UBS

Third quarter 2016 results

October 28, 2016

Cautionary statement regarding forward-looking statements

This presentation 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.

3Q16 results

Strong performance with adjusted PBT CHF 1.3 billion, up 33% YoY

Group

Net profit attributable to shareholders CHF 827 million, diluted EPS CHF 0.22

Reported profit before tax (PBT) CHF 877 million, up 11% YoY, adjusted PBT CHF 1,300 million

10.1% annualized adjusted return on tangible equity

Achieved CHF 1.5 billion net cost reduction[1]

Basel III fully applied CET1 capital ratio 14.0%, CET1 leverage ratio 3.45%

Business divisions[2]

Wealth Management: PBT CHF 643 million
- Operating expenses down 6% YoY; NNM CHF 9.4 billion

Wealth Management Americas: PBT USD 367 million
- Record PBT, operating income and invested assets; NNM USD 0.8 billion

Personal & Corporate Banking: PBT CHF 473 million
- Highest PBT since 4Q08; annualized NNBV growth for personal banking business 3.5%

Asset Management: PBT CHF 138 million
- Performance fees up YoY and QoQ; NNM excluding money markets CHF 2.0 billion

Investment Bank: PBT CHF 342 million
- 18% RoAE with strong FRC performance; LRD down CHF 21 billion QoQ to CHF 246 billion

Corporate Center: Pre-tax loss of CHF 654 million
- Non-core and Legacy Portfolio includes expenses for provisions for litigation, regulatory and similar matters of CHF 408 million

1 Based on annualized September 2016 exit rate, refer to slide 15 for further details on cost reductions; 2 Adjusted numbers unless otherwise indicated, refer to slide 25 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

UBS Group AG results (consolidated)

CHF million, except where indicated	3Q15	4Q15	1Q16	2Q16	3Q16
Total operating income	7,170	6,775	6,833	7,404	7,029
Total operating expenses[1]	6,382	6,541	5,855	5,915	6,152
Profit before tax as reported	**788**	**234**	**978**	**1,489**	**877**
of which: net restructuring expenses	(298)	(441)	(265)	(377)	(444)
of which: net FX translation gains/(losses)[2]	(27)	115	(123)	(26)	
of which: own credit on financial liabilities designated at fair value	32	35			
of which: net losses related to the buyback of debt		(257)			
of which: gain on sale of investment in Visa Europe				123	
of which: gains on sales of real estate				120	
of which: gains/(losses) on sales of subsidiaries and businesses		28		(23)	
of which: gains/(losses) related to investments in associates	81				21
of which: credit related to a change to retiree benefit plans in the US	21				
Adjusted profit before tax	**979**	**754**	**1,366**	**1,672**	**1,300**
of which: expenses for provisions for litigation, regulatory and similar matters	(592)	(365)	(39)	(72)	(419)
Tax expense/(benefit)	(1,295)	(715)	270	376	49
Net profit attributable to non-controlling interests	14	1	0	79	1
Net profit attributable to shareholders	**2,068**	**949**	**707**	**1,034**	**827**
Diluted EPS (CHF)	0.54	0.25	0.18	0.27	0.22
Return on tangible equity, adjusted (%)	19.5	11.4	8.5	10.1	10.1
Total book value per share (CHF)	14.41	14.75	14.74	14.27	14.37
Tangible book value per share (CHF)	12.69	13.00	13.04	12.54	12.66

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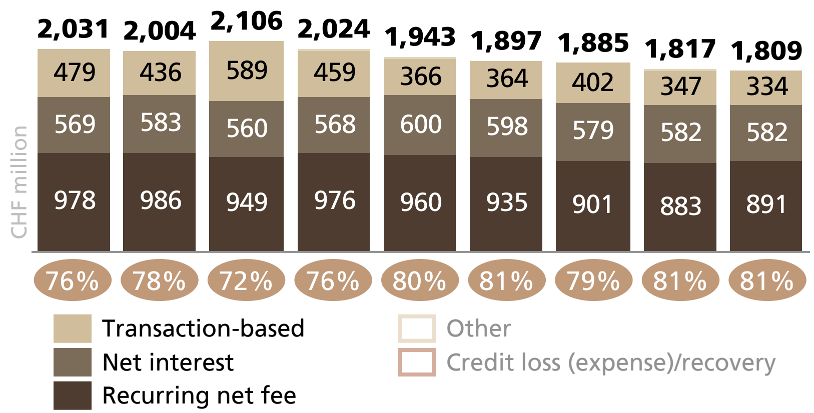
Refer to slide 25 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 4Q16 operating expenses will include the annual UK bank levy (CHF 166 million in 4Q15), which is not an adjusting item; 2 Related to the disposal of foreign subsidiaries and branches

Wealth Management

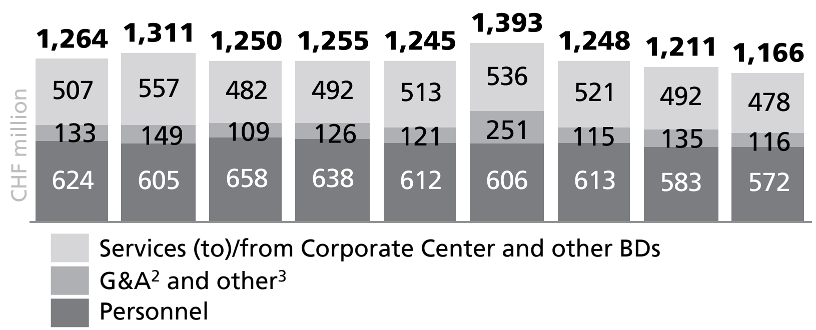
Solid performance; PBT CHF 643 million with costs down 6% YoY

Operating income

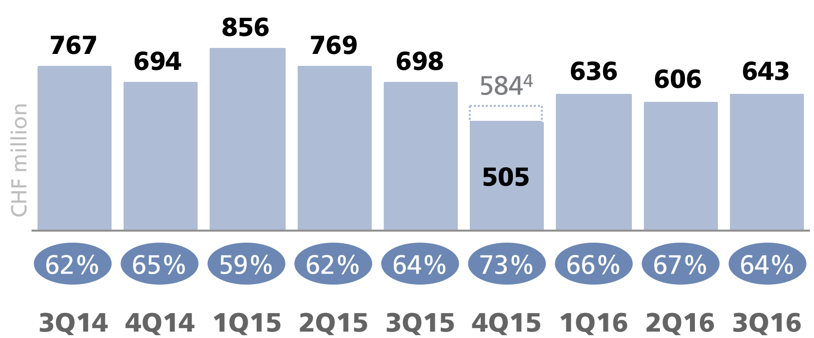


Recurring income

Operating expenses



Profit before tax



C/I ratio

Operating income CHF 1,809 million

- **Transaction-based income** down YoY to lowest level since 2008, with decreases across all regions except for APAC
- **Net interest income** down YoY mainly due to low interest rates
- **Recurring net fee income** down YoY reflecting changes in client asset allocation and cross-border outflows, partly offset by the positive effects of higher average invested assets, pricing measures and higher mandate penetration

Operating expenses CHF 1,166 million[1]

- **Charges for services** down YoY reflecting lower allocations from Corporate Center
- **Personnel expenses** down YoY driven by a decrease in staff levels, lower pension costs for our Swiss pension plan, and lower variable compensation expenses

PBT CHF 643 million

- **Cost/income ratio** 64%

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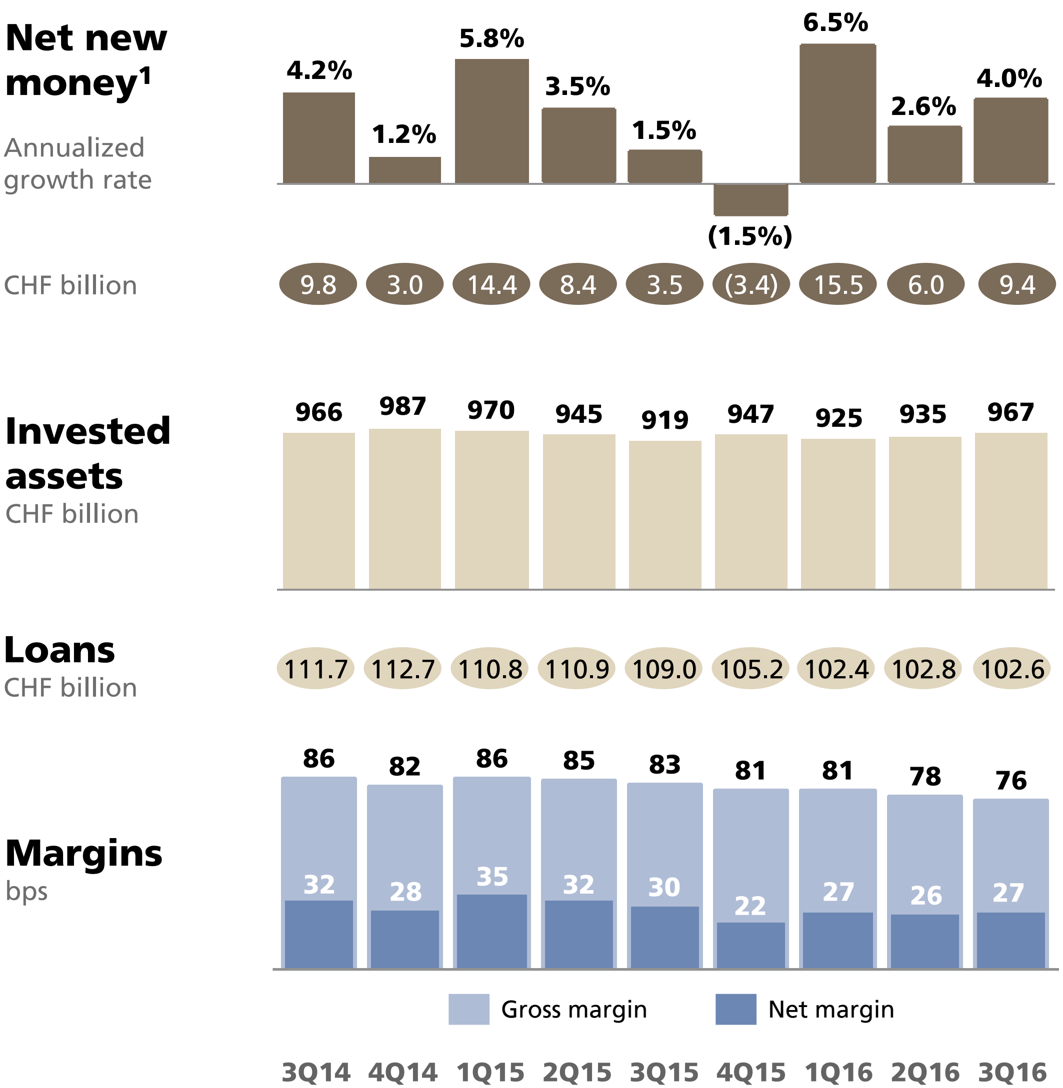
Adjusted numbers unless otherwise indicated; refer to slide 25 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 4Q16 operating expenses will include the annual UK bank levy (CHF 13 million in 4Q15), which is not an adjusting item; 2 General and administrative expenses; 3 Depreciation and impairment of property, equipment and software as well as amortization and impairment of intangible assets; 4 Profit before tax excluding net expenses for provisions for litigation, regulatory and similar matters of CHF 79 million

Wealth Management

Strong net new money CHF 9.4 billion; net margin up 1 bp QoQ



- **NNM CHF 9.4 billion** driven by strong net inflows in APAC and Europe, which more than offset emerging market cross-border asset outflows; year-to-date annualized NNM growth rate 4.4%
- **Invested assets CHF 967 billion** increased QoQ due to positive market performance and net new money, partly offset by a net reduction related to the sale and acquisition of subsidiaries and businesses, as well as FX effects
- **Discretionary and advisory mandate penetration 27.1%** stable QoQ, with CHF 4.1 billion of net new mandates
- **Gross loans CHF 102.6 billion** down slightly QoQ due to negative net new loans in emerging markets and Europe, more than offsetting positive net new loans in Asia Pacific
- **Net margin 27 bps** up 1 basis point QoQ as PBT growth outpaced invested asset growth

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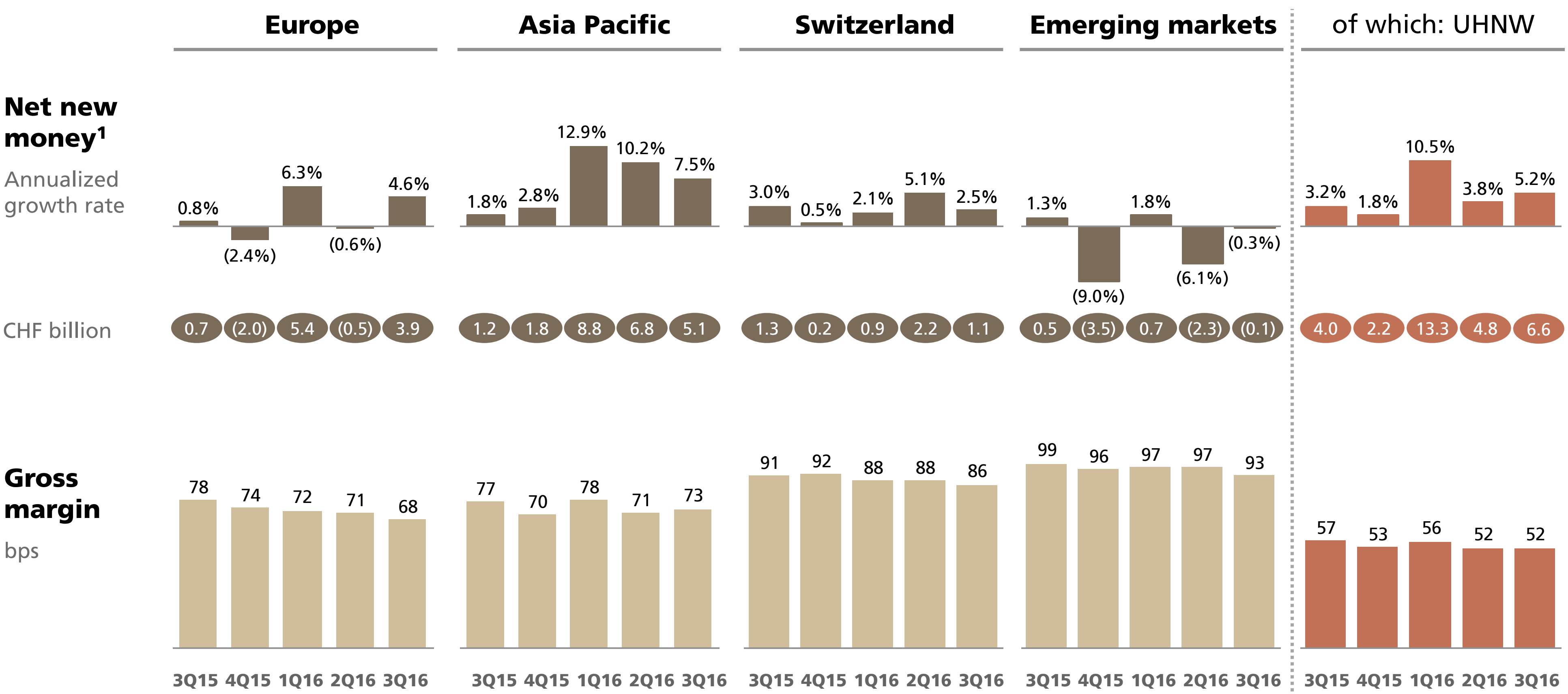
Adjusted numbers unless otherwise indicated; refer to slide 25 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 Adjusted for outflows of CHF 6.6 billion in 2Q15 and CHF 3.3 billion in 3Q15 related to the balance sheet and capital optimization program

Wealth Management

Strong net new money in Europe and Asia Pacific



30.9.16	Europe	Asia Pacific	Switzerland	Emerging markets	of which: UHNW
Invested assets CHF billion	**352**	**286**	**179**	**148**	**539**
Client advisors FTE	**1,344**	**1,043**[2]	**753**	**689**	**821**

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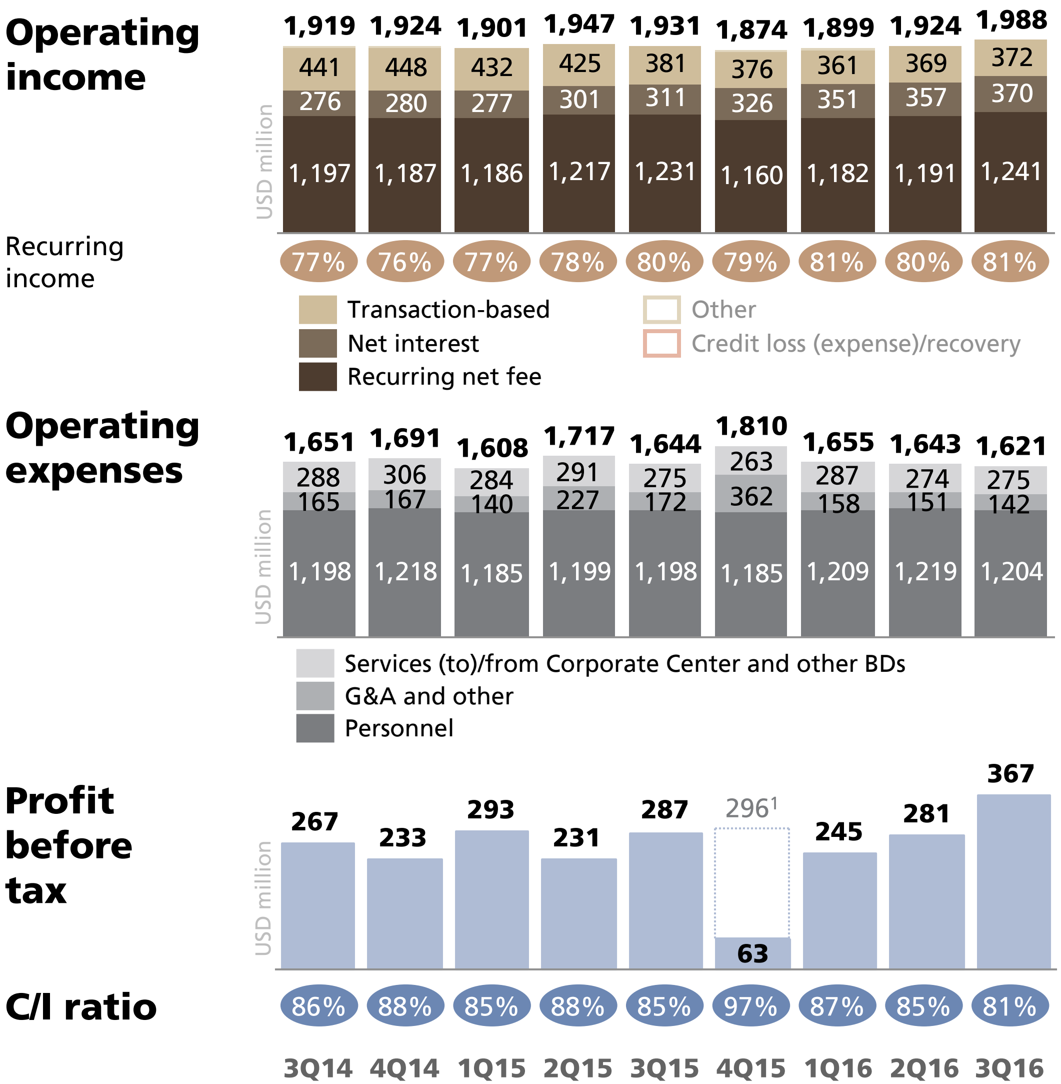
Refer to page 19 of the 3Q16 report for more information
1 Adjusted for outflows of CHF 3.3 billion in 3Q15 related to the balance sheet and capital optimization program; 2 Adjusted for the exit from the Australian domestic business, which was completed in 2Q16, client advisor headcount in Asia Pacific increased 5% year-on-year

Wealth Management Americas

Strong quarter with record PBT on record operating income



Operating income USD 1,988 million

- **Transaction-based income** decreased YoY due to lower client activity
- **Net interest income** increased YoY mainly due to higher short-term interest rates and growth in loan and deposit balances
- **Recurring net fee income** increased YoY due to higher managed account fees and higher advisory fees, partly offset by lower mutual fund fees

Operating expenses USD 1,621 million

- **G&A expenses** decreased YoY due to lower net expenses for provisions for litigation, regulatory and similar matters
- **Personnel expenses** increased YoY, mainly reflecting higher expenses related to recruited FAs, as well as higher FA performance-based compensation

PBT USD 367 million

- **Cost/income ratio** 81%

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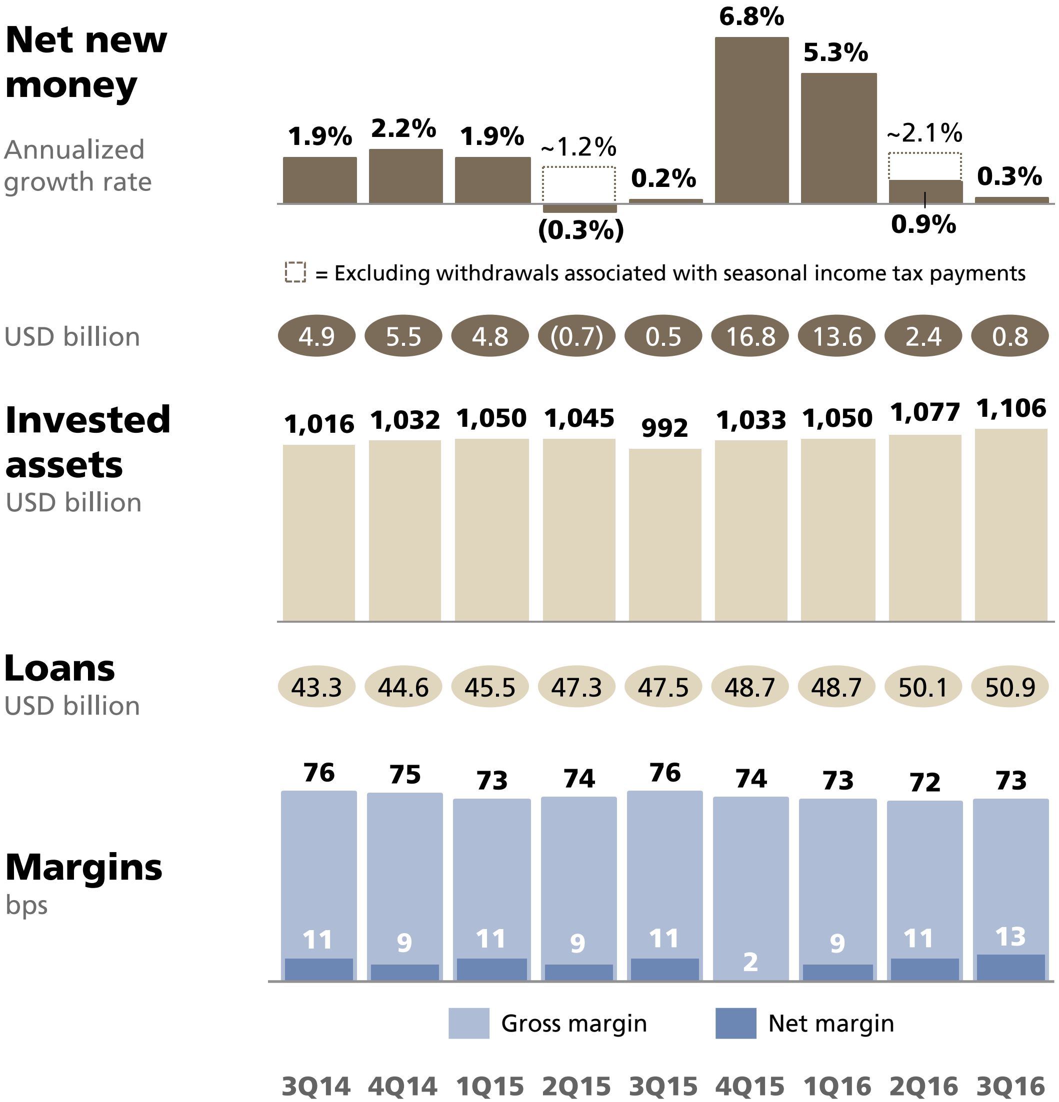
Adjusted numbers unless otherwise indicated; refer to slide 25 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

1 Profit before tax excluding USD 233 million net expenses for provisions for litigation, regulatory and similar matters

Wealth Management Americas

Record managed account penetration on record invested assets



- **NNM USD 0.8 billion** driven by net inflows from financial advisors employed with UBS for more than one year; year-to-date annualized NNM growth rate 2.2%
- **Invested assets USD 1,106 billion** up QoQ mainly reflecting positive market performance
- **Managed account penetration 34.8%** up 30 bps QoQ
- **Gross loans USD 50.9 billion** up QoQ mainly driven by increased mortgage balances
- **Net margin 13 bps** up 2 bps QoQ as PBT growth outpaced invested asset growth

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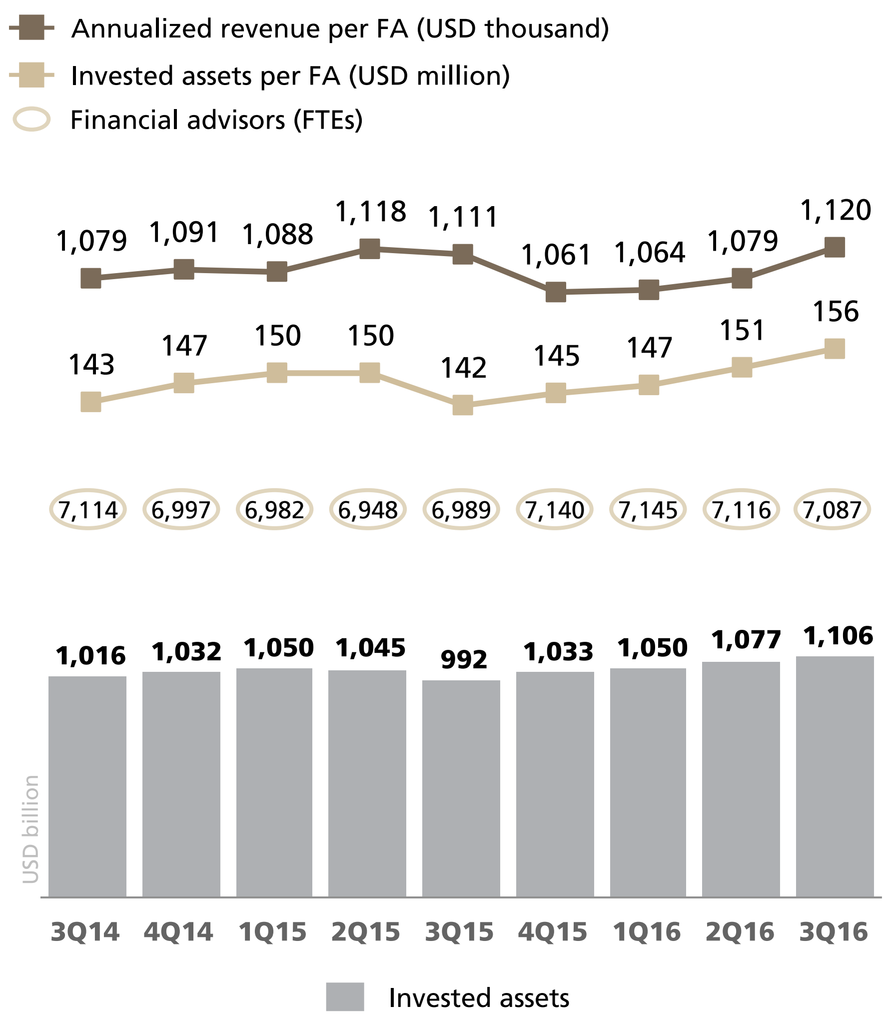
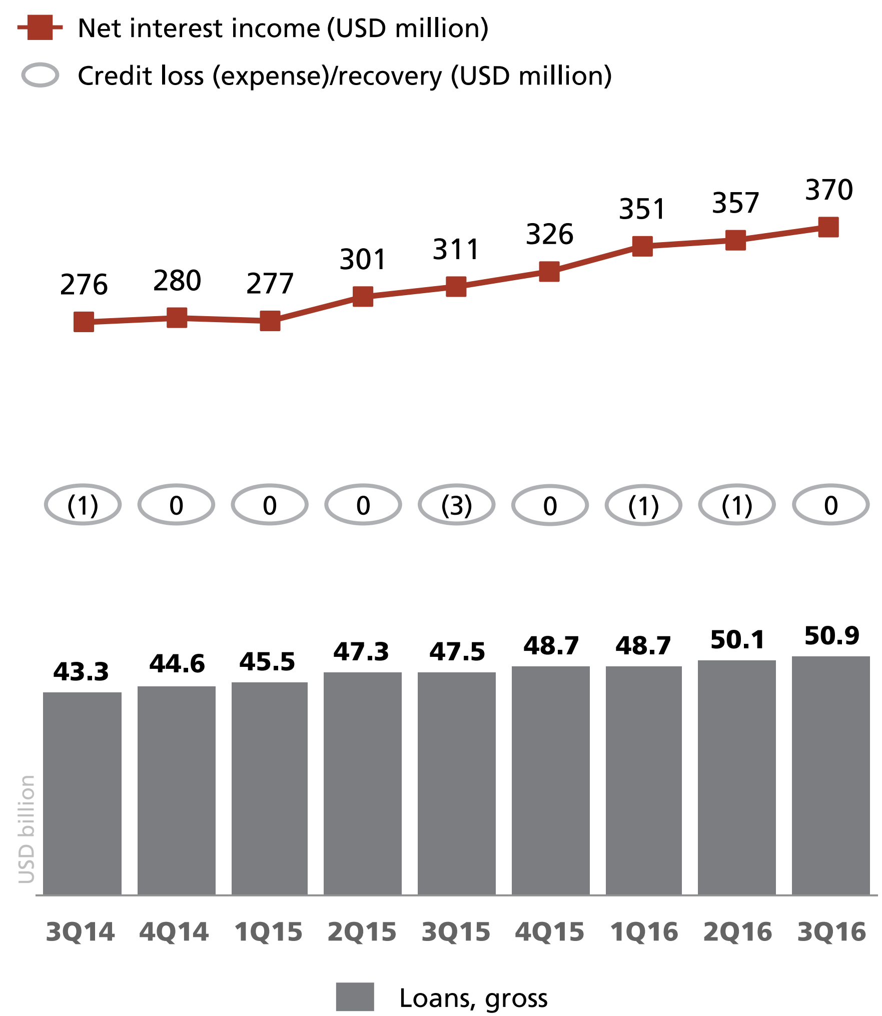
Wealth Management Americas

Increased revenue and invested assets per advisor, remaining industry-leading

Invested assets and FA productivity



Net interest income and lending

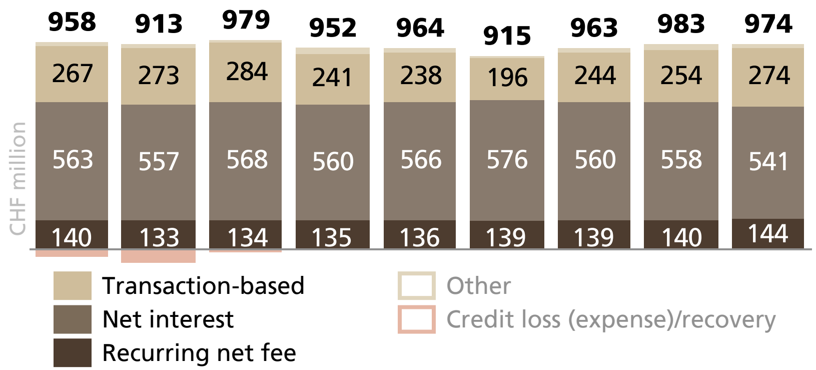


UBS Adjusted numbers unless otherwise indicated; refer to slide 25 for details about adjusted numbers, Basel III numbers and FX rates in this presentation

Personal & Corporate Banking

Highest PBT since 4Q08; 3.5% annualized NNBV growth for personal banking

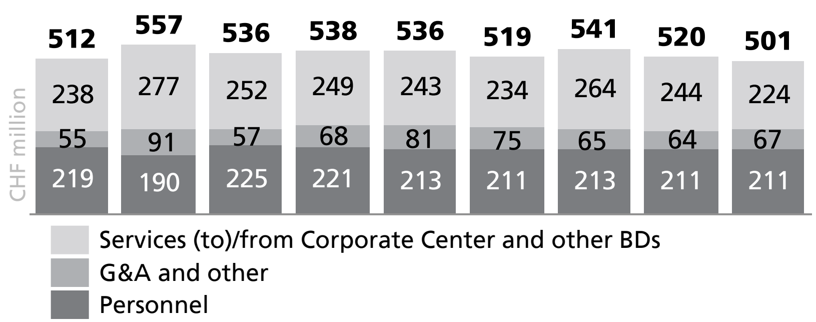
Operating income



Operating income CHF 974 million

- **Transaction-based income** up YoY due to higher fees from WM for net client shifts and referrals and as 3Q15 included higher hedging losses
- **Net interest income** down YoY due to low interest rates
- **Net credit loss** was again negligible

Operating expenses

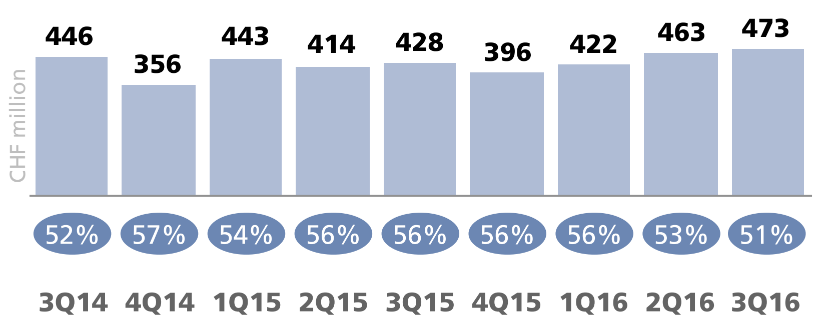


Operating expenses CHF 501 million

- **Charges for services** down YoY reflecting lower allocations from Corporate Center
- **G&A expenses** down YoY mostly reflecting charitable donations made in 3Q15

Profit before tax

C/I ratio



PBT CHF 473 million

- **Cost/income ratio** 51%
- **Net interest margin** 161 bps vs. 167 bps in 3Q15
- **Annualized NNBV growth**[1] 3.5% vs. 2.5% in 3Q15

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1 Annualized net new business volume growth for personal banking

Asset Management

PBT CHF 138 million with performance fees up YoY and QoQ

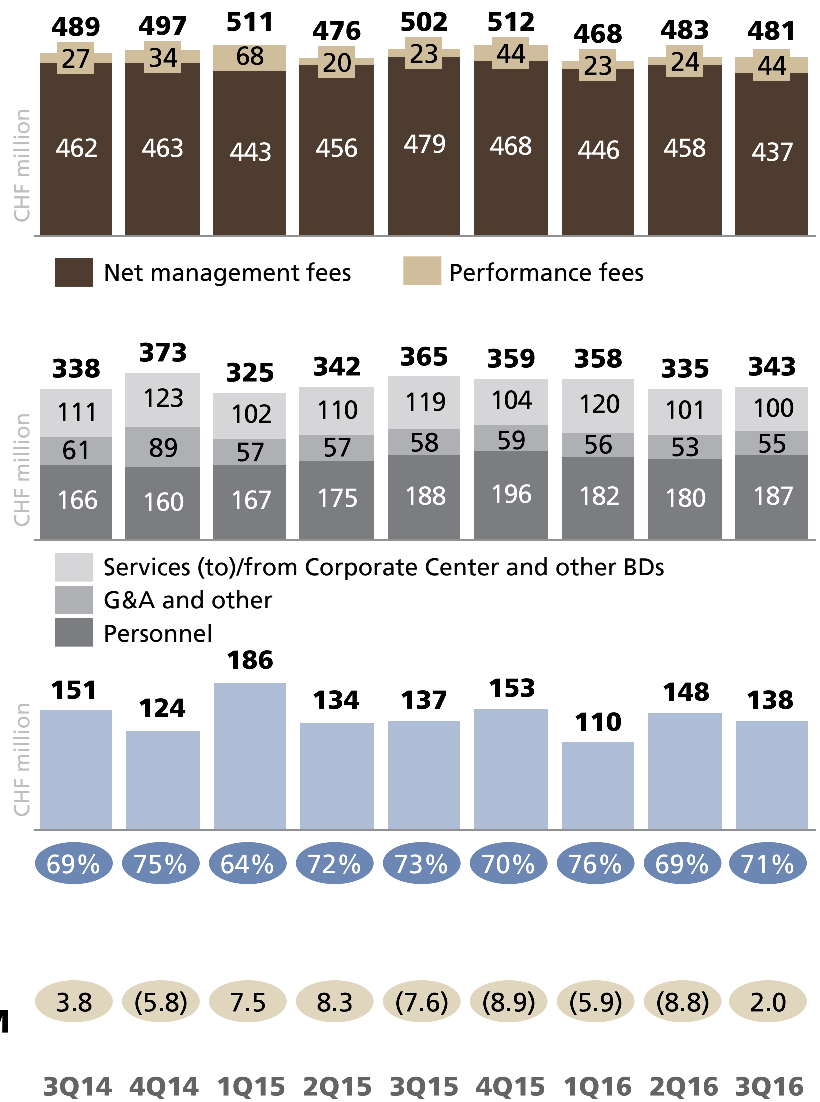
Operating income

Operating expenses

Profit before tax

C/I ratio

Net new money ex. MM



Operating income CHF 481 million

- **Performance fees** increased YoY mainly driven by O'Connor
- **Net management fees** decreased YoY due to the sale of our Alternative Fund Services (AFS) business in 4Q15 and lower average invested assets, particularly in Equities, Multi Asset & O'Connor

Operating expenses CHF 343 million

- **Charges for services** down YoY driven by lower allocations from Corporate Center

PBT CHF 138 million

- **Cost/income ratio** 71%
- **Invested assets** CHF 650 billion, up CHF 17 billion QoQ due to positive market performance and NNM
- **Net margin** flat YoY at 9 bps
- **Gross margin** 30 bps vs. 31 bps in 3Q15

NNM excluding money market CHF 2.0 billion
driven by net inflows from third parties

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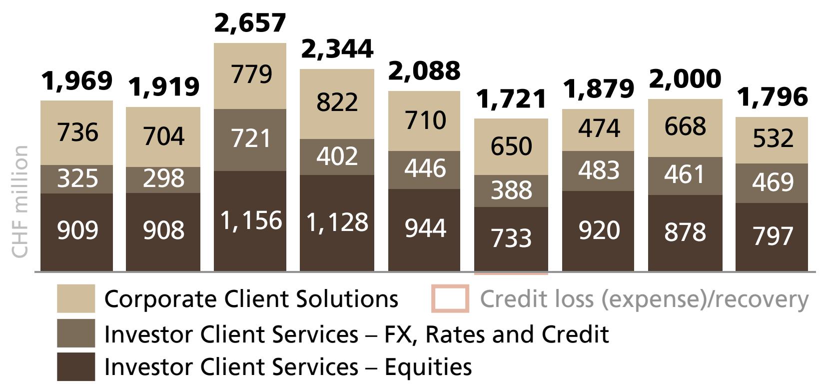
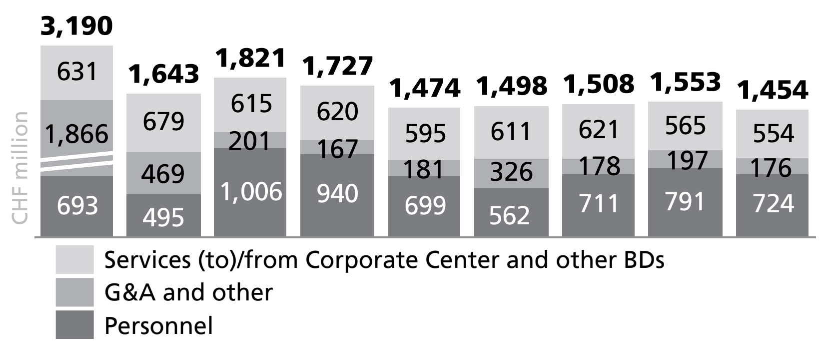
Investment Bank

Return on attributed equity of 18%, with strong FRC performance

Operating income

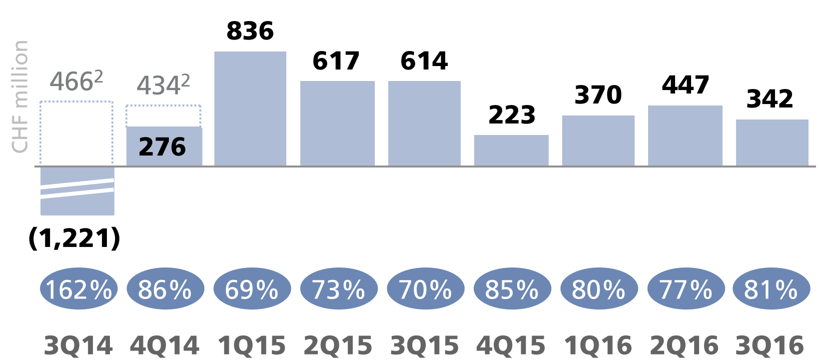


Operating expenses



Profit before tax

C/I ratio



Operating income CHF 1,796 million

- **CCS revenues** down 25% YoY as lower revenues in ECM, DCM, Financing Solutions and Risk Management were slightly offset by higher Advisory revenues
- **ICS – FRC revenues** up 5% YoY as revenues in Rates and Credit increased due to higher client activity, more than offsetting lower revenues in FX
- **ICS – Equities revenues** down 16% YoY reflecting lower revenues in Derivatives and Cash in all regions, partly offset by higher Financing Services revenues

Operating expenses CHF 1,454 million[1]

- **Charges for services** down YoY due lower allocations from Corporate Center
- **Personnel expenses** up YoY as variable compensation accruals were lower in 3Q15, which more than offset the benefits of lower headcount and currency movements

PBT CHF 342 million

- **Cost/income** ratio 81%
- **Annualized return on attributed equity** 18%
- **RWA** up CHF 1 billion QoQ to CHF 65 billion
- **LRD** down CHF 21 billion QoQ to CHF 246 billion

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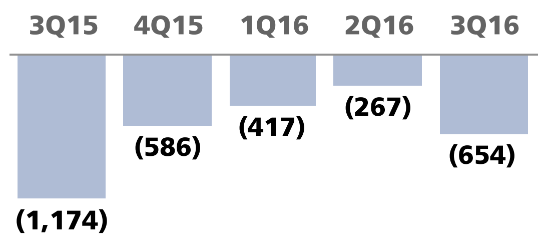
1 4Q16 operating expenses will include the annual UK bank levy (CHF 98 million in 4Q15), which is not an adjusting item; 2 Profit before tax excluding net expenses for provisions for litigation, regulatory and similar matters of CHF 1,687 million in 3Q14 and CHF 158 million in 4Q14

Corporate Center

Profit before tax



Corporate Center total (CHF million)

Corporate Center results by unit (CHF million)

Services	3Q15	4Q15	1Q16	2Q16	3Q16
Operating income	(38)	(54)	(55)	(42)	(66)
Operating expenses	217	272	156	170	148
o/w before allocations	2,017	2,085	2,022	1,890	1,830
o/w net allocations	(1,800)	(1,814)	(1,866)	(1,720)	(1,683)
Profit before tax	**(255)**	**(326)**	**(211)**	**(213)**	**(214)**

- **Services operating expenses before allocations** decreased YoY mainly due to our cost reduction program

Group Asset and Liability Management	3Q15	4Q15	1Q16	2Q16	3Q16
Operating income	(121)	48	(27)	71	30
o/w risk management net income after allocations	*(130)*	*(75)*	*(17)*	*(53)*	*(39)*
o/w accounting asymmetries related to economic hedges	*(66)*	*102*	*(89)*	*61*	*95*
o/w hedge accounting ineffectiveness	*43*	*(21)*	*39*	*11*	*(23)*
o/w other	*32*	*44*	*40*	*52*	*(3)*
Operating expenses	(5)	(3)	(2)	2	0
Profit before tax	**(116)**	**51**	**(25)**	**70**	**30**

- **Group ALM operating income** increased YoY due to lower risk management losses and accounting asymmetries
- **Risk management net income after allocations** was negative CHF 39 million, in line with guidance[1]

Non-core and Legacy Portfolio	3Q15	4Q15	1Q16	2Q16	3Q16
Operating income	(126)	(71)	(47)	19	46
Operating expenses	677	241	133	143	516
Profit before tax	**(803)**	**(312)**	**(181)**	**(124)**	**(470)**

- **NCL operating expenses**[2] included CHF 408 million of net expenses for provisions for litigation

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1 In current market conditions, we expect total risk management net income after allocations to average around negative CHF 50 million per quarter in the short term, although there will be deviations around this figure; 2 4Q16 operating expenses will include the annual UK bank levy (CHF 50 million in 4Q15), which is not an adjusting item

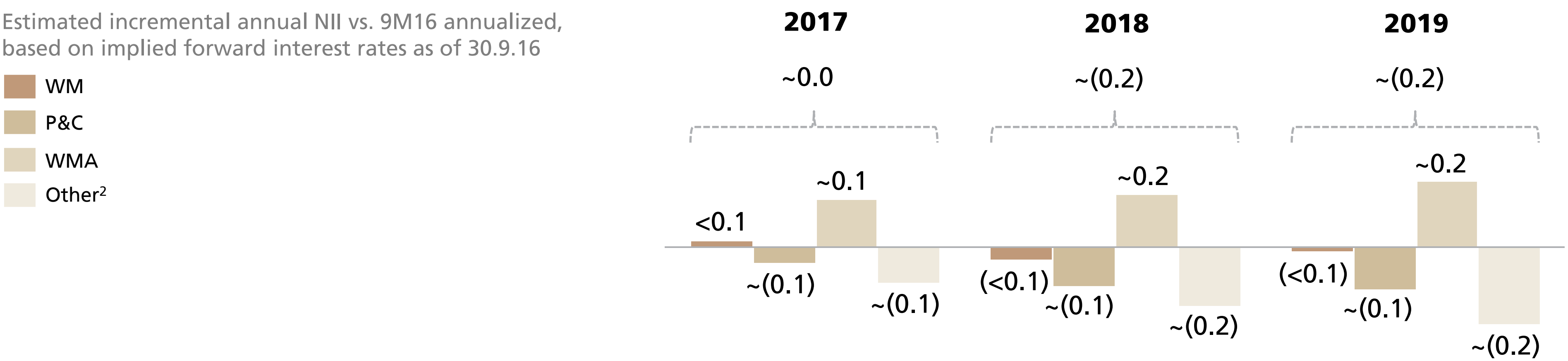
Interest rate sensitivity

Balanced currency exposure partially mitigates expected impact of implied forwards

Net interest income (NII) impact[1]

CHF billion

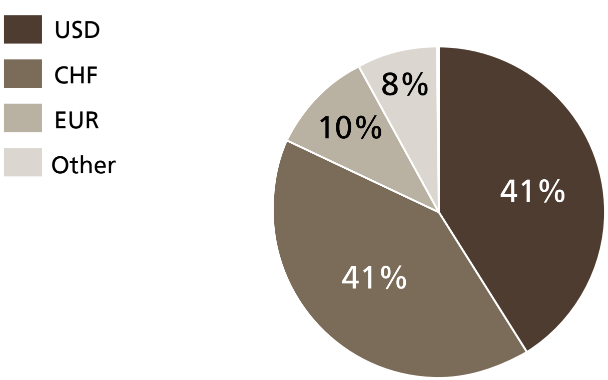
Estimated incremental annual NII vs. 9M16 annualized, based on implied forward interest rates as of 30.9.16



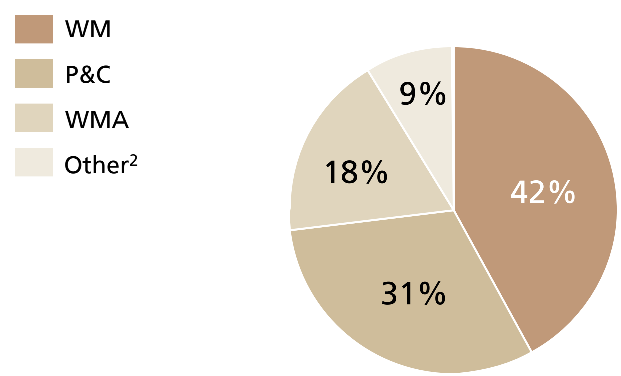
WM, WMA and P&C banking book liabilities and invested equity

% of total CHF ~475 billion

By currency



By business division



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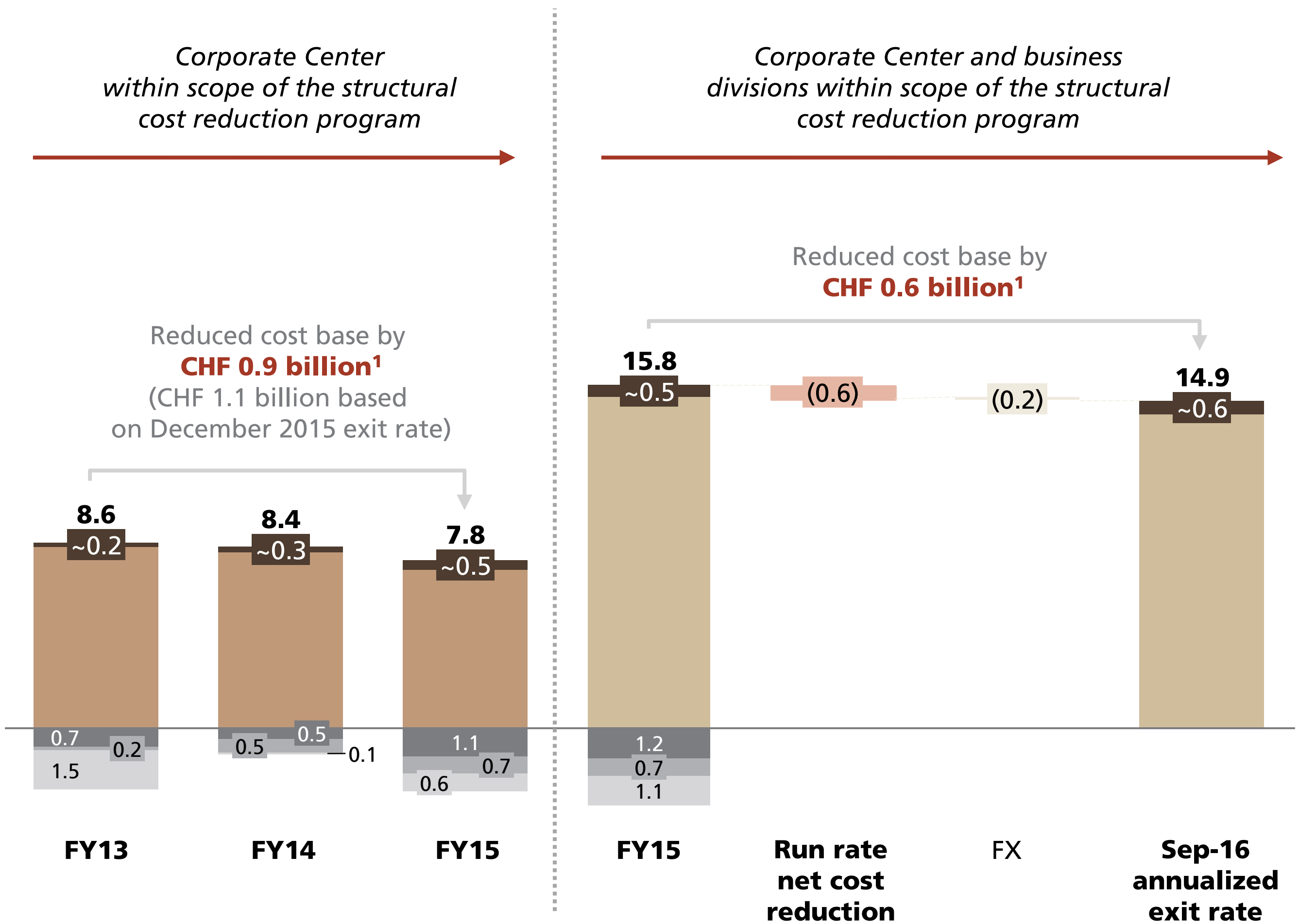
1 Assuming static balance sheet, constant FX rates and no management action. The net interest income generated from invested equity, which is managed centrally by Group ALM, is allocated to the business divisions; 2 Represents invested equity after allocations to WM, WMA and P&C, and mostly relates to Corporate Center – Services

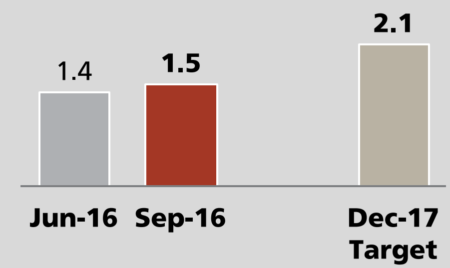
Cost reduction

Achieved CHF 1.5 billion net cost reductions despite higher permanent regulatory expenses

Cost base and net cost reductions
CHF billion



Achieved CHF 1.5 billion net cost reductions based on Sep-2016 annualized exit rate



Non-structural reductions in front-office pay due to lower revenues are not included in our net cost savings

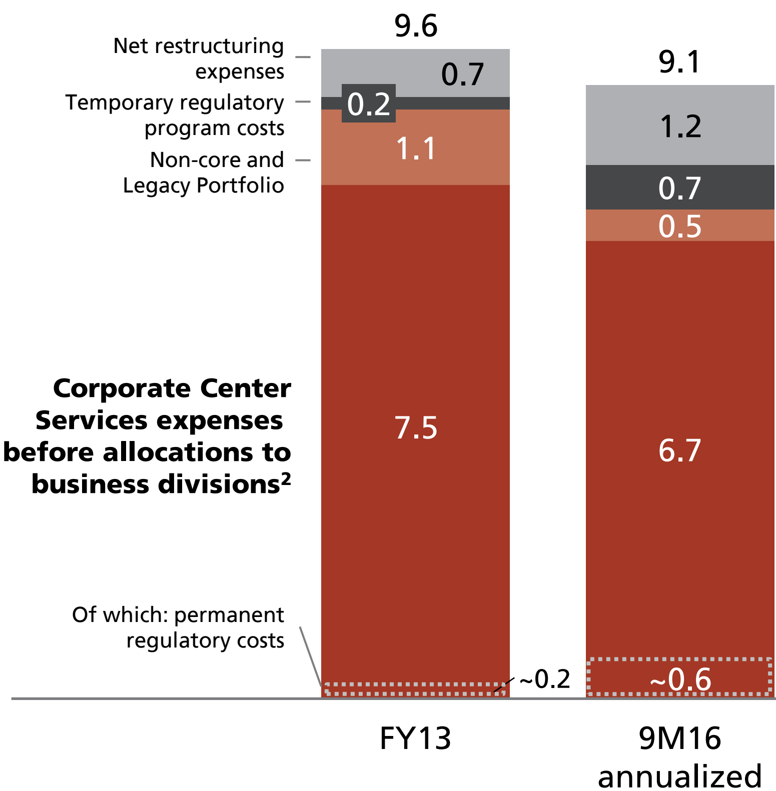
- Cost base for net cost reduction program (CC within scope)[2]
- Cost base for net cost reduction program (CC and BDs within scope)[2,3]
- *of which: CC permanent regulatory costs*
- Net restructuring expenses[4]
- Temporary regulatory program costs[4]
- Expenses for provisions for litigation, regulatory and similar matters[4]

Adjusted numbers unless otherwise indicated; refer to slide 25 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
1 Excl. the impact of FX movements; 2 Sum of CC – Services adjusted operating expenses (op-ex) before allocations to business divisions (BDs), CC – NCL adjusted op-ex and CC – Group ALM op-ex, excl. expenses for provisions for litigation, regulatory and similar matters and temporary regulatory program costs; 3 Further includes sum of BD adjusted op-ex before allocations, excl. expenses for provisions for litigation, regulatory and similar matters, and other items not representative of underlying net cost reduction performance, mainly related to variable compensation expenses (structural changes to our variable compensation frameworks are recognized as net cost reductions) and WMA FA compensation; 4 Not included in exit rate cost base

Cost reduction

Corporate Center cost savings have benefited the business divisions

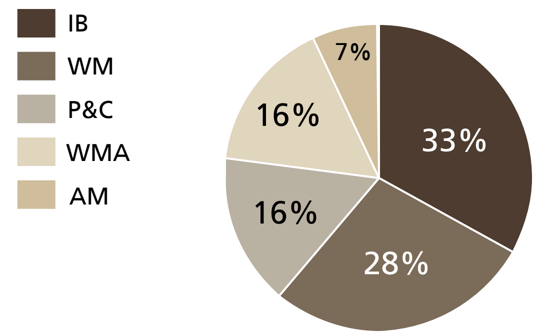
Corporate Center costs excl. litigation[1]
CHF billion



CHF 0.6 billion decrease in NCL
Including CHF 0.2 billion due to lower allocations from Corporate Center Services

CHF 0.8 billion decrease in Corporate Center Services
Other impacts to reconcile with CHF 1.5 billion Group net cost reduction achieved include:
- Adjustment for net FX impact
- Adjustments for seasonality/normalization to the September 2016 annualized exit rate
- Incremental direct business division saves

Adjusted Corporate Center Services allocations to business divisions
% of 9M16 total



We expect restructuring costs to remain around current run rate levels until year-end 2017, and to taper thereafter[3]

UBS

Refer to slide 15 for details about our front-to-back cost reduction program
1 Corporate Center expenses include services from IB to NCL and exclude net expenses for provisions for litigation, regulatory and similar matters; 2 Also includes costs in CC – Group ALM; 3 The previous restructuring cost guidance was for ~CHF 3 billion for the period 2015-2017, of which CHF 2.3 billion had been incurred as of 30.9.16

Net tax expense and deferred tax assets

Net additional recognized DTA of CHF 424 million in respect of future years' profits

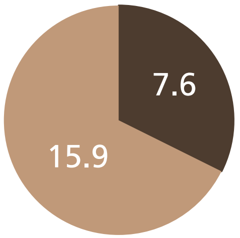
3Q16 net tax expense of CHF 49 million[1]
CHF million

Net deferred tax expense/(benefit) with respect to net additional DTAs	**(424)**
of which: US	(681)
of which: UK	87
of which: Switzerland (CH)	170
Other net tax expense in respect of 2016 taxable profits	**473**
of which: current tax expenses	204
of which: deferred tax expenses	269
Net tax expense/(benefit)	**49**

- US DTA upward revaluation of CHF 681 million driven by updated profit forecasts in WMA
- Further net upward revaluation of DTA expected to be recognized in 4Q16, representing ~25% of full-year amount

Tax loss DTAs[2,3]
CHF billion, 30.9.16

	US	UK	CH	Other	Total
Recognized	7.4	0.1	0.0	0.1	**7.6**
Unrecognized	13.1	2.0	0.0	0.8	**15.9**
Total	**20.5**	**2.1**	**0.0**	**0.9**	**23.5**



- 7-year DTA measurement period unchanged; profit forecasts based on 3-year strategic plan[4]
- US DTAs are not currently amortized given the remaining life and level of unrecognized US tax losses; i.e., US DTAs are effectively replenished as taxable profits arise

1 Refer to page 88 of the 3Q16 report for additional information; 2 As of 30.9.16, net DTAs recognized on UBS's balance sheet were CHF 12.4 billion, of which tax loss DTAs were CHF 7.6 billion and DTAs for temporary differences were CHF 4.8 billion; 3 Average unrecognized tax losses have an approximate remaining life of ~13 years in the US and an indefinite life in the UK. Excludes unrecognized DTAs in respect of the 2009 Swiss tax loss, which expires on 31.12.16, and as a result, cannot be used against future taxable profits; 4 Assumes moderate profit growth for years 4-7

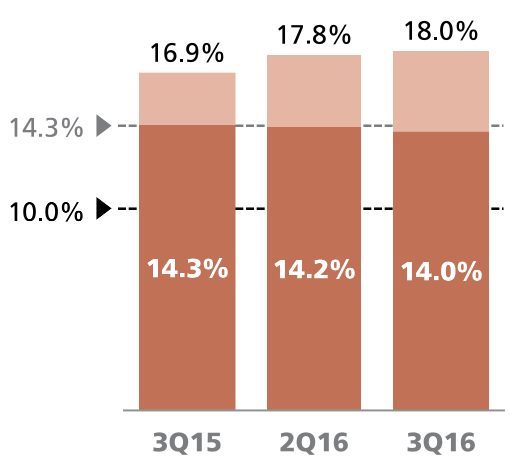
Going concern capital and leverage ratios

14.0% fully applied Basel III CET1 ratio and 3.45% fully applied CET1 leverage ratio

Swiss SRB Basel III capital ratio[1,2]

Fully applied, CHF billion

AT1
CET1
--- 1.1.20 Going concern requirement (CET1 + AT1)[4]
--- 1.1.20 CET1 requirement[4]



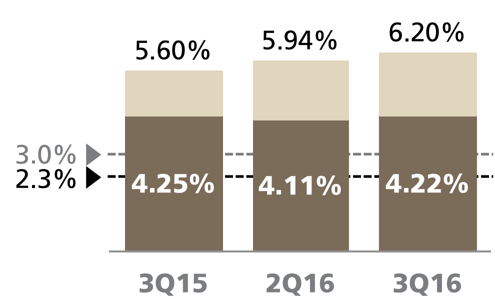
CET1	30.9	30.3	30.3
RWA	216	214	217

Swiss SRB Basel III leverage ratio[2]

CHF billion

Phase-in[3]

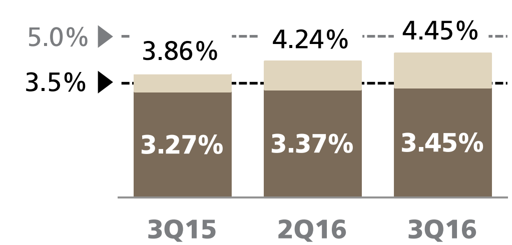
(AT1 + T2)
CET1
--- 1.7.16 Going concern requirement (CET1 + AT1 + T2)
--- 1.7.16 CET1 requirement



CET1	40.5	37.1	37.2
LRD[5]	952	902	882

Fully applied, rules as of 1.1.20

AT1
CET1
--- 1.1.20 Going concern requirement (CET1 + AT1)
--- 1.1.20 CET1 requirement



CET1	30.9	30.3	30.3
LRD[5]	946	898	877

UBS

Refer to the "Capital Management" section of the 3Q16 report for more information
1 As of 30.9.16, our post-stress fully applied Basel III CET1 capital ratio exceeded 10%; 2 The revised Swiss SRB framework came into effect on 1.7.16, and figures prior to this date are pro-forma; 3 Including transitional arrangements; 4 Excludes the effect of countercyclical buffers; 5 Calculated in accordance with Swiss SRB rules. From 31.12.15 onward, these are aligned with BIS Basel III rules and are therefore not fully comparable

Appendix

Group and business division targets and expectations

Ranges for sustainable performance over the cycle

Wealth Management	Net new money growth rate	3-5%	10-15% annual adjusted pre-tax profit growth for combined businesses through the cycle
	Adjusted cost/income ratio	55-65%	
Wealth Management Americas	Net new money growth rate	2-4%	
	Adjusted cost/income ratio	75-85%	
Personal & Corporate Banking	Net new business volume growth rate	1-4% (personal banking)	
	Net interest margin	140-180 bps	
	Adjusted cost/income ratio	50-60%	
Asset Management	Net new money growth rate	3-5% excluding money market flows	
	Adjusted cost/income ratio	60-70%	
	Adjusted annual pre-tax profit	CHF 1 billion in the medium term	
Investment Bank	Adjusted annual pre-tax RoAE	>15%	
	Adjusted cost/income ratio	70-80%	
	RWA (fully applied)	Expectation: around CHF 85 billion short/medium term[1]	
	LRD (fully applied)	Expectation: around CHF 325 billion short/medium term[1]	
Group	Net cost reduction	CHF 2.1 billion by end 2017	
	Adjusted cost/income ratio	60-70%	
	Adjusted return on tangible equity	>15%	
	Basel III CET1 ratio (fully applied)	at least 13%	
	RWA (fully applied)	Expectation: around CHF 250 billion short/medium term[1]	
	LRD (fully applied)	Expectation: around CHF 950 billion short/medium term[1]	

Refer to slide 25 for details about adjusted numbers, Basel III numbers and FX rates in this presentation; Refer to page 40 of the Annual Report 2015 for definitions

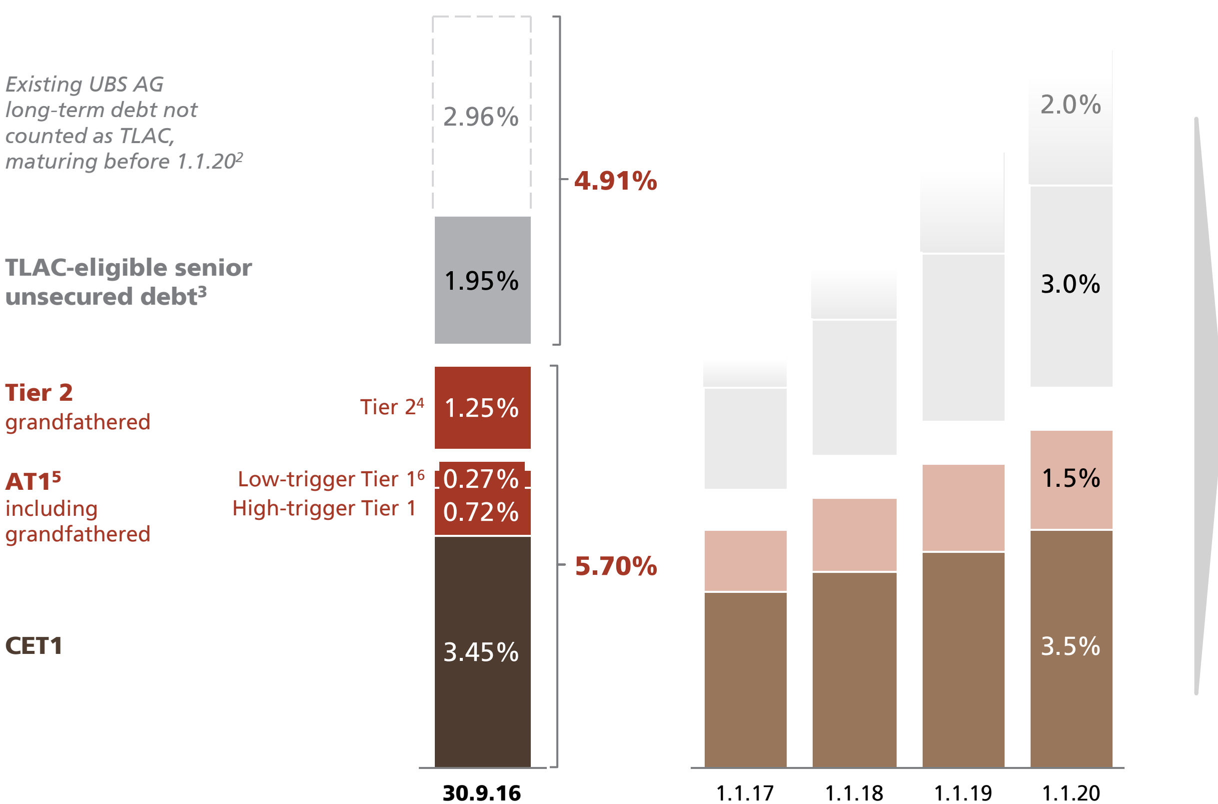
1 Reflects known FINMA multipliers and methodology changes for RWA, and assumes normalized market conditions for both RWA and LRD

Capital requirements under Swiss SRB

UBS leverage capital ratio balances vs. revised Swiss SRB

UBS position as of 30.9.16[1]

Phase-in leverage ratio requirements



Meeting 1.1.20 requirements

TLAC-eligible debt

- 1.95% (CHF 17.1 billion) existing UBS Group AG TLAC bonds[3]
- 2.96% (CHF 25.9 billion) long-term debt not counted in total loss absorbing capacity[2] which we expect to replace upon maturity with UBS Group AG issuance of TLAC-eligible bonds by 1.1.20
- 5% gone-concern requirements subject to potential reduction of up to 2% based on improved resilience and resolvability
- We aim to operate with a gone concern ratio below 4% of LRD at 1.1.20

High-trigger AT1 capital[5]

- 1.00% (CHF 8.7 billion) comprising CHF 6.4 billion existing high-trigger AT1 and CHF 2.4 billion grandfathered low-trigger AT1[6]
- 2.25% (CHF 19.8 billion) when including grandfathered T2[4]
- We expect to build ~CHF 1.5 billion in employee DCCP that qualifies as high-trigger AT1 by 31.12.19
- We expect to replace maturing grandfathered T2 with UBS Group AG issuance of high-trigger AT1

CET1 capital

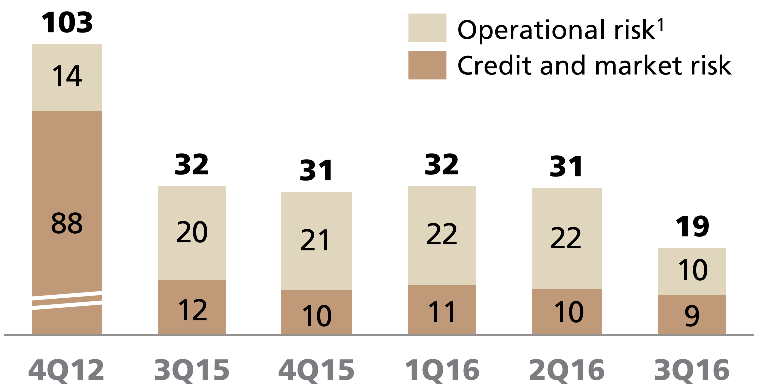
- 3.45% (CHF 30.3 billion) fully applied CET1 ratio
- Incremental CET1 via earnings accretion

Refer to slide 25 for details about Basel III numbers and FX rates in this presentation

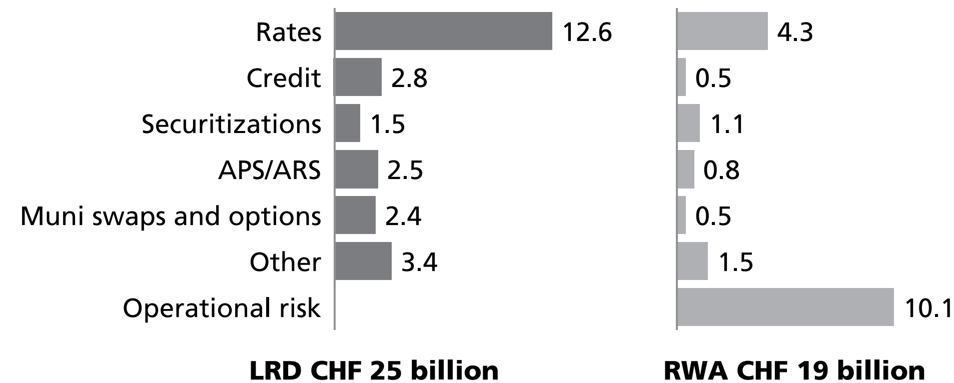
1 Based on 30.9.16 fully applied Swiss SRB LRD of CHF 877 billion and fully applied CET1, AT1, T2 capital and TLAC-eligible senior unsecured debt; 2 Debt held at amortized cost, excluding any capital instruments; 3 Also includes phase-out hybrid tier 1 capital and phase-out tier 2 capital which qualify as gone concern instruments until one year prior to maturity, with a haircut of 50% applied to the last year of eligibility. The treatment of these instruments is subject to final confirmation by FINMA; 4 Tier 2 instruments can be counted towards going concern capital up to the earliest of the first call date or 31.12.19. From 1.1.20, these instruments may be used to meet the gone concern requirements until one year before maturity, with a haircut of 50% applied to the last year of eligibility. CHF 6.9 billion of low-trigger T2 has a first call and maturity date after 31.12.19; 5 Going concern requirement can be met with a maximum of 1.5% high-trigger AT1 capital and any going concern-eligible capital above this limit can be counted towards the gone concern requirement. Where low-trigger AT1 or T2 instruments are used to meet the gone concern requirements, such requirement may be reduced by up to 1% for the LRD-based requirement; 6 Low-trigger AT1 instruments can be counted towards going concern capital up to the first call date

Corporate Center – Non-core and Legacy Portfolio

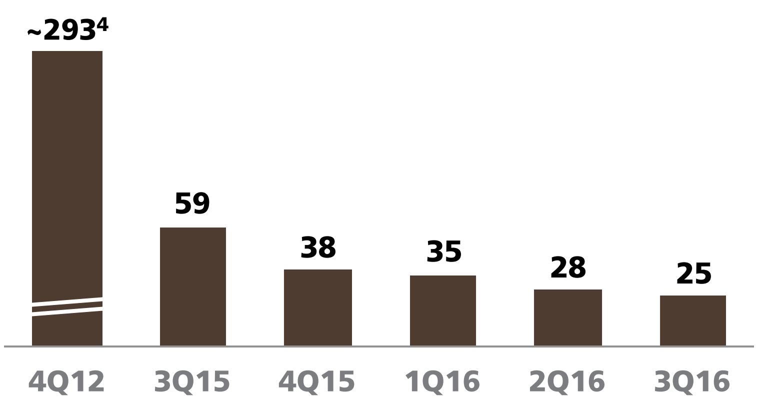
RWA
CHF billion



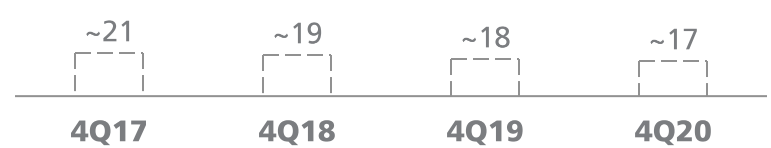
LRD[2] and RWA by category
CHF billion, 30.9.16



LRD[2,3]
CHF billion



LRD: natural decay[2,5]
CHF billion



Refer to slide 25 for details about Basel III numbers and FX rates in this presentation
1 Beginning in 3Q16, we have revised our methodology for the allocation of operational risk RWA to business divisions and Corporate Center. Refer to page 65 of the 3Q16 report for more information; 2 Calculated in accordance with Swiss SRB rules. From 31.12.15 onward, these are aligned with BIS Basel III rules and are therefore not fully comparable; 3 In 3Q16, we transferred the Risk Exposure Management (REM) unit from Corporate Center - Non-core and Legacy Portfolio to Corporate Center - Group ALM, and LRD as of 31.12.15, 31.3.16, and 30.6.16 has been restated. Refer to page 84 of the 3Q16 report for additional information; 4 Pro forma estimate based on period-end balance; 5 Pro forma estimate excluding any further unwind activity based on 30.9.16 data, assuming positions are held to maturity. LRD balances can vary materially due to market movements, changes in regulation, changes in margin requirements and other factors

UBS

Regional performance

CHF billion		Americas		Asia Pacific		EMEA		Switzerland		Global		Total	
		3Q15	3Q16	3Q15	3Q16	3Q15	3Q16	3Q15	3Q16	3Q15	3Q16	3Q15	3Q16
Operating income	WM	0.1	0.1	0.5	0.5	0.9	0.9	0.4	0.4	0.0	(0.0)	1.9	1.8
	WMA	1.9	1.9	-	-	-	-	-	-	-	-	1.9	1.9
	P&C	-	-	-	-	-	-	1.0	1.0	-	-	1.0	1.0
	AM	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-	-	0.5	0.5
	IB	0.7	0.6	0.6	0.5	0.6	0.5	0.2	0.2	(0.0)	(0.0)	2.1	1.8
	CC	-	-	-	-	-	-	-	-	(0.3)	0.0	(0.3)	0.0
	Group	**2.9**	**2.9**	**1.2**	**1.1**	**1.6**	**1.4**	**1.7**	**1.7**	**(0.3)**	**(0.0)**	**7.1**	**7.0**
Operating expenses	WM	0.1	0.1	0.3	0.3	0.6	0.6	0.2	0.2	0.0	0.0	1.2	1.2
	WMA	1.6	1.6	-	-	-	-	-	-	-	-	1.6	1.6
	P&C	-	-	-	-	-	-	0.5	0.5	-	-	0.5	0.5
	AM	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.0	(0.0)	0.4	0.3
	IB	0.5	0.5	0.4	0.4	0.5	0.4	0.1	0.1	(0.0)	0.0	1.5	1.5
	CC	-	-	-	-	-	-	-	-	0.9	0.7	0.9	0.7
	Group	**2.3**	**2.3**	**0.8**	**0.7**	**1.2**	**1.1**	**1.0**	**0.9**	**0.8**	**0.7**	**6.1**	**5.7**
Profit before tax	WM	0.0	0.0	0.2	0.2	0.3	0.3	0.2	0.2	(0.0)	(0.0)	0.7	0.6
	WMA	0.3	0.4	-	-	-	-	-	-	-	-	0.3	0.4
	P&C	-	-	-	-	-	-	0.4	0.5	-	-	0.4	0.5
	AM	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	(0.0)	0.0	0.1	0.1
	IB	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	(0.0)	0.6	0.3
	CC	-	-	-	-	-	-	-	-	(1.2)	(0.7)	(1.2)	(0.7)
	Group	**0.6**	**0.6**	**0.4**	**0.3**	**0.4**	**0.3**	**0.7**	**0.7**	**(1.2)**	**(0.7)**	**1.0**	**1.3**

Adjusted numbers unless otherwise indicated; refer to slide 25 for details about adjusted numbers, Basel III numbers and FX rates in this presentation
The allocation of P&L to these regions reflects, and is consistent with, the basis on which the business is managed and its performance evaluated. These allocations involve assumptions and judgments that management considers reasonable, and may be refined to reflect changes in estimates or management structure. The main principles of the allocation methodology are that client revenues are attributed to the domicile of the client, and trading and portfolio management revenues are attributed to the country where the risk is managed. Expenses are allocated in line with revenues. Certain revenues and expenses, such as those related to Non-core and Legacy Portfolio, certain litigation expenses and other items, are managed at the Group level, and are included in the Global column.

Adjusted results

Adjusting items		FY14	FY15	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
CHF million												
Operating income as reported (Group)		**28,027**	**30,605**	**6,876**	**6,746**	**8,841**	**7,818**	**7,170**	**6,775**	**6,833**	**7,404**	**7,029**
of which:												
Gains/(losses) on sales of subsidiaries and businesses	WM		169			141	56		(28)		(23)	
	AM		56						56			
Gain related to investments in associates	WM		15					15				
	P&C		66					66				21
Gain from the partial sales of investment in Markit	IB	43	11				11					
Impairment of a financial asset available for sale	IB	(48)		(48)								
Gain on sale of investment in Visa Europe	P&C										102	
	WM										21	
Own credit on financial liabilities designated at FV	CC - Group ALM	292	553	61	70	226	259	32	35			
Net FX translation gains/(losses)[1]	CC - Group ALM		88					(27)	115	(123)	(26)	
Gains on sales of real estate	CC - Services	44	378		20	378					120	
Net losses related to the buyback of debt	CC - Group ALM		(257)						(257)			
Operating income adjusted (Group)		**27,696**	**29,526**	**6,863**	**6,656**	**8,096**	**7,492**	**7,084**	**6,854**	**6,956**	**7,210**	**7,008**
Operating expenses as reported (Group)		**25,567**	**25,116**	**7,430**	**6,342**	**6,134**	**6,059**	**6,382**	**6,541**	**5,855**	**5,915**	**6,152**
of which:												
Net restructuring expenses	WM	185	323	60	48	46	69	74	133	79	86	139
	WMA	55	137	15	23	24	24	39	50	33	38	38
	P&C	64	101	20	16	16	17	28	41	23	31	41
	AM	50	82	5	39	18	4	23	38	20	34	34
	IB	261	396	50	60	70	66	118	143	117	163	181
	CC - Services	30	140	16	8	119	0	2	19	(8)	20	4
	CC - NCL[2]	31	56	10	14	11	13	15	17	2	5	7
	Group	677	1,235	176	208	305	191	298	441	265	377	444
Credit related to changes to retiree benefit plans in the US	WMA	(9)	(21)	(3)	(7)			(21)				
	AM	(8)		(8)								
	IB	(20)		(19)	(1)							
	CC - NCL[2]	(3)		(3)								
Impairment of an intangible asset	IB		11				11					
Operating expenses adjusted (Group)		**24,931**	**23,891**	**7,287**	**6,142**	**5,829**	**5,857**	**6,105**	**6,100**	**5,590**	**5,538**	**5,708**
Operating profit/(loss) before tax as reported		**2,461**	**5,489**	**(554)**	**404**	**2,708**	**1,759**	**788**	**234**	**978**	**1,489**	**877**
Operating profit/(loss) before tax adjusted		**2,766**	**5,635**	**(424)**	**514**	**2,268**	**1,635**	**979**	**754**	**1,366**	**1,672**	**1,300**

1 Related to the disposal of foreign subsidiaries and branches; 2 Non-core and Legacy Portfolio

Important information related to this presentation

Use of adjusted numbers
Unless otherwise indicated, "adjusted" figures exclude the adjustment items listed on the previous slide, to the extent applicable, on a Group and business division level. Adjusted results are a non-GAAP financial measure as defined by SEC regulations. Refer to page 10 of the 3Q16 report which is available in the section "Quarterly reporting" at www.ubs.com/investors for an overview of adjusted numbers.

If applicable for a given adjusted KPI (i.e., adjusted return on tangible equity), adjustment items are calculated on an after-tax basis by applying an indicative tax rate. Refer to page 15 of the 3Q16 report for more information.

Basel III RWA, Basel III capital and Basel III liquidity ratios
Basel III numbers are based on the BIS Basel III framework, as applicable for Swiss Systemically relevant banks (SRB). Numbers in the presentation are based on the revised Swiss SRB framework that became effective on 1 July 2016, unless otherwise stated.

Basel III risk-weighted assets in this presentation are calculated on the basis of Basel III fully applied unless otherwise stated. Our RWA under BIS Basel III are the same as under Swiss SRB Basel III.

Leverage ratio and leverage ratio denominator in this presentation are calculated on the basis of fully applied Swiss SRB rules, unless otherwise stated. From 31.12.15 onward, these are aligned with BIS Basel III rules. Prior period figures are calculated in accordance with former Swiss SRB rules and are therefore not comparable.

Refer to the "Capital Management" section in the 3Q16 report for more information.

Currency translation
Monthly income statement items of foreign operations with a functional currency other than Swiss francs are translated with month-end rates into Swiss francs.

Rounding
Numbers presented throughout this presentation 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.