capital<sup>1</sup> was 15.4%.

Total net credit loss expenses were USD 540m, of which USD 200m in the Investment Bank, USD 187m in Personal & Corporate Banking, USD 117m in Global Wealth Management, and USD 35m in Non-core and Legacy Portfolio. Stage 1 and 2 net credit losses of USD 291m were mainly driven by changes to the weightings of the forward-looking scenarios in the first quarter and further updates to macroeconomic assumptions, in particular updated GDP and unemployment assumptions. Net credit losses related to credit-impaired (stage 3) positions were USD 249m.

### Global Wealth Management (GWM) PBT USD 2,098m, +21% YoY

Operating income rose by 5%. Strong client engagement led to a 27% improvement in transaction based income, with net interest income up 4% on higher lending revenues, and despite further pressure on interest rates. Recurring net fee income increased by 1%, reflecting higher average invested assets, although this was partly offset by margin compression from mandate product shifts and lower fund fees. Credit loss expenses were USD 117m, of which stage 3 credit loss expenses were USD 61m mostly reflecting losses from a small number of collateralized and structured margin lending positions. The cost/income ratio improved to 74.3%, down 4 percentage points YoY. Loans grew by 5% year-to-date to USD 189bn, with USD 7.4bn of net new loans. Invested assets at quarter-end were USD 2,590bn, down 2% year-to-date. Net new money was USD 21bn, or USD 37bn excluding USD 16bn of outflows related to the deposit program in 1Q20; all regions had net inflows. Net margin was 17bps, up 2bps YoY.

### Personal & Corporate Banking (P&C) PBT CHF 551m, (29%) YoY

The main driver of the reduction in PBT was CHF 179m of credit loss expenses, of which CHF 110m related to stage 1 and 2 positions, mainly reflecting losses driven by the update to macroeconomic assumptions, in particular updated Swiss GDP, unemployment and real estate prices, as well as expert judgment overlays. Lower credit card fees and revenues from foreign exchange transactions, reflecting reduced spending on travel and leisure by clients due to the COVID-19 pandemic, were the main driver of a decrease in transaction-based income. The cost/income ratio was 60.3%. Net new business volume growth in Personal Banking was strong at 8.4%.

### Asset Management (AM) PBT USD 314m, +38% YoY

Operating income increased by 13% on strong performance with both higher performance and management fees. Net management fees increased by 6%, or USD 55m, reflecting higher average invested assets, as well as continued positive momentum in net new run rate fees over the last 12 months. Performance fees increased by 123%, or USD 62m, mainly driven by an increase in the Hedge Fund Businesses and Equities. The cost/income ratio improved by 6 percentage points to 69.7%. Invested assets increased 3% to a record USD 928bn year-to-date, as a result of strong net new money of USD 52bn (USD 32bn excluding money market flows), partly offset by negative market performance.

**Investment Bank (IB) PBT USD 1,321m, +108% YoY**

Global Markets revenue increased by 34% or USD 980m, due to higher volumes, volatility and credit spread movements, particularly in Foreign Exchange, Rates and Cash Equities, reflecting the effects of the COVID-19 pandemic and ensuing client activity levels. Global Banking rose 8% or USD 76m, partly reflecting higher Equity Capital Markets revenues; mark-to-market losses of USD 95m in Capital Markets were more than offset by gains of USD 121m on related hedges. Credit loss expenses were USD 200m, of which stage 3 credit loss expenses were USD 82m, mainly related to energy-related exposures. Operating expenses increased by 6%. The cost/income ratio improved to 69.1%. Annualized return on attributed equity was 21.1%.

**Group Functions** loss before tax was USD 715m; including costs related to higher liquidity in relation to COVID-19 market stress, negative income from accounting asymmetries, valuation losses, and credit loss expenses.

## **Supporting clients, employees and society throughout the COVID-19 pandemic**

The COVID-19 pandemic has required the firm's ongoing focus to safeguard the wellbeing of its employees and their families, serving clients, and preserving operational continuity.

UBS's employees and external workforce have continued to work from home to a substantial degree, with around 90,000 internal and external staff being able to access our systems remotely. Restrictions around office-based work have been adapted and partially lifted toward the end of the second quarter of 2020, based on our thorough assessments of country-, location- and job-specific circumstances, as well as on governmental requirements.

UBS demonstrated sustained resilience in the second quarter, underscoring the benefits of its integrated and diversified business model, disciplined risk management and ongoing investment in technology and infrastructure. The measures UBS has implemented to adapt to the COVID-19 pandemic have proven largely effective in addressing the relevant challenges and operational risks and some of these measures represent an acceleration of longer-term plans.

UBS is actively engaged in lending activities to support its clients and the economy, and is involved in the execution of government-backed programs to assist businesses. UBS has continued to provide loans under the loan guarantee program in Switzerland that was established by the Swiss Federal Council in March 2020 to support small and medium-sized entities (SMEs):

- As of 17 July 2020, UBS has processed more than 24,000 applications from clients under this program and has committed CHF 2.7bn of loans up to CHF 0.5m, which are 100% guaranteed by the Swiss government, and CHF 0.5bn of loans between CHF 0.5m and CHF 20m, which are 85% government-guaranteed. CHF 1.5bn (47%) has been drawn under the program.
- UBS remains committed to donating any potential profits in relation to the government-backed lending program to COVID-19 relief efforts; however, as previously communicated, the firm does not expect any such profits in 2020.
- Detailed information on global and local COVID-19-related aid projects supported by UBS to help affected communities is available at [UBS in Society](#).



## Extending our leadership in Sustainable Finance

Sustainable finance is a firm-wide priority for UBS and our aim is to help clients invest in a better future. Also, the pandemic is sharpening the market's understanding of the importance of climate transition and certain social issues as investment risks.

As sustainable finance is moving into the mainstream, it is a critical component for clients and a strategic growth opportunity for UBS.

UBS has been at the vanguard of these developments for over 20 years. In 2019 alone, the firm's clients increased their sustainable investments by over 56%, to nearly USD 490bn. As investors re-assess their portfolios in the crisis, they have broadly added to sustainable investing strategies.

- In the first half of 2020 alone, UBS had net sales of USD 2bn for Global Wealth Management's 100% SI multi-asset mandate, with assets now exceeding USD 10bn.
- In P&C, investment and financing solutions were launched for retail, corporate as well as institutional clients in Switzerland. 50% of current mandate sales are 'Managed SI'.
- In Asset Management, our sustainability assets reached USD 48bn, a year-on-year growth of 80% with our Climate Aware fund more than doubling in size over the same period to USD 4.9bn.

Given the broadening number of client and policy maker questions, UBS is launching a new *Hub for Sustainable Finance* – to share insights from our firm's experts and from our extensive network on pivotal questions on sustainability and climate transition's impact upon markets and longer-term asset allocation.

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.

<sup>1</sup> Return on CET1 capital is calculated as annualized net profit attributable to shareholders divided by average common equity tier 1 capital.

<sup>2</sup> Excluding the effects of the temporary exemption of central bank sight deposits for the going concern leverage ratio calculation granted by the Swiss Financial Market Supervisory Authority (FINMA) on 25 March 2020 in connection with COVID-19.

<sup>3</sup> Going concern leverage ratio under Swiss SRB rules.

**Performance of our business divisions and Group Functions**

<i>USD million</i>	For the quarter ended 30.6.20					
	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS
Operating income	3,942	823	524	2,268	(155)	7,403
Operating expenses	3,062	586	367	1,656	151	5,821
<i>of which: net restructuring expenses<sup>1</sup></i>	11	4	1	5	0	21
<i>of which: net expenses for litigation, regulatory and similar matters<sup>2</sup></i>	8	(6)	0	1	0	2
<b>Operating profit / (loss) before tax</b>	<b>880</b>	<b>238</b>	<b>157</b>	<b>612</b>	<b>(305)</b>	<b>1,582</b>

  

<i>USD million</i>	For the quarter ended 30.6.19					
	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS
Operating income	4,057	958	475	2,071	(30)	7,532
<i>of which: net foreign currency translation gains<sup>3</sup></i>					10	10
Operating expenses	3,183	568	351	1,644	26	5,773
<i>of which: net restructuring expenses<sup>1</sup></i>	12	2	10	13	1	39
<i>of which: net expenses for litigation, regulatory and similar matters<sup>2</sup></i>	19	0	0	(1)	(14)	4
<b>Operating profit / (loss) before tax</b>	<b>874</b>	<b>390</b>	<b>124</b>	<b>427</b>	<b>(56)</b>	<b>1,759</b>

1 Reflects expenses for new restructuring initiatives. Prior-year comparative figures also include restructuring expenses related to legacy cost programs. 2 Reflects the net increase in / (release of) provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Note 16 Provisions and contingent liabilities" in the "Consolidated financial statements" section of the UBS Group second quarter 2020 report for more information. Also includes recoveries from third parties of USD 0 million and USD 1 million for the quarters ended 30 June 2020 and 30 June 2019, respectively. 3 Related to the disposal or closure of foreign operations.

**Performance of our business divisions and Group Functions**

<i>USD million</i>	Year-to-date 30.6.20					
	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS
Operating income	8,489	1,727	1,038	4,718	(635)	15,337
Operating expenses	6,391	1,155	724	3,396	80	11,747
<i>of which: net restructuring expenses<sup>1</sup></i>	72	5	6	24	0	107
<i>of which: net expenses for litigation, regulatory and similar matters<sup>2</sup></i>	15	(6)	0	0	(1)	8
<b>Operating profit / (loss) before tax</b>	<b>2,098</b>	<b>572</b>	<b>314</b>	<b>1,321</b>	<b>(715)</b>	<b>3,591</b>

  

<i>USD million</i>	Year-to-date 30.6.19					
	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS
Operating income	8,061	1,915	921	3,836	17	14,750
<i>of which: net foreign currency translations gains<sup>3</sup></i>					10	10
Operating expenses	6,323	1,139	693	3,202	88	11,445
<i>of which: net restructuring expenses<sup>1</sup></i>	22	6	16	27	(1)	70
<i>of which: net expenses for litigation, regulatory and similar matters<sup>2</sup></i>	20	0	0	(2)	(22)	(4)
<b>Operating profit / (loss) before tax</b>	<b>1,737</b>	<b>777</b>	<b>228</b>	<b>634</b>	<b>(71)</b>	<b>3,305</b>

<sup>1</sup> Reflects expenses for new restructuring initiatives. Prior-year comparative figures also include restructuring expenses related to legacy cost programs. <sup>2</sup> Reflects the net increase in / (release of) provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Note 16 Provisions and contingent liabilities" in the "Consolidated financial statements" section of the UBS Group second quarter 2020 report for more information. Also includes recoveries from third parties of USD 1 million and USD 8 million for the first six months of 2020 and 2019, respectively. <sup>3</sup> Related to the disposal or closure of foreign operations.

**Our key figures**

<i>USD million, except where indicated</i>	As of or for the quarter ended				As of or year-to-date	
	30.6.20	31.3.20	31.12.19	30.6.19	30.6.20	30.6.19
<b>Group results</b>						
Operating income	7,403	7,934	7,052	7,532	15,337	14,750
Operating expenses	5,821	5,926	6,124	5,773	11,747	11,445
Operating profit / (loss) before tax	1,582	2,008	928	1,759	3,591	3,305
Net profit / (loss) attributable to shareholders	1,232	1,595	722	1,392	2,827	2,533
Diluted earnings per share (USD) <sup>1</sup>	0.33	0.43	0.19	0.37	0.76	0.67
<b>Profitability and growth<sup>2</sup></b>						
Return on equity (%)	8.6	11.3	5.2	10.4	9.9	9.5
Return on tangible equity (%)	9.6	12.8	5.9	11.9	11.2	10.8
Return on common equity tier 1 capital (%)	13.2	17.7	8.2	16.0	15.4	14.6
Return on risk-weighted assets, gross (%)	10.7	12.0	10.8	11.4	11.4	11.1
Return on leverage ratio denominator, gross (%) <sup>3</sup>	3.2	3.5	3.1	3.3	3.3	3.3
Cost / income ratio (%)	75.8	72.3	86.8	76.5	74.0	77.4
Effective tax rate (%)	21.9	20.4	21.6	20.8	21.1	23.4
Net profit growth (%)	(11.5)	39.8	129.4	0.7	11.6	(14.1)
<b>Resources<sup>2</sup></b>						
Total assets	1,063,838	1,098,099	972,183	968,728	1,063,838	968,728
Equity attributable to shareholders	57,035	57,949	54,533	53,180	57,035	53,180
Common equity tier 1 capital <sup>4</sup>	38,146	36,691	35,582	34,948	38,146	34,948
Risk-weighted assets <sup>4</sup>	286,436	286,256	259,208	262,135	286,436	262,135
Common equity tier 1 capital ratio (%) <sup>4</sup>	13.3	12.8	13.7	13.3	13.3	13.3
Going concern capital ratio (%) <sup>4</sup>	18.7	18.1	20.0	19.1	18.7	19.1
Total loss-absorbing capacity ratio (%) <sup>4</sup>	32.7	32.7	34.6	33.3	32.7	33.3
Leverage ratio denominator <sup>4</sup>	974,348	955,932	911,325	911,379	974,348	911,379
Leverage ratio denominator (with temporary FINMA exemption) <sup>5</sup>	885,146	877,463			885,146	
Common equity tier 1 leverage ratio (%) <sup>4</sup>	3.92	3.84	3.90	3.83	3.92	3.83
Common equity tier 1 leverage ratio (%) (with temporary FINMA exemption) <sup>5</sup>	4.31	4.18			4.31	
Going concern leverage ratio (%) <sup>4</sup>	5.5	5.4	5.7	5.5	5.5	5.5
Going concern leverage ratio (%) (with temporary FINMA exemption) <sup>5</sup>	6.0	5.9			6.0	
Total loss-absorbing capacity leverage ratio (%) <sup>4</sup>	9.6	9.8	9.8	9.6	9.6	9.6
Liquidity coverage ratio (%) <sup>6</sup>	155	139	134	145	155	145
<b>Other</b>						
Invested assets (USD billion) <sup>7</sup>	3,588	3,236	3,607	3,381	3,588	3,381
Personnel (full-time equivalents)	69,931	69,437	68,601	66,922	69,931	66,922
Market capitalization <sup>8</sup>	41,303	33,649	45,661	43,491	41,303	43,491
Total book value per share (USD) <sup>8</sup>	15.90	16.17	15.08	14.53	15.90	14.53
Total book value per share (CHF) <sup>8</sup>	15.06	15.58	14.60	14.18	15.06	14.18
Tangible book value per share (USD) <sup>8</sup>	14.11	14.38	13.29	12.72	14.11	12.72
Tangible book value per share (CHF) <sup>8</sup>	13.37	13.86	12.87	12.42	13.37	12.42

1 Refer to "Note 9 Earnings per share (EPS) and shares outstanding" in the "Consolidated financial statements" section of the UBS Group second quarter 2020 report for more information. 2 Refer to the "Performance targets and measurement" section of our Annual Report 2019 for more information about our performance targets. 3 The leverage ratio denominators as of 30 June 2020 and 31 March 2020, which are used for the return calculation, do not reflect the effects of the temporary exemption that has been granted by FINMA in connection with COVID-19. Refer to the "Recent developments" section of the UBS Group second quarter 2020 report for more information. 4 Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of the UBS Group second quarter 2020 report for more information. 5 Refer to the "Recent developments" and "Capital management" sections of the UBS Group second quarter 2020 report for further details about the temporary FINMA exemption. 6 Refer to the "Balance sheet, liquidity and funding management" section of the UBS Group second quarter 2020 report for more information. 7 Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. 8 Refer to "UBS shares" in the "Capital management" section of the UBS Group second quarter 2020 report for more information.

**Income statement**

<i>USD million</i>	For the quarter ended			% change from		Year-to-date	
	30.6.20	31.3.20	30.6.19	1Q20	2Q19	30.6.20	30.6.19
Net interest income	<b>1,392</b>	1,330	1,026	5	36	2,722	2,149
Other net income from financial instruments measured at fair value through profit or loss	<b>1,932</b>	1,807	1,939	7	0	3,738	3,874
Credit loss (expense) / recovery	<b>(272)</b>	(268)	(12)	2		(540)	(33)
Fee and commission income	<b>4,729</b>	5,477	4,907	(14)	(4)	10,207	9,448
Fee and commission expense	<b>(419)</b>	(456)	(434)	(8)	(3)	(875)	(842)
Net fee and commission income	<b>4,311</b>	5,021	4,474	(14)	(4)	9,332	8,606
Other income	<b>41</b>	43	105	(6)	(61)	84	154
Total operating income	<b>7,403</b>	7,934	7,532	(7)	(2)	15,337	14,750
Personnel expenses	<b>4,283</b>	4,321	4,153	(1)	3	8,604	8,196
General and administrative expenses	<b>1,063</b>	1,133	1,175	(6)	(10)	2,196	2,362
Depreciation and impairment of property, equipment and software	<b>458</b>	456	427	0	7	914	854
Amortization and impairment of goodwill and intangible assets	<b>17</b>	16	18	8	(5)	32	33
Total operating expenses	<b>5,821</b>	5,926	5,773	(2)	1	11,747	11,445
Operating profit / (loss) before tax	<b>1,582</b>	2,008	1,759	(21)	(10)	3,591	3,305
Tax expense / (benefit)	<b>347</b>	410	366	(15)	(5)	757	773
Net profit / (loss)	<b>1,236</b>	1,598	1,393	(23)	(11)	2,833	2,532
Net profit / (loss) attributable to non-controlling interests	<b>3</b>	3	1	13	246	6	(1)
<b>Net profit / (loss) attributable to shareholders</b>	<b>1,232</b>	1,595	1,392	(23)	(11)	2,827	2,533
<b>Comprehensive income</b>							
Total comprehensive income	<b>209</b>	4,195	2,473	(95)	(92)	4,404	3,512
Total comprehensive income attributable to non-controlling interests	<b>4</b>	(2)	(5)			3	(3)
<b>Total comprehensive income attributable to shareholders</b>	<b>205</b>	4,197	2,478	(95)	(92)	4,402	3,515

**Comparison between UBS Group AG consolidated and UBS AG consolidated**

USD million, except where indicated	As of or for the quarter ended 30.6.20			As of or for the quarter ended 31.3.20			As of or for the quarter ended 31.12.19		
	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)
<b>Income statement</b>									
Operating income	7,403	7,512	(109)	7,934	8,009	(75)	7,052	7,145	(93)
Operating expenses	5,821	5,987	(166)	5,926	6,210	(285)	6,124	6,332	(207)
Operating profit / (loss) before tax	1,582	1,525	57	2,008	1,799	209	928	814	114
<i>of which: Global Wealth Management</i>	880	868	12	1,218	1,201	18	766	754	12
<i>of which: Personal &amp; Corporate Banking</i>	238	238	0	334	335	0	310	311	(1)
<i>of which: Asset Management</i>	157	157	0	157	157	0	180	180	0
<i>of which: Investment Bank</i>	612	611	1	709	679	30	(22)	(18)	(4)
<i>of which: Group Functions</i>	(305)	(349)	44	(410)	(572)	162	(306)	(413)	107
Net profit / (loss)	1,236	1,197	39	1,598	1,424	174	727	628	100
<i>of which: net profit / (loss) attributable to shareholders</i>	1,232	1,194	39	1,595	1,421	174	722	622	100
<i>of which: net profit / (loss) attributable to non-controlling interests</i>	3	3	0	3	3	0	6	6	0
<b>Statement of comprehensive income</b>									
Other comprehensive income	(1,026)	(1,035)	9	2,597	2,671	(74)	(2,295)	(1,475)	(819)
<i>of which: attributable to shareholders</i>	(1,027)	(1,037)	9	2,602	2,675	(74)	(2,299)	(1,479)	(819)
<i>of which: attributable to non-controlling interests</i>	1	1	0	(5)	(5)	0	4	4	0
Total comprehensive income	209	161	48	4,195	4,095	100	(1,567)	(847)	(720)
<i>of which: attributable to shareholders</i>	205	157	48	4,197	4,097	100	(1,577)	(857)	(720)
<i>of which: attributable to non-controlling interests</i>	4	4	0	(2)	(2)	0	10	10	0
<b>Balance sheet</b>									
Total assets	1,063,838	1,063,435	403	1,098,099	1,099,185	(1,085)	972,183	971,916	267
Total liabilities	1,006,630	1,007,847	(1,216)	1,039,981	1,041,201	(1,220)	917,476	917,988	(512)
Total equity	57,207	55,589	1,619	58,118	57,983	135	54,707	53,928	779
<i>of which: equity attributable to shareholders</i>	57,035	55,416	1,619	57,949	57,814	135	54,533	53,754	779
<i>of which: equity attributable to non-controlling interests</i>	173	173	0	169	169	0	174	174	0
<b>Capital information</b>									
Common equity tier 1 capital	38,146	37,435	711	36,691	36,194	497	35,582	35,280	302
Going concern capital	53,537	50,986	2,551	51,916	47,115	4,801	51,888	47,237	4,650
Risk-weighted assets	286,436	284,798	1,639	286,256	284,706	1,551	259,208	257,831	1,376
Common equity tier 1 capital ratio (%)	13.3	13.1	0.2	12.8	12.7	0.1	13.7	13.7	0.0
Going concern capital ratio (%)	18.7	17.9	0.8	18.1	16.5	1.6	20.0	18.3	1.7
Total loss-absorbing capacity ratio (%)	32.7	32.0	0.7	32.7	32.1	0.6	34.6	33.9	0.7
Leverage ratio denominator	974,348	974,124	224	955,932	957,199	(1,267)	911,325	911,232	94
Leverage ratio denominator (with temporary FINMA exemption) <sup>1</sup>	885,146	910,070	(24,925)	877,463	903,756	(26,293)			
Common equity tier 1 leverage ratio (%)	3.92	3.84	0.07	3.84	3.78	0.06	3.90	3.87	0.03
Common equity tier 1 leverage ratio (%) (with temporary FINMA exemption) <sup>1</sup>	4.31	4.11	0.20	4.18	4.00	0.18			
Going concern leverage ratio (%)	5.5	5.2	0.3	5.4	4.9	0.5	5.7	5.2	0.5
Going concern leverage ratio (%) (with temporary FINMA exemption) <sup>1</sup>	6.0	5.6	0.4	5.9	5.2	0.7			
Total loss-absorbing capacity leverage ratio (%)	9.6	9.3	0.3	9.8	9.5	0.3	9.8	9.6	0.2

<sup>1</sup> Refer to the "Recent developments" and "Capital management" sections of the UBS Group second quarter 2020 report for further details about the temporary FINMA exemption.

UBS's second quarter 2020 report, news release and slide presentation will be available from 06:45 CEST on Tuesday, 21 July 2020, at [www.ubs.com/quarterlyreporting](http://www.ubs.com/quarterlyreporting).

UBS will hold a presentation of its second quarter 2020 results on Tuesday, 21 July 2020. The results will be presented by Sergio P. Ermotti, Group Chief Executive Officer, Kirt Gardner, Group Chief Financial Officer, Martin Osinga, Investor Relations, and Mark Hengel, Group External Communications.

**Time**

- 09:00–11:00 CEST
- 08:00–10:00 GMT
- 03:00–05:00 US EST

**Audio webcast**

The presentation for analysts can be followed live on [www.ubs.com/quarterlyreporting](http://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](http://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. The outbreak of COVID-19 and the measures being taken globally to reduce the peak of the resulting pandemic have had and may continue to have a significant adverse effect on global economic activity, and an adverse effect on the credit profile of some of our clients and other market participants, which has resulted in and may continue to increase expected credit loss expense and credit impairments. The unprecedented scale of the measures to control the COVID-19 outbreak creates significantly greater uncertainty about forward-looking statements in addition to the factors that generally affect our businesses, 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) and leverage ratio denominator (LRD), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility and other changes related to the COVID-19 pandemic; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (iii) the continuing low or negative interest rate environment in Switzerland and other jurisdictions; (iv) developments (including as a result of the COVID-19 pandemic) 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, and changes to national trade policies on the financial position or creditworthiness of UBS's clients and counterparties as well as on client sentiment and levels of activity; (v) 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); (vi) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the European Union and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS's business activities; (vii) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, 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; (viii) UBS's ability to maintain and improve its systems and controls for the detection and prevention of money laundering and compliance with sanctions to meet evolving regulatory requirements and expectations, in particular in the US; (ix) the uncertainty arising from the UK's exit from the EU; (x) 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; (xi) changes in the standards of conduct applicable to our businesses that may result from new regulations 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; (xii) 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, potentially large fines or monetary penalties, or the 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 as well as the amount of capital available for return to shareholders; (xiii) 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; (xiv) 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; (xv) 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; (xvi) 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; (xvii) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xviii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks and systems failures, the risk of which is increased while COVID-19 control measures require large portions of the staff of both UBS and its service providers to work remotely; (xix) 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; (xx) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS's ability to maintain its stated capital return objective; and (xxi) 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 2019 and UBS's First Quarter 2020 Report on Form 6K. 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.

**Rounding**

Numbers presented throughout this news release may not add up precisely to the totals provided in the tables and text. Percentages and percent changes are calculated on the basis of unrounded figures. Information about absolute changes between reporting periods, which is provided in text and which can be derived from figures displayed in the tables, is calculated on a rounded basis.

**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.