Third Quarter 2015

3 November 2015

Dear Shareholders,

The macroeconomic backdrop for the quarter was very challenging as the S&P 500 and STOXX 600 had their worst quarterly performance since 2011 and market volatility rose to highs not seen since this period. Clients were very cautious and stayed on the sidelines of markets. This was particularly clear in Wealth Management with client transactional activity dropping to its lowest level in four years. In such periods of market uncertainty, our market insight and expert advice are highly appreciated by our clients. The performance of all asset classes reflected concerns about the economic outlook for China, with markets pricing in the potential for an economic hard landing. In July and August, a US rate hike was expected by markets and drove tensions in emerging markets, but in September expectations swung as the Fed refrained from raising rates. This exacerbated concerns about the slowdown in global growth and added to the seasonal impact we typically experience over the summer months.

Our third-quarter performance was solid, despite this extremely challenging environment. Once again, we demonstrated the benefits of our clear strategic direction, business mix, client-centric model and disciplined execution. We also stayed focused on risk control and effective resource allocation. The Group reported a net profit attributable to shareholders of CHF 2,068 million, with diluted earnings per share of CHF 0.54 and adjusted[1] profit before tax of CHF 979 million. The third quarter included a net tax benefit of CHF 1,295 million, mainly related to a net upward revaluation of our deferred tax assets, as well as CHF 592 million of net charges for provisions for litigation, regulatory and similar matters and CHF 298 million of net restructuring charges.

During the quarter, we completed the squeeze-out of minority shareholders of UBS AG and, in line with our commitment to return capital to shareholders, we distributed the previously announced supplementary dividend of CHF 0.25 per share to UBS Group AG shareholders.

UBS remains the best-capitalized large global bank, with a fully applied Swiss SRB Basel III CET1 capital ratio of 14.3% as of 30 September 2015, above our target of at least 13%. Our fully applied Swiss SRB leverage ratio increased to 5.0%. The bank issued CHF 1.5 billion of high-trigger additional tier 1 (AT1) perpetual capital notes in the third quarter. Also during the quarter, we completed our inaugural issuance of senior unsecured debt which will contribute to our total loss-absorbing capacity (TLAC), successfully placing CHF 4.2 billion of senior unsecured notes in anticipation of international regulatory developments, including revisions in the Swiss too big to fail framework.

On 21 October, the Swiss Federal Council proposed stricter capital rules for global systemically important banks, making the Swiss regime by far the most demanding in the world on a relative basis. The Swiss government's proposal sets out a targeted leverage ratio of 5% to qualify as well capitalized including at least 3.5% CET1 and up to 1.5% high-trigger AT1 capital. UBS intends to meet the newly proposed CET1 leverage ratio requirement of 3.5% by retaining sufficient earnings, while maintaining its commitment to a capital return payout ratio of at least 50% of net profit, subject to maintaining a fully applied Basel III CET1 ratio of at least 13% and 10% post-stress. Also, UBS plans to continue its issuance of AT1 instruments and TLAC-eligible senior debt to meet the new requirement without the need to increase the Group's overall funding level. We will become compliant with the newly proposed rules at inception and intend to use the four-year phase-in period to fully implement the new requirements. To mitigate the additional substantial costs associated with the requirements to hold higher levels of equity and TLAC-eligible debt, we will continue to seek opportunities to reduce costs, to optimize our balance sheet and to reflect the increased cost of capital in our pricing of products and services.

Continuously improving effectiveness and efficiency is a key priority for us. We remain fully committed to our cost reduction target of CHF 2.1 billion and we made good progress in the third quarter, while continuing to carry significant regulatory costs. Improved efficiency allows us to continue our investments in technology, compliance and risk control, while creating the right cost structure to support long-term growth, particularly in Asia and the Americas.

Looking at the performance of our businesses in more detail, **Wealth Management** delivered a resilient adjusted[1] profit before tax of CHF 698 million against a backdrop of high market volatility, pronounced deleveraging in Asia and very low client activity levels. Net interest income rose on higher lending and deposit revenues. Despite lower average invested assets, recurring net fee income fell only slightly, as it was partly offset by increased mandate penetration, up 70 basis points to 27% of invested assets, and the continued effect of pricing initiatives. Transaction-based income declined primarily in Asia Pacific and Europe, mainly reflecting reduced client activity in response to market volatility. Net new money adjusted for the outflows from the balance sheet and capital optimization program was CHF 3.5 billion, driven by inflows from all regions.

1 Refer to the "Group performance" section of the third qaurter 2015 report for more information on adjusted results.

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Wealth Management Americas delivered a solid adjusted[1] profit before tax of USD 287 million, up 24% on the previous quarter. Overall operating income was broadly unchanged and productivity per advisor for revenue and invested assets was industry-leading. Recurring income reached a new record as net fee income rose on higher managed account fees and net interest income increased mainly from loan and deposit growth. Operating expenses fell primarily on lower net charges for provisions for litigation, regulatory and similar matters and other provisions. Net new money was USD 0.5 billion.

Retail & Corporate had its best result for the first nine months of the year since 2010 with an adjusted[1] third-quarter profit before tax of CHF 428 million. Net interest income from lending and deposits increased slightly as did recurring net fee income, while credit loss expenses were negligible in the quarter. Annualized net new business volume growth for retail clients was good at 2.5%, mainly driven by net new client assets and, to a lesser extent, net new loans, in line with our strategy to grow our high-quality retail loan business moderately and selectively. Year-to-date net new client accounts for retail customers hit a new record level, up 35% year-on-year, solidifying our position as the leading bank in our home market.

Asset Management recorded an adjusted[1] profit before tax of CHF 137 million. Management fees increased, primarily in Traditional Investments and Global Real Estate. Performance fees also rose, predominantly in Global Real Estate. Excluding money market flows, net new money outflows were CHF 7.6 billion, largely from lower-margin passive products, driven by client liquidity needs.

The **Investment Bank** delivered a very strong performance with an adjusted[1] profit before tax of CHF 614 million. Despite challenging market conditions, revenues were up 6% year on year. Compared to the prior year, Investor Client Services performed well with increased revenues in both Equities and FX, Rates and Credit. Costs were well controlled, with expenses falling compared to both the prior quarter and the prior year. The adjusted[1] return on attributed equity for the third quarter was 33.6%.

Corporate Center – Services recorded a loss before tax of CHF 257 million. **Corporate Center – Group Asset and Liability Management** reported a loss before tax of CHF 111 million. **Corporate Center – Non-core and Legacy Portfolio** recorded a loss before tax of CHF 818 million, driven by additional net charges for provisions for litigation, regulatory and similar matters, while achieving further progress in reducing the Swiss SRB leverage ratio denominator by CHF 12 billion to CHF 59 billion.

We were honored to be named "Outstanding Global Private Bank – Overall" as well as "Outstanding Global Private Bank – Asia Pacific" by Private Banker International. Additionally, we were awarded Private Banker International's Most Innovative Digital Offering award. We were also pleased that UBS was named "Most Innovative Investment Bank for Financial Institutions" by The Banker in the Investment Banking Awards 2015. Staying at the forefront of innovation and providing best-in-class digital solutions for our clients is a key priority for UBS. As part of this effort, we launched The UBS Future of Finance Challenge, a competition for entrepreneurs and technology startups seeking ideas and solutions that will support the transformation of our industry. We received over 600 entries from startups in over 50 countries. Regional finals are taking place in Singapore, London, New York and Zurich and three winners from each region will be invited to the Global Final in Zurich in December.

At UBS, sustainable performance is one of our key Principles. During the quarter, we were named the industry group leader in the Dow Jones Sustainability Indices (DJSI), which acknowledged our support for clients and communities and our integration of societal and financial performance. UBS also joined the RE100 initiative, which urges the world's most influential companies to use only renewable power. We have committed to source 100% of our electricity from renewable sources by 2020. This will reduce our greenhouse gas footprint in 2020 by 75% compared with 2004 levels. In Switzerland, Germany and the UK, 100% of the electricity we use is already from renewable sources. In our home market, we have increased energy efficiency by more than 30% since 2000.

During the third quarter, UBS launched its first global brand campaign in five years. The campaign illustrates how we work with clients to achieve their goals and ambitions. Its tagline, "For some of life's questions you're not alone. Together, we can find an answer," reflects our promise to embrace client goals as our own and work together to help find the best answers. We will also support an international exhibition of portraits by Annie Leibovitz entitled "Women." The tour will launch in London in January 2016 and travel to 10 global cities over 12 months. The photographs from the exhibition will form part of the UBS Art Collection.

1 Refer to the "Group performance" section of the third qaurter 2015 report for more information on adjusted results.

Outlook – Many of the underlying macroeconomic challenges and geopolitical issues that we have highlighted in previous quarters remain and are unlikely to be resolved in the foreseeable future. In addition, recently proposed changes to the too big to fail regulatory framework in Switzerland will cause substantial ongoing interest costs for the firm. We also continue to see headwinds from interest rates which have not increased in line with market expectations, negative market performance in certain asset classes and the weak performance of the euro versus the Swiss franc during the year. We are executing the measures already announced to mitigate these effects as we progress towards our targeted return on tangible equity in the short to medium term. Our strategy has proven successful in a variety of market conditions. We remain committed to our strategy and its disciplined execution in order to ensure the firm's long-term success and deliver sustainable returns for our shareholders.

Yours sincerely,

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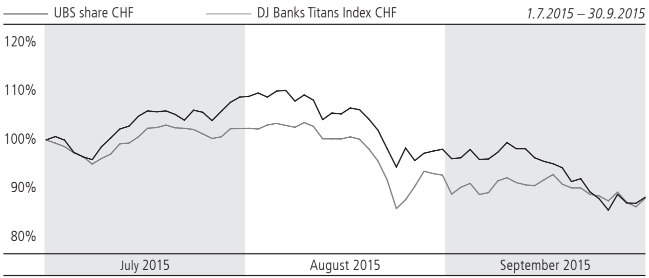
Our key figures for the third quarter of 2015

UBS share performance

Third quarter 2015



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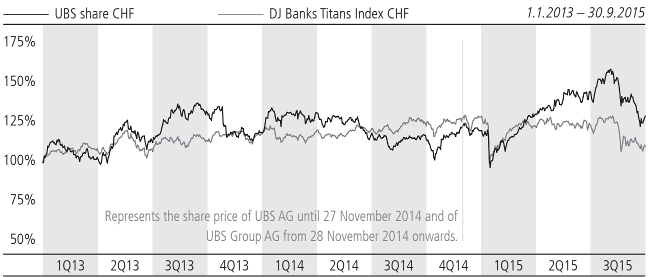

Group results

	As of or for the quarter ended				As of or year-to-date	
CHF million, except where indicated	**30.9.15**	30.6.15	31.12.14	30.9.14	30.9.15	30.9.14
Operating income	**7,170**	7,818	6,746	6,876	23,829	21,281
Operating expenses	**6,382**	6,059	6,342	7,430	18,575	19,224
Operating profit / (loss) before tax	**788**	1,759	404	(554)	5,254	2,057
Net profit / (loss) attributable to UBS Group AG shareholders	**2,068**	1,209	858	762	5,255	2,609
Diluted earnings per share (CHF)[1]	**0.54**	0.32	0.23	0.20	1.40	0.68

Key performance indicators[2]

Profitability						
Return on tangible equity (%)	**18.3**	11.0	8.0	7.1	15.7	8.3
Return on assets, gross (%)	**3.0**	3.1	2.6	2.7	3.2	2.8
Cost / income ratio (%)	**88.7**	77.4	93.2	107.5	77.8	90.3
Growth						
Net profit growth (%)	**71.1**	(38.8)	12.6	(3.8)	101.4	15.7
Net new money growth for combined wealth management businesses (%)[3]	**0.8**	1.5	1.7	3.1	2.0	2.7
Resources						
Common equity tier 1 capital ratio (fully applied, %)[4]	**14.3**	14.4	13.4	13.7	14.3	13.7
Leverage ratio (phase-in, %)[5]	**5.8**	5.4	5.4	5.4	5.8	5.4

Additional information

Profitability						
Return on equity (RoE) (%)	**15.9**	9.4	6.8	6.1	13.6	7.1
Return on risk-weighted assets, gross (%)[6]	**13.3**	14.5	12.3	12.2	14.6	12.4
Resources						
Total assets	**979,746**	950,168	1,062,478	1,044,899	979,746	1,044,899
Equity attributable to UBS Group AG shareholders	**54,077**	50,211	50,608	50,824	54,077	50,824
Common equity tier 1 capital (fully applied)[4]	**30,948**	30,265	28,941	30,047	30,948	30,047
Common equity tier 1 capital (phase-in)[4]	**40,488**	38,706	42,863	42,464	40,488	42,464
Risk-weighted assets (fully applied)[4]	**216,314**	209,777	216,462	219,296	216,314	219,296
Risk-weighted assets (phase-in)[4]	**220,755**	212,088	220,877	222,648	220,755	222,648
Common equity tier 1 capital ratio (phase-in, %)[4]	**18.3**	18.2	19.4	19.1	18.3	19.1
Total capital ratio (fully applied, %)[4]	**22.0**	21.2	18.9	18.7	22.0	18.7
Total capital ratio (phase-in, %)[4]	**25.8**	25.0	25.5	24.9	25.8	24.9
Leverage ratio (fully applied, %)[5]	**5.0**	4.7	4.1	4.2	5.0	4.2
Leverage ratio denominator (fully applied)[5]	**946,476**	944,422	997,822	980,669	946,476	980,669
Leverage ratio denominator (phase-in)[5]	**952,156**	949,134	1,004,869	987,327	952,156	987,327
Liquidity coverage ratio (%)[7]	**127**	121	123	128	127	128

1 Refer to "Note 9 Earnings per share (EPS) and shares outstanding" in the "UBS Group financial statements" section of the third quarter 2015 report for more information. **2** Refer to the "Measurement of performance" section of our Annual Report 2014 for the definitions of our key performance indicators. **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 (SRB). Refer to the "Capital management" section of the third quarter 2015 report for more information. **5** In accordance with Swiss SRB rules. Refer to the "Capital management" section of the third quarter 2015 report for more information. **6** Based on phase-in Basel III risk-weighted assets. **7** Refer to the "Liquidity and funding management" section of the third quarter 2015 report for more information. Data for periods prior to 31 March 2015 are on a pro-forma basis.

Additional information (continued)

	As of or for the quarter ended				As of or year-to-date	
CHF million, except where indicated	**30.9.15**	30.6.15	31.12.14	30.9.14	30.9.15	30.9.14
Other						
Invested assets (CHF billion)[1]	**2,577**	2,628	2,734	2,640	2,577	2,640
Personnel (full-time equivalents)	**60,088**	59,648	60,155	60,292	60,088	60,292
Market capitalization[2]	**69,324**	74,547	63,526	64,047	69,324	64,047
Total book value per share (CHF)[2]	**14.41**	13.71	13.94	13.54	14.41	13.54
Tangible book value per share (CHF)[2]	**12.69**	12.04	12.14	11.78	12.69	11.78

1 Includes invested assets for Retail & Corporate. **2** Refer to the "UBS shares" section of the third quarter 2015 report for more information.

Results by business division and Corporate Center

CHF million	Total operating income			Total operating expenses			Operating profit / (loss) before tax		
For the quarter ended	**30.9.15**	30.6.15	% change	**30.9.15**	30.6.15	% change	**30.9.15**	30.6.15	% change
Wealth Management	**1,958**	2,080	(6)	**1,319**	1,324	0	**639**	756	(15)
Wealth Management Americas	**1,871**	1,823	3	**1,612**	1,631	(1)	**259**	191	36
Retail & Corporate	**1,030**	952	8	**564**	555	2	**466**	397	17
Asset Management	**502**	476	5	**388**	346	12	**114**	130	(12)
Investment Bank	**2,088**	2,355	(11)	**1,592**	1,804	(12)	**496**	551	(10)
Corporate Center	**(280)**	131		**906**	399	127	**(1,186)**	(267)	344
of which: Services	***(38)***	*(41)*	*(7)*	***219***	*212*	*3*	***(257)***	*(253)*	*2*
of which: Group ALM	***(116)***	*138*		***(5)***	*7*		***(111)***	*132*	
of which: Non-core and Legacy Portfolio	***(126)***	*35*		***692***	*180*	*284*	***(818)***	*(145)*	*464*
UBS	**7,170**	7,818	(8)	**6,382**	6,059	5	**788**	1,759	(55)

Rounding | Numbers presented throughout this document may not add up precisely to the totals provided in the tables and text. Percentages, percent changes and absolute variances are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages, percent changes and absolute variances that would be derived based on figures that are not rounded.

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