Fourth quarter 2015

Financial supplement

Corporate calendar UBS Group AG

Publication of the Annual Report 2015:	Friday, 18 March 2016
Publication of the first quarter 2016 report:	Tuesday, 3 May 2016
Annual General Meeting:	Tuesday, 10 May 2016
Publication of the second quarter 2016 report:	Friday, 29 July 2016
Publication of the third quarter 2016 report:	Tuesday, 1 November 2016

Corporate calendar UBS AG*

Publication of the Annual Report 2015:	Friday, 18 March 2016

* Publication dates of further quarterly and annual reports and results will be made available as part of the corporate calendar of UBS AG at www.ubs.com/investors

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Introduction

This document contains information supplementing the fourth quarter 2015 earnings release, published on 2 February 2016.

Information in this financial supplement is presented for UBS Group AG on a consolidated basis unless otherwise specified. In preparing the financial information included in this supplement, the same accounting policies and methods of computation have been applied as described in the UBS Group AG consolidated financial statements within UBS's Annual Report 2014, except for the changes described in the fourth quarter 2015 earnings release, as well as in the "Recent developments" and "Note 1 Basis of accounting" sections of the first, second and third quarter 2015 reports. The financial information included in this supplement does not constitute financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

UBS Group has not finalized its Annual Report 2015 and our independent registered public accounting firm has not completed its audit of the consolidated financial statements for the period. Accordingly, the financial information contained in this supplement is subject to completion of year-end procedures, which may result in changes to that information.

Effective January 2016, the business division Retail & Corporate has been renamed Personal & Corporate Banking (P&C). This change is reflected throughout our fourth quarter 2015 reporting.

Information for UBS AG (consolidated) does not differ materially from UBS Group AG on a consolidated basis.

This document should be read in conjunction with UBS's fourth quarter 2015 earnings release, our Annual Report 2014, and our 2015 quarterly reports, which are available on the "UBS Group AG and UBS AG financial information" section of our Investor Relations website at *www.ubs.com/investors*.

Currency translation rates

	Spot rate			Average rate[1]				
	As of			For the quarter ended			Year ended	
	31.12.15	30.9.15	31.12.14	31.12.15	30.9.15	31.12.14	31.12.15	31.12.14
1 USD	1.00	0.97	0.99	1.01	0.97	0.98	0.97	0.92
1 EUR	1.09	1.09	1.20	1.09	1.08	1.20	1.06	1.21
1 GBP	1.48	1.47	1.55	1.52	1.49	1.54	1.47	1.51
100 JPY	0.83	0.81	0.83	0.83	0.80	0.83	0.80	0.86

1 Monthly income statement items of foreign operations with a functional currency other than Swiss franc are translated with month-end rates into Swiss francs. Disclosed average rates for a quarter represent an average of three month-end rates, weighted according to the income and expense volumes of all foreign operations of the Group with the same functional currency for each month. Weighted average rates for individual business divisions may deviate from the weighted average rates for the Group.

Group performance

Income statement

	For the quarter ended			% change from		Year ended	
CHF million	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Net interest income	1,759	1,846	1,866	(5)	(6)	6,732	6,555
Credit loss (expense) / recovery	(59)	(28)	(60)	111	(2)	(117)	(78)
Net interest income after credit loss expense	1,700	1,817	1,807	(6)	(6)	6,615	6,477
Net fee and commission income	4,218	4,111	4,396	3	(4)	17,140	17,076
Net trading income	898	1,063	438	(16)	105	5,742	3,842
of which: net trading income excluding own credit	*863*	*1,031*	*368*	*(16)*	*135*	*5,190*	*3,551*
of which: own credit on financial liabilities designated at fair value	*35*	*32*	*70*	*9*	*(50)*	*553*	*292*
Other income	(41)	179	106			1,107	632
Total operating income	6,775	7,170	6,746	(6)	0	30,605	28,027
of which: net interest and trading income	*2,657*	*2,909*	*2,304*	*(9)*	*15*	*12,474*	*10,397*
Personnel expenses	3,843	3,841	3,732	0	3	15,981	15,280
General and administrative expenses	2,413	2,285	2,369	6	2	8,107	9,387
Depreciation and impairment of property, equipment and software	260	230	219	13	19	920	817
Amortization and impairment of intangible assets	24	25	23	(4)	4	107	83
Total operating expenses	6,541	6,382	6,342	2	3	25,116	25,567
Operating profit / (loss) before tax	234	788	404	(70)	(42)	5,489	2,461
Tax expense / (benefit)	(715)	(1,295)	(515)	(45)	39	(898)	(1,180)
Net profit / (loss)	950	2,083	919	(54)	3	6,386	3,640
Net profit / (loss) attributable to preferred noteholders			31				142
Net profit / (loss) attributable to non-controlling interests	1	14	29	(93)	(97)	183	32
Net profit / (loss) attributable to UBS Group AG shareholders	949	2,068	858	(54)	11	6,203	3,466

Statement of comprehensive income

	For the quarter ended			Year ended	
CHF million	31.12.15	30.9.15	31.12.14	31.12.15	31.12.14
Comprehensive income attributable to UBS Group AG shareholders					
Net profit / (loss)	949	2,068	858	6,203	3,466
Other comprehensive income that may be reclassified to the income statement					
Foreign currency translation					
Foreign currency translation movements, before tax	571	822	687	(140)	1,800
Foreign exchange amounts reclassified to the income statement from equity	(115)	27	2	(90)	2
Income tax relating to foreign currency translation movements	(3)	(5)	(1)	(2)	(7)
Subtotal foreign currency translation, net of tax	452	844	687	(231)	1,795
Financial investments available-for-sale					
Net unrealized gains / (losses) on financial investments available-for-sale, before tax	(74)	135	148	175	335
Impairment charges reclassified to the income statement from equity	1	0	17	1	75
Realized gains reclassified to the income statement from equity	(23)	(66)	(68)	(292)	(243)
Realized losses reclassified to the income statement from equity	12	9	6	44	25
Income tax relating to net unrealized gains / (losses) on financial investments available-for-sale	26	(17)	(25)	8	(51)
Subtotal financial investments available-for-sale, net of tax	(59)	61	79	(63)	141
Cash flow hedges					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(160)	859	654	544	2,068
Net (gains) / losses reclassified to the income statement from equity	(362)	(324)	(329)	(1,182)	(1,185)
Income tax relating to cash flow hedges	104	(108)	(71)	128	(195)
Subtotal cash flow hedges, net of tax	(419)	427	254	(509)	689
Total other comprehensive income that may be reclassified to the income statement, net of tax	(25)	1,332	1,021	(804)	2,625
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit plans					
Gains / (losses) on defined benefit plans, before tax	203	(39)	(814)	316	(1,410)
Income tax relating to defined benefit plans	(1)	(1)	162	(18)	238
Subtotal defined benefit plans, net of tax	202	(41)	(652)	298	(1,172)
Total other comprehensive income that will not be reclassified to the income statement, net of tax	202	(41)	(652)	298	(1,172)
Total other comprehensive income	177	1,291	368	(506)	1,453
Total comprehensive income attributable to UBS Group AG shareholders	1,126	3,360	1,226	5,698	4,920

Statement of comprehensive income (continued)

	For the quarter ended			Year ended	
CHF million	31.12.15	30.9.15	31.12.14	31.12.15	31.12.14
Comprehensive income attributable to preferred noteholders					
Net profit / (loss)			31		142
Other comprehensive income that will not be reclassified to the income statement					
Foreign currency translation movements, before tax			11		80
Income tax relating to foreign currency translation movements			0		0
Subtotal foreign currency translation, net of tax			11		80
Total other comprehensive income that will not be reclassified to the income statement, net of tax			11		80
Total comprehensive income attributable to preferred noteholders			42		221
Comprehensive income attributable to non-controlling interests					
Net profit / (loss)	1	14	29	183	32
Other comprehensive income that may be reclassified to the income statement					
Other comprehensive income that may be reclassified to the income statement, before tax	0	4	5	(12)	5
Income tax relating to other comprehensive income that may be reclassified to the income statement	0	(1)	(2)	2	(2)
Total other comprehensive income that may be reclassified to the income statement, net of tax	0	3	3	(10)	3
Other comprehensive income that will not be reclassified to the income statement					
Foreign currency translation movements, before tax	37	94	78	(95)	80
Income tax relating to foreign currency translation movements	0	0	0	0	0
Subtotal foreign currency translation, net of tax	37	94	78	(95)	80
Gains / (losses) on defined benefit plans, before tax	0	5	(44)	6	(44)
Income tax relating to defined benefit plans	0	(1)	8	(1)	8
Subtotal defined benefit plans, net of tax	0	4	(36)	5	(36)
Total other comprehensive income that will not be reclassified to the income statement, net of tax	37	98	42	(90)	44
Total other comprehensive income	37	102	45	(99)	47
Total comprehensive income attributable to non-controlling interests	38	116	74	83	79
Total comprehensive income					
Net profit / (loss)	950	2,083	919	6,386	3,640
Other comprehensive income	214	1,393	424	(605)	1,580
of which: other comprehensive income that may be reclassified to the income statement	*(25)*	*1,335*	*1,024*	*(814)*	*2,628*
of which: other comprehensive income that will not be reclassified to the income statement	*239*	*57*	*(599)*	*208*	*(1,048)*
Total comprehensive income	1,164	3,475	1,343	5,781	5,220

Operating expenses

	For the quarter ended			% change from		Year ended	
CHF million	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Personnel expenses (adjusted)[1]							
Salaries and variable compensation	2,091	2,244	2,143	(7)	(2)	9,379	9,237
Wealth Management Americas: Financial advisor compensation[2]	917	886	920	3	0	3,552	3,385
Other personnel expenses[3]	670	617	584	9	15	2,613	2,372
Total personnel expenses (adjusted)[1]	3,679	3,744	3,647	(2)	1	15,542	14,994
Non-personnel expenses (adjusted)[1]							
General and administrative expenses	2,137	2,107	2,265	1	(6)	7,346	9,068
of which: provisions for litigation, regulatory and similar matters	*365*	*592*	*310*	*(38)*	*18*	*1,087*	*2,594*
of which: other general and administrative expenses	*1,772*	*1,515*	*1,955*	*17*	*(9)*	*6,259*	*6,474*
Depreciation and impairment of property, equipment and software	260	230	210	13	24	908	788
Amortization and impairment of intangible assets	24	23	22	4	9	94	81
Total non-personnel expenses (adjusted)[1]	2,422	2,360	2,496	3	(3)	8,349	9,937
Total operating expenses (adjusted)[1]	6,100	6,105	6,142	0	(1)	23,891	24,931
Adjusting items	441	277	200	59	121	1,225	636
of which: personnel-related restructuring charges	*164*	*118*	*93*	*39*	*76*	*460*	*327*
of which: non-personnel-related restructuring charges	*276*	*181*	*115*	*52*	*140*	*775*	*350*
of which: credit related to changes to a retiree benefit plan in the US		*(21)*	*(8)*	*(100)*	*(100)*	*(21)*	*(41)*
of which: impairment of intangible assets						*11*	
Total operating expenses as reported	6,541	6,382	6,342	2	3	25,116	25,567

1 Excluding adjusting items. Refer to the "Group performance" section of the fourth quarter 2015 earnings release, which is available in the section "Quarterly reporting" at www.ubs.com/investors, for more information. 2 Financial advisor compensation consists of grid-based compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated based on financial advisor productivity, firm tenure, assets and other variables. It also includes charges related to compensation commitments with financial advisors entered into at the time of recruitment which are subject to vesting requirements. 3 Consists of expenses related to contractors, social security, pension and other post-employment benefit plans and other personnel expenses.

Credit loss (expense) / recovery

	For the quarter ended			% change from		Year ended	
CHF million	31.12.15	30.9.15	31.12.14	30.9.15	31.12.14	31.12.15	31.12.14
Wealth Management	0	0	(4)		(100)	0	(1)
Wealth Management Americas	0	(3)	0	(100)		(4)	15
Personal & Corporate Banking	(11)	0	(66)		(83)	(37)	(95)
Investment Bank	(50)	(12)	9	317		(68)	2
Corporate Center	2	(12)	1		100	(8)	2
of which: Non-core and Legacy Portfolio	*2*	*(12)*	*1*		*100*	*(8)*	*2*
Total	(59)	(28)	(60)	111	(2)	(117)	(78)

Return on equity

	As of or for the quarter ended			% change from		As of or for the year ended	
CHF million, except where indicated	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Net profit							
Net profit attributable to UBS Group AG shareholders	949	2,068	858	(54)	11	6,203	3,466
Amortization and impairment of intangible assets	24	25	23	(4)	4	107	83
Pre-tax adjusting items[1]	520	191	110	172	373	135	305
Tax effect on adjusting items[2]	(121)	(48)	(38)	152	218	(140)	(125)
Adjusted net profit attributable to UBS Group AG shareholders[3]	1,372	2,236	953	(39)	44	6,305	3,729
Equity							
Equity attributable to UBS Group AG shareholders	55,313	54,077	50,608	2	9	55,313	50,608
Less: goodwill and intangible assets[4]	6,568	6,441	6,564	2	0	6,568	6,564
Tangible equity attributable to UBS Group AG shareholders	48,745	47,636	44,044	2	11	48,745	44,044
Return on equity							
Return on equity (%)	6.9	15.9	6.8			11.8	7.0
Return on tangible equity (%)	8.1	18.3	8.0			13.7	8.2
Adjusted return on tangible equity (%)	11.4	19.5	8.6			13.7	8.6

1 Refer to the "Group performance" section of the fourth quarter 2015 earnings release, which is available in the section "Quarterly reporting" at www.ubs.com/investors, for more information. 2 Generally reflects an indicative tax rate of 22% on pre-tax adjusting items, apart from own credit on financial liabilities designated at fair value, which has a lower indicative tax rate of 2%. 3 Net profit attributable to UBS Group AG shareholders excluding amortization and impairment of intangible assets, pre-tax adjusting items and tax effect on pre-tax adjusting items. 4 Goodwill and intangible assets used in the calculation of tangible equity attributable to UBS Group AG shareholders have been adjusted to reflect the non-controlling interests in UBS AG, where applicable.

Net new money[1]

	For the quarter ended			Year ended	
CHF billion	31.12.15	30.9.15	31.12.14	31.12.15	31.12.14
Wealth Management	(3.4)	0.2	3.0	12.9	34.4
Wealth Management (adjusted)[2]	(3.4)	3.5	3.0	22.8	34.4
Wealth Management Americas	16.9	0.5	5.3	21.3	9.6
Asset Management	(11.0)	(8.5)	(3.8)	(5.4)	15.9
of which: excluding money market flows	*(8.9)*	*(7.6)*	*(5.8)*	*(0.7)*	*22.6*
of which: money market flows	*(2.1)*	*(0.9)*	*2.0*	*(4.7)*	*(6.7)*

1 Net new money excludes interest and dividend income. 2 Adjusted net new money excludes the negative effect on net new money (third quarter of 2015: CHF 3.3 billion, second quarter of 2015: CHF 6.6 billion) from our balance sheet and capital optimization program.

Invested assets

	As of			% change from	
CHF billion	31.12.15	30.9.15	31.12.14	30.9.15	31.12.14
Wealth Management	947	919	987	3	(4)
Wealth Management Americas	1,035	967	1,027	7	1
Asset Management	650	635	664	2	(2)
of which: excluding money market funds	*592*	*576*	*600*	*3*	*(1)*
of which: money market funds	*58*	*59*	*64*	*(2)*	*(9)*

Balance sheet

Balance sheet

				% change from	
CHF million	31.12.15	30.9.15	31.12.14	30.9.15	31.12.14
Assets					
Cash and balances with central banks	91,306	96,535	104,073	(5)	(12)
Due from banks	11,948	13,222	13,334	(10)	(10)
Cash collateral on securities borrowed	25,584	28,568	24,063	(10)	6
Reverse repurchase agreements	67,893	73,382	68,414	(7)	(1)
Trading portfolio assets	124,035	127,177	138,156	(2)	(10)
of which: assets pledged as collateral which may be sold or repledged by counterparties	*51,943*	*53,185*	*56,018*	*(2)*	*(7)*
Positive replacement values	167,435	186,014	256,978	(10)	(35)
Cash collateral receivables on derivative instruments	23,763	27,032	30,979	(12)	(23)
Financial assets designated at fair value	6,146	5,230	4,951	18	24
Loans	311,954	312,321	315,757	0	(1)
Financial investments available-for-sale	62,543	61,677	57,159	1	9
Investments in associates	954	1,010	927	(6)	3
Property, equipment and software	7,695	7,358	6,854	5	12
Goodwill and intangible assets	6,568	6,441	6,785	2	(3)
Deferred tax assets	12,835	11,669	11,060	10	16
Other assets	22,160	22,109	22,988	0	(4)
Total assets	942,819	979,746	1,062,478	(4)	(11)

Balance sheet (continued)

				% change from	
CHF million	31.12.15	30.9.15	31.12.14	30.9.15	31.12.14
Liabilities					
Due to banks	11,836	11,202	10,492	6	13
Cash collateral on securities lent	8,029	7,381	9,180	9	(13)
Repurchase agreements	9,653	17,373	11,818	(44)	(18)
Trading portfolio liabilities	29,137	35,184	27,958	(17)	4
Negative replacement values	162,430	179,657	254,101	(10)	(36)
Cash collateral payables on derivative instruments	38,282	40,791	42,372	(6)	(10)
Financial liabilities designated at fair value	62,995	62,081	75,297	1	(16)
Due to customers	390,185	385,808	410,207	1	(5)
Debt issued	93,147	102,731	91,207	(9)	2
Provisions	4,164	4,097	4,366	2	(5)
Other liabilities	75,652	77,407	71,112	(2)	6
Total liabilities	885,511	923,712	1,008,110	(4)	(12)
Equity					
Share capital	385	385	372	0	3
Share premium	31,164	31,004	32,590	1	(4)
Treasury shares	(1,693)	(1,643)	(1,393)	3	22
Retained earnings	29,504	28,353	22,134	4	33
Other comprehensive income recognized directly in equity, net of tax	(4,047)	(4,022)	(3,093)	1	31
Equity attributable to UBS Group AG shareholders	55,313	54,077	50,608	2	9
Equity attributable to non-controlling interests	1,995	1,957	3,760	2	(47)
Total equity	57,308	56,034	54,368	2	5
Total liabilities and equity	942,819	979,746	1,062,478	(4)	(11)

Statement of changes in equity

CHF million	Share capital	Share premium	Treasury shares	Retained earnings	Other comprehensive income recognized directly in equity, net of tax[1]
Balance as of 1 January 2014	**384**	**33,906**	**(1,031)**	**20,608**	**(5,866)**
Issuance of share capital	0				
Acquisition of treasury shares			(918)		
Disposal of treasury shares			519		
Treasury share gains / (losses) and net premium / (discount) on own equity derivative activity		24			
Premium on shares issued and warrants exercised		3			
Employee share and share option plans		619			
Tax (expense) / benefit recognized in share premium		3			
Dividends		(938)[2]			
Equity classified as obligation to purchase own shares		45			
Preferred notes					
New consolidations and other increases / (decreases)					
Deconsolidations and other decreases					
Total comprehensive income for the period				2,295	2,625
of which: Net profit / (loss)				*3,466*	
of which: Other comprehensive income that may be reclassified to the income statement, net of tax					*2,625*
of which: Other comprehensive income that will not be reclassified to the income statement, net of tax – defined benefit plans				*(1,172)*	
of which: Other comprehensive income that will not be reclassified to the income statement, net of tax – foreign currency translation					
Changes to legal structure / reorganization: Effect of establishment of UBS Group AG	(37)	(3,078)		(2,219)	366
Changes to legal structure / reorganization: Increase in UBS Group AG's ownership interest in UBS AG	24	2,006	37	1,449	(218)
Balance as of 31 December 2014	**372**	**32,590**	**(1,393)**	**22,134**	**(3,093)**
Issuance of share capital	0				
Acquisition of treasury shares			(1,538)		
Disposal of treasury shares			1,275		
Treasury share gains / (losses) and net premium / (discount) on own equity derivative activity		(40)			
Premium on shares issued and warrants exercised		33			
Employee share and share option plans		302			
Tax (expense) / benefit recognized in share premium		9			
Dividends		(2,760)[2]			
Equity classified as obligation to purchase own shares		1			
Preferred notes					
New consolidations and other increases / (decreases)					
Deconsolidations and other decreases					
Total comprehensive income for the period				6,502	(804)
of which: Net profit / (loss)				*6,203*	
of which: Other comprehensive income that may be reclassified to the income statement, net of tax					*(804)*
of which: Other comprehensive income that will not be reclassified to the income statement, net of tax – defined benefit plans				*298*	
of which: Other comprehensive income that will not be reclassified to the income statement, net of tax – foreign currency translation					
Changes to legal structure / reorganization: Increase in UBS Group AG's ownership interest in UBS AG	13	1,029	(37)	868	(150)
Balance as of 31 December 2015	**385**	**31,164**	**(1,693)**	**29,504**	**(4,047)**

1 Excludes defined benefit plans that are recorded directly in retained earnings. 2 Reflects the payment out of the capital contribution reserve of UBS Group AG (standalone) (2014: UBS AG (standalone)) of CHF 0.75 (2014: CHF 0.25) per CHF 0.10 par value share.

of which: Foreign currency translation	*of which: Financial investments available-for-sale*	*of which: Cash flow hedges*	Total equity attributable to UBS Group AG shareholders	Preferred noteholders	Non-controlling interests	Total equity
(7,425)	*95*	*1,463*	**48,002**	**1,893**	**41**	**49,936**
			0			0
			(918)			(918)
			519			519
			24			24
			3			3
			619			619
			3			3
			(938)	(142)	(4)	(1,084)
			45			45
			0	1		1
			0		1	1
			0			0
1,795	*141*	*689*	4,920	221	79	5,220
			3,466	*142*	*32*	*3,640*
1,795	*141*	*689*	*2,625*		*3*	*2,628*
			(1,172)		*(36)*	*(1,208)*
			0	*80*	*80*	*160*
593	(25)	(203)	(4,968)	(1,974)	6,942	0
(369)	16	135	3,299		(3,299)	0
(5,406)	*228*	*2,084*	**50,608**	**0**	**3,760**	**54,368**
			0			0
			(1,538)			(1,538)
			1,275			1,275
			(40)			(40)
			33			33
			302			302
			9			9
			(2,760)		(124)	(2,884)
			1			1
			0			0
			0		1	1
			0		(1)	(1)
(231)	*(63)*	*(509)*	5,698		83	5,781
			6,203		*183*	*6,386*
(231)	*(63)*	*(509)*	*(804)*		*(10)*	*(814)*
			298		*5*	*304*
			0		*(95)*	*(95)*
(220)	*7*	*63*	1,724		(1,724)	0
(5,857)	*172*	*1,638*	55,313		1,995	57,308

Liquidity and funding management

Liquidity coverage ratio

	Average 4Q15	Average 3Q15
High-quality liquid assets	208	191
Net cash outflows	163	150
Liquidity coverage ratio (%)	128	127

Capital management

Swiss SRB Basel III available capital versus capital requirements (phase-in)

	Capital ratio (%)				Capital			
	Requirement[1]	Actual[2,3]			Requirement	Actual[2,3]		
CHF million, except where indicated	31.12.15	31.12.15	30.9.15	31.12.14	31.12.15	31.12.15	30.9.15	31.12.14
Base capital (common equity tier 1 capital)	4.5	4.5	4.5	4.0	9,554	9,554	9,934	8,835
Buffer capital (common equity tier 1 capital and high-trigger loss-absorbing capital)	5.3[4]	16.8	15.7	15.4	11,236	35,564	34,740	34,027
of which: effect of countercyclical buffer	*0.2*	*0.2*	*0.2*	*0.1*	*356*	*356*	*359*	*322*
Progressive buffer capital (low-trigger loss-absorbing capital)	2.8	5.0	4.8	5.2	6,011	10,679	10,566	11,398
Phase-out capital (tier 2 capital)		0.5	0.8	0.9		996	1,667	2,050
Total	12.6	26.8	25.8	25.5	26,800	56,792	56,906	56,310

1 Prior to the implementation of the Basel III framework, FINMA also defined a total capital ratio target for UBS Group of 14.4% which is effective until the Swiss SRB Basel III transitional capital requirement exceeds a total capital ratio of 14.4%. 2 Swiss SRB Basel III CET1 capital exceeding the base capital requirement is allocated to the buffer capital. 3 From 31 March 2015 onwards, high-trigger loss-absorbing capital (LAC) is included in the buffer capital. Prior to 31 March 2015, high-trigger LAC was included in the progressive buffer capital. 4 CET1 capital can be substituted by high-trigger LAC up to 2.3% in 2015.

Swiss SRB Basel III capital information

	Phase-in			Fully applied		
CHF million, except where indicated	31.12.15	30.9.15	31.12.14	31.12.15	30.9.15	31.12.14
Common equity tier 1 capital						
Common equity tier 1 capital	40,378	40,488	42,863	30,044	30,948	28,941
Additional tier 1 capital						
High-trigger loss-absorbing capital[1]	3,828	3,270	0	3,828	3,270	467
Low-trigger loss-absorbing capital[2]	353	367	0	2,326	2,308	0
Total additional tier 1 capital[3]	4,181	3,638	0	6,154	5,578	467
Tier 1 capital	44,559	44,125	42,863	36,198	36,526	29,408
Tier 2 capital						
High-trigger loss-absorbing capital	912	916	946	912	916	946
Low-trigger loss-absorbing capital	10,325	10,198	10,451	10,325	10,198	10,451
Phase-out capital	996	1,667	2,050			
Total tier 2 capital	12,233	12,781	13,448	11,237	11,114	11,398
Total capital	56,792	56,906	56,310	47,435	47,640	40,806
Common equity tier 1 capital ratio (%)	19.0	18.3	19.4	14.5	14.3	13.4
Tier 1 capital ratio (%)	21.0	20.0	19.4	17.4	16.9	13.6
Total capital ratio (%)	26.8	25.8	25.5	22.9	22.0	18.9
Risk-weighted assets	212,302	220,755	220,877	207,530	216,314	216,462

1 As of 31 December 2014, on a phase-in basis, high-trigger loss-absorbing capital of CHF 467 million was fully offset by required deductions for goodwill. 2 Consists on a phase-in basis of low-trigger loss-absorbing capital (31 December 2015: CHF 2,326 million, 30 September 2015: CHF 2,308 million) partly offset by required deductions for goodwill (31 December 2015: CHF 1,973 million, 30 September 2015: CHF 1,940 million). 3 Includes on a phase-in basis hybrid capital subject to phase-out (31 December 2015: CHF 1,954 million, 30 September 2015: CHF 1,919 million, 31 December 2014: CHF 3,210 million), fully offset by required deductions for goodwill.

Swiss SRB Basel III capital movement

CHF billion	Phase-in	Fully applied
Common equity tier 1 capital as of 30.9.15	**40.5**	**30.9**
Movements during the fourth quarter of 2015:		
Operating profit / (loss) before tax	0.2	0.2
Deferred tax assets recognized for tax loss carry-forwards	0.5	
Deferred tax assets on temporary differences	0.0	(0.1)
Current tax effect	(0.1)	(0.1)
Defined benefit plans	0.2	0.2
Foreign currency translation effects	0.3	0.0
Other[1]	(1.2)	(1.2)
Total movement	*(0.1)*	*(0.9)*
Common equity tier 1 capital as of 31.12.15	**40.4**	**30.0**
Additional tier 1 capital as of 30.9.15	3.6	5.6
Movements during the fourth quarter of 2015:		
Issuance of high-trigger loss-absorbing capital	0.5	0.5
Foreign currency translation effects and other	0.1	0.1
Total movement	*0.6*	*0.6*
Additional tier 1 capital as of 31.12.15	**4.2**	**6.2**
Tier 2 capital as of 30.9.15	12.8	11.1
Movements during the fourth quarter of 2015:		
Repurchase	(0.7)	
Foreign currency translation effects and other	0.1	0.1
Total movement	*(0.6)*	*0.1*
Tier 2 capital as of 31.12.15	**12.2**	**11.2**
Total capital as of 31.12.15	**56.8**	**47.4**
Total capital as of 30.9.15	56.9	47.6

1 Includes accruals for dividends to shareholders.

Reconciliation IFRS equity to Swiss SRB Basel III capital

	Phase-in			Fully applied		
CHF million	31.12.15	30.9.15	31.12.14	31.12.15	30.9.15	31.12.14
Equity attributable to UBS Group AG shareholders	55,313	54,077	50,608	55,313	54,077	50,608
Equity attributable to non-controlling interests in UBS AG			1,702			1,702
Equity attributable to preferred noteholders and other non-controlling interests	1,995	1,957	2,058	1,995	1,957	2,058
Total IFRS equity	57,308	56,034	54,368	57,308	56,034	54,368
Equity attributable to preferred noteholders and other non-controlling interests	(1,995)	(1,957)	(2,058)	(1,995)	(1,957)	(2,058)
Defined benefit plans (before phase-in, as applicable)[1]			3,997	(50)	0	0
Defined benefit plans, phase-in[2]	(20)	0	(799)			
Deferred tax assets recognized for tax loss carry-forwards (before phase-in, as applicable)				(7,468)	(6,506)	(8,047)
Deferred tax assets recognized for tax loss carry-forwards, phase-in[2]	(2,988)	(2,602)	(1,605)			
Deferred tax assets on temporary differences, excess over threshold	(702)	(667)	0	(2,598)	(2,443)	(604)
Goodwill, net of tax, less hybrid capital and loss-absorbing capital[3]	(2,618)	(2,573)	(3,010)	(6,545)	(6,432)	(6,687)
Intangible assets, net of tax	(323)	(339)	(410)	(323)	(339)	(410)
Unrealized (gains) / losses from cash flow hedges, net of tax	(1,638)	(2,056)	(2,156)	(1,638)	(2,056)	(2,156)
Compensation and own shares-related capital components (not recognized in net profit)	(1,383)	(1,527)	(1,219)	(1,383)	(1,527)	(1,219)
Own credit related to financial liabilities designated at fair value and replacement values, net of tax	(442)	(462)	136	(442)	(462)	136
Unrealized gains related to financial investments available-for-sale, net of tax	(402)	(351)	(384)	(402)	(351)	(384)
Prudential valuation adjustments	(83)	(61)	(123)	(83)	(61)	(123)
Consolidation scope	(130)	(85)	(88)	(130)	(85)	(88)
Other[4]	(4,206)	(2,865)	(3,786)	(4,206)	(2,865)	(3,786)
Common equity tier 1 capital	40,378	40,488	42,863	30,044	30,948	28,941
High-trigger loss-absorbing capital	3,828	3,270	467	3,828	3,270	467
Low-trigger loss-absorbing capital	2,326	2,308	0	2,326	2,308	0
Hybrid capital subject to phase-out	1,954	1,919	3,210			
Goodwill, net of tax, offset against hybrid capital and loss-absorbing capital	(3,927)	(3,859)	(3,677)			
Additional tier 1 capital	4,181	3,638	0	6,154	5,578	467
Tier 1 capital	44,559	44,125	42,863	36,198	36,526	29,408
Tier 2 capital	12,233	12,781	13,448	11,237	11,114	11,398
Total capital	56,792	56,906	56,310	47,435	47,640	40,806

1 Phase-in number net of tax, fully applied number pre-tax. 2 As of 31 December 2015 and 30 September 2015 the phase-in deduction applied was 40%, as of 31 December 2014 the phase-in deduction applied was 20%. Refer to the "Capital management" section of our Annual report 2014 for more information on the phase-in deductions. 3 Includes goodwill related to significant investments in financial institutions of CHF 360 million. 4 Includes accruals for dividends to shareholders of approximately CHF 3.2 billion (as of 31 December 2015), the net charge for the compensation-related increase in high-trigger loss-absorbing capital for tier 2 and additional tier 1 capital and other items.

Basel III risk-weighted assets by risk type, exposure and business division and Corporate Center unit

	31.12.15									
CHF billion	Wealth Management	Wealth Management Americas	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services	CC – Group ALM	CC – Non-core and Legacy Portfolio	Total RWA	Total capital requirement[1]
Credit risk	12.6	8.5	32.9	1.7	35.5	1.3	5.0	6.9	104.4	13.2
Advanced IRB approach	*8.5*	*3.4*	*31.2*	*1.0*	*32.0*	*0.2*	*3.9*	*5.0*	*85.2*	*10.8*
Sovereigns[2]	*0.0*	*0.0*	*0.1*	*0.0*	*0.5*	*0.0*	*2.0*	*0.1*	*2.7*	*0.3*
Banks[2]	*0.0*	*0.0*	*1.1*	*0.0*	*5.1*	*0.0*	*0.9*	*0.8*	*7.9*	*1.0*
Corporates[2]	*0.5*	*0.0*	*15.1*	*0.0*	*23.5*	*0.0*	*1.0*	*1.7*	*41.8*	*5.3*
Retail	*7.4*	*3.3*	*13.6*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*24.2*	*3.1*
Other[3]	0.6	0.1	1.4	1.0	2.9	0.1	0.1	2.3	8.6	1.1
Standardized approach	*4.1*	*5.1*	*1.7*	*0.7*	*3.6*	*1.1*	*1.0*	*2.0*	*19.2*	*2.4*
Sovereigns	*0.2*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.3*	*0.0*
Banks	*0.1*	*0.4*	*0.1*	*0.1*	*0.1*	*0.1*	*0.0*	*0.2*	*1.1*	*0.1*
Corporates	*1.2*	*1.2*	*0.1*	*0.6*	*1.7*	*1.0*	*0.3*	*1.0*	*7.1*	*0.9*
Central counterparties[2]	*0.0*	*0.0*	*0.0*	*0.0*	*1.8*	*0.0*	*0.7*	*0.3*	*2.8*	*0.4*
Retail	*2.3*	*3.4*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*5.8*	*0.7*
Other[3]	0.3	0.1	1.4	0.0	(0.1)	0.0	0.0	0.4	2.1	0.3
Non-counterparty-related risk	0.1	0.0	0.1	0.0	0.1	20.5	0.0	0.0	20.7	2.6
Market risk	0.0	1.0	0.0	0.0	10.5	(2.9)[4]	0.9	2.6	12.1	1.5
Value-at-risk (VaR)	*0.0*	*0.2*	*0.0*	*0.0*	*1.6*	*(0.8)*	*0.1*	*0.4*	*1.5*	*0.2*
Stressed value-at-risk (SVaR)	*0.0*	*0.4*	*0.0*	*0.0*	*2.9*	*(1.4)*	*0.2*	*0.6*	*2.8*	*0.4*
Add-on for risks-not-in-VaR	*0.0*	*0.0*	*0.0*	*0.0*	*3.3*	*0.0*	*0.1*	*0.8*	*4.2*	*0.5*
Incremental risk charge (IRC)	*0.0*	*0.4*	*0.0*	*0.0*	*2.5*	*(0.8)*	*0.5*	*0.2*	*2.7*	*0.3*
Comprehensive risk measure (CRM)	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*0.1*	*0.0*
Securitization / re-securitization in the trading book	*0.0*	*0.0*	*0.0*	*0.0*	*0.2*	*0.0*	*0.0*	*0.5*	*0.7*	*0.1*
Operational risk	12.6	12.4	1.6	0.9	16.8	9.5	0.1	21.1	75.1	9.5
of which: incremental RWA[5]	*5.5*	*1.7*	*0.5*	*0.0*	*0.0*	*3.0*	*0.0*	*2.6*	*13.3*	*1.7*
Total RWA, phase-in	25.3	21.9	34.6	2.6	62.9	28.3	6.0	30.7	212.3	26.8
Phase-out items[6]	0.0	0.0	0.0	0.0	0.0	4.7	0.0	0.0	4.8	
Total RWA, fully applied	25.3	21.9	34.6	2.6	62.9	23.6	6.0	30.7	207.5	

1 Calculated based on our Swiss SRB Basel III total capital requirement of 12.6% of RWA. 2 Includes stressed expected positive exposures. 3 Includes securitization / re-securitization exposures in the banking book, equity exposures in the banking book according to the simple risk weight method, credit valuation adjustments, settlement risk and business transfers. 4 Corporate Center – Services market risk RWA were negative, as they included the effect of portfolio diversification across businesses. 5 Incremental RWA reflect the effect of the supplemental operational risk capital analysis mutually agreed to by UBS and FINMA. 6 Phase-out items are entirely related to non-counterparty-related risk RWA.

Basel III risk-weighted assets by risk type, exposure and business division and Corporate Center unit

	31.12.15 vs 30.9.15								
CHF billion	Wealth Management	Wealth Management Americas	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services	CC – Group ALM	CC – Non-core and Legacy Portfolio	Total RWA
Credit risk	(0.6)	(0.1)	(0.4)	(0.5)	(1.0)	0.0	0.4	(1.7)	(3.8)
Advanced IRB approach	*(0.4)*	*0.2*	*(0.3)*	*(0.1)*	*(0.6)*	*0.0*	*1.9*	*(1.2)*	*(0.3)*
Sovereigns	*0.0*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*1.6*	*0.0*	*1.5*
Banks	*0.0*	*0.0*	*0.1*	*0.0*	*0.3*	*(0.1)*	*0.2*	*(0.2)*	*0.4*
Corporates	*0.0*	*0.0*	*(0.3)*	*0.0*	*(0.4)*	*0.0*	*0.2*	*(0.6)*	*(1.1)*
Retail	*(0.3)*	*0.3*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.1)*
Other	(0.1)	0.0	(0.2)	(0.1)	(0.3)	0.0	0.0	(0.5)	(1.0)
Standardized approach	*(0.2)*	*(0.3)*	*(0.1)*	*(0.4)*	*(0.3)*	*0.0*	*(1.6)*	*(0.4)*	*(3.5)*
Sovereigns	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*
Banks	*0.0*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.1*	*(0.9)*	*0.0*	*(1.0)*
Corporates	*(0.2)*	*(2.1)*	*(0.2)*	*(0.3)*	*(0.2)*	*0.0*	*(0.6)*	*0.1*	*(3.5)*
Central counterparties	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*0.0*	*(0.1)*	*(0.3)*	*(0.3)*
Retail	*0.0*	*1.8*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.8*
Other	(0.1)	0.0	0.1	(0.1)	(0.1)	0.0	0.0	(0.4)	(0.6)
Non-counterparty-related risk	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.4
Market risk	0.0	(0.2)	0.0	0.0	(4.0)	1.2	(1.6)	(0.4)	(5.2)
Value-at-risk (VaR)	*0.0*	*0.0*	*0.0*	*0.0*	*(0.6)*	*0.3*	*(0.5)*	*0.0*	*(0.7)*
Stressed value-at-risk (SVaR)	*0.0*	*0.0*	*0.0*	*0.0*	*(1.8)*	*0.8*	*(0.9)*	*(0.2)*	*(2.0)*
Add-on for risks-not-in-VaR	*0.0*	*0.0*	*0.0*	*0.0*	*(2.0)*	*0.0*	*(0.3)*	*(0.2)*	*(2.5)*
Incremental risk charge (IRC)	*0.0*	*(0.2)*	*0.0*	*0.0*	*0.4*	*0.0*	*0.0*	*0.0*	*0.1*
Comprehensive risk measure (CRM)	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Securitization / re-securitization in the trading book	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.1)*	*(0.1)*
Operational risk	(0.2)	(0.1)	0.0	0.0	(0.3)	(0.1)	0.0	0.7	0.1
of which: incremental RWA	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Total RWA, phase-in	(0.8)	(0.4)	(0.3)	(0.5)	(5.3)	1.5	(1.3)	(1.4)	(8.5)
Phase-out items	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.4
Total RWA, fully applied	(0.8)	(0.4)	(0.3)	(0.5)	(5.3)	1.3	(1.3)	(1.4)	(8.8)

Changes in fully applied risk-weighted assets by key driver

CHF billion	RWA as of 30.9.15	Currency effects	Book size and other	Methodology changes and regulatory add-ons	RWA as of 31.12.15
Credit risk	108	2	(7)	2	104
Non-counterparty-related risk	16	0	0	0	16
Market risk	17	0	(4)	(1)	12
Operational risk	75	0	0	0	75
Total	**216**	**2**	**(11)**	**1**	**208**

Swiss SRB leverage ratio requirements (phase-in)

	Swiss SRB leverage ratio (%)				Swiss SRB leverage ratio capital			
	Requirement[1]	Actual[2,3,4]			Requirement	Actual[2,3,4]		
CHF million, except where indicated	31.12.15	31.12.15	30.9.15	31.12.14	31.12.15	31.12.15	30.9.15	31.12.14
Base capital (common equity tier 1 capital)	1.1	1.1	1.1	1.0	9,763	9,763	10,283	9,647
Buffer capital (common equity tier 1 capital and high-trigger loss-absorbing capital)	1.2[5]	3.9	3.6	3.3	11,119	35,354	34,390	33,216
Progressive buffer capital (low-trigger loss-absorbing capital)	0.7	1.2	1.1	1.1	6,143	10,679	10,566	11,398
Total	3.0	6.2	5.8	5.4	27,026	55,796	55,239	54,260

1 Requirements for base capital (24% of 4.5%), buffer capital (24% of 5.1%) and progressive buffer capital (24% of 2.8%). The total leverage ratio requirement of 3.0% is the current phase-in requirement according to the Swiss Capital Adequacy Ordinance. In addition, FINMA defined a total leverage ratio target of 3.5%, which will be effective until it is exceeded by the Swiss SRB Basel III phase-in requirement. 2 Swiss SRB Basel III CET1 capital exceeding the base capital requirement is allocated to the buffer capital. 3 Since 31 March 2015, high-trigger loss-absorbing capital (LAC) is included in the buffer capital. As of 31 December 2014, high-trigger LAC was included in the progressive buffer capital. 4 The leverage ratio denominator (LRD) used to calculate the requirements is calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, these are fully aligned to the BIS Basel III rules and the LRD is reported on a spot basis. Prior to the alignment to BIS rules, the LRD was calculated based on former FINMA rules and reported on a 3-month average basis. 5 CET1 capital can be substituted by high-trigger LAC up to 0.5% in 2015.

Swiss SRB leverage ratio[1]

	Swiss SRB (new)		Swiss SRB (former)	
CHF million, except where indicated	As of 31.12.15	As of 30.9.15	Average 3Q15	Average 4Q14
IFRS total assets	942,819	979,746	980,970	1,057,361
Difference between IFRS and regulatory scope of consolidation[2]	(16,763)	(17,425)	(17,873)	(18,525)
Less derivative exposures and securities financing transactions[3]	(300,834)	(326,499)	(325,744)	(394,192)
On-balance sheet exposures (excluding derivative exposures and securities financing transactions)	625,222	635,822	637,353	644,644
Derivative exposures[3]	128,866	136,680	132,227	169,267
Securities financing transactions[3]	120,086	130,895	98,450	97,905
Off-balance sheet items	41,132	48,519	76,307	88,750
Other adjustments[4]			18,518	19,184
Items deducted from Swiss SRB tier 1 capital, phase-in	(11,291)	(10,699)	(10,699)	(14,879)
Total exposures (leverage ratio denominator), phase-in[5]	904,014	941,216	952,156	1,004,869
Additional items deducted from Swiss SRB tier 1 capital, fully applied	(6,407)	(5,680)	(5,680)	(7,047)
Total exposures (leverage ratio denominator), fully applied[5]	897,607	935,536	946,476	997,822
Phase-in	31.12.15	30.9.15	30.9.15	31.12.14
Common equity tier 1 capital	40,378	40,488	40,488	42,863
Loss-absorbing capital	15,418	14,752	14,752	11,398
Common equity tier 1 capital including loss-absorbing capital	55,796	55,239	55,239	54,260
Swiss SRB leverage ratio (%)	6.2	5.9	5.8	5.4
Fully applied	31.12.15	30.9.15	30.9.15	31.12.14
Common equity tier 1 capital	30,044	30,948	30,948	28,941
Loss-absorbing capital	17,391	16,692	16,692	11,865
Common equity tier 1 capital including loss-absorbing capital	47,435	47,640	47,640	40,806
Swiss SRB leverage ratio (%)	5.3	5.1	5.0	4.1

1 Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator (LRD) calculation is fully aligned to the BIS Basel III rules and the LRD is reported on a spot basis. For comparison purposes, the equivalent number for 30 September 2015 is provided on a pro-forma basis. Prior to the alignment to BIS rules, the LRD was calculated based on former FINMA rules and reported on a 3-month average basis and is therefore not fully comparable to the LRD reported for 31 December 2015, although the presentation format was aligned. 2 Represents the difference between the IFRS and the regulatory scope of consolidation, which is the applicable scope for the LRD calculation. 3 Consists of positive replacement values, cash collateral receivables on derivative instruments, cash collateral on securities borrowed, reverse repurchase agreements, margin loans and prime brokerage receivables related to securities financing transactions in accordance with the regulatory scope of consolidation, which are presented separately in this table. 4 Includes assets of entities consolidated under IFRS but not in regulatory scope of consolidation, which had to be included under the former Swiss SRB LRD calculation rules. 5 In accordance with former Swiss SRB LRD calculation rules, the leverage ratio denominator excludes forward starting repos, securities lending indemnifications and CEM add-ons for exchange-traded derivatives (ETD), both proprietary and agency transactions, and for OTC derivatives with a qualifying central counterparty.

Swiss SRB leverage ratio denominator by business division and Corporate Center unit[1]

CHF billion	Wealth Management	Wealth Management Americas	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services	CC – Group ALM	CC – Non-Core and Legacy Portfolio	Total LRD
As of 31.12.15									
IFRS total assets	119.9	61.0	141.2	12.9	253.5	22.6	237.5	94.4	942.8
Difference between IFRS and regulatory scope of consolidation[2]	(6.0)	(0.2)	0.0	(10.2)	(0.7)	0.0	0.3	0.0	(16.8)
Less derivative exposures and securities financing transactions[3]	(2.0)	(1.8)	(2.7)	0.0	(139.4)	0.0	(67.0)	(87.9)	(300.8)
On-balance sheet exposures (excluding derivative exposures and securities financing transactions)	**111.8**	**59.0**	**138.5**	**2.7**	**113.5**	**22.5**	**170.8**	**6.5**	**625.2**
Derivative exposures[3]	4.0	1.7	3.5	0.0	81.8	0.0	1.5	36.3	128.9
Securities financing transactions[3]	0.0	1.1	0.0	0.0	48.6	0.0	67.8	2.5	120.1
Off-balance sheet items	3.2	1.0	11.9	0.0	24.1	0.0	0.0	0.8	41.1
Items deducted from Swiss SRB tier 1 capital, phase-in						(11.3)			(11.3)
Total exposures (leverage ratio denominator), phase-in	119.0	62.9	153.8	2.7	268.0	11.3	240.2	46.2	904.0
Additional items deducted from Swiss SRB tier 1 capital, fully applied						(6.4)			(6.4)
Total exposures (leverage ratio denominator), fully applied	119.0	62.9	153.8	2.7	268.0	4.8	240.2	46.2	897.6
Average 3Q15									
IFRS total assets	125.1	57.5	141.6	15.4	279.6	20.2	230.6	111.1	981.0
Difference between IFRS and regulatory scope of consolidation[2]	(6.1)	(0.2)	0.0	(10.8)	(0.9)	(0.1)	0.3	0.0	(17.9)
Less derivative exposures and securities financing transactions[3]	(2.8)	(1.9)	(2.7)	0.0	(147.5)	0.0	(80.6)	(90.1)	(325.7)
On-balance sheet exposures (excluding derivative exposures and securities financing transactions)	**116.1**	**55.4**	**138.8**	**4.5**	**131.2**	**20.0**	**150.3**	**21.0**	**637.4**
Derivative exposures[3]	4.2	0.8	3.4	0.0	69.3	0.0	19.1	35.4	132.2
Securities financing transactions[3]	0.0	1.0	0.0	0.0	39.9	0.0	57.4	0.2	98.4
Off-balance sheet items	4.1	2.1	20.2	0.0	47.6	0.0	0.0	2.2	76.3
Other adjustments[4]	6.1	0.1	0.0	10.8	1.1	0.0	0.2	0.0	18.5
Items deducted from Swiss SRB tier 1 capital, phase-in						(10.7)			(10.7)
Total exposures (leverage ratio denominator), phase-in[5]	**130.5**	**59.5**	**162.5**	**15.4**	**289.1**	**9.4**	**227.0**	**58.8**	**952.2**
Additional items deducted from Swiss SRB tier 1 capital, fully applied						(5.7)			(5.7)
Total exposures (leverage ratio denominator), fully applied[5]	**130.5**	**59.5**	**162.5**	**15.4**	**289.1**	**3.7**	**227.0**	**58.8**	**946.5**
Average 4Q14									
IFRS total assets	127.6	54.4	143.8	14.8	291.5	19.4	236.3	169.6	1,057.4
Difference between IFRS and regulatory scope of consolidation[2]	(6.5)	(0.3)	0.0	(11.2)	(0.7)	(0.1)	0.3	0.0	(18.5)
Less derivative exposures and securities financing transactions[3]	(2.9)	(1.6)	(2.6)	(0.2)	(155.2)	0.0	(78.7)	(153.0)	(394.2)
On-balance sheet exposures (excluding derivative exposures and securities financing transactions)	**118.2**	**52.5**	**141.2**	**3.5**	**135.5**	**19.2**	**157.9**	**16.6**	**644.6**
Derivative exposures[3]	4.0	0.9	3.4	0.2	74.5	0.0	14.2	72.0	169.3
Securities financing transactions[3]	0.0	0.7	0.0	0.0	32.8	0.0	64.0	0.5	97.9
Off-balance sheet items	9.5	9.0	21.2	0.0	44.5	0.0	0.0	4.4	88.7
Other adjustments[4]	6.6	0.2	0.1	11.2	0.9	0.0	0.2	0.0	19.2
Items deducted from Swiss SRB tier 1 capital, phase-in						(14.9)			(14.9)
Total exposures (leverage ratio denominator), phase-in[5]	**138.3**	**63.3**	**165.9**	**14.9**	**288.3**	**4.5**	**236.3**	**93.4**	**1,004.9**
Additional items deducted from Swiss SRB tier 1 capital, fully applied						(7.0)			(7.0)
Total exposures (leverage ratio denominator), fully applied[5]	**138.3**	**63.3**	**165.9**	**14.9**	**288.3**	**(2.6)**	**236.3**	**93.4**	**997.8**

1 Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator (LRD) calculation is fully aligned to the BIS Basel III rules and the LRD is reported on a spot basis. Prior to the alignment to BIS rules, the LRD was calculated based on former FINMA rules and reported on a 3-month average basis and is therefore not fully comparable to the LRD reported for 31 December 2015, although the presentation format was aligned. 2 Represents the difference between the IFRS and the regulatory scope of consolidation, which is the applicable scope for the LRD calculation. 3 Consists of positive replacement values, cash collateral receivables on derivative instruments, cash collateral on securities borrowed, reverse repurchase agreements, margin loans and prime brokerage receivables related to securities financing transactions in accordance with the regulatory scope of consolidation, which are presented separately in this table. 4 Includes assets of entities consolidated under IFRS but not in regulatory scope of consolidation, which had to be included under the former Swiss SRB LRD calculation rules. 5 In accordance with former Swiss SRB LRD calculation rules, the leverage ratio denominator excludes forward starting repos, securities lending indemnifications and CEM add-ons for exchange-traded derivatives (ETD), both proprietary and agency transactions, and for OTC derivatives with a qualifying central counterparty.

Changes in fully applied leverage ratio denominator by key driver[1]

CHF billion	LRD as of 30.9.15	Currency effects	Book size and other	Methodology changes	LRD as of 31.12.15
On-balance sheet exposures (excluding derivative exposures and securities financing transactions)[2]	636	8	(15)	(4)	625
Derivative exposures	137	2	(10)	0	129
Securities financing transactions	131	2	(6)	(7)	120
Off-balance sheet items	49	1	(6)	(3)	41
Deduction items	(16)	0	(1)	0	(18)
Total	**936**	**13**	**(37)**	**(14)**	**898**

1 The leverage ratio denominator (LRD) is calculated in accordance with Swiss SRB rules based on the regulatory scope of consolidation. From 31 December 2015 onwards, these are fully aligned to the BIS Basel III rules and the LRD is reported on a spot basis. This table compares the 31 December 2015 LRD with the equivalent 30 September 2015 LRD, which is provided on a pro-forma basis. 2 Excludes positive replacement values, cash collateral receivables on derivative instruments, cash collateral on securities borrowed, reverse repurchase agreements, margin loans and prime brokerage receivables related to securities financing transactions, which are presented separately in this table.

BIS Basel III leverage ratio

CHF million, except where indicated		
Phase-in	31.12.15	30.9.15
BIS Basel III tier 1 capital	44,559	44,125
Total exposures (leverage ratio denominator)	904,014	941,216
BIS Basel III leverage ratio (%)	4.9	4.7
Fully applied	31.12.15	30.9.15
BIS Basel III tier 1 capital	36,198	36,526
Total exposures (leverage ratio denominator)	897,607	935,536
BIS Basel III leverage ratio (%)	4.0	3.9

Average attributed equity

	For the quarter ended			Year ended	
CHF billion	31.12.15	30.9.15	31.12.14	31.12.15	31.12.14
Wealth Management	3.4	3.5	3.5	3.5	3.4
Wealth Management Americas	2.5	2.6	2.7	2.5	2.7
Personal & Corporate Banking	3.9	3.9	4.0	3.9	4.1
Asset Management	1.5	1.6	1.7	1.6	1.7
Investment Bank	7.3	7.3	7.5	7.3	7.6
Corporate Center	24.7	26.4	19.8	25.8	20.5
of which: Services	*18.8*	*20.4*	*12.5*	*19.6*	*12.3*
of which: Group items	*17.3*	*19.0*	*11.4*	*18.2*	*11.3*
of which: Group ALM	*3.2*	*3.2*	*3.3*	*3.3*	*3.2*
of which: Non-core and Legacy Portfolio	*2.7*	*2.8*	*4.0*	*2.9*	*4.9*
Average equity attributed to the business divisions and Corporate Center	43.3	45.3	39.2	44.6	39.9
Difference	11.4	6.8	11.5	7.8	9.8
Average equity attributable to UBS Group AG shareholders	54.7	52.1	50.7	52.4	49.7

Return on attributed equity and return on equity[1]

	For the quarter ended			Year ended	
In %	31.12.15	30.9.15	31.12.14	31.12.15	31.12.14
Wealth Management	40.5	73.0	73.8	77.4	67.9
Wealth Management Americas	2.2	39.8	31.3	29.0	33.6
Personal & Corporate Banking	36.4	47.8	34.0	41.9	36.7
Asset Management	45.6	28.5	20.0	36.5	27.5
Investment Bank	4.4	27.2	11.6	25.9	(1.1)
UBS Group	6.9	15.9	6.8	11.8	7.0

1 Return on attributed equity shown for the business divisions and return on equity attributable to UBS Group AG shareholders shown for UBS Group. Return on attributed equity for Corporate Center is not shown, as it is not meaningful.

UBS shares

UBS Group share information

	As of or for the quarter ended			% change from
	31.12.15	30.9.15	31.12.14	30.9.15
Shares issued	3,849,731,535	3,849,167,383	3,717,128,324	0
Treasury shares	98,706,275	96,325,993	87,871,737	2
Shares outstanding	3,751,025,260	3,752,841,390	3,629,256,587	0
Basic earnings per share (CHF)	0.25	0.56	0.24	(55)
Diluted earnings per share (CHF)	0.25	0.54	0.23	(54)
Equity attributable to UBS Group AG shareholders (CHF million)	55,313	54,077	50,608	2
Less: goodwill and intangible assets (CHF million)[1]	6,568	6,441	6,564	2
Tangible equity attributable to UBS Group AG shareholders (CHF million)	48,745	47,636	44,044	2
Total book value per share (CHF)	14.75	14.41	13.94	2
Tangible book value per share (CHF)	13.00	12.69	12.14	2
Share price (CHF)	19.52	18.01	17.09	8
Market capitalization (CHF million)[2]	75,147	69,324	63,526	8

1 Goodwill and intangible assets used in the calculation of tangible equity attributable to UBS Group AG shareholders as of 31 December 2014 have been adjusted to reflect the non-controlling interests in UBS AG as of that date. 2 Market capitalization is calculated based on the total shares issued multiplied by the share price at period end.

Earnings per share (EPS) and shares outstanding

	As of or for the quarter ended			% change from		As of or for the year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Basic earnings (CHF million)							
Net profit / (loss) attributable to UBS Group AG shareholders	949	2,068	858	(54)	11	6,203	3,466
Diluted earnings (CHF million)							
Net profit / (loss) attributable to UBS Group AG shareholders	949	2,068	858	(54)	11	6,203	3,466
Less: (profit) / loss on UBS Group AG equity derivative contracts	0	0	0			0	0
Net profit / (loss) attributable to UBS Group AG shareholders for diluted EPS	949	2,068	858	(54)	11	6,203	3,466
Weighted average shares outstanding							
Weighted average shares outstanding for basic EPS	3,752,415,299	3,708,517,262	3,609,583,799	1	4	3,690,375,879	3,720,188,713
Effect of dilutive potential shares resulting from notional shares, in-the-money options and warrants outstanding	99,695,884	93,036,324	90,437,101	7	10	90,898,386	85,325,322
Weighted average shares outstanding for diluted EPS	3,852,111,183	3,801,553,586	3,700,020,900	1	4	3,781,274,265	3,805,514,035
Earnings per share (CHF)							
Basic	0.25	0.56	0.24	(55)	4	1.68	0.93
Diluted	0.25	0.54	0.23	(54)	9	1.64	0.91
Shares outstanding							
Shares issued	3,849,731,535	3,849,167,383	3,717,128,324	0	4		
Treasury shares	98,706,275	96,325,993	87,871,737	2	12		
Shares outstanding	3,751,025,260	3,752,841,390	3,629,256,587	0	3		

The table below outlines the potential shares which could dilute basic earnings per share in the future, but were not dilutive for the periods presented.

	As of or for the quarter ended			% change from		As of or for the year ended	
Number of shares	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Potentially dilutive instruments							
Employee share-based compensation awards	67,766,835	72,290,211	94,335,120	(6)	(28)	67,766,835	94,335,120
Other equity derivative contracts	6,341,855	6,653,441	7,117,353	(5)	(11)	6,061,848	6,728,173
Total	74,108,690	78,943,652	101,452,473	(6)	(27)	73,828,683	101,063,293

Provisions and litigation, regulatory and similar matters

a) Provisions

CHF million	Operational risks[1]	Litigation, regulatory and similar matters[2]	Restructuring	Loan commitments and guarantees	Real estate	Employee benefits	Other	Total provisions
Balance as of 31 December 2014	50	3,053	647	23	153	215	224	4,366
Balance as of 30 September 2015	51	2,899	649	35	156	200	106	4,097
Increase in provisions recognized in the income statement	10	379	71	5	0	4	26	496
Release of provisions recognized in the income statement	0	(13)	(45)	0	0	(8)	(8)	(75)
Provisions used in conformity with designated purpose	(12)	(320)	(70)	0	(5)	0	(7)	(414)
Capitalized reinstatement costs	0	0	0	0	3	0	0	3
Reclassifications	0	0	0	(5)	0	0	0	(5)
Foreign currency translation / unwind of discount	(2)	38	19	0	3	2	2	62
Balance as of 31 December 2015	47	2,983	624[3]	35	157[4]	198[5]	120	4,164

1 Comprises provisions for losses resulting from security risks and transaction processing risks. 2 Comprises provisions for losses resulting from legal, liability and compliance risks. 3 Includes personnel-related restructuring provisions of CHF 110 million as of 31 December 2015 (30 September 2015: CHF 111 million; 31 December 2014: CHF 116 million) and provisions for onerous lease contracts of CHF 514 million as of 31 December 2015 (30 September 2015: CHF 538 million; 31 December 2014: CHF 530 million). 4 Includes reinstatement costs for leasehold improvements of CHF 95 million as of 31 December 2015 (30 September 2015: CHF 92 million; 31 December 2014: CHF 98 million) and provisions for onerous lease contracts of CHF 62 million as of 31 December 2015 (30 September 2015: CHF 64 million; 31 December 2014: CHF 55 million). 5 Includes provisions for sabbatical and anniversary awards as well as provisions for severance which are not part of restructuring provisions.

Restructuring provisions primarily relate to onerous lease contracts and severance payments. The utilization of onerous lease provisions is driven by the maturities of the underlying lease contracts. Severance-related provisions are utilized within a short time period, usually within six months, but potential changes in amount may be triggered when natural staff attrition reduces the number of people affected by a restructuring and therefore the estimated costs.

Information on provisions and contingent liabilities in respect of Litigation, regulatory and similar matters, as a class, is included in part b) of this section below. There are no material contingent liabilities associated with the other classes of provisions.

b) Litigation, regulatory and similar matters

The Group operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS (which for purposes of this section may refer to UBS Group AG and/or one or more of its subsidiaries, as applicable) is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations.

Such matters are subject to many uncertainties and the outcome is often difficult to predict, particularly in the earlier stages of a case. There are also situations where the Group may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which the Group believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. The Group makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against the Group, but are nevertheless expected to be, based on the Group's experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to select matters could be significant.

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

In the case of certain matters below, we state that we have established a provision, and for the other matters we make no such statement. When we make this statement and we expect disclosure of the amount of a provision to prejudice seriously our position with other parties in the matter, because it would reveal what UBS believes to be the probable and reliably estimable outflow, we do not disclose that amount. In some cases we are subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which we do not state whether we have established a provision, either (a) we have not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard or (b) we have established a provision but expect disclosure of that fact to prejudice seriously our position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

With respect to certain litigation, regulatory and similar matters for which we have established provisions, we are able to estimate the expected timing of outflows. However, the aggregate amount of the expected outflows for those matters for which we are able to estimate expected timing is immaterial relative to our current and expected levels of liquidity over the relevant time periods.

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in part a) of this section above. It is not practicable to provide an aggregate estimate of liability for our litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require us to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, which have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although we therefore cannot provide a numerical estimate of the future losses that could arise from the class of litigation, regulatory and similar matters, we believe that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. For example, the non-prosecution agreement (NPA) described in paragraph 5 of this section, which we entered into with the US Department of Justice (DOJ), Criminal Division, Fraud Section in connection with our submissions of benchmark interest rates, including, among others, the British Bankers' Association London Interbank Offered Rate (LIBOR), was terminated by the DOJ based on its determination that we had committed a US crime in relation to foreign exchange matters. As a consequence, UBS AG has pleaded guilty to one count of wire fraud for conduct in the LIBOR matter, and has agreed to pay a USD 203 million fine and accept a three-year term of probation. A guilty plea to, or conviction of, a crime (including as a result of termination of the NPA) could have material consequences for UBS. Resolution of regulatory proceedings may require us to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate our participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining our capital requirements. Information concerning our capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of our third quarter 2015 report.

Provisions for litigation, regulatory and similar matters by business division and Corporate Center unit[1]

CHF million	Wealth Management	Wealth Management Americas	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Balance as of 31 December 2014	188	209	92	53	1,258	312	0	941	3,053
Balance as of 30 September 2015	171	270	84	17	751	310	0	1,297	2,899
Increase in provisions recognized in the income statement	81	238	0	0	2	0	0	58	379
Release of provisions recognized in the income statement	(3)	(3)	0	(3)	(1)	0	0	(3)	(13)
Provisions used in conformity with designated purpose	(5)	(55)	(1)	1	(156)	0	0	(105)	(320)
Foreign currency translation / unwind of discount	1	9	0	0	(10)	0	0	37	38
Balance as of 31 December 2015	245	459	83	16	585	310	0	1,284	2,983

1 Provisions, if any, for the matters described in this section are recorded in Wealth Management (item 3), Wealth Management Americas (item 4), Corporate Center – Services (item 7) and Corporate Center – Non-core and Legacy Portfolio (items 2 and 8). Provisions, if any, for the matters described in this section in items 1 and 6 are allocated between Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in item 5 are allocated between the Investment Bank and Corporate Center – Services.

1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. It is possible that implementation of automatic tax information exchange and other measures relating to cross-border provision of financial services could give rise to further inquiries in the future.

As a result of investigations in France, in 2013, UBS (France) S.A. and UBS AG were put under formal examination ("mise en examen") for complicity in having illicitly solicited clients on French territory, and were declared witness with legal assistance ("témoin assisté") regarding the laundering of proceeds of tax fraud and of banking and financial solicitation by unauthorized persons. In 2014, UBS AG was placed under formal examination with respect to the potential charges of laundering of proceeds of tax fraud, and the investigating judges ordered UBS to provide bail ("caution") of EUR 1.1 billion. UBS AG appealed the determination of the bail amount, but both the appeal court ("Cour d'Appel") and the French Supreme Court ("Cour de Cassation") upheld the bail amount and rejected the appeal in full in late 2014. UBS AG has filed an application with the European Court of Human Rights to challenge various aspects of the French court's decision. In September 2015, the former CEO of UBS Wealth Management was placed under formal examination in connection with these proceedings.

In March 2015, UBS (France) S.A. was placed under formal examination for complicity regarding the laundering of proceeds of tax fraud and of banking and financial solicitation by unauthorized persons for the years 2004 until 2008 and declared witness with legal assistance for the years 2009 to 2012. A bail of EUR 40 million was imposed, and was reduced by the Court of Appeals in May 2015 to EUR 10 million.

In addition, the investigating judges have sought to issue arrest warrants against three Swiss-based former employees of UBS AG who did not appear when summoned by the investigating judge. Separately, in 2013, the French banking supervisory authority's disciplinary commission reprimanded UBS (France) S.A. for having had insufficiencies in its control and compliance framework around its cross-border activities and know your customer obligations. It imposed a penalty of EUR 10 million, which was paid.

In January 2015, UBS received inquiries from the US Attorney's Office for the Eastern District of New York and from the US Securities and Exchange Commission (SEC), which are investigating potential sales to US persons of bearer bonds and other unregistered securities in possible violation of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the registration requirements of the US securities laws. UBS is cooperating with the authorities in these investigations.

UBS has, and reportedly numerous other financial institutions have, received inquiries from authorities concerning accounts relating to the Fédération Internationale de Football Association (FIFA) and other constituent soccer associations and related persons and entities. UBS is cooperating with authorities in these inquiries.

Our balance sheet at 31 December 2015 reflected provisions with respect to matters described in this item 1 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

2. Claims related to sales of residential mortgage-backed securities and mortgages

From 2002 through 2007, prior to the crisis in the US residential loan market, UBS was a substantial issuer and underwriter of US residential mortgage-backed securities (RMBS) and was a purchaser and seller of US residential mortgages. A subsidiary of UBS, UBS Real Estate Securities Inc. (UBS RESI), acquired pools of residential mortgage loans from originators and (through an affiliate) deposited them into securitization trusts. In this manner, from 2004 through 2007, UBS RESI sponsored approximately USD 80 billion in RMBS, based on the original principal balances of the securities issued.

UBS RESI also sold pools of loans acquired from originators to third-party purchasers. These whole loan sales during the period 2004 through 2007 totaled approximately USD 19 billion in original principal balance.

We were not a significant originator of US residential loans. A subsidiary of UBS originated approximately USD 1.5 billion in US residential mortgage loans during the period in which it was active from 2006 to 2008, and securitized less than half of these loans.

RMBS-related lawsuits concerning disclosures: UBS is named as a defendant relating to its role as underwriter and issuer of RMBS in a large number of lawsuits related to approximately USD 6.5 billion in original face amount of RMBS underwritten or issued by UBS. Of the USD 6.5 billion in original face amount of RMBS that remains at issue in these cases, approximately USD 3.4 billion was issued in offerings in which a UBS subsidiary transferred underlying loans (the majority of which were purchased from third-party originators) into a securitization trust and made representations and warranties about those loans (UBS-sponsored RMBS). The remaining USD 3.1 billion of RMBS to which these cases relate was issued by third parties in securitizations in which UBS acted as underwriter (third-party RMBS).

In connection with certain of these lawsuits, UBS has indemnification rights against surviving third-party issuers or originators for losses or liabilities incurred by UBS, but UBS cannot predict the extent to which it will succeed in enforcing those rights. A class action in which UBS was named as a defendant was settled by a third-party issuer and received final approval by the district court in 2013. The settlement reduced the original face amount of third-party RMBS at issue in the cases pending against UBS by approximately USD 24 billion. The third-party issuer will fund the settlement at no cost to UBS. In 2014, certain objectors to the settlement filed a notice of appeal from the district court's approval of the settlement.

UBS is a defendant in two lawsuits brought by the National Credit Union Administration (NCUA), as conservator for certain failed credit unions, asserting misstatements and omissions in the offering documents for RMBS purchased by the credit unions. Both lawsuits were filed in US District Courts, one in the District of Kansas and the other in the Southern District of New York. The Kansas court partially granted UBS's motion to dismiss in 2013 and held that the NCUA's claims for 10 of the 22 RMBS certificates on which it had sued were time-barred. As a result, the original principal balance at issue in that case was reduced from USD 1.15 billion to approximately USD 400 million. The original principal balance at issue in the Southern District of New York case is approximately USD 400 million. In May 2015 the Kansas court, relying on a March 2015 decision rendered by the US Court of Appeals for the Tenth Circuit in a case filed by the NCUA against Barclays Capital, Inc., granted a motion for reconsideration filed by the NCUA and reinstated the NCUA's claims against UBS for the 10 certificates that had been dismissed in 2013.

Loan repurchase demands related to sales of mortgages and RMBS: When UBS acted as an RMBS sponsor or mortgage seller, we generally made certain representations relating to the characteristics of the underlying loans. In the event of a material breach of these representations, we were in certain circumstances contractually obligated to repurchase the loans to which they related or to indemnify certain parties against losses. UBS has received demands to repurchase US residential mortgage loans as to which UBS made certain representations at the time the loans were transferred to the securitization trust. We have been notified by certain institutional purchasers of mortgage loans and RMBS of their contention that possible breaches of representations may entitle the purchasers to require that UBS repurchase the loans or to other relief. The table "Loan repurchase demands by year received – original principal balance of loans" summarizes repurchase demands received by UBS and UBS's repurchase activity from 2006 through 28 January 2016. In the table, "Resolved demands" are considered to be finally resolved, and include demands that are time-barred under the decision rendered by the New York Court of Appeals on 11 June 2015 in *Ace Securities vs. DB Structured Products* (Ace Decision). Repurchase demands in all other categories are not finally resolved.

Loan repurchase demands by year received – original principal balance of loans[1]

USD million	2006–2008	2009	2010	2011	2012	2013	2014	2015	2016, through 28 January	Total
Resolved demands										
Loan repurchases / make whole payments by UBS	12	1								13
Demands barred by statute of limitations		1	2	3	18	519	260			803
Demands rescinded by counterparty	110	104	19	303	237					773
Demands resolved in litigation	1	21								21
Demands expected to be resolved by third parties										
Demands resolved or expected to be resolved through enforcement of indemnification rights against third-party originators		77	2	45	107	99	72			403
Demands in dispute										
Demands in litigation			346	732	1,041					2,118
Demands in review by UBS				1						1
Total	122	205	368	1,084	1,404	618	332	0	0	4,133

1 Loans submitted by multiple counterparties are counted only once.

Payments that UBS has made to date to resolve repurchase demands equate to approximately 62% of the original principal balance of the related loans. Most of the payments that UBS has made to date have related to so-called Option ARM loans; severity rates may vary for other types of loans with different characteristics. Losses upon repurchase would typically reflect the estimated value of the loans in question at the time of repurchase, as well as, in some cases, partial repayment by the borrowers or advances by servicers prior to repurchase.

In most instances in which we would be required to repurchase loans due to misrepresentations, we would be able to assert demands against third-party loan originators who provided representations when selling the related loans to UBS. However, many of these third parties are insolvent or no longer exist. We estimate that, of the total original principal balance of loans sold or securitized by UBS from 2004 through 2007, less than 50% was purchased from surviving third-party originators. In connection with approximately 60% of the loans (by original principal balance) for which UBS has made payment or agreed to make payment in response to demands received in 2010, UBS has asserted indemnity or repurchase demands against originators. Since 2011, UBS has advised certain surviving originators of repurchase demands made against UBS for which UBS would be entitled to indemnity, and has asserted that such demands should be resolved directly by the originator and the party making the demand.

Any future repurchase demands should be time-barred by virtue of the Ace Decision.

Lawsuits related to contractual representations and warranties concerning mortgages and RMBS: In 2012, certain RMBS trusts filed an action (Trustee Suit) in the Southern District of New York seeking to enforce UBS RESI's obligation to repurchase loans in the collateral pools for three RMBS securitizations (Transactions) with an original principal balance of approximately USD 2 billion for which Assured Guaranty Municipal Corp. (Assured Guaranty), a financial guaranty insurance company, had previously demanded repurchase. In January 2015, the court rejected plaintiffs' efforts to seek damages for all loans purportedly in breach of representations and warranties in any of the three Transactions and limited plaintiffs to pursuing claims based solely on alleged breaches for loans identified in the complaint or other breaches that plaintiffs can establish were independently discovered by UBS. In February 2015, the court denied plaintiffs' motion seeking reconsideration of its ruling. With respect to the loans subject to the Trustee Suit that were originated by institutions still in existence, UBS intends to enforce its indemnity rights against those institutions. Related litigation brought by Assured Guaranty was resolved in 2013.

In 2012, the Federal Housing Finance Agency, on behalf of the Federal Home Loan Mortgage Corporation (Freddie Mac), filed a notice and summons in New York Supreme Court initiating suit against UBS RESI for breach of contract and declaratory relief arising from alleged breaches of representations and warranties in connection with certain mortgage loans and UBS RESI's alleged failure to repurchase such mortgage loans. The lawsuit seeks, among other relief, specific performance of UBS RESI's alleged loan repurchase obligations for at least USD 94 million in original principal balance of loans for which Freddie Mac had previously demanded repurchase; no damages are specified. In 2013, the Court dismissed the complaint for lack of standing, on the basis that only the RMBS trustee could assert the claims in the complaint, and the complaint was unclear as to whether the trustee was the plaintiff and had proper authority to bring suit. The trustee subsequently filed an amended complaint, which UBS moved to dismiss. The motion remains pending.

We also have tolling agreements with certain institutional purchasers of RMBS concerning their potential claims related to substantial purchases of UBS-sponsored or third-party RMBS.

Mortgage-related regulatory matters: In 2014, UBS received a subpoena from the US Attorney's Office for the Eastern District of New York issued pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), which seeks documents and information related to UBS's RMBS business from 2005 through 2007. In September 2015, the Eastern District of New York identified a number of transactions that are currently the focus of their inquiry, as to which we are providing additional information. UBS continues to respond to the FIRREA subpoena and to subpoenas from the New York State Attorney General (NYAG) relating to its RMBS business. In addition, UBS has also been responding to inquiries from both the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) (who is working in conjunction with the US Attorney's Office for Connecticut and the DOJ) and the SEC relating to trading practices in connection with purchases and sales of mortgage-backed securities in the secondary market from 2009 through the present. We are cooperating with the authorities in these matters. Numerous other banks reportedly are responding to similar inquiries from these authorities.

As reflected in the table "Provision for claims related to sales of residential mortgage-backed securities and mortgages," our balance sheet at 31 December 2015 reflected a provision of USD 1,218 million with respect to matters described in this item 2. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

Provision for claims related to sales of residential mortgage-backed securities and mortgages

USD million	
Balance as of 31 December 2014	849
Balance as of 30 September 2015	1,174
Increase in provision recognized in the income statement	55
Release of provision recognized in the income statement	0
Provision used in conformity with designated purpose	(11)
Balance as of 31 December 2015	1,218

3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC (BMIS) investment fraud, UBS AG, UBS (Luxembourg) SA and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including the Swiss Financial Market Supervisory Authority (FINMA) and the Luxembourg Commission de Surveillance du Secteur Financier (CSSF). Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds now face severe losses, and the Luxembourg funds are in liquidation. The last reported net asset value of the two Luxembourg funds before revelation of the Madoff scheme was approximately USD 1.7 billion in the aggregate, although that figure likely includes fictitious profit reported by BMIS. The documentation establishing both funds identifies UBS entities in various roles including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members. UBS (Luxembourg) SA and certain other UBS subsidiaries are responding to inquiries by Luxembourg investigating authorities, without however being named as parties in those investigations. In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims on behalf of the funds against UBS entities, non-UBS entities and certain individuals including current and former UBS employees. The amounts claimed are approximately EUR 890 million and EUR 305 million, respectively. The liquidators have filed supplementary claims for amounts that the funds may possibly be held liable to pay the BMIS Trustee. These amounts claimed by the liquidator are approximately EUR 564 million and EUR 370 million, respectively. In addition, a large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff scheme. The majority of these cases are pending in Luxembourg, where appeals were filed by the claimants against the 2010 decisions of the court in which the claims in a number of test cases were held to be inadmissible. In July 2014, the Luxembourg Court of Appeal dismissed one test appeal in its entirety, which decision was appealed by the investor. In July 2015, the Luxembourg Supreme Court found in favor of UBS and dismissed the investor's appeal. In the US, the BMIS Trustee filed claims in 2010 against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. Following a motion by UBS, in 2011, the Southern District of New York dismissed all of the BMIS Trustee's claims other than claims for recovery of fraudulent conveyances and preference payments that were allegedly transferred to UBS on the ground that the BMIS Trustee lacks standing to bring such claims. In 2013, the Second Circuit affirmed the District Court's decision and, in June 2014, the US Supreme Court denied the BMIS Trustee's petition seeking review of the Second Circuit ruling. In December 2014, several claims, including a purported class action, were filed in the US by BMIS customers against UBS entities, asserting claims similar to the ones made by the BMIS Trustee, seeking unspecified damages. One claim was voluntarily withdrawn by the plaintiff. In July 2015, following a motion by UBS, the Southern District of New York dismissed the two remaining claims on the basis that the New York courts did not have jurisdiction to hear the claims against the UBS entities. In Germany, certain clients of UBS are exposed to Madoff-managed positions through third-party funds and funds administered by UBS entities in Germany. A small number of claims have been filed with respect to such funds. In January 2015, a court of appeal reversed a lower court decision in favor of UBS in one such case and ordered UBS to pay EUR 49 million, plus interest (approximately EUR 13.5 million). UBS filed an application for leave to appeal the decision. That application was rejected by the German Federal Supreme Court in December 2015, meaning that the Court of Appeal's decision is final.

4. Puerto Rico

Declines since August 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds (the funds) that are sole-managed and co-managed by UBS Trust Company of Puerto Rico and distributed by UBS Financial Services Incorporated of Puerto Rico (UBS PR) have led to multiple regulatory inquiries, as well as customer complaints and arbitrations with aggregate claimed damages of USD 1.5 billion, of which claims with aggregate claimed damages of approximately USD 284 million have been resolved through settlements or arbitration. The claims are filed by clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and/or who used their UBS account assets as collateral for UBS non-purpose loans; customer complaint and arbitration allegations include fraud, misrepresentation and unsuitability of the funds and of the loans. A shareholder derivative action was filed in 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions in losses in the funds. In 2015, defendants' motion to dismiss was denied. Defendants are seeking leave to appeal that ruling to the Puerto Rico Supreme Court. In 2014, a federal class action complaint also was filed against various UBS entities, certain members of UBS PR senior management, and the co-manager of certain of the funds seeking damages for investor losses in the funds during the period from May 2008 through May 2014. Defendants have moved to dismiss that complaint. In March 2015, a class action was filed in Puerto Rico state court against UBS PR seeking equitable relief in the form of a stay of any effort by UBS PR to collect on non-purpose loans it acquired from UBS Bank USA in December 2013 based on plaintiffs' allegation that the loans are not valid.

In 2014, UBS reached a settlement with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico (OCFI) in connection with OCFI's examination of UBS's operations from January 2006 through September 2013. Pursuant to the settlement, UBS contributed USD 3.5 million to an investor education fund, offered USD 1.68 million in restitution to certain investors and, among other things, committed to undertake an additional review of certain client accounts to determine if additional restitution would be appropriate. That review resulted in an additional USD 2.1 million in restitution being offered to certain investors.

In September 2015, the SEC and the Financial Industry Regulatory Authority (FINRA) announced settlements with UBS PR of their separate investigations stemming from the 2013 market events. Without admitting or denying the findings in either matter, UBS PR agreed in the SEC settlement to pay USD 15 million (which includes USD 1.18 million in disgorgement, a civil penalty of USD 13.63 million and pre-judgment interest), and USD 18.5 million in the FINRA matter (which includes up to USD 11 million in restitution to 165 UBS PR customers and a civil penalty of USD 7.5 million). The SEC settlement involves a charge against UBS PR of failing to supervise the activities of a former financial advisor who had recommended the impermissible investment of non-purpose loan proceeds into the UBS PR closed-end funds, in violation of firm policy and the customer loan agreements. In the FINRA settlement, UBS PR is alleged to have failed to supervise certain customer accounts which were both more than 75% invested in UBS PR closed-end funds and leveraged against those positions. We also understand that the DOJ is conducting a criminal inquiry into the impermissible reinvestment of non-purpose loan proceeds. We are cooperating with the authorities in this inquiry.

In 2011, a purported derivative action was filed on behalf of the Employee Retirement System of the Commonwealth of Puerto Rico (System) against over 40 defendants, including UBS PR and other consultants and underwriters, trustees of the System, and the President and Board of the Government Development Bank of Puerto Rico. The plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of approximately USD 3 billion of bonds by the System in 2008 and sought damages of over USD 800 million. UBS is named in connection with its underwriting and consulting services. In 2013, the case was dismissed by the Puerto Rico Court of First Instance on the grounds that plaintiffs did not have standing to bring the claim, but that dismissal was subsequently overturned on appeal. Defendants have renewed their motion to dismiss the complaint on grounds not addressed when the court issued its prior ruling.

Also, in 2013, an SEC Administrative Law Judge dismissed a case brought by the SEC against two UBS executives, finding no violations. The charges had stemmed from the SEC's investigation of UBS's sale of closed-end funds in 2008 and 2009, which UBS settled in 2012. Beginning in 2012 two federal class action complaints, which were subsequently consolidated, were filed against various UBS entities, certain of the funds, and certain members of UBS PR senior management, seeking damages for investor losses in the funds during the period from January 2008 through May 2012 based on allegations similar to those in the SEC action. A motion for class certification was denied without prejudice to the right to refile the motion after limited discovery, and that motion has since been refiled.

In June 2015 Puerto Rico's Governor stated that the Commonwealth is unable to meet its obligations. In addition, certain agencies and public corporations of the Commonwealth have held discussions with their creditors to restructure their outstanding debt, and certain agencies and public corporations of the Commonwealth have defaulted on certain of their interest payments that were due in August 2015 and January 2016. The United States Supreme Court has agreed to hear Puerto Rico's appeal of a US District Court's invalidation of the Puerto Rico Public Corporations Debt Enforcement and Recovery Act (the "Debt Enforcement and Recovery Act"), under which Puerto Rico's public corporations would be permitted to effect a mandatory restructuring of their respective debts with a specified creditor vote that would be binding on all applicable creditors, once approved by a court or, in the alternative, under a court-supervised bankruptcy type restructuring. The foregoing events, any further defaults by the Commonwealth or its agencies and public corporations on (or any debt restructurings proposed by them with respect to) their outstanding debt, a Supreme Court decision upholding the Debt Enforcement and Recovery Act (or sending it back to the District Court for further proceedings) and any further actions taken by Puerto Rico's public corporations under such Act, as well as any market reactions to any of the foregoing, may increase the number of claims against UBS concerning Puerto Rico securities as well as potential damages sought.

Our balance sheet at 31 December 2015 reflected provisions with respect to matters described in this item 4 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that we have recognized.

5. Foreign exchange, LIBOR, and benchmark rates, and other trading practices

Foreign exchange-related regulatory matters: Following an initial media report in 2013 of widespread irregularities in the foreign exchange markets, UBS immediately commenced an internal review of its foreign exchange business, which includes our precious metals and related structured products businesses. Since then, various authorities have commenced investigations concerning possible manipulation of foreign exchange markets, including FINMA, the Swiss Competition Commission (WEKO), the DOJ, the SEC, the US Commodity Futures Trading Commission (CFTC), the Board of Governors of the Federal Reserve System (Federal Reserve Board), the UK Financial Conduct Authority (FCA) (to which certain responsibilities of the UK Financial Services Authority (FSA) have passed), the UK Serious Fraud Office (SFO), the Australian Securities and Investments Commission (ASIC), the Hong Kong Monetary Authority (HKMA), the Korea Fair Trade Commission and the Brazil Competition Authority (CADE). In addition, WEKO is, and a number of other authorities reportedly are, investigating potential manipulation of precious metals prices. UBS has taken and will take appropriate action with respect to certain personnel as a result of its ongoing review.

In 2014, UBS reached settlements with the FCA and the CFTC in connection with their foreign exchange investigations, and FINMA issued an order concluding its formal proceedings with respect to UBS relating to its foreign exchange and precious metals businesses. UBS has paid a total of approximately CHF 774 million to these authorities, including GBP 234 million in fines to the FCA, USD 290 million in fines to the CFTC, and CHF 134 million to FINMA representing confiscation of costs avoided and profits. The conduct described in the settlements and the FINMA order includes certain UBS personnel: engaging in efforts, alone or in cooperation/collusion with traders at other banks, to manipulate foreign exchange benchmark rates involving multiple currencies, attempts to trigger client stop-loss orders for UBS's benefit, and inappropriate sharing of confidential client information. We have ongoing obligations to cooperate with these authorities and to undertake certain remediation, including actions to improve processes and controls and requirements imposed by FINMA to apply compensation restrictions for certain employees and to automate at least 95% of our global foreign exchange and precious metals trading by 31 December 2016. In 2014, the HKMA announced the conclusion of its investigation into foreign exchange trading operations of banks in Hong Kong. The HKMA found no evidence of collusion among the banks or of manipulation of foreign exchange benchmark rates in Hong Kong. The HKMA also found that certain banks had internal control deficiencies with respect to their foreign exchange trading operations.

In May 2015, the DOJ's Criminal Division (Criminal Division) terminated the December 2012 Non-Prosecution Agreement (NPA) with UBS AG related to UBS's submissions of benchmark interest rates. As a result, UBS AG entered into a plea agreement with the Criminal Division pursuant to which UBS AG agreed to and did plead guilty to a one-count criminal information filed in the US District Court for the District of Connecticut charging UBS AG with one count of wire fraud in violation of 18 USC Sections 1343 and 2. Under the plea agreement, UBS AG agreed to a sentence that includes a USD 203 million fine and a three-year term of probation. The criminal information charges that between approximately 2001 and 2010, UBS AG engaged in a scheme to defraud counterparties to interest rate derivatives transactions by manipulating benchmark interest rates, including Yen LIBOR. Sentencing is currently scheduled for 9 May 2016. The Criminal Division terminated the NPA based on its determination, in its sole discretion, that certain of UBS AG's employees committed criminal conduct that violated the NPA, including fraudulent and deceptive currency trading and sales practices in conducting certain foreign exchange market transactions with customers and collusion with other participants in certain foreign exchange markets.

In May 2015, the Federal Reserve Board and the Connecticut Department of Banking issued an Order to Cease and Desist and Order of Assessment of a Civil Monetary Penalty Issued upon Consent (Federal Reserve Order) to UBS AG. As part of the Federal Reserve Order, UBS AG paid a USD 342 million civil monetary penalty. The Federal Reserve Order is based on the Federal Reserve Board's finding that UBS AG had deficient policies and procedures that prevented UBS AG from detecting and addressing unsafe and unsound conduct by foreign exchange traders and salespeople, including disclosures to traders of other institutions of confidential customer information, agreements with traders of other institutions to coordinate foreign exchange trading in a manner to influence certain foreign exchange benchmarks fixes and market prices, and trading strategies that raised potential conflicts of interest, possible agreements with traders of other institutions regarding bid/offer spreads offered to foreign exchange customers, the provision of information to customers regarding price quotes and how a customer's foreign exchange order is filled.

UBS has been granted conditional immunity by the Antitrust Division of the DOJ (Antitrust Division) from prosecution for EUR/USD collusion and entered into a non-prosecution agreement covering other currency pairs. As a result, UBS AG will not be subject to prosecutions, fines or other sanctions for antitrust law violations by the Antitrust Division, subject to UBS AG's continuing cooperation. However, the conditional immunity grant does not bar government agencies from asserting other claims and imposing sanctions against UBS AG, as evidenced by the settlements and ongoing investigations referred to above. UBS has also been granted conditional leniency by authorities in certain jurisdictions, including WEKO, in connection with potential competition law violations relating to precious metals, and as a result, will not be subject to prosecutions, fines or other sanctions for antitrust or competition law violations in those jurisdictions, subject to UBS AG's continuing cooperation.

In October 2015, UBS AG settled charges with the SEC relating to structured notes issued by UBS AG that were linked to the UBS V10 Currency Index with Volatility Cap. The SEC alleged that UBS negligently made certain statements and omissions in the offer and sale of the notes that violated Section 17(a)(2) of the Securities Act of 1933. Pursuant to the settlement, and without admitting or denying the SEC's findings, UBS agreed to pay a total of USD 19.5 million, consisting of USD 10 million in disgorgement, a USD 8 million penalty, and USD 1.5 million in prejudgment interest. UBS AG also agreed to pay USD 5.5 million of the disgorgement funds to investors who purchased the SEC-registered V10 notes. In addition, we have determined to compensate clients who purchased V10 instruments that were not registered with the SEC.

Investigations relating to foreign exchange matters by numerous authorities, including the CFTC, remain ongoing notwithstanding these resolutions.

Foreign exchange-related civil litigation: Putative class actions have been filed since November 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. They allege collusion by the defendants and assert claims under the antitrust laws and for unjust enrichment. In March 2015, UBS entered into a settlement agreement to resolve those actions. In 2015, additional putative class actions have been filed in federal court in New York against UBS and other banks on behalf of a putative class of persons who entered into or held any foreign exchange futures contracts and options on foreign exchange futures contracts since January 1, 2003. The complaints assert claims under the Commodity Exchange Act (CEA) and the US antitrust laws. In July 2015, a consolidated complaint was filed on behalf of both putative classes of persons covered by the actions described above. In August 2015, UBS entered into an amended settlement agreement that would resolve all of these claims. The agreement, which has been preliminarily approved by the court and is subject to final court approval, requires, among other things, that UBS pay an aggregate of USD 141 million and provide cooperation to the settlement classes.

In June 2015, a putative class action was filed in federal court in New York against UBS and other banks on behalf of participants, beneficiaries, and named fiduciaries of plans qualified under the Employee Retirement Income Security Act of 1974 (ERISA) for whom a defendant bank provided foreign currency exchange transactional services, exercised discretionary authority or discretionary control over management of such ERISA plan, or authorized or permitted the execution of any foreign currency exchange transactional services involving such plan's assets. The complaint asserts claims under ERISA.

In 2015, UBS was added to putative class actions pending against other banks in federal court in New York and other jurisdictions on behalf of putative classes of persons who bought or sold physical precious metals and various precious metal products and derivatives. The complaints in these lawsuits assert claims under the antitrust laws and the CEA, and other claims.

LIBOR and other benchmark-related regulatory matters: Numerous government agencies, including the SEC, the CFTC, the DOJ, the FCA, the SFO, the Monetary Authority of Singapore (MAS), the HKMA, FINMA, the various state attorneys general in the US, and competition authorities in various jurisdictions have conducted or are continuing to conduct investigations regarding submissions with respect to LIBOR and other benchmark rates, including HIBOR (Hong Kong Interbank Offered Rate) and ISDAFIX, a benchmark rate used for various interest rate derivatives and other financial instruments. These investigations focus on whether there were improper attempts by UBS, among others, either acting on our own or together with others, to manipulate LIBOR and other benchmark rates at certain times.

In 2012, UBS reached settlements with the FSA, the CFTC and the Criminal Division of the DOJ in connection with their investigations of benchmark interest rates. At the same time, FINMA issued an order concluding its formal proceedings with respect to UBS relating to benchmark interest rates. UBS has paid a total of approximately CHF 1.4 billion in fines and disgorgement – including GBP 160 million in fines to the FSA, USD 700 million in fines to the CFTC, USD 500 million in fines to the DOJ, and CHF 59 million in disgorgement to FINMA. UBS Securities Japan Co. Ltd. (UBSSJ) entered into a plea agreement with the DOJ under which it entered a plea to one count of wire fraud relating to the manipulation of certain benchmark interest rates, including Yen LIBOR. UBS entered into an NPA with the DOJ, which (along with the plea agreement) covered conduct beyond the scope of the conditional leniency/immunity grants described below, required UBS to pay the USD 500 million fine to DOJ after the sentencing of UBSSJ, and provided that any criminal penalties imposed on UBSSJ at sentencing be deducted from the USD 500 million fine. The conduct described in the various settlements and the FINMA order includes certain UBS personnel: engaging in efforts to manipulate submissions for certain benchmark rates to benefit trading positions; colluding with employees at other banks and cash brokers to influence certain benchmark rates to benefit their trading positions; and giving inappropriate directions to UBS submitters that were in part motivated by a desire to avoid unfair and negative market and media perceptions during the financial crisis. The benchmark interest rates encompassed by one or more of these resolutions include Yen LIBOR, GBP LIBOR, Swiss franc (CHF) LIBOR, Euro LIBOR, US dollar (USD) LIBOR, EURIBOR (Euro Interbank Offered Rate) and Euroyen TIBOR (Tokyo Interbank Offered Rate). We have ongoing obligations to cooperate with authorities with which we have reached resolutions and to undertake certain remediation with respect to benchmark interest rate submissions. Under the NPA, we agreed, among other things, that for two years from 18 December 2012 UBS would not commit any US crime, and we would advise DOJ of any potentially criminal conduct by UBS or any of its employees relating to violations of US laws concerning fraud or securities and commodities markets. The term of the NPA was extended by one year to 18 December 2015. In May 2015, the Criminal Division terminated the NPA based on its determination, in its sole discretion, that certain of UBS AG's employees committed criminal conduct that violated the NPA. As a result, UBS entered into a plea agreement with the DOJ under which it entered a guilty plea to one count of wire fraud relating to the manipulation of certain benchmark interest rates, including Yen LIBOR, and agreed to pay a fine of USD 203 million and accept a three-year term of probation. Sentencing is currently scheduled for 9 May 2016.

The MAS, HKMA and the Japan Financial Services Agency have all resolved investigations of UBS (and in some cases other banks). The orders or undertakings in connection with these investigations generally require UBS to take remedial actions to improve its processes and controls, impose monetary penalties or other measures. Investigations by the CFTC, ASIC and other governmental authorities remain ongoing notwithstanding these resolutions. In 2014, UBS reached a settlement with the European Commission (EC) regarding its investigation of bid-ask spreads in connection with Swiss franc interest rate derivatives and has paid a EUR 12.7 million fine, which was reduced to this level based in part on UBS's cooperation with the EC.

UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ, WEKO and the EC, in connection with potential antitrust or competition law violations related to submissions for Yen LIBOR and Euroyen TIBOR. WEKO has also granted UBS conditional immunity in connection with potential competition law violations related to submissions for CHF LIBOR and certain transactions related to CHF LIBOR. The Canadian Competition Bureau (Bureau) had granted UBS conditional immunity in connection with potential competition law violations related to submissions for Yen LIBOR, but in January 2014, the Bureau discontinued its investigation into Yen LIBOR for lack of sufficient evidence to justify prosecution under applicable laws. As a result of these conditional grants, we will not be subject to prosecutions, fines or other sanctions for antitrust or competition law violations in the jurisdictions where we have conditional immunity or leniency in connection with the matters covered by the conditional grants, subject to our continuing cooperation. However, the conditional leniency and conditional immunity grants we have received do not bar government agencies from asserting other claims and imposing sanctions against us, as evidenced by the settlements and ongoing investigations referred to above. In addition, as a result of the conditional leniency agreement with the DOJ, we are eligible for a limit on liability to actual rather than treble damages were damages to be awarded in any civil antitrust action under US law based on conduct covered by the agreement and for relief from potential joint and several liability in connection with such civil antitrust action, subject to our satisfying the DOJ and the court presiding over the civil litigation of our cooperation. The conditional leniency and conditional immunity grants do not otherwise affect the ability of private parties to assert civil claims against us.

LIBOR and other benchmark-related civil litigation: A number of putative class actions and other actions are pending in, or expected to be transferred to, the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives. Also pending are actions asserting losses related to various products whose interest rate was linked to USD LIBOR, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. All of the complaints allege manipulation, through various means, of various benchmark interest rates, including USD LIBOR, Euroyen TIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, GBP LIBOR or USD ISDAFIX rates and seek unspecified compensatory and other damages, including treble and punitive damages, under varying legal theories that include violations of the CEA, the federal racketeering statute, federal and state antitrust and securities laws and other state laws. In 2013, a federal court in New York dismissed the federal antitrust and racketeering claims of certain USD LIBOR plaintiffs and a portion of their claims brought under the CEA and state common law. The court has granted certain plaintiffs permission to assert claims for unjust enrichment and breach of contract against UBS and other defendants, and limited the CEA claims to contracts purchased between 15 April 2009 and May 2010. In 2015, the court in the US dollar action granted certain plaintiffs permission to assert common law fraud claims against UBS and other defendants. Certain plaintiffs have also appealed the dismissal of their US dollar antitrust claims; this appeal remains pending. In 2014, the court in one of the Euroyen TIBOR lawsuits dismissed the plaintiff's federal antitrust and state unjust enrichment claims and dismissed a portion of the plaintiff's CEA claims. In 2015, the court in that Euroyen TIBOR case dismissed plaintiff's federal racketeering claims and affirmed its previous dismissal of plaintiff's antitrust claims. UBS and other defendants in other lawsuits including those related to EURIBOR, CHF LIBOR and GBP LIBOR have filed motions to dismiss.

Since September 2014, putative class actions have been filed in federal court in New York and New Jersey against UBS and other financial institutions, among others, on behalf of parties who entered into interest rate derivative transactions linked to ISDAFIX. The complaints, which have since been consolidated into an amended complaint, allege that the defendants conspired to manipulate ISDAFIX rates from 1 January 2006 through January 2014, in violation of US antitrust laws and the CEA, among other theories, and seeks unspecified compensatory damages, including treble damages. UBS and other defendants have filed a motion to dismiss, which remains pending.

Government bonds: Putative class actions have been filed in US federal courts against UBS and other banks on behalf of persons who participated in markets for US treasury securities since 2007. The complaints generally allege that the banks colluded with respect to and manipulated prices of US treasury securities sold at auction. They assert claims under the antitrust laws and the CEA and for unjust enrichment. The cases have been consolidated in the Southern District of New York. Following filing of these complaints, UBS and reportedly other banks have received requests for information from various authorities regarding US treasury securities and other government bond trading practices.

With respect to additional matters and jurisdictions not encompassed by the settlements and order referred to above, our balance sheet at 31 December 2015 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

6. Swiss retrocessions

The Swiss Supreme Court ruled in 2012, in a test case against UBS, that distribution fees paid to a firm for distributing third party and intra-group investment funds and structured products must be disclosed and surrendered to clients who have entered into a discretionary mandate agreement with the firm, absent a valid waiver.

FINMA has issued a supervisory note to all Swiss banks in response to the Supreme Court decision. The note sets forth the measures Swiss banks are to adopt, which include informing all affected clients about the Supreme Court decision and directing them to an internal bank contact for further details. UBS has met the FINMA requirements and has notified all potentially affected clients.

The Supreme Court decision has resulted, and may continue to result, in a number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests are assessed on a case-by-case basis. Considerations taken into account when assessing these cases include, among others, the existence of a discretionary mandate and whether or not the client documentation contained a valid waiver with respect to distribution fees.

Our balance sheet at 31 December 2015 reflected a provision with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

7. Banco UBS Pactual tax indemnity

Pursuant to the 2009 sale of Banco UBS Pactual S.A. (Pactual) by UBS to BTG Investments, LP (BTG), BTG has submitted contractual indemnification claims that UBS estimates amount to approximately BRL 2.4 billion, including interest and penalties, which is net of liabilities retained by BTG. The claims pertain principally to several tax assessments issued by the Brazilian tax authorities against Pactual relating to the period from December 2006 through March 2009, when UBS owned Pactual. The majority of these assessments relate to the deductibility of goodwill amortization in connection with UBS's 2006 acquisition of Pactual and payments made to Pactual employees through various profit sharing plans. These assessments are being challenged in administrative and judicial proceedings. In May 2015, the administrative court issued a decision that was largely in favor of the tax authority with respect to the goodwill amortization assessment. This decision has been appealed.

8. Matters relating to the CDS market

In 2013, the EC issued a Statement of Objections against 13 credit default swap (CDS) dealers including UBS, as well as data service provider Markit and the International Swaps and Derivatives Association (ISDA). The Statement of Objections broadly alleges that the dealers infringed European Union antitrust rules by colluding to prevent exchanges from entering the credit derivatives market between 2006 and 2009. We submitted our response to the Statement of Objections and presented our position in an oral hearing in 2014. In December 2015, the EC issued a statement that it had decided to close its investigation against all 13 dealers, including UBS. The EC's investigation regarding Markit and ISDA is ongoing. Since mid-2009, the Antitrust Division of the DOJ has also been investigating whether multiple dealers, including UBS, conspired with each other and with Markit to restrain competition in the markets for CDS trading, clearing and other services. In 2014, putative class action plaintiffs filed consolidated amended complaints in the Southern District of New York against 12 dealers, including UBS, as well as Markit and ISDA, alleging violations of the US Sherman Antitrust Act and common law. Plaintiffs allege that the defendants unlawfully conspired to restrain competition in and/or monopolize the market for CDS trading in the US in order to protect the dealers' profits from trading CDS in the over-the-counter market. Plaintiffs assert claims on behalf of all purchasers and sellers of CDS that transacted directly with any of the dealer defendants since 1 January 2008, and seek unspecified trebled compensatory damages and other relief. In 2014, the court granted in part and denied in part defendants' motions to dismiss the complaint. In September 2015, UBS and the other defendants entered into settlement agreements to resolve the litigation, pursuant to which UBS has paid USD 75 million out of a total settlement amount paid by all defendants of approximately USD 1.865 billion. The agreements have received preliminary court approval but are subject to final court approval.

UBS AG (consolidated) information

UBS AG (consolidated) key figures

	As of or for the quarter ended			As of or for the year ended	
CHF million, except where indicated	31.12.15	30.9.15	31.12.14	31.12.15	31.12.14
Results					
Operating income	6,771	7,189	6,745	30,605	28,026
Operating expenses	6,543	6,401	6,333	25,198	25,557
Operating profit / (loss) before tax	228	788	412	5,407	2,469
Net profit / (loss) attributable to UBS AG shareholders	950	2,083	893	6,235	3,502
Key performance indicators[1]					
Profitability					
Return on tangible equity (%)	8.1	18.1	8.2	13.5	8.2
Return on assets, gross (%)	2.8	3.0	2.6	3.1	2.8
Cost / income ratio (%)	95.8	88.7	93.1	82.0	90.9
Growth					
Net profit growth (%)	(54.4)	76.8	17.2	78.0	10.4
Net new money growth for combined wealth management businesses (%)[3]	2.9	0.8	1.7	2.2	2.5
Resources					
Common equity tier 1 capital ratio (fully applied, %)[2]	15.4	15.3	14.2	15.4	14.2
Leverage ratio (phase-in, %)[4]	5.7	5.3	5.4	5.7	5.4
Additional information					
Profitability					
Return on equity (RoE) (%)	6.9	15.7	6.9	11.7	7.0
Return on risk-weighted assets, gross (%)[5]	12.6	13.3	12.3	14.1	12.4
Resources					
Total assets	943,256	981,891	1,062,327	943,256	1,062,327
Equity attributable to UBS AG shareholders	55,248	54,126	52,108	55,248	52,108
Common equity tier 1 capital (fully applied)[2]	32,042	33,183	30,805	32,042	30,805
Common equity tier 1 capital (phase-in)[2]	41,516	40,581	44,090	41,516	44,090
Risk-weighted assets (fully applied)[2]	208,186	217,472	217,158	208,186	217,158
Risk-weighted assets (phase-in)[2]	212,609	221,410	221,150	212,609	221,150
Common equity tier 1 capital ratio (phase-in, %)[2]	19.5	18.3	19.9	19.5	19.9
Total capital ratio (fully applied, %)[2]	21.0	19.9	19.0	21.0	19.0
Total capital ratio (phase-in, %)[2]	24.9	23.7	25.6	24.9	25.6
Leverage ratio (fully applied, %)[4]	4.9	4.6	4.1	4.9	4.1
Leverage ratio denominator (fully applied)[4]	898,251	949,548	999,124	898,251	999,124
Leverage ratio denominator (phase-in)[4]	904,518	955,027	1,006,001	904,518	1,006,001
Other					
Invested assets (CHF billion)[6]	2,689	2,577	2,734	2,689	2,734
Personnel (full-time equivalents)	58,131	58,502	60,155	58,131	60,155

1 Refer to the "Measurement of performance" section of UBS's Annual Report 2014 for the definitions of the key performance indicators. 2 Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). 3 Based on adjusted net new money, which excludes the negative effect on net new money (third quarter of 2015: CHF 3.3 billion, second quarter of 2015: CHF 6.6 billion) from our balance sheet and capital optimization program. 4 Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of the fourth quarter 2015 earnings release, which is available in the section "Quarterly reporting" at www.ubs.com/investors, for more information. 5 Based on phase-in Basel III risk-weighted assets. 6 Includes invested assets for Personal & Corporate Banking.

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

	As of or for the quarter ended 31.12.15			
CHF million, except where indicated	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	Difference (%)
Income statement				
Operating income	6,775	6,771	4	0
Operating expenses	6,541	6,543	(2)	0
Operating profit / (loss) before tax	234	228	6	3
of which: Wealth Management	*344*	*342*	*2*	*1*
of which: Wealth Management Americas	*14*	*8*	*6*	*75*
of which: Personal & Corporate Banking	*355*	*356*	*(1)*	*0*
of which: Asset Management	*171*	*171*	*0*	*0*
of which: Investment Bank	*80*	*83*	*(3)*	*(4)*
of which: Corporate Center	*(729)*	*(732)*	*3*	*0*
of which: Services	*(345)*	*(349)*	*4*	*(1)*
of which: Group ALM	*(56)*	*(54)*	*(2)*	*4*
of which: Non-core and Legacy Portfolio	*(329)*	*(329)*	*0*	*0*
Net profit / (loss)	950	951	(1)	0
of which: attributable to shareholders	*949*	*950*	*(1)*	*0*
of which: attributable to preferred noteholders		*0*	*0*	
of which: attributable to non-controlling interests	*1*	*1*	*0*	*0*
Statement of comprehensive income				
Other comprehensive income	214	214	0	0
of which: attributable to shareholders	*177*	*177*	*0*	*0*
of which: attributable to preferred noteholders		*35*	*(35)*	
of which: attributable to non-controlling interests	*37*	*2*	*35*	
Total comprehensive income	1,164	1,165	(1)	0
of which: attributable to shareholders	*1,126*	*1,126*	*0*	*0*
of which: attributable to preferred noteholders		*35*	*(35)*	
of which: attributable to non-controlling interests	*38*	*3*	*35*	
Balance sheet				
Total assets	942,819	943,256	(437)	0
Total liabilities	885,511	886,013	(502)	0
Total equity	57,308	57,243	65	0
of which: attributable to shareholders	*55,313*	*55,248*	*65*	*0*
of which: attributable to preferred noteholders		*1,954*	*(1,954)*	
of which: attributable to non-controlling interests	*1,995*	*41*	*1,954*	
Capital information (fully applied)				
Common equity tier 1 capital	30,044	32,042	(1,998)	(6)
Additional tier 1 capital	6,154	1,252	4,902	
Tier 2 capital	11,237	10,325	912	9
Total capital	47,435	43,619	3,816	9
Risk-weighted assets	207,530	208,186	(656)	0
Common equity tier 1 capital ratio (%)	14.5	15.4	(0.9)	
Total capital ratio (%)	22.9	21.0	1.9	
Leverage ratio denominator	897,607	898,251	(644)	0
Leverage ratio (%)	5.3	4.9	0.4	

As of or for the quarter ended 30.9.15				As of or for the quarter ended 31.12.14			
UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	Difference (%)	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	Difference (%)
7,170	7,189	(19)	0	6,746	6,745	1	0
6,382	6,401	(19)	0	6,342	6,333	9	0
788	788	0	0	404	412	(8)	(2)
639	636	3	0	646	646	0	0
259	252	7	3	211	211	0	0
466	466	0	0	340	340	0	0
114	114	0	0	85	85	0	0
496	485	11	2	217	217	0	0
(1,186)	(1,165)	(21)	2	(1,096)	(1,087)	(9)	1
(257)	(259)	2	(1)	(249)	(241)	(8)	3
(111)	(90)	(21)	23	(106)	(106)	0	0
(818)	(817)	(1)	0	(741)	(741)	0	0
2,083	2,085	(2)	0	919	927	(8)	(1)
2,068	2,083	(15)	(1)	858	893	(35)	(4)
	1	(1)		31	31	0	0
14	1	13		29	2	27	
1,393	1,393	0	0	424	424	0	0
1,291	1,314	(23)	(2)	368	374	(6)	(2)
	79	(79)		11	50	(39)	(78)
102	0	102		45	0	45	
3,475	3,478	(3)	0	1,343	1,352	(9)	(1)
3,360	3,397	(37)	(1)	1,226	1,268	(42)	(3)
	80	(80)		42	81	(39)	(48)
116	0	116		74	3	71	
979,746	981,891	(2,145)	0	1,062,478	1,062,327	151	0
923,712	925,808	(2,096)	0	1,008,110	1,008,162	(52)	0
56,034	56,083	(49)	0	54,368	54,165	203	0
54,077	54,126	(49)	0	50,608	52,108	(1,500)	(3)
	1,919	(1,919)			2,013	(2,013)	
1,957	38	1,919		3,760	45	3,715	
30,948	33,183	(2,235)	(7)	28,941	30,805	(1,864)	(6)
5,578	0	5,578		467	0	467	
11,114	10,198	916	9	11,398	10,451	947	9
47,640	43,381	4,259	10	40,806	41,257	(451)	(1)
216,314	217,472	(1,158)	(1)	216,462	217,158	(696)	0
14.3	15.3	(1.0)		13.4	14.2	(0.8)	
22.0	19.9	2.1		18.9	19.0	(0.1)	
946,476	949,548	(3,072)	0	997,822	999,124	(1,302)	0
5.0	4.6	0.4		4.1	4.1	0.0	

Information sources

Reporting publication

Annual publications: *Annual report (SAP no. 80531):* Published in both English and German, this single volume report provides a description of our Group strategy and performance, the strategy and performance of the business divisions and Corporate Center, risk, treasury and capital management, corporate governance, responsibility and senior management compensation, including compensation to the Board of Directors and the Group Executive Board members, and financial information, including the financial statements. *Review (SAP no. 80530):* The booklet contains key information on our strategy and financials. It is published in English, German, French and Italian. *Compensation Report (SAP no. 82307):* The report discusses our compensation framework and provides information on compensation to the Board of Directors and the Group Executive Board members. It is published in English and German.

Quarterly publications: *Letter to shareholders:* The letter is published for the first, second and third quarter and provides an update from executive management on our strategy and performance. The letter is published in English, German, French and Italian. *Financial report (SAP no. 80834) and results materials:* The quarterly financial report, published for the first, second and third quarter, and the fourth-quarter earnings release and financial supplement provide an update on our strategy and performance for the respective quarter. They are mainly available in English.

How to order reports: The annual and quarterly publications are available in PDF format on the internet at *www.ubs.com/investors* in the "Financial information" section. Printed copies, as available, can be ordered from the same website in the "Investor services" section, which can be accessed via the link on the left-hand side of the screen. Alternatively, they can be ordered by quoting the SAP number and the language preference, where applicable, from UBS AG, F4UK–AUL, P.O. Box, CH-8098 Zurich, Switzerland.

Other information

Website: The "Investor Relations" website at *www.ubs.com/investors* provides the following information on UBS: news and earnings releases, financial information, including results-related filings with the US Securities and Exchange Commission, corporate information, including UBS share price charts and data and dividend information, the UBS corporate calendar and presentations by management for investors and financial analysts. Information on the internet is available in English and German.

Result presentations: Our quarterly results presentations are webcast live. A playback of most presentations is downloadable at *www.ubs.com/presentations*.

Messaging service/UBS news alert: On the *www.ubs.com/newsalerts* website, it is possible to subscribe to receive news alerts about UBS via SMS or e-mail. Messages are sent in English, German, French or Italian and it is possible to state theme preferences for the alerts received.

Form 20-F and other submissions to the US Securities and Exchange Commission: We file periodic reports and submit other information about UBS to the US Securities and Exchange Commission (SEC). Principal among these filings is the annual report on Form 20-F, filed pursuant to the US Securities Exchange Act of 1934. The filing of Form 20-F is structured as a "wrap-around" document. Most sections of the filing can be satisfied by referring to parts of the annual report. However, there is a small amount of additional information in Form 20-F which is not presented elsewhere, and is particularly targeted at readers in the US. Readers are encouraged to refer to this additional disclosure. Any document that we file with the SEC is available to read and copy on the SEC's website, *www.sec.gov,* or at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, DC, 20549. Please call the SEC by dialing +1-800-SEC-0330 for further information on the operation of its public reference room. Please visit *www.ubs.com/investors* for more information.

Cautionary Statement Regarding Forward-Looking Statements | This document 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 planned further reduction in its Basel III risk-weighted assets (RWA) and leverage ratio denominator (LRD), and the degree to which UBS is successful in implementing changes to its business to meet changing market, regulatory and other conditions; (ii) developments in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates and interest rates and the effect of economic conditions and market developments on the financial position or creditworthiness of UBS's clients and counterparties; (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 bail-in debt 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 (including leverage ratio), liquidity and funding requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration or other measures; (v) uncertainty as to when and to what degree the Swiss Financial Market Supervisory Authority (FINMA) will approve reductions to the incremental RWA resulting from the supplemental operational risk capital analysis mutually agreed to by UBS and FINMA, or will approve a limited reduction of capital requirements due to measures to reduce resolvability risk; (vi) the degree to which UBS is successful in implementing changes to its legal structure to improve its resolvability and meet related regulatory requirements, including changes in legal structure and reporting required to implement US enhanced prudential standards, implementing a service company model, the transfer of the Asset Management business to a holding company and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements relating to capital requirements, resolvability requirements and proposals in Switzerland and other countries for mandatory structural reform of banks, and the extent to which such changes have the intended effects; (vii) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS's ability to compete in certain lines of business; (viii) changes in the standards of conduct applicable to our businesses that may result from new regulation or new enforcement of existing standards, including measures to impose new or enhanced duties when interacting with customers or in the execution and handling of customer transactions; (ix) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses or loss of licenses or privileges as a result of regulatory or other governmental sanctions; (x) the effects on UBS's cross-border banking business of tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (xi) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiii) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xiv) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (xv) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading and systems failures; (xvi) restrictions to the ability of subsidiaries of the Group to make loans or distributions of any kind, directly or indirectly, to UBS Group AG; (xvii) 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; and (xviii) 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. 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 2014. 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 document may not add up precisely to the totals provided in the tables and text. Percentages, percent changes and absolute variances are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages, percent changes and absolute variances that would be derived based on figures that are not rounded.

Tables | Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis.

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