

27 January 2017

4Q adjusted profit before tax CHF 1.1 billion, up 47% YoY

Fourth quarter net profit attributable to UBS Group AG shareholders CHF 738 million; 4Q16 diluted earnings per share CHF 0.19

2016 adjusted¹ profit before tax CHF 5.4 billion; net profit attributable to UBS Group AG shareholders CHF 3.3 billion; diluted earnings per share CHF 0.86

Proposed ordinary dividend of CHF 0.60 per share for 2016, unchanged from 2015

Fully applied CET1 capital ratio 13.8%; fully applied CET1 leverage ratio 3.53%

UBS launches new philanthropic portfolio to improve child healthcare in world's most neglected communities

Zurich/Basel, 27 January 2017 – UBS Group net profit for 2016 was CHF 3.3 billion. Adjusted¹ profit before tax for the year was CHF 5.4 billion and reported profit before tax was CHF 4.2 billion. The full-year adjusted¹ return on tangible equity was 9.2%. Despite very challenging market conditions and macroeconomic and geopolitical uncertainty, UBS delivered solid results in 2016, while prudently managing resources and risk. As of 31 December 2016, the Group achieved CHF 1.6 billion of annualized net cost savings, an improvement from CHF 1.1 billion at year-end 2015, and is on track to achieve its CHF 2.1 billion target by the end of 2017.

UBS's capital position remains strong, with a fully applied CET1 capital ratio of 13.8% and a fully applied CET1 leverage ratio of 3.53%. Risk-weighted assets (RWA) were CHF 223 billion. The fully applied leverage ratio denominator (LRD) was CHF 870 billion at year end.

UBS's Board of Directors intends to propose a dividend of CHF 0.60 per share to shareholders for the financial year 2016. Subject to shareholder approval, the dividend will be paid out of capital contribution reserves on 10 May 2017 to shareholders of record as of 9 May 2017². The ex-dividend date will be 8 May 2017.

"Despite a very challenging market environment in 2016, we achieved solid results, thanks to our balanced business and geographic mix, as well as our strong focus on executing our strategy. Wealth Management Americas delivered a record performance, and our Swiss Personal and Corporate business achieved its best full-year results since 2008. While we saw persistent client risk aversion and substantial cross-border outflows, we generated over CHF 40 billion of net new money in our wealth management businesses."

Sergio P. Ermotti, Group Chief Executive Officer

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.

Full-year 2016: Group, divisional and Corporate Center performance overview

UBS's full-year 2016 adjusted¹ profit before tax was CHF 5,443 million, and reported profit before tax was CHF 4,192 million. Net profit attributable to shareholders was CHF 3,306 million. This included expenses for provisions for litigation, regulatory and similar matters of CHF 693 million, as well as restructuring expenses of CHF 1,458 million. Adjusted¹ return on tangible equity was 9.2%.

Wealth Management delivered an adjusted¹ profit before tax of CHF 2,397 million, down 15% year on year. Net new money was CHF 26.8 billion, despite cross-border outflows of CHF 14 billion. Net mandate sales were CHF 14.0 billion, with mandate penetration increasing 50 basis points to 26.9% of invested assets, while total invested assets increased by CHF 30 billion. Adjusted¹ net margin decreased by 5 basis points to 25 basis points.

Wealth Management Americas posted a record adjusted¹ profit before tax of USD 1,250 million, a 43% increase year on year, reflecting higher net interest income and lower expenses for provisions for litigation, regulatory and similar matters. Net new money was USD 15.4 billion, and managed accounts increased 70 basis points to 34.7% of invested assets, while total invested assets increased by USD 78 billion. Adjusted¹ net margin improved by 4 basis points to 12 basis points.

Personal & Corporate Banking delivered an adjusted¹ profit before tax of CHF 1,754 million, the best full-year results since 2008 and up 4% year on year, despite negative interest rates. The net new business volume growth in personal banking was 3.1% with the highest net new client acquisition on record.

Asset Management recorded an adjusted¹ profit before tax of CHF 552 million, down 10% year on year. Net new money, excluding money markets, was negative at CHF 22.5 billion.

The **Investment Bank** posted an adjusted¹ profit before tax of CHF 1,503 million, down 34% compared with a strong prior year. The adjusted¹ return on attributed equity was 19.6%. Investor Client Services adjusted¹ revenues were down 11% year on year, mostly due to a decrease in Equities. Corporate Client Solutions revenues decreased 20%, mostly due to lower equity capital market revenues. RWA increased by CHF 8 billion to CHF 70 billion, largely due to regulatory inflation, while LRD was reduced by CHF 37 billion to CHF 231 billion at year-end.

Corporate Center – Services recorded an adjusted¹ loss before tax of CHF 912 million. **Group Asset and Liability Management** recorded an adjusted¹ loss before tax of CHF 96 million. **Non-core and Legacy Portfolio** posted an adjusted¹ loss before tax of CHF 991 million, driven by expenses for provisions for litigation, regulatory and similar matters of CHF 482 million. Non-core and Legacy Portfolio LRD was reduced by CHF 16 billion to CHF 22 billion at year-end.

Fourth quarter 2016: Group, divisional and Corporate Center performance overview

UBS's fourth quarter adjusted¹ profit before tax was CHF 1,105 million, and reported profit before tax was CHF 848 million. Net profit attributable to shareholders was CHF 738 million. This included provisions for litigation, regulatory and similar matters of CHF 162 million, as well as restructuring expenses of CHF 372 million. Adjusted¹ return on tangible equity was 8.2%.

Wealth Management delivered an adjusted¹ profit before tax of CHF 511 million, up 1% from the fourth quarter of 2015, reflecting lower operating expenses offset by decreased operating income. This includes provisions for litigation, regulatory and similar matters of CHF 62 million in the fourth quarter of 2016, compared with CHF 79 million in the fourth quarter of 2015. Negative net new money of CHF 4.1 billion was driven by cross-border outflows of CHF 7.4 billion, mainly driven by outflows from emerging markets and Asia Pacific.

Wealth Management Americas posted an adjusted¹ profit before tax of USD 358 million, a substantial increase year on year, reflecting lower expenses for provisions for litigation, regulatory and similar matters, which were USD 52 million in the fourth quarter of 2016, as well as higher recurring fees and net interest income. Net new money was negative USD 1.3 billion.

Personal & Corporate Banking recorded an adjusted¹ profit before tax of CHF 395 million, flat year on year, as increased expenses offset higher income. The annualized net new business volume growth in personal banking was 1.1%.

Asset Management delivered an adjusted¹ profit before tax of CHF 156 million, up 2% from the fourth quarter of 2015. Net new money, excluding money markets, was negative CHF 9.8 billion.

The **Investment Bank** posted an adjusted¹ profit before tax of CHF 344 million, an increase of 54% year on year. The annualized adjusted¹ return on attributed equity was 18.1%. Adjusted¹ Investor Client Services revenues were up 10% year on year, as an increase in Equities more than offset a decrease in FX, Rates and Credit. Corporate Client Solutions revenues increased 9%. RWA increased to CHF 70 billion, as market risk RWA rose from exceptionally low levels. LRD reduced to CHF 231 billion.

Corporate Center – Services recorded an adjusted¹ loss before tax of CHF 275 million. **Group Asset and Liability Management** recorded an adjusted¹ loss before tax of CHF 171 million. **Non-core and Legacy Portfolio** posted an adjusted¹ loss before tax of CHF 215 million. Non-core and Legacy Portfolio LRD was reduced by CHF 3 billion to CHF 22 billion at year-end.

¹ Refer to the "Performance by business division and Corporate Center unit – reported and adjusted" table in this news release.

² UBS expects that dividends will be paid out of capital contribution reserves for the foreseeable future. Dividends paid out of capital contribution reserves are not subject to the deduction of Swiss withholding tax. For US federal income tax purposes, we expect that the dividend will be paid out of current or accumulated profits.

UBS Optimus Foundation launches groundbreaking philanthropic health portfolio

Going Further: a philanthropic health portfolio breaks new ground in financing and delivering large-scale, transformational change for the world's most neglected and underserved communities. UBS Optimus Foundation plans to co-fund the portfolio. Furthermore, all donations will be doubled by portfolio partners, increasing the reach and impact of each donation significantly. Optimus guarantees that 100% of each donation will go to portfolio programs, as UBS covers all administrative costs.

UBS also recently announced plans to launch several new impact investment funds totaling USD 5 billion over the next five years to support the UN Sustainable Development Goals.

In 2016, 18,386 – or over 30% – of UBS employees recorded a total of 155,325 volunteer hours in social and community engagement projects as part of our Community Affairs program. That compares with 27% of UBS employees who volunteered in 2015.

Winners of UBS Social Innovators program announced

The finals in Zurich, London and Singapore brought to a close the first phase of the UBS Social Innovators program. The program sought out high-potential social enterprises delivering innovative solutions to society's most pressing challenges. Choba Choba, a Swiss chocolate brand owned by its cocoa farmers, was chosen as the winner from Switzerland. Kiron, a Germany-based social enterprise that integrates refugees through higher education was chosen as the winner from EMEA, while the provider of e-Doctor clinics in rural India, Karma Healthcare, was named APAC winner.

Awards and achievements

UBS claimed the title as Best Global Private Bank and Best Private Bank in Asia at the *FT's* PWM/The Banker Awards 2016 in October. The firm was also awarded Most Innovative Investment Bank for M&A at The Banker Investment Banking Awards 2016. UBS was named Europe Financial Bond House of the Year by the *International Financing Review* for the second year running. UBS Switzerland received the Euromoney Award 2016 for Best Cash Manager Switzerland for the sixth time in a row.

UBS continued to innovate for the benefit of its customers. In the fourth quarter, UBS Atrium was launched in Switzerland, a platform that connects borrowers looking to finance commercial property investments with external institutional investors. Our UBS SmartWealth digital initiative, launched in the UK in the fourth quarter, exceeded expectations in attracting new clients during its pilot phase. The full launch is planned for February 2017. At the end of 2016, we also launched "Ask UBS", a voice-activated service in partnership with Amazon, which gives users access to investment insights and opinions of UBS CIO House View, as well as explanations of financial terminology.

Outlook

Although macroeconomic uncertainty, geopolitical tensions and divisive politics continue to affect client sentiment and transaction volumes, we have begun to observe improved investor confidence, primarily in the US, which may benefit our wealth management businesses. Lower than expected and negative interest rates, particularly in Switzerland and the eurozone, continue to present headwinds to net interest margins, which may be offset by the effect of higher US dollar interest rates. 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 will continue to execute its strategy with discipline, positioning it to mitigate these challenges and to benefit from any further improvement in market conditions.

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

For the quarter ended 31.12.16

<i>CHF million</i>	Wealth Management	Wealth Management Americas	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	1,782	2,076	941	499	2,014	(59)	(144)	(53)	7,055
<i>of which: gains on sale of financial assets available for sale⁴</i>		10			78				88
<i>of which: net foreign currency translation gains⁵</i>							27		27
Operating income (adjusted)	1,782	2,066	941	499	1,936	(59)	(171)	(53)	6,940
Operating expenses as reported	1,413	1,737	567	356	1,708	256	0	170	6,206
<i>of which: personnel-related restructuring expenses</i>	15	1	2	1	40	114	0	0	174
<i>of which: non-personnel-related restructuring expenses</i>	25	0	0	5	5	163	0	0	197
<i>of which: restructuring expenses allocated from CC – Services</i>	103	30	19	5	72	(237)	0	8	0
Operating expenses (adjusted)	1,270	1,706	546	344	1,592	216	0	162	5,834
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	62	53	7	1	14	(2)	0	27	162
Operating profit / (loss) before tax as reported	368	339	374	144	306	(315)	(144)	(223)	848
Operating profit / (loss) before tax (adjusted)	511	360	395	156	344	(275)	(171)	(215)	1,105

For the quarter ended 31.12.15

<i>CHF million</i>	Wealth Management	Wealth Management Americas	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	1,869	1,885	915	568	1,721	(54)	(59)	(71)	6,775
<i>of which: net foreign currency translation gains⁵</i>							115		115
<i>of which: own credit on financial liabilities designated at fair value</i>							35		35
<i>of which: gains / (losses) on sale of subsidiaries and businesses</i>	(28)			56					28
<i>of which: net losses related to the buyback of debt</i>							(257)		(257)
Operating income (adjusted)	1,897	1,885	915	512	1,721	(54)	48	(71)	6,854
Operating expenses as reported	1,526	1,871	560	397	1,641	291	(3)	258	6,541
<i>of which: personnel-related restructuring expenses</i>	3	0	0	3	12	144	0	1	164
<i>of which: non-personnel-related restructuring expenses</i>	14	0	0	8	2	252	0	0	276
<i>of which: restructuring expenses allocated from CC – Services</i>	116	50	41	27	129	(377)	0	15	0
Operating expenses (adjusted)	1,393	1,821	519	359	1,498	272	(3)	241	6,100
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	79	233	0	(3)	4	1	0	51	365
Operating profit / (loss) before tax as reported	344	14	355	171	80	(345)	(56)	(329)	234
Operating profit / (loss) before tax (adjusted)	505	64	396	153	223	(326)	51	(312)	754

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 Includes a gain on the partial sale of our investment in Markit in the Investment Bank. 5 Related to the disposal of foreign subsidiaries and branches.

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

	For the year ended 31.12.16								
CHF million	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	7,291	7,782	3,984	1,931	7,688	(102)	(219)	(36)	28,320
<i>of which: gains on sale of financial assets available for sale⁴</i>	21	10	102		78				211
<i>of which: gains on sales of real estate</i>						120			120
<i>of which: gains related to investments in associates</i>			21						21
<i>of which: net foreign currency translation losses⁵</i>							(122)		(122)
<i>of which: losses on sales of subsidiaries and businesses</i>	(23)								(23)
Operating income (adjusted)	7,293	7,772	3,861	1,931	7,610	(222)	(97)	(36)	28,113
Operating expenses as reported	5,343	6,675	2,224	1,479	6,684	747	(1)	976	24,128
<i>of which: personnel-related restructuring expenses</i>	53	7	4	15	154	518	0	1	751
<i>of which: non-personnel-related restructuring expenses</i>	55	0	0	15	14	623	0	0	706
<i>of which: restructuring expenses allocated from CC – Services</i>	329	132	113	70	410	(1,084)	0	21	0
Operating expenses (adjusted)	4,896	6,536	2,107	1,379	6,107	690	(1)	955	22,670
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	69	96	3	(2)	42	2	0	482	693
Operating profit / (loss) before tax as reported	1,948	1,107	1,760	452	1,004	(849)	(218)	(1,012)	4,192
Operating profit / (loss) before tax (adjusted)	2,397	1,236	1,754	552	1,503	(912)	(96)	(991)	5,443

	For the year ended 31.12.15								
CHF million	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	8,155	7,381	3,877	2,057	8,821	241	277	(203)	30,605
<i>of which: own credit on financial liabilities designated at fair value</i>							553		553
<i>of which: gains on sales of real estate</i>						378			378
<i>of which: gains on sales of subsidiaries and businesses</i>	169			56					225
<i>of which: net foreign currency translation gains⁵</i>							88		88
<i>of which: gains related to investments in associates</i>	15		66						81
<i>of which: gains on sale of financial assets available for sale⁴</i>					11				11
<i>of which: net losses related to the buyback of debt</i>							(257)		(257)
Operating income (adjusted)	7,971	7,381	3,811	2,001	8,810	(137)	(107)	(203)	29,526
Operating expenses as reported	5,465	6,663	2,231	1,474	6,929	1,059	(5)	1,301	25,116
<i>of which: personnel-related restructuring expenses</i>	20	0	2	4	14	406	0	14	460
<i>of which: non-personnel-related restructuring expenses</i>	38	0	0	11	7	719	0	0	775
<i>of which: restructuring expenses allocated from CC – Services</i>	265	137	99	68	376	(986)	0	43	0
<i>of which: gain related to a change to retiree benefit plans in the US</i>		(21)							(21)
<i>of which: impairment of an intangible asset</i>					11				11
Operating expenses (adjusted)	5,142	6,547	2,130	1,392	6,522	919	(5)	1,245	23,891
<i>of which: expenses for provisions for litigation, regulatory and similar matters</i>	104	351	(2)	(3)	2	15	0	620	1,087
Operating profit / (loss) before tax as reported	2,689	718	1,646	584	1,892	(818)	282	(1,503)	5,489
Operating profit / (loss) before tax (adjusted)	2,828	834	1,681	610	2,288	(1,056)	(102)	(1,447)	5,635

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 Includes gains on partial sales of our investment in Markit in 2016 and 2015 in the Investment Bank as well as a gain on the sale of our investment in Visa Europe in 2016 in Wealth Management and Personal & Corporate Banking. 5 Related to the disposal of foreign subsidiaries and branches.

UBS Group AG key figures

<i>CHF million, except where indicated</i>	As of or for the quarter ended			As of or for the year ended	
	31.12.16	30.9.16	31.12.15	31.12.16	31.12.15
Group results					
Operating income	7,055	7,029	6,775	28,320	30,605
Operating expenses	6,206	6,152	6,541	24,128	25,116
Operating profit / (loss) before tax	848	877	234	4,192	5,489
Net profit / (loss) attributable to shareholders	738	827	949	3,306	6,203
Diluted earnings per share (CHF) ¹	0.19	0.22	0.25	0.86	1.64
Key performance indicators²					
Profitability					
Return on tangible equity (%)	6.5	7.3	8.1	7.2	13.7
Return on assets, gross (%)	3.0	2.9	2.8	3.0	3.1
Cost / income ratio (%)	87.7	87.5	95.7	85.1	81.8
Growth					
Net profit growth (%)	(22.2)	(60.0)	10.6	(46.7)	79.0
Net new money growth for combined wealth management businesses (%) ³	(1.1)	2.1	2.9	2.1	2.2
Resources					
Common equity tier 1 capital ratio (fully applied, %) ⁴	13.8	14.0	14.5	13.8	14.5
Going concern leverage ratio (phase-in, %) ⁵	6.4	6.2		6.4	
Additional information					
Profitability					
Return on equity (RoE) (%)	5.5	6.2	6.9	6.1	11.8
Return on risk-weighted assets, gross (%) ⁶	12.9	13.1	12.9	13.2	14.4
Resources					
Total assets	935,016	935,206	942,819	935,016	942,819
Equity attributable to shareholders	53,723	53,300	55,313	53,723	55,313
Common equity tier 1 capital (fully applied) ⁴	30,693	30,254	30,044	30,693	30,044
Common equity tier 1 capital (phase-in) ⁴	37,788	37,207	40,378	37,788	40,378
Risk-weighted assets (fully applied) ⁴	222,677	216,830	207,530	222,677	207,530
Common equity tier 1 capital ratio (phase-in, %) ⁴	16.8	16.9	19.0	16.8	19.0
Going concern capital ratio (fully applied, %) ⁵	17.9	18.0		17.9	
Going concern capital ratio (phase-in, %) ⁵	24.7	24.8		24.7	
Common equity tier 1 leverage ratio (fully applied, %) ⁷	3.5	3.4	3.3	3.5	3.3
Going concern leverage ratio (fully applied, %) ⁵	4.6	4.4		4.6	
Leverage ratio denominator (fully applied) ⁷	870,470	877,313	897,607	870,470	897,607
Liquidity coverage ratio (%) ⁸	132	124	124	132	124
Other					
Invested assets (CHF billion) ⁹	2,821	2,747	2,689	2,821	2,689
Personnel (full-time equivalents)	59,387	59,946	60,099	59,387	60,099
Market capitalization	61,420	50,941	75,147	61,420	75,147
Total book value per share (CHF)	14.47	14.37	14.75	14.47	14.75
Tangible book value per share (CHF)	12.71	12.66	13.00	12.71	13.00

¹ Weighted average shares outstanding for diluted earnings per share were 3,828 million shares in the fourth quarter of 2016 (third quarter of 2016: 3,812 million shares; fourth quarter of 2015: 3,852 million shares) and 3,824 million shares for the year ended 31 December 2016 (year ended 31 December 2015: 3,781 million shares). 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 fourth quarter 2016 report for more information. ⁵ Based on the revised Swiss SRB framework that became effective on 1 July 2016. 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 fourth quarter 2016 report for more information. ⁸ Refer to the "Balance sheet, liquidity and funding management" section of the UBS Group fourth quarter 2016 report for more information. Figures represent a 3-month average. ⁹ Includes invested assets for Personal & Corporate Banking.

Income statement

<i>CHF million</i>	For the quarter ended			% change from		For the year ended	
	31.12.16	30.9.16	31.12.15	3Q16	4Q15	31.12.16	31.12.15
Net interest income	1,762	1,775	1,759	(1)	0	6,413	6,732
Credit loss (expense) / recovery	(24)	(4)	(59)	500	(59)	(37)	(117)
Net interest income after credit loss expense	1,738	1,771	1,700	(2)	2	6,376	6,615
Net fee and commission income	4,161	4,056	4,218	3	(1)	16,397	17,140
Net trading income	946	1,098	898	(14)	5	4,948	5,742
<i>of which: net trading income excluding own credit</i>	946	<i>1,098</i>	<i>863</i>	<i>(14)</i>	<i>10</i>	<i>4,948</i>	<i>5,190</i>
<i>of which: own credit on financial liabilities designated at fair value</i>			<i>35</i>				<i>553</i>
Other income	209	104	(41)	101		599	1,107
Total operating income	7,055	7,029	6,775	0	4	28,320	30,605
<i>of which: net interest and trading income</i>	2,708	<i>2,873</i>	<i>2,657</i>	<i>(6)</i>	<i>2</i>	<i>11,361</i>	<i>12,474</i>
Personnel expenses	3,868	3,942	3,843	(2)	1	15,720	15,981
General and administrative expenses	2,063	1,939	2,413	6	(15)	7,332	8,107
Depreciation and impairment of property, equipment and software	255	248	260	3	(2)	985	920
Amortization and impairment of intangible assets	21	23	24	(9)	(13)	91	107
Total operating expenses	6,206	6,152	6,541	1	(5)	24,128	25,116
Operating profit / (loss) before tax	848	877	234	(3)	262	4,192	5,489
Tax expense / (benefit)	109	49	(715)	122		805	(898)
Net profit / (loss)	739	829	950	(11)	(22)	3,388	6,386
Net profit / (loss) attributable to non-controlling interests	1	1	1	0	0	82	183
Net profit / (loss) attributable to shareholders	738	827	949	(11)	(22)	3,306	6,203
Comprehensive income							
Total comprehensive income	173	191	1,164	(9)	(85)	2,272	5,781
Total comprehensive income attributable to non-controlling interests	(12)	7	38			352	83
Total comprehensive income attributable to shareholders	185	184	1,126	1	(84)	1,919	5,698

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

CHF million, except where indicated	As of or for the quarter ended 31.12.16			As of or for the quarter ended 30.9.16			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	7,055	7,118	(63)	7,029	7,049	(20)	6,775	6,771	4
Operating expenses	6,206	6,271	(65)	6,152	6,161	(9)	6,541	6,543	(2)
Operating profit / (loss) before tax	848	847	1	877	888	(11)	234	228	6
of which: Wealth Management	368	368	0	504	502	2	344	342	2
of which: Wealth Management Americas	339	338	1	320	313	7	14	8	6
of which: Personal & Corporate Banking	374	375	(1)	453	454	(1)	355	356	(1)
of which: Asset Management	144	144	0	104	104	0	171	171	0
of which: Investment Bank	306	304	2	161	155	6	80	83	(3)
of which: Corporate Center	(682)	(681)	(1)	(665)	(640)	(25)	(729)	(732)	3
of which: Services	(315)	(307)	(8)	(218)	(216)	(2)	(345)	(349)	4
of which: Group ALM	(144)	(150)	6	30	53	(23)	(56)	(54)	(2)
of which: Non-core and Legacy Portfolio	(223)	(224)	1	(477)	(476)	(1)	(329)	(329)	0
Net profit / (loss)	739	741	(2)	829	847	(18)	950	951	(1)
of which: net profit / (loss) attributable to shareholders	738	740	(2)	827	846	(19)	949	950	(1)
of which: net profit / (loss) attributable to preferred noteholders		0	0		0	0		0	0
of which: net profit / (loss) attributable to non-controlling interests	1	1	0	1	1	0	1	1	0
Statement of comprehensive income									
Other comprehensive income	(566)	(566)	0	(637)	(638)	1	214	214	0
of which: attributable to shareholders	(553)	(553)	0	(643)	(643)	0	177	177	0
of which: attributable to preferred noteholders		(12)	12		4	(4)		35	(35)
of which: attributable to non-controlling interests	(13)	(1)	(12)	5	1	4	37	2	35
Total comprehensive income	173	175	(2)	191	210	(19)	1,164	1,165	(1)
of which: attributable to shareholders	185	187	(2)	184	203	(19)	1,126	1,126	0
of which: attributable to preferred noteholders		(12)	12		4	(4)		35	(35)
of which: attributable to non-controlling interests	(12)	0	(12)	7	3	4	38	3	35
Balance sheet									
Total assets	935,016	935,353	(337)	935,206	935,683	(477)	942,819	943,256	(437)
Total liabilities	880,612	880,907	(295)	881,213	881,433	(220)	885,511	886,013	(502)
Total equity	54,404	54,445	(41)	53,993	54,250	(257)	57,308	57,243	65
of which: equity attributable to shareholders	53,723	53,764	(41)	53,300	53,556	(256)	55,313	55,248	65
of which: equity attributable to preferred noteholders		642	(642)		654	(654)		1,954	(1,954)
of which: equity attributable to non-controlling interests	682	40	642	693	40	653	1,995	41	1,954
Capital information									
Common equity tier 1 capital (fully applied)	30,693	33,054	(2,361)	30,254	32,110	(1,856)	30,044	32,042	(1,998)
Common equity tier 1 capital (phase-in)	37,788	40,059	(2,271)	37,207	38,994	(1,787)	40,378	41,516	(1,138)
Going concern capital (fully applied) ¹	39,844	36,901	2,943	39,003	35,885	3,118			
Going concern capital (phase-in) ¹	55,593	51,669	3,924	54,623	50,522	4,101			
Risk-weighted assets (fully applied)	222,677	223,232	(555)	216,830	217,297	(467)	207,530	208,186	(656)
Common equity tier 1 capital ratio (fully applied, %)	13.8	14.8	(1.0)	14.0	14.8	(0.8)	14.5	15.4	(0.9)
Common equity tier 1 capital ratio (phase-in, %)	16.8	17.7	(0.9)	16.9	17.7	(0.8)	19.0	19.5	(0.5)
Going concern capital ratio (fully applied, %) ¹	17.9	16.5	1.4	18.0	16.5	1.5			
Going concern capital ratio (phase-in, %) ¹	24.7	22.9	1.8	24.8	23.0	1.8			
Leverage ratio denominator (fully applied)	870,470	870,987	(517)	877,313	877,926	(613)	897,607	898,251	(644)
Common equity tier 1 leverage ratio (fully applied)	3.5	3.8	(0.3)	3.4	3.7	(0.3)	3.3	3.6	(0.3)
Going concern leverage ratio (fully applied, %) ¹	4.6	4.2	0.4	4.4	4.1	0.3			
Going concern leverage ratio (phase-in, %) ¹	6.4	5.9	0.5	6.2	5.7	0.5			

¹ Based on the revised Swiss SRB framework that became effective on 1 July 2016.

UBS's fourth quarter 2016 report, news release and slide presentation will be available from 06:45 CET on Friday, 27 January 2017, at www.ubs.com/quarterlyreporting.

UBS will hold a presentation of its fourth quarter 2016 results on Friday, 27 January 2017. 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 CET
- 08:00–10:00 GMT
- 03:00–05:00 US EST

Audio webcast

The presentation for analysts can be followed live on www.ubs.com/quarterlyreporting 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 jurisdictions for mandatory structural reform of banks or systemically important institutions 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 risk component of our RWA; (xi) the effects on UBS's cross-border banking business of tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (xii) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xiii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiv) 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, including development of digital channels and tools, and in our 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.

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.