

28 October 2016

UBS 3Q adjusted pre-tax profit up 33%; reported pre-tax profit up 11% YoY

Adjusted¹ profit before tax CHF 1.3 billion**Net profit attributable to shareholders CHF 827 million; diluted earnings per share CHF 0.22****Wealth management businesses combined adjusted¹ pre-tax profit CHF 1 billion; record Wealth Management Americas result****Personal & Corporate Banking highest quarterly pre-tax profit since 2008****Fully applied CET1 capital ratio 14.0%; fully applied CET1 leverage ratio 3.45%****UBS confirmed as global industry leader in sustainability by Dow Jones Sustainability Index**

Zurich/Basel, 28 October 2016 – In the third quarter of 2016, UBS delivered strong results with an adjusted¹ profit before tax of CHF 1,300 million, up 33% year-on-year. Reported pre-tax profit was up 11% year-on-year to CHF 877 million. Net profit attributable to shareholders was CHF 827 million, with diluted earnings per share of CHF 0.22. Group annualized adjusted¹ return on tangible equity was 10.1%. This performance was achieved despite sustained economic and geopolitical uncertainty, persistently low client activity and subdued primary market issuance.

As of 30 September 2016, the Group achieved CHF 1.5 billion of annualized net cost savings on a normalized cost base, an improvement from CHF 1.4 billion in the prior quarter, making progress toward the CHF 2.1 billion 2017 year-end target. UBS will continue to take steps to offset higher than expected regulatory costs. In the third quarter of 2016, expenses for provisions for litigation, regulatory and similar matters were CHF 419 million, including CHF 408 million in Non-core and Legacy Portfolio. While the prior year's third quarter included a net tax benefit of CHF 1.3 billion, net tax expense for the third quarter of 2016 was CHF 49 million. This included a net write-up of deferred tax assets of CHF 424 million mainly driven by updated profit forecasts beyond 2016, offset by tax expenses related to the current year.

"We delivered a strong performance across our businesses, despite seasonality and continued macroeconomic, geopolitical and market headwinds. Our strong position allows us to focus on helping our clients navigate the current environment. We will continue to execute with discipline and manage risk and resources prudently." **Sergio P. Ermotti, Group Chief Executive Officer**

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

UBS's capital position remains strong, with a fully applied CET1 capital ratio of 14.0% and a fully applied CET1 leverage ratio of 3.45%. Risk-weighted assets (RWA) increased by CHF 3 billion from the prior quarter to CHF 217 billion, due to previously anticipated regulatory inflation. The fully applied leverage ratio denominator (LRD) decreased by CHF 21 billion to CHF 877 billion quarter-on-quarter, mainly driven by efforts to optimize balance sheet utilization.

Third quarter 2016: Divisional and Corporate Center performance overview

Wealth Management delivered an adjusted¹ profit before tax of CHF 643 million, down CHF 55 million from the third quarter of 2015, a solid performance given continued subdued client activity. Wealth Management attracted strong net new money of CHF 9.4 billion, driven by net inflows in Asia Pacific and Europe, while absorbing cross-border outflows and remaining focused on quality. Net mandate sales in the quarter were CHF 4.1 billion, with mandate penetration stable at 27.1% of invested assets. Adjusted¹ net margin increased by 1 basis point from the prior quarter to 27 basis points, as expenses decreased 4%.

Wealth Management Americas posted a record adjusted¹ profit before tax of USD 367 million, an increase of USD 80 million from the third quarter of 2015, reflecting record net interest income and recurring net fee income, as well as lower operating expenses. Net new money in the third quarter was USD 0.8 billion. Managed account assets increased 30 basis points, compared to the prior quarter, to a record 34.8% of invested assets.

Personal & Corporate Banking recorded a very strong adjusted¹ profit before tax of CHF 473 million, up from CHF 428 million in the third quarter of 2015. Despite persistently negative interest rates, this represented the best quarterly result since the fourth quarter of 2008, with higher operating income and lower operating expenses. Annualized net new business volume growth for personal banking was 3.5%, and our personal banking business acquired record net new clients year-to-date.

Asset Management delivered an adjusted¹ profit before tax of CHF 138 million, which was flat year-over-year. Performance fees increased, while net management fees decreased, reflecting the sale of the Alternative Fund Services (AFS) business in the fourth quarter of 2015, as well as lower average invested asset levels. Net new money, excluding money market flows, was CHF 2.0 billion, driven by third parties.

The **Investment Bank** posted an adjusted¹ profit before tax of CHF 342 million compared with CHF 614 million in the third quarter of 2015, while maintaining prudent risk, cost and resource management. The annualized adjusted¹ return on attributed equity was 18.0% for the quarter. Investor Client Services revenues were down 9% year-on-year, as strong performance in Foreign Exchange, Rates and Credit was more than offset by a decrease in Equities from a strong prior-year quarter. Corporate Client Solutions revenues decreased 25%, due to lower debt and equity capital market revenues, partly offset by higher advisory revenues. RWA were broadly unchanged at CHF 65 billion, while LRD decreased quarter-on-quarter by CHF 21 billion to CHF 246 billion.

Corporate Center – Services recorded an adjusted¹ loss before tax of CHF 214 million, a CHF 41 million improvement on the third quarter of 2015. **Group Asset and Liability Management** recorded an adjusted¹ profit before tax of CHF 30 million. **Non-core and Legacy Portfolio** posted an adjusted¹ loss before tax of CHF 470 million, driven by expenses for provisions for litigation, regulatory and similar matters of CHF 408 million.

UBS confirmed as global industry leader in sustainability

UBS was named Diversified Financials Industry Group Leader in the Dow Jones Sustainability Index (DJSI) for the second year in a row. The DJSI is the most widely recognized sustainability rating.

Asset Management's Global Real Estate business (GRE) also reached a sustainability milestone when all 14 of its real estate equity funds were awarded Green Star status by GRESB, an investor-driven body that recognizes sustainability performance of real estate assets globally. Seven of its funds achieved the highest five-star rating.

The third quarter also saw the successful closing of UBS's Loans for Growth impact investment fund. The USD 50 million fund supports small business and job creation in frontier and emerging economies, while seeking to offer attractive returns to investors. The fund uses a public-private partnership model designed to activate private sector capital toward promoting the UN Sustainable Development Goals.

Awards and achievements

UBS Switzerland was named Most Attractive Employer among banks in Switzerland by Universum for the third year in a row. Wealth Management Americas won recognition for its female- and family-friendly policies as one of the Working Mother 100 Best Companies.

UBS received three awards at *GlobalCapital's* Global Derivatives Awards 2016: FX Derivatives Bank of the Year, Research and Strategy Bank of the Year and Single Dealer Electronic Platform of the Year for UBS Neo.

UBS continues to drive innovation in financial services with UBS SmartWealth, a digital wealth management platform that brings the firm's experience and expertise to the mass-affluent segment. It is initially available to selected UK customers.

The 2016 UBS Kids Cup saw 500 children out of 140,000 entrants from across Switzerland reach the final in Zurich in September. Many winners of the first UBS Kids Cup in 2011 now compete in junior categories of international athletics competitions.

Outlook

Underlying macroeconomic uncertainty and geopolitical tensions continued to contribute to client risk aversion and generally low transaction volumes. Lower than anticipated and negative interest rates still present considerable headwinds. These conditions are unlikely to change in the foreseeable future. Implementing Switzerland's new bank capital standards and the proposed further changes to the international regulatory framework for banks will result in increasing capital requirements and costs. UBS is well positioned to deal with these challenges and to benefit from even a moderate improvement in market conditions. We remain committed to executing our strategy with discipline.

Information in this release is presented for UBS Group AG on a consolidated basis unless otherwise specified. Financial information for UBS AG (consolidated) does not differ materially from UBS Group AG (consolidated) and a comparison between UBS Group AG (consolidated) and UBS AG (consolidated) is provided at the end of this news release. The UBS AG third quarter 2016 report will be available as of 2 November 2016 under "Quarterly reporting" at www.ubs.com/investors.

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

	For the quarter ended 30.9.16								
<i>CHF million</i>	Wealth Management	Wealth Management Americas	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	1,809	1,938	995	481	1,796	(66)	30	46	7,029
<i>of which: gains related to investments in associates</i>			21						21
Operating income (adjusted)	1,809	1,938	974	481	1,796	(66)	30	46	7,008
Operating expenses as reported	1,305	1,618	542	377	1,635	152	0	523	6,152
<i>of which: personnel-related restructuring expenses⁵</i>	28	1	0	9	60	159	0	0	257
<i>of which: non-personnel-related restructuring expenses⁵</i>	10	0	0	2	3	173	0	0	187
<i>of which: restructuring expenses allocated from CC – Services⁵</i>	101	37	40	24	118	(327)	0	7	0
Operating expenses (adjusted)	1,166	1,580	501	343	1,454	148	0	516	5,708
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	(2)	9	(3)	2	2	2	0	408	419
Operating profit / (loss) before tax as reported	504	320	453	104	161	(218)	30	(477)	877
Operating profit / (loss) before tax (adjusted)	643	358	473	138	342	(214)	30	(470)	1,300

	For the quarter ended 30.9.15								
<i>Operating expenses as reported</i>	Wealth Management	Wealth Management Americas	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	1,958	1,871	1,030	502	2,088	(38)	(116)	(126)	7,170
<i>of which: gains related to investments in associates</i>	15		66						81
<i>of which: own credit on financial liabilities designated at fair value</i>							32		32
<i>of which: net foreign currency translation losses⁴</i>							(27)		(27)
Operating income (adjusted)	1,943	1,871	964	502	2,088	(38)	(121)	(126)	7,084
Operating expenses as reported	1,319	1,612	564	388	1,592	219	(5)	692	6,382
<i>of which: personnel-related restructuring expenses⁵</i>	(5)	0	1	1	0	116	0	4	118
<i>of which: non-personnel-related restructuring expenses⁵</i>	10	0	0	2	1	167	0	0	181
<i>of which: restructuring expenses allocated from CC – Services⁵</i>	69	39	26	20	116	(281)	0	11	0
<i>of which: credit related to a change to retiree benefit plans in the US</i>		(21)							(21)
Operating expenses (adjusted)	1,245	1,594	536	365	1,474	217	(5)	677	6,105
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	1	51	0	0	0	6	0	534	592
Operating profit / (loss) before tax as reported	639	259	466	114	496	(257)	(111)	(818)	788
Operating profit / (loss) before tax (adjusted)	698	277	428	137	614	(255)	(116)	(803)	979

1 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 2 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 3 CC – Services operating expenses presented in this table are after service allocations to business divisions and other Corporate Center units. 4 Related to the disposal of foreign subsidiaries and branches. 5 Refer to "Note 17 Changes in organization and disposals" in the "Consolidated financial statements" section of the UBS Group third quarter 2016 report for more information.

UBS Group AG key figures

<i>CHF million, except where indicated</i>	As of or for the quarter ended				As of or year-to-date	
	30.9.16	30.6.16	31.12.15	30.9.15	30.9.16	30.9.15
Group results						
Operating income	7,029	7,404	6,775	7,170	21,266	23,829
Operating expenses	6,152	5,915	6,541	6,382	17,922	18,575
Operating profit / (loss) before tax	877	1,489	234	788	3,344	5,254
Net profit / (loss) attributable to shareholders	827	1,034	949	2,068	2,568	5,255
Diluted earnings per share (CHF) ¹	0.22	0.27	0.25	0.54	0.67	1.40
Key performance indicators²						
Profitability						
Return on tangible equity (%)	7.3	8.9	8.1	18.3	7.4	15.7
Return on assets, gross (%)	2.9	3.0	2.8	3.0	2.9	3.2
Cost / income ratio (%)	87.5	79.8	95.7	88.7	84.2	77.8
Growth						
Net profit growth (%)	(60.0)	(14.5)	10.6	171.4	(51.1)	101.4
Net new money growth for combined wealth management businesses (%) ³	2.1	1.7	2.9	0.8	3.2	2.0
Resources						
Common equity tier 1 capital ratio (fully applied, %) ⁴	14.0	14.2	14.5	14.3	14.0	14.3
Going concern leverage ratio (phase-in, %) ⁵	6.2				6.2	
Additional information						
Profitability						
Return on equity (RoE) (%)	6.2	7.7	6.9	15.9	6.3	13.6
Return on risk-weighted assets, gross (%) ⁶	13.1	13.9	12.9	13.5	13.3	14.9
Resources						
Total assets	935,206	989,397	942,819	979,746	935,206	979,746
Equity attributable to shareholders	53,300	52,876	55,313	54,077	53,300	54,077
Common equity tier 1 capital (fully applied) ⁴	30,254	30,264	30,044	30,948	30,254	30,948
Common equity tier 1 capital (phase-in) ⁴	37,207	37,064	40,378	40,488	37,207	40,488
Risk-weighted assets (fully applied) ⁴	216,830	213,840	207,530	216,314	216,830	216,314
Common equity tier 1 capital ratio (phase-in, %) ⁴	16.9	17.1	19.0	18.3	16.9	18.3
Going concern capital ratio (fully applied, %) ⁵	18.0				18.0	
Going concern capital ratio (phase-in, %) ⁵	24.8				24.8	
Common equity tier 1 leverage ratio (fully applied, %) ⁷	3.4	3.4	3.3	3.3	3.4	3.3
Going concern leverage ratio (fully applied, %) ⁵	4.4				4.4	
Leverage ratio denominator (fully applied) ⁷	877,313	898,195	897,607	946,476	877,313	946,476
Liquidity coverage ratio (%) ⁸	124	133	124	121	124	121
Other						
Invested assets (CHF billion) ⁹	2,747	2,677	2,689	2,577	2,747	2,577
Personnel (full-time equivalents)	59,946	60,093	60,099	60,088	59,946	60,088
Market capitalization ¹⁰	50,941	48,398	75,147	69,324	50,941	69,324
Total book value per share (CHF) ¹⁰	14.37	14.27	14.75	14.41	14.37	14.41
Tangible book value per share (CHF) ¹⁰	12.66	12.54	13.00	12.69	12.66	12.69

1 Refer to "Note 9 Earnings per share (EPS) and shares outstanding" in the "Consolidated financial statements" section of the UBS Group third quarter 2016 report for more information. 2 Refer to the "Measurement of performance" section of our Annual Report 2015. 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) in Wealth Management from our balance sheet and capital optimization program. 4 Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRBs). Refer to the "Capital management" section of the UBS Group third quarter 2016 report for more information. 5 Based on the revised Swiss SRB framework that became effective on 1 July 2016. Refer to the "UBS Group key figures" table in our previous quarterly reports for more information on total capital ratios and leverage ratios under the former Swiss SRB framework. 6 Based on fully applied risk-weighted assets. 7 Calculated in accordance with Swiss SRB rules. Refer to the "Capital management" section of the UBS Group third quarter 2016 report for more information. From 31 December 2015 onward, the leverage ratio denominator calculation is aligned with the Basel III rules. Figures for periods prior to 31 December 2015 are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. 8 Refer to the "Balance sheet, liquidity and funding management" section of the UBS Group third quarter 2016 report for more information. Figures represent a 3-month average. 9 Includes invested assets for Personal & Corporate Banking. 10 Refer to the "UBS shares" section of the UBS Group third quarter 2016 report for more information.

Income statement

CHF million	For the quarter ended			% change from		Year-to-date	
	30.9.16	30.6.16	30.9.15	2Q16	3Q16	30.9.16	30.9.15
Net interest income	1,775	1,164	1,846	52	(4)	4,652	4,973
Credit loss (expense) / recovery	(4)	(7)	(28)	(43)	(86)	(13)	(58)
Net interest income after credit loss expense	1,771	1,158	1,817	53	(3)	4,638	4,915
Net fee and commission income	4,056	4,087	4,111	(1)	(1)	12,236	12,921
Net trading income	1,098	1,891	1,063	(42)	3	4,002	4,844
<i>of which: net trading income excluding own credit</i>	1,098	1,891	1,031	(42)	6	4,002	4,327
<i>of which: own credit on financial liabilities designated at fair value</i>			32				518
Other income	104	269	179	(61)	(42)	390	1,148
Total operating income	7,029	7,404	7,170	(5)	(2)	21,266	23,829
<i>of which: net interest and trading income</i>	2,873	3,055	2,909	(6)	(1)	8,653	9,817
Personnel expenses	3,942	3,985	3,841	(1)	3	11,852	12,138
General and administrative expenses	1,939	1,666	2,285	16	(15)	5,269	5,694
Depreciation and impairment of property, equipment and software	248	240	230	3	8	731	660
Amortization and impairment of intangible assets	23	24	25	(4)	(8)	70	84
Total operating expenses	6,152	5,915	6,382	4	(4)	17,922	18,575
Operating profit / (loss) before tax	877	1,489	788	(41)	11	3,344	5,254
Tax expense / (benefit)	49	376	(1,295)	(87)		695	(182)
Net profit / (loss)	829	1,113	2,083	(26)	(60)	2,649	5,437
Net profit / (loss) attributable to non-controlling interests	1	79	14	(99)	(93)	81	182
Net profit / (loss) attributable to shareholders	827	1,034	2,068	(20)	(60)	2,568	5,255

Comprehensive income

Total comprehensive income	191	1,558	3,475	(88)	(95)	2,099	4,617
Total comprehensive income attributable to non-controlling interests	7	407	116	(98)	(94)	364	45
Total comprehensive income attributable to shareholders	184	1,151	3,360	(84)	(95)	1,734	4,572

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

CHF million, except where indicated	As of or for the quarter ended 30.9.16			As of or for the quarter ended 30.6.16			As of or for the quarter ended 31.12.15		
	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)
Income statement									
Operating income	7,029	7,049	(20)	7,404	7,399	5	6,775	6,771	4
Operating expenses	6,152	6,161	(9)	5,915	5,942	(27)	6,541	6,543	(2)
Operating profit / (loss) before tax	877	888	(11)	1,489	1,457	32	234	228	6
of which: Wealth Management	504	502	2	518	514	4	344	342	2
of which: Wealth Management Americas	320	313	7	237	225	12	14	8	6
of which: Personal & Corporate Banking	453	454	(1)	534	533	1	355	356	(1)
of which: Asset Management	104	104	0	114	113	1	171	171	0
of which: Investment Bank	161	155	6	284	267	17	80	83	(3)
of which: Corporate Center	(665)	(640)	(25)	(198)	(195)	(3)	(729)	(732)	3
of which: Services	(218)	(216)	(2)	(113)	(109)	(4)	(345)	(349)	4
of which: Group ALM	30	53	(23)	44	42	2	(56)	(54)	(2)
of which: Non-core and Legacy Portfolio	(477)	(476)	(1)	(129)	(128)	(1)	(329)	(329)	0
Net profit / (loss)	829	847	(18)	1,113	1,088	25	950	951	(1)
of which: net profit / (loss) attributable to shareholders	827	846	(19)	1,034	1,009	25	949	950	(1)
of which: net profit / (loss) attributable to preferred noteholders		0	0		78	(78)		0	0
of which: net profit / (loss) attributable to non-controlling interests	1	1	0	79	1	78	1	1	0
Statement of comprehensive income									
Other comprehensive income	(637)	(638)	1	445	446	(1)	214	214	0
of which: attributable to shareholders	(643)	(643)	0	117	118	(1)	177	177	0
of which: attributable to preferred noteholders		4	(4)		328	(328)		35	(35)
of which: attributable to non-controlling interests	5	1	4	329	0	329	37	2	35
Total comprehensive income	191	210	(19)	1,558	1,535	23	1,164	1,165	(1)
of which: attributable to shareholders	184	203	(19)	1,151	1,127	24	1,126	1,126	0
of which: attributable to preferred noteholders		4	(4)		406	(406)		35	(35)
of which: attributable to non-controlling interests	7	3	4	407	1	406	38	3	35
Balance sheet									
Total assets	935,206	935,683	(477)	989,397	990,135	(738)	942,819	943,256	(437)
Total liabilities	881,213	881,433	(220)	935,835	936,096	(261)	885,511	886,013	(502)
Total equity	53,993	54,250	(257)	53,562	54,039	(477)	57,308	57,243	65
of which: equity attributable to shareholders	53,300	53,556	(256)	52,876	53,353	(477)	55,313	55,248	65
of which: equity attributable to preferred noteholders		654	(654)		649	(649)		1,954	(1,954)
of which: equity attributable to non-controlling interests	693	40	653	686	37	649	1,995	41	1,954
Capital information									
Common equity tier 1 capital (fully applied)	30,254	32,110	(1,856)	30,264	32,184	(1,920)	30,044	32,042	(1,998)
Common equity tier 1 capital (phase-in)	37,207	38,994	(1,787)	37,064	38,913	(1,849)	40,378	41,516	(1,138)
Going concern loss-absorbing additional tier 1 capital (fully applied) ¹	8,749	3,776	4,973						
Going concern tier 2 capital (phase-in) ¹	11,216	10,332	884						
Going concern capital (fully applied) ¹	39,003	35,885	3,118						
Risk-weighted assets (fully applied)	216,830	217,297	(467)	213,840	214,210	(370)	207,530	208,186	(656)
Common equity tier 1 capital ratio (fully applied, %)	14.0	14.8	(0.8)	14.2	15.0	(0.8)	14.5	15.4	(0.9)
Common equity tier 1 capital ratio (phase-in, %)	16.9	17.7	(0.8)	17.1	17.9	(0.8)	19.0	19.5	(0.5)
Going concern capital ratio (fully applied, %) ¹	18.0	16.5	1.5						
Leverage ratio denominator (fully applied)	877,313	877,926	(613)	898,195	899,075	(880)	897,607	898,251	(644)
Going concern leverage ratio (fully applied, %) ¹	4.4	4.1	0.3						

¹ Based on the revised Swiss SRB framework that became effective on 1 July 2016. Refer to the "Comparison UBS Group AG (consolidated) versus UBS AG (consolidated)" table in our previous quarterly reports for more information on total capital ratios and leverage ratios under the former Swiss SRB framework.

UBS's third quarter 2016 report, news release and slide presentation will be available from 06:45 CEST on Friday, 28 October 2016, at www.ubs.com/quarterlyreporting.

UBS will hold a presentation of its third quarter 2016 results on Friday, 28 October 2016. The results will be presented by Sergio P. Ermotti, Group Chief Executive Officer, Kirt Gardner, Group Chief Financial Officer, Martin Osinga, Global Head of Investor Relations ad interim, and Hubertus Kuelps, Group Head of Communications & Branding.

Time

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

Audio webcast

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

Webcast playback

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

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Cautionary Statement Regarding Forward-Looking Statements

This news release contains statements that constitute "forward-looking statements," including but not limited to management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development. While these forward-looking statements represent UBS's judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (i) the degree to which UBS is successful in executing its announced strategic plans, including its cost reduction and efficiency initiatives and its targets for risk-weighted assets (RWA) and leverage ratio denominator (LRD), and the degree to which UBS is successful in implementing changes to its wealth management businesses to meet changing market, regulatory and other conditions; (ii) continuing low or negative interest rate environment, developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, and currency exchange rates, and the effects of economic conditions, market developments, and geopolitical tensions on the financial position or creditworthiness of UBS's clients and counterparties as well as on client sentiment and levels of activity; (iii) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK and other financial centers that may impose, or result in, more stringent capital, TLAC, leverage ratio, liquidity and funding requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these would have on UBS's business activities; (v) uncertainty as to when and to what degree the Swiss Financial Market Supervisory Authority (FINMA) will approve, or confirm, limited reductions of gone concern requirements due to measures to reduce resolvability risk; (vi) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements, including changes in legal structure and reporting required to implement US enhanced prudential standards, implementing a service company model, completing the transfer of the Asset Management business to a holding company, and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements relating to capital requirements, resolvability requirements and proposals in Switzerland and other countries for mandatory structural reform of banks and the extent to which such changes have the intended effects; (vii) the uncertainty arising from the timing and nature of the UK exit from the EU and the potential need to make changes in UBS's legal structure and operations as a result of it; (viii) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS's ability to compete in certain lines of business; (ix) changes in the standards of conduct applicable to our businesses that may result from new regulation or new enforcement of existing standards, including recently enacted and proposed measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (x) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses or loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational component of our RWA; (xi) the effects on UBS's cross-border banking business of tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (xii) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xiii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiv) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xv) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (xvi) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyber-attacks, and systems failures; (xvii) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS's operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xviii) the degree to which changes in regulation, capital or legal structure, financial results or other factors, including methodology, assumptions and stress scenarios, may affect UBS's ability to maintain its stated capital return objective; and (xix) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2015. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Adjusted results

In addition to reporting our results in accordance with International Financial Reporting Standards (IFRS), we report adjusted results that exclude items that management believes are not representative of the underlying performance of our businesses. Such adjusted results are non-GAAP financial measures as defined by SEC regulations. Unless otherwise indicated, third quarter of 2016 "adjusted" figures exclude each of the following items, to the extent applicable on a Group and business division level: gains of CHF 21 million related to investments in associates and net restructuring expenses of CHF 444 million. For the third quarter of 2015, we excluded gains of CHF 81 million related to investments in associates, an own credit gain of CHF 32 million, net foreign currency translation losses of CHF 27 million, as well as net restructuring expenses of CHF 298 million and a credit related to a change to retiree benefit plans in the US of CHF 21 million. Refer to the "Group performance" section of UBS Group third quarter 2016 report for more information on adjusted results.

Rounding

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

Tables

Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Percentage changes are presented as a mathematical calculation of the change between periods.