

Credit loss (expense) / recovery

| CHF million | 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 |
| Wealth Management | 0 | (1) | (1) | (100) | (100) | (1) | (1) |
| Wealth Management Americas | 0 | (1) | (1) | (100) | (100) | (1) | (2) |
| Personal & Corporate Banking | (28) | 7 | 2 | | | (21) | 2 |
| Investment Bank | (6) | (6) | (6) | 0 | 0 | (12) | (5) |
| Corporate Center | (11) | 0 | 0 | | | (11) | (3) |
| of which: Non-core and Legacy Portfolio | (11) | 0 | 0 | | | (11) | (3) |
| Total | (46) | 0 | (7) | | 557 | (46) | (9) |

Credit loss expense / recovery

Total net credit loss expenses were CHF 46 million compared with CHF 7 million, mainly reflecting higher expenses in Personal & Corporate Banking, driven by a small number of newly impaired corporate client positions across a range of sectors.

→ Refer to the “Risk management and control” section of this report for more information on credit risk

Other income

Other income was CHF 147 million compared with CHF 269 million. The second quarter of 2017 included a gain of CHF 107 million on the sale of our remaining investment in IHS Markit and net foreign currency translation losses of CHF 22 million. The prior-year quarter included a gain of CHF 123 million on the sale of our investment in Visa Europe, gains on sales of real estate of CHF 120 million, net foreign currency translation losses of CHF 26 million and losses on sales of subsidiaries and businesses of CHF 23 million. Excluding these items, adjusted other income decreased by CHF 13 million.

→ Refer to “Note 4 Other income” in the “Consolidated financial statements” section of this report for more information

Operating expenses

| CHF million | 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 |
| Operating expenses as reported | | | | | | | |
| 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 as reported | 5,767 | 5,842 | 5,915 | (1) | (3) | 11,609 | 11,770 |

Adjusting items¹

| | | | | | | | |
|---|------------|------------|------------|--|--|------------|------------|
| Personnel expenses | 117 | 116 | 192 | | | 233 | 320 |
| General and administrative expenses | 141 | 124 | 185 | | | 264 | 322 |
| Depreciation and impairment of property, equipment and software | 0 | 4 | 0 | | | 4 | 0 |
| Amortization and impairment of intangible assets | 0 | 0 | 0 | | | 0 | 0 |
| Total adjusting items | 258 | 244 | 377 | | | 502 | 642 |

Operating expenses (adjusted)²

| | | | | | | | |
|--|--------------|--------------|--------------|------------|------------|---------------|---------------|
| Personnel expenses | 3,897 | 3,944 | 3,793 | (1) | 3 | 7,841 | 7,590 |
| of which: salaries and variable compensation | 2,319 | 2,340 | 2,330 | (1) | 0 | 4,659 | 4,575 |
| of which: Wealth Management Americas – Financial advisor compensation ³ | 992 | 987 | 911 | 1 | 9 | 1,979 | 1,820 |
| of which: other personnel expenses ⁴ | 586 | 617 | 552 | (5) | 6 | 1,203 | 1,194 |
| General and administrative expenses | 1,347 | 1,382 | 1,481 | (3) | (9) | 2,730 | 3,008 |
| of which: expenses for provisions for litigation, regulatory and similar matters | 9 | 33 | 72 | (73) | (88) | 42 | 111 |
| of which: other general and administrative expenses | 1,338 | 1,349 | 1,409 | (1) | (5) | 2,688 | 2,897 |
| Depreciation and impairment of property, equipment and software | 249 | 251 | 240 | (1) | 4 | 501 | 483 |
| Amortization and impairment of intangible assets | 16 | 21 | 24 | (24) | (33) | 37 | 47 |
| Total operating expenses (adjusted) | 5,509 | 5,598 | 5,538 | (2) | (1) | 11,107 | 11,128 |

¹ Consists of restructuring expenses. Refer to “Note 16 Changes in organization and disposals” in the “Consolidated financial statements” section of this report for more information. ² Adjusted results are non-GAAP financial measures as defined by SEC regulations. ³ Financial advisor compensation consists of grid-based compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor productivity, firm tenure, assets and other variables. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. ⁴ Consists of expenses related to contractors, social security, pension and other post-employment benefit plans and other personnel expenses. Refer to “Note 5 Personnel expenses” in the “Consolidated financial statements” section of this report for more information.